



BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
November 13, 2018 - 5:30 p.m.
BOARD MEETING AGENDA

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of September 25, 2018

4. Special Presentation: Epic MRA Employee Survey Results

5. Public Comment

*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.*

6. Communications

- a. Electronic Mail received from: shadoww0lf@protonmail.com regarding One Touch Make Ready Policy

7. Committee Reports

- a. Committee of the Whole Meeting (November 6, 2018)-Sandra Zerkle, Chair
- b. Finance Committee Meeting (November 6, 2018)-Ken Ross, Chair

8. Resolutions/Action Items

- a. 2019 Board of Commissioners' Regular Board Meeting
- b. Michigan Public Power Agency (MPPA) First Alternate Commissioner Appointment
- c. Amendment of Defined Contribution Plan No. 106696; Revised Investment Policy Statement & Delegation of Authority
(Defined Contribution Plan #1)
- d. Amendment of Defined Contribution Plan No. 108824; Revised Investment Policy Statement & Delegation of Authority
(Defined Contribution Plan #2)
- e. Amendment of Lansing BWL 457 Deferred Compensation Plan; Revised Investment Policy Statement & Delegation of Authority

RECESS FOR THE ALLOWANCE OF THE ANNUAL PENSION FUND TRUSTEES MEETING

9. Trustees Report for November 13, 2018

10. Manager's Recommendations

- a. Easement Grant: Consumers Energy Company

11. Unfinished Business

12. New Business

13. Manager's Remarks

14. Commissioners' Remarks

15. Motion of Excused Absence

16. Public Comment

Members of the public are welcome to speak to the Board on any Board of Water and Light subject. Is there anyone who would care to speak? If so, please step to the podium and state your name for the record?

17. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

September 25, 2018

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 25, 2018.

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

Present: Commissioners Anthony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: William Long (Delta Township), and Dion'trae Hayes (Lansing Charter Township).

Absent: Commissioners Beth Graham, Anthony McCloud and Non-Voting Commissioner Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Commissioner Long led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Ross, Seconded by Commissioner Thomas, to approve the Regular Board Meeting minutes of July 24, 2018.

Action: Motion Carried

PUBLIC COMMENTS

None.

COMMUNICATIONS

Electronic Mail received From or Re:

- Mike Harrington of Michigan Forge regarding Electricity Cost per kWh-*Referred to Management. Received and Placed on File*
- Resignation Statement from BWL Commissioner Dennis M. Louney

Motion by Commissioner Ross, Seconded by Commissioner Thomas to accept, receive and place on File the letter of resignation from Commissioner Dennis M. Louney.

Action: Motion Carried

- Ann Nieratko regarding Tree Trimming Concern -*Referred to Management. Received and Placed on File*

COMMITTEE REPORTS

HUMAN RESOURCES COMMITTEE

Meeting Minutes

September 18, 2018

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 18, 2018.

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, Anthony McCloud and Sandra Zerkle. Also present: Commissioners Beth Graham, Anthony Mullen, David Price, and Ken Ross; and Non-Voting Commissioner William Long (Delta Township).

Absent: None

As the Chair of the HR Committee, Commissioner Thomas took the liberty to remove items #3 regarding the High Deductible Health Plan from the agenda.

Public Comments

None

Approval of Minutes

Motion by Commissioner Zerkle, Seconded by Commissioner Graham, to approve the Human Resources Committee meeting minutes of June 28, 2018.

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

In conclusion, 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, 2019 with an increase from

16% to 18% in premium sharing contribution. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

Commissioner Zerkle inquired as to whether the hard cap of \$93.79 for the employee per pay period premium could be increased slightly every year and Mr. Flowers responded that it could.

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 Effective July 1, 216 – 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

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, 2019 through December 31, 2019.

FURTHER RESOLVE that the Board desires to increase premium sharing from 16% to 18% for all active employees for medical benefits effective January 1, 2019.

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

Action: Motion Carried.

High Deductible Health Plan-PULLED FROM AGENDA

Other

None

Adjourn

Motion by Commissioner Graham, Seconded by Commissioner Zerkle, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 5:10 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

**COMMITTEE OF THE WHOLE
Meeting Minutes
September 18, 2018**

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 18, 2018.

Committee of the Whole Chair Tony Mullen called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Beth Graham, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Non-Voting Member: William Long (Delta Township)

Absent: Commissioners Dion'trae Hayes (Lansing Township) and Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner McCloud, to approve the Committee of the Whole meeting minutes of July 10, 2018.

Action: Motion Carried.

Safety Report Update

General Manager Dick Peffley reported that an OSHA investigation was conducted at the Eckert station and a clean bill of health was received. Also, a MIOSHA investigation was conducted at the Erickson station and GM Peffley introduced Oscar Rodriguez-Franco, Industrial Health and Safety Manager, who provided information from the Safety Report Update. Mr. Rodriguez-Franco stated that an award was received for best practices in natural gas leak testing at the combined cycle co-generation plant due to the leadership in Electric Production, Director Roberto Hodge. Mr. Rodriguez-Franco also stated that BWL has been working with Marsh Risk Consulting to improve safety and with MIOSHA to improve compliance. Several items were found where improvement was needed. Mr. Rodriguez-Franco recognized Erickson station leadership Manager, Lucinda

Lehmkuhle; Operating Supervisor, Scott Mills; and Station Shift Supervisor, Dave Klemish for stepping forward and working as a team to address the safety items.

Commissioner Zerkle commended Oscar Rodriguez-Franco on his dedication to safety and employees.

GM Peffley stated that even though the plant is closing employees are still making the necessary corrections to comply with safety.

Strategic Plan Update 2018

General Manager Dick Peffley introduced George Stojic, Executive Director of Planning and Development, who reviewed the updates to the 2018 Strategic Plan which was adopted in September 2016. Mr. Stojic introduced an updated spreadsheet and explained the color coding that was designed to show changes and additions in the Plan's milestones. Mr. Stojic stated that there were no strategy changes to the seven Strategic Plan strategies: Customer Experience, Community Involvement, Effectively Acquire and Manage Resources, Implement New Technologies, Workforce, Financial Stability, and BWL Leadership.

Commissioner Long inquired whether the SmartMeters that are being installed would all be activated at the same time. GM Peffley responded that SmartMeters are currently being installed and tested and would all be activated at the same time in 2021.

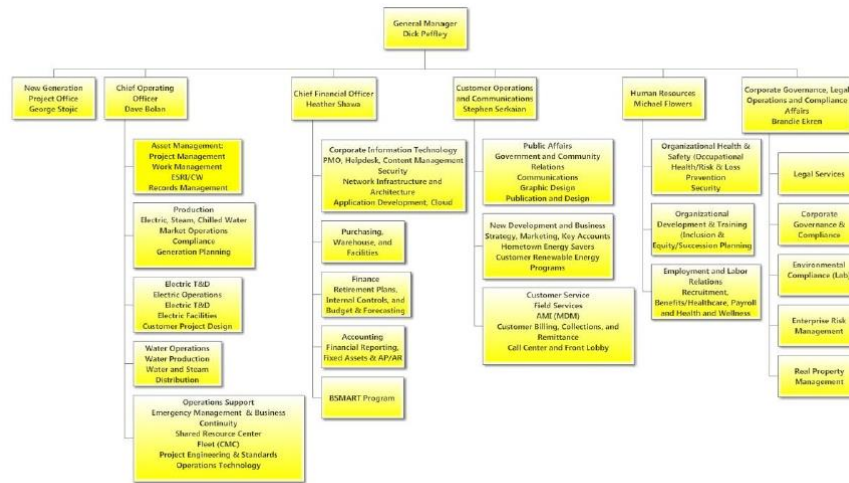
Mr. Stojic stated that the BWL is on track to successfully implement the Plan and gave the Board a high-level overview of the Staff's progress with the Plan's Objectives and tasks.

Commissioner Long asked where the responsibility lies organizationally with emergency planning. Mr. Stojic responded that question would be answered in the next presentation.

Commissioner Zerkle asked if there was an incentive package for new business customers. GM Peffley responded that there a couple different levels for smaller and larger customers. Commissioner Zerkle also stated that she appreciated the updates to the strategic plan.

Organizational Structure Update

Mr. George Stojic reported that the BWL had undertaken six major initiatives including: closing Eckert Power Plan, buildout of the Transmission and Distribution System, the transition of the workforce, the Strategic Plan, adopting five new technology projects, and an asset management plan. To help ensure success implementing the initiatives, BWL staff hired a consulting firm to review the BWL's process and organizational structure for alignment with the initiatives. The consulting firm, UMS Group, made several business process recommendations and recommended changes to the BWL's organizational structure. The BWL staff made a few modifications to the UMS proposal and is in the process of implementing the new organizational structure (shown below).



Commissioner Long commented on the lack of departments under Executive Director George Stojic and GM Peffley responded that Mr. Stojic is transitioning into retirement. Commissioner Long also restated his earlier question regarding emergency planning. GM Peffley responded that there is an Emergency Manager that reports to Chief Operating Officer, Dave Bolan, plus new policies and procedures were put into place. Commissioner Long stated the Mayor was decreed as the authority during emergencies and GM Peffley stated that BWL has worked with the city administration on recent emergencies.

Capital Project Update

GM Peffley reported that approximately 100 Capital Projects are now in progress and that the following 10 projects make up 60% of the budget:

1. The new plant has a budget of \$500 million. Combustion turbines have been ordered at a good price, an owner’s representative and a design engineering company have been hired, and construction bids were due this week. Ground breaking will be in the spring of 2019 and the plant will go online first quarter 2021.
2. Westside reinforcement project has a budget of \$33 million and was completed this summer on time and under budget.
3. Central substation has a budget of \$28 million. Some equipment is being powered up and circuits are being pulled in. The project is overbudget right now but is being evaluated.
4. AMI, Smartmeters, has a budget of \$31 million. One third of the electric meters have been installed and the project will be completed in June of 2020.
5. CIS has a placeholder budget of \$14 million. This project is in the procurement stages and is scheduled to be completed in December 2021. No schedule or budget issue at this time.
6. Wise Road substation upgrade has a budget of \$13 million. Engineering is just beginning and the project in within budget and schedule.
7. Lansing Grand River substation for GM has a budget of \$12.5 million. It will go live in 2022. No schedule or budget issues at this time.
8. Electric distribution automation has a budget of \$7 million. If there are faults on a line, outages will be located quicker and restored faster. The first phase is scheduled for summer of 2019.
9. REO hot section rebuild has a budget of \$5 million. Two turbines costing \$2.5 million each will be rebuilt. The first turbine was completed this week. The second turbine will be rebuilt in April 2019. The turbines have approximately a five-year life.
10. Erickson turbine rebuild has a budget of \$4 million. This will be the last rebuild for the station.

Customer Payment Audit Follow-Up

GM Peffley introduced Customer Service Manager, Bob Perialas, who spoke about the customer payment arrangements and third-party payments. The audit found that in general arrangements are successful and are positively impacting customers; and although there is a 60% success rate, this average could be higher. Reaching out to counterparts to find out what payment arrangements are available and what analytics are available is being used to determine what that average should be.

Secondly, the audit found that the appropriate approval for a special arrangement didn't make a difference for the success of payment arrangements.

Commissioner Price asked if there was a commonality among the customers that were successful in making payments. Mr. Perialas responded that there a number of customers and a review hasn't been done to determine if there is any commonality.

Commissioner Zerkle asked if there were any community dynamics that affected whether customers had difficulty meeting the payment arrangements. Mr. Perialas responded that there a number of customers and they wouldn't want to not offer a customer an arrangement based on geographic location.

Commissioner Long asked if there was any pattern to how quickly a response is given to a customer. GM Peffley responded that up until a couple of years ago shutoffs were done without working with customers. Now customers need to minimize use of power to keep their bill down. BWL is looking toward a system that will keep track of the criteria in customer payments.

Commissioner Zerkle asked if it was correct that once the Smartmeters were in use it would be easier to keep track of the criteria needed to determine the successfulness of meeting payment arrangements and Mr. Perialas responded that it would be.

Other

Commissioner Price congratulated the BWL Team that received the gold medal in the Capital City Dragon Boat Race.

Commissioner McCloud inquired whether emergency services were being provided for hurricane Florence communities. GM Peffley responded that BWL has not been asked to provide service yet but teams are on call and ready to go if needed.

Committee of the Whole Chair Zerkle congratulated Corporate Secretary Denise Griffin on a milestone of 10 years worked at BWL and presented Ms. Griffin with a certificate of appreciation.

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to excuse Commissioners Dion'trae Hayes and Douglas Jester from tonight's meeting.

Action: Motion Carried

Adjourn

Motion by Commissioner McCloud , **Seconded** by Commissioner Mullen to adjourn the meeting.

Meeting adjourned at 6:47 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

FINANCE COMMITTEE

Meeting Minutes September 18, 2018

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 18, 2018.

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, Beth Graham, David Price, and Tony Mullen. Also present: Anthony McCloud, Tracy Thomas, and Sandra Zerkle; Non-Voting Commissioner William Long (East Lansing).

Absent: None

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 10, 2018.

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

Committee Chair Ross introduced external auditor Jodi Dobson, Partner at Baker Tilly Virchow Krause, LLP. Ms. Dobson 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. Dobson's presentation was as follows:

LANSING BWL
Hometown People. Hometown Power.

Finance Committee Meeting -
September 18, 2018
2018 Audit Presentation

Agenda

- > Audit Overview
- > Observations and Recommendations
- > Required Communication to Governing Body

Board of Water and Light - City of Lansing
Audit overview

BAKER TILLY
Creditor. Insight. Results.

- 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*

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

LANSING BWL
Hometown People. Hometown Power.

Board of Water and Light - City of Lansing
Audit overview



Center Insight Results



Board of Water and Light - City of Lansing
Audit overview



Center Insight Results

- 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



Center Insight Results

- > Reported net income of \$14,116,000
- > Bond coverage was met in 2018
- > There were no material weaknesses reported
- > Restated 2017 due to the implementation of GASB 75

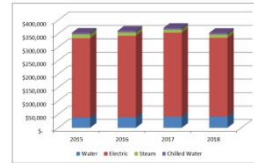


Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Operating Revenues – Four-year Comparison (in thousands)



	2015	2016	2017	2018
Water	\$ 32,930	\$ 38,711	\$ 40,788	\$ 42,534
Electric	295,048	303,246	312,925	299,202
Steam	14,059	12,685	11,404	12,072
Chilled Water	5,568	8,270	8,903	6,270
Operating Revenue	\$ 357,605	\$ 363,912	\$ 374,020	\$ 360,082

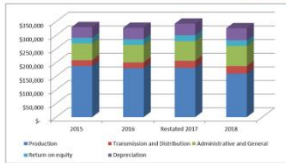


Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Operating Expenses – Four-year Comparison (in thousands)



	2015	2016	2017	2018
Production	\$ 187,707	\$ 176,956	\$ 180,523	\$ 195,154
Transmission and Distribution	20,805	21,583	20,961	22,915
Administrative and General	61,298	64,007	74,418	73,639
Return on equity	20,880	21,034	21,862	20,562
Depreciation	39,354	43,542	42,598	44,255
Operating Expenses	\$ 329,044	\$ 327,124	\$ 342,362	\$ 376,525

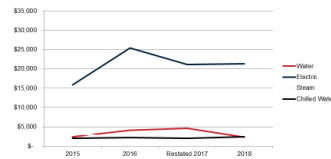


Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Operating Income – Four-year Comparison (in thousands)



	2015	2016	2017	2018
Water	\$ 2,388	\$ 4,099	\$ 4,608	\$ 2,321
Electric	15,860	20,345	21,359	21,295
Steam	3,352	2,047	1,286	1,479
Chilled Water	2,018	2,271	2,005	2,465
Operating Income	\$ 23,621	\$ 33,802	\$ 29,058	\$ 27,560

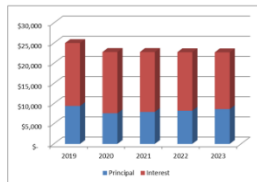


Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Future Debt Service Requirements (in thousands)



	2019	2020	2021	2022	2023
Principal	\$ 9,410	\$ 7,609	\$ 7,942	\$ 8,247	\$ 8,624
Interest	15,598	15,183	14,848	14,496	14,094



Debt service after 2023 includes remaining principal payments of \$273,000,000 and interest payments of \$161,284,000.

Board of Water and Light - City of Lansing
Observations and recommendations
Pension Plans



Center Insight Results

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



Future accounting standards

- > GASB Statement No. 83, *Certain Asset Retirement Obligations* – effective for fiscal year 2019
- > GASB Statement No. 87, *Leases* – effective for fiscal year 2021
- > GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct borrowings and Direct Placements* – effective for fiscal year 2019
- > GASB Statement No. 89, *Accounting for Interest Cost during the Period of Construction* – effective for fiscal year 2021

Area to be Communicated	Area to be Communicated
Our responsibility under Auditing Standards Generally Accepted in the United States	Other Information in Documents Containing Audited Financial Statements
Planned Scope and Timing of the Audit	Accounting Policies
Accounting Estimates	Financial Statement Disclosures
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Disagreements with Management	Consultations with Other Independent Accountants
Management Representations	Auditor Independence



Contact Info

Jodi Dobson, Partner
D: 608 240 2469
Jodi.Dobson@bakertilly.com

Bethany Ryers, Senior Manager
D: 608 240 2382
Bethany.Ryers@bakertilly.com

David DeBano, Senior Accountant
D: 608 240 2664
David.DeBano@bakertilly.com

Commissioner Long inquired about the sewerage collection fees and receivables. General Accounting Manager Lori Pung responded that these fees are charged to the City of Lansing to provide the collection services for them and the receivables are what is received from the customers.

Commissioner Ross asked if the BWL was responsible for the uncollectables and Ms. Pung responded that BWL is not. Commissioner Ross commended the accounting department for the work they did with Baker Tilly.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to forward to the Board Meeting the Acceptance of the Resolution for the 2018 Audited Financial Statements.

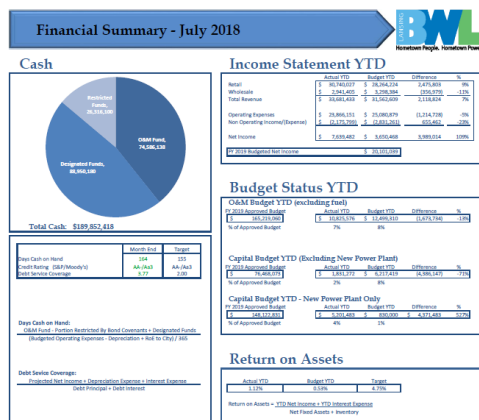
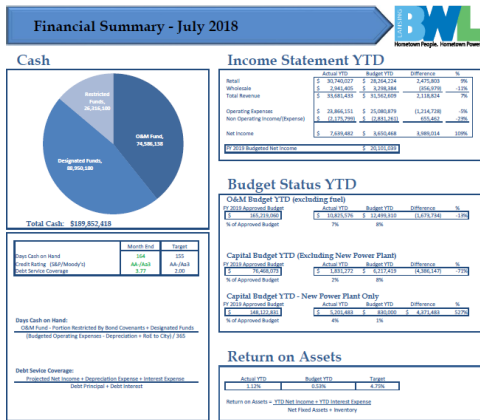
Action: Motion Carried.

Chief Financial Officer (CFO), Heather Shawa, introduced Ms. Lori Pung who spoke about the external audit. Ms. Pung stated that the audit was started in April which included prep work and onsite work by Baker Tilly. Ms. Pung thanked the Executive Staff and the accounting staff, including Josh Irving Scott Taylor, and Paul Eory, for their work and extra hours. Ms. Pung also noted that there were some challenges due to GASB 75 but they got through it.

Commissioner Price requested that a brief overview of the Baker Tilly audit be presented at the joint City of Lansing/BWL meeting in October 2018.

July YTD Financial Summary

CFO Heather Shawa presented the July 2018 Year-to-date Financial Summary which indicated that the total Cash is over \$189M, Days Cash on hand is 164, and debt service coverage ratio is 3.77. Restricted funds decreased slightly due to annual debt service payment. Ms. Shawa stated that revenue was \$2 million over budget and the operating expenses were under budget, which resulted in net income of \$7.6 million compared to \$3.6 million budget. Ms. Shawa mentioned that four out of the five ratios are being met. Under employee data a full time equivalent factor has been added for contractors.



Commissioner Zerkle asked whether new tree trimmers would be added in 2018 or 2019. GM Peffley responded that one of two teams would be added as soon as they can be onboarded.

Capital Project Exceedance Electric Annual Account – Resolution

CFO Shawa presented the following information on the Capital Project Exceedance Electric Annual Account and requested approval of the resolution.

- The projected final budget is \$2 million more than the approved budget.
- There was an increase in the cable fault replacements for system restoration.
- Other areas in need include five additional projects and outdoor city LED lighting

GM Peffley commented that there are 200 miles of service cable in the city and there is an increase in blue sky outages. Apprentices will be trained and the cable replacements will be a 30-year project. A plan is being constructed and it will be an annual project.

Commissioner Long asked whether the cable that needed repaired was underground and GM Peffley responded that 1800 miles of cable were underground, 600 miles of which is called URBS direct variable and is located in townships.

Commissioner Price inquired about the rate at which the cable will be replaced and GM Peffley responded that 100 feet of cable will be replaced per week and cable would be replaced first where there are the most faults.

Commissioner Long asked whether other municipalities in the city had projects and which projects had priority. GM Peffley responded that the projects are evaluated for priority in conjunction with the city and are completed accordingly.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to accept as presented the Capital Project Exceedance Electric Annual Account Resolution and to forward to the Board Meeting for consideration.

Action: Motion Carried.

Internal Auditor’s Revised Audit Plan for FY 2019

Finance Committee Chair Ken Ross presented the revised audit plan for FY 2019 on behalf of Internal Auditor Phil Perkins who was not in attendance this evening. Finance Chair Ross ask the Committee to approve the revised Audit Plan by motion. The revised audit plan was requested by the CFO as a follow up to the 2017 COBIT audit.

Proposed FY 2019 Audit Plan – Revised Sep 2018

Planned Audits:	Estimated Hours
Follow-up – IT Change Management (incl OT)	300
IT Cybersecurity	300
COBIT Compliance Follow-up	200
Asset Management Program	300
Metering Services	300
Accounts Payable	300
Vegetation Management	300
Procurement	300
Project Engineering – Planned Projects	300
Other Engagements:	
Consulting – BSMART & Other Org Change Mgt	200
Consulting – Other (TBD)	200
Surprise Cash Count (2)/Time Rpt Rev (2)	200
Total Required Hours	3,200



Motion by Commissioner Price, **Seconded** by Commissioner Mullen, that the Committee approve the Revised Audit Plan for FY 2019.

Action: Motion Carried.

Other

None.

Adjourn

Chair Ken Ross adjourned the meeting at 7:35 p.m.

Respectfully submitted
 Ken Ross, Chair
 Finance Committee

MANAGER’S RECOMMENDATIONS

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

RESOLUTIONS

RESOLUTION 2018-09-01

PA 152 Health Care Premium Sharing

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 Effective 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

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, 2019 through December 31, 2019.

FURTHER RESOLVE that the Board desires to increase premium sharing from 16% to 18% for all active employees for medical benefits effective January 1, 2019.

Motion by Commissioner Thomas, Seconded by Commissioner Zerkle, to approve the PA 152 Health Care Premium Sharing Resolution.

Action: Motion Carried

RESOLUTION 2018-09-02

**Fiscal Year 2018 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds**

RESOLVED, that the fiscal year 2018 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 2018 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, 2018.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2018 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 15, 2018.

Motion by Commissioner Ross, Seconded by Commissioner Thomas, to accept the Resolution for the FY 2018 Audited Financial Statements.

Action: Motion Carried

RESOLUTION 2018-09-03

Capital Project Budget Exceedance Approval:
AE – Electric Annual Account

WHEREAS, Lansing Board of Water & Light's (BWL) Policy 15-02, entitled Capital Project Budget Exceedance Approval necessitates BWL Board of Commission approval for aggregate total budget amounts for electric, water, steam and chilled water "annual" capital projects that are expected to exceed their previously approved budget by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project AE - Electric Annual Account was \$8,448,400; and

WHEREAS, the projected final total cost for Capital Project AE - Electric Annual Account is \$10,402,004, should the projects be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project AE – Electric Annual Account be completed despite the projected increased cost; and

WHEREAS, BWL staff and management recommends that the BWL Board of Commissioners approve the Capital Project AE – Electric Annual Account to be completed as projected.

RESOLVED, the BWL Board of Commissioners approve completion of Capital Project AE – Electric Annual Account with a projected final total cost of \$10,402,004.

Motion by Commissioner Thomas, Seconded by Commissioner Mullen to approve the Capital Project Budget Exceedance for Capital Project AE – Electric Annual Account.

Action: Motion Carried

MANAGER'S REMARKS

General Manager Dick Peffley announced the following:

- GM Peffley informed the Board that Mr. Dan Ebert of Hometown Connections addressed the BWL Directors and Managers on September 21st on the topic of "Industry Trends Impacting Public Power". Mr. Peffley stated this presentation provided excellent information and is available on video.
- A 1st S.T.E.P. orientation was held September 12, 2018. There were 85 applicants, 54 of which were from Lansing, and of which 22 were from Waverly High School. This is the 11th year for the 1st S.T.E.P. program and 110 students have graduated of which 30 have been hired by BWL. Other companies have noticed the success of the program and would like to implement it in their companies.
- BWL conducted an employee survey two and a half years ago and participation was 55%. On average 35%-40% is considered good. Another employee survey is being conducted with responses due Friday, September 28, 2018. GM Peffley asked that the employees be encouraged to complete the survey.
- The BWL Chili Cook-Off will be held in the Lansing Lugnuts stadium Friday, October 12, 2018. The stadium was selected as the new location as it is easier to handle the long lines for chili in the stadium.

- GM Peffley and Executive Staff attended the annual MMEA conference that was held September 12-14, 2018 in Escanaba, MI.

COMMISSIONERS' REMARKS

Commissioner Thomas noted that BWL was the sponsor of the 2018 Capital City River Run Half Marathon that was held this past weekend. GM Peffley stated that BWL also sponsored the Jazz Festival that was held August 3-4, 2018.

Commissioner Price reported that the Commissioners are working with HR Executive Director, Michael Flowers, Corporate Secretary, Denise Griffin, and Executive Assistant, Smiljana Lazic to adhere to Governance Policy to evaluate themselves every year. An anonymous survey will be conducted through Survey Monkey.

Commissioner Price also reported that General Counsel Brandie Ekren, Corporate Secretary Denise Griffin, and staff are developing a portal for the Board of Commissioners and staff for access to BWL policies, resolutions, and other necessary information.

MOTION OF EXCUSED ABSENCE

Excused Absence

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

Action: Motion Carried

PUBLIC COMMENTS

None

ADJOURNMENT

Chair Price adjourned the meeting at 5:48 p.m.

M. Denise Griffin, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 9-27-18
Approved by the Board of Commissioners: 11-__-18
Official Minutes filed (electronically) with Lansing City Clerk: 11-__-18

Data from form "E-mail BWL Commissioners" was received on 11/5/2018 1:32:47 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	All Commissioners
Name	
Address	
email	shadoww0lf@protonmail.com
E-mail Subject	BWL and a One Touch policy
Message	To the members of the Board of Water and Light, I am interested in finding out what the community can do to help the BWL adopt the One Touch Make Ready policy that the FCC recently adopted. Is the board planning to discuss the policy at the next meeting on Nov 13th? Is there something that I can do as a BWL customer and Lansing area resident that would help with this transition? Thank you for your time.

Email "BWL and a One Touch policy" originally sent to mdg@lbwl.com from noreply@lbwl.com on 11/5/2018 1:32:47 PM.

COMMITTEE OF THE WHOLE

Meeting Minutes

November 6, 2018

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, November 6, 2018.

Committee of the Whole Chair Sandra Zerkle called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Beth Graham, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Non-Voting Member: William Long (Delta Township), and Douglas Jester (East Lansing)

Absent: Commissioner Anthony McCloud and Non-Voting Member Dion'trae Hayes (Lansing Township)

The Corporate Secretary declared a quorum.

Public Comments

None.

Other

A special presentation was made by General Manager Dick Peffley to Amy and Trevor Feinberg, participants and first place winners in Halloween in Old Town at Preuss Pets, who dressed up their greyhound as the Eckert Station with smokestacks and Hometown Power Dog slogan.

Approval of Minutes

Motion by Commissioner Graham, **Seconded** by Commissioner Mullen, to approve the Committee of the Whole meeting minutes of September 18, 2018.

Action: Motion Carried.

2019 Regular Board Meeting Schedule Resolution

Committee of the Whole Chair Zerkle presented a proposed Resolution setting the BWL Board of Commissioners 2019 Regular Board Meeting Dates as directed by Section 1.1.2 of the BWL's Rules of Procedure.

Motion by Commissioner Thomas, **Seconded** by Commissioner Graham, to approve the 2019 Regular Board Meeting Dates Resolution.

Action: Motion Carried

Michigan Public Power Agency (MPPA) Commissioner Appointment Resolution

General Manager Peffley stated that the presented Resolution is naming James Mitchell as BWL's First Alternate MPPA Commissioner to replace Bradley Stoecker who resigned his position with the BWL effective October 1, 2018 and asked that the Resolution be forwarded to the full Board for consideration.

Motion by Commissioner Ross, Seconded by Commissioner Thomas to forward the proposed MPPA Commissioner Appointment Resolution to the full Board for consideration.

Action: Motion Carried

Pole Attachment

General Manager Peffley provided information on the pole attachment process and highlighted the following items:

- BWL has roughly 32,000 distribution poles in our service territory, 42 contracting companies attaching to BWL poles in the BWL service territory, and over 130,000 third party contacts to our poles.
- BWL has revenues of \$582,982.28 for third party attachments and since January 1, 2018 BWL has received \$70,323 in application fees from joint party attachments.
- BWL currently receives \$7.30 per pole attachment on an annual basis. There is little expense to the BWL to attach to the poles and BWL encourages pole attachment.
- Since January 2018, 1600 new attachments on poles have been processed and as part of the BWL double pole elimination program since May 2018, BWL has 50 poles and counting ready to be pulled over the winter/spring.
- BWL currently has over 80 EPRS (Emergency Pole Replacement Slips) processing.
- Attachers sign agreements to use the poles and current pole attachers are notified if adjustments need to be made. Agreeable attachments do not always occur.
- BWL would like to amend the agreements with the 42 contracting companies and claim the right to move the attachments if the companies do not agree to move.
- Both Michigan and BWL are exempt from the recent FCC One Touch Make Ready order.

Commissioner Price asked if a new attacher requests attachment to a pole who notifies the other attachers and what authority does the BWL have to move the attachers to make room for the new attacher. GM Peffley stated that the new attacher notifies the other attachers and that the BWL has no authority to move the attachers with which new contracts haven't been renegotiated. BWL can move the attachers that don't meet current specifications.

Commissioner Ross asked whether or not this would result in an amendment to the rate schedule, whether rate payers would be subsidizing this service, and whether data was available regarding whether this service would be provided in-house or with an outside partner. GM Peffley stated that the pole attachments would be revenue neutral to BWL customers and rules and regulations would not need to be addressed as \$7.30 per year per pole has been established. GM Peffley also stated the service would be provided in-house unless it would be more proficient to hire a crew. Commissioner Ross inquired if there was a separate charge for attachment besides the current rate structure of \$7.30 per pole. GM responded that a second charge was a back charge for the labor to make the pole ready and the new attacher is responsible for paying that charge.

Commissioner Zerkle asked if there was a deadline for a company going out of business to remove their pole attachment. Ricky Thornton, Technical Systems Analyst for Customer Projects and Developments, responded that some deadlines are in place, and that arrangements are made to take the necessary attachments down.

Commissioner Thomas inquired about the pole attachment process during the recent ice storm. GM Peffley responded that restoring electricity was the main concern during the ice storm.

Easement Grant to Consumers Energy Resolution

General Manager Peffley introduced General Counsel Brandie Ekren, who provided information on the grant request for an easement to Consumers Energy Company to allow construction of gas lines and pipelines along Canal Road to serve the new BWL combined cycle plant. The said easement grant request will be effective upon Lansing City Council's approval.

Commissioner Mullen asked if gas was going to be purchased from Consumers Energy. GM Peffley responded that Consumers Energy owns the pipeline and will receive a fee for the pipeline. Gas can be provided by BWL or purchased from Consumers Energy.

Commissioner Ross asked for a description of the location for the pipeline. GM responded that the easement is for property on Erickson. George Stojic, Executive Director of Planning and Development responded that a new city gate is being constructed and hits the service territory extending from Saginaw Hwy west of 96, south to General Motors property to Mt. Hope Street to the east and to Canal Street.

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to forward the proposed Easement Grant to Consumers Energy Resolution to the full Board for consideration.

Action: Motion Carried.

Enterprise Risk Management Update

GM Peffley introduced George Stojic who stated that two projects were underway, the Enterprise Risk Management Strategy and Asset Management. Mr. Stojic introduced Brandie Ekren, General Counsel for the Board of Water and Light, who spoke about Enterprise Risk Management Strategy 5, Objective 4 from the Strategic Plan which was approved in 2016. Ms. Ekren stated that program basics were a structured, consistent, and continuous process across an organization for identifying, assessing and deciding on responses to and reporting on opportunities and threats that affect the achievement of the organization's objectives. Ms. Ekren highlighted the summary tasks of quality assurance, engagement, and responsibility and accountability. Ms. Ekren proposed an ERM program as a 2020 milestone goal, to be approved in March 2019, that will include risk management coordinated across business areas, management performance and analysis tools, monitoring, strategy setting and scenario planning, and reporting responsibility.

Enterprise Risk Management

LANSING BOARD OF WATER & LIGHT

Committee of the Whole Update
November 6, 2018

Strategy 5, Objective 4:

Pursing excellence by creating a workplace environment that seeks to enhance current practices with the intention of adding value, making improvements, and increased efficiency

Summary Tasks:

1. Quality Assurance
2. Engagement
3. Responsibility & Accountability

Task 5.4C:

Assign responsibility and accountability to employees utilizing a system to analyze and measure the process in terms of risk to assets, safety and customers.

“Enterprise Risk Management”

Program Development- Enterprise Risk Management - Basics

A structured, consistent, and continuous process across an organization for identifying, assessing and deciding on responses to and reporting on opportunities and threats that affect the achievement of the organization’s objectives (*Institute of Internal Auditors*)

Involves:

- ❖ **risk governance**, including *strategic decision making and risk oversight*;
- ❖ **risk infrastructure and management**, including designing, implementing and maintaining an effective *risk program* – led by executive management; and
- ❖ **risk ownership**, or the *identifying, measuring, monitoring, and reporting of specific risks*, led by the business units.

Enterprise Risk Management - Benefits

- Expectations and objectives **communicated** and **understood** across the organization – everyone moving towards achievement of common objectives
- Standardize business processes and **collaborate** efforts to **integrate**
- Clear **understanding** of key business **risks**, associated risk management approaches, and levels of effectiveness
- Risk management mindset used within decision making processes at all levels and functions in the organization – **enhanced decision making**
- Increased operational **efficiencies** and stakeholder **value**
- **Coordination** of an integrated response to **compliance** requirements

Task 5.4C

Assign responsibility and accountability to employees utilizing a system to analyze and measure the process in terms of risk to assets, safety and customers.

2020 MILESTONE GOAL

Establish and Implement a Comprehensive Enterprise Risk Management Program

Balanced, Intelligent & Integrated

Program Development- Enterprise Risk Management- Balanced and Intelligent

The objective is to progress along a continuum to balance risk management with organizational flexibility and adaptability to meet shareholder, customer and industry demands

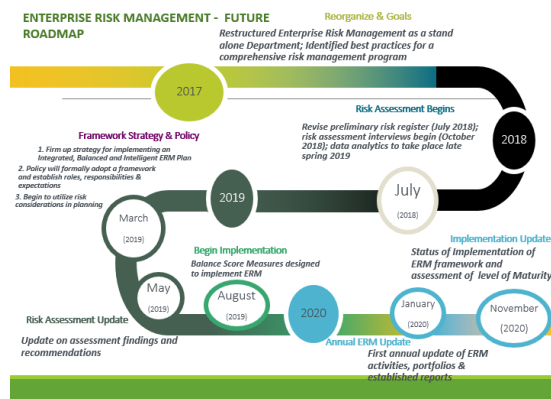
The Risk Intelligence Maturity Model: Evaluate risk management capabilities



ENTERPRISE RISK MANAGEMENT - JOURNEY TO DATE

1. Restructured Department
2. Stakeholder Analysis
3. Revised Risk Register
4. Begun Enterprise Risk Assessment – Data collection stage
5. Increase support and collaboration: Asset Management, New Plant project, Motor Vehicle, etc.

ENTERPRISE RISK MANAGEMENT - FUTURE ROADMAP



Commissioner Zerkle inquired what part the Internal Auditor plays in risk management. Ms. Ekren responded that the Internal Auditor may provide information.

Commissioner Ross asked whether BWL had an outside consultant that is familiar with complex organizations and utility space for the infrastructure. Ms. Ekren responded that BWL's outside consultant is Marsh Consulting and they have helped with setting up the risk assessment and finding out what other utilities are doing. Commissioner Ross commented that having someone accountable for identified risk is critically important and welcomed Ms. Ekren to speak again to the Commissioners about the infrastructure of the Enterprise Risk Management program as it progresses.

Commissioner Mullen commended Ms. Ekren on her presentation and asked for an example of a risk and how the risk would be managed. Ms. Ekren responded that the asset management presentation that follows will provide the comparative benefits of managing risk and not managing risk. Ms. Ekren also provided for an example a qualified work force and succession planning, and ensuring that employees are qualified to take on jobs and are trained to be able to do the job.

Commissioner Jester asked whether risk to customer satisfaction, risk to reputation or predominately risk to physical and financial operational risks were being assessed. Ms. Ekren responded that a variety of risks were being assessed including all of those stated in the question. Commissioner Jester also asked what new risks were identified. Ms. Ekren responded that what the utility would look like in the future, and also recognizing communication and information as an asset were two new risks that were identified.

Commissioner Ross asked whether people understand what the organizational risk tolerance is for an activity, how activities are calibrated to risk presented and how much risk is tolerated. Ms. Ekren responded that a baseline of risk has been established but there is no uniform standard and more insight will be provided in March 2019 at the Committee of the Whole meeting.

Commissioner Zerkle commented that instead of saying what is the risk, say what is the problem and what is the solution. Ms. Ekren stated that that is the reason there is a focus on creating a uniform definition and the objective of what is getting in the way of the stakeholder realizing the value.

Asset Management Update

Dave Bolan, Executive Director of Operations, introduced Jerry Flore, Asset Management Manager, who presented a video of the Asset Management Journey and gave an update on some current initiatives. Mr. Flores stated that another update will be provided in March 2019. Mr. Bolan agreed with Ms. Ekren’s proposal to walk through actual scenarios of how assets are classified as critical and the risk they pose to the organization if they are not properly maintained or replaced in a timely manner. This will be done at the March 2019 COW.



Asset Management Update

Asset Management Update Presentation

Board of Commissioners COW Meeting
November 6th, 2018



Asset Management Update

Presentation Objectives

1. Overview of Strategic Plan AM Objectives
2. Discuss the Asset Management Journey (video/handout)
3. Why be ISO 55000 Compliant?
4. Present BWL's Asset Management Plan



Asset Management Update

Strategy 3: Effectively Acquire and Manage Resources

Goal: Acquire and manage BWL assets in an efficient manner to ensure an adequate and reliable supply of utility services to the Greater Lansing community



Asset Management Update

Objective 2: Fully integrate Asset Management principles for each utility

- 1) Evaluate and implement improved business processes, standards, and certifications.
- 2) Implement utility industry best practices for asset management.
- 3) Develop appropriate asset management training for employees.
- 4) Create a team culture at the BWL that values and complies with asset management principles.



Asset Management Update

What is Asset Management?

"Coordinated activity of an organization to realize value from assets" (regarding Physical Assets)

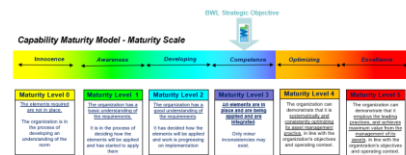
ISO 55000



Asset Management Update

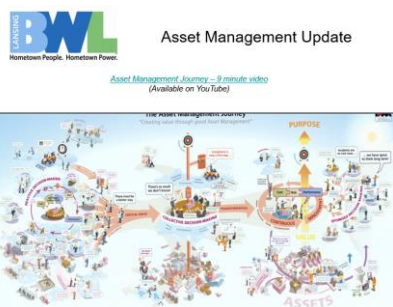
Objis 2.1 and 2.2

- Recognized best practices are the basis for ISO 55000. (PAS-55)
- The deliverable for the BWL Strategic Objectives is to obtain the ISO 55000 certification.
- Certification requires that all ISO requirements have obtained a maturity level of 3 or higher in 24 standards.



Asset Management Update
ISO 55000 Asset Management System

Section	Description	Section	Description
4	Context of the Organization	7	Support
4.1	Understanding the organization & its context	7.1	Resources
4.2	Understanding the Needs & Expectations of Stakeholders	7.2	Competence
4.3	Determining the Scope of the Asset Management System	7.3	Awareness
4.4	Asset Management System	7.4	Communication
5	Leadership	7.5	Information Requirements
5.1	Leadership and Commitment	7.6	Documented Information
5.2	Policy	8	Operation
5.3	Organizational Roles, Responsibilities & Authorities	8.1	Operational Planning & Control
6	Planning	8.2	Management of Change (Change Management)
6.1	Addressing Risks & Opportunities for the Asset Management System	8.3	Outsourcing
6.2	Asset Management Objectives	9	Performance Evaluation
		9.1	Monitoring, Measurement, Analysis and Evaluation
		9.2	Internal Audit
		9.3	Management Review
		10	Improvement
		10.1	Non-conformity & Corrective Action
		10.2	Preventative Actions
		10.3	Continual Improvement

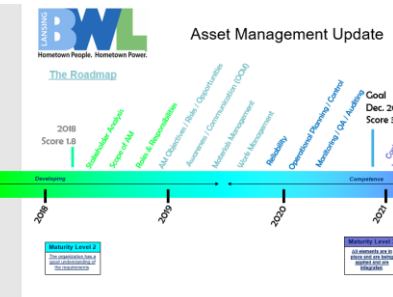
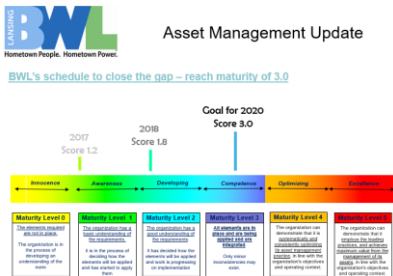


- Asset Management Update**
Observations from the IAM video:
- The ISO 55000 Standards are a framework for aligning the assets with the organization strategic objectives in business decision making framework.
 - i.e. Aligns the organization to a set of common goals, our Strategic Plan Objectives.
 - Manage assets based on their **criticality** and then the **risk** they pose to the overall mission of the organization.
 - Moves an organization away from the reactive management of its assets towards a planned approach that integrates into the discussion **Risk, Performance, and Cost**.
 - AM is looking at critical assets over their lifecycles (i.e. **Acquire, Maintain, Utilize, and Dispose**), Information (data) regarding an asset over its lifecycle is as important as the asset.

- Asset Management Update**
Observations from the IAM video - Continued:
- Requires **Top-down leadership** and collaboration throughout the organization.
 - AM is not a one-time transformation program (obtain ISO certification), rather asset management is embedded as a part of the organization's **continuous improvement** philosophy.
 - Absent an Asset Management organization-wide culture, AM can become a silo and ineffective.

- Asset Management Update**
Benefits of Asset Management (ISO 55000)
- Demonstrated compliance:** transparently conforming with legal, statutory and regulatory requirements, as well as achieving to asset management standards, policies and processes, can enable demonstration of compliance. (Note: Presently, the SOM requires an AM plan for water utilities - *Water Asset Management Council, Act 324. The SOM recently passed legislation that will eventually set AM requirements for all utility infrastructure - Michigan Infrastructure Council, Act 323*) - *BWL is requesting to be a voting member of the Council*
 - Improved financial performance:** improving ROI and reducing costs can be achieved, while preserving asset value and without sacrificing the short or long-term realization of organizational objectives.
 - Informed asset investment decisions:** enabling the organization to improve its decision making and effectively balance costs, risks, opportunities and performance.
 - Improved efficiency and effectiveness:** reviewing and improving processes, procedures and asset performance can improve efficiency and effectiveness, and the achievement of organizational objectives.
 - Managed risk:** reducing financial losses, improving health and safety, good will and reputation.

- Asset Management Update**
Benefits of Asset Management - Continued
- Improved services and outputs:** assuring the performance of assets can lead to improved services or products that consistently meet or exceed the expectations of customers and stakeholders.
 - Minimizing environmental and social impact:** can result in reduced liabilities such as insurance premiums, fines and penalties.
 - Demonstrated social responsibility:** improving the organization's ability to, for example, reduce emissions, conserve resources and adapt to climate change, enables it to demonstrate socially responsible and ethical business practices and stewardship.
 - Enhanced reputation:** through improved customer satisfaction, stakeholder awareness and confidence.
 - Improved organizational sustainability:** effectively managing short and long-term effects, expenditures and performance, can improve the sustainability of operations and the organization.



- Asset Management Update**
Expectations:
- Board of Commissioners**
 - As stakeholders, support of the Asset Management goals and objectives
 - Asset Management**
 - Continued communications/updates to the Board (e.g. next March)

Commissioner Price asked about the demographics on the heat map and Mr. Flore responded that more main breaks occur where there is red on the map.

Commissioner Ross asked three questions: where is the BWL at in the asset management process; at what time will BWL be at the maturity level for asset management; and will this result in additional reporting and greater transparency. Dave Bolan responded that the BWL is in the process of deciding how some of the elements will be applied and has decided on how some elements will be applied and implementing those elements; BWL is scheduled to be at Maturity Level #3 at the end of 2020; and that a capital budget is created, an investment is made which removes risk, and assets are managed based on their criticality. Commissioner Ross also asked if the risk is only for physical assets. Mr. Bolan responded that scores and measurements are made for all potential risks.

Commissioner Price inquired if trees as a risk was a good characterization of asset management and Mr. Bolan concurred. Commissioner Price also asked whether the report in March 2019 will have the information integrated into the budget planning. Mr. Flores responded that a draft risk matrix to develop a process for the capital budget projects is in progress.

Commissioner Zerkle inquired whether the Internal Auditor is included in the discussions for asset management. Internal Auditor Phil Perkins responded that he has some involvement with the project and added that there are two factors to consider, the probability of risk and the impact of an occurrence. Commissioner Zerkle asked whether the human factor was to be considered for asset management. GM Peffley stated that is another area and another department has been created for that.

Commissioner Long commented that the human factor had been mentioned under Enterprise Risk Management. He also thanked GM Peffley for sharing the MPPA presentation.

Commissioner Jester asked what the focus was on for demonstrating to the staff that asset management has value. Mr. Flore responded that a pilot program was conducted in which work orders were run to validate software functionality. Commissioner Jester stated that BWL has a number of assets and he would like this be in the budget process.

Other

Motion by Commissioner Graham, Seconded by Commissioner Ross, to excuse Commissioners Anthony McCloud and Dion'trae Hayes from tonight's meeting.

Action: Motion Carried

Commissioner Price informed the Commissioners that there will be a ceremony honoring veterans at 11:00 am on Friday at the REO Depot and that he will be playing drums along with his pipe major during the event.

Adjourn

Motion by Commissioner Price to adjourn the meeting.

Meeting adjourned at 7:24 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

FINANCE COMMITTEE Meeting Minutes November 6, 2018

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, at 7:31 p.m. on Tuesday, November 6, 2018.

Finance Committee Chair Ken Ross called the meeting to order at 7:31 p.m. and asked that roll be taken.

Present: Commissioners Ken Ross, Beth Graham, Tony Mullen, and David Price. Also present: Commissioners Tracy Thomas, and Sandra Zerkle, and Non-Voting Commissioners Bill Long (Delta Township), and Douglas Jester (East Lansing).

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None

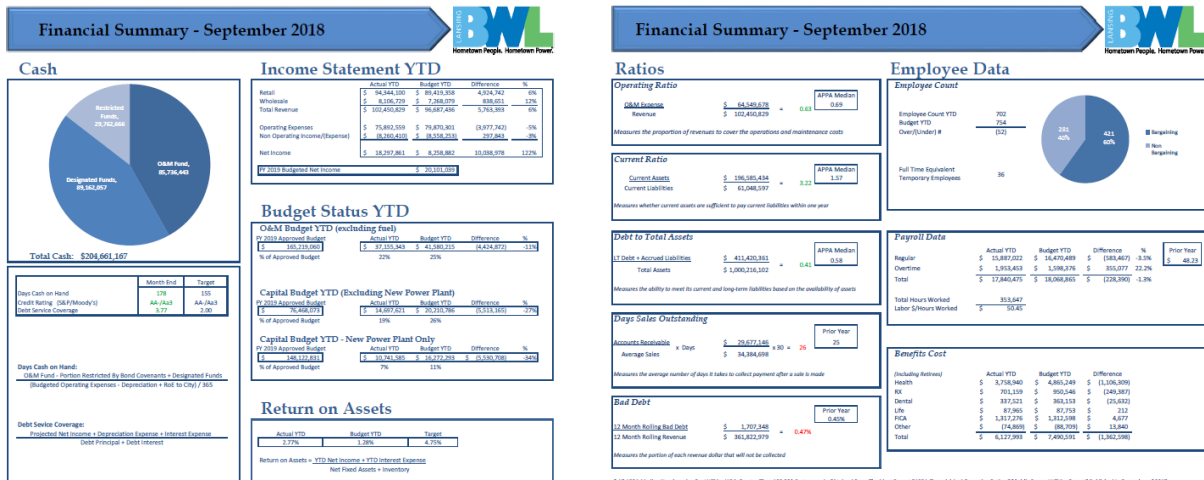
Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Mullen, to approve the Finance Committee meeting minutes of September 18, 2018.

Action: Motion Carried.

September YTD Financial Summary

Financial Manager, Scott Taylor, presented the following:



Cash is up \$4 million dollars from last month due to the time of year and days cash on is also strong. The Income Statement YTD indicates more than \$5 million in revenue, operating expenses are a little under—which is normal for this time of year, and the budgeted net income is holding at \$20 million. Budget Status YTD indicate that some of the initiatives aren't off to full speed yet. Because of the Erickson outage some money was shifted for spending from

September to October. The Capital Budget YTD for the new power plant is going well and also Return on Assets. Operating Ratios, Current Ratios, and Debt to Total Assets are all strong. Although Days Sales Outstanding is in the red it is similar to last year. Bad debt is continuing to be tracked. In Employee Data the employee count has decreased due to 11 interns returning to school. Payroll data is on track even though overtime is a little high due to transition in the work force. Due to good claims experience this year benefits costs are down.

GM Peffley commented on the Erickson turbine outage. Erickson was allotted \$4 million and if the outage had gone over that amount the turbine would not have been put back together.

Commissioner Thomas commented that the next items include amendments to plan documents that usually are addressed in an HR Committee Meeting. The amendments do not propose to make changes to any benefits or plan designs and because they are primarily intended to facilitate changes to the investment policy statement they are included with the proposed investment policy statement changes.

Defined Contribution and Deferred Compensation Plan Updates

Scott Taylor introduced Plante Moran Financial Advisors, BWL's new advisors for the two 401(a) plans and the 457(b) plan. Mr. Taylor stated that the changes being made in the plans are for management of plan assets. The changes are similar to those made in the VEBA and DB plans in September 2018. The two 401(a) plans replaced the Defined Benefit Plans. The plans are employer contribution only and are based on a percentage of wages. The 457(b) plan is a deferred compensation plan which employees can contribute. BWL will contribute \$1,000 each year in January and will match up to \$1,500 more per year.

Commissioner Zerkle asked if the 457 plan was a pre-tax plan. Mr. Taylor responded that employees have a pre-tax and a Roth option in the 457 plan.

Mr. Taylor explained that all three plans are set up in a similar fashion and each plan has a single document that is the plan and trust agreement. The plan portion of the document talks about the administration of the plan, defines the benefits and defines the eligibility. The trust portion of the document is about managing the investments. Management has carried out trustee functions on the trustees' behalf and although this is accepted practice, the change is being requested due to advice by counsel to make it more explicit that delegation by trustees was appropriate and clearly stated. The following recommendations for which management seeks approval are: the addendum to the three plans makes it clear that the trustee authority can be delegated; revision of the investment policy statement to add language that clearly lists the authority that is being delegated to the Retirement Plan Committee (RPC); and the clear delegation by resolution to the RPC.

Motion by Commissioner Price, Seconded by Commissioner Mullen, to approve the changes to the 401(a) Defined Contribution Plans and the 457(b) Deferred Compensation Plan and forward them to the Trustees and Board for approval.

Action: Motion Carried

Commissioner Long asked what attributed to the lesser extent of repair than expected on the Erickson turbine. GM Peffley responded that turbine outages are done every seven years or

50,000 hours and the Erickson was right on schedule. GM Peffley stated that plant staff did an excellent job of operating the machine over the last seven years.

Internal Audit Status Report

Internal Auditor Phil Perkins presented the following status report:



Internal Audit Status Report

Presented by:
Phil Perkins, Director of Internal Audit
Finance Committee Meeting
November 2018

FY 2019 Audit Plan Progress Report

Engagements Completed:

1. Physical Security Audit (FY18 carryover)
2. Contract Signature Authority Compliance Audit (FY18 carryover)
3. Customer Arrangements & Third Party Payments Audit (FY18 carryover)
4. Surprise Cash Count #1
5. Employee Time Reporting Review #1



FY 2019 Audit Plan Progress Report, Cont'd

Remaining Engagements:

1. IT Cybersecurity Audit
2. Vegetation Management Audit
3. Procurement Audit
4. BSMART and Other Organizational Change Management – Consulting
5. Surprise Cash Count #2
6. Time Reporting Review #2



Overview

- FY 2019 Audit Plan Progress Report
- Continuing Professional Education Status



FY 2019 Audit Plan Progress Report, cont'd

Engagements in Progress:

1. Change Management Follow-up Audit – 75% complete
2. Metering Services Audit - 25% complete
3. COBIT Compliance Follow-up Audit – 25% complete
4. Asset Management Consulting – underway, ongoing.

Upcoming Engagements:

1. Accounts Payable Audit – start December 2018
2. Project Engineering Audit – start January 2019



Continuing Professional Education/ Certification Status

1. Director of Internal Audit:
 - On target to complete all CPE requirements for CPA, CIA and CISA designations this year.
 - CPE will be reported to proper authorities so that certifications (and in the case of CPA, licensure) will be maintained through 2018 and beyond.
2. Senior Internal Auditor:
 - On target to complete annual CPE requirements for CPA designation.
 - In progress toward completing requirements for Certified Information Systems Auditor (CISA) designation.



Other

Scott Taylor requested that the Commissioners bring their Pension Trustees binders to the Trustee Meeting in order that updates that are being approved can be placed in the binders.

Adjourn

Commissioner Ross adjourned the meeting at 8:05 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

2019 Regular Board Meeting Schedule

In accordance with the Lansing Board of Water & Light's Rules of Administrative Procedure, a schedule of dates, places, and times for each regular meeting of the Board of Commissioners for the calendar year shall be adopted in November.

RESOLVED, that regular meetings of the Lansing Board of Water & Light's Board of Commissioners are hereby set for calendar year 2019 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2019

Lansing Board of Water & Light Board of Commissioners **Regular Board Meeting Schedule**

Tuesday	January 22
Tuesday	March 26
Tuesday	May 28
Tuesday	July 23
Tuesday	September 24
Tuesday	November 19

Meetings will be held in the Lansing Board of Water & Light REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:30 p.m.

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in a newspaper of general circulation in Ingham County the week of January 1, 2019.

PROPOSED RESOLUTION
AMENDING APPOINTMENT TO MICHIGAN PUBLIC POWER AGENCY

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

WHEREAS, Bradley Stoecker resigned his position with the BWL effective October 1, 2018; and

WHEREAS, James Mitchell has served as the BWL's Bulk Power Trading Supervisor for approximately 4 years; and

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

NOW, BE IT RESOLVED, that Robert Lalonde will remain as the MPPA Commissioner on behalf of the BWL.

FURTHER RESOLVED, that Constance Carantza will remain as the Second Alternate Commissioner.

FURTHER RESOLVED, that James Mitchell is named as BWL's First Alternate MPPA Commissioner.

PROPOSED RESOLUTION

**Amendment of Defined Contribution Plan Number 106696;
Revised Investment Policy Statement; and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the “Sponsor”) sponsors the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 106696 (the “Defined Contribution Plan Number 106696”); and

WHEREAS, the Sponsor wants to amend Defined Contribution Plan Number 106696 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of Defined Contribution Plan Number 106696, and for the purpose of changing the name of Defined Contribution Plan Number 106696.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the Addendum Number 1 to Defined Contribution Plan Number 106696, effective as indicated therein.

FURTHER RESOLVED, that, after its review and based on a recommendation from management, the Sponsor adopts and approves the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Lansing Board of Water and Light Retirement Plan Committee certain duties relating to the investment of Lansing Board of Water and Light Defined Contribution Plan and Trust 1 assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the Lansing Board of Water and Light Defined Contribution Plan and Trust 1.

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys’ fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee’s discharge of its duties relating to the Lansing Board of Water and Light Defined Contribution Plan and Trust 1; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

PROPOSED RESOLUTION

**Amendment of Defined Contribution Plan 108824;
Revised Investment Policy Statement; and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the “Sponsor”) sponsors the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 (the “Defined Contribution Plan Number 108824”); and

WHEREAS, the Sponsor wants to amend Defined Contribution Plan Number 108824 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of Defined Contribution Plan Number 108824, and for the purpose of changing the name of Defined Contribution Plan Number 108824.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the Addendum Number 1 to Defined Contribution Plan Number 108824, effective as indicated therein.

FURTHER RESOLVED, that, after its review and based on a recommendation from management, the Sponsor adopts and approves the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Lansing Board of Water and Light Retirement Plan Committee certain duties relating to the investment of Lansing Board of Water and Light Defined Contribution Plan and Trust 2 assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the Lansing Board of Water and Light Defined Contribution Plan and Trust 2.

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys’ fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee’s discharge of its duties relating to the Lansing Board of Water and Light Defined Contribution Plan and Trust 2; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

PROPOSED RESOLUTION

**Amendment of Lansing Board of Water & Light 457 Deferred Compensation Plan;
Revised Investment Policy Statement; and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the “Sponsor”) sponsors the ICMA Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust Number 300435 (the “457 Plan”); and

WHEREAS, the Sponsor wants to amend the 457 Plan for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of the 457 Plan Trust, and for the purpose of changing the name of the 457 Plan.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the Addendum Number 1 to the 457 Plan, effective as indicated therein.

FURTHER RESOLVED, that, after its review and based on a recommendation from management, the Sponsor adopts and approves the attached Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Lansing Board of Water and Light Retirement Plan Committee certain duties relating to the investment of 457 Plan assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the 457 Plan.

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys’ fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee’s discharge of its duties relating to the 457 Plan; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

PROPOSED RESOLUTION
Easement Grant to Consumers Energy Company

RESOLVED, that the Board of Commissioners hereby recommends that Lansing City Council grant an easement to Consumers Energy Company which will be located on property occupied and maintained by the Board of Water and Light; and

FURTHER RESOLVED, the General Manager of the Board of Water and Light is authorized to execute all documents to effectuate this easement grant once approved by the Lansing City Council.

Staff Comments: The Board of Water and Light's ("BWL") new power plant in Delta Township will be fueled by natural gas which requires a new gas pipeline to supply sufficient fuel to the new plant. The BWL intends to contract with the Consumers Energy Company ("Consumers") to construct the new gas pipeline, and Consumers has requested an easement for said pipeline across the property where the new plant will be sited. The BWL has performed an operational feasibility assessment and negotiated the terms of said easement, which includes only nominal monetary consideration, that are mutually agreeable.

EASEMENT FOR PIPELINES

LBWL Pipeline

SAP# 32493270
Tract# ROW000916052938
Agreement# MI00000038506

CITY OF LANSING BY ITS BOARD OF WATER AND LIGHT, a Michigan Municipal Utility, PO Box13007, Lansing, MI 48901-3007 (hereinafter "Owner")

for \$1.00 and other good and valuable consideration [exempt from real estate transfer tax pursuant to MCLA 207.505(f) and from State real estate transfer tax pursuant to MCLA 207.526(f)] grants and warrants to

CONSUMERS ENERGY COMPANY, a Michigan corporation, One Energy Plaza, Jackson, Michigan 49201 (hereinafter "Consumers")

a permanent easement to enter Owner's land (hereinafter "Owner's Land") located in the Township of Delta, County of Eaton, and State of Michigan as more particularly described in the attached Exhibit A to construct, operate, maintain (including cathodic protection systems), inspect (including aerial patrol), survey, replace, reconstruct, improve remove, relocate, change the size of, enlarge, and protect in place a pipeline or pipelines in, on, under, over, across, and through a portion of Owner's Land (hereinafter "Easement Area") as more fully described and depicted in the attached Exhibit B, together with any associated valves, fittings, location markers and signs, communication systems, utility lines, protective apparatus and all other equipment, appurtenances, and facilities, whether above or below grade, necessary to or for the operation or protection thereof, and to conduct such other activities as may be reasonably convenient in connection therewith as determined by Consumers for the purpose of transmitting and distributing natural gas necessary.

Additional Work Space: In addition to the Easement rights granted herein, Owner further grants to Consumers, during initial construction and installation only, the right to temporarily use such additional work space reasonably required to construct said pipelines as depicted on Exhibit B. Said temporary work space shall abut the Easement Area, on either side, as required by construction within the area depicted on Exhibit B.

Performance of Work: Construction, operation, maintenance, alterations, improvements, additions, repair, inspection, and removal of the Facilities shall comply with all of the following conditions, limitations, and requirements:

(a) At Owner's expense, Owner may have an inspector present at all times during the initial construction of said Facilities. It is expressly agreed that the making of such inspections or the failure to inspect shall not impose any liability on Owner for the adequacy of safety of the work of Consumers and shall not relieve Consumers from any responsibility, obligation, or liability assumed by Consumers under this agreement or otherwise. Consumers shall give Owner seven (7) days' notice prior to construction of said Facilities.

(b) The Facilities shall not be located within ten (10) feet from electric distribution or transmission lines, poles, or structures located in, on, under, over, or across the Easement Area, unless otherwise approved by Owner in writing. Any trench work in the vicinity of a tower or pole, will be done such that the slope of the angle formed by the floor of the trench to the base of the structure at grade shall have a slope of less than 1 foot of rise per 1 foot of distance (a slope of less than 45 degrees). Said 1 foot of rise per 1 foot of distance requirement will apply for the distance between the trench and the pole; the bottom of the trench must be an equal distance from any pole and no deeper than the butt of the pole and in the event a deeper trench is required, the pole must be supported.

(c) Consumers, by exercising the rights herein granted, agrees that during all excavation the topsoil shall be placed on one side of the trench and the subsoil on the other side. Any of Owner's pipelines or water facilities that are exposed during excavation or construction shall have 100% sand backfill to at least within one (1) foot of grade, rather than subsoil. After the

trench is dug and the Facilities are placed, the site shall be restored by putting the subsoil back first and then the topsoil, except in the event sand backfill is required as provided herein. Restoration shall be completed so that the ground elevation and grade, preconstruction and post-construction, remain the same, and Consumers shall grade and reseed all disturbed areas with warm summer grasses upon the completion of construction or near thereafter as practical.

(d) Prior to commencing any excavation or digging on the Easement Area, Consumers shall contact the Utility Communications System (Miss Dig), prior to performing any excavation or similar activity in accordance with Michigan Compiled Law 460.721 et seq., as amended by Public Act 174 of 2013 and any future amendments.

Use: Consumers' use of the Easement Area shall be solely for the distribution of gas to Owner, its heirs, successors, lessees, licensees and assigns, and to no other customer nor for any other purpose. Owner shall accept no responsibility or liability in connection with the safety of the work performed by Consumers under this Easement.

Access: Consumers shall have the right to access to said pipeline or pipelines, and the right of ingress and egress on, over, and through Owner's Land for any and all purposes necessary to the exercise by Consumers of the rights granted hereunder.

Trees and Other Vegetation: Owner shall not plant any trees within the Easement Area. Consumers shall have the right from time to time hereafter to enter Owner's Land to trim, cut down, and otherwise remove and control any trees, brush, roots, and other vegetation within the Easement Area. For trimming planned in advance, Consumers shall provide Owner prior notice, except in the event of an emergency when notice shall not be necessary if impractical under the circumstances.

Buildings/Structures: Owner agrees not to build, create, construct, or permit to be built, created, or constructed, any permanent, man-made obstruction, building, septic system, drain field, fuel tank, pond, swimming pool, lake, pit, well, foundation, engineering works, installation or any other type of structure over, under, or on said Easement Area, whether temporary or permanent without the express written authorization of Consumers, which shall not be unreasonably withheld in Consumers' sole discretion, recorded in the register of deeds for the county in which Owner's Land is situated expressly allowing the aforementioned.

Ground Elevation: Owner shall not alter the ground elevation more than six (6) inches within the Easement Area without Consumers' written authorization which shall not be unreasonably withheld. Consumers shall not alter the ground elevation of the Easement Area or Owner's Land without Owner's written authorization, which shall not be unreasonably withheld.

Alterations: Consumers shall not make any significant alterations, improvements, or additions in, on, under, over, or across the Easement Area or its Facilities located on the Easement Area except as provided herein or without first supplying Owner with such plans and details for any proposed alteration, improvement, or addition. Nor shall Consumers make any surface alterations, improvements, or additions, in, on, over, or across the Easement Area or its Facilities after the initial construction that may significantly interfere with Owner's right to and use of the Easement Area without Owner's advance written consent, which shall not be unreasonably withheld.

Removal of Facilities and Alterations: Upon the expiration or any termination of this easement by Consumers, Owner shall direct Consumers to either abandon or remove the Facilities. In the event Owner directs Consumers to remove the Facilities, Consumers shall, at Owner's sole cost and expense, promptly remove all aboveground Facilities and all alterations, improvements, or additions in, on, under, over, across the Easement Area, made by Consumers or on Consumers' behalf, that were for the service to Owner only, including but not limited to those contemplated herein, unless performed without Owner's consent in which case Consumers' shall remove same at its own expense. Any Facilities, alterations, improvements, or additions in the Easement Area that were installed not for Owner's service only shall be removed at Consumers' sole cost and expense. Further, Consumers shall yield and deliver the Easement Area unless otherwise approved by Owner, in a like condition as when taken subject to normal wear and tear, provided however, Owner may designate by written notice to Consumers those alterations, improvements, or additions which Consumers shall not remove but shall remain and be stabilized in a condition that conforms with industry standards; said designated alterations, additions, or improvements that are not to be removed shall then attach to the real estate and become property of Owner and shall be transferred from Consumers to Owner by a warranty bill of sale.

Property Restoration: Upon completion of any work performed or caused to be performed by Consumers permitted herein, Consumers shall be responsible to clean up and return Owner's Land, including the Easement Area, to a similar condition that existed prior to said work including to and not limited to ground elevation and grade.

Spoil: Notwithstanding any requirement to backfill herein, spoil generated in connection with the exercise of Consumers' use of the Easement Area or the exercise of the rights granted in this agreement shall remain on Owner's Land and shall not be transported off Owner's Land without Owner's prior written consent. No spoils shall be stockpiled directly under any electric transmission or distribution lines under, over, or across the Easement Area that will prevent Owner from being able to access same and shall be removed as soon as reasonably practicable by Consumers unless otherwise approved by Owner. Consumers shall, as soon as reasonably practical, notify Owner of the presence of contaminated spoil upon becoming aware of it at the Easement Area or Owner's Land and transport any such spoil from the Easement Area and/or Owner's Land, in accordance with all applicable laws, rules, and regulations.

Protection of Owner's Facilities: Consumers must maintain the Facilities, Easement Area, and appurtenances in safe and good repair at all times and take reasonable precautions to prevent damage to Owner's Land.

Relocation of Facilities: If Owner finds it necessary to change or relocate its facilities located in, on, under, over, or across the Easement Area, Owner's Land, or adjoining property in order to accommodate Consumers' use of the Easement Area as herein provided, Owner shall be responsible for the actual costs and expenses for such relocation.

Drawings As-Built Survey and Markers: Upon completion of the construction of said Facilities, Consumers shall provide Owner with as-built drawings of the Facilities, indicating the surveyed location and depth of the Facilities within the Easement Area. Consumers shall mark the location of all underground Facilities with permanent markers. Said markers shall be maintained by Consumers, at Consumers' sole expense, at all times.

Compliance with Laws: Consumers, its agents, invitees, visitors, employees, contractors, and subcontractors shall comply with all laws, ordinances, and regulations of all federal, state, or local governmental authorities that are now or hereafter in any manner affecting the Easement Area and the use and occupancy thereof; provided however, that nothing herein shall be construed as a waiver by Consumers of any of its existing or future rights under state or Federal law. Consumers shall be responsible for obtaining and following any and all environmental or other permits that may be necessary to support the Facilities' construction, operation, or maintenance activities upon the Easement Area and upon Owner's request, shall provide copies of all such permits associated with initial construction.

Environmental: Consumers shall comply in all material respects with all applicable constitutional provisions, laws, ordinances, orders, requirements, rules, and regulations made by any governmental entity, body, or authority relating to its property and operations under this Easement. If Consumers' use of the Easement Area results in the presence on, in, or under the Easement Area (which includes but is not limited to the groundwater underlying the Easement Area) of contaminants, hazardous waste, hazardous substances or constituents, or toxic substances, as currently or hereafter defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USCA 9601 et seq; the Resource Conservation and Recovery Act (RCRA), 42 USCA 6901 et seq; the Toxic Substances Control Act (TSCA), 15 USCA 2601 et seq; the Michigan Natural Resources and Environmental Protection Act, MCL 324.101 et seq; or any other similar existing or future statutes, Consumers will to the extent caused by Consumers, its employees, agents, contractors, and subcontractors or anyone authorized by or on behalf of Consumers at no cost to Owner, immediately notify Owner and promptly take: 1) all actions that are required by any federal, state, or local governmental agency or political subdivision, and 2) all actions that are necessary to restore the Easement Area to the condition existing prior to the release or introduction of such contaminants, hazardous waste, hazardous substances or constituents, or toxic substances, notwithstanding any lesser standard of remediation allowable under applicable law or governmental policies. The actions required by Consumers pursuant to this paragraph include, but are not limited to: a) the investigation of the environmental condition of the Easement Area; b) the preparation of any feasibility studies, reports, or remedial plans required by law or governmental policy, and c) the performance of cleanup, remediation, containment, operation, maintenance, monitoring, or restoration work, whether on or off the Easement Area. Consumers will proceed continuously and diligently with such investigatory and remedial actions. The parties will provide to each other free of cost to the other copies of all test results and reports generated in connection with the above activities and copies of all reports submitted to any governmental entity. No cleanup, remediation, restoration, or other work required to be performed pursuant to this paragraph will require or result in the imposition of any limitation or restriction on the use of the Easement Area without prior notification and approval, which shall not be unreasonably withheld, to the other. The provisions of this paragraph will survive the term or any termination of this agreement.

Exercise of Easement: If Consumers shall discontinue use of the Easement Area for any period of two (2) or more years, this agreement shall be terminated. If this agreement is terminated, Owner shall have the option to elect to have Consumers, at Owner's sole cost and expense, perform work necessary to stabilize the abandoned Facilities, including, but not limited to purging the pipes with nitrogen or as is standard in the industry. However, in the event the Easement Area is ever used to serve any customer(s) other than Owner, its heirs, successors, lessees, licensees and assigns, Consumers shall preform same at its own cost and expense. Once terminated, Consumers shall be responsible for restoring the surface of such Easement Area, subject to normal wear and tear. Except as otherwise provided in this section, Consumers' nonuse or limited use of this Easement Area shall not preclude Consumers' later use of this agreement to its full extent.

Consumers' Covenants: Consumers covenants that it will enter onto and use the Owner's Land only for the purpose set forth herein (or for other purposes for which Consumers has existing or future rights, if any) and for no other purpose without the express prior consent of Owner.

Indemnification: Consumers shall at all times assume all liability for and protect, indemnify and save Owner, its successors and assigns, harmless from and against all actions, judgments, losses, orders, decrees, costs, and expenses brought or recovered against or incurred by Owner by reason of any death, bodily injury, personal injury, and loss or damage to Owner's Land but only to the extent caused by and proportionate to Consumers negligent actions or omissions on Owner's Land. To the fullest extent

allowable by law, Owner shall at all times assume all liability for and protect, indemnify and save Consumers, its successors and assigns, harmless from and against all actions, judgments, losses, orders, decrees, costs, and expenses brought or recovered against or incurred by Consumers by reason of any death, bodily injury, personal injury, and loss or damage to Owner's Land but only to the extent caused solely by and proportionate to Owner's negligent actions or omissions in the Easement Area, to the fullest extent provided by law. With respect to 3rd party claims, and only with respect to 3rd party claims, nothing herein shall be construed as a waiver by Owner of available defenses as a matter of law due to its governmental status, such as governmental tort liability. Consumers shall not permit any liens on the Owner's Land for any labor or material furnished to Consumers in connection with its use of the Easement Area.

Choice of Law: This easement shall be governed in all respects, by the laws of the State of Michigan, including as to interpretation, enforceability, validity and construction. Venue shall be deemed proper in Ingham County, Michigan.

Ownership: Owner covenants that they have the right and authority to make this grant, and that it will forever warrant and defend the title thereto against all claims whatsoever.

Successors: This easement shall bind and benefit Owner's and Consumers' respective heirs, successors, lessees, licensees, and assigns. Consumers' interest under this agreement shall be further subject to any and all existing leases, licenses, easements, and other interests in the Easement Area as are a matter of public record as the date of this agreement.

Notice: Any notices required or permitted to be given under the terms of this agreement shall be in writing and mailed by registered or certified U.S. mail, return receipt requested, postage prepaid, and in any case duly and properly addressed to the party indicated below or such other address or recipient as the party to whom such notice is to be given may specify from time to time by notice to the other party in accordance with this paragraph:

To Consumers: Consumers Energy Company
Business Services - Real Estate
One Energy Plaza
Jackson, Michigan 49201

To Owner:
Lansing Board of Water and Light
1201 S. Washington Avenue
Lansing, Michigan 48901

Each such notice shall be deemed to have been given and effective when mailed, as evidenced by the receipt of said mailing.

Authority: Owners and Consumers each acknowledge and represent that it is duly organized, validly existing and in good standing and has the right, power, and authority to enter into this agreement and bind itself through the party set forth as signatory for the party below.

Entire Agreement: This agreement constitutes the entire agreement and understanding between the parties and supersedes any prior discussions, negotiations, agreements and understandings. This agreement may only be amended or modified except in writing signed by both parties.

Date: _____

Owner: City of Lansing by and through its Board of Water and Light

By: _____
Name:
Its: _____

By: _____
Name:
Its: _____

Acknowledgment

The foregoing instrument was acknowledged before me in _____ County, Michigan, on _____ by _____ its _____ and _____ its _____ on behalf of the City of Lansing by its Board of Water and Light.

Notary Public

County, Michigan
Acting in _____ County
My Commission expires: _____

Date: _____

Consumers: Consumers Energy Company, a Michigan corporation

By: _____ Its: _____

By: _____ Its: _____

Acknowledgment

The foregoing instrument was acknowledged before me in _____ County, Michigan, on _____ by _____ Its _____ and by _____ Its _____ on behalf of Consumers Energy Company, a Michigan corporation.

Notary Public

County, Michigan
Acting in _____ County
My Commission expires: _____

Prepared By: Brandy R. Gale; 09/10/2018
Consumers Energy Company
One Energy Plaza
Jackson, MI 49201

After recording, return to:
Carrie Main, EP7-471
Consumers Energy Company
One Energy Plaza
Jackson, MI 49201

EXHIBIT A

Owner's Land

Parcel ID: 040-034-300-013-00

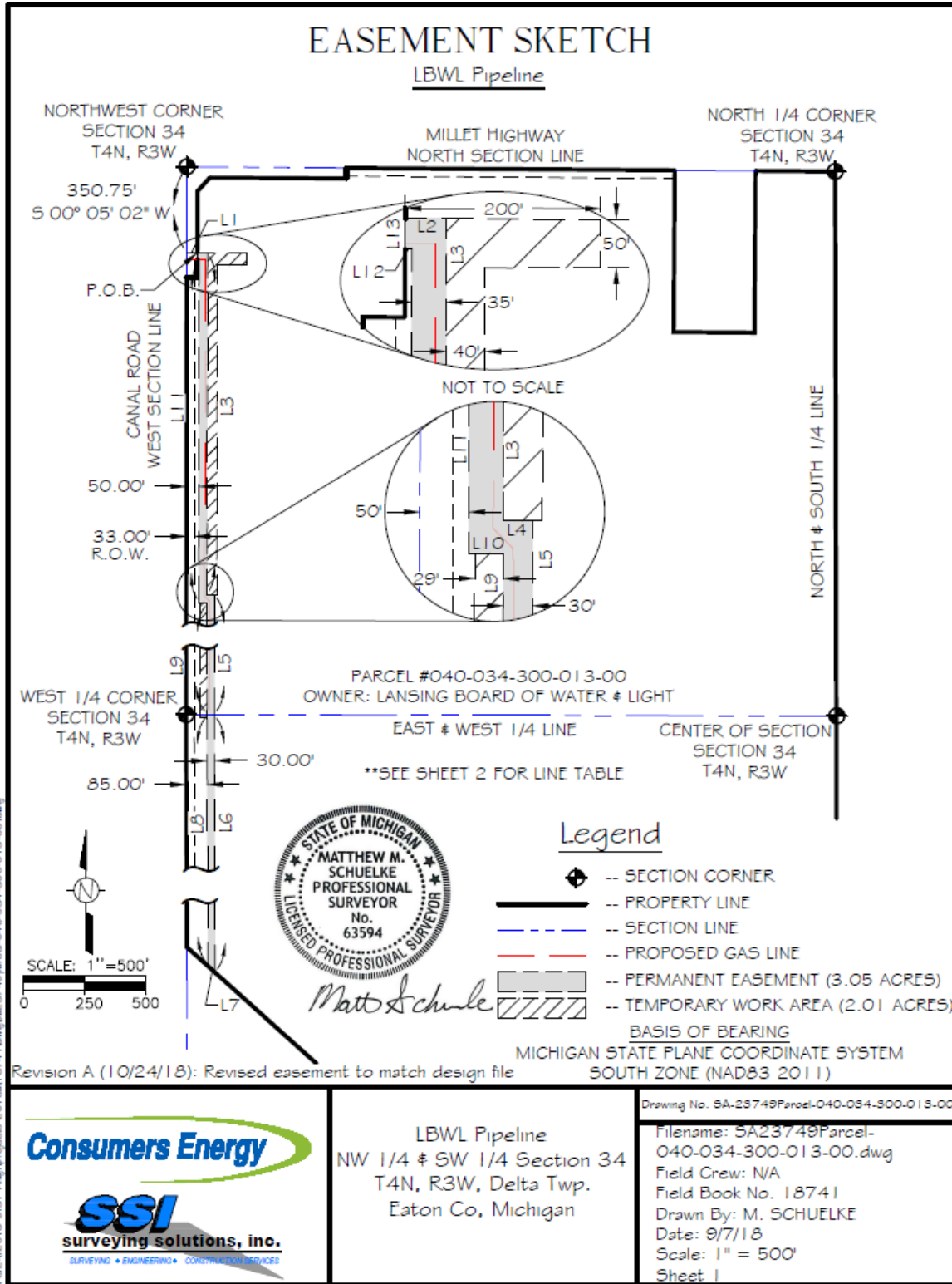
Land situated in the Township of Delta, County of Eaton, State of Michigan:

The West 1/2 of Section 34, Township 4 North, Range 3 West, Except that part taken for Highway and Except the railroad right-of-way, also Except Commencing 325 feet West of the Northeast corner of the Northwest 1/4; thence West 330 feet; thence South 660 feet; thence East 330 feet; thence North 660 feet to the point of beginning; Also Except that part lying Southeasterly of the Grand Trunk Western Railroad right-of-way; Also Except beginning at a point that is 33 feet South and 33 feet East of the Northwest corner of Section 34, Township 4 North, Range 3 West; thence easterly parallel to the North section line 618 feet; thence South 10 feet; thence westerly parallel to the North section line 558 feet; thence Southwesterly 75 feet, more or less, to a point that is 99 feet South and 43 feet East of the Northwest corner of Section 34; thence southerly parallel to the West section line 352 feet; thence West 10 feet to a point 33 feet easterly of the West section line; thence Northerly parallel to the West section line 418 feet to the point of beginning.

Commonly known as: 3725 S. Canal Road, Lansing, MI 48917

EXHIBIT B

Easement Area and Additional Work Space



EASEMENT SKETCH

LBWL Pipeline

Legal Description: Proposed Gas Facilities Easement:

An area of land in the West 1/2 of Section 34, Town 4 North, Range 3 West, Delta Township, Eaton County, Michigan described as follows: To fix the point of beginning commence at the Northwest corner of said Section; thence S.00°05'02"W., on the West line of said Section, 350.75 feet; thence S.89°54'58"E., perpendicular to said West Section line, 43.00 feet to the East Right of Way line of Canal Road and the point of beginning; thence continuing S.89°54'58"E., perpendicular to said West Section line, 42.00 feet; thence S.00°05'02"W., parallel with said West Section line, 1393.06 feet; thence S.89°54'58"E., perpendicular to said West Section line, 30.00 feet; thence S.00°05'02"W., parallel with said West Section line, 910.27 feet to the East & West 1/4 line of said Section; thence S.00°11'59"E., parallel with said West Section line, 1866.26 feet; thence N.48°00'29"W., 40.49 feet; thence N.00°11'59"W., parallel with said West Section line, 1839.23 feet to said East & West 1/4 line; thence N.00°05'02"E., parallel with said West Section line, 877.13 feet; thence N.89°54'58"W., perpendicular to said West Section line, 35.00 feet; thence N.00°05'02"E., parallel with said West Section line, 1396.19 feet; thence N.89°54'58"W., perpendicular to said West Section line, 7.00 feet to said East Right of Way line of Canal Road; thence N.00°05'02"E., on said East Right of Way line, 30.00 feet to the point of beginning

Described Gas Facilities Easement contains 3.05 acres.

Line Table		
Line #	Length	Direction
L1	43.00	S89° 54' 58"E
L2	42.00	S89° 54' 58"E
L3	1393.06	S00° 05' 02"W
L4	30.00	S89° 54' 58"E
L5	910.27	S00° 05' 02"W
L6	1866.26	S00° 11' 59"E
L7	40.49	N48° 00' 29"W
L8	1839.23	N00° 11' 59"W
L9	877.13	N00° 05' 02"E
L10	35.00	N89° 54' 58"W
L11	1396.19	N00° 05' 02"E
L12	7.00	N89° 54' 58"W
L13	30.00	N00° 05' 02"E



Matthew M. Schuelke

Revision A (10/24/18): Revised easement to match design file

Consumers Energy

SSI
surveying solutions, inc.
SURVEYING • ENGINEERING • CONSTRUCTION SERVICES

LBWL Pipeline
NW 1/4 & SW 1/4 Section 34
T4N, R3W, Delta Twp.
Eaton Co, Michigan

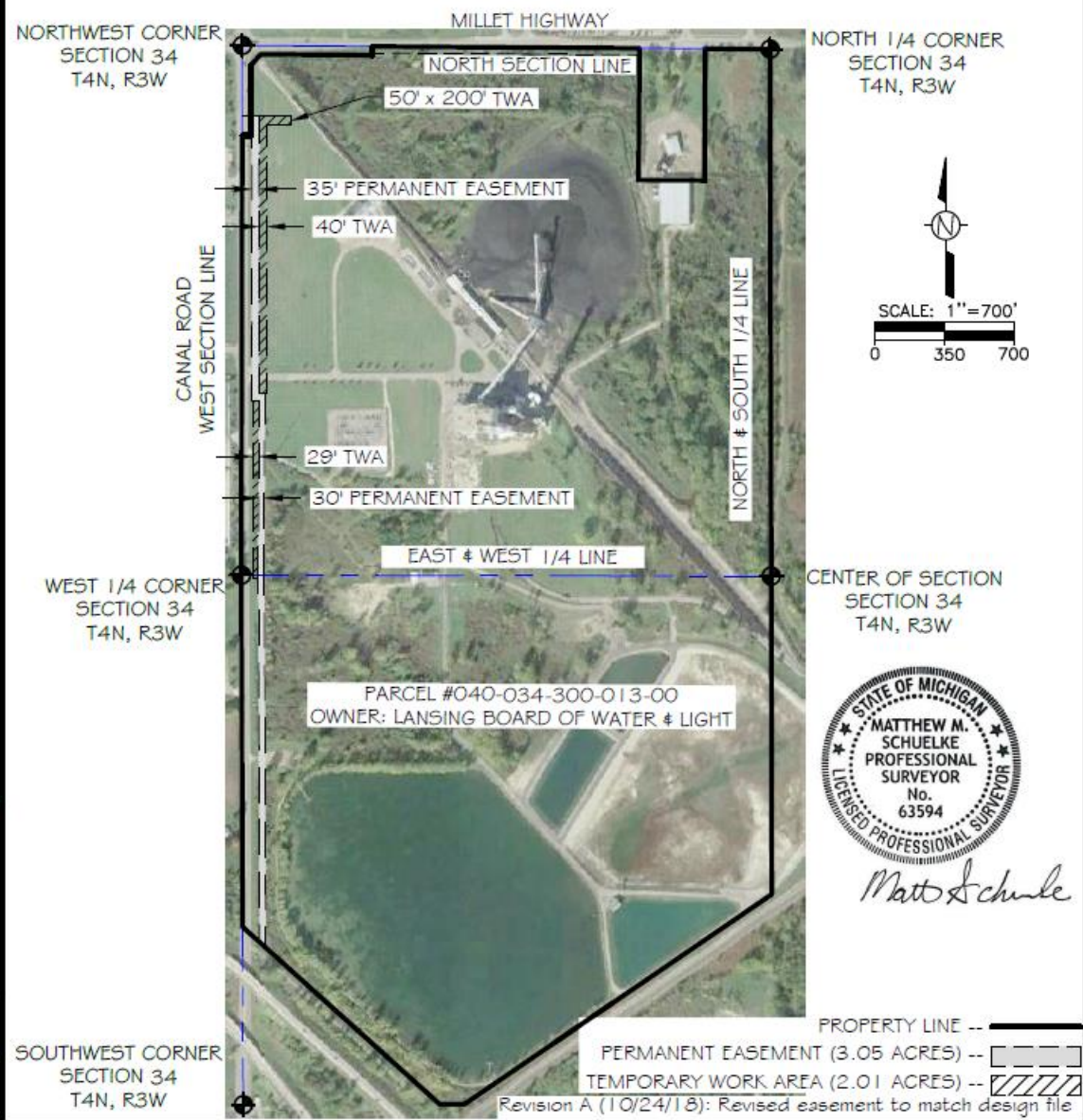
Drawing No. SA-23749Parcel-040-034-300-013-00

Filename: SA23749Parcel-040-034-300-013-00.dwg
Field Crew: N/A
Field Book No. 18741
Drawn By: M. SCHUELKE
Date: 9/7/18
Scale: N/A
Sheet 2

I:\02-2018-9-25-AM-projects\2018\18741\18741\23749\parcel-040-034-300-013-00.dwg

EASEMENT SKETCH

LBWL Pipeline



Matthew M. Schuelke

I:\02-42018-9-35-AMJ\projects\201\del\1874\1874\23749\parcel-040-034-300-013-00.dwg



LBWL Pipeline
 NW 1/4 & SW 1/4 Section 34
 T4N, R3W, Delta Twp.
 Eaton Co, Michigan

Drawing No. SA-23749Parcel-040-034-300-013-00
 Filename: SA23749Parcel-040-034-300-013-00.dwg
 Field Crew: N/A
 Field Book No. 18741
 Drawn By: M. SCHUELKE
 Date: 9/7/18
 Scale: 1" = 700'
 Sheet 3