

**STUDY SESSION**

The HBPW Board of Directors met  
**April 22, 2024**  
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, Kyle Engbers, Paul Lilly, City Council Liaison Scott Corbin, and Ex Officio Members Keith Van Beek, and Dave Couch

**Members Absent:** Carolyn Maalouf and Brian Lynn

**Staff Present:** Dave Koster, Janet Lemson, Becky Lehman, Ted Siler, Joel Davenport, Chuck Warren, Amy Yost, Joe Sikma, Alex Craigmile, Julie DeCook, Tracy York, Angel Kleinbrel; online guest: Chris Biggs, Great Blue Research

24.185 **Communications From the Audience**

*None*

**STUDY ITEM**

24.186 **Annual Customer Satisfaction Survey Results**

For many years, HBPW has used the Frost Institute at Hope College to perform our annual customer satisfaction survey. We have been happy with their performance, and this consistency of use gives us great year-to-year comparison with ourselves for customer satisfaction results. Although our experience has been very good with the use of Frost, we are not able use the results to benchmark against other utilities.

Great Blue Research conducts surveys of a large number of municipal, cooperative, and investor-owned utilities. The use of Great Blue for our survey this year allowed us to compare our results to their survey participants.

We were able to survey 2,046 Residential customers and 131 Commercial and Industrial customers. All surveys were completed online using an e-mail link that customers were sent from Great Blue. When "don't know" responses were removed from the survey results, 92.5% of Residential customers and 97.0% of Commercial and Industrial customers rated HBPW 7 or higher on a 10-point scale for overall customer satisfaction.

During the study session, Great Blue Research will review more detailed results from the survey questions and how HBPW's results compare to their benchmarks.

*Accept for information the results of the Great Blue Research customer satisfaction survey.*

**QUARTERLY MONITORING REPORTS**

24.187 **Meeder Public Funds Investment Strategy Update April 2024**

Highlights from the Meeder Report:

- US economy grew faster than expected in 3rd and 4th quarters of 2023 but expected to slow below the recent trend in 2024.
- US employment sector remains robust, with 38 consecutive months of job growth.

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

- Inflation remains "sticky", with both CPI and PCE above FED target levels.
- The Fed is projecting 3 25 basis point rate cuts by the end of 2024. The Fed Funds futures market shows market sentiment in line with the Fed's projection.
- Short term Treasury rates are at the highest levels since 2000.
- Intermediate term rates have moderated somewhat due to slowing GDP growth estimates and decrease in inflation since 2022.

Portfolio review (as of 3/31/24):

- Weighted average yield 3.86%, compared to 3.15% at June 30, 2023
- Weighted average maturity 1.32 years, compared to 0.53 year at June 30, 2023
- Total portfolio \$63,520,721, compared to \$61,086,471 at June 30, 2023
- US Treasuries, US Government agencies and cash comprise 95% of the portfolio. Municipals (primarily Michigan school districts) are the remaining 5%.

*Accept for information the Meeder Public Funds Investment Strategy Update dated April 2024.*

24.188

**Energy Risk Management (ERM) Performance Summary Report for Third Quarter FY 2024**

Minimum energy hedge requirements have been updated to reflect the values in the revised ERM policy approved by the Board on December 12, 2022. Note that this change now shows us deficient in fiscal years 2026-2028 versus the minimum energy hedge requirements. This was anticipated and is the reason why approval of the updated ERM policy also provided staff until June 30, 2024, to achieve full compliance with the new minimum energy hedging requirements.

As detailed in the attached report under the ERM program, HBPW has natural gas purchase agreements in place for a total of 12,783,741 dekatherms, at weighted average costs (sans basis) per dekatherm ranging from \$2.63 to \$3.75 for fiscal years 2024-2027. The total cost of the agreements, when exercised, will be \$43,442,520 (net of basis). The total cost of these agreements is approximately \$3,252,701 more than current market prices (at close of business December 31, 2023) for the same quantities and periods.

Including energy resources under contract through MPPA, and the natural gas purchase agreements described above, HBPW has hedges in place as a percentage of forecasted MWh dispatch as follows:

- FY 2024 91.1% (policy minimum 90.0%)
- FY 2025 90.4% (policy minimum 90.0%)
- FY 2026 60.8% (policy minimum 75.0%)
- FY 2027 33.7% (policy minimum 60.0%)
- FY 2028 17.8% (policy minimum 45%)

The natural gas hedges (purchase agreements) in place, as a percentage of forecasted natural gas burn, are:

- FY 2024 87.3%
- FY 2025 87.2%
- FY 2026 49.7%
- FY 2027 23.0%
- FY 2028 0.0%

Credit risk for counterparties is evaluated annually. Based on HBPW's methodology, based largely on criteria provided by FC Stone, the risk classification at 12/31/2023 was Low for BP and Moderate for DTE.

*Accept for information the Energy Risk Management Performance Summary Report for the Third Quarter FY 2024.*

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24.189 **Third Quarter Key Performance Indicators (KPI) FY 2024**

As per Governance Policy G002, Key Performance Indicators are reported to the Board of Directors as a quarterly agenda item. KPI reporting supports the Results Policies that came out of the Strategic Planning process.

*Quarterly monitoring report. No action needed.*

24.190 **SECOND STUDY ITEM**

**Integrated Resource Plan Update**

An Integrated Resource Plan (IRP) is a planning tool that looks at forecasts of future energy and demand requirements and identifies supply and demand side resource mixes to meet those demands. Resource mixes are evaluated as part of the IRP process based on factors such as cost, environmental attributes, reliability, and resiliency. Ultimately, an IRP is intended to aid in the planning of future resources.

The results of an IRP are highly dependent on inputs such as market conditions, available technologies and associated costs, state and federal regulations, and local interests. Due to the changes that can happen with each of these inputs in a relatively short period of time, IRPs are generally performed at regular intervals. HBPW has historically sought to have an updated study performed approximately every five years. HBPW's last IRP was performed in 2019 and completed in early 2020, meaning that it is again time to perform one of these planning studies.

Staff will provide a presentation on the IRP process. This includes work performed to date in preparation for HBPW's 2024 IRP, current status, and the expected process moving forward.

*Accept the Integrated Resource Plan Update presentation for information.*

24.191 **General Manager Comments**

- Our next BOD meeting, a regular meeting, is scheduled for May 6
- Council adopts the budget the first week in May
- MPPA Stakeholder meeting May 2, questions let Dave know
- Board/Council approval needed for extension of Hillside Tr. w/Bernie Merkle
- LG agreement has been approved (per last meeting details)
- We are on the clock for one of the PFAS settlement (w/Zeeland BPW)
- Strategic plan adoption

**ADJOURNMENT**

The Board Meeting of April 22, 2024, adjourned at **6:08 p.m.**

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board