



**MINUTES OF THE BOARD OF COMMISSIONERS MEETING**

**LANSING BOARD OF WATER AND LIGHT**

---

**March 28, 2017**

---

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, March 28, 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, Commissioner Tracy Thomas and Sandra Zerkle. Non-Voting Commissioners present: Stuart Goodrich (arrived @5:53 p.m.) (Delhi Township), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Absent: None

The Corporate Secretary declared a quorum.

Commissioner Zerkle led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

**Motion** by Commissioner Mullen, Seconded by Commissioner McCloud, to approve the Regular Board Meeting minutes of January 24, 2017.

**Action:** Motion Carried

**PUBLIC COMMENTS**

None.

**COMMUNICATIONS**

Electronic Mail received from:

- a. June Rochon re: Outage system failures - Received and Placed on File

**COMMITTEE OF THE WHOLE**

**Meeting Minutes  
March 14, 2017**

The Committee of the Whole 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 4:00 p.m. on Tuesday, March 14, 2017.

Committee of the Whole Chair Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Dennis M. Louney, Anthony McCloud, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle and Non-Voting Members: Stuart Goodrich (Delhi), William Long (Delta Township) and Robert Nelson (East Lansing).

The Corporate Secretary declared a quorum.

### **Public Comments**

None

### **Approval of Minutes**

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

**Action:** Motion Carried

### **Charrette Presentation for the New Substation Exterior Wall**

George Stojic, Executive Director of Planning and Development stated that three design charrettes have been conducted around the design of the wall for the Central Substation. Mr. Stojic introduced Ken Jones of Studio Intrigue Architects.

Ken Jones of Studio Intrigue Architects explained in detail the charrettes process that was conducted and the results achieved from the process regarding the design of the BWL Substation Wall. He informed the Committee that a series of charrettes took place involving the public from which a lot of input was received. He stated that there were conversations and ideas presented regarding height and appearance and the process included live interaction with the public to demonstrate suggestions. Mr. Jones stated during the charrettes process designs were narrowed down to three and the public went through a series of iterations to arrive at what is being presented today. Mr. Jones presentation included views of the proposed wall from various vantage points.



### **Michigan Public Power Agency (MPPA) Commissioner Appointment**

George Stojic, Executive Director of Planning and Development stated due to his focus on other major projects, he would like to relinquish his MPPA appointed Commissioner position and request that Robert Lalonde be appointed as the new Commissioner and that Brad Stoecker be named as the First Alternate Commissioner with Constance Carantrza remaining as the Second Alternate Commissioner.

**Motion** by Commissioner Price, Seconded by Commissioner Ross to forward the proposed resolution to the full Board for consideration.

**Action:** Motion Carried

George Stojic, Executive Director of Planning and Development informed the Committee that the MPPA is having a Stakeholders meeting in May and that this would be a great opportunity for the Boards to meet and understand how the MPPA works. The MPPA also plans on bringing in guest speakers who will speak on

industry issues. General Manager Peffley stated that information regarding the upcoming meeting will be provided to Commissioners by way of Corporate Secretary Griffin.

### **Futures Trading Resolution & Presentation**

George Stojic, Executive Director of Planning and Development presented a PowerPoint presentation on Futures Contracts, which is an agreement to buy or sell commodity in the future for a price agreed upon when the contract is made. (Futures Option gives the option holder the right, but not obligation to buy or sell in the future at the agreed upon price) Mr. Stojic informed the Committee that Futures are traded on exchanges and exchanges are regulated by the Federal Government's Commodities Futures Trading Commission; this Commission wants a Resolution from the Board of Directors (or whomever is in control of the company) that authorizes the staff to engage in this act, which it is part of the regulatory process. With the passage of the proposed Resolution the Board will incorporate the futures contract in to the Risk Management program which includes a Risk Oversight Committee.

Mr. Stojic stated as we rely more on natural gas especially with another plant coming on, this is an excellent way to help manage both the risk of volatility of gas as well as the volume risk.

Bob LaLonde, BWL's Manager of Compliance and Operations provided more detail on the Futures contracts and what is being proposed to limit risk.

After a short question and answer session Mr. Lalonde spoke about the possibility of periodically reporting to the Board of Commissioners the results of Futures trading.

**Motion** by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed resolution for Futures Trading to the full Board for consideration.

**Action:** Motion Carried

### **Proposed Strategic Plan Update Format**

Mark Matus, Director of Technical Services described the proposed update report on the strategic plan. The Committee discussed options for a reporting schedule. After some discussion among Board members it was determined that reporting should take place semiannually (twice a year).

### **Other**

General Manager Peffley provided a brief update on the recent (wind) storm outage.

Commissioner Dennis M. Louney spoke about the possibility of Jan Beecher from MSU providing governance education to the Board. He also provided the Commissioners with a copy of an article that was published titled "Efficiency Deficiency" and thanked Sue Warren for her assistance with the SWAT Energy Efficiency event.

### **Adjourn**

Meeting adjourned at 5:10 p.m.

Respectfully Submitted  
Tony Mullen, Chair  
Committee of the Whole

**FINANCE COMMITTEE**  
**Meeting Minutes**  
**March 14, 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 5:15 p.m. on Tuesday, March 14, 2017.

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

Present: Commissioners Ken Ross, David Price, Dennis M. Louney and Anthony McCloud. Also present: Commissioners Tony Mullen, Tracy Thomas, Sandra Zerkle and Non-Voting Commissioners Stuart Goodrich (Departed at 5:25 p.m.), William Long and Robert Nelson.

Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

None

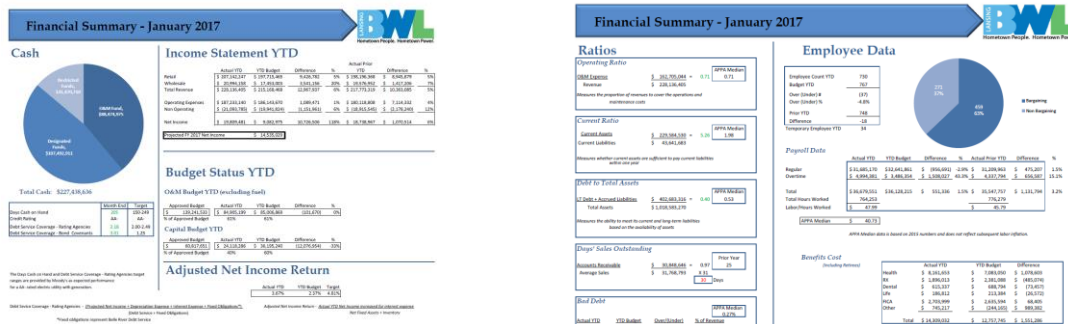
**Approval of Minutes**

**Motion** by Commissioner Price, Seconded by Commissioner McCloud, to approve the Finance Committee meeting minutes of January 10, 2017.

**Action:** Motion Carried.

**January YTD Financial Summary**

Chief Financial Officer (CFO), Heather Shawa presented the following:



CFO Heather Shawa presented the January Year-to-date Financial Summary which indicated that the Cash target is on track and there was an upward trend from the prior month as expected. The Year-to-date net income actual is \$10.7 million better than budget and the projected fiscal-year-end net income is approximately \$14.5 million; however, the projection was prior to the recent wind storm and quarterly budget reviews, therefore, adjustments will be made.

Ms. Shawa indicated that though we are showing underspend in capital projects, there is expected to be an increase in capital spending over the remainder of the fiscal year. She also stated that the company is on track for exceeding the budgeted year-end adjusted net income rate of return. Ms. Shawa also mentioned that three out of five Ratios are being achieved, bad debt and uncollectable continue to be watched and Day sales are outstanding. She also informed the Committee that benefit cost is over budget due to the VEBA adjustment as part of the annual valuation.

**Update on Management Responses to Internal Audits**

CFO Heather Shawa presented management’s responses to audits as follows:

**STATUS OF MANAGEMENT RESPONSES TO AUDITS  
MARCH 2017**

In Accordance with Board Resolution #2014-07-05



**Updates in red**

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
<b>Open Issues:</b>					
17	Close the Books	The Internal Auditor recommended that consideration be given to the use of a general accounting manual.	Aug 2014	General Accounting	A General Accounting Procedure Manual is expected to be finalized by 3/31/17.
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 instruct BWL users to encrypt sensitive data on their own mobile devices. Software with remote management capabilities has been procured and installed and will be fully deployed by 3/31/17.
29	Management of Mobile Devices	Internal Audit recommended further consideration of procuring software with remote cleaning capabilities.	Sept 2015	Information Technology	Software with remote management capabilities for mobile devices has been procured and installed and will be fully deployed by 3/31/17.
33	Outage Management System	The audit recommended more specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results.	Oct 2015	Information Technology	Modifications recommended as a result of a November 2016 stress test will be implemented by 3/31/17.
37	Hiring Process	Internal Audit has requested that an all-encompassing hiring policy be documented.	May 2016	Human Resources	Human Resources has drafted an additional Board policy, one which addresses BWL hiring standards in their entirety, and will seek Board approval of it by 3/31/17.
44	Billing	To address safety concerns associated with high consumption 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.
45	Performance Evaluation & Compensation <i>NEW</i>	Internal Audit recommended additional standardization of performance evaluation procedures.	Jan 2017	Human Resources	Further development of the BWL performance management process for non-tenured employees is underway, including additional participation throughout the year and goals and objectives in line with the new BWL Strategic Plan. The SMART concept already in use will be expanded upon (i.e., employee performance goals are SMART, which stands for Specific, Measurable, Action-oriented, Realistic and Time bound). Estimated completion date is 7/31/18.

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
46	Performance Evaluation & Compensation <i>NEW</i>	Internal Audit recommended job descriptions be updated.	Jan 2017	Human Resources	Human Resources will coordinate the updating of job descriptions, in collaboration with each area throughout the organization. This project will incorporate multiple phases, beginning with planning and identifying needed resources. Estimated project completion is 6/30/19.
47	Performance Evaluation & Compensation <i>NEW</i>	Internal Audit recommended increasing flexibility with awarding merit increases.	Jan 2017	Human Resources	Decoupling of cost-of-living and merit increases is already underway, including budgeting of the two separate categories of increases for fiscal 2018 and development of corresponding instructional information. Project completion is expected by 7/1/18.
E-2	IT Assessment (by External Auditors)	It was noted that network and financial application password 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, 8 prior passwords should be remembered and user accounts should be locked after 3-5 failed login attempts.	Sept 2016	Information Technology	Enhancement of network, mainframe, and application password settings has been completed, with the exception of one application which will instead be replaced, at a date yet to be finalized.
E-3	IT Assessment (by External Auditors)	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	It is currently reviewing user access to CIS and SAP with management, with completion expected by 3/31/17.
E-5	IT Assessment (by External Auditors)	Baker-Tilly noted that the Windows 2003 operating system on which the DP250 database runs needs upgrading.	Sept 2016	Information Technology	Needed funding to address this issue during the coming fiscal year is expected to be secured by 3/31/17.
<b>Closed Issues (since December 2016 report):</b>					
E-1	IT Assessment (by External Auditors)	Baker-Tilly's management letter officially stated that all users of financial applications should have a unique ID and generic, shared, temporary and system accounts should be removed. If a system account cannot be removed, it should be disabled.	Sept 2016	Information Technology	Generic user IDs for financial applications have been disabled.
E-4	IT Assessment (by External Auditors)	Baker-Tilly recommended a cybersecurity awareness program with surprise penetration testing.	Sept 2016	Emergency Management/Information Technology	Employees are participating in annual online cybersecurity awareness training and a new monthly live training program which includes a phishing component. In addition, DHS will conduct a phishing campaign as part of their annual assessment. A first round of surprise penetration testing took place on 2/15/17.

In response to Finance Chair Ross' inquisition regarding a quick one year assessment of external auditors Baker Tilly, CFO Shawa indicated that Baker Tilly has value in different ways from previous external auditors and there has been discussion about additional services that they can provide due to their experience in the industry.

Commissioner Dennis M. Louney inquired about the completion date delay of the Outage Management System stress test (indicated as #33 on the report). In response CFO Shawa stated that the stress test had been completed but wanted the recommendations and the action plan for the recommendations completed before removing it from the report.

**AT THE LIBERTY OF THE FINANCE CHAIR ROSS THE LAST TWO ITEMS WERE TAKEN OUT OF POSTED AGENDA ORDER**

**Internal Audit Status Report**

Internal Auditor Phil Perkins presented the following status report:

**Current Audit Progress Report**

**Engagements Completed in FY 17:**

1. Surprise Cash Count #1.
2. Time Reporting Review #1 & 2.
3. Performance Evaluation/Compensation/Merit Pay Audit
4. Collections Audit

**Engagements in Progress:**

1. Follow-up Audit Training & Development—draft audit report stage.
2. IT - COBIT Compliance – in progress, about 75% complete. Anticipate completion in March 2017.
3. New Service Order Management – Water. Fieldwork in progress; anticipate completion in April 2017.
4. Payroll Management – just underway; anticipate completion in May 2017.



**Other Items**

**Internal Auditor Professional Development:**

- On target to meet professional education requirements for certifications:
  - CPA
  - CIA
  - CISA
- Passed examination in November 2016 to attain Fundamentals of Cybersecurity certification.

**Quality Assurance Improvement Program:**

- An Internal Quality Review has been completed with good results, in preparation for the required 5-year External Peer Review.
- Anticipate the External Peer Review to occur in May 2017.



**Remaining FY 2017 Audit Plan**

**Audits:**

1. IT – Identity and Access Management
2. Follow-up – Hiring Process Audit

**Other Engagements:**

1. Vehicle Time Reporting Review
2. Surprise Cash Count #2



**Other Items, continued**

**Annual Planning & Risk Assessment for FY 2018 Audit Plan**

- Meetings to be held with executive management and staffs to discuss current risk areas and potential audit topics for FY 2018.
- Draft audit plan for FY 2018 to be presented for Board approval not later than July 2017.



**Travel & Reimbursement Policy & Resolution**

Finance Chair Ross relayed to the Committee that most of what is being presented in the proposed document is the result of the previous Committee of the Whole meeting in which there was extended review and discussion on the Board of Water and Light's four separate travel policies. Feedback was taken and a consolidation of the four policies was uniformly produced and that is what is being reviewed and ultimately approved.

Lori Pung, General Accounting Manager provided a high-level review of the combined travel policy. During the review the Commissioners engaged in a discussion regarding their meal reimbursement and the allowable per diem amount per IRS Rules. Upon completion of the review and discussion it was determined to maintain the \$100.00 a day per diem with the understanding that the per diem rate will be taxed according to current IRS regulations through the issuance of a W-2. The proposed Resolution was presented with the following motion:

**Motion** by Commissioner Price, Seconded by Commissioner McCloud to repeal all existing travel policies and recommend that the proposed consolidated travel policy as amended (Under the Substantiation Section language should read as "Original Receipts *shall* be obtained") be forwarded to the full Board for consideration

**Action:** Motion Carried

Chair Price and Finance Chair Ross thanked Lori Pung and her team for all their hard work on the travel policy.

**Other**

**Excused Absence**

None

**Adjourn**

**On Motion** by Commissioner Price, Seconded by Commissioner Louney, the meeting adjourned at 6:10 p.m.

Respectfully submitted  
Ken Ross, Chair  
Finance Committee

**MANAGER'S RECOMMENDATIONS**

**RESOLUTION 2017-03-01**

**AMENDING APPOINTMENTS TO MICHIGAN PUBLIC POWER AGENCY**

WHEREAS, George Stojic is the Michigan Public Power Agency (MPPA) Commissioner on behalf of the Lansing Board of Water & Light (BWL), along with Robert Lalonde and Constance Carantza, who serve as First and Second Alternate Commissioners, respectively; and

WHEREAS, George Stojic has served as the MPPA Commissioner for approximately 10 years; and

WHEREAS, George Stojic has been assigned to major projects being undertaken by the BWL; and

WHEREAS, Robert Lalonde has served as the BWL's first alternate Commissioner to the BWL for approximately three years; and

WHEREAS, it is appropriate and in the best interest of the BWL to name a replacement for the MPPA Commissioner and BWL's First Alternate on behalf of the BWL.

NOW, BE IT RESOLVED, that Constance Carantza will remain as the Second Alternate Commissioner.

FURTHER RESOLVED, that Robert Lalonde is named as the MPPA Commissioner on behalf of the BWL.

FURTHER RESOLVED, that Bradley Stoecker is named as BWL's First Alternate MPPA Commissioner.

**Motion** by Commissioner Thomas, Seconded by Commissioner McCloud, to approve Resolution for the MPPA Commissioner Appointment.

**Action:** Motion Carried.

#### **UNFINISHED BUSINESS**

There was no Unfinished Business.

#### **NEW BUSINESS**

None.

#### **RESOLUTIONS**

##### **RESOLUTION 2017-03-02**

##### **BWL Futures Trading Authorization**

**WHEREAS**, the Lansing Board of Water and Light (BWL) Board of Commissioners approved a Risk Management Policy (Resolution 2010-05-04) in May 2010, to develop an Energy Risk Management Program that would provide guidelines to govern BWL's energy portfolio and risk management activities; and

**WHEREAS**, the BWL'S Energy Risk Management objectives include minimizing the risk of wholesale price volatility, as well as optimizing resources and value assets through wholesale transactions to minimize the cost of service to retail ratepayers; and

**WHEREAS**, the BWL has determined that investments and transactions in Futures and Exchange Traded Options are suitable and appropriate for the BWL's objectives; and

**WHEREAS**, the BWL has been informed that a resolution from the BWL Board of Commissioners, specifically stating that the BWL can invest and transact in futures and exchange-traded options, is required to apply for and open an account with, a futures commission merchant; and

**NOW, THEREFORE, BE IT RESOLVED**, that the BWL Board of Commissioners hereby authorizes the BWL to invest and transact in futures and exchange-traded options under the guidelines set forth in the BWL Energy Risk Management Policy.

**BE IT FURTHER RESOLVED**, that in approving this authorization, the BWL Board of Commissioners hereby confirms that the BWL has full power and authority under applicable law, the Lansing City Charter and its by-

laws to undertake investments and transactions and to establish accounts, and execute agreements and related documentation in furtherance of undertaking such transactions as follows:

- a. Futures and exchange-traded options on such futures for the purchase, sale, and delivery of commodities, options to purchase or sell commodities or contract for the future delivery of commodities, forward contracts and instruments regulated as Futures (collectively, "Futures and Option Contracts").
- b. To deposit with and withdraw money, commodities, contracts for the purchase or sale of commodity futures and option on such futures, checks and other negotiable instruments, securities, and other property;
- c. To settle, compromise, adjust, and give releases with respect to all claims, demands, disputes and controversies and make agreements and take any other action relating to any of the foregoing matters.

**BE IT FURTHER RESOLVED**, that Richard R. Peffley, General Manager (the "Authorized Individual"), is authorized to carry out all the powers set forth herein, and bind the BWL to transactions and agreements, until the BWL issues written revocation instructions that a previously Authorized Individual is no longer authorized by the BWL to act on its behalf and confirms such revocation with the futures commission merchant.

**BE IT FURTHER RESOLVED**, that Richard R. Peffley, General Manager, is authorized to delegate his authority to another or others, as he determines appropriate to be Authorized Individuals.

**BE IT FURTHER RESOLVED**, that the General Manager and/or his designee, are authorized to give instructions on behalf of the BWL in furtherance of purchases, sales, delivery of property, or all other transactions required to consummate transactions and agreements contemplated herein to the fullest extent and to take all actions necessary or desirable in connection with the BWL account, to receive requests and demands for additional margin, notices of intention to sell or purchase any instrument and other notices and demands of whatever nature and to receive and acquiesce in the correctness of notices, statements of account and other records and documents relating to transactions in the account(s). This enumeration of specific authority shall not limit any other authority of the Authorized Individuals.

**BE IT FURTHER RESOLVED**, that the Authorized Individuals are empowered to borrow money, securities, or commodities and to secure repayment thereof with property of the BWL; and to bind and obligate the BWL to carry out any contract, agreement, or transaction involving such sums as such Authorized Individual determines are necessary in connection with any of the said accounts; to deliver securities and contracts for future delivery; to order the transfer or delivery thereof to any other person or entity whatsoever.

**BE IT FURTHER RESOLVED**, that each of the Authorized Individuals are empowered to endorse any securities or contracts in order to pass title thereto; to sign for the BWL all agreements, supplemental forms, acknowledge risk disclosures and receive other disclosures, releases, powers of attorney or other documents in connection with the BWL's account(s), and to agree to any terms or conditions to control such account(s); to direct any swap dealer or futures commission merchant or counterparty to surrender any securities to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit



or otherwise; to accept delivery of any securities or commodities against a contract for future delivery, option or otherwise; and to appoint any other person or persons to do any and all things which any of the said Authorized Individuals are hereby authorized to do.

**BE IT FURTHER RESOLVED**, that these resolutions shall remain in full force and effect until revoked in writing, in whole or in part, by the BWL.

**BE IT FINALLY RESOLVED** that this resolution is hereby incorporated into the Risk Management Policy (Resolution 2010-05-04), and shall be effective immediately upon approval of the Board of Commissioners.


I, M. Denise Griffin, Corporate Secretary of the City of Lansing by its Board of Water and Light (“BWL”), a Corporation organized under the laws of the State of Michigan hereby certify that at a meeting of its Board of Directors held on March 28, 2017, the aforementioned resolutions were duly adopted, and in no way conflict with any provision of the Lansing City Charter, any other documents of the BWL, or any laws applicable to the BWL.

**IN WITNESS, WHEREOF**, I have subscribed my name and affixed the seal of the BWL,

**The City of Lansing by its Board of Water and Light**

M. Denise Griffin

Corporate Secretary



Signature

Date: 3-28-17

**Motion** by Commissioner Mullen, Seconded by Commissioner McCloud, to approve the Resolution for the Futures Trading Authority.

**Action:** Motion Carried.

**RESOLUTION 2017-03-03**

**TRAVEL & REIMBURSEMENT POLICY – BOARD OF COMMISSIONERS, BOARD APPOINTEES, EMPLOYEES and INVESTMENT FIDUCIARIES**

**RESOLVED**, That the Travel & Reimbursement Policy for the Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries (formerly known as Retirement System Representatives) will replace the existing Policies and Resolutions listed below:

- 1) Policy 0004 – Travel Expense (Board Appointees)
- 2) Policy 0007 – Travel Expense for Commissioners Only
- 3) Policy 0056 – Travel & Reimbursement – Employees
- 4) Resolution #2007-05-14 – Amendment to Travel Policy for the Board of Commissioners
- 5) Resolution #2014-11-02 – Retirement System Education & Travel Policy

Staff Comments: The purpose of this Resolution is to consolidate the existing policies and resolutions listed above into 1 policy and apply uniform requirements throughout. The following significant changes were made:

#### Board of Commissioners

- Policy covers 4 Year Term Commissioners
- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Policy may be overridden by Board Chair when emergency or special circumstance arises

#### Board Appointees

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminated the \$50/day per diem rate
- Meal Reimbursement will be at actual cost with a 20% gratuity cap
- Policy may be overridden by Board Chair when emergency or special circumstance arises

#### Employees

- Meal reimbursement increased (from \$50) to \$70 per day with a 20% gratuity cap
- Miscellaneous Expense increased (from \$25) to \$50 per day

#### Investment Fiduciaries

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminate \$500 per day cash travel advance
- Policy may be overridden by Board Chair when emergency or special circumstance arises

**NOW THEREFORE BE IT RESOLVED:** that the Finance Committee recommends that the Board of Commissioners adopt the combined and updated travel policy as presented.

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas, to approve the Resolution for a combined travel policy. (Approval of Resolution 2017-03-03, initiates the inception of Policy #0078; hereby superseding Policy No. 0004, 0007, 0056 and Rescinding Resolutions No. 2007-05-14 and 2014-11-02)

**Action:** Motion Carried.

#### MANAGER'S REMARKS

General Manager Peffley informed of the following:

##### East Lansing Franchise

East Lansing is working on documents as request by the BWL Finance Committee, which includes:

- Case law for review on whether franchise fee is legal

- East Lansing to provide indemnification to hold BWL harmless if the franchise fee is deemed illegal
- BWL franchise fee to start simultaneously with Consumers franchise fee.

Once all documents are complete it will be placed on the Finance agenda for review.

**New Plant**

- New plant project team is in place. Owner’s engineer and owner’s rep.
- Rough plant budget estimate is complete.
- Continue to evaluate 3 regional industrialized sites.
- Each site will bring welcoming economic development into the area, like Reo Town plant did.
- Hopeful for final site selection by early summer
- Talks underway with 17 cities, represented by MPPA, to allow for upsizing of new co-gen plant to take advantage of economy of scale cost savings.

**Budget**

- must pay for the plant.
- On track to present FY18 budget at the May Finance Committee meeting.
- Capital side of budget is done; still working on O&M budget.
- Asked staff to hold budget at the same level at FY17 (5% decrease from FY16). We are struggling to keep budget the same due to increased healthcare and fuel costs, however, I am confident we will achieve the goal without compromising safety or reliability.
- Announcing no rate increases for calendar year 2017. Last increase was in November of 2014 (over 3 years ago).

Rate discussion will take place later this calendar year for multi-year rate strategy, which will begin in 2018.

Finally, General Manager Peffley spoke about the recent storm and the success of handling the outages.

**COMMISSIONERS’ REMARKS**

Commissioner Ken Ross informed the Commissioners that they are being provided with information on a Webinar from the American Water Works Association that was given to him from Dr. Janice Beecher of MSU.

Chair Price reminded the Commissioners of the upcoming Joint BWL and Lansing City Council meeting.

**MOTION OF EXCUSED ABSENCE**

None

**PUBLIC COMMENTS**

None

**ADJOURNMENT**

Chair Price adjourned the meeting at 6:02 p.m.