

**STUDY SESSION**

The HBPW Board of Directors met  
**April 27, 2020**  
at 4:00 p.m.  
Via Zoom Teleconference

**Chair Hemingway called the meeting to order at 4:01 p.m.**

**Members Present:** Tim Hemingway, Diane Haworth, Phil Miller, Paul Lilly, Sue Franz, City Council Liaison Nathan Bocks, and Ex Officio Members Bob Shilander and Keith Van Beek

**Members Absent:** None

**Staff Present:** Dave Koster, Janet Lemson, Becky Lehman, John Van Uffelen, Ted Siler, Chuck Warren, Joel Davenport, Amy Yost, Anne Saliers, Alison El-Cassabgui, Angela Badran, Barry Rutherford, Emily Damaska

20.126 **Communications from the Audience**

*None*

20.127 **Financial Update**

*For information only*

**STUDY TOPICS** **Moody's Affirmation of Electric Utility Aa3 Credit Rating**

20.128 The ratings agencies perform annual verifications of the ratings they've issued. Moody's Investor Services recently completed their review. They noted favorably:

- exceptionally strong liquidity
- conservative financial and debt management
- increasingly strong fixed obligation charge coverage
- decreasing leverage
- material reduction in reliance on coal-fired generation
- competitive rates "materially below the state's average"
- management's conservative financial policy

The Moody's stated their Aa3 rating affirmation reflects the utility's "sound operating performance and conservative financial management practices..."

*Recommendation: Study Session Topic. For information only.*

20.129 **Energy Risk Management Presentation From FCStone**

Policy R008 was developed in 2013 to establish HBPW policy related to Energy Risk Management (ERM). The policy was designed to achieve the following objectives: 1) Reinforce the risk management culture within HBPW; 2) Utilize the wholesale energy market to optimize the value of HBPW's portfolio and hedge risk exposure; 3) Establish desired risk limits and approved energy products; 4) Address counterparty and credit risk; and 5) Delegate authority to the HBPW personnel to commit to, and execute, energy related transactions and hedges.

Earlier this year, HBPW contracted with FCStone to review the current ERM policy and make recommendations for potential improvements. FCStone will be presenting the results of that review and their associated recommendations.

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

Staff is in the process of updating the policy document and intends to integrate the FCStone recommendations and associated Board feedback into those updates. The revised policy will then be brought to the Board for approval later this year.

*Recommendation: Study Session Topic. For information only.*

**20.130 Customer Satisfaction Survey Results FY2020**

Frost Research Center at Hope College was contracted by HBPW in February 2020 to conduct a survey of business and residential customers regarding satisfaction with various aspects of their utility service and relationship with HBPW. This is the tenth consecutive year Frost Research Center has conducted this survey for HBPW. The survey resulted in overall satisfaction ratings achieved of 94% better than neutral for residential customers and 96% better than neutral for business customers.

*Recommendation: Study Session Topic. For information only.*

**20.130 2019 Energy Waste Reduction Program Results and 2020 Plans**

The State of Michigan passed the Clean, Renewable, and Efficient Energy Act (Public Act 295) in late 2008. The overall goal of the energy optimization (EO) portion of the law, now called Energy Waste Reduction (EWR), is to reduce future costs of provider service to customers. EWR plans are to include program offerings for each customer class and are reported to the Michigan Public Service Commission on a calendar year basis. This is a review of the HBPW 2019 Energy Smart program initiatives and results and an overview of the plans and metrics underway for 2020.

- Calendar year 2019 EWR program results
- Calendar year 2020 EWR program plans and metrics

*Recommendation: Study Session Topic. For information only.*

**BOARD COMMENTS**

*Our next meeting will be May 11, a Regular Meeting. Since the stay at home, stay safe order will still be in effect, this will be a teleconferenced meeting.*

*The City of Holland's budget work session will take place beginning at 5:30 this Wednesday, April 29, at 5:30 p.m. It will be live streamed and recorded. The anticipated final adoption of the FY 2021 budget will take place at the City's May 13 Council Meeting.*

**ADJOURNMENT**

The Board Meeting of April 27, 2020, adjourned at **6:47p.m.**

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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