

REGULAR MEETING

The HBPW Board of Directors met
April 12, 2021
Via Zoom Teleconference
at 4:00 p.m.

Chair Hemingway called the meeting to order at 4:01 p.m.

Members Present: Tim Hemingway (Holland, MI), Diane Haworth (Holland, MI), Sue Franz (Holland, MI), Paul Lilly (Holland, MI), P.J. Thompson (Holland, MI), Nathan Bocks (Holland, MI) City Council Liaison, and Ex Officio Members Bob Shilander (Park Twp., MI), and Keith Van Beek (Holland, MI)

Members Absent: None

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Jane Monroe, Andrew Reynolds, Chris Van Dokkumburg, Pieter Beyer, Steve Bruinsma,

21.196 **Approval of Agenda**

Board Member Lilly made a motion to approve the agenda. The motion was seconded by Board Member Haworth.

21.197 **Board Minutes – Regular Meeting Minutes of March 8, 2021, and March 22, 2021**

As part of the Consent Agenda, the Board of Directors approved the minutes as presented.

21.198 **Water Treatment Plant (WTP) Property Lease**

The lease includes two portions of WTP property. The first is a portion of the WTP property on the west side of Lakeshore Drive that houses HBPW's low service pumping station located near the Lake Michigan shoreline. This portion of property is utilized by the County for purposes such as sand volleyball courts. The second is the portion of the main plant property on the east side of Lakeshore Drive that is located outside of the WTP fence and along Perry Street. This portion of property is utilized by the County for overflow parking.

The terms of the new lease are similar to the recently expired lease and generally consist of the following:

- Total rent of one dollar
- Ottawa County will pay up to \$500 in legal fees for preparation of the lease
- The lease protects HBPW's rights of access for ingress/egress to the low service pumping station and, as necessary, for other purposes such as operation, maintenance, replacement, and/or improvements related to the WTP infrastructure in those locations (water mains and other utility lines buried below grade).
- Use of the property is restricted to general park purposes consistent with the master plan filed with HBPW.
- Ottawa County will maintain the property, caring for the lawn, fence, and sprinkling system.
- Ottawa County indemnifies and insures the HBPW and City of Holland against all liability from its use of the property
- Upon termination of the lease, Ottawa County shall return the property to its original condition.
- Either party may terminate the lease with a minimum of six months' notice

** Red italics indicate information or discussion added during the meeting and/or action taken.*

As part of the Consent Agenda, the Board of Directors approved a new 20-year lease agreement for the designated portions of the WTP property to Ottawa County for Tunnel Park uses.

21.199 Declaration of Surplus Material - Spring 2021

The HBPW has identified materials and equipment which are no longer pertinent for use. The attached lists show the items determined as excess, obsolete, or uneconomical to repair. Once declared surplus, the items will be disposed of in the following order:

1. Offered to other City departments
2. Sell to companies specializing in inventory disposal
3. Auction (utilizing GovDeals online portal)
4. Public auction (in limited cases)
5. Donation
6. Recycling or waste disposal

As part of the Consent Agenda, the Board of Directors approved, and forwarded to City Council for approval, the list of items ready to be declared as surplus.

21.200 2021 Sanitary Sewer CCTV Project

The HBPW maintains an ongoing annual sewer rehabilitation program with goals to assess, repair, and proactively rehabilitate the wastewater collection system. Because the wastewater collection system is a non-pressurized pipe system, it allows for the unique opportunity to perform in-situ inspections of the sewer system to identify the exact location and severity of deficiencies that need to be addressed.

The last large-scale inspection effort was completed from 2015 through 2017 using state grant funding. This effort resulted in the inspection of 102,000 feet of sewer or approximately 10% of the sewer system. The deficiencies identified during these inspections have now been addressed.

In order to prioritize future rehabilitation spending, another inspection effort is proposed that would result in the inspection of the complete sewer system over a period of 4-5 years. This recommendation is for the first year of this inspection effort and would result in the inspection of 336,000 feet of sewer and 1,400 manholes (33% of system).

The sewer proposed to be cleaned and televised within this project (FY21) targets the gravity collection district. This district is composed of older clay sewers that are assumed to contain the highest frequency of defects, and it is also suspected to be one of the main sources of infiltration and inflow within the sanitary sewer collection system.

The invitation to bid was sent to three CCTV contractors. Of those three, two submitted bids, Plummer's Environmental Services and Corby Energy. The bid results are as follows:

Bidder's Name	Business Location	Amount	Previous Contracts
Plummer's Environmental Services	Byron Center, MI	\$552,071.50	YES
Engineer's Estimate	Holland BPW	\$775,470.00	N/A
Corby Energy Services	Belleville, MI	\$1,063,259.50	YES

Plummer's Environmental Services was the low bid with Corby Energy submitting the high bid. A third contractor (Doetsch Environmental) declined to submit a bid due to existing workload. The quote

** Red italics indicate information or discussion added during the meeting and/or action taken.*

provided by Plummer's is competitively priced, and staff is confident in their ability to perform the work to HBPW standards due to their lengthy record of successful projects with the HBPW over the past several years.

The cost of the work falls within the Board approved project budget of \$800,000 in FY21.

As part of the Consent Agenda, the Board of Directors approved a contract with Plummer's Environmental Services in the amount of \$552,071.50, with a 10% contingency of \$55,207.15 for a total of \$607,278.65, pending approval as to form from the City Attorney.

21.201 **Affirm Delegation Policies D016 - D018**

Governance Policy G001 Governing Philosophy establishes the attributes of leadership and the specific practices that the Board intends to demonstrate. Through this policy, the Board Members are called upon to lead proactively and be faithful to the BPW's core purpose and core values. This policy further calls upon the Board to periodically evaluate and discuss its process and performance with respect to Governance and Delegation Policies. Delegation Policies were last reviewed in the 2008 Strategic Planning Process.

Delegation Policies D016 through D018 were presented for discussion at the March 22, 2021, Study Session.

As part of the Consent Agenda, the Board of Directors affirmed Delegation Policies D016 - D018.

21.202 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Lilly</i>
Second	<i>Haworth</i>
Hemingway	<i>Y</i>
Haworth	<i>Y</i>
Franz	<i>Y</i>
Lilly	<i>Y</i>
Thompson	<i>Y</i>
Favor	<i>5</i>
Oppose	<i>0</i>

21.203 **Communications from the Audience**

Board Member Haworth made a motion to approve the Public Comments (in writing) attached to this agenda. The motion was seconded by Board Member Lilly.

21.204 **Major Project Update**

For information only

21.204 **Utilization of a Direct Purchase Bond to Defeasance Remaining Electric 2014A Bonds**

During the FY2022 budget review conducted by the Board Budget Committee, the feasibility of a complete defeasance the Electric 2014A debt on July 1, 2021, was raised. The debt service savings with the early defeasance are compelling. The FY 2022-2026 five-year plan presented with the budget contemplated defeasance of this debt over a three-year period, starting with \$91.09 million in FY2021. Complete defeasance in July 2021 would require an additional \$43 million; and given the cash flow uncertainties created by the COVID-19 pandemic, the Committee decided it would be better to keep the presented three-year defeasance plan in place.

** Red italics indicate information or discussion added during the meeting and/or action taken.*

The low interest rate environment has provided an opportunity to accomplish a significant reduction in debt service requirements while still maintaining a conservative cash flow structure. Using the same approach taken to refund the Water 2012A debt (a direct purchase/bank loan), the Electric utility could potentially enjoy a \$6 million savings in debt-related cashflow, including about a \$1.4 million reduction in interest expense. Our financial advisor, PFM Financial Advisors, LLC, has conducted an analysis comparing the original three-year defeasance plan to a plan using a direct purchase bank loan with an assumed interest rate of 1.25%. Their analysis shows that the original three-year defeasance plan will save the Electric Utility about \$47.9 million in debt service costs compared to the original terms of the 2014A debt. The revised plan utilizing a direct purchase bank loan would be expected to generate a debt service savings of \$53.9 million; \$6.0 million more than the current plan. The direct purchase plan offers additional savings compared to the original three year defeasance plan due to: (1) immediate release of the 2014A debt service reserve to defease additional 2014A Bonds, and (2) the direct purchase will be at a lower interest rate and interest only compared to leaving the 2014A Bonds outstanding.

An RFI has been released to several banks to firm up the interest rate and terms assumptions used in the analysis.

If the assumptions, and thus the savings, are confirmed, staff plans to present the appropriate resolution(s) at the June 7, 2021, Board meeting for consideration and action.

The Board of Directors appointed the Finance Director to develop a plan to completely defease, through a direct purchase transaction, the Electric 2014A debt remaining after the \$91.09 million cash defeasance action approved at the March 8, 2021, Board meeting. All Board members agreed, but formal action on the defeasance will be taken at a future meeting.

21.205 **Approve Delegation Policy D017-1 Administrative Agreement Authorization**

Periodically, administrative agreements related to provision of HBPW's terms of service with its customers are required for certain services. The current authorization process is limited and requires review and approval of both the HBPW Board and the Holland City Council before these agreements are considered final and effective. This review process is inefficient and can interfere with the prompt delivery of HBPW services.

Recently, an ordinance amendment was made to Section 2-41 of the City of Holland Ordinance Code regarding authorization for such agreements by the HBPW. In support of this ordinance change, and in support of Delegation Policy D017 - Customer Interests, Delegation Policy D017- 1 Administrative Agreement Authorization was created and is presented for approval. This change will allow the General Manager, or his designee, the authorization to execute various agreements with customers and other entities that are administrative in nature and are in alignment with the provision of HBPW's Terms of Service documents. Each agreement will also be reviewed and approved as to form by the City Attorney.

Recommendation: The Board of Directors approved Delegation Policy D017-1 Administrative Agreement Authorization.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Franz</i>
<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

* Red italics indicate information or discussion added during the meeting and/or action taken.

Favor 5
Oppose 0

- 21.208 **General Manager Comments**
- We are actively beginning our broadband survey which includes broadband in general, not just the HBPW's broadband service. Thus far, there has been a high level of survey completion.
 - April 26 is the date of our Study Session which will include quarterly updates

- 21.209 **Board Comments**
- Board asked what our policy was on COVID vaccines. We are providing regular encouragement to all employees to get their vaccine. Becky Lehman, Business Services Director, gave an update. At this time, approximately 30%+ have had 1-2 vaccinations. We are expecting the MIOSHA update on April 14.

ADJOURNMENT

A motion to adjourn the meeting of *April 12, 2021*, was made by *Haworth* supported by *Franz* and agreed upon by the Board of Directors present.

The Board Meeting of April 12, 2021, adjourned at *5:35 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

** Red italics indicate information or discussion added during the meeting and/or action taken.*