

SPECIAL MEETING

The HBPW Board of Directors met
October 23, 2023
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

Acting Chair Lilly called the meeting to order at 4:00 p.m.

Members Present: Paul Lilly, Beth Snyder, Brian Lynn, and Ex Officio Members Dave Couch and Keith Van Beek

Members Absent: PJ Thompson, Carolyn Maalouf, and Nathan Bocks

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Chris Van Dokkumburg, Julie DeCook, Andrew Reynolds

24.066 **Approval of Agenda**

Board Member Lynn made a motion to approve the agenda. The motion was seconded by Board Member Snyder.

24.067 **Communications from the Audience**

Andrew Reynolds formally invited the Board Members to the Home Energy Expo at the Civic Center on Thursday. He gave an overview of the Expo and all the customer/community events and benefits.

24.068 **SPECIAL ACTION ITEM**

FY 2023 HBPW Organizational Results

Since 1995, the HBPW has included a variable component in its professional employee compensation package. Known initially as The Opportunity Program, this compensation component has provided annual lump-sum compensation opportunities of up to 6% of base wage for participants when the organization and the individual meet or exceed specific performance criteria.

In FY 2023, the HBPW achieved 10 of its 12 corporate metric targets and 9 of its 10 organization-level tactical actions. These corporate metrics and tactical actions are summarized on an attachment to this recommendation. The corporate metrics cover the areas of customer satisfaction, service reliability, environmental quality, regulatory compliance, cost control, and a safe work environment.

The tactical actions address a variety of organizational initiatives and were developed to align with and support the HBPW's Critical Issues and Goals. Based upon the corporate metric and tactical action results, the performance-based compensation result achieved in FY 2023 for eligible professional employees (excluding Executive Staff) is 5.20% out of a possible 6.0%.

In December 2010, the Performance Based Compensation program for HBPW Executive Staff (Director-level employees) was amended by Board and Council action, in conjunction with moving these employees to an "at will" employment status. Consistent with this program, the performance-based compensation result achieved in FY 2023 for Executive Staff is 8.50% out of a possible 10%.

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

In April 2012, a Performance Based Compensation program was adopted for HBPW union employees as part of a labor agreement renewal. This program is based solely upon HBPW

Corporate Metrics and helps to align all HBPW employees with the organization's strategic objectives. The April 2022 labor agreement renewal includes an increase to a possible 3.5% from the 3.0% specified in previous years. Consistent with this program, the performance-based compensation result achieved in FY 2023 for union employees is 2.92% of a possible 3.5%.

FY 2024 corporate metrics and tactical actions are also attached for reference.

Recommendation: The Board of Directors accepted the FY 2023 strategic plan results and approve the associated performance-based compensation payments.

Motion to approve recommendation Snyder
Second Lynn
Favor 3
Oppose 0

24.069

QUARTERLY MONITORING REPORTS

First Quarter FY 2024 Insurance Claims

Claimant Name	Date of Loss	Claim Amount	Incurred	Paid	Location	Reported	Closed
Dayino, Steven	7/14/23	\$465	0.00	0.00	Electric Dist	8/3/23	9/25/23
Coria, Hugo	4/30/23	\$5,380	0.00	0.00	W/WWW Services	7/18/24	7/24/23
Doozan, Matthew	4/25/23	\$274	0.00	0.00	Electric Dist	7/18/23	7/24/23
Poel, Brian	5/29/23	\$7,694	0.00	0.00	W/WWW Services	7/13/23	8/23/23

The Board accepted the First Quarter FY 2024 Insurance Claims for Information

24.070

Meeder Public Funds Investment Strategy Update dated October 16, 2023

Highlights from the Meeder Report:

Federal Funds :

- Federal Reserve Dot Plot consensus shows Fed Funds rates in the 5.0% to 6.25% range for the remainder of calendar 2023, and a range of 4.25% to 5.75% in the second half of calendar 2024.
- Core and Headline PCE trending down. • US growth exceeding expectations - Taylor Swift & Beyonce Fever concerts added an estimated \$5.4 billion to GDP in Q3.
- Auto and credit card delinquency rates increasing, yet optimism on avoiding recession growing.

Portfolio review:

- Weighted average yield 3.54% (compared to 3.15% at June 30, 2023)
- Weighted average maturity 1.52 years (compared to 0.53 years at June 30, 2023)
- Total portfolio \$62,451,670 (compared to \$61,086,471 at June 30, 2023)
- US Treasuries and US Government agencies 94.1% of the portfolio

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

The Board accepted the Meeder Public Funds Investment Strategy Update Dated October 16, 2023, for Information

24.071 **Energy Risk Management (ERM) Performance Summary First 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 all years 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 4,848,085 dekatherms, at weighted average costs (sans basis) per dekatherm ranging from \$2.64 to \$3.97 for fiscal years 2024-2025. The total cost of the agreements, when exercised, will be \$27,252,417. The total cost of these agreements is approximately \$3,395,836 less than current market prices (at close of business September 30, 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 90.0% (policy minimum 90.0%)
- FY 2025 67.2% (policy minimum 80.0%)
- FY 2026 38.9% (policy minimum 65.0%)
- FY 2027 19.8% (policy minimum 50.0%)

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

- FY 2024 85.3%
- FY 2025 57.2%
- FY 2026 23.7%
- FY 2027 0.0%

The Board accepted the ERM Performance Summary for the First Quarter of FY 2024 for information

24.072 **First Quarter Key Performance Indicators (KPIs) FY 2024**

Governance Policy G002 (Agenda Planning) requires the quarterly reporting of Key Performance indicators (KPIs) to the Board of Directors. This topic further supports the Results Policies through the regular review of the KPIs and associated benchmarks that define the success of the organization's performance.

The Board accepted the First Quarter FY 2024 KPIs for information

*** The Annual Audited Financial Report for FY 2023 and First Quarter Financials for FY 2024 will be presented at our November 6, 2023, Regular Meeting**

24.073

General Manager Comments

- Our next meeting, a Regular Meeting, is scheduled for November 6

24.074

Board Comments

- The payment process using a credit card is working.

ADJOURNMENT

A motion to adjourn the meeting of *October 23, 2023*, was made by *Snyder* supported by *Lynn* and agreed upon by the Board of Directors present.

The Board Meeting of October 23, 2023, adjourned at *5:09 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board