

STUDY SESSION

The HBPW Board of Directors met
November 27, 2018
at 4:00 p.m.
in the Service Center Board Room
625 Hastings Ave.
Holland, Michigan

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

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

Members Absent: None

Staff Present: Dave Koster, Loralyn Bunce, Chuck Warren, Ted Siler, John Van Uffelen, Becky Lehman, Joel Davenport, Chris Van Dokkumburg, Tamara Black, Tracy Jousma, Steve Bruinsma, Anne Saliers, Barry Rutherford, Alison El-Cassabgui, Morgan Kelly, Pete Hofswell, Tracy Jousma, and Tamara Black.

19.064 **Communications from the Audience**

None

STUDY ITEM 1 **Natural Gas Prepay Programs**

19.065 PFM Financial Advisors LLC, as the Independent Registered Municipal Advisor for HBPW, will present an overview of the benefits, risks, and financing structures of natural gas prepay programs. Basically, municipal utilities are permitted to issue tax-exempt bonds to prepay for natural gas. The ability of a municipal utility to issue tax-exempt bonds to fund the prepayment results in a funding advantage that allows the purchase of natural gas at a discount to spot prices. Based on current market dynamics, discounts of 8% to 13% of spot gas prices are expected. U.S. Department of Treasury regulations permit a structure offering the funding advantage of tax-exempt financing while essentially eliminating financial risk to the municipal utility. The utility's obligation is to pay for gas actually supplied, pursuant to a commodity supply contract. Risk is limited to loss of access to discounted gas. All financing is non-recourse to the utility. Presented by Chris Lover.

Study session topic. Presented for information.

19.066 **Financial Update**

For information only

STUDY ITEM 2 **Electric Utility Issues Discussion**

19.067 Staff has prepared a presentation covering the key issues from our last strategic plan update, accomplishments since that time and a summary of issues now facing the electric utility. Additional slides are provided detailing some of the key electric utility metrics.

In accordance with the Board's governance policies, staff intends to review the existing strategic plan framework with the Board beginning in April 2019. This presentation is the first in a series over the next few months intended to prompt questions and begin a dialogue in advance of the strategic plan review.

Study session topic. Presented for information.

BOARD COMMENTS

None

ADJOURNMENT:

The Board Meeting adjourned at *6:41 p.m.*

Minutes respectfully submitted by,

Chris Van Dokkumburg
(Substituting for Janet Lemson)