STUDY SESSION

The HBPW Board of Directors met
July 27, 2026
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

Vice chair Maalouf called the meeting to order at 4:00 p.m.

Members Present: Carolyn Maalouf, Paul Lilly, Brian Lynn, Kyle Engbers (arrived late) City Council Liaison Scott Corbin, and Ex Officio Members Dave Couch and Keith VanBeek

Members Absent: PJ Thompson

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Jenessa Carter, Joel Davenport, Becky Lehman, Alex Craigmile, Joe Sikma, Julie DeCook

27.013 **Public Comment**

None

QUARTERLY MONITORING REPORTS

27.014 **Insurance Claims Received During FY 2026 Fourth Quarter**

The following claims were received between April 1 - June 30, 2026. Please note that claims filed during this period may include losses incurred in prior periods.

Claim Number	Date Of Loss	Incurred Total	Paid Total	Accident Description
P011-26-00615	4/16/2026	1,010.00	1,010.00	Water damage from power disconnect at DND property
P011-26-00624	4/23/2026	0.00	0.00	Denied - AT&T determined to be at fault
P011-26-00618	4/25/2026	7,098.00	7,098.00	Sewer main backup
P011-26-00628	4/27/2026	467.50	467.50	Damage during fiber installation
P011-26-00622	5/3/2026	5,583.37	5,583.37	Sewer main backup
P011-26-00623	5/13/2026	73,416.28	10,575.46	Sewer main backup cleaning (partial payment)
P011-26-00626	6/11/2026	0.00	0.00	Denied - HBPW repaired and paid directly
Total		$ 87,575.15	$24,734.33	

The Board accepted this report for information.

27.015 **Meeder Public Funds Investment Strategy Update as of June 30, 2026**

Highlights:

- Geopolitical risks, particularly the Iran conflict and related energy price volatility, have remained key macroeconomic themes alongside ongoing inflation concerns.
- Following a cumulative 1.75% reduction in the federal funds rate from its cycle high, the Federal Reserve held rates steady during its January, March, April, and June 2026 meetings.

- The Fed's June "dot plot" now projects one 25 basis point rate increase later in 2026, and futures markets have shifted toward pricing in a possible hike as inflation has accelerated.

● Inflation remained above the Federal Reserve's 2% target, with the Consumer Price Index increasing 4.2% year-over-year as of June 2026, driven in part by higher gasoline and energy prices.
- One year forward inflation expectations increased during the second quarter as higher energy prices related to the Iran conflict raised inflation concerns.

● Economic growth remained resilient despite moderating first-quarter GDP growth of 1.6%. Consumer spending, which accounts for approximately 70% of GDP, continued to be supported by strong spending among higher-income households, while economists project second-quarter GDP growth of approximately 2.5%.
● The labor market continued to normalize, with the unemployment rate at 4.2% as of June 2026. Although job growth has slowed, jobless claims remain historically low, reflecting a "no hire, no fire" labor market.
● Treasury yields remain well below their 2023 highs but increased modestly during the second quarter of 2026 as inflation concerns resurfaced. Despite remaining elevated relative to long term historical averages, intermediate term yields continue to provide attractive opportunities to lock in higher investment income.

Portfolio overview (as of June 30, 2026):
- Current Portfolio (shorter term operating expense needs)
  - Total Balance: $41.17 million
  - Weighted average maturity: 2.51 years
  - Weighted average yield: 4.07%
  - Portfolio remains conservatively positioned with high liquidity to meet operating needs.
- Long Term Portfolio
  - Total Balance: $27.44 million
  - Weighted average maturity: 1.47 years
  - Weighted average yield: 4.06%
  - Maturity profile continues to extend modestly as investments are reinvested in a declining rate environment.
- 2024 Project Funds Portfolio
  - Total Balance: $3.28 million
  - Weighted average maturity: 0.00 years
  - Weighted average yield: 3.51%
  - Portfolio positioned for near-term project liquidity, with a majority held in cash and very short-term Treasuries.

The Board accepted this report for information.

27.016 **Energy Risk Management Policy Performance Summary for Fourth 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 fourth quarter of FY26 is attached for the Board's information and will be discussed at the July 27, 2026, 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. New hedge transactions total 4,510,750 MMBtu at a total cost of $16,274,197.50
- Natural gas hedge transactions in place as of 6/30/2026 total 21,113,250 MMBtu at a cost of $79,473,042.30

- Mark to Market on existing natural gas hedge transactions shows HBPW's counterparties with a net exposure of $6,079,523.62
- MISO's Planning Reserve Auction (PRA) was held on 4/28/26. HBPW's capacity balancing transactions in the auction netted $591,896.00 for Planning Year 26/27
- A Power Purchase Commitment was completed for 2.8 MW of capacity in Planning Year 30/31 at a total cost of $302,400.00
- There were no Renewable Energy Credit transactions during the quarter. All counterparties are within their approved credit limits

The Board accepted this report for information.

27.017 **Fourth Quarter Key Performance Indicators (KPIs) FY 2026**

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 are reported along with a history of the previous four years.

The Board accepted this report for information.

STUDY TOPICS

27.018 **Next Steps From RFP for Local Generation Resources**

Public Act 295 of 2008, as amended by Public Act 235 of 2023, requires electric providers to comply with new renewable energy standard requirements, which will mean substantial investment in new resources. Local resources would help meet these requirements and also provide benefits relative to avoidance of transmission expenses. Initial estimates performed as part of the most recent Integrated Resource Plan (IRP) implied that these resources may be economically viable today; but actual bids were needed to confirm and potentially implement.

In follow-up to the IRP, HBPW undertook tactical action to investigate the economics of local resources by preparing and issuing a Request for Proposals (RFP) for the installation of utility owned solar generation and battery storage. The RFP was issued in January 2026, and proposals were received on March 6, 2026. Following an initial evaluation, PRISM Power's proposal for a 5-20 MW, 4-hour duration, Battery Energy Storage System (BESS) at HBPW's 48th Street Peaking Station emerged as a leading opportunity. In April, staff began working with PRISM Power to further evaluate the project and explore its viability.

As a part of the Study Agenda, staff will give a presentation on the current status of the potential BESS project. This includes work performed to date, current status, and the expected process moving forward.

The Board accepted the update presentation for information.

27.019 **Strategic Planning Refresh Preparation**

Governance Policy G002 sets the expectation for the Board and staff work together to review and update as necessary the organization's strategic plan every three years. The work to create the current strategic plan occurred in the fall of 2023, which indicates that time is near for a review to occur.

Staff has prepared a Power Point covering the policy commitments, the preparatory work ahead of the strategic planning review process, and the significant actions taken to address the strategic priorities identified in the 2024 plan.

The Board accepted this report for information. No action needed.

27.020 **General Manager Comments**

- Our next meeting, a Regular Meeting, is scheduled for August 10.
- Date for Holland City Fiber Community Celebration at the Ice Park is Thursday, September 17, from 5-7:00 p.m.

ADJOURNMENT

The Board Study Session of July 27, 2026, adjourned at *5:57 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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