



News Release

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Media Contact:
Anne Saliers (616) 355-1658

HOLLAND APPROVES SALE OF BONDS TO FINANCE NEW POWER PLANT

March 19, 2014, Holland, Michigan – The City of Holland City Council and the Holland Board of Public Works Board of Directors voted, in a special joint meeting today, to approve the pricing and sale of \$158.84 million in municipal revenue bonds to help fund building a combined cycle natural gas power generating facility for the community.

“A key part of the community’s 40-year energy plan, this is the largest bond issue and civil project in the history of Holland,” said Kurt Dykstra, mayor. “It continues the legacy and mission of Holland to be self-supporting, with a low-cost, reliable source of power.”

Jefferies Group LLC, a global investment banking firm headquartered in New York City, is the senior underwriter for the bond issue. Marketing of the bonds began March 3. Retail orders were taken March 18 with the remaining bonds offered to institutional buyers today.

HBPW earned high credit ratings, Aa3 from Moody’s and AA from Standard & Poor’s, which were key factors in the attractiveness of the bonds to investors. The bonds are sold in denominations of \$5,000. The overall interest rate is 4.08 percent. Principal and interest payments will be made semi-annually for maturities in 2017 through 2039. The bonds are exempt from Federal and Michigan State income taxes.

The project will be 72 percent funded by the amount raised from the bond sale and 28 percent from BPW cash reserves. No debt in the electric utility and its cash reserves were additional factors contributing to the high credit rating.

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The new power plant represents a move to state-of-the-art equipment, according to Dave Koster, HBPW general manager. "It will be nearly twice as efficient with dramatically less emissions than our current power plant," says Koster. "Along with other power resources in our diversified fuel portfolio, this plant positions Holland very well for the future."

HBPW and Holland City Council voted in December 2012 to build a 114-megawatt natural gas power plant. The 26-acre location approved July 2013 is the area surrounding Fifth Street and Fairbanks near downtown. Most properties needed for the project have been purchased. Demolition will begin in May after the Tulip Time Festival. Construction is scheduled to start early 2015 with operations commencing late 2016.

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The Holland Board of Public Works (HBPW) is a community-owned enterprise providing electric generation and distribution, water, wastewater treatment and broadband utility services to nearly 28,000 business and residential customers in the Holland area. HBPW is committed to enhancing the economic and environmental vitality of the community, providing reliable services at the lowest rates achievable through innovation, efficiency and professional operations.

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