

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 Present: PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, City Council Liaison Nathan Bocks, and Ex Officio Members Dave Couch and Keith Van Beek

Members Absent: Beth Snyder

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

24.046 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Lilly</i>
Second	<i>Maalouf</i>
Favor	<i>4</i>
Oppose	<i>0</i>

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.

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

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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