



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

September 24, 2019

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 24, 2019.

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

Present: Commissioners David Price, Beth Graham, David Lenz, Anthony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Michael Froh (Meridian Township) and Larry Merrill (Delta Township)

Absent: Commissioner Joseph E. Graves and Non-Voting Commissioner Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Commissioner Thomas led the Pledge of Allegiance.

Motion by Commissioner Ross, **Seconded** by Commissioner Mullen to amend agenda to add a late item communication.

APPROVAL OF MINUTES

Motion by Commissioner Zerkle, **Seconded** by Commissioner Mullen, to approve the Regular Board Meeting minutes of July 23, 2019.

Action: Motion Carried

PUBLIC COMMENTS

Mitchell Shapiro, telecom analyst, spoke regarding the Smart Meter Program opt out.

COMMUNICATIONS

Electronic Mail received From or Re:

- Michael Braem regarding the Smart Meter Program-*Referred to Management. Received and Placed on File*
- Mary Patenge regarding the Smart Meter Program-*Referred to Management. Received and Placed on File*

A donation Thank You letter from Safe Haven for Cats in memory of Wendy Ailing-*Received and Placed on File.*

Late Item: Notice of resignation from BWL Commissioner Joseph E. Graves Jr.- Accepted, Received and Placed on File

COMMITTEE REPORTS

Commissioner Tracy Thomas presented the Human Resources Committee Report:

HUMAN RESOURCES COMMITTEE Meeting Minutes September 10, 2019

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, September 10, 2019.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tracy Thomas, Beth Graham, Joseph Graves Jr. and Sandra Zerkle. Also present: Commissioners Anthony Mullen, David Price, and Ken Ross; and Non-Voting Commissioners Michael Froh (Meridian Township) and Larry Merrill (Delta Township).

Absent: None

Public Comments

None

Approval of Minutes

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graves, to approve the Human Resources Committee meeting minutes of June 25, 2019.

Action: Motion Carried.

PA152 Health Care Premium Sharing Resolution

Human Resource Committee Chairperson Tracy Thomas introduced Michael Flowers, Executive Director of Human Resources. Mr. Flowers reviewed and discussed BWL's options regarding Public Act 152's requirements associated with capping the amount a public employer may pay for health care insurance.

Public Act 152, 2011

- The BWL has three options:
 - Comply with PA 152 and limit expenditures on health care cost based on a schedule of dollars provided in the Act using the Hard Cap as updated annually; or
 - Limit expenditures on health care cost based on a 80/20 percentage split, requiring a majority vote; or
 - Exempt itself entirely from the Act & choose some other percentage of Premium sharing, requiring a 2/3 vote

Alternatives Utilizing Option 3 to Opt-Out of Act 152, 2011 – Various Premium Sharing Options

Benefit Plan	2020 PA 152 Cap	2020 Annual Benefit Cost (Employer Portion Only)	Difference	14%	16%	18%	20%	Hard Cap
Single	\$8,918.07	\$4,187.48	\$4,730.59	\$42.56	\$48.75	\$54.93	\$61.11	\$42.43
Emp + 1	\$14,280.97	\$14,229.25	\$51.72	\$81.36	\$100.88	\$120.40	\$139.91	\$120.00
Family	\$18,596.96	\$17,793.13	\$803.83	\$110.44	\$136.58	\$162.72	\$188.85	\$162.00

The Union contract states that effective November 1, 2012 premium sharing for applicable insurance premium for hospital, medical and surgical, and prescription drug insurance plans will be approved and directed by the Board of Commissioners as prescribed by Public Act 152 of 2011.

Affordable Care Act (ACA)

Affordability provision for 1-1-20 in the Act stipulates Health Insurance premiums cannot exceed 9.78% of the employees income. This chart shows the maximum safe premium sharing while still complying with the affordability provision of the ACA. In 2020, entities must add Opt Out/Waiver pay in affordability calculations. Under ACA guidelines, it is required that entities count dollars paid for waivers as a lost cost to employees. Therefore the Opt Out/Waiver amount must be added to any premiums being paid by the employees to calculate affordability.

Lowest Paying Positions	Hourly Salary Rate	Annual Salary	Monthly Salary	Monthly Premium Allowed (\$75%)	Monthly Total Opt-Out/Waiver Premium Cost (\$125%)	Maximum Opt Out/Waiver (CO)	Monthly Emp'd Premium Sharing @ 20% (E)
Env Cleanse	\$21.09	\$49,125	\$3780.00	\$1897.50	\$3082.50	\$1200.00	\$112.00
Collection Clerk	\$22.24	\$49,043	\$3737.19	\$1868.59	\$3045.88	\$1188.00	\$112.00
Admin. IT Security	\$23.62	\$48,032	\$3679.80	\$1839.90	\$3033.15	\$1164.00	\$112.00
Designer 1	\$22.56	\$46,026	\$3468.73	\$1734.36	\$2852.38	\$1106.00	\$112.00

*PA 152 State Hard Cap Numbers for 2020 finalized and reflected in chart above.

If a <tbody>tr</tbody>, then plan is not affordable. This plan passes affordability test.

The recommendation is that the Board select option 3 and exempt itself from the requirements of PA 152 of 2011 for all active employees' medical benefits, effective January 1, 2020 with an increase from 18% to 20% in premium sharing contribution. Mr. Flowers noted that the plan

needs to meet the Affordable Care Act (ACA) affordability provision for 1/1/20 where health insurance premiums cannot exceed 9.78% of the employee’s income, which it does. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

Commissioner Zerkle inquired if exempting is necessary and if there won’t be an increase beyond 20% as long as the Affordable Care Act is met. Mr. Flowers responded that exempting was necessary for the proposed benefits plan and affirmed the latter.

Commissioner Price inquired whether there will be a further need to vote on the plan after the board adopts the increase to 20%. Mr. Flowers responded that it will need to be brought to the board next year also after the contract negotiations with the union to ensure that the affordability under the ACA is met.

Proposed Resolution

To Amend Employee Contribution to Medical Benefit Plans

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the “Public Funded Health Insurance Contribution Act”, Public Act 152 of 2011 limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a “hard cap” for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;

WHEREAS, the Board of Commissioners have met each year and passed a resolution exempting the Lansing Board of Water & Light from the “hard cap” of Public 152 of 2011 and established premium sharing amounts for the applicable benefit plan years, as follows:

Date	Resolution No.	Premium Sharing	Effective Date
July 24, 2012	(#2012-07-01)	10% All Active Employees	January 1, 2013
July 23, 2013	(#2013-07-02)	12% All Active Employees	January 1, 2014
September 23, 2014	(#2014-09-03)	12% All Active Employees	January 1, 2015
July 28, 2015	(#2015-07-12)	12% All Active Employees	January 1, 2015
November 17, 2015	(#2015-11-02)	12% - Union Employees 14% - Non-Union Employees	January 1, 2016 - 12% Union July 1, 2016 – 14% Non-Union
November 15, 2016	(#2016-11-06)	14% All Active Employees	January 1, 2017
September 26, 2017	(#2017-09-01)	16% All Active Employees	January 1, 2018
September 25, 2018	(#2018-09-01)	18% All Active Employees	January 1, 2019

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2020 through December 31, 2020.

FURTHER RESOLVE that the Board desires to increase premium sharing from 18% to 20% for all active employees for medical benefits effective January 1, 2020.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graves, to forward the proposed resolution for PA 152 Health Care Premium Sharing to full Board for consideration.

Action: Motion Carried.

Health Care Option for Non-Bargaining Employees

Executive Director of Human Resources, Mr. Michael Flowers, presented the health care options for non-bargaining unit employees and highlighted the similarities and differences between the Blue and Green plans.

2020 NBU Plan Options

Age Group	Blue Option Annual Premium	Green Option Annual Premium
18-24	\$2,400.00	\$2,400.00
25-34	\$3,200.00	\$3,200.00
35-44	\$4,000.00	\$4,000.00
45-54	\$4,800.00	\$4,800.00
55-64	\$5,600.00	\$5,600.00
65-74	\$6,400.00	\$6,400.00
75+	\$7,200.00	\$7,200.00

20% Premium Sharing

Deducted from your paycheck on a pre-tax basis to purchase your share of the Health Insurance cost (shown annually).

Employee Current Pay	Blue Option	Green Option
\$70.74	\$139.16	\$139.07

HEALTHCARE 101

PPO: In Network versus Out of Network

Health Care plans are all about networks. A PPO is a Preferred Provider Organization or a group of providers and facilities that have agreed to accept a discounted rate for services provided to members that utilize PPO's PPO Network.

- FHP** has negotiated discounted rates (allowed amounts) for services members receive with a group of providers and facilities.
- Members pay their share of the allowed amount with no balance billing on services received IN NETWORK.
- Members pay their share of the allowed amount (plus balance billing on services received) OUT OF NETWORK. Out of Network cost sharing is higher than in-network.

HEALTHCARE 101 Preventive Care

Covered 100%

Annual Health Exams in addition to Cervical Cancer and Pap Test Screenings

Immunizations including HPV, MMR, Tetanus, Flu, Varicella

Blood Pressure, Depression, and Lung Cancer Screenings

Billed Preventatively at no Member Cost

Mammograms, Colonoscopies, and Prostate Specific Antigen Tests

Well Baby and Child Exams

Diabetes, Cholesterol and Lipid screenings

Routine health care, including screenings, check-ups, and patient counseling, to prevent or discover illness, disease, or other health problems. Services covered at no member cost and provided by a Primary Care Physician and Labs.

HEALTHCARE 101 Primary Care Providers (PCP)

A physician, including an M.D. (Medical Doctor) or D.O. (Doctor of Osteopathic Medicine), who provides or coordinates a range of health care services for you. Engage and start a relationship with a Primary Care Provider to reduce how much you pay for health care. Early detection is key.

- Start a conversation with your primary care physician (PCP). Get your questions answered, schedule tests, follow up.
- Use your "hot blood" to reduce your risk for stroke and heart disease.
- Visit your PCP to lower your risk of cancer by getting mammograms, smoking and eating more fruits and vegetables in your diet.
- Make the most of your appointment. Make a list of symptoms, know your medications and ask about prevention.
- Understand your risk for diabetes. In a few minutes, reduce your risk by using weight, increasing exercise and reducing fat and calories in diet.
- Know your medications. How and when to take it. What is it for? What should you watch for?

HEALTHCARE 101 Telemedicine

Amwell is a faster easier way to see a doctor.

- Amwell utilizes Amwell for online doctor and urgent care visits. Now you can have live, on-demand video visits with a physician of your choice. Install the Amwell app today for doctors, the appists and specialists just a click away.
- Access Anywhere, 24 hours a day, 365 days a year without an appointment. No more waiting rooms. Middle of the night? Prescriptions sent electronically to the pharmacy of your choice. Your records shared with your doctor.
- Commonly used to treat the following conditions: Arthritis, Back, Cold, Sore, Flu, Gout, Itch, Allergies, Pink Eye, Sinus Infections, Stomach Issues, UTIs, etc. Member app easy for Blue Option and ago copy for Green Option.

*Make sure to sign up to use! <https://php.amwell.com>

Blue Option Deductible

The amount you owe for health care services your health insurance plan covers before your health insurance plan begins to pay. Typically for services such as hospitalization, surgery, radiology, diagnostic services, therapy, etc. This is owed when medical services are received.

Physicians Health Plan

PHP's PPO plan has a \$200 deductible for singles and \$400 for families (per year).

PHP's PPO plan has a \$200 deductible for singles and \$400 for families (per year).

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Green Option Deductible

The amount you owe for health care services your health insurance plan covers before your health insurance plan begins to pay. Typically for services such as hospitalization, surgery, radiology, diagnostic services, therapy, etc. This is owed when medical services are received.

Physicians Health Plan

PHP's PPO plan has a \$200 deductible for singles and \$400 for families (per year).

PHP's PPO plan has a \$200 deductible for singles and \$400 for families (per year).

PHP's PPO plan has a \$200 deductible for singles and \$400 for families (per year).

Blue Option Coinsurance

Your share of the costs of a covered health care service, calculated as a percent of the allowed amount for the service after a deductible is met.

The Blue Option has 0% coinsurance

Physicians Health Plan

The current Blue Option medical plan does not have coinsurance, but most plans do. Once the deductible is met, the member is responsible for a percent coinsurance up to a maximum amount.

The coinsurance starts every January 1, just like deductibles do. Coinsurance works like deductibles do. Singles up to the maximum single amount and a family up to the maximum family amount when a second person starts having services.

There is a maximum amount for singles and families like a deductible and once the maximum is met, the coverage sets to 100%.

Green Option Coinsurance

Your share of the costs of a covered health care service, calculated as a percent of the allowed amount for the service after a deductible is met.

The Green Option has 10% coinsurance

Physicians Health Plan

The Green Option medical plan has 10% coinsurance. Once the deductible is met, the member is responsible for a percent coinsurance up to a maximum amount when a second person starts having services.

The coinsurance starts every January 1, just like deductibles do. Coinsurance works like deductibles do. Singles up to the maximum single amount and a family up to the maximum family amount when a second person starts having services.

There is a maximum amount for singles and families like a deductible and once the maximum is met, the coverage sets to 100%.

Blue Option Pharmacy Copays

The fixed amount you pay per prescription drug at the point of sale, typically at the pharmacy or via mail order provider. Different flat dollar copays apply to different types of medications.

Tier 1	Tier 2	Tier 3
\$5.00	\$10.00	\$25.00

Generic Drug
Preferred Brand Name Drug
Non-Preferred Brand Name Drug and Specialty Drugs

Green Option Pharmacy Copays

The fixed amount you pay per prescription drug at the point of sale, typically at the pharmacy or via mail order provider. Different flat dollar copays apply to different types of medications.

Tier 1	Tier 2	Tier 3
\$5.00	\$10.00	\$25.00

Generic Drug
Preferred Brand Name Drug
Non-Preferred Brand Name Drug and Specialty Drugs

and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, the Lansing City Charter states the Board shall appoint three individuals who report directly to the Board and serve at the Board's pleasure; being a Director (also known as the General Manager), an Internal Auditor (also known as the Director of Internal Audit) and a Secretary (also known as the Corporate Secretary). The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but are not limited to the operation and management of the BWL.

WHEREAS, the Lansing City Charter further outlines the responsibilities and authority of the Board, which includes the compensation and benefits of BWL employees, and by virtue of this responsibility and authority the Board is the Plan Sponsor of the Lansing Board of Water and Light Health Care Plan (the "Plan").

WHEREAS, the Board's role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL's best interest, protecting and enhancing the BWL for the benefit of its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary have adequate support and resources to effectuate their roles.

WHEREAS, in July of 2017, the Board approved a Governance policy which, among other things, adopted and established the General Manager's principal role to manage and operate the BWL and establish administrative and operational directives, standards guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.

WHEREAS, management of the Plan's benefit design and administration are necessary for the General Manager to manage and operate the BWL by maintaining a qualified workforce.

WHEREAS, The Board as Plan Sponsor of the Plan desires to further clarify and delegate authority to the General Manager to oversee and manage the Plan's benefit design and administration on its behalf.

RESOLVED, the General Manager is authorized to oversee and manage the Plan's benefit design and administration on behalf of the Board.

FURTHER RESOLVED, the General Manager may further delegate this authority for operational efficiency.

FURTHER RESOLVED, all benefit plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graves, to forward the amended proposed resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions to full Board for consideration.

Action: Motion Carried.

Other

None

Adjourn

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graves, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 5:42 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

Commissioner Tony Mullen presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE
Meeting Minutes
September 10, 2019

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, September 10, 2019.

Committee of the Whole Chair Tony Mullen called the meeting to order at 5:50 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Beth Graham, Joseph Graves Jr., David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: Michael Froh (Meridian Township) and Larry Merrill (Delta Township)

Absent: Commissioners David Lenz and Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Thomas, to approve the Committee of the Whole meeting minutes of July 16, 2019.

Action: Motion Carried.

Update on BWL's Energy Waste Reduction (EWR) Program

General Manager Dick Peffley introduced Environmental Services and Reliability Compliance Manager, Ms. Lori Myott, and Energy Analyst, Ms. Aileen Gow, who oversees BWL's Residential and Non-Profit Energy Waste Reduction Programs.

2018 Energy Waste Reduction and Renewable Energy Annual Update

Committee of the Whole
September 10, 2019



Million Kilowatt Hour Club

New Members for 2018	
Liquid Web	Meijer, Inc
East Lansing Public Schools	Lansing Mall
Previous Members	
General Motors	Quality Dairy
Ashley Ryder	Demmer Properties LLC
State of Michigan DMB	Lansing School District
Peckham Vocational Ind.	General Motors
Sparrow Hospital	WMU Cooley Law School
Board of Water & Light	Ashley Capital
Jackson National Life	GM Delta Lighting & Pumps

2018 Annual Update of PA 295 & PA 342

- Public Act 295 of 2008 requires each municipal utility to provide an annual update of its Energy Optimization and Renewable Energy programs to its governing board
- Public Act 342, passed in December 2016, also known as the Clean and Renewable Energy and Energy Waste Reduction Act, amends PA 295
- Each utility must file annual reports with the Michigan Public Service Commission by May 31st
- Each utility must supply an annual report to its customers; the BWL will supply its report in the August Connections

2018 Energy Waste Reduction Programs

- Services for Low Income Customers
- Residential Programs
 - High Efficiency Lighting
 - Appliance Turn-in & Recycling
 - Multi Family Services
 - Energy Star Products/Equipment
- Business Prescriptive & Custom Incentives
- Energy Education Services
- Pilot programs

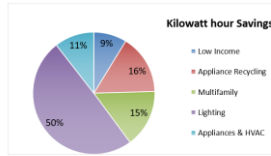
Program Highlights

- Education in the Community
 - Attended 63 local events
 - Did 34 presentations to community groups
 - Think! Energy (school program with Consumers Energy)
- Pilot Programs
 - Non Profit Grants
 - Affordable Housing Grants
 - Michigan Saves Low Interest Financing
 - Partnership with Consumers Energy and Michigan Saves
 - Residential- 0% for \$1,000-\$30,000 loans for up to 4 years
 - Business- 0% for \$2000-\$250,000 for 2 years

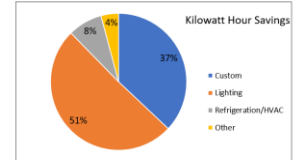
Energy Waste Reduction Summary

Program Portfolio	2018 Goals		2018 Actual	
	Strat First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	592,565	\$239,347	580,074	\$239,247
Residential Programs	3,456,215	\$1,017,889	4,445,113	\$988,174
Business Services	15,279,703	\$2,379,299	16,819,280	\$2,156,979
Total Program Portfolio	19,488,483	\$3,632,435	21,844,468	\$3,384,400
Program Administration		\$488,718		\$214,518
Evaluation (EM&V)		\$780,964		\$204,819
ANNUAL TOTALS	19,488,483	\$4,422,117	21,844,468	\$3,803,737

Residential Summary 2009-2018



Business Summary 2009-2018



Challenges and Opportunities

- Challenges
 - LED lighting saturation in market place
- New Opportunities
 - Specialty LED bulbs market
 - Smart Meter Pilot
 - Partner with Consumers Energy on Low Income and Houses for Worship Programs

Low Income 2018

- 250 Hometown Help energy assessments
- 4 Multifamily properties
- 13,731 items installed or distributed
 - 9,436 LED Bulbs
 - 2,266 Energy Kits
 - 123 Refrigerators
 - 18 Room Air Conditioners

Low Income 2018 Cont.

- Two Multifamily Landlords co-paid \$13,295 to replace 94 refrigerators w/Energy Star units
- Community Partners
 - Habitat for Humanity Capital Region
 - Capital Area Housing Partnership
 - Cristo Rey Community Center
 - City of Lansing – Baker Neighborhood Initiative
 - Local nonprofit organizations that serve vulnerable populations

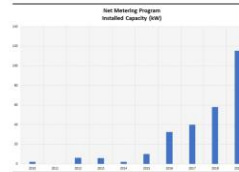
Renewable Energy 2018 Results

- PA 342 requires all electric utilities have 10% in 2018; 12.5% in 2019 and 15% renewables in 2021
- The BWL is in compliance with both the renewable energy generation and its inventory of RECs
- With planned developments and the ability to carry forward renewable energy credits, the BWL will not need any additional renewable energy to meet compliance with PA 342

2018 Updates

- Delta Solar Park online with 24 MW of solar capacity
- East Lansing Solar Park (12/28/2018)
 - Installed capacity is 345 kW
 - Project is fully subscribed
 - Website: <https://micocommunitysolar.org/>
- The Net Metering Solar program update
 - Added 10 new Residential customers
 - Total number of customers: 23 Residential and 4 Commercial
 - Total New Metering Capacity is 160.65 kW as of 12/31/2018

Net Metering Program



Current Renewable Energy Portfolio

- Purchase Energy and RECs
 - Granger landfill gas – 11.2 MW
 - Tower Kleber Hydro – 2.2 MW
 - Exelon Wind in Gratiot County—19.2 MW
- BWL Owned
 - Solar (Cedar street and REO office building)

Planned Projects

- Solar
 - Currently reviewing proposals for utility scale solar project
- Pursuing and Evaluating Wind Options
- Goals
 - Achieve 20% renewable goal by 2020

Renewable Energy Challenges

- Community Acceptance
- Generation Dispatchability
- Storage Limitations

Ms. Myott reported that BWL implements its energy waste reduction and renewable energy programs under Public Act 295. Public Act 295 requires that municipal utilities update their governing board every year on their accomplishments for the previous year. Ms. Myott gave an update on BWL's Energy Waste Reduction (EWR) Program. Ms. Myott stated that the BWL offers a variety of programs and highlighted the different programs and information given to the community. Ms. Myott noted that the LED program is the most popular with customers.

Commissioner Zerkle inquired whether BWL was still providing seminars in neighborhoods for low income customers and Ms. Myott responded that Ms. Aileen Gow will provide information.

Commissioner Ross noted the success in large business in energy reduction and inquired about the opportunities for communities with a lot of rentals and low income, and the challenges of getting landlords to invest in energy saving technology. Commissioner Ross also asked if there is a network of utilities communicating about what programs are working. Ms. Gow responded that the Michigan Public Service Commission, who legislates the energy programs, has a state-wide group just for low income that meets monthly and shares a large amount of information. Ms. Gow also stated that a recent program was started in a high rental area with a copay for

landlords and it has been very successful. Refrigerators are replaced for rentals for 25% and homeowners for free. GM Peffley responded that the MMEA also reviews these types of programs.

Commissioner Graves commented that it was good that these programs were being implemented in the community especially for low income and stated that it was important to determine whether there was a return on investment. GM Peffley responded that 50% of Lansing's population is rental and landlords observe the investment with the refrigerators and a smaller electric bill.

Commissioner Graham commented that she was part of the rental property association and landlords discuss the program positively at the monthly meetings.

Commissioner Mullen asked what percentage of renewable energy was in retail sales and Ms. Myott responded that the BWL is currently at 15% and was required to meet 10% by the end of 2018.

Commissioner Zerkle inquired whether the BWL could work with the city to get a higher percentage of multi dwellings to participate in the programs as a large amount of low income units could use the energy savings with a new refrigerator. Ms. Gow responded that BWL contractors have worked with almost every property manager they can find and have also worked with the Lansing Housing Commission.

Commissioner Ross inquired about the effect of projects in townships currently compared to the past. GM Peffley responded that if wind projects become difficult to license in Michigan more solar projects will be considered.

Wholesale Water Service Agreement with Charter Township of Lansing – West Side Water

GM Peffley introduced Strategic Planning and Development Executive Director, Ms. Brandie Ekren, who reviewed the updates to the West Side Water Wholesale Water Service Agreement with Charter Township of Lansing. Ms. Ekren reported the following conditions in the agreement:

- Most of the general conditions remain the same.
- Allows for the full cost of service recovery based on an industry standard methodology.
- No requirement that there be a mutual agreement to terminate.
- Lansing Township provides the BWL with annual 10-year forecasts of demand.
- Provisions for how to handle requests for water in excess of planned demands.
- Establishes an operating committee and a contract administration committee.
- Language is included that is related to water efficiency and conservation.

Commissioner Zerkle asked that when there isn't a requirement for a mutual agreement to terminate is there a time frame of notice that needs to be given. Ms. Ekren responded that a standard notice requirement is required. Ms. Zerkle also asked what percentage Delta customers pay in comparison with what Lansing customers pay for water services. Ms. Ekren replied that she didn't have that information but any adjustments are factored into the cost of service.

Commissioner Ross asked whether BWL passed rates which govern the water contracts or do the contracts include a rate schedule. Ms. Brandie responded that there is a difference between a wholesale and retail agreement. In a wholesale agreement BWL negotiates a contract with the

township and the Commissioners approve the rates yearly. In retail agreements BWL contracts with individual customers and is handled during the normal rate making process.

Commissioner Froh inquired whether, outside of a long-term agreement where the savings would be realized with conservation, there has been any discussion of incentivizing savings for customers for going above and beyond attempts to reduce consumption. Mr. Peffley responded that on a wholesale agreement it is difficult to realize an incentive as the customer could bring on a new subdivision that would increase their water flow.

Commissioner Ross commented that this is a water service agreement and not a franchise agreement and therefore the dynamic of adding on fees doesn't apply.

Commissioner Mullen asked whether the water service will be billed along with the electric bill and whether water would be provided to communities further west than Lansing Township. Ms. Ekren responded that the township with whom the water service agreement is made will do the metering, invoicing, and billing. GM Peffley responded that Grand Ledge has made an initial contact with BWL but nothing further.

Corporate Planning; Industry Updates and Considerations

GM Peffley reported that corporate planning will be a reoccurring agenda item to educate the Commissioners on the IRP, sustainability, and strategic planning so that they are able to answer questions out in the public. A flyer will be sent out every couple of weeks to the Commissioners also with updated information. Ms. Ekren presented industry considerations and introduced Planning & Development Manager, Steve Brennan, and Senior Rate Analyst, Paul Eory, to present updates on IRP and modeling.

INDUSTRY TRENDS & CONSIDERATIONS

- Investment in "clean" and "renewable" energy that supports W&S's health and promotes environmental sustainability
- Power supply
- Infrastructure needs for electricity and water
- Customer expectations and preferences
- Business competitiveness and economic development
- Technology and communication advancements
- Shifting regulatory compliance standards
- Industry business model evolution

CURRENT ACTIVITIES UNDERWAY

- Clear energy planning & goals
- Integrated resource planning
- Risk management principles and certification
- Enterprise risk management efforts
- District master plan review of steam and chilled water
- Public power branding
- Investment in technologies
- Inclusion, equity & diversity efforts
- Rate design strategies & efforts
- Business Development & Marketing efforts
- Implementation of 2016 Strategic Plan

INTEGRATED RESOURCE PLAN: INDUSTRY INSIGHT & MODELING

GOAL: Review industry data reports and practices to current state of utility resources as well as industry trends. Main areas of focus will be modeling energy and capacity markets as well as supply side resources and demand side resources. This research will be used to help provide direction on how BWL can provide clean, affordable and reliable electric service over the next 20 years.

TARGET: Integrated demand side management & Distributed Energy Resource (DER) Load Penetration, Distributed Electrification, Storage, etc. Transmission configurations

DELIVERABLES: Description of methods, assumptions and risks. Modeling of strategies of the following characteristics: environmental attributes, cost (affordability), reliability (diversity of supply vs. local needs)

Industry Insight

Industry Insight & Modeling Value

- Other values and objectives are desirable or measurable, taking into consideration operational needs, regulatory accountability and stakeholder feedback.
- Value Changes: Fuel mix, Reliability, Energy Efficiency, Service region.
- Quantify the value from risk reduction for the creation of other options.
- Scenarios are important because asset choices can dramatically change economics/benefits.
- Several options could have similar outcomes but different risk profiles: Environmental Risk, Economic Risk, Reliability Risk.

BASE MODEL & QUESTIONS TO CONSIDER

Base Model

- Minimum clean energy targets: 15% 2025, 40% 2030
- Belle River retires 2020
- Full computer-based optimization of resources gives the above assumptions

Candidate Resources

- Energy efficiency (EE)
- Demand response (DR)
- Customer-owned solar (OC)
- Utility-scale solar
- Li-ion Batteries
- Wind Energy
- Hydro Energy
- Electric vehicle encouragement program (EV)
- Combined heat & power (CHP)
- Internal Combustion Engines (ICE)
- Combustion Turbines (CT)

Modeling Objectives

Software Modeling Purpose

- Create a baseline understanding of technology capabilities, especially related to reliability, affordability and environmental impacts
- Drives the discussion to goals and trade-offs
- Modeling gives each resource type an equal chance of being in the least cost, least risk portfolio

New Software Model: Ascend Analytics' PowerSimm Planner

Computing

- ABB's Strategist model built using typical week averages
- One modeling result would take 24x history of computing time
- New model can run hundreds of simulations in less time
- More detail in modeling

Simulations

- Simulations based on chronological hourly dispatch
- Simulate weather and its impact on load, renewable, and market prices of gas and power
- Meaningful variation in load prices is correlated to identify probability of customer outcomes
- Highlights value of flexibility

Risk Valuation

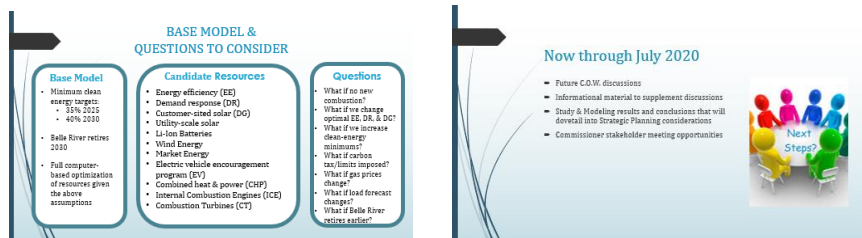
- With hundreds of simulations, the software can calculate the risk premium of each study
- Lays out the playing field between portfolios of different risk characteristics
- Considers probability of the riskier outcomes

Demand-Side

- New software better integrates demand-side technologies, including energy efficiency, demand response and customer sized renewables
- Flexibility of resources important to modeling

Risk Premium: Illustrates Value of Future Risks

Demand Response



Commissioner Zerkle inquired whether BWL is working with other APPA public power utilities in Michigan. GM Peffley responded that utilities contribute information through MPPA and MMEA.

Commissioner Thomas commented on being able to watch TV with Water & Steam Distribution Manager, Mr. Alando Chappell with the Boys and Girls Club and Electric Transmission & Distribution Director, Mr. Wayne Lynn on Turning Point and how they are helping inform the community.

Commissioner Zerkle inquired whether BWL would need to produce more electricity with the Belle River closing in 2030 or if BWL would have the capacity of selling more. GM Peffley responded that BWL has 11% ownership with Belle River which is in the amount of 150 megawatts and BWL’s intent by 2030 is to have renewables in place.

Commissioner Ross asked what the minimum clean energy targets is defined as. Mr. Eory responded that minimum clean energy targets are defined as renewables and energy efficiency which is respectively 20% and 10% in 2020. Commissioner Ross asked if 30% of the generation portfolio would be renewables and 10% would be energy efficiency in 2030. GM Peffley affirmed. Commissioner Ross also asked about obtaining additional 1% efficiency every year and if it compounded. GM Peffley responded that 1% efficiency has been achieved every year and he doesn’t have any concerns about meeting the goals for 2030 and 2040.

Commissioner Price asked if one of the outputs would be carbon footprint or made to do that. Mr. Eory affirmed.

Commissioner Ross inquired about the IRP, modeling and assumptions not being available or transparent, and if the software is standard. Mr. Eory responded that the software is starting to be deployed in Michigan and is mostly used by a few larger companies. Commissioner asked about the availability of the information. Mr. Eory responded that assumptions have been bundled and documented and the new model has templates that can be used and turned into white papers. Ms. Ekren responded that this model software allows more granular data and the information is readily visible.

Ms. Zerkle also asked about the providing of parking meters and charging stations for an increase in electrical vehicles in the future. GM Peffley responded that BWL is working with local developers to place charging stations around town.

Commissioner Price recommended that Commissioners attend the Strategic Planning meetings that would be held with customers and members of the public. Corporate Secretary Griffin will send an email to Commissioners of the meeting times when they are scheduled. Commissioner Zerkle recommended that these meetings be held separate from Committee of the Whole meetings to encourage longer discussions and also asked if the Internal Auditor would be contributing input to these meetings as he may audit some of the processes that are approved.

Internal Auditor Mr. Wesley Lewis responded that he and Ms. Ekren discussed the regulatory changes that are taking place and will be attending the meetings.

Other

Motion by Commissioner Graham, Seconded by Commissioner Ross, to excuse Commissioners David Lenz and Douglas Jester from tonight's meeting.

Action: Motion Carried

Adjourn

Commissioner Mullen adjourned the meeting at 6:47 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

Commissioner Ken Ross presented the Finance Committee Report:

**FINANCE COMMITTEE
Meeting Minutes
September 10, 2019**

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, September 10, 2019.

Finance Committee Chair Ken Ross called the meeting to order at 7:14 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Ken Ross, Tony Mullen, and David Price. Also present: Beth Graham, Joseph Graves Jr., Tracy Thomas, and Sandra Zerkle; and Non-Voting Commissioners Michael Froh (Meridian Township) and Larry Merrill (Delta Township).

Absent: Commissioner David Lenz

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Finance Committee meeting minutes of July 16, 2019.

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

Committee Chair Ross introduced external auditor Beth Ryers, Firm Director at Baker Tilly Virchow Krause, LLP. Ms. Ryers presented and highlighted the external audit report which included an audit overview, observations and recommendations, and required government communications. BWL received an unmodified or clean opinion which is the highest level of assurance provided.

Ms. Ryers' presentation was as follows:

Board of Water and Light – City of Lansing
Finance Committee Meeting - 2019 Audit Presentation
September 10, 2019

Board of Water and Light – City of Lansing

Agenda

- Audit overview
- Observations and Recommendations
- Required Communication to Governing Body

Board of Water and Light – City of Lansing

Audit Overview

- Audit performed in accordance with Generally Accepted Auditing Standards
- Audit objective – reasonable assurance that financial statements are free from material misstatement
- Financial statements of BWL received an **Unmodified Opinion**

Board of Water and Light – City of Lansing

Audit Overview

Financial Statements Include

- Auditors' report
- Management discussion and analysis
- Enterprise fund statements
- Consolidated pension trust statements
- Notes
- Required supplemental information
- Additional information

Board of Water and Light – City of Lansing

Audit Overview

- Audit assesses internal controls
- Internal control means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources
- Controls must meet the goal and objectives of Operations, Reporting and Compliance

Board of Water and Light – City of Lansing

Audit Overview

Controls reviewed in key transaction areas

- Disbursements
- Payroll
- Billings
- Cash and investments
- Capital assets
- Information technology
- Financial reporting

Board of Water and Light – City of Lansing

Observations and recommendations

Enterprise Fund

- Reported net income of \$32,400,000
- Bond coverage was met in 2019
- There were no material weaknesses reported
- Implemented GASB 89

Board of Water and Light – City of Lansing

Observations and recommendations

Enterprise Fund

Operating Revenues – Four-year Comparison (in thousands)

	2016	2017	2018	2019
Water	\$ 38,751	\$ 38,738	\$ 41,324	\$ 42,851
Electric	803,618	812,835	895,391	891,211
Steam	1,483	14,464	22,012	16,760
Child Water	8,228	3,333	4,322	4,322
Operating Revenue	\$ 850,080	\$ 879,330	\$ 963,053	\$ 955,134

Board of Water and Light – City of Lansing

Observations and recommendations

Enterprise Fund

Operating Expenses – Four-year Comparison (in thousands)

	2016	Revised 2017	2018	2019
Production	\$ 176,368	\$ 205,513	\$ 220,124	\$ 144,277
Transmission and Distribution	21,365	21,840	27,823	28,879
Administrative and General	64,207	71,418	75,859	70,864
Regulatory equity	23,284	21,842	20,942	21,111
Depreciation	61,162	62,330	65,220	65,112
Operating Expenses	\$ 326,386	\$ 382,743	\$ 445,978	\$ 330,043

Board of Water and Light – City of Lansing

Observations and recommendations

Enterprise Fund

Operating Income – Four-year Comparison (in thousands)

	2016	Revised 2017	2018	2019
Water	\$ 4,089	\$ 4,638	\$ 3,321	\$ 1,738
Electric	23,885	21,139	22,295	28,472
Steam	2,047	1,236	1,479	1,461
Child Water	2,271	3,005	3,485	3,054
Operating Income	\$ 22,392	\$ 29,018	\$ 27,580	\$ 44,634

Board of Water and Light – City of Lansing

Observations and recommendations

Enterprise Fund

Future Debt Service Requirements (in thousands)

	2020	2021	2022	2023	2024
Principal	\$ 7,609	\$ 7,242	\$ 12,242	\$ 11,774	\$ 12,230
Interest	31,443	30,845	30,489	29,938	29,340

Debt service after 2024 includes remaining principal payments of \$974,401,000 and interest payments of \$434,619,000 through 2046.

Board of Water and Light – City of Lansing

Observations and recommendations

Pension Plans

- Separate financial statements issued for each pension plan
- All three plans received unmodified audit opinions

Board of Water and Light – City of Lansing

Observations and recommendations

Future accounting standards

- GASB Statement No. 84, Fiduciary Activities effective for fiscal year 2020
- GASB Statement No. 87, Leases – effective for fiscal year 2021
- GASB Statement No. 91, Conduit Debt Obligations – effective for fiscal year 2022

Board of Water and Light – City of Lansing

Observations and recommendations

Future accounting standards

- GASB Statement No. 84, Fiduciary Activities effective for fiscal year 2020
- GASB Statement No. 87, Leases – effective for fiscal year 2021
- GASB Statement No. 91, Conduit Debt Obligations – effective for fiscal year 2022

Board of Water and Light – City of Lansing

We appreciate the help of the Board of Water and Light General Accounting & Finance Teams in preparing for and assisting in the audit!



Discussion

Jodi Dobson, Partner
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Bethany Ryers, Firm Director
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Jeff Hurda, Senior Accountant
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Jeff.Hurda@bakertilly.com

Commissioner Ross inquired about the number of staff that were working onsite. Ms. Ryers responded that 4-5 people were on site. Commissioner Ross congratulated Ms. Shawa and her staff for an audit well done.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to forward to the Board Meeting the Acceptance of the Resolution for the 2019 Audited Financial Statements.

Action: Motion Carried.

July YTD Financial Summary

CFO Heather Shawa gave a review of the July 2019 Year-to-date Financial Summary. Ms. Shawa reported the following: operating cash is budgeted at \$32.3 million and it is now near \$32.1 million; Net Income is budgeted just above \$4 million and it is now a little under \$8 million. Ms. Shawa noted that as July and August are typically slower months financial factors are typically under budget. Ms. Shawa also reported that credit on VEBA of approximately \$1 million was not known at the time of the budget.

Internal Audit Report & Revised Internal Audit Work Plan



Internal Audit Status Report

Presented by:
Wesley Lewis, Director of Internal Audit
Finance Committee Meeting
September 10, 2019

Overview

- FY 2019 Audit Plan Progress Report
- Background for Revised FY 2020 Audit Plan
- Proposed FY 2020 Audit Plan
- Revised Internal Audit Department Charter
- Other Items



FY 2019 Audit Plan Progress Report

Engagements Completed:

1. Customer Arrangements Audit (FY18 carryover)
2. Contract Signature Authority Compliance Audit (FY18 carryover)
3. Physical Security Audit (FY18 carryover)
4. COBIT Compliance Follow-up Audit
5. Change Management Follow-up Audit
6. Metering Services Audit
7. Vegetation Management Audit
8. Accounts Payable Audit
9. Surprise Cash Counts (2)
10. Employee Time Reporting Reviews (2)
11. Cybersecurity Policies Audit



FY 2019 Audit Plan Progress Report, cont'd

Engagement in Progress:

1. Procurement Audit (summarizing and reporting stage)

Engagement Deferred:

1. Project Engineering Audit (terminated and now deferred to FY 2021)



Proposed, Revised FY 2020 Audit Plan - Background

Basis for Plan:

1. The Predecessor Internal Auditor held meetings with Senior Management and Staff to discuss risks and potential audit topics in FY 2019.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Identified more than 30 potential audits to perform in FY 2020 and beyond.
5. After the Predecessor Internal Auditor left and I came on board in July 2019, we followed-up with Senior Management on the proposed plan and determined that some of the needs of the business had changed since the initial plan was agreed upon. Thus, as a result of discussions with Senior Management, we made some revisions to the initial plan.



Proposed, Revised FY 2020 Audit Plan - Background

Top Six Engagements for FY 2020* (as discussed and agreed with Senior Management, then priority-ranked by Internal Audit in order of importance and estimated timeframes):

1. **Cash Management and Treasury Audit (First Time Audit)**
 2. **Work Management (WM) (New Process and First Time Audit)**
 3. **Customer Projects (Last Audited in March 2015 and to be executed at the same time as the WM Audit)**
 4. **Energy Risk Management (Last Audited in June 2013)**
 5. **IT - Vulnerability Assessments (First Time Audit) Estimated start is Q4 2020.**
 6. **CFO - Fixed Assets (Last audited in May 2012) Estimated start is Q4 2020.**
- * This plan is subject to change. Items that could change and alter the plan include staffing efforts, upgrade in audit technology and related training, ISO certification for Internal Audit, and special engagements.*



Proposed, Revised FY 2019 Audit Plan Hours

Planned Audit	Estimated Hours
Cash Management and Treasury (First Time Audit)	450
Work Management (First Time Audit)	450
Customer Projects	300
Energy Risk Management	300
IT Vulnerability Assessments (First Time Audit)	450
CFO - Fixed Assets	300
Other Engagements and Projects:	
Special Engagements	450
Consulting - Topics TBD	300
Periodic Reviews (cash count, time reporting, P-Card expenses, etc.)	200
Continuous Audit Involvement (SMART, Org Change Mgt, ISO 9001, etc.)	300
Total Required Hours	3,500



Footer

7

Proposed, Revised FY 2020 Audit Plan Hours, Cont'd

Available Resources:

Resource	Position	Available Hours
Wesley Lewis	Director of Internal Audit	1,200
XXXXXX	Principal Internal Auditor	1,800
YYYYYY	Accounting Interns	500
Total Hours		3,500



Footer

8

Proposed Revised FY 2020 Audit Plan, Cont'd

- Questions?
- Recommend Approval of FY 2020 Audit Plan



Footer

9

Proposed Revised Internal Audit Department Charter

- Adds clarity and eliminates ambiguity regarding Internal Audit's rights and responsibilities.
- Promotes transparency and accountability of the Internal Audit function.
- Meets the requirements of the Institute of Internal Auditors International Audit Standards

We recommend approval of the revised Internal Audit Department Charter.

Footer

10

Other Items

1. Current Technology Upgrades
 - Internal Audit Management Software System
 - Information Analytics Tool, with Artificial Intelligence
2. Staffing
3. ISO Certification for Internal Audit



Footer

11

Commissioner Zerkle inquired as to why the plan was revised. Mr. Lewis responded that there were some risks or requirements identified in April that no longer apply.

Commissioner Ross summed up that there were three additional factors that created the need to re-evaluate the existing audit plan:

- A new internal auditor at mid-year who assessed the existing audit plan and reviewed the risk rating methodology
- The number of work hours were decreased in the audit department due to succession and departure of staff
- An analysis of risk rate needed to be done to determine which items needed to be addressed first

Commissioner Zerkle asked if another Assistant Internal Auditor would be hired and Mr. Lewis affirmed. She commented that Mr. Lewis' goal was to conduct six audits and the usual goal was three or four. Mr. Lewis responded that additional audits have been planned in case circumstances arise where an audit can't be completed

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to accept the Revised Internal Audit Work Plan for FY 2020 and forward it to the full Board for acceptance.

Action: Motion Carried.

Internal Audit Charter and Resolution

Internal Auditor Wesley Lewis requested approval for the Internal Audit Charter Resolution.

Proposed Resolution

Internal Audit Charter Approval

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Charter as amended to which conforms to the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors.

Commissioner Ross commented that it was the previous Internal Auditor's preference to have a high level but brief document. The new charter is similar but with more detail.

Commissioner Zerkle asked if the Principle Internal Auditor would be considered a BWL employee and Mr. Lewis affirmed.

Commissioner Ross asked Mr. Lewis to provide an update on his CISA certification process. Mr. Lewis responded he has started studying for the exam and plans to sit for the exam in January or February in 2020.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to adopt the Internal Audit Charter by Resolution and forward it to the full Board for consideration.

Action: Motion Carried.

Other

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to excuse Commissioner David Lenz from tonight's meeting.

Action: Motion Carried

Adjourn

Chair Ken Ross adjourned the meeting at 8:00 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

MANAGER'S RECOMMENDATIONS

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

RESOLUTIONS

RESOLUTION 2019-09-01

To Amend Employee Contribution to Medical Benefits Plan

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the "Public Funded Health Insurance Contribution Act", Public Act 152 of 2011 limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a "hard cap" for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;

WHEREAS, the Board of Commissioners have met each year and passed a resolution exempting the Lansing Board of Water & Light from the “hard cap” of Public 152 of 2011 and established premium sharing amounts for the applicable benefit plan years, as follows:

Date	Resolution No.	Premium Sharing	Effective Date
July 24, 2012	(#2012-07-01)	10% All Active Employees	January 1, 2013
July 23, 2013	(#2013-07-02)	12% All Active Employees	January 1, 2014
September 23, 2014	(#2014-09-03)	12% All Active Employees	January 1, 2015
July 28, 2015	(#2015-07-12)	12% All Active Employees	January 1, 2015
November 17, 2015	(#2015-11-02)	12% - Union Employees 14% - Non-Union Employees	January 1, 2016- 12% Union July 1, 2016 – 14% Non-Union
November 15, 2016	(#2016-11-06)	14% All Active Employees	January 1, 2017
September 26, 2017	(#2017-09-01)	16% All Active Employees	January 1, 2018
September 25, 2018	(#2018-09-01)	18% All Active Employees	January 1, 2019

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2020 through December 31, 2020.

FURTHER RESOLVE that the Board desires to increase premium sharing from 18% to 20% for all active employees for medical benefits effective January 1, 2020.

Motion by Commissioner Ross, **Seconded** by Commissioner Thomas, to accept the Resolution to amend the PA 152 Health Care Premium Sharing Resolution.

Action: Motion Carried

RESOLUTION 2019-09-02

**Delegation of Authority: Health Care Plan
Benefit Design and Administrative Decisions**

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Lansing City Charter, Article 5, Chapter 2, delegates to the Board administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, the Lansing City Charter states the Board shall appoint three individuals who report directly to the Board and serve at the Board’s pleasure; being a Director (also known as the General Manager), an Internal Auditor (also known as the Director of Internal Audit) and a Secretary (also known as the Corporate Secretary). The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but are not limited to the operation and management of the BWL.

WHEREAS, the Lansing City Charter further outlines the responsibilities and authority of the Board, which includes the compensation and benefits of BWL employees, and by virtue of this

responsibility and authority the Board is the Plan Sponsor of the Lansing Board of Water and Light Health Care Plan (the "Plan").

WHEREAS, the Board's role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL's best interest, protecting and enhancing the BWL for the benefit of its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary have adequate support and resources to effectuate their roles.

WHEREAS, in July of 2017, the Board approved a Governance policy which, among other things, adopted and established the General Manager's principal role to manage and operate the BWL and establish administrative and operational directives, standards guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.

WHEREAS, management of the Plan's benefit design and administration are necessary for the General Manager to manage and operate the BWL by maintaining a qualified workforce.

WHEREAS, The Board as Plan Sponsor of the Plan desires to further clarify and delegate authority to the General Manager to oversee and manage the Plan's benefit design and administration on its behalf.

RESOLVED, the General Manager is authorized to oversee and manage the Plan's benefit design and administration on behalf of the Board.

FURTHER RESOLVED, the General Manager may further delegate this authority for operational efficiency.

FURTHER RESOLVED, all benefit plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Lenz, to accept the Resolution for the Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions.

Action: Motion Carried

RESOLUTION 2019-09-03
Fiscal Year 2019 Audited Financial Statements
Of the Enterprise Fund and Pension Fiduciary Funds

RESOLVED, that the fiscal year 2019 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2019 Audited Financial Statements of the Board of Water and Light and the report on auditing procedures with the State Treasurer as required by the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended) no later than December 31, 2019.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2019 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 15, 2019.

Motion by Commissioner Ross, **Seconded** by Commissioner Lenz to approve the FY 2019 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds.

Action: Motion Carried

RESOLUTION 2019-09-04
Internal Audit Charter Approval

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Charter as amended to which conforms to the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors.

Motion by Commissioner Mullen, **Seconded** by Commissioner Graham to approve the Internal Audit Charter.

Action: Motion Carried

MANAGER'S REMARKS

General Manager Dick Peffley provided information on the following items:

- The Delta Energy Plant project is on schedule and running smoothly. There are about 250 people working on site, a majority of the ground work is completed and it is expected that steel construction will begin in about a month.
- GM Peffley requested that the Finance Department investigate whether it is appropriate to give the DV pensioners an increase which hasn't happened since 12 years ago.
- The BWL Golf 4 Charity event held on August 23, 2019 raised money for wounded warriors. There were more than 72 teams that participated. The proceeds go to the Guardian Angels Medical Service Dogs, Inc., Pennies for Power and the Michigan State Women's basketball team. Service dogs cost about \$40,000 dollars each and over \$100,000 have been raised for the program. Pennies for Power receives 10% of the proceeds from the golf charity event and the Michigan State Women's basketball team receives another 10% of the proceeds.

GM Peffley introduced BWL General Counsel Mark Matus to give recent litigation updates. Mr. Matus reported the following:

- BWL settled with Lansing Township regarding a matter that began with 2013 assessments.
- A settlement was reached with the Environmental Protection Agency (EPA) regarding a notice of a violation that was received in 2015 regarding the Erickson plant.
- An amicable resolution was reached with the Environmental Protection Agency regarding a notice of violation that was received in 2018 regarding the Eckert station's mercury monitoring system.

Commissioner Ross asked if the contents of the settlements are public. Mr. Matus responded that the information will be available to the public. Mr. Matus added the following:

- The settlement with the Lansing Township was for \$75,000, and that Lansing Township wanted to offset their drain assessment which would have been in the millions of dollars.
- The settlement with the EPA for Erickson was for \$175,00 and a transportation electrification mitigation project of support for plugin vehicles and charging stations.

- The settlement with the EPA for Eckert was for \$17,500 and a renewable energy resource mitigation project for a school.

Commissioner Zerkle inquired about GM employees laid off, possible layoff of State of Michigan employees, parts suppliers being laid off and requests for assistance with their bills. GM Peffley responded that BWL Customer Service Representatives have been instructed that if customers call and identify themselves as being laid off or on strike, the customers will be provided an extended payment plan to avoid shutoff and will be directed to areas where they can receive funding.

Commissioner Froh commented on the strike issue and large customers asked what is in place in respect to the lost revenue. GM Peffley responded that the Finance Department is putting together a plan for the instance of the strike running long.

COMMISSIONERS' REMARKS

Commissioner Froh recommended the viewing of an excellent public relations video regarding the 600 years of combined experience among employees that have been at the BWL for a long time. Commissioner Froh also commented on the Smart Meter public comments regarding the transmission times and inquired how many times per day that transpires. GM Peffley responded that in a normal state, about 95% of the time or not during a storm, the meter transmits twice a day for 20 seconds and it is less wattage than a cell phone.

Commissioner Zerkle wished Commissioner Graves well.

Commissioner Ross commented on the process leading up to the rules and regulations and rates for the upcoming year. The integration of Smart meters into the system and the roll out plan had been discussed and Commissioner Ross suggested the creation of a document or materials that provide facts about the specific type of Smart Meter units provided by BWL. Commissioner Price responded that the information is on the BWL website.

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Ross, **Seconded** by Commissioner Thomas, to excuse Commissioner Jester from tonight's meeting.

Action: Motion Carried

PUBLIC COMMENTS

Mary Patenge spoke regarding the Smart Meter Program opt out.

ADJOURNMENT

Chair Price adjourned the meeting at 6:03 p.m.

M. Denise Griffin, Corporate Secretary

Approved by the Board of Commissioners: 11-19-19

Official Minutes filed (electronically) with Lansing City Clerk: 11-20-19