

STUDY SESSION

The HBPW Board of Directors met
July 26, 2021
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: Tim Hemingway, Paul Lilly, Sue Franz, PJ Thompson, Carolyn Maalouf, and Ex Officio Member Keith VanBeek

Members Absent: Nathan Bocks, Bob Shilander

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Chuck Warren, Ted Siler, Joel Davenport, Andrew Reynolds, Anne Saliers

22.012 **Communications from the Audience**

None

QUARTERLY REPORTS **FY 2021 Financial Statements, YTD Fourth Quarter Preliminary**

22.013 Operating income for FYE 2021 exceeded budget for all utilities. Operating cash flow was strong, and cash reserves are funded in accordance with policy. Operating results are provided in the attached Financial Statements and associated Management Discussion and Analysis.

Study topic. No Board action needed.

22.014 **FY 2021 Insurance Claims**

HBPW had six reported claims totaling \$9,028.99 in FY 2021. Of those claims, \$6,627.99 was paid. Remaining claims were unresolved as of 6/30/2021. A claims summary is attached.

Study topic. No Board action needed.

22.015 **Energy Risk Management (ERM) Performance Summary**

As detailed in the attached report under the ERM program, HBPW has natural gas purchase agreements in place for a total of 9,098,060 decatherms, at weighted average costs (sans basis) per decatherm ranging from \$2.38 to \$2.46 for fiscal years 2022-2025. The total cost of the agreements, when exercised, will be \$22,018,954 over the four-year period. The total cost of these agreements is approximately \$6,498,769 less than current market prices (at close of business June 30, 2021) 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%
- FY2023 77.4%
- FY2024 57.3%
- FY2025 46.4%

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

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

- FY2022 84.2%
- FY2023 62.8%
- FY2024 31.6%
- FY2025 10.9%

No new natural gas purchase agreements have been entered into this quarter. A structured objective approach for entering into natural gas hedges is required by the ERM Policy. No value or time based triggers were met during the quarter ended June 30, 2021.

Study topic. No Board action needed.

22.016 **FY 2021 Fourth Quarter Key Performance Indicators (KPI's)**

The Board of Directors recently 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 topic. No Board action needed.

**STUDY
TOPICS**

Rehmann Robson LLC Engagement Letter for the Holland Board of Public Works Fiscal Year 2020 Annual Audit

22.017 HBPW has retained, through the City of Holland, Rehmann Robson LLC to conduct the audit of HBPW's financial statements for the year ended June 30, 2021. The engagement letter issued by Rehmann Robson LLC communicates certain information to the HBPW Board of Directors, including the auditors' responsibility for testing and reporting on compliance with laws and regulations and internal controls over financial reporting. The most recent peer review of Rehmann Robson LLC is also attached to the engagement letter.

Study topic. No Board action needed.

22.018 **Energy Waste Reduction and Renewable Energy Plan 2020 Annual Summary Report**

I Michigan Public Act 295 (PA 295) passed in 2008, and amended by PA 341 and 342 in 2016, requires utilities to file annual reports on their EWR and REP programs.

- The 2020 HBPW PA 295 Energy Waste Reduction Annual Report was filed with the Michigan Public Service Commission on May 31, 2020. No further action is required.
- The 2020 HBPW PA 295 Renewable Energy Plan Annual Report was filed with the Michigan Public Service Commission on June 30, 2020. No further action is required.

Pursuant to the legislation, an Annual Summary Report must be presented to the utility's governing body and the same report must be made available to its residential customers and placed on its website. The Annual Summary Report includes key results and information drawn from each 2020 Annual Report.

Study topic. No Board action needed.

22.019 **WTP Onsite Power Generation Options**

The Water Treatment Plant (WTP) is within the Consumers Energy service area. Staff have recently investigated multiple options for generating power on-site that should help reduce onpeak power costs and provide additional reliability in the case of a Consumers outage. The options that were considered include: solar panels, batteries (standalone and in combination with solar), and natural gas generators.

Study topic. No Board action needed.

22.020 **General Manager Comments**

- Diane Haworth's luncheon will be tomorrow at Seventy-Six and begin 11:30-11:45
- Friday plant tours will start from the parking lot outside HEP at 9:00 we will provide transportation to the other locations as well as stopping for lunch.
- August 9 is our next meeting. Hemmingway will be unable to attend until 5 p.m. Thompson will be temporary Chairman in his absence.

22.021 **Board Comments**

- The Board Agenda Planning will review topics for upcoming Board Study Sessions
- This group will also discuss further opportunities for education
- APPA is in Nashville in 2022
- AWWA/ACE will be in San Antonio in 2022

ADJOURNMENT

The meeting of *July 26, 2021*, adjourned at *6:33 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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