

The HBPW Board of Directors
Monday, June 27, 2011 @ 4pm
625 Hastings Ave
Holland, MI

Board Members Present Diane Haworth, Tim Hemingway, Phil Miller, Jim Storey, and Council Liaison Bob Vande Vusse

Members Absent: Paul Elzinga and Ex Officio Member Soren Wolff

Staff Present: Loren Howard, Dave Koster; Dan Nally, Freda Velzen: Andree Keneau, Backy Lehman, Anne Saliers, and Loralyn Bunce

11.177 **Communications from the Audience**

None

11.178 **Insurance Proposal for Fiscal Year 2012**

Bob LaValle, Terri Majeski, and Vicki Ball of HUB International

The City and the Holland Board of Public Works (HBPW) through our agency HUB International, solicited bids from underwriters for insurance coverage for the upcoming fiscal year July 1, 2011 - June 30, 2012. All carriers are rated "A" or better by A.M. Best. The current proposal from our insurance agency is similar to last year using the package policy coverage for property and boiler with coverage up to \$350,000,000 with Travelers and liability of 10,000,000 underwritten by Princeton with an additional \$9,000,000 layer of reinsurance called excess liability underwritten by Catlin. The portion of the premium for the boiler and machinery coverage increased from \$130,943 to \$154,050, due to the increase in the experience ratio. The total package cost to the HBPW is \$912,701, resulting in an overall 3.7% decrease from last year during FY2011, (not including the workers' comp coverage of \$74,446). The pollution policy with CHUB carries a premium of \$51,200 and is in the final year of an annualized three year policy with coverage limits of \$20,000,000. The decrease in package cost is primarily driven by an updated appraisal conducted by American Appraisal that showed a decrease in insurable values of the properties owned by the HBPW.

The proposed insurance package, underwritten by Princeton Excess Surplus Lines Insurance Company, continues the All Lines Aggregate coverage the City and HBPW have maintained for the past 18 years. The package provides for \$100,000 deductible for most lines of coverage for each occurrence and an aggregate deductible of \$346,250 which is reduced from \$372,500 last year. The large deductibles result in effectively being self insured with protection from a catastrophic event. The workers compensation is with Accident Fund of Michigan. It provides first dollar coverage with a guaranteed cost to limit our loss exposure and a dividend plan to provide a return of premium when loss experience is less than 45% of premium.

Recommendation: Approve, in support of City Council approval, the proposal from HUB International for insurance coverage for Fiscal Year (FY) 2012. The package includes policies for \$10,000,000 liability coverage, an additional \$9,000,000 in excess coverage, property, automobile, boiler, pollution, and workers compensation. The premium for the Holland Board of Public Works (HBPW) portion is \$912,701 for the package and \$74,446 for the workers compensation.

Motion to approve insurance proposal Storey
Supported Miller

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

Favor	4
Opposed	0

11.179 Garforth Proposal to Expand Scope of Study

The current Consumer Energy P scenarios already include the overall assumptions for the Baseline and 2030 electricity needs of the Township. These are included in the electricity capacity balances and the investments estimates. The current version of the fuel mix for the City (total and electricity only) assumes the power dispatched to the City will be prioritized from the lowest to the highest green house gas (GHG) content. Without an assessment of the evolution of the demand for the Township, this is the only approach that can used and will thus potentially create a distortion in the GHG inventory for the HBPW and also impact new base load supply recommendations. All the City Scenarios will remain the same.

Discussion ensued regarding the reasoning, purpose, and potential return on investment for expanding the scope. Director Haworth believes the board should know the full vision of impact for the utility from Garforth before voting to approve action.

Director Storey questioned the use of the singular "Township", and responses assured the amended study will, according to the general manager's statements at the meeting, echoed by Dan Nally, include all the townships served by the HBPW.

Recommendation: Holland Board of Public Works approach the townships studied by Garforth for a contribution to the cost of the study.

Motion to approach townships	Storey
Supported	None => Motion fails
Favor	
Opposed	

Recommendation: Approve a scope expansion of the CEP to include a minimal assessment of the outlying townships impact on the CEP, approve a contract change order of \$24,125 plus a 10% contingency of \$2,413 and authorize the transfer of \$26,538 from contingency to fund this project.

Motion to approve scope expansion, contract change order, and budget transfer	Miller
Supported	Storey
Favor	3
Opposed	1

OTHER BUSINESS

Director Miller shared several points that impressed him while attending the American Public Power Association's (APPA) national conference in Washington D.C. during June 2011. Miller was most impressed with: the knowledge that the energy regulations are a complex, moving target; that power rates are still an amazing bargain; that values are changing the costs; and, the appreciation of efficiency is increased. Miller emphasized the importance of being independent in our future growth & expansion rather than counting on subsidies for renewable energy that may disappear soon.

Reminders of Upcoming Meetings & Events:

July 11, 2011 @ 2pm Tour of Headworks Project at Wastewater Treatment Plant

July 11, 2011 @ 4pm Regular Meeting at HBPW Service Center Board Room

****Content originally planned for discussion in the Study Session portion of the meeting will be postponed until the July 25, 2011 Study Session****

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ADJOURNMENT

The Board of Directors motion to adjourn was made at 5:27pm by *Haworth*, supported by *Miller*
The Board of Directors present voiced unanimous support.

The Special Meeting and Study Session of June 27, 2011 adjourned at *5:27 pm*.

Minutes respectfully submitted by,

Loralyn A Bunce
Secretary to the Board