

SPECIAL MEETING

The HBPW Board of Directors met
February 26, 2024
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, City Council Liaison Scott Corbin, and Ex Officio Member Keith VanBeek

Members Absent: Beth Snyder, Dave Couch, Scott Corbin

Staff Present: Dave Koster, Janet Lemson, Joel Davenport, Pieter Beyer, Theo VanAken, Julie DeCook, Chuck Warren

24.144 **Approval of Agenda**

Board Member Lilly made a motion to approve the agenda swapping the order of 5A and 5B. The motion was seconded by Board Member Maalouf.

24.145 **Communications From the Audience**

None

SPECIAL ACTION ITEMS

24.146 **White Tail LLC Solar Power Purchase Authorization**

The HBPW currently has numerous renewable resources in the utility's power supply portfolio, totaling approximately 58 MW of installed capacity. These are a combination of landfill gas (8 MW), wind energy (20 MW), and solar (30 MW). While HBPW has made good strides on renewable resources to date, it is important that the utility continue to seek out good options to layer into our portfolio in order to meet local decarbonization goals and the requirements of the recently passed Public Act 235.

The White Tail Solar project is a 140 MW solar farm being developed in Washtenaw County, Michigan. Lansing Board of Water and Light (LBWL) is the primary participant in the project with a PPA for 115 MW of installed capacity. MPPA is partnering on the project via a PPA for the remaining 25 MW. The proposed participation of Holland is 23.40% of MPPA's capacity, which equates to an estimated 5.85 MW of installed capacity.

The developer of the White Tail project is Ranger Power and owner is D.E. Shaw Renewable Investments (DESRI). These same companies were responsible for the development and ownership of two other successful solar projects currently in HBPW's portfolio, Assembly I and Assembly II in Shiawassee County. Working with a trusted developer and owner provides greater confidence that White Tail will reach commercial operation on time and operate successfully into the future.

Pricing on the White Tail PPA has been compared to other solar projects evaluated by MPPA staff. The project compares very favorably, which ensures that Holland is receiving a price competitive with or better than other renewable power supply resources also available at this time.

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

Recommendation: The Board of Directors approved the signing of a Power Purchase Commitment Authorization by the HBPW General Manager for approximately 5.85 MW of installed capacity of solar power from White Tail Solar, LLC

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Lynn</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

24.147 **Municipal Gas Authority of Georgia Prepay Gas Transaction**

Over the past several years, HBPW staff has held discussions with numerous potential counterparties for prepaid natural gas transactions. In a typical prepay gas transaction, a municipal conduit issuer issues tax-exempt bonds on behalf of municipal gas and electric utilities to prepay future deliveries of natural gas. The issuer transfers the bond proceeds to a gas supplier in exchange for the delivery of gas over the life of the bonds (typically 20-30 years). The issuer then sells the gas it purchases to municipal gas and electric utilities at a discount. The value of that potential discount varies over time based on factors such as the projected escalation of natural gas prices and the arbitrage opportunity between tax-exempt and taxable debt.

The Municipal Gas Authority of Georgia ("Gas Authority") is the largest non-profit natural gas joint action agency in the United States, serving 83 members in Georgia, Alabama, Pennsylvania, Tennessee, and Florida. The Gas Authority also serves as the manager of Main Street Natural Gas, Inc. ("Main Street"), which acts as a municipal conduit issuer on prepaid natural gas transactions serving Gas Authority members and other public systems.

Due to their nature as a municipal joint-action agency, the Gas Authority structures prepaid transactions in a manner that HBPW staff found to be more favorable to a municipal electric utility than other potential counterparties. This included more flexibility in layering the prepay transaction discount onto HBPW's existing hedge program, more flexibility in handling potential future loss of load, and the ability to terminate the deal early if minimum discounts are not met.

The market for prepaid transactions is currently very favorable, and HBPW has an opportunity to participate in a prepaid gas transaction through the Gas Authority/Main Street that would allow for substantial savings. HBPW's proposed participation in the transaction is 4,000 MMBtu per day. The prepay transaction is structured for 30 years but with several marketing periods that occur throughout that time span. The initial marketing period extends through August 31, 2031. The discount associated with this initial period is \$0.53/MMBtu, with total savings expected to be \$773,800 per year. The minimum threshold for future re-marketing events is \$0.23/MMBtu (\$335,800/year). If this threshold is not met, HBPW has the option of early termination of the prepay transaction or continued participation at the discount rate available.

In order to proceed with the transaction, HBPW needs to enter into a North American Energy Standards Board (NAESB) base agreement and transaction confirmation with the Gas Authority. The resolutions requested would approve those documents (attached), subject to any nonmaterial changes that may arise during final legal review.

Recommendation: The Board of Directors adopted the Board "Resolution Authorizing Prepaid Natural Gas Transaction" and recommends City Council consider and adopt the related Council resolution.

<i>Motion to approve recommendation</i>	<i>Lynn</i>
<i>Second</i>	<i>Maalouf</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

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**STUDY
ITEMS**

24.148 **Wastewater Utility Issues Discussion**

Staff concludes a four-month series of presentations on the HBPW's Electric, Broadband, Water, and Wastewater utility operations. Staff will highlight major issues that affect the current operations and future planning.

Plans to address short and long-term treatment and conveyance of wastewater will be addressed, along with high-level summaries of the capital plans.

Study topic. No Board action required.

24.149 **Summary Budget Overview - Fiscal Year 2025**

Setting the annual budget is a process that begins in October and culminates with the formal presentation to the HBPW Board in March. From there, the City incorporates and presents a comprehensive budget to the City Council in May.

Over the past two weeks, the Budget Subcommittee has reviewed the staff proposed budget and revenue adjustments. Adjustments that have been made are now at a point where the full Board would benefit by hearing a high-level summary of the plans in each utility area.

Study topic. No Board action required.

24.150 **General Manager Comments**

- Check the website for the rolling banner and point out to others as well (Annual Report, EmPower)
- MPPA Save the Date May 2, 2024, at Frederick Meijer Gardens in the afternoon
- Boileau Communication's Patrick Clark may reach out to you regarding MPPA (governance)
- Our next regular meeting is March 11. The major focus will be the FY 2025 budget approval and rate sheets

ADJOURNMENT

A motion to adjourn the meeting of *February 26, 2024*, was made by *Lilly* supported by *Lynn* and agreed upon by the Board of Directors present.

The Board Meeting of February 26, 2024, adjourned at *6:17 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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