

SPECIAL MEETING

The HBPW Board of Directors met
October 27, 2025
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, Kyle Engbers, and Ex Officio Members Dave Couch (arrived late), and Keith Van Beek

Members Absent: Scott Corbin

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Chuck Warren, Jenessa Carter, Ted Siler, Tamara Black, Tracy York, Joe Sikkma, Julie DeCook, Steve Bruinsma Paul Matz, Rehmann (remote)

26.073 **Approval of Agenda**

Board Member Lilly made a motion to approve the agenda. The motion was seconded by Board Member Maalouf.

26.074 **Communications From the Audience**

None

SPECIAL ACTION ITEMS

26.075 **Audited Financial Report for Fiscal Year 2025**

Rehmann was retained by the City and HBPW to perform the audit for FY 2025. The HBPW Board of Directors Audit Committee met with the auditors prior to this presentation to facilitate closure of the audit process and provide an opportunity for direct, independent communication between the Committee and the auditors. The Committee reviewed and discussed the audit results in detail with the auditors.

Board member Lilly made a motion to accept the audited financial statements and accompanying independent auditor's report from Rehmann for the FY 2025, reflecting the financial position of the Holland Board of Public Works, it was seconded by member Lynn. Voted on by all members present and passed.

26.076 **FY 2025 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 2025, the HBPW achieved 11 of its 13 corporate metric targets and all 9 of its 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

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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 2025 for eligible professional employees (excluding Executive Staff) is 5.54% 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 2025 for Executive Staff is 8.85% out of a possible 10%.

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. Per the current labor agreement with the UWUA local 610, bargaining unit members are eligible for up to 3.5%. Consistent with this program, the performance-based compensation result achieved in FY 2025 for union employees is 2.96% of a possible 3.5%.

FY 2026 corporate metrics and tactical actions are also attached for reference

Board member Maalouf made a motion to accept the FY 2025 strategic plan results and approve the associated performance-based compensation payments. Motion was seconded by Board member Lynn. Voted on by all members present and passed.

26.077 **FY 2025 Performance-Based Compensation Determination for the General Manager**

Consistent with the General Manager's employment agreement, the Board of Directors, through its Board President, has previously defined the performance goals and objectives needed to determine the General Manager's performance salary for FY 2025.

During the past fiscal year, these performance goals and objectives included six areas of organizational performance and five 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 2025 for the General Manager during the time period specified above is 10.2% out of a possible 12%.

Board member Lilly made a motion to accept the FY 2025 strategic plan results relating to the General Manager's performance-based compensation and approve a performance salary payment of 10.2%. Motion was seconded by member Engbers. Voted on by all members present and passed.

QUARTERLY MONITORING REPORTS

26.078 **Meeder Public Funds Investment Strategy Update as of October 7, 2025**

Highlights:

- Core Personal Consumption Expenditures, at 2.9% in October, have remained above the Fed's 2% target for 54 months. Likely to go higher in the coming year due to tariffs, among other factors.
- GDP expected to continue growing, although estimates vary significantly. For Q3, Atlanta Fed forecasting 3.8%, while Bloomberg expects 1.2%.

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- While Treasury yields have fallen from the 2023 highs, they are still higher than the average over the past 20 years.
- Job growth has slowed, with the unemployment rate at 4.3%. [3-5% considered a healthy range by economists (CW)].

Portfolio summary:

- Current portfolio
 - o Weighted average maturity 1.38 years
 - o Weighted average yield 4.18%
 - o Balance \$40,160,852
- Long term reserves portfolio
 - o Weighted average maturity 2.21 years
 - o Weighted average yield 4.17%
 - o Balance \$26,748,409
- HCF project funds portfolio (City moved oversight of these funds to HBPW, but funds remain on City's books)
 - o Weighted average maturity 0.12 years
 - o Weight average yield 4.17%
 - o Balance \$9,094,965
- All portfolio investments are currently only in cash, US Treasuries, or US Agencies.

The Board of Directors accepted the October 7 Meeder Public Funds Investment Strategy Update report for information.

26.079 Damage claims received during FY 2026 Quarter 1

Below is the table showing claims for the first quarter.

Claim #	Date of Loss	Claim \$	Incurred	Description
7006789	7/11/25	437.00	0.00	City shut water off causing blockage
7009265	6/28/25	1,309.63	250.00	Three days after new water meter installed, discovered water in basement

The Board of Directors accepted the first quarter damage claims report for information

26.080 Energy Risk Management Policy Performance Summary for First Quarter FY 2026

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 first quarter of FY26 is attached for the Board's information and will be discussed at the October 27, 2025, study session. Highlights from the quarter include:

- All hedge program requirements were met throughout the quarter.
- No new natural gas hedge transactions were entered into during the quarter.
- Natural gas hedge transactions in place as of 9/30/2025 total 17,741,800 MMBtu at a cost of \$67,363.330.
- Mark to Market on existing natural gas hedge transactions is currently favorable by \$683,747.
- There were no capacity transactions during the quarter.
- HBPW sold 8,841 New Jersey Class I Renewable Energy Certificates during the quarter for a total of \$229,070.
- All counterparties are within their approved credit limits.

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The Board of Directors accepted the Energy Risk Management performance summary for information.

26.081 **First Quarter Key Performance Indicators (KPIs) FY 2026**

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 of Directors accepted the First Quarter KPI report for information

STUDY ITEM

26.082 **Policy Governance Review – Session 4: Review of Governance Policies**

This session continues a review of Governance policies with a deeper exploration of the Delegation group of policies. These policies, also termed "executive limitations," generally describe the Board of Directors' methods of placing boundaries on the General Manager's authority. Here policies are sometimes nested into increasing levels of definition of those limitations.

26.083 **General Manager Comments**

- Our next meeting, a regular Board meeting, is scheduled for November 10
- November 24 next quarterly utility
- November 12 is the Home Energy Expo at the Civic Center Place 12-6 p.m.
- Electric Utility Status in November Study Session

ADJOURNMENT

A motion to adjourn the meeting of *October 27, 2025*, was made by *Lilly* supported by *Maalouf* and agreed upon by the Board of Directors present.

The Board Meeting of October 27, 2025, adjourned at *5:20 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board