

SPECIAL MEETING

The HBPW Board of Directors met
October 28, 2019
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, Sue Franz (arrived at 4:10), Paul Lilly, Ex Officio Members Bob Shilander and Keith Van Beek, City Council Liaison Brian Lynn

Members Absent: None

Staff Present: Dave Koster, Becky Lehman, Ted Siler, Chuck Warren, John Van Uffelen, Joel Davenport, Pieter Beyer, Anne Saliers, Tamara Black, Jon Hofman, Tracy York, Jan Halstead, Steve Bruinsma

Paul Matz – Rehmann Robson
Mike Kloack – Meeder Investment Management

20.049 **Communications from the Audience**

Smart Energy Provider Designee Award presented by Dave Koster

SPECIAL AGENDA ITEMS **Audited Financial Report For FY2019**

20.050 Rehmann Robson LLC was retained by the City and HBPW to perform the audit for FY2019. HBPW's Audit Committee met with the auditors prior to this presentation to facilitate closure of the audit process and to provide the Board an opportunity to directly and independently communicate with the auditors. The Committee reviewed and discussed the results of the audit with the auditors.

Recommendation: The Board of Directors accepted as information the audited financial report and opinion issued by Rehmann Robson LLC regarding the FY2019 financial position of HBPW.

*Motion to Accept as Information - Miller
Second - Haworth
Favor - 5
Oppose - 0*

20.051 **FY2019 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 FY2019, the HBPW achieved 11 of its 12 corporate metric targets and all 10 of its organization-level tactical actions. These corporate metrics and tactical actions are summarized on attachments 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.

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

Based upon the corporate metric and tactical action results, the performance-based compensation result achieved in FY2019 for all eligible professional employees (excluding Executive Staff) is 5.75% 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 FY2019 for Executive Staff is 9.38% out of a possible 10.0%.

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 organizations strategic objectives. Consistent with this program, the performance-based compensation result achieved in FY2019 for union employees is 2.75% of a possible 3.0%.

Recommendation: The Board of Directors accepted the FY2019 Strategic Plan results and approved the associated performance-based compensation payments

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Franz</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.052 **Performance-Based Compensation Determination for the General Manager**

Consistent with the General Manager's employment agreement, the Board of Directors, through its Board Chairman, has previously defined the performance goals and objectives needed to determine the General Manager's performance salary for FY 2019.

During the past fiscal year, these performance goals and objectives included six areas of organizational performance and six specific tactical action areas. These items, their status, and the percentages of performance salary attributable to them, are summarized in the attachment to this report.

Based upon the HBPW's organizational performance and the General Manager's individual performance, the performance salary achieved in FY 2019 for the General Manager during the time period specified above is 11.2% out of a possible 12%.

Recommendation: The Board of Directors accepted the FY 2019 strategic plan results relating to the General Manager's performance-based compensation and approved a performance salary payment of 11.2% for the General Manager.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Miller</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

STUDY ITEMS **Meeder Item From Finance Department**

20.053 Meeder Investment Management will provide an overview of expected interest rate moves and general economic conditions, including:

- Federal Funds Rate moves
- US labor market and unemployment data
- Price inflation and wage pressure
- Global bond yields
- US Treasury yield curves for 2017, 2018, and 2019

Meeder will also present an overview of the HBPW investment portfolio

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Study Item: Accept for information. No Board action required.

20.054 **Continuation of HBPW Board Strategic Planning**

Next Steps are to look at metrics. HBPW has been following the Carver Model of governance since 2008. This includes three groups of policies: governance, management, and results. The results policies have yet to be completed. Results Policies identify the outcomes of what the Board is looking for from the organization. HBPW will bring in John Miner, a consultant, to help staff produce recommendations of the Ends Statements. The Board will have an opportunity to determine the level of specificity that the Ends Statements entail.

Strategically moving forward with Park Township retail expansion. Metering needs to be changed out in the near future. Next steps include communications plan and legal opinion for contract consolidation.

20.055 BOARD COMMENTS

Next scheduled meeting is on November 11, 2019. Last formal meeting with Brian Lynn as City Council Liaison

ADJOURNMENT

A motion to adjourn the meeting of *October 28, 2019* was made by *Lilly* supported by *Haworth* and agreed upon by the Board of Directors present.

The Board Meeting of October 28, 2019, adjourned at *6:10 p.m.*

Minutes respectfully submitted by,

Becky Lehman, Acting Secretary to the Board