

REGULAR MEETING

The HBPW Board of Directors met
January 10, 2022
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

Chair Hemingway called the meeting to order at 4:02 p.m.

Members Present: Tim Hemingway, PJ Thompson, Sue Franz, Paul Lilly, Carolyn Maalouf, City Council Liaison Nathan Bocks, and Ex Officio Member Keith Van Beek

Members Absent: Bob Shilander

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Joel Davenport,

22.113 **Approval of Agenda**

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

22.114 **Board Minutes – Regular Meeting Minutes of December 6, 2022, and Study Session Minutes of December 13, 2022**

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

22.115 **Public Act 202 of 2017 Pension and OPEB Reports**

The attached reports are designed to provide information on the underfunded status of defined benefit retirement plans and defined benefit retiree health care plans in the State of Michigan. The City and HBPW operate under a shared defined benefit retirement plan but operate separate defined benefit retiree health care plans. None of these plans are in an underfunded status, as defined by PA 202, as of the most current reporting period (FYE June 30, 2021).

As part of the Consent Agenda, the Board of Directors accepted for information the Pension and OPEB Public Act 202 reports.

22.116 **Action on Consent items:**

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

22.117 **Communications from the Audience**

None

22.118 **Financial Update – November 2021**

For information only

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

22.119 **Major Projects Update**

For information only

22.120 **West Ottawa Pole Attachment Agreement**

Holland BPW Electric Distribution owns and maintains most utility poles in the HBPW service area. In general, third party entities such as cable companies, phone companies, and fiber Internet Service Providers attach their equipment to existing HBPW utility poles; and in some cases, HBPW attaches power to third party company poles. HBPW has been working with all the entities that currently have attachments on HBPW poles to standardize the agreements. West Ottawa Public Schools has not previously had a pole attachment agreement, but they recently received grant funding to build out a fiber network to their school buildings and intend to attach to HBPW poles along various routes.

West Ottawa Public Schools will have the same obligations and will pay the same fees as all other attaching entities. Some of these requirements include applying for attachment permits for each pole, paying annual fees, and joining a third party data base, called National Joint Users Notification System, that HBPW utilizes to communicate with attachers for routine maintenance, violations, and transfers.

Recommendation: The Board of Directors approved a Pole Attachment Agreement with West Ottawa Public Schools, pending approval as to form from the City Attorney.

<i>Motion to approve recommendation</i>	<i>Maalouf</i>
<i>Second</i>	<i>Thompson</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

22.121 **FY 2022 Electric Distribution Capital Budget Transfer**

Electric Distribution budgeted \$800,000 for new underground lines and equipment for FY 2022. This budget amount was estimated using trends from the previous fiscal years. Given the uncertainty experienced late in calendar 2020 (FY21) due to COVID 19, we estimated continued growth but not at such a tremendous pace as seen in FY21 and continuing this fiscal year.

A non-exclusive list exemplifying the growth in process and planned electric distribution projects for FY22:

- Quincy Street Senior Development
- Knollwood Phase 3
- 36th Street Habitat/Jubilee Residential Development
- 1285 Waverly Business Condominium Development
- Black River Flats Phase 2
- Hidden Creek Phase 5
- Silverwater residential subdivision Phase 1
- Macatawa Legends Estates, Harkema Creek Drive
- Macatawa Legends, Perry Circle
- Ransom Street freezer build
- Existing Customer Waste Water Treatment Facility expansion
- Hickory Wood Residential subdivision
- Timberline Woods Residential subdivision
- AMST freezer build
- Medical Center on James Street

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HBPW Electric Distribution is requesting an additional \$500,000 to the New Underground Lines and Equipment capital line item and \$500,000 transferred from the FY 2022 Overhead Lines and Equipment budget Line. The Overhead Lines and Equipment has a surplus because we are spending our time on new underground customer load. The additional \$1,000,000 will bring the total budget line item to \$1,800,000 for New Underground Lines and Equipment. A four year net revenue test is completed for all new line extension requests so these current investments are forecasted to see a positive ROI in at least year five after installation, if not sooner.

Electric distribution budgeted \$1,250,000 for Capital Overhead Lines and Equipment for FY22. This budget was planned to cover some overhead rebuilds and some replacement of existing overhead lines. With our crews focused on new underground, we anticipate a portion of this budget will remain unused and can be transferred to cover the costs of new underground. The table below shows the current FY 2022 Electric Distribution budget:

Holland Board of Public Works Budget Year 2022 Electric Distribution Capital		Approved/Budgeted in Prior Years	FY 22 Projected Cash Outlay	Total Projected Project Cost
South Holland 138kv Line Relocation			4,100,000	4,200,000
Underground Lines and Equipment/Switchgear Replacement Projects			1,600,000	1,600,000
Overhead Lines and Equipment			1,250,000	1,250,000
New Underground Lines and Equipment			800,000	800,000
Holland East Substation Design & Property Acquisition			750,000	750,000
Transformer Upgrade and Replacement			600,000	600,000
SCADA / OMS System Upgrades	400,000		400,000	400,000
138 kv River Avenue Bridge Crossing Study & Design			300,000	300,000
Replace Bucket Truck #69	280,000		280,000	280,000
Replace Rear lot-Line Machine (Mini-Derrick)			200,000	200,000
Pedestrian and Security Light Upgrade to LED Year 4/5			125,000	125,000
Substation Recloser Replacements (82-92-94-97-103)			110,000	110,000
Electric Distribution Testing and Maintenance Equipment			100,000	100,000
Quincy CCVT Replacement			80,000	80,000
Distribution Capacitor Additions			60,000	60,000
Replace Truck #68			40,000	40,000
Replace Truck #30			40,000	40,000
Replace Truck #53			40,000	40,000
Total FY22 Anticipated Cash Outlay			\$ 10,875,000	
Total Anticipated Project Cost		\$ 680,000		\$ 10,975,000

Recommendation: The Board of Directors amended the capital budget to transfer \$500,000 from the existing Overhead Lines and Equipment capital budget line item and add an additional \$500,000 for a total of \$1,000,000, bringing the total line item New Underground Lines and Equipment to \$1,800,000 for FY 2022.

Motion to approve recommendation Lilly
Second Franz
Favor 5
Oppose 0

22.122 **Resolution Declaring Official Intent to Reimburse Project Expenditures with Bond Proceeds and Requesting Publication of Notice of Intent to Issue Bonds**

HBPW plans to construct approximately 17,900 feet of 36-inch water transmission main to be located in Park Township, and 3,300 feet of 24-inch water transmission main along Pine Avenue in the City of Holland. Construction cost is estimated at \$15,260,249 (including contingency). Prior to construction, HBPW will have expended, from internal funds, about \$1.1 million for engineering and design services for the projects.

HBPW's water distribution system currently serves over 55,000 customers in the City of Holland and surrounding areas. The system serves retail customers in the City and in Holland Township, Laketown Township, and Park Township, in addition to providing wholesale water to the City of Zeeland.

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Water is pumped from the water treatment plant near the shore of Lake Michigan and flows to the south and east through two major transmission mains. Supplemental supply can be provided from the north through a transmission line interconnected with the City of Wyoming's water distribution system.

The eastern transmission main, which provides the majority of the system's conveyance capacity, is approximately 70 years old.

The intent of the Park Township project is to provide redundancy for the most critical sections of the existing transmission system while also providing future capacity expansion potential to the service area. The Pine Avenue project is to upgrade an existing segment of 16" line to 24", thereby increasing capacity and improving hydraulic efficiency.

Recommendation: The Board of Directors Approve the resolution declaring official intent to reimburse project expenditures with bond proceeds, in an amount not to exceed \$19,000,000, and requesting publication of notice of intent to issue tax-exempt revenue bonds.

<i>Motion to approve recommendation</i>	<i>Thompson</i>
<i>Second</i>	<i>Lilly</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

22.123 **Closed Door Session – Labor Negotiations**

Motion to enter Closed Session @ 5:07 p.m.	<Name>
Made by Franz	<Name>
Second: Maalouf	
Favor 5	
Oppose 0	

*ROLL CALL: Hemingway, Franz, Maalouf, Lilly
Thompson*

Motion to re-enter Open Session @ 6:05 p.m.	<Name>
Made by Lilly	<Name>
Second Thompson	
Favor 5	<#>
Oppose 0	<#>

22.124 **General Manager Comments**

- Surveying the Board Members to find if they would be available to meet at 3:00 rather than 4:00 for the January 24 Study Session. All were able to make this change in meeting time.

Board Comments
none

ADJOURNMENT

A motion to adjourn the meeting of *January 10, 2022*, was made by *Franz* supported by *Maalouf* and agreed upon by the Board of Directors present.

The Board Meeting of January 10, 2022, adjourned at *6:12 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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