REGULAR MEETING

The HBPW Board of Directors met
September 11, 2023
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

Chair Thompson called the meeting to order at 4:00 p.m.

Members PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, City Council Liaison Nathan Bocks, and Ex

Present: Officio Members Dave Couch and Keith Van Beek

Members Absent: Beth Snyder

Staff Dave Koster, Janet Lemson, Joel Davenport, Becky Lehman, Chuck Warren, Ted Siler, Steve

Present: Bruinsma, Pieter Beyer, Chris Van Dokkumburg

24.040 Approval of Agenda

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

Member Maalouf.

24.041 Board Minutes – Regular Meeting Minutes of August 7, 2023, and Study Session Minutes of

August 28, 2023

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

24.042 Constellation NewEnergy NAESB Agreement

The North American Energy Standards Board (NAESB) base contract serves as the basis for agreements between natural gas buyers and sellers. These are enabling agreements required between counterparties in order to enter into physical natural gas transactions. The Holland Board of Public Works currently has NAESB agreements in place with three counterparties. Of those counterparties, two currently account for the overwhelming majority of gas supplied for HBPW's power generation needs. These same parties are used for hedge gas purchases and day ahead gas purchases. It is of interest to HBPW to have more counterparties in order to diversify the supply chain, which in turn spreads risk and assures competitive pricing.

HBPW's delivery point for natural gas transactions is our interconnection with the ANR ML-7 pipeline. The suppliers are thus responsible for delivery to that interconnection point. A key factor in selecting counterparties for natural gas transactions is thus their capacity position on the ML-7 pipeline. Based on discussions with our energy advisors at Insight Energy, it is staff's understanding that Constellation is well positioned on the ML-7 pipeline and will be a strong addition to our pool of available counterparties.

As part of the Consent Agenda, the Board of Directors approved a contract for the sale and purchase of natural gas with Constellation NewEnergy - Gas Division, LLC, pending approval as to form from the City Attorney.

24.043 Water Treatment Plant (WTP) Roof Top Unit

On August 16, 2023, the WTP experienced a catastrophic failure of a 15-ton roof top air handling unit. Initial estimates for repair of the 10-year-old unit were very similar to the price

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of a replacement unit. As such, staff has determined that the best approach is to replace the unit. A capital budget amendment is needed to account for this unplanned purchase.

As part of the Consent Agenda, the Board of Directors approved an amendment to the Fiscal Year 2024 WTP capital budget in the amount of \$25,000 for the replacement of a 15-ton rooftop air handling unit.

24.044 Approve Banking Services Agreement With Huntington National Bank

It has been more than a decade since HBPW completed a competitive evaluation of the banking services it receives. Given the recent turmoil in the banking services sector, along with best practice encouraging periodic review of banking services offered and fees charged, HBPW issued an RFP for banking services on June 12 of this year. Eighteen institutions requested proposal packages and five qualified responses were received. Each response has been reviewed by staff for responsiveness, competitive fees, interest and earnings credit calculations, financial strength, potential HBPW customer benefits, and flexibility in cash accounts structure to facilitate cash management efficiencies at HBPW.

The winning proposal was submitted by the incumbent, Huntington National Bank, who also was the successful proposer on the City's 2021 banking services RFP. Huntington Bank's proposal includes features we found compelling, including money market rates on our demand accounts, versus the typical lower earnings credit amount on average account balances to cover account service charges; automated daily investment sweeps into a Treasury Obligation Fund to help HBPW maximize returns on short-term available cash; 11:59 p.m. cut-off for same day credit on remote capture deposits; same day 2:15 p.m. cut-off for ACH payment transactions; eBill Present and Pay (useful for non-ops billing); and a very comprehensive Zero Balance Accounting Service that maximizes the use of available funds and minimizes excess balances by automating and controlling the flow of cash between multiple accounts. Huntington Bank also offers a full suite of services expected from a business center bank including comprehensive online services, Image Cash (remote deposit), account reconciliation services, etc. Huntington's service fees are in line with the other proposers, and are expected to be lowest, or near lowest on a net basis, with the enhanced earnings potential associated with the cash management features mentioned above.

A Fiscal Agent Agreement (subject to approval as to form by the City Attorney) for five years, with five one-year extensions, is provided for the Board's consideration and approval. The Agreement may be cancelled, for cause or convenience, by either party with 180 days' written notice.

As part of the Consent Agenda, the Board of Directors approved the Fiscal Agent Agreement with Huntington National Bank pending approval as to form from the City Attorney.

24.045 Approve Updated Employee Handbook

The Employee Handbook requires periodic review and revision to incorporate changes in policies, procedures, laws, regulations, and benefit programs. The current version of the Employee Handbook was adopted May 2019.

A handbook revision team has performed a comprehensive review and update of the Employee Handbook. This team consisted of Jennifer Orme (City HR Director), Veronica Esteves (City HR Specialist), Becky Lehman (HBPW Business Services Director), Adriana Gonzalez (HBPW HR Specialist), and Jon Hofman (HBPW HR Manager). Proposed revisions were subsequently reviewed and approved by the City/HBPW legal counsel for labor and employment matters, Leigh Schultz with the Miller Johnson law firm. Significant and minor revisions are summarized in the attached document and were discussed with the Board during the August 2023 study session.

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As part of the Consent Agenda, the Board of Directors approved the attached Employee Handbook with updated and forward to the next City Council meeting for their approval.

Lilly

24.046 Action on Consent items:

Motion to approve, accept, or adopt Consent

Agenda items

Second Maalouf

Favor 4 Oppose 0

24.047 Communications from the Audience

None

24.048 Major Project Update

For information only

24.049 Calhoun Solar Amended and Restated Letter of Authorization

In June 2021, the HBPW Board of Directors and Holland City Council authorized the HBPW General Manager to execute a Letter of Authorization (LOA) for participation in the Calhoun County Solar Project. The LOA provided for Holland to receive approximately 6 MW of installed capacity from the project.

Since the time of the original authorization, the market for solar PPAs has seen a dramatic escalation due to issues including but not limited to supply chain delays, inflation, and tariffs. These same issues have created time delays and cost escalation with the Calhoun solar development and ultimately placed the completion of the project into jeopardy. Additionally, due to these challenges, the project recently changed ownership from the original developer, Savion, to AES Clean Energy. Without concessions from MPPA and its members, it is more advantageous for AES to default on the PPA, pay the contractual penalties, and negotiate with new counterparties.

Recognizing that it is in both parties' interest to maintain existing contractual relationships, MPPA and AES negotiated in good faith on an amendment. Key issues addressed by the amendment include a new commercial operation date of May 30, 2025, increased development performance security, and a new flat rate for the 20-year term. While the new rate represents an increase from the original rate, it is below the current market for similar solar PPAs which demonstrates the commitment by the developer to share in cost increases.

Staff recommends the execution of the attached amended and restated LOA in order to maintain the value this deal provides for our power resource portfolio and the continued progress it provides relative to the decarbonization goals of the Community Energy Plan. Of note is that staff is requesting approval of up to 9 MW of capacity even though the current LOA is only for 6 MW. This is to allow flexibility to the General Manager to increase Holland's participation by up to 50% in the event that additional capacity becomes available in the project.

Recommendation: The Board of Directors approved the signing of an amended and restated Letter of Authorization by the HBPW General Manager as part of the MPPA Energy Services Project for up to 9 MW of installed capacity of solar power from Calhoun County Solar Project.

Motion to approve recommendationMaaloufSecondLillyFavor4Oppose0

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24.050 48th Street Elevated Tank & Water Treatment Plant 1.5MG Reservoir Improvements

Maintenance inspections were performed on November 3, 2020, and April 22, 2022, for the 48th Street spheroid tank and 1.5MG concrete reservoir at the WTP, respectively. As a result of these inspections, a list of recommended improvements was provided. These improvements include painting, installing a mechanical mixer, replacing the mud valve, and other minor work.

All recommended improvements are planned for this project. Additional contingency above the typical 10% is requested due to the potential for additional repair needs on the overflow box for the 1.5 MG ground storage tank once it is drained. The contract plus additional contingency is within the approved budgets for the project.

HBPW received bids from four contractors on the work:

Contractor	Cost
Fedewa Inc.	\$ 206,700
Seven Brothers	\$ 321,100
LC United	\$ 401,000
Inspec Coatings	\$ 433,250

Fedewa Inc. was the low bidder and is the recommended contractor for this project. Fedewa has won several bids of this type for HBPW in the past and has successfully completed the work. The cost of the project will be shared between the WTP and Water Distribution capital budgets for the respective tanks and falls below the approved capital budgets for each department (\$150K for Water Distribution, \$256K for WTP).

Recommendation: The Board of Directors approved a contract with Fedewa Inc., in the amount of \$206,700, with a 13% contingency of \$27,455 for a total of \$234,155, pending approval as to form from the City Attorney.

Motion to approve recommendation

Second

Favor

Oppose

Lilly

Maalouf

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24.051 General Manager Comments

- A Special Joint Meeting w/City Council is being held this Wednesday, September 13
- HBPW Strategic Planning sessions are in two weeks, September 25-27, in the afternoons here at the Service Center.
- Our regularly scheduled study session on September 25, will be cancelled in light of the ongoing strategic planning meetings
- Through NACWA (Nat'l Assn of Clean Water Agencies) we've received notice of a pending resolution of a Class Action Lawsuit. The payout is \$10.5-12.5B to certain public water systems over a 12-year period.there is class action pending 3M, PFAS
- There is a good chance we'll hear from the DWRF whether we are in the fundable range for applications we've made—likely will be this week or next
- American Public Power Week is the first week of October
 - ▶10/5/23 There will be open hours at HEP. You may register online
 - ▶ 10/6/23 Customer appreciation here at the Service Center starting midmorning—until the donuts are gone!
- October 26 is the Home Expo at the Civic Center from 2-7 p.m. This also includes:
 - ► BPW's holiday light exchange
 - ► Energy advisors will be available

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- ▶ Battery tool demonstrations
- ▶ Recycling
- October 24 is the West Coast Chamber's *Forward Together*, A Forum On Inclusivity event. The HBPW is one of the sponsors. The event takes place from 1-5:00 p.m. at the Civic Center. The City of Holland and HBPW are two of the sponsors. Registration is needed for this free event.
- Our next Regular meeting is October 9

24.052 **Board Comments**

• Is any kind of recognition planned for the "formal" startup of the biogester? Not at this time. We have received the Envision Certification for the project; but it has not yet been publicly announced.

ADJOURNMENT

A motion to adjourn the meeting of September 11, 2023, was made by Maaloof supported by Lilly and agreed upon by the Board of Directors present.

The Board Meeting of September 11, 2023, adjourned at 4:47 p.m.

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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