



## MINUTES OF THE BOARD OF COMMISSIONERS MEETING

### LANSING BOARD OF WATER AND LIGHT

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January 24, 2017

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The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, January 24, 2017.

Chairperson David Price called the meeting to order at 5:30 p.m.

Present: Commissioners Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, and Sandra Zerkle.  
Non-Voting Commissioners present: Stuart Goodrich (Dehli Township), and Bill Long (Delta Township).

Absent: Commissioners Tracy Thomas and Bob Nelson (East Lansing).

The Corporate Secretary declared a quorum.

Commissioner Long led the Pledge of Allegiance.

#### **SPECIAL COMMUNICATION**

- a. Letter of Resignation from BWL 2<sup>nd</sup> Ward Commissioner Mark Alley

**Motion** by Commissioner Ross, Seconded by Commissioner McCloud to accept, receive and place on File the letter of resignation from Commissioner Mark Alley.

**Action:** Carried Unanimously

#### **ELECTION OF OFFICER FOR THE POSITION OF VICE CHAIRPERSON**

**Motion** by Commissioner McCloud, Seconded by Commissioner Ross to nominate Tony Mullen for the officer position of Vice Chairperson for the remaining of the 2016-2017 fiscal year.

**Action:** Carried Unanimously

#### **APPROVAL OF MINUTES**

**Motion** by Commissioner Mullen, Seconded by Commissioner McCloud, to approve the Regular Board Meeting minutes of November 15, 2016.

**Action:** Motion Carried

#### **PUBLIC COMMENTS**

None.

#### **COMMUNICATIONS**

Electronic Mail received from:

- a. Steve Rall re: Before the Flood Film- Received and Placed on File
- b. Kindra Weid re: Health Impact Assessment- Referred to Management-Received and Placed on File
- c. Dave Hayhurst re: Response to Complaint- Referred to Management -Received and Placed on File
- d. Francesca Boville re: Light Speed Internet- Referred to Management -Received and Placed on File

**COMMITTEE REPORTS**  
**HUMAN RESOURCES COMMITTEE**  
**Meeting Minutes January 10, 2017**

The Human Resources Committee (HR) of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:15 p.m. on Tuesday, January 10, 2017.

Human Resources Committee Chairperson Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tony Mullen, Anthony McCloud and Sandra Zerkle. Also present: Commissioners David Price, Ken Ross, and Tracy Thomas; and Non-Voting Commissioner William Long.

**Public Comments**

None

**Approval of Minutes**

**Motion** by Commissioner McCloud, Seconded by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of November 8, 2016.

**Action:** Motion Carried.

**Amendment to 401a Defined Contribution Plan and the 457 Deferred Compensation Plan**

Executive Director of Human Resources Michael Flowers explained that the two resolutions presented this evening are for Non-Bargaining Unit employees. The same resolutions were presented and approved by the Board for the Bargaining Unit employees. As previously outlined, the proposed amendments to the 401a are such that the employer contribution for Non-Bargaining Unit employees is increased from 8.1% to 9.5% for employees hired after January 1, 1997. The 457 Deferred Compensation Plan will be amended such that the limit of the employer match for Non-Bargaining Unit Employees is increased from \$1,250 per year to \$1,500 per year.

**Motion** by Commissioner McCloud, Seconded by Commissioner Zerkle to forward the proposed Resolutions to the full Board for consideration.

**Action:** Motion Carried.

**Other**

None

**Public Comments**

None

**Adjourn**

With **Motion** by Commissioner McCloud, Seconded by Commissioner Zerkle, the meeting adjourned at 5:23 p.m.

Respectfully Submitted,  
Tony Mullen, Chair  
Human Resources Committee

**FINANCE COMMITTEE  
Meeting Minutes  
January 10, 2017**

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, at 5:32 p.m. on Tuesday, January 10, 2017.

Finance Committee Chair Ken Ross called the meeting to order and requested a roll call.

Present: Commissioners Ken Ross, David Price and Sandra Zerkle (Alternate Member). Also present: Commissioners Tony Mullen, Anthony McCloud and Non-Voting Commissioner William Long (Departed at 6:10 p.m.).

Absent: Commissioner Dennis M. Louney

The Corporate Secretary declared a quorum.

**Public Comments**

None

**Approval of Minutes**

**Motion** by Commissioner Price, Seconded by Commissioner Ross, to approve the Finance Committee meeting minutes of November 8, 2016.

**Action:** Motion Carried.

**November YTD Financial Summary**

Chief Financial Officer, Heather Shawa-DeCook presented the following:



Chief Financial Officer (CFO) Shawa-DeCook announced that the BWL went through an evaluation in December from both Moody's and S&P Credit Rating Agencies and the results are an affirmed AA- rating with stable outlook.

Ms. Shawa-DeCook mentioned that the Bad Debt process is currently being reviewed and special attention is being focused on large commercial customers, as there seems to be an upward trend of their debt.

Ms. Shawa-DeCook also informed the Committee that the BWL will be going out for a Bond reissuance which was approved by the Board last November. She stated that there is a Net Present Value estimated savings of \$3.7 million or 10.7%.

# Update on Management Responses to Internal Audits

Chief Financial Officer Heather Shawa-DeCook presented management's responses to audits as follows:

## STATUS OF MANAGEMENT RESPONSES TO AUDITS DECEMBER 2016



In Accordance with Board Resolution #2014-07-05

**UPDATES IN RED**

Open Items:	Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
17	Close the Books	The Internal Auditor recommended that consideration be given to the use of a general accounting manual.	August 2014	General Accounting	A General Accounting Procedure Manual has been drafted and is under review by the CFO.	
27	Management of Mobile Devices	The Internal Auditor recommended encrypting data on all remaining laptops and smart phones.	Sept 2015	Information Technology	IT has encrypted the laptops used by field personnel and established user guidelines. Guidelines restrict BPL users to encrypt sensitive data on their own mobile devices. Currently, guidelines are effective for data classification. Software with remote management capabilities has been purchased and will be installed by 1/31/17.	
29	Management of Mobile Devices	Internal Auditor recommended further consideration of protecting software with remote clearing capabilities.	Sept 2015	Information Technology	Software with remote management capabilities for mobile devices has been purchased and will be installed by 1/31/17.	
33	Change Management System	The audit recommended more specific test criteria, testing performed by the call processing vendor, and development of test scripts, and a narrative of test results.	Oct 2015	Information Technology	Stress test with new vendor occurred on 11/1/16 and resulting recommendations are being tested and a final test with the priority of each recommendation to be determined by 1/31/17.	
37	Hiring Process	Internal Auditor has requested that an all-encompassing hiring policy be documented.	May 2016	Human Resources	Human Resources has drafted an additional Board policy, one which follows BPL hiring standards in their territory, and will seek Board approval of it by 1/31/17.	
44	Billing Audit ATP	To address safety concerns associated with high consequence residential customers, management is discussing possible revisions to existing Rules and Regulations and coordination of public safety initiatives with other public agencies.	Nov 2016	Planning & Development	The appropriate course of action will be determined by 11/30/17, in coordination with city ordinances and state law.	
47	IT Assessment (by External Auditor)	Baker-Tilly's management items officially noted that all users of financial applications should have a unique ID and password, shared, temporary and system accounts should be removed. If a system account cannot be removed, it should be disabled.	Sept 2016	Information Technology	Users user IDs for 4 of 1 financial applications were disabled on November 2016. The generic user IDs for the 6th and final application will be disabled by 1/31/17.	
E-2	IT Assessment (by External Auditor)	It was noted that network and financial application passwords settings need strengthening, including establishing requirements that passwords be changed every 90 days, be a minimum length of 8 characters, and include special characters. In addition, 3 prior passwords should be remembered and user accounts should be locked after 3-5 failed login attempts.	Sept 2016	Information Technology	Enhancement of network and financial passwords settings has been completed. Enhancements to password settings for the remaining two financial applications will be complete by 6/30/17.	
E-3	IT Assessment (by External Auditor)	Management letter indicated that user account access should be reviewed annually by management for appropriateness, following the least privilege principle, with documentation of reviews retained.	Sept 2016	Information Technology	An annual review, which will be documented, has been added to IT's schedule to occur each January.	
E-4	IT Assessment (by External Auditor)	Baker-Tilly recommended a cyberattack awareness program with ongoing penetration testing.	Sept 2016	Emergency Management / Information Technology	Employees have been scheduled to undergo annual online cybersecurity awareness training. In addition, a new monthly live training program has been developed which will include a phishing component. IT employees began the training in November 2016 and the remainder of employees began in December 2016. The first annual of on-site penetration testing will be completed by 3/31/17.	
E-5	IT Assessment (by External Auditor)	Baker-Tilly noted that the Windows 2003 operating systems which the DP210 database runs on need upgrading.	Sept 2016	Information Technology	Project completion for the Mainframe Upgrade is expected by 3/31/17.	

### Closed Items (last October 2016 report):

12	Record Retention	Internal Auditor found that records on hand did not always correspond with the Record Retention Schedule, namely, a portion of 1-9 forms and some asbestos bills of lading.	March 2014	Human Resources	1-9 forms are on file for all active employees. An appropriate retention schedule for the asbestos bills of lading was determined and updated as part of the overall review of the Record Retention Schedule. An updated schedule was approved by the BWL Committee of the Whole on 3/8/16. BWL filed for State of Michigan approval on 4/14/16. Approved by State Administrative Board on 11/30/16.
13	Record Retention	The Internal Auditor determined that records on hand in department did not always correspond with the Record Retention Schedule.	March 2014	Enterprise Content Management	Enterprise Content Management has revised the strategy Record Retention Schedule with the appropriate departments and compiled all proposed revisions. An updated schedule was approved by the BWL Committee of the Whole on 3/8/16. BWL filed for State of Michigan approval on 4/14/16. Approved by State Administrative Board on 11/30/16.
34	Training & Development	Internal Auditor supports plans for a new database for tracking training and use of standardized criteria for periodic training course review and training of trainers, on an organization-wide basis.	Dec 2015	Organizational Training & Development	LMS was implemented in February 2016 and organization-wide training is in use. It is considered complete as of December 2016.
38	Hiring Process	Internal Auditor recommended updating a hiring checklist, incorporating procedure for selected hires, and storing job files in electronic form.	May 2016	Human Resources	Human Resources is using an updated hiring checklist, documenting rationale for selected hires, and storing job files electronically.
42	Selected CIRT (by External Auditor)	The Internal Auditor recommended annual updates to the Emergency Operations Plan.	May 2016	Emergency Management	There are 45 separate Emergency Operations Plans, all of which were updated during 2016. The intention is to continue to keep them updated on an annual basis.
43	Selected CIRT (by External Auditor)	The Internal Auditor recommended formally tracking corrective actions resulting from resolution exercises.	May 2016	Emergency Management	Emergency Management is formally tracking corrective actions resulting from resolution exercises.

## Internal Audit Status Report

Internal Auditor Phil Perkins presented the following status report:

### Revised FY 2017 Audit Plan- Proposed

Planned Audits:	Estimated Hours	Status
Performance Evaluation/Compensation	300	About complete
Collections	400	In progress
Post-Cyber Incident Review	300	In progress
IT - Help/Service-Desk Management	400	Start Apr 2017
Identity and Access Management*	400	Start Feb 2017
New Service Order Management - Water	300	Start Feb 2017
Payroll Management	400	Start Feb 2017
Follow-up – Hiring Process	100	Start Apr 2017
Follow-up – Training & Development	100	In progress
Other Engagements:		
Cash Counts, Time Reporting Reviews, etc.	300	In progress
<b>Total Estimated Hours</b>	<b>2,600</b>	



\* Help ticket software is currently being replaced, making a FY 17 audit impractical. The proposed replacement audit of Identity and Access Management has been agreed upon with management.

Internal Auditor Perkins proposed a change to the Fiscal Year (FY) 17 Audit Plan due to the fact that the planned audit for Help/Service Desk Management was not practical this FY because of a new software system coming on-line within the next couple of months. Mr. Perkins advised that it would be impractical to audit the old system based on the addition of the new software system. He suggested that the Help/Service Desk Management audit be replaced with an audit of Identity and Access Management.

**Motion** by Commissioner Price, Seconded by Commissioner Ross to approve the revision of the Internal Auditor's Audit Plan as presented in today's report.

**Action:** Motion Carried

## Travel Policy Reviews

The Finance Committee, BWL Management and Appointees and Appointees reviewed the Travel Policies for the Board of Commissioners, Board Appointees and BWL Employees as well as the Resolution for the Retirement System

Education and Travel Policy. After a very detailed work session several suggested clarifications and amendments were recommended. In conclusion, a draft policy was requested by Finance Chair Ross to be presented which would result in a combined policy with specific sections addressing each BWL representative group.

**Other**

None

**Excused Absence**

**Motion** by Commissioner Price, Seconded by Commissioner Ross, to excuse Commissioner Louney from today's meeting.

**Action:** Motion Carried

**Adjourn**

**On Motion** by Commissioner Price, Seconded by Commissioner Louney, the meeting adjourned at 6:51 p.m.

Respectfully submitted  
Ken Ross, Chair, Finance Committee

**MANAGER'S RECOMMENDATIONS**

There were no Manager's Recommendations.

**UNFINISHED BUSINESS**

There was no Unfinished Business.

**NEW BUSINESS**

Board Chair Price acknowledged that with the election of Commissioner Tony Mullen to the Officer position of Vice Chairperson he officially becomes a member of the Executive Committee.

**RESOLUTIONS**

**RESOLUTION 2017-01-01**

**AMENDMENT TO 401A DEFINED CONTRIBUTION PLAN**

RESOLVED, that the Board of Commissioners hereby amends the Lansing Board of Water & Light 401a Defined Contribution Plan # 106696 such that the Employer Contributions for Non-Bargaining Unit Employees is increased from 8.1% to 9.5%, effective 2/1/2017, for those Non-Bargaining Unit Employees hired after January 1, 1997.

FURTHER RESOLVED, all other provisions of the 401a Defined Contribution Plan # 106696 shall remain in full force and effect.

FURTHER RESOLVED, that the General Manager and Corporate Secretary are hereby authorized to execute the applicable Adoption Agreement or Plan Document that accurately captures the above noted change in Employer Contributions.

**Motion** by Commissioner Mullen, Seconded by Commissioner Zerkle, to approve the amendment to 401a Defined Contribution Plan for Non-Bargaining Unit Employees.

**Action:** Motion Carried.

**RESOLUTION 2017-01-02**

**AMENDMENT TO 457 DEFERRED COMPENSATION PLAN**

RESOLVED, that the Board of Commissioners hereby amends the Lansing Board of Water & Light 457 Deferred Compensation Plan # 300435 such that the limit of the Employer Match for Non-Bargaining Unit Employees is increased from \$1,250 per year to \$1,500 per year, effective February 1, 2017.

FURTHER RESOLVED, all other provisions of the 457 Deferred Compensation Plan # 300435 shall remain in full force and effect.

FURTHER RESOLVED, that the General Manager and Corporate Secretary are hereby authorized to execute the applicable Adoption Agreement or Plan Document that accurately captures the above noted change in the Employer Match.

**Motion** by Commissioner Mullen, Seconded by Commissioner Zerkle, to approve the amendment to 457 Deferred Compensation Plan for Non-Bargaining Unit Employees.

**Action:** Motion Carried.

#### **MANAGER'S REMARKS**

General Manager Peffley informed of the following:

The television commercials that were being streamed before tonight's meeting began are part of the BWL's Lansing Energy Tomorrow campaign and will be running through the end of March. He stated that the commercials have had a very positive response from the public.

Here (at the Depot) on display tonight is the last lead pipe that was removed. This is a big mile stone and is something this company and the commissioners should be proud of as we are one of two cities in the County to complete the task of all lead pipes being removed from the service territory.

There were two design charrettes this week. A third charrette will be held in a couple of weeks in which a view of two walls will be presented for fine tuning. This project did fall within the budget and as soon as a decision is made copies of the chosen design for the substation will be distributed.

#### **COMMISSIONERS' REMARKS**

None

#### **MOTION OF EXCUSED ABSENCE**

**Motion** by Commissioner McCloud, Seconded by Commissioner Mullen, to excuse Commissioners Thomas and Nelson from tonight's meeting.

**Action:** Motion Carried.

#### **PUBLIC COMMENTS**

On behalf of the Lansing Promise Organization Executive Director Justin Sheehan presented General Manager Peffley and the Board of Commissioners with a plaque inscribed "Investing in a Brighter Future" to express their appreciation for the support received from the BWL over the years to help send Lansing kids to college.

#### **ADJOURNMENT**

Chair Price adjourned the meeting at 5:44 p.m.

Preliminary Minutes filed (electronically) with Lansing City Clerk: February 7, 2017  
Official Minutes filed (electronically) with Lansing City Clerk: March 31, 2017