

STUDY SESSION

The HBPW Board of Directors met
July 28, 2025
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, Kyle Engbers, City Council Liaison Scott Corbin, and Ex Officio Members Dave Couch and Keith Van Beek

Members Absent: *none*

Staff Present: Dave Koster, Janet Lemson, Joel Davenport, Becky Lehman, Chuck Warren, Jenessa Carter, Julie DeCook, Jon Hofman, Tracy York | Mike Hagerty, area Vice President of Benefit Services for Gallagher (and consultant for the Pool)

26.015 **Communications From the Audience**

none

STUDY ITEMS

26.016 **The Pool Insurance Opportunity**

The HBPW offers health insurance benefits to its employees through a self-funded group plan that is combined with and coordinated by the City of Holland. In the current calendar year, the City and HBPW will invest about \$4.5 million providing this benefit to roughly 350 enrolled employees. A strong and viable alternative to our self-funded health insurance arrangement has been identified. Due to structural advantages, this alternative can reduce HBPW plan costs by roughly 9% while also providing reduced exposure to adverse claims. Employees would continue to enjoy access to their current provider network (Priority Health). City and HBPW staff have evaluated this option and recommend adopting it with a January 1, 2026, benefit start date.

26.017 **Policy Governance Refresh – Review of Policies**

In alignment with Governance Policy G-001 and G-002, the Board of Public Works begins a schedule of policy reviews for its Governance, Board - Management Connection, Delegation, and Results policies. This first session will cover a Policy Governance Model refresher and a summary of the first set of policies to be reviewed, "Governance," through which the Board establishes its philosophy, its accountability, and the specifics of its own job.

QUARTERLY MONITORING REPORTS

26.018 **Damage Claims Received During FY 2025 Fourth Quarter**

A report of damage claims received during FY 2025 Fourth Quarter is provided for the Board of Directors' review.

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

Damage Claims Fourth Quarter FY 2025				
Claim #	Date of Loss	Incurred Total	Paid	Description
7003158	4/24/25	\$684.05	\$684.05	HCF contractor damaged electric lines
PO1125005930	4/22/25	\$519.03	\$519.03	HCF contractor damaged electric lines

Presented for information. No Board action required.

26.019 **Meeder Public Funds Investment Strategy Update as of July 14, 2025**

Highlights:

- The Fed is expected to cut the Fed Funds rate by 0.5% by the end of 2025 (consistent with last quarter).
- The futures market is expecting an effective Fed Funds rate of about 3.9% by December 2025.
- Year over year Core Personal Expenditure rate (PCE Core) was 2.7% at quarter end, down slightly from 2.8% last quarter end.
- Both initial and continuing jobless claims reflect a strong jobs market.
- Weighted average yield across the HBPW portfolio is 4.27%:
 - Current portfolio
 - Weighted average maturity 1.36 years
 - Balance \$39,779,218
 - Long-term portfolio
 - Weighted average maturity 2.04 years
 - Balance \$26,484,703
 - HCF Project funds (City moved oversight of these funds to HBPW, but funds remain on City's books)
 - Weighted average maturity 0.24 years
 - Balance \$11,101,962

Presented for information. No Board action required.

26.020 **Energy Risk Management Policy Performance Summary for Fourth Quarter FY 2025**

HBPW's Delegation Policy D015-1 outlines the organization's framework for electric market activities including hedging requirements and counterparty credit risk management. Each quarter, HBPW staff prepares a report that highlights the organization's performance relative to the policy. A copy of the report for the fourth quarter of FY25 is attached for the Board's information and will be discussed at the July 28, 2025, study session. Highlights from the quarter include:

- All hedge program requirements were met throughout the quarter.
- Eight new natural gas hedge transactions were entered into during the quarter, totaling 4,127,500 MMBtu at a cost of \$15,435,241.
- Natural gas hedge transactions in place as of 6/30/2025 total 17,219,450 MMBtu at a cost of \$73,180,595.
- Mark to Market on existing natural gas hedge transactions is currently favorable by \$3,153,056.
- The MISO Planning Reserve Auction (PRA) for Planning Year 2025/26 was held on April 25, 2025. HBPW's participation in the auction and corresponding MPPA interagency transactions is estimated to net a revenue of \$1,741,035.
- There were no Renewable Energy Credit (REC) transactions during the quarter.
- All counterparties are within their approved credit limits.

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Presented for information. No Board action required.

26.021 **Fourth Quarter Key Performance Indicators (KPIs) FY 2025**

Governance Policy G002 (Agenda Planning) requires the quarterly reporting of Key Performance Indicators 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.

Year-end KPIs were reported along with a history of the previous four years.

Presented for information. No Board action required.

26.022 **Preliminary FY 2025 Fourth Quarter Financial Update**

For information only

26.023 **General Manager Comments**

- Our next Board Meeting is August 11
- Touch a truck at HEP will be held July
- Fiber Update at City Hall July 29, Council Chambers
- Reserve your Energy Saving Trees (Opens August 4), pick up September

ADJOURNMENT

The Board Meeting of July 28, 2025, adjourned at *6:00 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board