

STUDY SESSION

The HBPW Board of Directors met
January 26, 2026
 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, City Council Liaison Scott Corbin, and Ex Officio Members Dave Couch and Keith VanBeek

Members Absent: Kyle Engbers

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Jenessa Carter, Joel Davenport, Ted Siler, Nate Johnson, Pieter Beyer, Adam Assink, Julie DeCook, Tracy York

26.129 **Communications From the Audience**

None

QUARTERLY MONITORING REPORTS

26.130 **Insurance Claims**

The following claims were received October 1 - December 31, 2025:

| Claim Number | Date of Loss | Incurred Total | Paid Total | Accident Description |
|---------------|--------------|-----------------|-----------------|---|
| 7017-60-80001 | 10/22/2025 | 0.00 | 0.00 | A large tree limb from a right of way tree fell on claimant vehicle |
| P011-25-00594 | 10/22/2025 | 0.00 | 0.00 | Bent power pole and damage to the base connecting to the home |
| 7017-97-70001 | 11/1/2025 | 1,477.00 | 1,227.00 | Sewer backup in claimant's basement damaging household goods |
| P011-25-00595 | 11/20/2025 | 2,000.00 | 0.00 | Electrical issues determined to be related to voltage issues |
| P011-25-00597 | 12/13/2025 | 0.00 | 0.00 | Snowplow trucks caused driveway to crack and break water line to duplex |
| P011-25-00596 | 12/14/2025 | 100.00 | 0.00 | Snowplow ruined mailbox and water lines |
| Total | | 3,577.00 | 1,227.00 | |

The Board accepted the insurance claims information for information.

26.131 **Meeder Investment Report**

Highlights:

- Tariffs, government shutdown risk, and immigration were major economic themes in 2025.
- The Federal Reserve pivoted to easing in 2025, cutting the Fed Funds rate three times (total of 175 basis points), ending the year at 3.75%.
 - o The Fed's "dot plot" projects additional 25 basis point cuts in both 2026 and 2027.

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

- Inflation continued to moderate but remains above the Fed's 2% target, with CPI declining from 2.9% (Dec 2024) to 2.7% (Dec 2025).
 - Bloomberg economists expect average CPI of approximately 2.8% in 2026, indicating inflation persistence.
- Economic growth was stronger than expected in 2025, with Q3 GDP at 4.3%, though growth is projected to slow materially heading into 2026.
- The labor market softened modestly, with the unemployment rate increasing from 4.1% (Dec 2024) to 4.4% (Dec 2025), remaining within the range many economists consider "full employment". Slowing labor conditions were cited by the Fed as a primary reason for rate cuts in 2025.
- Interest rates declined across the yield curve in 2025, including a decline of the 2-year Treasury yield from 4.24% to 3.47%.
 - The yield curve re-inverted at shorter maturities, reflecting expectations for further policy easing.

Portfolio overview (as of December 31, 2025):

- Current Portfolio (shorter term operating expense needs)
 - Total Balance: \$40.46 million
 - Weighted average maturity: 1.39 years (slightly shorter than last year)
 - Weighted average yield: 4.15%
 - Portfolio remains conservatively positioned with high liquidity to meet operating needs.
- Long Term Portfolio
 - Total Balance: \$26.95 million
 - Weighted average maturity: 2.30 years (expected to continue to increase as investments mature and are reinvested)
 - Weighted average yield: 4.15%
 - Maturity profile continues to extend modestly as investments are reinvested in a declining rate environment.
- Project Funds Portfolio
 - Total Balance: \$6.03 million
 - Weighted average maturity: 0.03 years
 - Weighted average yield: 3.85%
 - Portfolio positioned for near-term project liquidity, with a majority held in cash and very short-term Treasuries.

The Board accepted for information the Meeder Public Funds Investment Strategy Update dated January 2026.

26.132 **Energy Risk Management**

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 second quarter of FY26 is attached for the Board's information and will be discussed at the January 26, 2026, study session. Highlights from the quarter include:

- All hedge program requirements were met throughout the quarter.
- 511,000 additional MMBtu of natural gas was hedged for FY27 at a total cost of \$2,069,598.60 (\$4.050/MMBtu)
- 512,400 additional MMBtu of natural gas was hedged for FY28 at a total cost of \$1,857,493.50 (\$3.625/MMBtu)
- 547,500 additional MMBtu of natural gas was hedged for FY29 at a total cost of \$1,968,305.64 (\$3.595/MMBtu)
- 1,825,000 additional MMBtu of natural gas was hedged for FY30 at a total cost of \$6,734,383.08 (3.690/MMBtu)
- Natural gas hedge transactions in place as of 12/31/2025 total 19,587,500 MMBtu at a cost of \$74,173,846.
- Mark to Market on existing natural gas hedge transactions is currently favorable by \$294,815.
- There were no capacity transactions during the quarter.
- There were no REC transactions during the quarter.
- All counterparties are within their approved credit limits.

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

26.133 **Key Performance Indicators (KPIs) Summary for 2nd Quarter**

As per Governance Policy G002, Key Performance Indicators are reported to the Board of Directors as a quarterly agenda item. KPI reporting supports the Results Policies that are elements of the HBPW's strategic plan.

The Board accepted for information the Key Performance Indicators Summary.

26.134 **Financial Update**

The second quarter financials were presented for information.

STUDY ITEMS

26.135 **Water Utility Issues Discussion**

Staff continues a four-month series of presentations on the HBPW's Electric, Water, Wastewater, and Broadband Utility operations. Staff will highlight major issues affecting current operations and future planning.

Plans to address short- and long-term supply and delivery of services will be addressed along with a high-level summary of the capital plans.

The Board accepted for information the staff report on issues affecting the Water Utility.

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26.136 **Policy Governance Review - Session 7: Results Policies Review**

This session continues a review of Governance policies with a review of the Results group of policies. These policies generally describe the Board of Directors' expectations for the organization's impact for the constituents it serves. There are policies for each critical issue identified in the BPW's strategic plan. The "ends statements" in each results policy are subjective statements. Therefore, certain key performance indicators have been identified for monitoring to assist the Board in determining successful achievement of the policy objectives.

The Board accepted the Policy Governance: Results Policies review for information.

26.137 **General Manager Comments**

- Our next Regular Meeting is scheduled for February 9 and takes place in City Council Chambers
- MPPA Stakeholders Meeting 2026 is scheduled for May 14 at Frederick Meijer Gardens; full Information for registration can be found on the Board SharePoint site
- February 11 Comm Energy Plan at the SDT Discussion w/Council at their Study Session

26.138 **Board Comments**

- Departmental budget videos to be shown at the February 11 City Council Study meeting. There is a possibility of potentially securing a multi-client lobbyist contract with a person/company familiar with the Federal and State governmental process. The Community Energy Plan Presentation by the Strategic Development Team will be making their recommendations to Council after a thorough review.

ADJOURNMENT

The Board Meeting of January 26, 2026, adjourned at *6:31 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board