

**STUDY SESSION**

The HBPW Board of Directors met  
**April 25, 2022**  
at 4:00 p.m.  
625 Hastings Ave.  
Holland, Michigan

**Chair Hemingway called the meeting to order at 4:02 p.m.**

**Members Present:** Tim Hemingway, Paul Lilly, Sue Franz, Carolyn Maalouf, City Council Liaison , and Ex Officio Members Bob Shilander and Keith Van Beek

**Members Absent:** PJ Thompson

**Staff Present:** Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Joel Davenport, Chuck Warren, Chris Van Dokkumburg, Trista Gregorski, Jeffrey Koelsch, Rene Kalkman (remote)

22.193 **Communications from the Audience**

*None*

**QUARTERLY MONITORING REPORTS**

22.194 **Meeder Public Funds Investment Strategy Update**

Highlights from the Meeder Economic Report:

- The March 2022 Fed Summary of Economic Projections (SEP) forecasts the Fed Funds Rate at 2.75% by August 2023, compared to an SEP nearly 0% for that same date in March 2021
- Unemployment of 3.6% in line with the Fed's target
- Average hourly earnings up 5.6% year over year
- Inflation still in an up-trend, with Fed view shifting to persistent from transitory
- 2 year/10 year US Treasury yield curves inverted in March. (not in the Meeder report Recession has followed the 2 year/10 year rate inversion 7 out of the last 8 times).

Highlights from the Meeder Portfolio Review

- Total portfolio at 3/31/2022 \$79,966,865
- Weighted average maturity 0.92 years
- Weighted average yield 0.58%
- Additional pertinent information (not in the Meeder report)
  - o Bulk of the investments with maturities of 1 year or less will be used for retiring debt:
    - Electric 2021 Revenue Refunding bonds
      - \$12,760,000 due 7/1/2022
      - \$20,000,000 due 7/1/2023
    - Water Supply System Refunding Bonds
      - approximately \$1,285,000 due July 1, 2022 and 2023
    - Pension Bond
      - \$1,448,452 due 12/01/2022
      - \$1,490,722 due 12/01/2023
  - o Remaining short-term maturities will be used for various capital improvement projects.
- As more funds become available, will begin investing, initially, in the 2-year time frame, then moving a portion of funds to 2-5 year terms once the rate inversion reverses.

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

*Accept for information the Meeder Public Funds Investment Strategy Update dated April 25, 2022*

22.195 **FY 2022 Financial Statements, YTD Third Quarter Preliminary**

The financial statements, along with supplemental information, for the third quarter of FY2022 were presented.

*Accept for information; no Board action necessary*

22.196 **Energy Risk Management (ERM) Performance Summary - FY 2022 Third Quarter**

As detailed in the attached report under the ERM program, HBPW has natural gas purchase agreements in place for a total of 8,327,100 decatherms, at weighted average costs (sans basis) per decatherm ranging from \$2.40 to \$2.60 for fiscal years 2022-2025. The total cost of the agreements, when exercised, will be \$20,867,455 over the four-year period. The total cost of these agreements is approximately \$17,220,791 less than current market prices (at close of business March 31, 2022) 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 planned MWh dispatch as follows:

- FY2022 91.0% (policy minimum 80.0%)
- FY2023 82.1% (policy minimum 70.0%)
- FY2024 70.4% (policy minimum 30.0%)
- FY2025 44.6% (policy minimum 10.0%)
- FY2026 26.8% (policy minimum 0.0%)

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

- FY2022 84.2%
- FY2023 66.2%
- FY2024 57.7%
- FY2025 22.9%
- FY2026 0.0%

*Accept for information the Energy Risk Management Performance Summary Report*

22.197 **FY 2022 Third Quarter Key Performance Indicators (KPI's)**

The Board of Directors approved modifications to Governance Policy G002 Agenda Planning. As part of the policy update, Key Performance Indicators (KPI) Reporting was added as a quarterly agenda item. This item serves as the regularly scheduled reporting of these KPI's.

KPI Reporting further supports the Results Policies that came out of the Strategic Planning process.

*Study Session item; no action needed*

**STUDY SESSION ITEMS**

22.198      **Regulatory Update**

As part of the annual calendar of topics, the HBPW Board of Directors will receive a regulatory update from staff. The report delivered via PowerPoint highlights the key regulations in each part of our operation and the potential impacts.

*Study Session topic; for information only*

22.199      **Health and Safety Programs Overview**

As part of the annual calendar of topics, the HBPW Board of Directors will receive a quarterly health and safety programs update from staff. The report delivered via PowerPoint highlights the key health and safety items in each part of our operation.

*Study Session topic; for information only*

22.200      **Discussion Regarding the Appropriateness of HBPW Results Policies and Key Performance Indicator (KPI) Targets**

As part of the annual agenda topic calendar, a placeholder has been established to allow the HBPW Board of Directors to review the results policies and the associated KPIs.

Please recall that within the policy governance model, results policies are intended to represent the Board's expression of expected impact the work of the organization should have on its constituencies. These policies involve a series of nested statements that provide indication to staff that success comes from being able to affirmatively state that the impact is occurring.

As these statements are often more subjective in nature, KPIs were adopted by the Board to help put quantifiable measurements in place to assist with being able to judge the results policy statements.

The 2020 Strategic Plan, which contains the nested results policy statements and Key Performance Indicator descriptions, has been attached for reference.

*Review and discuss the results policies and associated key performance indicators as identified in the 2020 Strategic Plan.*

22.201      **General Manager Comments**

- Thank you for registering for MPPA Stakeholder's meeting, ending this week, afternoon session
- May 20 is the date of the event at Frederick Meijer Gardens
- Fiber Wednesday last week acted on a recommendation on the revised business plan. Ballot info to county clerks on the millage – Hollandcityfiber.com is a dedicated website; also scheduling several community engagement sessions
- Sue Franz is not going to renew her second term, she is moving out of the City of Holland lunch is being planned
- May 2 Tour date for digester

22.202      **Board Comments**

- May 9 is our next Regular BOD meeting

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ADJOURNMENT

The Study Session of April 25, 2022, adjourned at *6:30 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board