

**HOLLAND BOARD OF PUBLIC WORKS (HBPW)
MINUTES of the BOARD of DIRECTORS**






REGULAR MEETING

The HBPW Board of Directors met
October 8, 2018
 at 4:00 pm.
 in the Service Center Board Room
 625 Hastings Avenue
 Holland, Michigan

Chair Hemingway called the meeting to order at 4:03 p.m.

Members Present:	Tim Hemingway, Diane Haworth, Phil Miller, Sue Franz, Paul Lilly, Ex Officio Member Bob Shilander
Members Absent:	Brian Lynn, Keith VanBeek
Staff Present:	Dave Koster, Janet Lemson, Ted Siler, Joel Davenport, Becky Lehman, John VanUffelen, Chuck Warren, Chris VanDokkumburg, Pete Hoffswell, Judy Visscher, Trista Gregorski, Jane Monroe, Carl Thorwall, Tamara Black, Tracy Jousma, Kevin Koning, Steve Bruinsma
19.035	<p>Board Minutes – Regular Meeting of September 10, 2018</p> <p><i>As part of the Consent Agenda, the Board of Directors approved the minutes as presented.</i></p>
19.036	<p>Equipment Purchase and Service Agreement</p> <p>HEP requires various pieces of mobile equipment to perform routine maintenance and operations tasks. Over the past year, the Electric Production Department has been renting equipment for these purposes in order to allow staff to learn which equipment best fits plant requirements. The equipment contained within this proposal is the result of that year of research and learning. Additionally, the Service Center and 48th Street Peaking Station both have failing mobile equipment that will also be replaced with this purchase.</p> <p>HBPW asked for bidders to provide a maintenance agreement for service on the equipment for five years. The service agreement will cover routine maintenance, re-certifications, and inspections.</p> <p>Crown Equipment Corporation was the lowest responsible bidder. The budget for the total of this equipment in FY2019 is \$283,000.00. The lowest responsible bidder is below budget.</p>

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

					
Forklift 1					
Meets Spec	NO	YES	No Bid	No Bid	YES
Model	Hyster S50 FT	C5 1000-5			Cat 2C5000
Price	\$ 29,475.00	\$ 39,960.70	\$ -		\$ 43,875.51
Forklift 2					
Meets Spec	NO	YES	No Bid	No Bid	YES
Model	Hyster H50FT	C5 1050-50			Cat GP25N5
Price	\$ 37,731.00	\$ 47,948.30	\$ -		\$ 49,273.44
Scissor Lift 1					
Meets Spec	YES	YES	YES	YES	YES
Model	Genie GS1930	Genie 1930	Genie GS1930	JLG 1930ES	Genie GS1930
Price	\$ 13,187.00	\$ 14,026.01	\$ 14,100.00	\$ 17,600.00	\$ 13,926.00
Scissor Lift 2					
Meets Spec	YES	YES	YES	YES	YES
Model	Genie GS2632	Genie 2632	Genie GS2632	JLG 2630ES	Genie GS2632
Price	\$ 18,458.00	\$ 19,189.63	\$ 19,400.00	\$ 22,250.00	\$ 19,733.00
Boom Lift 1					
Meets Spec	YES	YES	YES	NO	YES
Model	Genie Z40-23NRJ	Genie Z40/23NRJ	Genie Z40/23NRJ	JLG E400AJPN	Genie Z40/23N
Price	\$ 57,698.00	\$ 63,809.96	\$ 57,300.00	\$ 53,250.00	\$ 67,847.00
Training	\$ 2,200.00	\$ 1,975.00	\$ -	\$ -	\$ 1,800.00
LTSA	\$125/HR	Details Included	MP	MP	\$11400 / Year
5 YEAR LTSA	\$	\$ 33,180.00			\$ 57,000.00
Warranty Term	MANF STD	3 Years	3-5 Years	3 Years	5
Sum	\$ 158,749.00	\$ 186,909.60	\$ 90,800.00	\$ 93,100.00	\$ 196,454.95
Total with LTSA		\$ 220,089.60			\$ 253,454.95

As part of the Consent Agenda, the Board of Directors approved a purchase order for the purchase of equipment and a service contract with Crown Equipment Corporation in the amount of \$220,089.60 and a 3% contract contingency in the amount of \$6,602.69 to cover potential cost increase for steel tariffs, as approved to form by the City Attorney.

19.037

Change in Alternate Designated Representative for Air Emissions Reporting

The Clean Air Act Amendments of 1990, the Clean Air Interstate Rule, the Mandatory Greenhouse Gas Reporting Rule, the Transport Rule, and any future similar air emissions regulations require, or will likely require, that each utility file with the EPA the name of the employee at the utility who is responsible for submitting documents and conducting allowance transactions. This person is called the "Designated Representative". These rules specify that an agreement shall be used to bind the selected employee and the owners and operators of the utility. Joel Davenport is the current Designated Representative.

The rules also allow for each utility to file with the EPA the name of one Alternate Designated Representative. The Alternate Designated Representative may act on behalf of the Designated Representative as outlined in the attached contract. Judy Visscher, Environmental Regulatory

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	<p>Specialist, is currently the Alternate Designated Representative but will be retiring at the end of calendar year 2018. Trista Gregorski was recently hired as Judy's successor and as such will be taking over all Environmental Regulatory Specialist duties, including serving as the Alternate Designated Representative.</p> <p>The attached contract has been updated to meet current regulation language and is in accordance with the requirements of the current air emissions regulations referenced above. The agreement stipulates the authority, duties, and indemnity of the Alternate Designated Representative. Upon execution of the contract, a notification is filed with the EPA.</p> <p><i>As part of the Consent Agenda, the Board of Directors adopted the attached resolution and approved the associated contract between the City of Holland and Trista Gregorski to act as the City's Alternate Designated Representative to the Environmental Protection Agency for various air emissions regulations.</i></p>												
<p>19.038</p>	<p>Black River Equipment Shelter Replacement</p> <p>In 2018, Electric Distribution completed the sale of breakers at the Black River substation. HBPW operations at this site, including Electric Distribution monitoring and Broadband Services communications infrastructure, remain on the site. This equipment is housed in a communications and equipment shelter that has reached the end of its usable life and is in need of replacement.</p> <p>Plans were being made to perform this upgrade within the FY20 budget cycle, but an opportunity to obtain a new shelter at significant cost savings has made this project more attractive to complete in FY19. Ottawa County Central Dispatch Authority (OCCDA) has one extra shelter left over as part of their FirstNet project. The shelter is valued at \$74,320. OCCDA has offered the shelter to HBPW for \$20,000. This saving in shelter cost makes this project attractive for FY19.</p> <table border="0" data-bbox="391 1104 846 1287"> <thead> <tr> <th><u>Task</u></th> <th><u>Estimate</u></th> </tr> </thead> <tbody> <tr> <td>Shelter</td> <td>\$20,000</td> </tr> <tr> <td>Foundation and Placement</td> <td>\$13,000</td> </tr> <tr> <td>Fiber re-work</td> <td>\$24,000</td> </tr> <tr> <td>Electric Service</td> <td>\$8,000</td> </tr> <tr> <td>Project Total</td> <td>\$65,000</td> </tr> </tbody> </table> <p>Electric Distribution and Broadband Services recommend HBPW take advantage of this cost savings and execute this project in FY19. In order to do so, we recommend a budget transfer of \$65,000 from contingency to cover the cost.</p> <p><i>As part of the Consent Agenda, the Board of Directors approved a capital project to construct a new communication and equipment shelter at the Black River substation and budget transfer from contingency of \$65,000.</i></p>	<u>Task</u>	<u>Estimate</u>	Shelter	\$20,000	Foundation and Placement	\$13,000	Fiber re-work	\$24,000	Electric Service	\$8,000	Project Total	\$65,000
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<p>19.039</p>	<p>Declaration of Surplus Material</p> <p>The HBPW has identified materials and equipment which are no longer pertinent for use. The attached list shows the items determined as excess, obsolete, or uneconomical to repair. Once declared surplus, the items will be disposed of in the following order:</p> <ol style="list-style-type: none"> 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 												

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	<p><i>As part of the Consent Agenda, the Board of Directors approved, and forwarded to City Council for approval, the lists of items ready to be declared surplus.</i></p>
19.040	<p>Meeder Public Funds Investment Management Agreement</p> <p>The current cash and investment portfolio at HBPW is in excess of \$131 million. The current portfolio is heavily weighted in cash (58%), with the remainder in 38 individual investments in CD's and commercial paper. The significant weight in cash is primarily related to limited staff time available to research appropriate investments, evaluate various return options, and place trades. Meeder Investment Management, founded in 1974, has over \$16 billion in assets under management. Meeder Public Funds, the public funds division of Meeder Investment Management, serves over 160 public entities in Michigan, Ohio, Texas, and Pennsylvania with over \$5.3 billion under management. Local clients include West Ottawa Schools, Zeeland Schools, Grand Haven Schools, Wyoming Schools, and Grandville Schools. Public clients with portfolios similar in size to HBPW's include City of Bowling Green, City of Cincinnati, Cuyahoga County, Erie County, City of Euclid, Forest Hills Schools, and Huron County. HBPW would be working with the Meeder office in Lansing.</p> <p>Staff believes that Meeder Public Funds, with a strong foundation in the public entity space, is large enough to provide timely and efficient access to the markets (thereby improving yields), yet small enough for HBPW to be considered a significant client.</p> <p>Meeder Investment's fees, as disclosed in the Investment Management Agreement, are:</p> <ul style="list-style-type: none"> • 0.10% first \$25 million market value • 0.08% \$25 million to \$50 million market value • 0.06% over \$50 million market value <p>For comparison, Morgan Stanley's advisory fee for the MS Institutional Liquidity Funds portfolio is 0.15%.</p> <p><i>As part of the Consent Agenda, the Board of Directors approved the investment management agreement with Meeder Public Funds, subject to City Attorney approval as to form.</i></p>
19.041	<p>Action on Consent items:</p> <p>Motion to approve, accept, or adopt Consent <i>Haworth</i> Agenda items Second <i>Miller</i> Favor <i>5</i> Oppose <i>0</i></p>
19.042	<p>Communications from the Audience</p> <p>Joel Davenport introduced Trista Gregorski to the Board.</p>
19.043	<p>Major Project Update</p> <p><i>For information only</i></p>

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19.044	<p>MPPA Solar Energy Authorization</p> <p>Currently, HBPW has agreements with multiple renewable energy suppliers as part of our portfolio of purchased power. These are currently a combination of landfill gas and wind energy, both through agreements with MPPA and directly with renewable energy suppliers. In calendar year 2017, renewable energy supplied 13.94% of HBPW electric sales. The addition of this 9.9 MW of solar energy and the 3.5 MW of additional wind energy already authorized from the Pegasus Wind Farm will raise our renewable energy supply to approximately 16% of annual electric sales. It also will diversify the HBPW's energy portfolio, provide additional hedge on future energy prices, and position the HBPW better for the potential loss of the 15 MW of wind power from the Wildcat Wind Farm when that contract expires at the end of calendar year 2022.</p> <p><i>Recommendation: Approve the signing of a Letter of Authorization from MPPA by the HBPW General Manager as part of the Energy Services Project for approximately 9.9 MW of installed capacity of solar power from Assembly Solar, LLC and Invenergy Solar Development North America, LLC.</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><i>Motion to approve recommendation</i></td> <td style="width: 50%;"><i>Miller</i></td> </tr> <tr> <td><i>Second</i></td> <td><i>Haworth</i></td> </tr> <tr> <td><i>Favor</i></td> <td style="text-align: center;"><i>5</i></td> </tr> <tr> <td><i>Oppose</i></td> <td style="text-align: center;"><i>0</i></td> </tr> </table>	<i>Motion to approve recommendation</i>	<i>Miller</i>	<i>Second</i>	<i>Haworth</i>	<i>Favor</i>	<i>5</i>	<i>Oppose</i>	<i>0</i>												
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19.045	<p>Engineering Services Agreement for JDY Hazardous Materials Assessment</p> <p>An assessment of the James DeYoung plant's hazardous materials is required for BPW staff to prepare and budget for demolition activities in 2020. The assessment will identify the types and locations of hazardous materials, and the requirements and costs to remediate. BPW staff requested proposals to provide demolition scope and estimating services and a Hazardous Materials Assessment from firms qualified in power plant demolition. The proposals provided individual pricing for each task as summarized in the table.</p> <table style="width: 100%; border: none; margin: 10px 0;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 25%;"></th> <th style="width: 15%;">TASK 1 Demolition</th> <th style="width: 20%;">TASK 2 Hazardous Materials Assessment</th> <th style="width: 35%;"></th> </tr> <tr> <th>Bidder</th> <th>Business Location</th> <th>Scope/Estimate</th> <th></th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>HDR</td> <td>Ann Arbor MI</td> <td style="text-align: right;">\$17,897</td> <td style="text-align: right;">\$29,700</td> <td style="text-align: right;">\$47,597</td> </tr> <tr> <td>ERM</td> <td>Holland, MI</td> <td style="text-align: right;">9,833</td> <td style="text-align: right;">59,331</td> <td style="text-align: right;">69,164</td> </tr> </tbody> </table> <p>HDR's price for Task 2 did not include the requested scope of work and BPW staff were unable to compare their price to ERM's due to the substantial difference in response. The HDR price only included the sampling and testing plan and an optional subcontractor price to sample and test asbestos only. In addition to HDR's scope, ERM's price also included sampling and testing the entire plant, developing detailed remediation specifications, boiler skin testing and a detailed remediation schedule and estimate which will help inform the budgetary estimates in Task 1.</p> <p>The RFP for this work intentionally separated Task 1 and Task 2 for the possibility of assigning them to different contractors or proceeding with Task 2 at a later date. BPW staff have issued a purchase order to ERM to get work underway on Task 1 in order to receive earlier budget estimates to inform the Waterfront Visioning timeline. This separate contract for ERM includes the Hazardous Materials Assessment scope of work in Task 2 for a total of \$59,331.</p> <p><i>Recommendation: The Board approved an Engineering Services Agreement with Environmental Resources Management for a not to exceed amount of \$59,331 and a 10% contingency of \$ 5,933 pending approval as to form from the City Attorney.</i></p>			TASK 1 Demolition	TASK 2 Hazardous Materials Assessment		Bidder	Business Location	Scope/Estimate		Total	HDR	Ann Arbor MI	\$17,897	\$29,700	\$47,597	ERM	Holland, MI	9,833	59,331	69,164
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19.046	<p>FY2018 HBPW Organizational Results</p> <p>Since 1995, the HBPW has included a variable component in its professional employee compensation package. Known initially as The Opportunity Program, this compensation component has provided annual lump-sum compensation opportunities of up to 6% of base wage for participants when the organization and the individual meet or exceed specific performance criteria.</p> <p>In FY2018, the HBPW achieved 10 of its 12 corporate metric targets. These metrics are summarized on an attachment and cover the areas of customer satisfaction, service reliability, environmental quality, regulatory compliance, cost control and a safe work environment. With 83% of the corporate metrics achieved in FY 2018, it is recommended that 2.50% (0.833*3.0%) be awarded for this portion of the overall performance criteria.</p> <p>In FY2018, the HBPW also achieved 12 of its 13 organization-level tactical actions. These tactical actions are summarized in an attachment and were developed to align with and support the HBPW’s Critical Issues and Goals. With 92% of the tactical actions completed in FY2018, it is recommended that 2.76% (0.92*3.0%) be awarded for this portion of the overall performance criteria.</p> <p>Based upon these results, the performance-based compensation result achieved in FY2018 for all eligible professional employees (excluding Executive Staff) is 5.26% out of a possible 6.0%.</p> <p>In December 2010, the Performance Based Compensation program for HBPW Executive Staff (Director-level employees) was amended by Board and Council action, in conjunction with moving these employees to an “at will” employment status. Consistent with this program, the performance-based compensation result achieved in FY2018 for Executive Staff is 8.55% out of a possible 10.0%.</p> <p><i>Recommendation: The Board accepted for information the FY2018 strategic plan results. Variable pay recommendations will accompany the audit presentation at the October 22, 2018, Board meeting.</i></p>

OTHER BUSINESS

- 19.047 Update on items requested by Township Representative Shilander
Plan for financial side of DeYoung Plant Decommissioning and property ownership. Who will own the property after decommissioning?
 The staff is approaching the decommissioning with the goal of return the site to clean condition. We have spent approximately \$3.5 Million on ash pond and coal yard remediation. A 2012 SROI analysis identified the upper end of decommissioning to be approximately \$11 Million. The staff is receiving estimates for demolition, net of salvage value, in December of this year. The City Attorney will be reviewing the ownership of the site and the question of who would benefit from redevelopment value. This information will be presented in the near future, hopefully in November.”
- What are our plans for generation outside HEP for power generation?**
 The value of all of the Holland BPW generation and external resources should be determined through a long-range integrated resource plan. There will be a lot of changes upcoming, specifically more retirements of coal assets (Belle River and Campbell), as well

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as other changes in the mix of wholesale energy and capacity resources. Staff will be working toward commencing an IRP in the next fiscal year. In the near term, Holland is working with MPPA on a potential peaking plant development in Coldwater using refurbished machines. Holland's frame 6B units (7 & 8) will be included in the evaluation.

BOARD COMMENTS

None

ANNOUNCEMENTS

Reminder: Next meeting is October 22, 2018

This is Public Power Week! There are only 2,000 municipals in the USA. Holland is 2nd largest in the state (LBWL is #1). Friday customer appreciation day, cider donuts, light bulbs, and other giveaways. 3:00 is Touch a Truck.

Power Magazine (internationally read throughout the world) we were one of their main highly classed power plants. A great article.

ADJOURNMENT

A motion to adjourn the meeting of *October 8, 2018*, was made by *Haworth* supported by *Lilly* agreed upon by the Board of Directors present.

The Board Meeting of October 8, 2018, adjourned at *6:51 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board