



BOARD OF WATER AND LIGHT

July 27, 2021 - 5:30 p.m.

REO Town Depot, 1201 S. Washington Ave., Lansing, Michigan

REGULAR BOARD MEETING AGENDA

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Special Communication**
 - a. Resignation Statement: BWL At-Large Commissioner Ken Ross
- 4. Election of Officers FY 2021-2022**
- 5. Special Presentation: Certificate of Appreciation to Stuart Goodrich, Delhi Advisory Commissioner**
- 6. Approval of Minutes**
 - a. Regular Board Meeting Minutes of May 25, 2021
 - b. Special Board Meeting Minutes of June 17, 2021
- 7. Public Comment on Agenda Items**

*Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment.*
- 8. Communications**
 - a. Electronic mail from Claude Beavers re: BWL's new Customer Portal System
- 9. Committee Reports**
 - a. Nominating Committee Meeting (June 15, 2021) – Tony Mullen, Chairperson
 - b. Human Resources Committee Meeting (June 15, 2021) - Tony Mullen, Chairperson
 - c. Human Resources Committee Meeting (July 13, 2021) - Tony Mullen, Chairperson
 - d. Finance Committee Meeting (July 13, 2021) - David Lenz, Chairperson
- 10. Manager's Recommendations**
- 11. Unfinished Business**
- 12. New Business**
- 13. Resolutions/Action Items**
 - a. Reappointment of Charter Position: Corporate Secretary - FY 2021-2022

- b. Reappointment of Charter Position: General Manager - FY 2021-2022
- c. Reappointment of Charter Position: Internal Auditor - FY 2021-2022
- d. Collective Bargaining Agreement between the BWL & IBEW, AFL-CIO, Local 352
- e. Internal Auditor Fiscal Year 2021-2022 Audit Plan

14. Manager's Remarks

15. Commissioners' Remarks

16. Motion of Excused Absence

17. Public Comment

Members of the public are welcome to speak to the Board on any Board of Water and Light subject.

18. Adjournment

Agenda posted on web site/building 7-21-21

2021 Board Meetings Notice/Schedule Posted in the Lansing City Pulse January 6, 2021



Andy Schor, Mayor

----- Forwarded message -----

From: **Ken Ross**

Date: Tue, Jul 13, 2021 at 3:22 PM

Subject: BWL

Andy

Just following up on my previous communication.

Please take this email as my formal written resignation from the Board of Water and Light.

Thanks much.

Ken Ross

Sent from my iPad

--

Andy Schor
Mayor
City of Lansing



**MINUTES OF THE BOARD OF COMMISSIONERS MEETING
LANSING BOARD OF WATER AND LIGHT**

May 25, 2021

Due to public safety concerns resulting from the COVID-19 Pandemic, the Regular Board of Commissioners meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Tuesday, May 25, 2021. This meeting was publicly noticed for 5:30 p.m.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ec28985d811f30b5b049a27ea080e4a42>

Event Number for Attendees: 132 644 2247 Event Password: R7qqmtu5VM8

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 644 2247

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

The Corporate Secretary, M. Denise Griffin, called the roll.

The following Commissioners were present via audio/video:

Chairperson David Price remotely, Lansing, MI	Beth Graham remotely, Lansing, MI
Douglas Jester remotely, East Lansing, MI	DeShon Leek remotely, Lansing, MI
David Lenz remotely, Lansing, MI (arrived @5:39 p.m.)	Larry Merrill remotely, Delta Township, MI
Tony Mullen remotely, Lansing, MI	Ken Ross remotely, Lansing, MI
Tracy Thomas remotely, Lansing, MI	Sandra Zerkle remotely, Lansing, MI

Absent: Non-Voting Commissioner Stuart Goodrich (Delhi Township)

Corporate Secretary Griffin declared a quorum.

Chair Price led the Pledge of Allegiance.

Chair Price recognized and congratulated General Manager Dick Peffley and spoke about his 45 years of service. Executive Assistant, Ms. Smiljana Williams, presented GM Peffley with a Certificate of Service and gift card.

APPROVAL OF MINUTES

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to approve the Regular Board Meeting minutes of March 23, 2021.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

COMMUNICATIONS

Electronic mail received from Lindsey Hampton regarding the LIEAF program - *Referred to Management. Received and Placed on File*

COMMITTEE REPORTS

Commissioner Tracy Thomas presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE

Meeting Minutes

May 11, 2021

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole (COW) meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, on Tuesday, May 11, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ebc65b57b270f4406eb04c5dfd3387498>

Event Number for Attendees: 132 169 7679 Event password: NqSimdxR332

Audio conference: United States Toll +1-408-418-9388 Access code: 132 169 7679

Committee of the Whole Chair Tracy Thomas called the meeting to order at 5:36 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

(COW Chairperson) Tracy Thomas remotely, Lansing, MI	
Stuart Goodrich remotely, Delhi Township, MI	Beth Graham remotely, Lansing, MI
Douglas Jester remotely, East Lansing, MI	DeShon Leek remotely, Lansing, MI
David Lens remotely, Lansing, MI	Larry Merrill remotely, Delta Township, MI
Tony Mullen remotely, Lansing, MI	David Price remotely, Lansing, MI
Ken Ross remotely, Lansing, MI	Sandra Zerkle remotely, Lansing, MI

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graham, to approve the Committee of the Whole meeting minutes of March 9, 2021.

Commissioner Ross requested a correction be made to the March 9, 2021 minutes to reflect the following amendment to the motion for the proposed Resolution for the 2021 Corporate Sustainability

& Climate Response: ***“Commissioner Price asked for a second on the motion for the Amendments and there was none.”***

A roll call vote was taken to approve the Committee of the Whole meeting minutes of March 9, 2021 with the amendment.

Yeas: Commissioners Thomas, Graham, Leek, Lenz, Mullen, Price, Ross, Zerkle

Nays: None

Action: Motion Carried.

Rules and Regulations – Electric, Water, Steam, Chilled Water Services Summary and Resolution

General Manager Dick Peffley introduced General Counsel Mark Matus who presented a summary of the updates to the Electric, Water, Steam, and Chilled Water Services Rules and Regulations. Mr. Matus highlighted areas of the substantive changes, non-substantive changes, plus the fees and charges.

Under general provisions, a recorded easement will be required for all four of the utility services where a property needs to be crossed for the connection of service. Customer Service updated their terms for bill payment from 15 days to 21 days. Clarifications were made for when there is a sharing of a residency with a customer receiving service from BWL in that there is a responsibility for any charges incurred.

Commissioner Ross asked whether a tenant that moves out of an apartment where the primary tenant is a delinquent customer would be able to establish service at another residence. Mr. Matus responded that the tenant that moves would be able to establish service and that he would review the language in the rules and regulations.

Commissioner Zerkle asked whether it is made clear to tenants requesting service that not only is the tenant in whose name the service is placed there is a responsibility for charges but also all other tenants. Mr. Matus responded that the BWL rules and regulations are not law but how BWL operates and the rules apply when the tenant would like to become a customer at the residence. He added that it was placed in writing in the rules and regulations for clarification.

Commissioner Mullen asked whether each utility being separate was in the rules and regulations. Mr. Matus responded that it was in the rules and regulations indirectly and that the rules and regulations are terms and conditions for BWL service for customers.

Commissioner Ross asked if and when a delinquent customer would be allowed to request the extended outage credit if an outage occurred while the customer was delinquent. Mr. Matus responded that when the customer makes an application for the extended outage credit the customer's account needs to be current.

Commissioner Zerkle asked what is meant by the term customer choice. Mr. Matus responded that a customer can select which contractor the customer would like to install service in their facility. BWL will inspect the installation but the customer pays the costs. This was written in the rules and regulations to clarify the language. Commissioner Zerkle also asked what a curb feed box is. GM Peffley responded that in water service there is a main running down the center of the road with a line hooked to it which runs to the curb and sidewalk, and the curb feed box holds the shut off valve and this line runs into the house.

Mr. Matus added that three customers have installed chilled water service and that is the reason for the update to the chilled water service rules and regulations.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to forward the Resolution for the FY 2021-2022 Rules and Regulations for Electric, Water, Steam, and Chilled Water Services to be effective July 1, 2021 to the full board for consideration.

A roll call vote was taken:

Yeas: Commissioners Thomas, Graham, Leek, Lenz, Mullen, Price, Ross, Zerkle

Nays: None

Action: Motion Carried.

Other

There was no other business.

Adjourn

Commissioner Thomas adjourned the meeting at 6:14 p.m.

Respectfully Submitted
Tracy Thomas, Chairperson
Committee of the Whole

Commissioner David Lenz presented the Finance Committee Report:

**FINANCE COMMITTEE
Meeting Minutes
May 11, 2021**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Finance Committee meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Tuesday, May 11, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ebc65b57b270f4406eb04c5dfd3387498>

Event Number for Attendees: 132 169 7679 Event password: NqSimdxR332

Audio conference: United States Toll +1-408-418-9388 Access code: 132 169 7679

Finance Committee Chair David Lenz, called the May 11, 2021, 6:00 p.m. Finance Committee meeting to order at 6:25 p.m.

Corporate Secretary Griffin took the roll call to acknowledge attendance.

The following Commissioners were present via audio/video:

David Lenz remotely, Lansing, MI (Member)	Beth Graham remotely, Lansing, MI (Member)
David Price remotely, Lansing, MI (Member)	Ken Ross remotely, Lansing, MI (Member)
Stuart Goodrich remotely, Delhi Township, MI	Douglas Jester remotely, East Lansing, MI
DeShon Leek remotely, Lansing, MI	Larry Merrill remotely, Delta Township, MI
Tracy Thomas remotely, Lansing, MI	Sandra Zerkle remotely, Lansing, MI (Alternate)

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Finance Committee meeting minutes of March 9, 2021.

Motion Carried by the following Roll Call Vote:

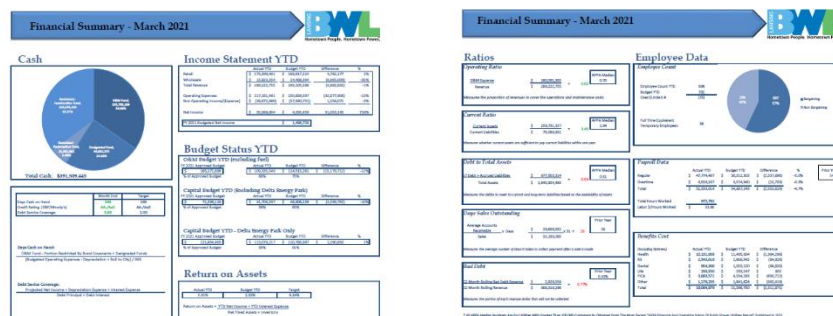
Yeas: Commissioners Lenz, Graham, Price, Ross

Nays: None

Action: Motion Carried.

March YTD Financial Summary

CFO Heather Shawa gave a review of the March 2021 YTD Financial Summary.



Chief Financial Officer Heather Shawa reported that Total Cash was \$391.5 million which was an increase of \$1.6 million from last month. Days Cash on Hand ended the month at 244 and along with Debt Service Coverage remained strong.

CFO Shawa stated that at the last Finance Committee meeting, the Commissioners asked for a comparison of the financial summary for March 2020 and March 2021 which will be provided in the COVID-19 presentations. CFO Shawa noted that YTD Income Statement and fiscal year end projections will be updated on the April dashboard.

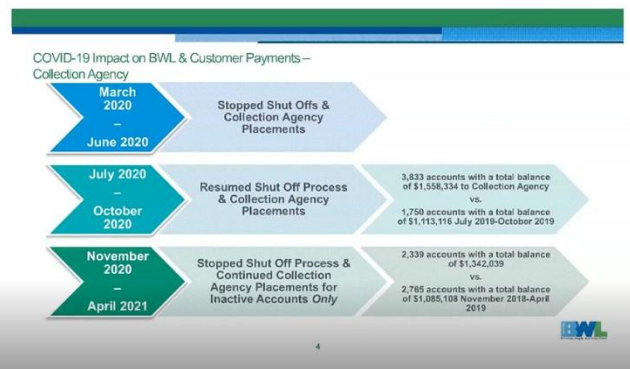
Two of the five ratios are within benchmarks. Debt to Total Assets was a little high, as expected, due to bond issuance and the Bad Debt Ratio is high largely because the allowance was increased at the end of the year. Days Sales Outstanding is underperforming by one day.

Commissioner Ross asked about the difference in the actual YTD net income and budgeted YTD net income. CFO Shawa responded that Mr. Paul Eory would elaborate on that in the COVID-19 presentation.

Employee count YTD is 696 and the budgeted YTD is 732. In Payroll Data the Labor \$/Hours Worked metric has remained in line with year prior. Overall YTD benefits costs are underbudget, but are medical claims are expected to increase with removal of COVID-19 restrictions.

CFO Shawa introduced Finance and Planning Supervisor, Mr. Paul Eory, who presented an overview of COVID-19's impact on the BWL from March 2020 to March 2021. Mr. Eory reported on customer payments, Delta Energy Park construction, financial and operational levers, retail sales impact, and the financial status YTD through March 2021. Customer payments have reduced due to the COVID-19 pandemic. Delta Energy park has delayed commercial operation, resulting in FY 2021 income statement

budget variances. Various financial and operational levers have provided BWL flexibility in responding to the COVID-19 pandemic. Retail sales have rebounded since initial stay at home orders but are still trending below weather adjusted expectation. Through March 2021, BWL's fiscal year 2021 income statement has largely been affected by COVID-19, through unpredicted high investment returns, slowed down spending, and the delay in Delta Energy park financing and capitalization.

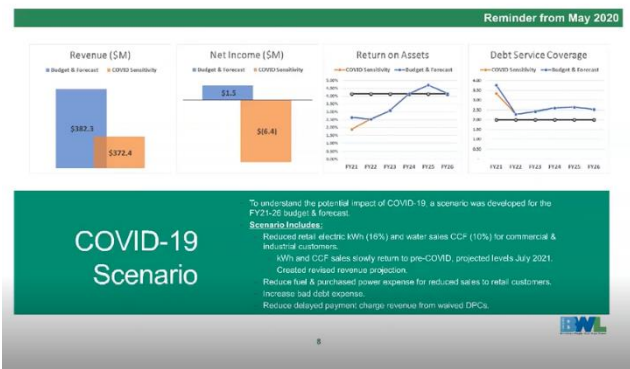
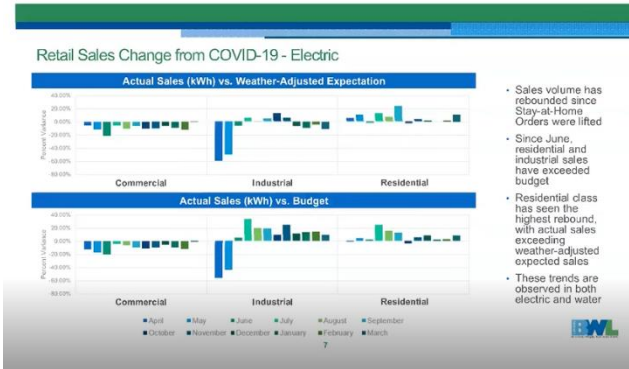


COVID-19 Impact on Delta Energy Park

Delay in Commercial Operation from June 2021 to September 2021

- \$15M Construction Cost Increase due to COVID-19**
- Delay in Financing Plan**
 - FY21 budget included \$1.7M in interest expense from September 2020 to January 2021 based on a late summer bond issuance for Delta Energy Park (DEP).
 - With our final issuance occurring in January 2021, this is recognized as a budget variance on our FY21 income statement.
- Delay in Asset Capitalization**
 - FY21 budget included \$8.1M in depreciation expense based on capitalizing assets within FY21.
 - Capitalization shifted to FY22, resulting a depreciation budget variance for FY21.

Total FY21 Income Statement Budget Variance: \$9.8M



Financial Status Fiscal Year 2021-Q3

	FY 2021-Q3 Budget to Actual			
	Budget	Actual	Variance	Variance %
Electric Retail - MWh	1,529,879	1,543,719	13,840	0.9%
Electric Wholesale - MWh	669,674	376,633	(193,041)	(33.9%)
Water - CCF	6,285,368	6,611,526	326,158	5.2%
Steam - M3	331,854	550,985	19,031	3.6%
Chilled Water - M3-HR	7,875	7,232	(643)	(8.3%)
Operating Revenue	\$295,105,588	\$289,222,755	\$(5,882,832)	(1.3%)
Operating Expense	\$269,839,397	\$217,161,431	\$(52,677,966)	(13.4%)
Operating Income	\$42,266,190	\$72,061,264	\$29,795,074	70.5%
Non-Operating Income / (Expense)	\$(37,930,731)	\$(36,672,660)	\$1,258,071	3.3%
Net Income	\$4,335,459	\$35,388,604	\$31,053,145	716.3%

Three are four significant factors contributing to the year-to-date net income variance:

- Departmental spend across BWL, is being slowed or otherwise deferred by COVID, \$11.7M under budget.
- Budgeted OPEB/VEBA cost was set roughly at the same time the investment market bottomed out (March/April 2020), so budgeted cost estimates/investment returns were very conservative. With investment returns exceeding budget, we are \$6.5M under OPEB/VEBA budget YTD.
- Delay in Delta Energy Park (DEP) capitalization delayed recognition of \$6.1M in depreciation expense for the plant.
- The delay in DEP construction also deferred the third phase of bond issuance 5 months, leading to an interest expense budget variance of \$1.7M on our FY21 income statement.

In Summary

- Customer payments have reduced due to the COVID-19 Pandemic.
- Delta Energy Park has delayed commercial operation, resulting in FY2021 income statement budget variances.
- Various financial & operational levers have provided BWL flexibility in responding to the COVID-19 Pandemic.
- Retail sales have rebounded since initial stay at home orders but are still trending below weather adjusted expectation.
- Through March 2021, our fiscal year 2021 income statement has largely been affected by COVID-19, through unpredicted high investment returns, slowed down spending, and the delay in Delta Energy Park financing and capitalization.

Commissioner Ross asked about the supply chain disruption in the perspective of utilities and Delta Energy Park construction. GM Peffley responded that most of the supplies for Delta Energy Park have been received but the travel bans are affecting the subject matter experts who are in Sweden. The subject matter experts are communicating through laptops, which is slower but all three of the turbines have been run. The plant is scheduled to start running in early fall. CFO Shawa responded that there haven't been any issues to date with the supply chain but there are starting to be extended lead times for some parts which will be ordered ahead of time.

Commissioner Thomas asked what was saved with employees working at home rather than in the office. GM Peffley responded that the information will be gathered and put together for an upcoming meeting. CFO Shawa responded that information can be provided at the next Finance Committee meeting.

Retirement Plan Committee (RPC) Updates

CFO Shawa stated there will be a standing agenda item for Retirement Plan Committee updates and any investment actions that have been taken since the last Finance Committee meeting. Administration actions will be presented at the next Human Resources Committee meeting.

CFO Shawa reported the following investment activity updates:

- VEBA Small/Mid-Cap Fund Manager Change of approximately \$23.5M and 10% of VEBA plan assets from Aristotle to Atlanta Capital
- VEBA Rebalancing of \$6.5M and 3% of portfolio from large cap equity to real assets, \$3.5M has been completed already and \$3M is expected to take place next quarter
- DB Plan Distributions

Commissioner Lenz asked from where the money comes if \$3.5M million is generated and \$5M is paid out. CFO Shawa responded that both the DB and VEBA are fully funded and there won't be any shortfall.

CFO Shawa introduced Accounting and Finance Manager, Mr. Scott Taylor and Ms. Dori Drayton, Senior Vice President at CapTrust, as the financial advisor for the DC, 401, and 457 Plans. Mr. Taylor reviewed the recommendations for the investment policy statements for the DC Plans. With the transition of the plans from Plante Moran Financial Advisors to CapTrust, restating and reorganizing changes are being made to these statements for the retirement plans. One of the benefits of transitioning to CapTrust is more robust reporting and monitoring capabilities of accounts.

Commissioner Ross asked whether the Committee as an investment fiduciary is a delegation by the Board. Ms. Drayton responded that there are general fiduciary duties for the governing body and in addition there are investment fiduciary responsibilities as defined in Public Act 314. Commissioner Ross also asked whether there is an adequate framework in the governance and delegation to the committee who provides the information to be reviewed. Ms. Drayton responded that there was adequate governance and flow of information. Commissioner Ross also asked what deviations are normal under the policy goals and objectives section. Ms. Drayton responded by stating that the investment policy statement says that an investment advisor will be utilized to serve the plan. She then said that if, for example, it was determined that instead of using an advisor, an internal team would be assigned to the role, that would create a technical deviation. This part of the policy would allow time to update the policy to reflect the desire for this change without resulting in a technical violation. Commissioner Ross asked what degree of detail in transparency will be provided and how it will be provided. CFO Shawa responded that the recommendation for a standing reoccurring agenda item will provide updates. In addition, the Retirement

Plan Committee takes minutes at the meetings, the financial advisors provide advice and counsel, quarterly performance reporting of the plans, and a pension fund trustees meeting is held annually.

Mr. Taylor added that there is an annual dashboard that is provided at the annual Trustees meeting, of which one page is dedicated to the 401 and 457 plans, which can be reviewed as to whether the information can be provided more frequently.

Motion by Commissioner Ross, **Seconded** by Commissioner Price, to forward the Resolution for the Investment Policy Statements for the DC plans to the Pension Fund Trustees Meeting for consideration.

Roll Call Vote:

Yeas: Commissioners Lenz, Graham, Price, Ross

Nays: None

Action: Motion Carried.

FY22 Operating Budget and FY22-27 Forecast Presentation

GM Peffley remarked that the staff did an incredible job with minimal increases this year. This year’s budget allows the continuation of transitioning to being the utility of the future, provides funding to O&M for maintaining high quality of service, provides funding to replace obsolete systems, and paves the way to increase water main replacement from two miles a year to eight miles a year. More efficient use of the work force has been implemented and a double-digit rate advantage will be realized over the nearest competitor.

CFO Shawa spoke about the FY 22 Operating Budget and FY 22-27 Forecast. Ms. Shawa reported on the strategic objectives, the key budget and forecast assumptions, volume history and forecast by utility, operating budget and forecast, capital budget and forecast and subsequent steps.

GM Peffley commented on the 90% completion of ISO Certification at REO Plant and stated it is the second ISO certification out of 2000 + utilities in the country.

Commissioner Ross asked whether the target rate of return on assets of 4.2% was an aspirational goal for the Board. CFO Shawa responded that prior to the beginning of the COVID-19 pandemic BWL was on track to attain the 4.2% goal in 2024 and that it is a realistic and important goal for 2026. The 4.2% return on assets benefits customers with more reliable and quality service. GM Peffley added that the Finance Department provided all the numbers and his only concern was the competitiveness of rates and then balanced it with the capital work that would be done and the items on which he remarked at the beginning of this presentation.

- Strategic Objectives
- BWL Year in Review
- 2016-2020 Strategic Plan: Financial Stability
- 2021-2025 Strategic Plan
- Target Metrics
- Minimum Cash Reserve Requirement Policy**
- Budget & Forecast Cycle Focus

To ensure adequate liquidity, the Board of Commissioners adopted a Minimum Cash Reserve Requirement Policy in 2018 (Resolution #2018-05-02)

- The policy bolsters financial strength, situational resilience, fiscal responsibility, and credit quality
- The minimum cash reserve requirement is determined using a risk-based calculation of the following key cash requirements:
 - Net O&M Expense
 - Return on Equity to the City
 - Historical Plant in Service
 - Debt Service
 - Six-Year Net Capital Improvement Plan
- Each cash requirement is multiplied by its associated risk factor and summed to determine the minimum cash reserve requirement
- The calculation is applied to each of the BWL's four utilities individually and then aggregated to determine the overall BWL minimum cash reserve requirement
- In accordance with this policy, the Board will ensure that the proposed budget and forecast meets the minimum cash reserve requirements as defined in the policy

- Strategic Objectives
- BWL Year in Review
- 2016-2020 Strategic Plan: Financial Stability
- 2021-2025 Strategic Plan
- Target Metrics
- Minimum Cash Reserve Requirement Policy
- Budget & Forecast Cycle Focus**

FY2020-2025 (Past)

- 3-yr Rate Strategy
- Internal Cost Allocation Studies
- Delta Energy Park Financing Strategy

FY2021-2026 (Current)

- COVID-19 Response
- Rate Mitigation Plan
- DEP Third Phase Financing

FY2022-2027 (Upcoming)

- New Strategic Plan
- COVID-19 Recovery
- DEP Commissioning
- Expanding Capital Investment

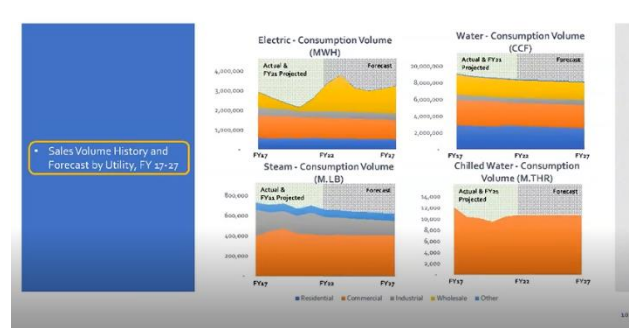
FY2023-2028 (Future)

- Rate Strategy
- Rate Competitiveness
- New billing system (BIS) enhancements
- Coal Plant Closures
- Continue Strategic Plan Execution

- Key Budget & Forecast Assumptions

- Expected operation of Delta Energy Park September 2021.
- Erickson is closed May 2023.
- New strategic plan is supported by this budget & forecast.
- Defined Benefit and Voluntary Post Employment Benefits (DB/VEBA) investment returns are meeting target.
- Total employee count is budgeted at 720 for FY 2022 and declines in each succeeding year through FY 2026 (650) due to natural attrition.
- For the second year in a row, FY22 rate increases have been deferred due to COVID-19.
- Water main replacements achieve 8 miles per year FY2026 & FY2027.
- Return on Equity to the city based on current 2-year agreement expiring June 2022.
- Major steam customer contract expires October 2022. Forecast assumes contract is renewed at current terms.

Note: Numbers presented throughout may not add up precisely to the totals provided due to rounding

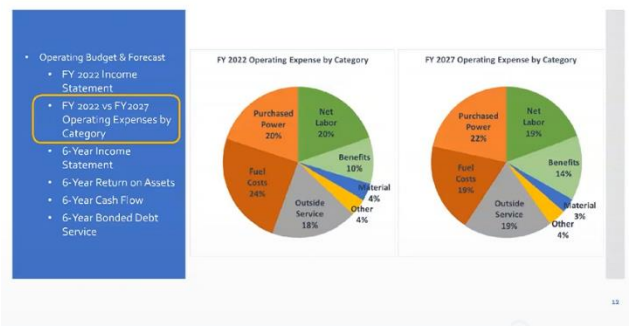


GM Peffley commented that the Erickson closure in May of 2023 will be two and a half years prior to what was previously stated as the cost of energy and the capacity market has changed. Exit strategies for employees are being worked on.

GM Peffley commented on the sales forecast and stated that it will be achieved as BWL is adding additional customers.

- Operating Budget & Forecast
- FY 2022 Income Statement**
- FY 2022 vs FY2027 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

	Electric	Water	Steam	Chilled Water	Total
FY 2022 Income Statement					
Sales (MWh, ccf, Mlb, ton-hr)	8,191,295	8,852,221	454,629	10,866	
Operating Revenue	\$ 88,895,854	\$ 10,451,619	\$ 15,905	\$ -	\$ 99,363,427
Residential	\$ 132,287,164	\$ 15,432,918	\$ 7,972,233	\$ 6,037,224	\$ 161,730,339
Commercial	\$ 40,597,542	\$ 2,335,615	\$ 2,798,491	\$ -	\$ 45,731,648
Wholesale	\$ 51,612,435	\$ 3,846,973	\$ -	\$ -	\$ 55,459,408
Other	\$ 3,258,222	\$ 7,992,129	\$ 1,666,042	\$ -	\$ 12,916,393
Total Operating Revenue	\$ 324,910,897	\$ 44,278,587	\$ 12,163,076	\$ 6,057,224	\$ 387,413,784
Operating Expenses					
Fuel and Purchased Power	\$ (116,688,361)	\$ (3,361,020)	\$ (3,005,014)	\$ -	\$ (123,054,395)
Operations	\$ (24,317,962)	\$ (8,309,365)	\$ (4,470,121)	\$ (1,515,886)	\$ (38,613,334)
Other Operating Expenses	\$ (29,381,229)	\$ (30,879,613)	\$ (5,589,893)	\$ (6,177,970)	\$ (72,028,705)
Total Operating Expenses	\$ (170,387,552)	\$ (42,550,000)	\$ (13,064,028)	\$ (7,693,856)	\$ (233,700,436)
Total Operating Income	\$ 48,432,299	\$ 3,528,022	\$ 1,179,987	\$ 201,454	\$ 53,343,762
Non-Operating Income/Expense					
Return on Equity to City	\$ (20,887,462)	\$ (3,144,388)	\$ (754,744)	\$ (623,466)	\$ (25,410,060)
Interest Expense	\$ (22,777,110)	\$ (1,754,056)	\$ (1,956,483)	\$ (24,478)	\$ (26,512,127)
Other Non-Operating Income/Expense	\$ (899,235)	\$ 795,613	\$ (215,497)	\$ 760,121	\$ 621,002
Total Non-Operating Income/Expense	\$ (44,563,807)	\$ (4,102,831)	\$ (986,724)	\$ (887,823)	\$ (50,541,235)
Total Net Income/(Loss)	\$ 3,868,492	\$ (874,809)	\$ 193,263	\$ 113,631	\$ 3,297,577
Reconciled Rate Increase	0.0%	0.0%	0.0%	0.0%	0.0%
Return on Assets	3.41%	-0.61%	0.38%	0.08%	2.41%
Target Return on Assets	4.20%	-0.20%	4.20%	4.20%	4.20%



- Operating Budget & Forecast
- FY 2022 Income Statement
- FY 2022 vs FY2027 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Income Statement	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Revenue	\$ 482,039,913	\$ 508,042,451	\$ 534,047,000	\$ 560,051,548	\$ 586,056,096	\$ 612,060,644
Operating Expenses	\$ 282,217,511	\$ 298,545,421	\$ 314,873,331	\$ 331,201,241	\$ 347,529,151	\$ 363,857,061
Total Operating Revenue	\$ 482,039,913	\$ 508,042,451	\$ 534,047,000	\$ 560,051,548	\$ 586,056,096	\$ 612,060,644
Total Operating Expenses	\$ 282,217,511	\$ 298,545,421	\$ 314,873,331	\$ 331,201,241	\$ 347,529,151	\$ 363,857,061
Total Operating Income/Expense	\$ 199,822,402	\$ 209,497,030	\$ 219,173,669	\$ 228,850,307	\$ 238,526,945	\$ 248,203,583
Net Operating Income/Expense	\$ 178,042,018	\$ 187,716,646	\$ 197,391,285	\$ 207,065,924	\$ 216,740,562	\$ 226,415,201
Net Operating Assets	\$ 178,042,018	\$ 187,716,646	\$ 197,391,285	\$ 207,065,924	\$ 216,740,562	\$ 226,415,201
Net Operating Liabilities	\$ 199,822,402	\$ 209,497,030	\$ 219,173,669	\$ 228,850,307	\$ 238,526,945	\$ 248,203,583
Total Operating Assets	\$ 377,864,420	\$ 397,213,292	\$ 416,564,574	\$ 435,917,848	\$ 455,271,124	\$ 474,624,382



- Operating Budget & Forecast
- FY 2022 Income Statement
- FY 2022 vs FY2027 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Cash Flow	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Cash (2021 W Ending Cash)	\$ 110,101,829	\$ 140,101,829	\$ 170,101,829	\$ 200,101,829	\$ 230,101,829	\$ 260,101,829
Operating Cash (2021 W Ending Cash)	\$ 199,822,402	\$ 209,497,030	\$ 219,173,669	\$ 228,850,307	\$ 238,526,945	\$ 248,203,583
Capital Expenditures	\$ (10,000,000)	\$ (11,000,000)	\$ (12,000,000)	\$ (13,000,000)	\$ (14,000,000)	\$ (15,000,000)
Financing	\$ 10,000,000	\$ 11,000,000	\$ 12,000,000	\$ 13,000,000	\$ 14,000,000	\$ 15,000,000
Dividends	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Cash	\$ 199,822,402	\$ 209,497,030	\$ 219,173,669	\$ 228,850,307	\$ 238,526,945	\$ 248,203,583
Ending Cash (2022 W Ending Cash)	\$ 310,924,231	\$ 349,598,859	\$ 389,272,498	\$ 428,946,137	\$ 468,619,776	\$ 508,293,415



Commissioner Merrill asked what the average number was for the return on assets at the end of the fiscal year historically. CFO Shawa responded that 4.2% was the goal for this fiscal year, last year was 4.14%, and in 2015 and 2016 it was just above 2% and increased in 2017, 2018 and 2019. She added that additional information could be researched and provided. Commissioner Merrill asked for the reason that the target for the return on asset for 2022 was 2.6% when 4.2% has been achieved previously. Mr. Taylor responded that bringing the new plant online will be about \$20M and will affect the return on assets. GM Peffley responded that there also be a rate hike.

Commissioner Price commented that 4.2% was adopted as a goal by resolution four years ago and replaced an unachievable goal of 6.17%.

Commissioner Jester asked if the cost of setting up on-bill financing and investments in electric vehicle infrastructure were included in the budget. GM Peffley responded that technology for on-bill financing will arrive in the fall and \$400,000 is being worked on for charging stations. Commissioner Jester asked whether funds to be loaned would be BWL funds or third-party funds. CFO Shawa said that it hadn't been determined yet. GM Peffley added that Holland's on-bill financing that has been successfully implemented is being reviewed.

Mr. Taylor reported on the capital portfolio budget and forecast.

- Capital Portfolio Budget & Forecast
 - Capital Portfolio Spending by Utility and Location
 - Capital Portfolio Major Projects
 - Capital Portfolio Gates and Phases
 - Capital Portfolio Spending by Project's Current Phase
 - Capital Portfolio Spending by Phase

By Year Capital by Utility and Location	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Forecast Total
Utility	\$ 48,276,714	\$ 52,212,777	\$ 46,747,681	\$ 48,222,841	\$ 48,849,078	\$ 47,009,000	\$ 231,337,091
Electric	\$ 12,262,171	\$ 12,262,000	\$ 12,262,000	\$ 12,262,000	\$ 12,262,000	\$ 12,262,000	\$ 73,570,171
Water	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 8,244,718
Gas	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 6,000,000
Capital Budget	\$ 17,626,273	\$ 17,626,102	\$ 15,626,102	\$ 15,626,102	\$ 15,626,102	\$ 15,626,102	\$ 93,755,785
Capital Portfolio Evaluating OIP	\$ 29,478,909	\$ 33,846,675	\$ 31,121,579	\$ 32,596,739	\$ 33,182,976	\$ 31,382,900	\$ 197,661,306
Other Energy Park	\$ 4,581,532	\$ 4,581,532	\$ 4,581,532	\$ 4,581,532	\$ 4,581,532	\$ 4,581,532	\$ 27,489,192
Total Capital Portfolio	\$ 118,821,488	\$ 124,406,984	\$ 113,456,392	\$ 117,406,112	\$ 117,613,686	\$ 112,973,532	\$ 564,907,008

- Capital Portfolio Budget & Forecast
 - Capital Portfolio Spending by Utility and Location
 - Capital Portfolio Major Projects
 - Capital Portfolio Gates and Phases
 - Capital Portfolio Spending by Project's Current Phase
 - Capital Portfolio Spending by Phase

By Year Capital by Utility and Location	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Forecast Total
Utility	\$ 48,276,714	\$ 52,212,777	\$ 46,747,681	\$ 48,222,841	\$ 48,849,078	\$ 47,009,000	\$ 231,337,091
Electric	\$ 12,262,171	\$ 12,262,000	\$ 12,262,000	\$ 12,262,000	\$ 12,262,000	\$ 12,262,000	\$ 73,570,171
Water	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 1,364,102	\$ 8,244,718
Gas	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 6,000,000
Capital Budget	\$ 17,626,273	\$ 17,626,102	\$ 15,626,102	\$ 15,626,102	\$ 15,626,102	\$ 15,626,102	\$ 93,755,785
Capital Portfolio Evaluating OIP	\$ 29,478,909	\$ 33,846,675	\$ 31,121,579	\$ 32,596,739	\$ 33,182,976	\$ 31,382,900	\$ 197,661,306
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Total Capital Portfolio	\$ 118,821,488	\$ 124,406,984	\$ 113,456,392	\$ 117,406,112	\$ 117,613,686	\$ 112,973,532	\$ 564,907,008

Commissioner Lenz asked about the increase in the amount in REO plant spending. GM Peffley responded that the gas turbines are being rebuilt due to age. Commissioner Lenz asked what determined whether the turbines would be rebuilt or replaced. GM Peffley responded that the rebuild refurbishes the turbines to like-new condition.

- Capital Portfolio Budget & Forecast
 - Capital Portfolio Spending by Utility and Location
 - Capital Portfolio Major Projects
 - Capital Portfolio Gates and Phases
 - Capital Portfolio Spending by Project's Current Phase
 - Capital Portfolio Spending by Phase

Board of Commissioners amended the Capital Project Expenditure Approval Policy (Resolution #2020-09-02) based on the portfolio approach.

At the start of FY 2022, where are the projects in the process?

- Capital Portfolio Budget & Forecast
 - Capital Portfolio Spending by Utility and Location
 - Capital Portfolio Major Projects
 - Capital Portfolio Gates and Phases
 - Capital Portfolio Spending by Project's Current Phase
 - Capital Portfolio Spending by Phase

Annual Projects	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Forecast Total
Phase 0 - Present/Rebuild	\$ 7,197,800	\$ 16,800,000	\$ 20,230,000	\$ 21,160,000	\$ 18,840,000	\$ 20,990,246	\$ 115,298,046
Phase 1 - Feasibility	\$ 3,648,400	\$ 3,648,400	\$ 3,648,400	\$ 3,648,400	\$ 3,648,400	\$ 3,648,400	\$ 21,480,000
Phase 2 - Funding Readiness	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 10,945,200
Phase 3 - Design	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 1,824,200	\$ 10,945,200
Phase 4 - Construction	\$ 2,280,100	\$ 1,744,600	\$ 824,000	\$ 400,000	\$ -	\$ -	\$ 5,248,700
Phase 5 - Close Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Planned Projects	\$ 14,774,700	\$ 33,803,200	\$ 47,346,800	\$ 48,412,600	\$ 41,138,400	\$ 46,652,846	\$ 231,973,546
Total Capital Portfolio	\$ 118,821,488	\$ 124,406,984	\$ 113,456,392	\$ 117,406,112	\$ 117,613,686	\$ 112,973,532	\$ 564,907,008

GM Peffley commented on the repetitive project of the replacing of two miles of pipe every year. There are 800 miles of pipe, which has a life of 100 years, and two miles a year was falling behind the lifespan of the pipe. The increase to eight miles a year will allow the replacing of the pipe within its lifespan.

Mr. Peffley commented on the model for the projects that will be done and stated it will keep unnecessary exceedances from being requested and better prices can be attained.

Commissioner Lenz asked if a presentation could be given in the future to demonstrate the difference between annual projects and planned projects and how the projects are monitored for project management efficiency. GM Peffley responded that could easily be done at a future meeting.

Commissioner Lenz asked what percent of the design budget is vendor-based versus internal. Mr. Taylor responded that he would send the figures by email to Commissioner Lenz.

Commissioner Ross and Commissioner Lenz commended GM Peffley, CFO Shawa and Mr. Taylor on the effort and presentation of the budget and forecast. CFO Shawa thanked the commissioners and said there was a team of 10 employees that worked on the budget and forecast.

Motion by Commissioner Price, **Seconded** by Commissioner Ross, to forward the FY22 Operating Budget and FY22-27 Forecast Resolution to the full board for approval.

Roll Call Vote:
 Yeas: Commissioners Lenz, Graham, Price, Ross
 Nays: None
Action: Motion Carried.

Internal Audit Status Report

Internal Auditor, Mr. Wesley Lewis, presented the Internal Auditor Status Report.

Audit Progress Report

Audit Engagements and Activities in Audit Plan Completed, Currently Underway, Scheduled to Start, or Changed

1. **Unbilled Accounts Receivable** – **Audit Status:** Completed. Audit Report Issued 3/17/2021
2. **Purchase Card Usage and Control** – **Audit Status:** Completed. Audit Report issued 3/30/2021
3. **MPPA and MISO Billings** – Audit fieldwork is done. Now, this audit is in currently in issues discussion resolution with management. This has delayed the completion of the engagement. **New Estimated Time of Completion:** May 2021
4. **Cybersecurity Process and IT Vulnerabilities** – BWL and BDO reached an agreement on terms and conditions in late March, and now BDO has engaged in conducting this audit engagement. **New Estimated Time of Completion:** TBD (could be 4-6 weeks depending on how the engagement goes)
5. **Corporate Governance** – Strategic Plan and Ethical Advocate System (Includes Hotline) – **Update:** a) **Strategic Plan** – Due to the revamping of the current process into a new one, which has resulted from the January 2021 approval of the new plan by the Board, and through concurring discussions with the process owner, IA determined that it would make sense to postpone the audit engagement to a future fiscal period. b) **Ethical Advocate** – The same situation applies to this audit engagement. The new process went live in September 2020 and replaced the General Manager's Hotline.
6. **Other Audit Activities** - Ongoing

Note: Estimated Start and Completion Times of All Engagements Listed Above Are Subject to Change.

FY 2022 Risk Assessment Process Update

1. Initial input was received from Management during March and April 2021.
2. Follow-up with them has taken place.
3. IA has already started risk ranking business processes that are due for audit. This process will be done before mid-May 2021.
4. A preliminary audit plan will be ready to share with the Finance Committee for initial feedback mid-May 2021. This will be reviewed and tweaked as necessary.
5. IA will share the audit plan with the CFO toward the end of May for their review and feedback.
6. IA will present the audit plan to Senior Management during the second week of June 2021 for their review and feedback.
7. IA will present the audit plan to the Finance Committee for its consideration and approval during its July 2021 meeting.
8. The Finance Committee will present the audit plan as part of its report to the BOC for its consideration and approval during its July 2021 meeting.



Finance Committee Meeting
5/11/2021

3



Finance Committee Meeting
5/11/2021

4

Commissioner Lenz asked if there is an expected completion date for the audit that was delayed due to vendor issues. Mr. Lewis responded that the forecasted date is in the second week of June and if there are any changes he will keep the Commissioners informed.

Other

Chair Price stated that there will be a Fund Trustees meeting the same week as the Board meeting. The Pension Fund Trustees meeting will be held with the purpose of accepting the Investments Policy Statements for the DC Plans approved by the Board.

Adjourn

Chair David Lenz adjourned the meeting at 8:49 p.m.

Respectfully submitted
David Lenz, Chair Finance Committee

Commissioner Mullen presented the Human Resources Committee Report:

HUMAN RESOURCES COMMITTEE Meeting Minutes May 18, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met via WebEx (BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 5:30 p.m. on Tuesday, May 18, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ecbb071b695d2ff0afd75dc61559be7e4>

Event Number for Attendees: 132 881 6463 Event Password: DFsAw7rNS22

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 881 6463

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

Tony Mullen remotely, Lansing, MI (Member)	DeShon Leek remotely, Lansing, MI (Member)
Tracy Thomas remotely, Lansing, MI (Member)	Sandra Zerkle remotely, Lansing, MI (Member)
Stuart Goodrich remotely, Delhi Township, MI	Larry Merrill remotely, Delta Township, MI
David Price remotely, Lansing, MI	Ken Ross remotely, Lansing, MI

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to approve the Human Resources Committee meeting minutes of March 16, 2021.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Retirement Plan Committee (RPC) Administrative Updates: Nationwide Transition

General Manager Peffley introduced CFO Heather Shawa to present the Retirement Plan Committee (RPC) Administrative updates. CFO Shawa introduced CAPTRUST advisor, Ms. Dori Drayton, who was available to answer questions. CFO Shawa reported that the transition to Nationwide became effective on April 29, 2021. Nationwide held 12 virtual workshops to assist participants with the transition and a BWL account representative was reserved the first two weeks of May. There was an overwhelming response with positive feedback for both of these. Ms. Shawa reported that updates to the 457 Plan document and adoption agreements were made to ensure and clarify alignment with IRS Code requirements and that all plan documents and adoption agreements will be made accessible in an updated Trustee resource. Ms. Shawa concluded with an update that an official request for reimbursement from ICMA-RC for applicable expenses/fees related to the Voluntary Correction Program had been made.

Commissioner Mullen asked if the reimbursements from ICMA have been completed or if there could be future disputes made. CFO Shawa responded that ICMA is required per agreement to reimburse and the full amount had been requested.

Commissioner Zerkle asked whether participants will pay for both ICMA and Nationwide fees if the Roth IRA account that participants had with ICMA are not available with Nationwide. CFO Shawa responded that participants will pay the fee for the Roth IRA product as it is outside BWL's plan. Human Resources Executive Director, Ms. Lynnette Keller, clarified that there is a post-tax election Roth option that is sponsored by the BWL 457 Plan and a Roth IRA that is outside of the plan.

Human Resources Department – A Year In Review

GM Peffley gave the floor to Human Resources (HR) Executive Director, Ms. Lynnette Keller, to present the HR Department Year in Review. Ms. Keller reported alignment with HR Key Priorities to the Utility of the Future Vision and Strategic plan such that cultivating a generative safety culture; attracting,

developing and retaining a highly skilled, diverse and culturally intelligent workforce; cultivating employee engagement that promotes a positive work environment, professional development, and career growth with emphasis on succession planning are the three main strategies in the strategic plan. Ms. Keller reported on the areas where HR contributed: some examples include recruiting and retention; safety and security; benefits and retirement; organizational development and training including ISO certification and the Leadership Academy; organizational change management including the training of 25 new Prosci certified change practitioners; employee engagement; technology upgrades including implementing the Pacyor Recruiting and Onboarding Systems; performance management including deployment of the Performance Review Application tool; compensation management including reviewing and updating all non-bargaining position descriptions; diversity, equity and inclusion; and internal improvements. The key priorities shared align with the utility of the future vision, and the strategic priority of engagement and diversity.



Commissioner Thomas commented that Ms. Keller’s presentation was informative and that the portion that was presented regarding equity, inclusion, recruiting and retention were explained well, but did have some questions or concerns regarding the lack of information in regard to diversity. Commissioner Thomas suggestions to include the Word diversity in the wheel (see graphic above) to emphasize the important of the great work that was presented in the strategic plan.

Commissioner Zerkle requested definitions for some of the HR terminology, asked whether a quarterly or semi-annual report on the results of the diversity plans implemented would be provided, and what was being considered for employees as the COVID-19 mask restrictions have been lifted. GM Peffley responded that BWL is governed by MIOSHA and that employees who want to return to in-person work will start to return on May 24, 2021. The remainder of the employees will return in phases in July 2021. MIOSHA requirements are being reviewed to ensure that there is adherence to their guidelines. GM Peffley also responded that definitions for the HR terminology will be provided.

Appointed Employee Development Process

Human Resources Committee Chairperson Tony Mullen stated that this document is a skeleton of what it could be and that this was the beginning of developing a process for Board Appointed Employee’s development process. Attending Commissioners engaged in dialogue, suggested language and word-smithed the proposed process document.

Other

None.

Adjourn

Chair Mullen adjourned the meeting at 6:59 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

MANAGER'S RECOMMENDATIONS

There were no General Manager recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

Chair Price stated that a substitute resolution was emailed to the Commissioners which clarified discussion held at the COW meeting regarding the responsibility for the electric bill where an occupant resides at the same place as a customer with a delinquent account and the occupant wishes to put the account in their own name.

RESOLUTION 2021-05-01

FY22 Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services

Subject: Board of Commissioners Update of Fiscal Year 2022 amendments to the Rules and Regulations for Utility Services, Including Fees and Charges and a draft resolution for approval.

Background: The Rules and Regulations set forth the terms and conditions of utility services and govern these issues:

- General Provisions
- Service Conditions
- Use of Service
- Metering
- Application of Rates
- Responsibility for Payment of Bills
- Dispute and Hearing Procedure
- Distribution System Extensions
- Services
- Fees and Charges
- Compliance
- Other individual Utility Issues

BWL staff periodically review the Rules and Regulations to recommend changes designed to promote clarity and consistency, address change in practice or procedure, address new issues, and ensure that fees and charges are adequate to cover actual costs.

Fiscal Year 2022 changes fall into three categories: (1) Substantive changes that may alter the meaning or effect of a rule; (2) Non-substantive changes designed to address grammar, clarity and consistency across utilities, but not to change the meaning, substance or effect of a rule; and (3) Fee and Charges increases to recover actual costs where they have increased since the last update in FY20.

1. SUBSTANTIVE CHANGES

A. Across Utilities - Electric, Water, Steam and Chilled Water

- Revision of Rule 2 – **General Provisions**
 - 2.1.H – Added language that as a condition of service, the BWL must have a recorded easement on the Customer’s Premises for access and installation, maintenance, removal, relocation of the electric distribution system and any other equipment reasonably related to the provision of service.
- Revision of Rule 4.3.B, **Customer Piping and Equipment**
 - Revised to clarify that only when the BWL’s planned or emergency work was not performed in accordance with industry standards will the BWL be responsible for repairs or restoration.
- Revision of Rule 4.6 or 4.7, **Disconnection of Service**
 - Revised to clarify that a Demolition Service Request form must be signed by the property owner for service to be permanently disconnected for demolition.
- Revision of Rule 7.1, **Responsibility for Payment of Bills**
 - Revised to indicate bills are mailed 21 days before the due date instead of 15 days.
 - Added language to clarify current and past practice that unpaid amounts incur a 5% late fee.
 - Added language to clarify that a new service request cannot be added until a delinquent account is paid in full.
 - Added language to clarify current and past practice that a family member of a deceased customer may place service in their name or the in the name of the Estate if a written request is made by the personal representative and supporting documentation is provided.
 - Added language to clarify current and past practice that when an occupant has lived with a residential Customer within the last 3 years, currently resides with the Customer, and the Customer has a delinquent account that remains unpaid, is not in dispute, and accrued during shared residency, the occupant is also considered responsible for the unpaid bill when seeking to put the delinquent account into their own name.

B. Electric

- Revision of Rule 1, **Definitions**
 - Revised definition of “Service Location” to clarify it is the point at which the BWL has agreed to deliver electric power to the Customer.
- Revision of Rule 5.4, **Multiple Occupancy Buildings**
 - Added language that the BWL may impose a meter mislabel fee (new fee) if the building owner has not complied with the requirements of this Rule 5.4.
- Revision of Rule 6.1, **General, Application of Rates**
 - For purposes of time-of-use rates, added language to identify the holidays the BWL recognizes for application of such rates.

- Addition of Rule 7.5, **Extended Outage Credit**
 - Added language to address the extended outage credit currently called the Electric Catastrophic Storm Outage Credit which provides that Customers can receive a \$25.00 credit for an electric outage of more than 120 consecutive hours when a catastrophic condition (results in an official state of emergency or results in an interruption for 10% or more of the BWL's customers) plus an additional credit of \$5 per day thereafter until service is restored. (Resolution 2014-01-01). The credit will now be applicable to Customers with no past due balance who experience an electric outage solely attributable to BWL-owned equipment for 120 consecutive hours or more. Application must be made within 6 months of the first day of the outage. The credit of \$5 per day after the initial 120 hours is being deleted. This revision to Rules and Regulations for Electric would supersede Resolution 2014-01-01.
- Deletion of Rule 11.7.C, **Commercial and Industrial Underground Services**
 - Deleted because the BWL no longer installs secondary commercial services and language describing the charge is not needed.
- Deletion of Rule 11.8.C, **Multi-Dwelling Structure Services**
 - Removed because the BWL no longer installs secondary commercial services and language describing the charge is not needed.
- Revision of Rule 13.2, **Authorized Attachments**
 - Added language that the maximum number of tangent communication cables or fiber line attachments shall be 5 per pole.
- Revision of Rule 14.1, **General, Parallel Power Sources**
 - Revision of Customer generating systems sizing to help with planning for the BWL's electric distribution system and future Rate changes that will align with systems up to 150 kW AC.
- Addition of Rule 14.4, **Operation**
 - Added language that imposes a new requirement that Customer generating systems with an AC nameplate capacity of 20 kW or higher have a dedicated generation meter owned and maintained by the Customer, or the Customer must provide the BWL with a generation report within 24 hours of request by the BWL.

C. Water

- Revision of Rule 5.4, **Multiple Occupancy Buildings**
 - Added language that the BWL may impose a meter mislabel fee (new fee) if the building owner has not complied with the requirements of this Rule 5.4.
- Revision of Rule 11.4.A, **Domestic Water Service**
 - Added language to correspond to new curb box fill fee which applies when the curb stop has been closed by the BWL and is subsequently opened by an unauthorized Person requiring the BWL to again close the curb stop and fill the curb box with soil to prevent its operation.
- Revision of Rule 11.5.A, **Fire Service**
 - Revision to limit when a detector check by-pass meter will be installed, owned and maintained by the BWL. It will not be installed when the BWL has determined the by-pass meter is not warranted or is impractical. Such meters are often redundant because flow in a fire service is already monitored by the fire department.

D. Chilled Water

- Revision of Rule 4.3, **Customer Piping and Equipment**
 - Revision to specifically define the connection point of Customer Piping.
 - Revisions to clarify and define responsibilities of the Customer to install and maintain Customer Pumps and to install and maintain all connections to BWL equipment.
 - Revision to clarify how Customer Piping may be configured – as either a Direct Connection or an Indirect Connection subject to review and approval by the BWL.
- Revision of Rule 4.5, **Improper Use and Tampering**
 - Added language to address the intentional disabling of Customer Pumps to defeat circulation, constituting a disruption to chilled water service which may result in disconnection and the imposition of reconnection and tampering fees. Shutdowns for maintenance and refurbishment of Customer Piping are permissible.
- Revision of Rule 5.2, **Sizing, Installation, and Ownership**
 - Added language to clarify metering equipment will be installed within Customer Piping and Customer is responsible for all connections to metering equipment.
- Addition of Rule 9, **Customer Choice Program**
 - Added language to align with the BWL authorizing customer choice contractors to install chilled water service piping and chilled water mains. Language is consistent with Rule 9 of Rules and Regulations for Water.
- Revision of Rule 11.3.B (formerly Rule 10.3.B), **Chilled Water Service**
 - Revision to specify the Customer will install the master isolation valves on Customer Piping at its expense and is responsible for ownership and maintenance.

E. Steam

No substantive revisions

2. NON-SUBSTANTIVE CHANGES

A. Across Utilities - Electric, Water, Steam and Chilled Water

- Revision of Rule 2, **General Provisions**
 - 2.1.A – Revised language to include correct link to Rate Schedules and all contact information for Utility Services.
 - 2.2.A - Revised language to clarify that all types of consumption and demand data collected for all utilities are included.
- Revision of Rule 6.2, **Resale**
 - Revised language to clarify BWL must approve the resale of the utility service.
- Revision of Rule 9 or 10, **Easements**
 - Added language consistent with new Rule 2.1H which permits the BWL to place other equipment on the Customer's premises for the provision of service.
- Revision of Rule 9 or 10, **Non-Standard Equipment**
 - Added language to clarify that non-standard equipment the BWL elects to provide is subject to availability and lead times.

B. Electric

- Revision of Rule 1, **Definitions**

- Revised definition of “Multi-Dwelling Structure” for consistency with definition of “Residence.”
- Revision of Rule 5.2, **Installation and Ownership**
 - Added language to clarify which metering enclosures the BWL will provide and which the Customer must provide.
- Revision of Rule 5.7, **Primary Rate Meter Installations**
 - Added language to clarify primary rate metering equipment should be installed on the exterior of the building for communications capability.
- Revision of Rule 6.8A, **Cogeneration and Small Power Production Facility**
 - Removed Rate references as the Rate numbers because they might change.
- Revision of Rule 10.5, **Refunds of Deposit (for Distribution Line Extensions)**
 - Added language to clarify the BWL will not refund any portion of a deposit **for a Distribution Line Extension** attributable to revenue from Customers intended to receive service as part of the extension project.
- Revision of Rule 11.7.A and Addition of Rule 11.7.B, **Commercial and Industrial Underground Services**
 - Revision to clarify who installs, owns and maintains underground secondary service conductors for commercial and industrial buildings.
- Revision of Rule 11.7.F, **Commercial and Industrial Underground Services**
 - Revision to clarify cabinets and enclosures up to 3000 Amperes can be purchased from the BWL.
- Addition of Rule 11.8.B, **Multi-Dwelling Structure Services**
 - Added language to be consistent with Rule 11.7.B. to clarify who installs, owns and maintains underground secondary service conductors for multi-dwelling structures.

C. Water

- Revision of Rule 4.3, **Customer Piping and Equipment**
 - Added language to clarify the Customer’s responsibility to connect their plumbing to our Meter.

D. Chilled Water

- Revision of Rule 1, **Definitions**
 - Added definition of “Advanced Metering Infrastructure” to ensure consistency with other utility services.
 - Added definition of “Customer Pumps” to ensure consistency between the Rules and Regulations and the chilled water connection standards.
 - Added definition of “Direct Connection” to ensure consistency between the Rules and Regulations and the chilled water connection standards.
 - Added definition of “Indirect Connection” to ensure consistency between the Rules and Regulations and the chilled water connection standards.
 - Added definition of “Meter” to ensure consistency between the Rules and Regulations and the chilled water connection standards.
 - Revised definition of “Service Location” to be more accurate and to clarify it must be within 5 feet from the outside of the building.

- Revised definition of “Service Valves” to clarify the Service Valves will be owned by the BWL but may not be installed by the BWL as per Rule 9, these valves may be installed by a customer choice contractor.
- Revision of Rule 3.2, **Availability of Service**
 - Added language to describe the characteristics of chilled water service.
- Revision of Rule 4.1, **General, Use of Service**
 - Added language to clarify what may be operated by personnel authorized by the BWL only.
- Revision of Rule 10.5 (formerly Rule 9.5), **Installation of Distribution System Extension**
 - Added language to clarify the types of plans the Customers must provide for BWL review and approval to ensure a more thorough review.
- Revision of Rule 11.3.A (formerly Rule 10.3.A), **Chilled Water Service**
 - Revision to clarify which valves can be operated by the BWL as there has been recent confusion on who has the right to operate valves, especially those located on the Customer’s Premises.
 - Moved #5 to be under 11.3.D.
- Revision of Rule 11.3.B (formerly Rule 10.3.B), **Chilled Water Service**
 - Deletion of #2 due to redundancy and conflict with modified language specifying the connection point at within 5 feet from the outside of the building.
- Revision of Rule 11.3.C (formerly Rule 10.3.C), **Chilled Water Service**
 - Added language to clarify the Customer is not permitted to withdraw or introduce water, air or any other substance to the Chilled Water Distribution System and is required to notify the BWL of any situation which results in a water draw or introduction of foreign materials to the distribution system or of any chilled water leaks.
- Revision of Rule 11.3.D (formerly Rule 10.3.D), **Chilled Water Service**
 - Moved language from 11.3.A and revised to clarify the Customer is responsible to ensure air and debris are not present within Customer Piping which is a Direct Connection and the BWL will not supply chilled water to Customer Piping until pipe cleaning has been successfully performed.

E. Steam

- Revision of Rule 1, **Definitions**
 - Added definition of “Advanced Metering Infrastructure” to ensure consistency with other utility services.

3. FEES AND CHARGES

ELECTRIC FEES and CHARGES				
Charge Description	When Applied	FY20 Charge	Proposed FY22 Charge	
Commercial-Underground Service	When requested by Customer, restoration not included: 400 A or less and green-space only	\$6-50 /ft \$525 - minimum	REMOVE	No longer install secondary commercial services
	Multi-Dwelling Structure - Single Phase - 600 A or less	\$6-50 /ft \$525 - minimum	REMOVE	
5G Wireless Antenna Rental Fee (New Pole Installation)	Annually	\$150 per antenna	REMOVE	Law did not pass and fee needs to be removed
Meter Tampering Fee	Each occurrence	\$275	\$285	For consistency with Water
Meter Mislabel Fee	Each occurrence - up to 4 meters corrected	DID NOT EXIST	\$450	Added due to language in Rule 5.4B; covers costs of labor, materials and equipment
Interference Fee	Each occurrence	\$275	\$285	For consistency with Water
Cut at Pole	Any time - Triplex	\$155	\$490	Adjusted to cover costs of labor, materials and equipment
	Any time - Three Wire	DID NOT EXIST	\$850	

WATER FEES and CHARGES				
Charge Description	When Applied	FY20 Charge	Proposed FY22 Charge	
Water Main Front Footage Recovery	½ of the charge for either side of street if not previously collected. On 16"	\$197/ft	\$234 / ft	Adjusted to cover costs of labor, materials and equipment
Water Services (Board Installed) (Connection Fee applicable)	Up to and incl. 1" Water Service			
	Main-to-Curb Box Stub on previously installed water mains	\$2,700 per stub plus restoration cost	\$3,800 per stub plus restoration cost	Adjusted to cover costs of labor, materials and equipment
	Curb Box-to-Building (Trenched)	\$845 minimum, \$18/ft in excess of 45 feet plus restoration cost	\$1,700 minimum, \$35/ft in excess of 45 feet plus restoration cost	Adjusted to cover costs of labor, materials and equipment
	Curb Box-to-Building (Bored)	\$1,850 Minimum, \$30/ft in excess of 45 feet plus restoration cost	\$2,300 Minimum, \$35/ft in excess of 45 feet plus restoration cost	Adjusted to cover costs of labor, materials and equipment
	Indoor Meter Set ¾" – Standard	\$290	\$330	Adjusted to cover costs of labor, materials and equipment
	Indoor Meter Set ¾" - With Split Irrigation	\$385	\$455	Adjusted to cover costs of labor, materials and equipment
	Domestic or Irrigation Outdoor ¾" Meter Set with Meter pit	\$3,015	\$3,305	Adjusted to cover costs of labor, materials and equipment
	Outdoor ¾" Meter Set with Meter pit – Customer Choice Program (labor only)	\$180	\$195	Adjusted to cover costs of labor, materials and equipment
	Retrofit of existing service to allow for split Domestic or Irrigation Service	\$385	\$455	Adjusted to cover costs of labor, materials and equipment
	Charge for setting meter on a split service after initial installation	\$180	\$195	Adjusted to cover costs of labor, materials and equipment
Service Meter Pit set – Customer Choice Program (labor only)	\$180	\$195	Adjusted to cover costs of labor, materials and equipment	
Service Demolition	When requested by Customer			
	Up to and including 1" Curb Box-to-Meter Pit	\$130	\$135	Adjusted to cover costs of labor, materials and equipment
	Up to and including 1" Curb Box-to-Building	\$245	\$265	Adjusted to cover costs of labor, materials and equipment
Winter Construction Charge	Water Services, 2" and under	\$11 /Trench ft	\$23/Trench ft	Adjusted to cover costs of labor, materials and equipment
Damaged Meter Charge	Upon occurrence			
	For Services Up to 1"	\$260	\$265	Adjusted to cover costs of labor, materials and equipment
	For 1" Services	\$330	\$335	Adjusted to cover costs of labor, materials and equipment
	For 1 ½" Services	Labor and Material*	\$1,070	Adjusted to cover costs of labor, materials and equipment
	For 2" Services	Labor and Material* *minimum charge of \$900	\$1,245	Adjusted to cover costs of labor, materials and equipment
Thawing Service Charge	After a running water order has been issued			
	Up to and incl. 2" and up to 2 hours	\$245	\$265	Adjusted to cover costs of labor, materials and equipment
Hydrant Flow Testing	When requested by Customer	\$265	\$390	Adjusted to cover costs of labor, materials and equipment

WATER FEES and CHARGES				
Charge Description	When Applied	FY20 Charge	Proposed FY22 Charge	
Permit Application (Customer Choice Program)	Initial request by contractor seeking qualification	\$410	\$425	Adjusted to cover costs of labor, materials and equipment
Engineering, Inspection and Administration (Customer Choice Program)	On-site mains and commercial services			
	For a project with a Board estimated construction cost of \$100,000 or less:	5% inspection deposit (\$1,000 minimum) 3% minimum engineering and administration charge (\$600 minimum). The LBWL reserves the right to adjust the percentage charged based on anticipated project costs.	10% inspection fee - reconcilable (\$1,000 minimum)	Adjusted fee to reduce the frequency and amounts being invoiced to customer
	For project with a Board estimated construction cost >greater than \$100,000:	4% inspection deposit 2% minimum engineering and administration charge. The LBWL reserves the right to adjust the percentage charged based on anticipated project costs.	5% inspection fee - reconcilable	Adjusted fee to reduce the frequency and amounts being invoiced to customer
		Inspection deposits will be reconciled with actual inspection costs upon completion of the project. The difference will be reimbursed or billed to the customer, except in cases where actual inspection costs are less than the \$1,000 minimum inspection charge.	Inspection fees will be reconciled with actual inspection costs upon completion of the project. The difference will be reimbursed or billed to the customer, except in cases where actual inspection costs are less than the \$1,000 minimum inspection charge.	
BULK WATER PERMIT Temporary Hydrant Usage for construction, festivals and governmental special use by special permit.	1" RPZ backflow device plus	\$795	\$605	Adjusted to cover costs of labor, materials and equipment
	2" RPZ backflow device plus	\$1,385	\$1,090	Adjusted to cover costs of labor, materials and equipment
Meter-Tampering Fee	Each occurrence	\$275	\$285	Adjusted to cover costs of labor, materials and equipment
Curb Box Fill Fee	Each Occurrence	DID NOT EXIST	\$315	To recover cost of sending crew/truck to site to fill a curb box and subsequently clean it out after tampering discovered; covers costs of labor, materials and equipment.
Meter Calibration Charge	Customer request meter calibration check is within plus or minus 1.5% of accuracy Up to 2" meters	\$195	\$205	Adjusted to cover costs of labor, materials and equipment
Meter Mislabeled Fee	Each occurrence - up to 4 meters corrected	DID NOT EXIST	\$1,680	Added due to language in Rule 5.4B; covers costs of labor, materials and equipment
Interference Fee	Each occurrence	\$275	\$285	Adjusted to cover costs of labor, materials and equipment

CHILLED WATER FEES and CHARGES				
Charge Description	When Applied	FY20 Charge	Proposed FY22 Charge	
Permit Application (Customer Choice Program)	Initial request by contractor seeking qualification	DID NOT EXIST	\$425	Added Customer Choice Program; For consistency with Water
Annual Contractor's Qualification Permit Fee (Customer Choice Program)	Annually	DID NOT EXIST	\$150	Added Customer Choice Program; For consistency with Water
Engineering, Inspection and Administration (Customer Choice Program)	On-site mains and commercial services For a project with a Board estimated construction cost of \$100,000 or less:	DID NOT EXIST	10% inspection fee - reconcilable (\$1,000 minimum) 3% minimum engineering and administration charge (\$600 minimum). The LBWL reserves the right to adjust the percentage charged based on anticipated project costs.	
	For project with a Board estimated construction cost greater than \$100,000:		5% inspection fee - reconcilable 2% minimum engineering and administration charge. The LBWL reserves the right to adjust the percentage charged based on anticipated project costs. Inspection fees will be reconciled with actual inspection costs upon completion of the project. The difference will be reimbursed or billed to the customer, except in cases where actual inspection costs are less than the \$1,000 minimum inspection charge.	Added Customer Choice Program; For consistency with Water
Meter-Tampering Fee	Each occurrence	\$275	\$285	For consistency with Water
Interference Fee	Each occurrence	\$275	\$285	For consistency with Water

STEAM FEES and CHARGES				
Charge Description	When Applied	FY20 Charge	Proposed FY22 Charge	
Meter-Tampering Fee	Each occurrence	\$275	\$285	For consistency with Water
Interference Fee	Each occurrence	\$275	\$285	For consistency with Water
Meter Calibration Charge	When Customer requested meter calibration check is within plus or minus 2% accuracy	\$195	\$205	For consistency with Water

4. DRAFT RESOLUITON APPROVING FY22 RULES & REGULATIONS

RESOLVED, that Fiscal Year 2021-2022 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented by Management on May 11, 2021, to be effective July 1, 2021.

Motion by Commissioner Mullen, **Seconded** by Commissioner Lenz, to accept the substitute Resolution for the Fiscal Year 2021-2022 Electric, Water, Steam and Chilled Water Services Rules and Regulations as the official Resolution for the FY2021-2022 Electric, Water, Steam, Chilled Water Services Rules and Regulations, to be effective July 1, 2001.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Motion by Commissioner Ross, **Seconded** by Commissioner Mullen to approve the substitute Resolution for the Fiscal Year 2021-2022 Electric, Water, Steam and Chilled Water Services Rules and Regulations as presented, to be effective July 1, 2021.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

RESOLUTION 2021-05-02

Revised Investment Policy Statements of the DC Plans

WHEREAS, the Lansing Board of Water & Light (the “Sponsor”) sponsors the Lansing Board of Water and Light Defined Contribution Plan and Trust 1; Lansing Board of Water and Light Defined Contribution Plan and Trust 2; and Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust (the “DC Plans”); and

WHEREAS, the Retirement Plan Committee, established by the Sponsor and delegated certain duties by the Trustees related to the investment of the DC Plans’ assets in November 2018; and

WHEREAS, the Retirement Plan Committee also periodically reviews the DC Plans’ Investment Policy Statements (“IPSS”), and, as the result of its most recent review, recommends revisions to the Plans’ IPSS; and

WHEREAS, the Retirement Plan Committee along with the General Manager recommends the Sponsor adopt the revisions which reflect these recommendations in the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Investment Policy Statement; Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Investment Policy Statement; and Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Investment Policy Statement; and

WHEREAS, the Sponsor wants to adopt the revisions reflected in the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Investment Policy Statement; Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Investment Policy Statement; and Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Investment Policy Statement;

THEREFORE, it is:

RESOLVED, that, after its review, and based on the recommendation from the Retirement Plan Committee along with the General Manager, the Sponsor adopts and approves the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Investment Policy Statement; Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Investment Policy Statement; and Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Investment Policy Statement.

Motion by Commissioner Thomas, **Seconded** by Commissioner Lenz, to approve the Resolution for the Investment Policy Statements of the DC Plans.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

RESOLUTION 2021-05-03

Fiscal Year 2022-2027 Budget and Forecast

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2022 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2023-2027 is hereby accepted as presented; and

FURTHER RESOLVED, that the Corporate Secretary be directed to make the appropriate filings with the Lansing City Clerk's office in accordance with the Lansing City Charter regarding the above actions.

Staff Comments:

Staff recommends an operating and maintenance budget of \$340.2M and a capital budget of \$118.8M for Fiscal Year 2022.

The Operating and Capital Forecast for Fiscal Years 2023-2027 includes potential rate increases in Fiscal Years 2023-2027. The potential rate increases are for forecast purposes only and have not been approved through a public rate hearing process. The forecast rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 25, 2021 board meeting.

Motion by Commissioner Lenz, **Seconded** by Commissioner Graham, to approve the Resolution for the Fiscal Year 2022-2027 Budget and Forecast and direct the Corporate Secretary to make the appropriate filings with the Lansing City Clerk's office in accordance with the Lansing City Charter.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

MANAGER'S REMARKS

GM Peffley reported the following:

1. The Delta Energy Plant generated its first megawatt of electricity in the morning of Tuesday, May 25, 2021. Unit one ran for six hours, unit two will run Wednesday, May 26, and unit three will run Thursday, May 27. The units need to operational to be declared commercial but will only be available for emergency use during the summer.

2. The CIS Payment System will go live over the Memorial Day weekend. New billing statements will be sent out, a new portal with a pay now feature, plus a lot of things customer requested will be available.

Commissioner Leek asked if the completion date of Delta Energy Park would be at the end of summer or in the fall. GM Peffley replied that October 1, 2021 is the scheduled completion date with 24/7 operation for the three units and an allocation time of one year for debugging.

COMMISSIONERS' REMARKS

There were no Commissioners' remarks.

EXCUSED ABSENCE

Motion by Commissioner Thomas, Seconded by Commissioner Graham, to excuse Commissioner Goodrich from tonight's meeting.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chair Price adjourned the meeting at 5:54 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 05-26 -21

Approved by the Board of Commissioners: 07-__-21

Official Minutes filed (electronically) with Lansing City Clerk: 07-__-21



LANSING BOARD OF WATER AND LIGHT BOARD OF COMMISSIONERS

SPECIAL BOARD MEETING MINUTES

June 17, 2021

The Board of Commissioners of the Lansing Board of Water and Light (BWL) met via WebEx (BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) on Thursday, June 17, 2021. The meeting was Publicly Noticed for 5:30 p.m.

Event Address for Attendees for Special Board Meeting:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e43361829acc2637d2276006602834f85>

Event Number for Attendees for Special Board Meeting: 132 302 5002

Event Password for Special Board Meeting: bmDwSs2F3b5

Audio Conference for Special Board Meeting: United States Toll +1-408-418-9388

Access Code: 132 302 5002

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

Corporate Secretary Griffin called the roll.

The following Commissioners were present via audio/video:

David Price remotely, Lansing, MI	Stuart Goodrich remotely, Holt, MI
Douglas Jester remotely, East Lansing, MI (arrived@5:33 p.m.)	DeShon Leek remotely, Lansing, MI
David Lenz remotely, Lansing Township, MI	Tony Mullin remotely, Lansing, MI
Larry Merrill remotely, Delta Township, MI	Ken Ross remotely, Lansing, MI
Tracy Thomas remotely, Lansing, MI	Sandra Zerkle remotely, Lansing, MI

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Commissioner Price led the Pledge of Allegiance.

PUBLIC COMMENT

There were no public comments.

MEETING PURPOSE:

Consider a Resolution Adopting a Final Project Plan for Water System Improvements and Designating an Authorized Project Representative

Chair Price stated that he called for this Special Board meeting as requested by General Manager Peffley to consider a Resolution Adopting a Final Project Plan for Water System Improvements and

Designating an Authorized Project Representative. Chair Price gave the floor to General Manager (GM) Dick Peffley to present the resolution.

General Manager Peffley stated that the resolution before the Board is for a grant from the State of Michigan, EGLE Department that will offset costs of three of BWL's water projects that have already been budgeted. The BWL cannot apply for the grant without the approval of the Board of Commissioners, in other words, approval of this resolution will allow the Administration to apply for the grant. Once approved the BWL will then review the components in the grant to determine whether it is propitious for the company. If accepted and the BWL moves forward with pursuing the grant, Commissioners will be updated and provided with details at a September Committee or Board meeting.

RESOLUTION 2021-06-01

A Resolution Adopting a Final Project Plan for Water System Improvements and Designating an Authorized Project Representative

WHEREAS, the Lansing Board of Water and Light (BWL) is seeking low interest funding to assist in its efforts to improve existing water treatment and distribution systems through the State of Michigan, Department of Environmental Quality's (EGLE) Drinking Water State Revolving Fund (DWSRF); and

WHEREAS, as a requirement of the DWSRF Loan Program, municipalities applying for DWSRF loans are required to submit to EGLE an adopted Project Plan (Project Plan) describing the proposed improvement to existing water treatment and distribution systems program projects; and

WHEREAS, the purpose of the Project Plan is for the replacement of aging water main, valves, associated fire hydrants and appurtenance located within the City of Lansing's Combined Sewer Separation Areas of 034D, 034E and 015S to improve water quality and reliability and to improve flow efficiency and public health protection; and

WHEREAS, the Project Plan for water main replacement will be in partnership with the City of Lansing's Combined Sewer Overflow project; and

WHEREAS, the Lansing board of Water and Light authorized Fishbeck to prepare a Project Plan, which recommends the construction of the following three (3) project areas:

- CSO Subarea 034D Sewer Separation Project; and
- CSO Subarea 034E Sewer Separation Project; and
- CSO Subarea 015S Sewer Separation Project; and

WHEREAS, the estimated total project cost of the three (3) project areas is \$ 19.2 Million; and

WHEREAS, a Public Hearing to receive public comment on the proposed Project Plan was held on June 7, 2021 and no public comments were received for consideration; and

NOW THEREFORE BE IT RESOLVED that the Lansing Board of Water and Light formally adopts the Project Plan and agrees to implement the selected alternative - Alternative 1 – Open cut water main replacement in conjunction with City of Lansing Combined Sewer Overflow project.

BE IT FURTHER RESOLVED, that the Water Distribution Principal Engineer, a position currently held by Michael Lehtonen, P.E., is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan as the first step in applying to the State of Michigan for a Drinking Water State Revolving Fund Loan to assist in the implementation of the selected alternative.

Motion by Commissioner Mullen, **Seconded** by Commissioner Leek to approve the Resolution for Adopting a Final Project Plan for Water System Improvements and Designating an Authorized Project Representative.

Yeas (names of Members voting Yes): Commissioners David Price, DeShon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays (names of Members voting No): None

I certify that the above Resolution was adopted by Board of Water and Light Board of Commissioners (the governing body of the applicant) on June 17, 2021.

BY: M. Denise Griffin Corporate Secretary
Name (please print or type) Title

M. Denise Griffin June 17, 2021
Signature Date

Commissioner Zerkle asked for confirmation that this resolution was for approval to apply for a grant for projects, that information would be provided to the Board after BWL staff reviewed the grant, and the Board of Commissioners would sign for the grant after the grant was received. GM Peffley confirmed.

MANAGER'S REMARKS/COMMENTS

GM Peffley had no remarks.

COMMISSIONERS' REMARKS/COMMENTS

Commissioner Merrill asked for additional information regarding the monthly BWL Executive Report received by email where the reporting stated that there was a violation notice regarding an exceedance of the mercury limit. Commissioner Merrill asked for the significance of this information. GM Peffley responded that all violations are taken seriously, and the Erickson station had a malfunction in the mercury control equipment. General Manager Peffley added that repairing the malfunction involved running the plant to fine tune it and while running the plant for repairs, violations occurred.

Commissioner Leek wished everyone a Happy Father's Day.

Commissioner Goodrich stated that he appreciated being allowed to participate on the Board this past year.

Corporate Secretary Griffin wished GM Peffley a Happy Birthday.

PUBLIC COMMENT

There were no public comments.

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Mullen, **Seconded** by Commissioner Leek to excuse Commissioner Graham from tonight's meeting.

Roll Call Vote:

Yeas: Commissioners David Price, DeShon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

ADJOURNMENT

Chair Price adjourned the meeting at 5:47 p.m.

From: Dick Peffley
Sent: Wednesday, June 23, 2021 4:09 PM
To: Claude Beavers
Subject: RE: LBWL portal, 2 items

Good afternoon Mr. Beavers,

I apologize for your inconvenience as we've been working diligently to iron out the bugs in BWL's new customer portal. Thank you for taking the time to document your efforts and for contacting us. Without customer input like yours, the BWL is not always aware of customer issues and cannot make the necessary corrections. Your email has been forwarded to Bob Perialas, Manager of Enterprise Customer Experience, to address.

Thank you,
Dick Peffley

From: Claude Beavers
Sent: Tuesday, June 22, 2021 8:39 PM
To: Dick Peffley
Subject: LBWL portal, 2 items

Item 1: Exemplary Help

I commend customer service agent John to you. See below, please. I ask that you notify John's supervisor and direct that my comments here be included in John's personnel file. The company is lucky to have him as an employee.

Item 2: Log-in problems with the new customer portal

June 8, 2021 morning I was unable to use the portal. I left my telephone number for a call back. Received none.

June 9, 2021 morning. Same as June 8 above

June 10, 2021 morning. Same as June 8 and 9 above

June 10, 2021 @4:15 p.m. I called again and after 30 minutes was connected with John who spent about an hour with me trying to connect me with the new portal to establish a new Autopay option. John was very knowledgeable, professional and patient with me during a frustrating time for me. HOWEVER, AFTER COMPLETING ALL THE STEPS AND MAKING THE LAST ENTRY, JOHN HAD TO TELL ME THAT THERE WAS A GLITCH IN THE SYSTEM AND THAT I WOULD HAVE TO CALL BACK LATER TO FINALIZE OUR EFFORTS.

June 11, 2021 I was able to call back, work through all the steps again and finally connect.

June 12, 2021 Using Autopay, I paid the overdue June 1 bill without penalty. Thank you for that.

For me, my family members and friends, and perhaps for hundreds of other BWL customers, connecting to the new portal was very anger producing. I believe that any future project like this must be much more customer friendly and that those responsible in this instance ought to be held responsible and that, at the very least, notations be included in their personnel folders.

Lansing's Board of Water and Light utility is a vital service for Lansing and surrounding municipalities. It must be operated with the greatest care to protect the welfare of its thousands of customers who depend on it daily. I ask for your best efforts.

Thank you for your attention.
Claude R. Beavers

From: Claude Beavers
Sent: Wednesday, June 23, 2021 10:34 AM
Subject: Re: BWL July Meetings

Thank you for your response. I plan to attend the July 27 meeting to express some concerns about the new customer portal difficulties I had.

Yesterday I tried copying an email to David Price and DeShon Leek of an email I sent to D. Peffley and others. Both those to Price and Leek were returned as undeliverable. Please send me their correct email addresses so that I can send each of them a separate copy. Thank you,

Claude R. Beavers

On Friday, June 18, 2021, 11:26:24 AM EDT, MDenise Griffin:

Good Morning Mr. Beavers,

The July Committee of the Whole and Finance Committee meetings are scheduled for July 13, 2021 and the Regular Board meeting will be held on July 27, 2021 at 5:30 p.m. at the Depot facility, located at 1201 S. Washington Ave., Lansing, MI. Please contact me if you have any questions. My contact information is listed below.

Thank you,
Denise Griffin



M. Denise Griffin
Corporate Secretary
1201 S. Washington Ave.
Lansing, MI 48910

NOMINATING COMMITTEE MEETING
Meeting Minutes
June 15, 2021

Due to public safety concerns resulting from the COVID-19 Pandemic, the Nominating Committee meeting of the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 4:30 p.m. on Tuesday, June 15, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ed8c3f9d079ba1e9532ceeeef22648917>

Event Number for Attendees: 132 808 7891 Event Password: WbjjpxHm292

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 808 7891

Nominating Committee Chair, Tony Mullen, called the meeting to order at 4:43 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

Tony Mullen remotely, Lansing, MI (Member)	Beth Graham remotely, Lansing, MI (Member)
DeShon Leek remotely, Lansing, MI (Member)	David Lenz remotely, Lansing, MI (Member)
Stuart Goodrich remotely, Delhi Township, MI	Ken Ross remotely, Lansing, MI

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Leek, Seconded by Commissioner Graham to approve the Nominating Committee meeting minutes of June 23, 2020.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz

Nays: None

Action: Motion Carried

Officer & Committee Survey and Committee Selection Results Memoranda

Nominating Committee Chair Mullen stated that the Officer Committee Survey and Committee Selection Results Memoranda and Committee Survey Results and Comments Forms were included in the Nominating Committee meeting packet for review and asked if there was any discussion regarding the documents. There was no discussion.

Nomination of Board Officer Candidates for Fiscal Year 2021-2022

Chairperson and Vice Chairperson

Nominating Committee Chair Mullen opened the floor for nominations for the Chairperson for the 2021-2022 fiscal year and for the Vice Chairperson for the 2021-2022 fiscal year.

Motion by Chair Mullen, Seconded by Commissioner Graham to nominate Commissioner David Price to serve as the Chairperson for the 2021-2022 fiscal year.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz

Nays: None

Action: Motion Carried

Motion by Commissioner Lenz, Seconded by Commissioner Graham to nominate Commissioner Tracy Thomas as the Vice Chairperson for the 2021-2022 fiscal year

Roll Call Vote:

Yeas: Commissioners David Lenz

Nays: Commissioners Tony Mullen, Beth Graham, and Deshon Leek

Action: Motion Failed

Motion by Commissioner Leek, Seconded by Chair Mullen to nominate Commissioner Sandra Zerkle as the Vice Chairperson for the 2021-2022 fiscal year.

Discussion: Commissioner Lenz questioned if Commissioner Thomas and Commissioner Zerkle had been vice chair prior to this past year. Chair Mullen affirmed Commissioner Zerkle had held the officer position of vice chair previously as well as the officer position of Chairperson and had more extensive experience with BWL and Board related matters. Commissioner Graham noted that Commissioner Zerkle did have a great deal of institutional knowledge.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz.

Nays: None

Action: Motion Carried

Motion by Commissioner Leek, Seconded by Commissioner Graham to present the slate of Officers for 2021-2022 to the full Board for consideration as follows:

Chair:	David Price
Vice Chair:	Sandra Zerkle

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz

Nays: None

Action: Motion Carried

Nominating Committee Chairperson Mullen stated that the recommended slate of officers will be presented to the full Board for consideration at the July 27th Board/Annual Organizational meeting; and that Nominations would also be taken from the floor for the Officer positions of Chairperson and Vice Chairperson at the said meeting.

Chair Mullen commented that as the Nominating Committee is small, and believes that there isn't a reason for its existence, and that Commissioners should be able to submit their names for the Chair and Vice Chair positions to be voted on at the full Board meeting or have the Committee of the

Whole as the Nominating Committee. Commissioner Lenz questioned if there is a specific reason for a Nominating Committee. Corporate Secretary Griffin responded that the BWL Board of Commissioner's Administrative Rules of Procedure designates the Nominating Committee as a Standing Committee, that is specifically charged with the task of nominating and presenting a slate of officers at its Annual Organizational Meeting. Chair Mullen commented that the rules could be changed by the Board. In response, Corporate Secretary Griffin relayed that there is a process for making changes to the Administrative Rules of Procedures, one of which, includes submittal to the Lansing City Council for approval. Commissioner Lenz asked if the Nominating Committee exists so that Commissioners who are nominated are not casting a vote for themselves. Corporate Secretary Griffin stated that the Nominating Committee *usually* consists of Commissioners who are not seeking the position of Chairperson or Vice Chairperson.

Excused Absence

None

Adjourn

There being no further business, the meeting adjourned at 5:01 p.m.

Respectfully submitted,
Tony Mullen, Chair
Nominating Committee

HUMAN RESOURCES COMMITTEE

Meeting Minutes

June 15, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met via WebEx (BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 5:30 p.m. on Tuesday, June 15, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e31f1898a5116bb599080eb3f46b268aa>

Event Number for Attendees: 132 102 7716 Event Password: B7u7JdVKW9p

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 102 7716

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

Tony Mullen remotely, Lansing, MI (Member)	DeShon Leek remotely, Lansing, MI (Member)
Tracy Thomas remotely, Lansing, MI (Member)	Sandra Zerkle remotely, Lansing, MI (Member)
Stuart Goodrich remotely, Delhi Township, MI	Beth Graham remotely, Lansing, MI
Larry Merrill remotely, Delta Township, MI	David Price remotely, Lansing, MI
Ken Ross remotely, Lansing, MI	

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of May 18, 2021.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

FY 2022 Board Appointee Performance Reviews

HR Committee Chair Mullen opened the floor for the Board Appointee Performance Reviews.

Corporate Secretary

Corporate Secretary M. Denise Griffin requested a closed session for the purpose of receiving her contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to enter into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary M. Denise Griffin.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:35 p.m.

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to reconvene into open session.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 5:52 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to forward a resolution reappointing M. Denise Griffin to the Charter position of Corporate Secretary for FY22 to the full Board for consideration.

Commissioner Thomas commended Corporate Secretary Griffin on her good work and serving the eleven Commissioners.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

General Manager

General Manager Richard Peffley requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to enter into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard Peffley.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Commissioner Zerkle was having technological issues and was unable to respond.

The Human Resources Committee went into closed session at 5:57 p.m.

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to reconvene into open session.

Commissioner Thomas thanked GM Peffley for his leadership and for handling the challenges in the past year.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 6:24 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to forward a resolution reappointing Richard (Dick) Peffley to the Charter position of General Manager for FY22 to the full Board for consideration.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Internal Auditor

Internal Auditor, Wesley Lewis, requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to enter into closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Wesley Lewis.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 6:26 p.m.

Motion by Commissioner Thomas, Seconded by Commissioner Leek, to reconvene into open session.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 7:06 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Leek, Seconded by Commissioner Thomas, to forward a resolution reappointing Wesley Lewis to the Charter position of Internal Auditor for FY22 to the full Board for consideration.

Roll Call Vote:

Yeas: Commissioners Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: Commissioners Tony Mullen

Action: Motion Carried.

Subsequent Steps for Board Appointed Employees Contracts

Motion by Commissioner Mullen, **Seconded** by Commissioner Thomas, to charge the HR Chair and the Board Chair with the task of working with the appointed employees on their respective annual merit considerations on behalf of the Board of Commissioners.

Commissioner Thomas noted that the motion for the reappointments was being forwarded to the full board.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None

Action: Motion Carried.

Excused Absence

None.

Other

Commissioner Zerkle commended GM Peffley on his efforts during the COVID-19 pandemic, how the employees and customers were treated, and all the considerations that were put into place for their safety and well-being.

Adjourn

Chair Mullen adjourned the meeting at 7:14 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

HUMAN RESOURCES COMMITTEE

Meeting Minutes

July 13, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at BWL Headquarters REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:15 p.m. on Tuesday, July 13, 2021.

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order at 5:15 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, DeShon Leek, Tracy Thomas, and Sandra Zerkle. Also present: Commissioners Beth Graham, David Lenz, and David Price; and Non-Voting Commissioners Douglas Jester (East Lansing), and Larry Merrill (Delta Township)

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Zerkle, **Seconded** by Commissioner Leek, to approve the Human Resources Committee meeting minutes of June 15, 2021.

Action: Motion Carried.

Collective Bargaining Agreement—BWL and IBEW

General Manager (GM) Dick Peffley spoke about the Collective Bargaining Agreement between BWL and IBEW and presented a resolution to be forwarded to the Board for consideration. GM Peffley presented two points regarding the contract.

- The tentative agreement was made four months ahead of the deadline and contains a four-year contract with a 3.5% increase in the first year and three 3% increases in the remaining years. The contract is from November 2021 through November 2024. The goal was for an economic package to be settled in advance in order that there would be less distraction and stress for the work force while coming out of the pandemic. There are projects and opportunities where flexibility in the work force will be needed and the tentative agreement will smooth the process with the option of continuing negotiations as needed.

Commissioner Zerkle commended GM Peffley, the IBEW and the staff for putting the contract together quickly and within financial guidelines. GM Peffley responded that he was pleased with the contract result, as he had requested that Ron Byrnes, IBEW (Local 352) Business Manager and Michael Flowers, Executive Director of Labor Relations, put together a contract and bring it to him for discussion. The contract he received from the above mentioned, differentiated only 0.5% in what he had looked-for, and that was very pleasing.

Commissioner Leek also congratulated GM Peffley and IBEW Local 352 on the contract negotiations process.

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle, to forward the Resolution for the Collective Bargaining Agreement between BWL and IBEW dated and signed June 1, 2021 to the full Board for consideration.

Action: Motion Carried.

Excused Absence

There were no excused absences.

Other

There was no other business.

Adjourn

HR Chair Mullen adjourned the meeting at 5:25 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

FINANCE COMMITTEE
Meeting Minutes
July 13, 2021

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 on Tuesday, July 13, 2021.

Finance Committee Chair David Lenz, called the July 13, 2021, 5:30 p.m. Finance Committee meeting to order at 5:30 p.m.

Corporate Secretary Griffin took the roll call to acknowledge attendance.

Present: Commissioners David Lenz, Beth Graham, David Price and Tracy Thomas. Also present: DeShon Leek, Tony Mullen, and Sandra Zerkle; and Non-Voting Commissioners Douglas Jester (East Lansing), and Larry Merrill (Delta Township).

Absent: Commissioner Ken Ross

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Finance Committee meeting minutes of May 11, 2021.

Action: Motion Carried.

May YTD Financial Summary

Chief Financial Officer (CFO) Heather Shawa provided highlights from the May 2021 YTD Financial Summary and noted that the May 2021 YTD financial statement has not closed yet due to the implementation and interfacing of the new iPayables system and the Customer Information System(CIS). CFO Shawa noted that she will email the May financial statement information to the Commissioners when it is available. An update will be provided on the June year-end financial information at a future meeting.

The total operating revenue for May YTD was \$347 million compared to a budget YTD of \$351 million and the \$4.2 million variance under budget was primarily in wholesale. The total net income was \$39 million compared to the budget YTD of just under \$3 million.

Commissioner Mullen asked whether the \$36 million variance will be spent next year. CFO Shawa responded that the return on assets is expected to be exceeded again this year and will be reinvested in the infrastructure. CFO Shawa added that a high-risk area is residential uncollectibles and bad debt which is being watched closely. GM Peffley responded that the

uncollectibles amount should decrease as shutoffs will start again and payments will begin to be made.

Commissioner Zerkle questioned if additional financial help grants or packages will be received to take care of customers. GM Peffley responded that none are expected at this time. He added that \$9 million was promised and a check for \$3 million was received but had to be sent back.

Commissioner Jester inquired about the net price increase in wholesale electricity and gas prices and questioned if the increases were due to polar vortex events. GM Peffley responded that gas prices increased and BWL has a lot of gas under contract and that he would provide the percentages to the commissioners. Gas prices are passed to the customers through fuel cost adjustments on monthly bills.

CFO Shawa provided a report of capital projects spend excluding Delta Energy Park. The report provides a summary of what projects might require a capital project exceedance request. It was recommended that this be reported in three different Finance committee meetings and will be provided in the packet in those future meetings. The report gives what is projected for the top ten projects, remaining planned projects, and annual projects. The grand total provides the fiscal year to date budget and projected for all projects.

Report as of May 31, 2021											
Projects Sorted by the Current Projection (Highest to lowest costs)				Total Project				Project Period			
Project Name	Current Phase	Budget	Projected	Designed Budget Amount	Current Projection	\$ Variance	% Variance	Total Cost Incurred To-Date	% Total Cost Incurred To-Date	Start Date	Projected Completion Date
Top Ten Planned Projects											
Advanced Metering Infrastructure	Phase 4 - Construction	\$ 4,804,819	\$ 3,185,918	\$ 37,187,288	\$ 37,382,614	\$ 195,326	0.53%	\$ 36,055,726	96.45%	8/6/2014	12/31/2021
Stanley Substation	Phase 1 - Feasibility	\$ -	\$ 90,542	TBD	\$ 34,832,029	\$ -	0.00%	\$ 1,726	0.00%	3/15/2021	12/9/2027
Wise Substation - Rebuild	Phase 2 - Funding Readiness	\$ 2,000,000	\$ 501,584	TBD	\$ 23,307,602	\$ -	0.00%	\$ 561,001	2.41%	2/1/2020	6/30/2023
Rundie Substation	Phase 1 - Feasibility	\$ -	\$ 51,213	TBD	\$ 21,791,653	\$ -	0.00%	\$ 2,239	0.01%	3/15/2021	10/25/2025
South Reinforcement - Transmission Line	Phase 2 - Funding Readiness	\$ 2,000,000	\$ 2,067,074	TBD	\$ 21,062,381	\$ -	0.00%	\$ 2,115,000	10.04%	9/20/2017	11/29/2024
Customer Information System	Phase 4 - Construction	\$ 6,455,507	\$ 8,635,769	\$ 17,425,255	\$ 16,134,430	\$ (1,290,825)	-7.41%	\$ 10,613,084	65.78%	4/30/2019	12/31/2021
LGR Substation	Phase 1 - Feasibility	\$ -	\$ 53,080	TBD	\$ 13,279,481	\$ -	0.00%	\$ 2,846	0.02%	3/15/2021	6/9/2026
Steam Backup Generation	Phase 4 - Construction	\$ 4,225,000	\$ 11,933,280	\$ 12,368,802	\$ 12,865,203	\$ 496,401	4.01%	\$ 12,345,273	95.96%	10/1/2019	6/30/2021
ESRI Implementation-GIS Geographical Information System	Phase 4 - Construction	\$ 759,414	\$ 873,837	\$ 6,520,417	\$ 6,969,538	\$ 449,121	6.89%	\$ 6,295,374	90.33%	8/6/2014	12/31/2021
ADMS-Advanced Distribution Management System	Phase 4 - Construction	\$ 1,111,462	\$ 1,268,706	\$ 4,603,120	\$ 5,840,881	\$ 1,237,761	26.89%	\$ 5,459,842	93.48%	8/12/2015	9/30/2021
Total Top Ten Planned Projects		\$ 21,356,202	\$ 28,661,004		\$ 193,465,812			\$ 73,452,111			
Project Watch List - Projects \$150k and 10% over the Designed Budget Amount (Outside of Top Ten Planned Projects)											
		\$ -	\$ -		\$ -	\$ -	0.00%	\$ -	NA		
Total Project Watch List		\$ -	\$ -		\$ -	\$ -		\$ -			
Remaining Planned											
Electric		\$ 13,469,118	\$ 6,973,927								
Water		\$ 3,014,784	\$ 2,123,447								
Steam		\$ 827,925	\$ 839,710								
Chilled Water		\$ 630,000	\$ -								
Common		\$ 2,524,071	\$ 450,781								
Total Remaining Planned		\$ 20,465,898	\$ 10,387,866								
Annual											
Electric		\$ 15,926,000	\$ 15,586,701			\$ (339,299)	-2.13%				
Water		\$ 6,438,948	\$ 7,041,770			\$ 602,822	9.36%				
Steam		\$ 2,419,341	\$ 1,183,454			\$ (1,235,887)	-51.08%				
Chilled Water		\$ 10,927	\$ 23,800			\$ 12,873	117.81%				
Common		\$ 4,681,800	\$ 4,504,516			\$ (177,285)	-3.79%				
Total Annual		\$ 29,477,016	\$ 28,340,240								
Grand Total		\$ 71,299,116	\$ 67,389,109								

Note:
 For projects that are in Stage Gates 1-3, the **Expected Total Project Cost** are high level estimates that can have a significant margin error.
 For projects that are in Stage Gates 1-3, the **Expected Completion Date** is subject to change as organizational priorities or project plans are reassessed.
 Variances highlighted in red are over the \$200k and 15% thresholds.

Commissioner Zerkle asked whether the amount over budget for the last project listed would be discussed in a future meeting. CFO Shawa responded that the Advanced Distribution Management System (ADMS) is one of the projects in the BSmart program and it was hit with some scheduling delays, some due to COVID-19, and it will be on the September Finance agenda with a resolution for a request for an exceedance.

Finance Chair Lenz inquired whether the ADMS project was with an outside vendor. CFO Shawa responded that it is with ACS software and it is their platform and their solution which they will provide. Chair Lenz also asked if additional payment was being requested by the outside vendor. CFO Shawa responded not at this time however, there is a change order section in the contract and an escalation process internally for review and approval.

Retirement Plan Committee (RPC) Update

CFO Shawa provided the Retirement Plan Committee (RPC) update. Any investment actions that are taken will be reported to the Finance Committee and any administrative actions will be reported to the Human Resources Committee. The VEBA large cap equity fund target asset allocation is 30% with a range of 25-35% and it hit 35% in February 2021. Recommendations were sought from BWL’s financial advisors and the recommendation was made and approved by the RPC to transfer from the large cap equity to the real assets fund. The Blackstone fund was previously funded and the AEW fund will be funded on July 16, 2021.

Internal Audit Status Report

Internal Auditor, Mr. Wesley Lewis, presented the Internal Auditor Status Report.

FY 2021 Audit Progress Report

Audit Engagements and Activities in Audit Plan Completed, Currently Underway, Scheduled to Start, or Changed

1. **Unbilled Accounts Receivable – Audit Status:** Completed, Audit Report Issued 3/17/2021
2. **Purchase Card Usage and Control – Audit Status:** Completed, Audit Report Issued 3/30/2021
3. **MPPA and MISO Billings – Audit Status:** Completed, Audit Report Issued 6/10/2021
4. **Cybersecurity Process and IT Vulnerabilities – Audit Status:** BDO completed Part 1 (Cybermaturity Assessment) of the audit engagement. Part 2 (Vulnerability Assessment and Penetration Testing) BDO is currently in the process completing this part of the audit.
5. **Corporate Governance – Strategic Plan and Ethical Advocate System (Includes Hotline) – Update:** a) **Strategic Plan** – Due to the revamping of the current process into a new one, which has resulted from the January 2021 approval of the new plan by the Board, and through concurring discussions with the process owner, IA determined that it would make sense to postpone the audit engagement to a future fiscal period. b) **Ethical Advocate** – The same situation applies to this audit engagement. The new process went live in September 2020 and replaced the General Manager’s Hotline.
6. **Other Audit Activities** - Ongoing

Note: Estimated start and completion times of all engagements listed above are subject to change.



Finance Committee Meeting
7/13/2021

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FY 2022 Risk Assessment Process Update

1. Initial input was received from Management during March and April 2021.
2. Follow-up with them has taken place.
3. IA has already started risk ranking business processes that are due for audit. This process will be done before mid-May 2021.
4. A preliminary audit plan will be ready to share with the Finance Committee for initial feedback mid-May 2021. This will be reviewed and tweaked as necessary.
5. IA will share the audit plan with the CFO toward the end of May for their review and feedback.
6. IA will present the audit plan to Senior Management during the second week of June 2021 for their review and feedback.
7. IA will present the audit plan to the Finance Committee for its consideration and approval during its July 2021 meeting.
8. The Finance Committee will present the audit plan as part of its report to the BOC for its consideration and approval during its July 2021 meeting.



Finance Committee Meeting
7/13/2021

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Commissioner Lenz asked when the cybersecurity process report would be completed and provided. Mr. Lewis responded that he would be meeting on Thursday and the report should be written and provided within two weeks. Commissioner Lenz asked if this was the first audit report in this area. Mr. Lewis affirmed. Commissioner Zerkle responded that there was a similar audit to the vulnerability assessment previously. Commissioner Lenz suggested providing a simple report of the completed audits with a synopsis of the results. Mr. Lewis agreed that the suggestion was a good idea.

FY 22 Audit Plan

Proposed FY 2022 Audit Plan – Highlights

Top Six Engagements for FY 2022 (as discussed and agreed with Senior Management):

1. Time Recording, Payroll Processing, and Payment of Overtime – Payroll (First Time Audit)
2. Employee Master File (To Be Included in #1 Above) – Human Resources, Last Audit: October 2017
3. Manage Mobile Devices – Information Technology, Last Audit: October 2017
4. Outage Management System (Current Process) – Operations (First Time Audit)
5. Enterprise Information Management (Records Retention Management) – Legal/Management/Board Processes, Last Audit: March 2014
6. Capital Projects Management – BWL Other (First Time Audit)

Note: The audit engagements listed above, along with anticipated start and completions, are and will be subject to change.



Finance Committee Meeting
7/13/2021

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Proposed FY 2022 Audit Plan Details

<u>Planned Audits:</u>	<u>Estimated Hours</u>
<u>Payroll</u> – Time Recording, Payroll Processing, and Payment of Overtime	600
<u>Human Resources</u> – Employee Master File	100
<u>Information Technology</u> – Management of Mobile Devices	500
<u>Outage Management System</u> – Outage Management System	500
<u>Enterprise Information Management</u> – Operations	500
<u>Capital Projects Management</u> – BWL Other	600
<u>Other Engagements and Projects:</u>	
Peer Review Preparation and Engagement, as Required by the Institute of Internal Auditors	500
Ongoing Management Assistance	100
Special Projects and Requests	200
Total Required Hours	3,600



Finance Committee Meeting
7/13/2021

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Finance Committee Chair Lenz asked whether the audits would be just planned audits and/or annual audits. Mr. Lewis responded that five or six planned audits per year would be conducted. Mr. Lewis added that an external peer review audit is due this year and time needs to be allotted for it. Finance Chair Lenz asked if outside consultants were needed for any of the audits. Mr. Lewis responded that the external peer review is the only audit that will have outside consultants unless there is a special request. Chair Lenz expressed the importance of planning and preparing for additional cost in I/A budget.

Commissioner Zerkle asked how often and what length of time is scheduled for audits to be conducted and whether the audits being planned were due to concerns from the respective departments. Mr. Lewis responded that some of the audits planned were for revolving processes, determining progress in processes, and for assessing risks that might come up.

Motion by Commissioner Price **Seconded** by Commissioner Graham, to forward the FY22 Audit Plan Resolution to the full board for approval.

Action: Motion Carried.

Internal Audit Department Charter

Internal Auditor Wesley Lewis presented the Internal Audit Department Charter.

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to forward the Internal Audit Department Charter Resolution to the full board for approval.

Discussion:

Commissioner Merrill suggested that as the audit charter is the document that represents the Board speaking to the audit department of its expectations, the audit charter should be reviewed

and revised to reflect the Board’s advisement and directives. Chair Lenz commented that the audit charter was revised in 2019 and the current version is being forwarded to the full board for approval. Commissioner Price commented that there was concern with the prior audit document presented and the Board was in agreement with keeping the current audit charter without the changes. Commissioner Zerkle commented in agreement that there were concerns with the changes. Commissioner Merrill added that if the current document remains effective until it is modified or repealed and then brought forward to the Board as a redraft, the Board should speak with one voice to make a binding charter in order to enforce compliance. Chair Lenz responded that the current audit charter will be sent by the Internal Auditor to the Commissioners to review. Mr. Lewis responded in agreement that the Board is ultimately responsible for the audit charter and that there should be periodic reviews as needed. Commissioner Price enquired about the deadline for approval and questioned if the Internal Audit Charter approval could be postponed until the next Finance Committee meeting after the Commissioners reviewed and offered revisions to the current Audit Charter. In conclusion, the Commissioners agreed that the Audit Charter approval would be postponed allowing all Commissioners’ time to review and submit any changes or suggestions to the document.

Commissioner Price **Rescinded** his motion to forward the Internal Audit Department Charter Resolution.

Finance Committee Chair Lenz directed Internal Auditor Lewis to send all Commissioners’ the current Audit Charter document to allow them to review and submit revisions.

Bi-Annual Internal Audit Open Management Responses Update

CFO Shawa introduced Elisha Franco, Finance and Planning Senior Internal Control Analyst, to present the Internal Audit Open Management Responses Update. Ms. Franco informed the Board of the open actions for revising and updating the P-Card Manual and Program and the mandatory training for P-Card holders. Additional open actions included implementing formal and written procedures for MPPA/MISO billings and implementing a formal user access security review process for written policies and procedures for the OATI System with ECD 7/31/2021. Closed actions included development of BWL Performance Energy Risk Management (ERM) Status Report with an ECD and actual completion date of 2/28/2021, and standardization and centralization of storage of purchasing documentation with an ECD 12/31/2020 and actual completion date of 1/31/2021.

**Resolution #2018-07-05
Board Policy on Follow-up to Internal Audit Findings & Recommendations**

- Internal Audit
 - Perform audits, report findings, provide recommendations, record management’s response, verify completion of corrective actions
- Management
 - Respond to findings and recommendations, identify and execute appropriate and timely corrective actions
- Follow-up of Open Management Responses to Audit Findings
 - An open action items list is maintained for progress tracking
 - Management reports progress to the Finance Committee semi-annually (Jan & July)

Open Actions

- P-Card (New)
 - Revise and Update P-Card Manual and Program - ECD 12/31/2021
 - The manual will be updated to reflect changes in reconciliation and approval process as well as provide guidelines for instances of lost or stolen cards, suspected fraud, changing technology, penalties for violations, sales tax, etc.
 - Work with merchant when possible and practical to prohibit unauthorized card purchases
 - Verify that revised P-Card manual aligns with other BWL policies and procedures. For example, the BWL Employee Travel and Reimbursement form and the BWL Procurement Policy.
 - Establish and enable reconciliations, sign off reviews, and record retention to occur electronically through the merchant portal.

Open Actions (continued)

- P-Card (Continued)
 - Revise and Update P-Card Manual and Program - ECD 12/31/2021
 - P-Card administrative procedures will be created to include:
 - Periodic Review of user access and approval limits (with merchant portal)
 - Periodic review of split charges to identify attempts to circumvent P-Card program transaction limits
 - Periodic audit of reconciliations of each cardholder’s transaction file and monthly reports to help ensure compliance with the P-Card manual
 - Annual Review of P-Card usage to determine if P-Card use status is necessary
 - Provide clear and concise documentation standards for the types and extent of supporting documentation for all P-Card purchases
 - Mandatory Training for P-Card Holders - ECD 2/28/2022
 - Training for P-Card holders on the revised P-Card Manual and processes



Commissioner Zerkle asked Ms. Franco whether the previous format of providing the open actions information in a chart or spreadsheet was still in use. Ms. Franco responded that the information could still be provided in the format in which it was previously done. Commissioner Zerkle asked if Internal Auditor Lewis was provided with a compilation of the information to allow him to review. Mr. Lewis responded that staff provides him with the information to review and CFO Shawa added that open actions are not closed and reported to the Board until internal audit has reviewed them.

Chair Lenz asked whether training for new procedures was conducted by the Finance Department and Ms. Franco responded that each department provides their own training. CFO Shawa added that training support is provided by Human Resources when needed, during managers' meetings and through the automated Learning Management System (LMS).

Other

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to approve the absence of Commissioner Ken Ross.

Adjourn

Chair David Lenz adjourned the meeting at 6:46 p.m.

Respectfully submitted,
 David Lenz
 Chair Finance Committee

Proposed Resolution
Appointment of the Charter Position of Corporate Secretary

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2021-2022 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2021's performance.

Proposed Resolution
Appointment of the Charter Position of Director and General Manager

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2021-2022 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2021's performance.

Proposed Resolution
Appointment of the Charter Position of Internal Auditor

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2021-2022 or until a successor is appointed, whichever last occurs.

Wesley Lewis, Internal Auditor

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2021's performance.

Proposed Resolution
Collective Bargaining Agreement between the Lansing Board of Water & Light
And the International Brotherhood of Electrical Workers, AFL-CIO, Local 352

WHEREAS, on June 1, 2021 the Board of Water & Light and IBEW Local 352 entered into a Tentative Agreement to extend the Collective Bargaining Agreement for four years effective November 1, 2021 through October 31, 2025; and

WHEREAS, the terms and conditions of the Tentative Agreement are in accordance with the direction and authority that was delegated by the General Manger; and

WHEREAS, the Tentative Agreement was submitted by the IBEW Local 352 negotiating team to the IBEW membership for its approval and was ratified on June 22, 2021.

RESOLVED, that the Board of Commissioners approve the “BWL/IBEW Tentative Agreement” dated and signed June 1, 2021.

The Official Finalized Contract Agreement is on file in the Office of the Corporate Secretary and the Board of Water and Light’s Human Resources Intranet Site.

Proposed Resolution
Fiscal Year 2022 Audit Plan Approval

RESOLVED, That the Board of Commissioners hereby approves the Fiscal Year 2022 Audit Plan submitted by Internal Audit.