



BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
September 24, 2019 - 5:30 p.m.
BOARD MEETING AGENDA

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of July 23, 2019

4. 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.

5. Communications

- a. Electronic Mail regarding the Smart Meter Program from:
 - 1. Michael Braem
 - 2. Mary Patenge
- b. A donation thank you letter from Safe Haven for Cats in memory of Wendy Ailing

6. Committee Reports

- a. Human Resources Committee Meeting (September 10, 2019)-Tracy Thomas, Chair
- b. Committee of the Whole Meeting (September 10, 2019)-Tony Mullen, Chair
- c. Finance Committee Meeting (September 10, 2019)-Ken Ross, Chair

7. Manager's Recommendations

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. PA 152 Health Care Premium Sharing
- b. Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions
- c. Acceptance of the 2019 Audited Financial Statements
- d. Internal Audit Charter Approval

11. Manager's Remarks

12. Commissioners' Remarks

13. Motion of Excused Absence

14. Public Comment

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

15. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

July 23, 2019

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on July 23, 2019.

Chairperson David Price called the meeting to order at 5:30 p.m. Chairperson Price welcomed new Commissioners Joseph Graves Jr., representing Lansing's 3rd Ward and Michael Froh, representing Meridian Township.

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

Present: Commissioners David Price, Joseph Graves Jr., David Lenz, Tony Mullen, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Douglas Jester (East Lansing), and Michael Froh (Meridian Township).

Absent: Commissioners Beth Graham, Ken Ross and Non-Voting Commissioner Larry Merrill (Delta Township)

The Corporate Secretary declared a quorum.

Commissioner Graves led the Pledge of Allegiance.

ELECTION OF OFFICERS FY 2019-2020

Corporate Secretary M. Denise Griffin presented the June 20, 2019 Nominating Committee Report for Nominating Committee Chairperson, Commissioner Anthony McCloud, whose Board appointment ended June 30, 2019. The proposed slate of officers for Fiscal Year 2019-2020 is as such: Commissioner David Price serving as Chairperson; and Commissioner Anthony Mullen serving as Vice Chairperson. There were no further nominations for the officers' positions.

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle to approve the nominations of Commissioner David Price to serve as the Chairperson and Commissioner Mullen to serve as the Vice Chairperson of the Board of Commissioners for Fiscal Year 2019-2020.

Action: Carried Unanimously

Chair Price requested approval for the appointment of Commissioner Tracy Thomas as the fourth member of the Executive Committee to fill the vacancy created by the departure of Commissioner Anthony McCloud.

Motion by Commissioner Price, Seconded by Commissioner Mullen to approve the appointment of Commissioner Tracy Thomas to serve as the fourth member on the Board of Commissioners Executive Committee.

Action: Carried Unanimously

APPROVAL OF MINUTES

Motion by Commissioner Mullen, **Seconded** by Commissioner Zerkle, to approve the Regular Board Meeting minutes of May 28, 2019.

Action: Motion Carried

PUBLIC COMMENTS

None.

COMMUNICATIONS

Electronic Mail received From or Re:

- a. Electronic mail from Dayna Jenkins re Customer Service - *Referred to Management. Received and Placed on File*
- b. Thank you care from former Internal Auditor Phil Perkins – *Received and Placed on File*

COMMITTEE REPORTS

Corporate Secretary M. Denise Griffin presented the Nominating Committee Report:

NOMINATING COMMITTEE MINUTES June 20, 2019

The Nominating Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 4:30 p.m. on Thursday, June 20, 2019.

Nominating Committee Chair, Anthony McCloud, called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Anthony McCloud, Beth Graham and Tracy Thomas.

Absent: Commissioner David Lenz

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Graham, Seconded by Commissioner McCloud to approve the Nominating Committee meeting minutes of June 28, 2018.

Action: Motion Carried.

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Committee Chair Anthony McCloud stated that the Officer Committee Survey Results Forms and Committee Survey Memorandum were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents. There were no questions. Chair McCloud noted that he received a late request from Commissioner Sandra Zerkle to be removed from consideration as Vice Chair and the request was honored by the committee.

Nomination of Board Officer Candidates for Fiscal Year 2019-2020

Chairperson and Vice Chairperson

Nominating Committee Chair McCloud opened the floor for nominations for the Chairperson for the 2019-2020 fiscal year and for the Vice Chairperson for the 2019-2020 fiscal year.

Motion by Commissioner Thomas, Seconded by Commissioner Graham to nominate Commissioner David Price to serve as the Chairperson for the 2019-2020 fiscal year and Commissioner Anthony Mullen as the Vice Chairperson for the 2019-2020 fiscal year.

Action: Motion Carried

Motion by Commissioner Graham, Seconded by Commissioner Thomas to present the slate of Officers for 2019-2020 to the full Board for consideration as follows:

Chair: David Price
Vice Chair: Anthony Mullen

Action: Carried Unanimously

Nominating Committee Chair McCloud stated that the recommended slate will be presented to the full Board for consideration and nominations will be taken from the floor at the July 23rd Regular Board/Annual Organizational meeting.

Excused Absence

Motion by Commissioner Graham, Second by Commissioner Thomas to excuse Commissioner David Lenz from tonight's Meeting.

Action: Motion Carried

Adjourn

There being no further business, the meeting adjourned at 4:33 p.m.

Respectfully submitted,
Anthony McCloud, Chair
Nominating Committee

Commissioner Tracy Thomas presented the Human Resources Committee Report:

**HUMAN RESOURCES COMMITTEE
Meeting Minutes
June 25, 2019**

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 10:00 a.m. on Tuesday, June 25, 2019.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle and Voting Alternate Member David Price. Also, present: Commissioners Beth Graham, David Lenz (via phone) and Ken Ross (via phone).

Absent: Commissioner Anthony McCloud

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Human Resources Committee meeting minutes and the Closed Session meeting minutes of May 21, 2019.

Action: Motion Carried.

Interview Candidates for the Charter Appointed Position of Internal Auditor

The Human Resources (HR) Committee Interview two candidates for the Charter Appointed position of Internal Auditor, in accordance with Section 5-202.2 of the Lansing City Charter, which states: "The Board shall appoint an Internal Auditor who shall report directly to the Board. The Internal Auditor shall serve at the pleasure of the Board."

The HR Committee members presented the two candidates with hypothetical situation questions as well as questions about previous experiences in particular work areas.

At the liberty of HR Committee Chair Thomas, the Human Resources Committee meeting recessed upon conclusion of each interview to allow the interviewing candidate to exit. The meeting reconvened at the arrival of the next interviewing candidate.

Upon conclusion of the final interview, the HR Committee completed the Rubrics scoring and deliberated on each candidate. The following motion was offered upon conclusion of deliberations:

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle to submit by Resolution the selected candidate for the Charter appointed position of Internal Auditor, to the full Board for consideration.

Action: Motion Carried (3/1 Mullen dissenting)

There was a brief discussion regarding a compensation package for offering. The HR Committee directed BWL's Human Resources Executive Director Flowers to extend an offer to the chosen candidate and to finalize the compensation package as discussed on behalf of the Board of Commissioners.

Excused Absence

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

Action: Motion Carried

Other

None

Adjourn

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

Action: Motion Carried

Meeting adjourned at 1:27 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

Vice Chair Sandra Zerkle presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE
Meeting Minutes
July 16, 2019**

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, July 16, 2019.

Committee of the Whole Chair Sandra Zerkle called the meeting to order at 5:51 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Joseph Graves Jr., Anthony Mullen, David Price, Ken Ross, and Tracy Thomas, and Non-Voting Members: Michael Froh (Meridian Township), Doug Jester (East Lansing), and Larry Merrill (Delta Township).

Absent: Commissioner Beth Graham and Commissioner David Lenz

The Corporate Secretary declared a quorum.

Public Comments

None.

Chair Zerkle introduced and welcomed Commissioner Joseph Graves Jr. representing the 3rd Ward, Commissioner Michael Froh representing Meridian Township, Commissioner Larry Merrill representing Delta Township, and Internal Auditor Wesley Lewis.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Graves, to approve the Committee of the Whole meeting minutes of May 14, 2019.

Action: Motion Carried.

Tree Trimming Update

General Manager Dick Peffley gave an update on the tree trimming program which has been in progress for five years and is two months from completion. Outages have significantly decreased since the inception of the program. Colonial Village would like tree stumps that remain to be removed but neither the BWL nor the City of Lansing has funding. Tree stump removal in the city would cost a total of \$10 million.

Commissioner Mullen asked whether trees were given as replacement for those taken down and GM Peffley responded that trees are given to customers that make a request.

Corporate Planning Update/Stakeholder Engagement

GM Peffley introduced Brandie Ekren, Strategic Planning & Development Executive Director, who presented the corporate planning process update and briefly reviewed the integrated resource plan (IRP), the strategic plan, Enterprise planning efforts, and strategic management. Ms. Ekren stated that the new Strategic Plan would be updated in 2020. Ms. Ekren stated that the strategic engagement process of the IRP would be reviewed in this meeting and that the stakeholder engagement goal was to acquire insight on needs and interests of customers and constituents.

Strategic Planning & Development
Lansing Board of Water & Light
Corporate Planning Process Update
Committee of the Whole, July 22, 2019

MAY 2019 DISCUSSION TOPICS

- Integrated Resource Plan
- Strategic Plan
- Enterprise Planning Efforts
- Strategic Management (aka Balance Scorecard)

INTEGRATED RESOURCE PLAN: STAKEHOLDER ENGAGEMENT UPDATE
A stakeholder is defined as an individual group or organization who is impacted by outcome of the BWL's Energy Plans

Stakeholder Engagement Highlights the Value of Public Ownership
March 2019 - January 2020

- Provides transparency to customers, which includes a demonstration that the LBWL is moving away from fossil fuels in a reasonable and affordable manner to its customers
- Due diligence to ensure investments are reasonable and valuable

INTEGRATED RESOURCE PLAN: STAKEHOLDER ENGAGEMENT

- Goal:** To acquire insight on needs and interests of actual and potential customer constituents
- Insight on customer industry awareness and interest in exploring strategies that permit the balance of reliability, environmental and economic goals**
- Allow interested parties an opportunity for input and secure community support for recommendations**
- Process:** Current plan involves a series of small group discussions from March 2019 through June 2019
- Anticipate additional discussions to continue through November 2019**
- The community participants include environmental interest groups, neighborhood associations, municipal representatives, large commercial/industrial customers, and any other individuals identified through this stage**
- Discussion:** A summary report reflecting the discussion process and feedback received
- Given that stakeholder feedback may continue through out the IRP process, this report will likely not be finalized until the Commission report. However, interim updates will be available as needed**

WHO ARE THEY?

- Customers (Residential & Commercial)
- Environmental Interest groups
- Special Interest groups
- Top Commercial Industrial Customers
- Regional Developmental Agencies
- Municipalities & their staff
- Neighborhood associations
- Action agencies and groups

HOW ARE THEY SELECTED?

- Previous Interested groups
- Strategic Commercial Industrial Accounts
- Interview feedback
- Generalized suggestions
- Social Media invites (i.e. Facebook, LinkedIn)

EXAMPLE OF SOCIAL MEDIA POST

We want to hear from you.

The BWL has started working on our 2020 Integrated Resource Plan, which will chart the future for greater Lansing's power needs.

If you'd like to meet with a BWL representative, please email Public.Welcome@bwl.com.

Small group discussions are being held now until mid-fall.

METHOD OF ENGAGEMENT

- Direct**
- Small group discussions
- Large group discussions
- Email correspondence
- Web form
- Information Provided**
- Sustainability plans and goals
- Examples of what other utilities are doing
- Opportunities to gather more information or partner

DISCUSSION TOPICS & AGENDA

DISCUSSION TOPICS & AGENDA

- Description of process and timelines
- Whether they, their community or interest group has sustainability goals
- Knowledge base of industry trends and technologies
- Thoughts on BWL's investment and priorities
- Awareness of BWL current energy waste reduction program
- Opportunities to further partner and educate

Steps ahead..

- Continue with meetings and engagement
- Implementing some of the suggestions to educate and keep stakeholders informed
- Prepare summary report of feedback and suggestions

Questions and conversation regarding the corporate planning process update followed.

Commissioner Zerkle asked whether commissioners could provide input and Ms. Ekren responded that the commissioners input was welcome and appreciated and that a meeting could be scheduled with them.

Commissioner Price asked whether additional public input would be allowed and Ms. Ekren responded in agreement that there will be additional opportunities for public input. She also reminded Commissioners that the IRP consisted of three stages: strategic engagement, modeling and a public meeting.

Commissioner Graves commented that there were environmentalists, council members, and well-meaning citizens that would like the board to hold meetings as an opportunity to inform the public of technology and alternative resources. GM Peffley responded that several meetings would be held at different times so that everyone would have the opportunity to provide input.

Commissioner Froh asked for clarification on the public meetings. Ms. Ekren stated that the meetings will be held in the fall and notifications will be sent.

Other

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

Action: Motion Carried.

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to adjourn the meeting.

Meeting adjourned at 6:31 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

Chair David Price presented the Finance Committee Report for Finance Committee Chair Commissioner Ken Ross:

FINANCE COMMITTEE
Meeting Minutes
July 16, 2019

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, July 16, 2019.

Finance Committee Chair Ken Ross called the meeting to order at 5:07 p.m. and asked that roll be taken.

Present: Commissioners Ken Ross, Anthony Mullen, and David Price. Also present: Commissioners Joseph Graves Jr. (arrived at 5:26 p.m.), Tracy Thomas, Sandra Zerkle, and Non-Voting Commissioners Michael Froh (Meridian Township), Douglas Jester (East Lansing) (arrived at 5:07 p.m.) and Larry Merrill (Delta Township).

Absent: Commissioner Beth Graham.

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 May 14, 2019.

Action: Motion Carried.

Chair Ross welcomed new Internal Auditor Wesley Lewis.

May YTD Financial Summary & Overview of Committee Reporting Framework

Chief Financial Officer (CFO) Heather Shawa introduced Mr. Scott Taylor, Finance Manager, who provided an overview of the financial summary dashboard. Mr. Taylor reviewed the main topics and stated that this report is issued monthly and it is to keep the board informed throughout the year of key financial results. The dashboard consists of a Cash section, critical rating metrics of days cash on hand and debt service coverage, a budget to actual comparison section, and a return on assets section.

Commissioner Ross asked which of the above items was the main interest of rating agencies. Mr. Taylor responded that days cash on hand, credit rating and debt service coverage are the most important metrics for the rating agencies.

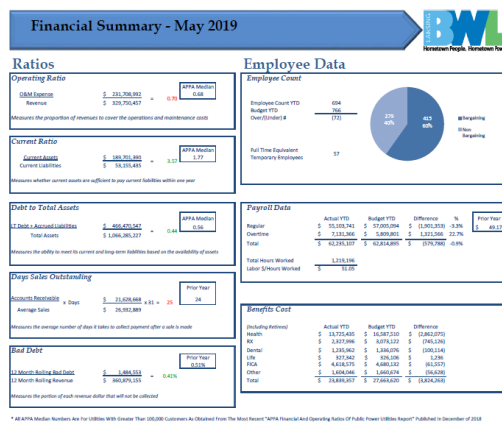
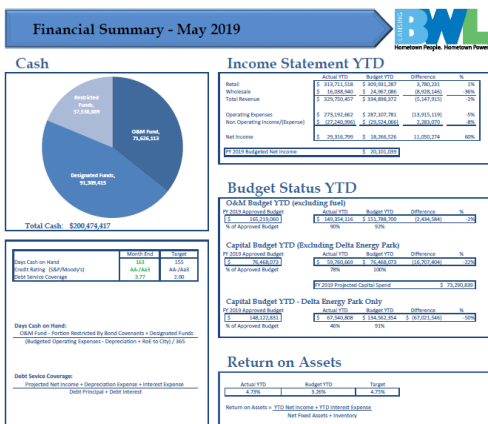
Commissioner Froh inquired about the wholesale numbers and Mr. Taylor responded that a capital project that was delayed and unplanned outages affected the wholesale numbers as native load is served first and wholesale second.

Commissioner Ross asked for the main components of retail and wholesale. Mr. Taylor responded that retail sales are for residential, commercial and industrial customers and after they are provided with service any additional power generated, when market prices are favorable, is sold on the wholesale market.

Mr. Taylor stated that the dashboard also consists of key ratios that are comparisons with industry peer groups of APPA and employee data which determines operations costs and changes.

Ms. Shawa pointed out that APPA ratios are for electric utilities and water benchmarks follow the AWWA.

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



Cash targets are well above income. June preliminary fiscal year end is \$30-33 million which is well above the budgeted net income of \$20 million. Ms. Shawa noted that VEBA is 100% funded and this will be addressed in the trustee meeting. Revenue tracking is comparable to last year, operating expenses are under budget, \$3 million is projected for fiscal year end and O & M will be back to YTD budget. Return on Assets will be

achieved this fiscal year and three out of five ratios are tracking above benchmarks. For Employee Data there are vacancies for which HR is recruiting.

Commissioner Mullen asked about the number of days for days cash on hand and Ms. Shawa responded that the target requirement is set at 155 to maintain infrastructure and rating agencies prefer 160 to 165.


Commissioner Price inquired about the employee count YTD. Ms. Shawa responded that there are 34 vacancies which is in the range of the 30-35 consistent average. GM Peffley added that HR is working to fill the vacancies.

Additional questions and conversations were brought by the Commissioners and Ms. Shawa and Mr. Taylor gave responses and explanations.

Internal Audit Open Management Response Quarterly Report

Finance Manager Scott Taylor presented management’s responses to audits as follows:

STATUS OF MANAGEMENT RESPONSES TO AUDITS
JULY 2019


In Accordance with Board Resolution #2014-07-05

Updates in red

| Issue # | Audit Name | Audit Issue Description | Response Date | Responsible Area | Status of Management Response |
|---------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 59 | Succession Planning | Internal Audit supports identifying critical positions as soon as possible. | March 2018 | Human Resources | A tool for identifying critical positions has been developed and tested. Management will be trained on the use of the tool and all critical positions will be identified by 4/30/20. |
| 67 | Contract Signature Authority Compliance | Internal Audit noted the need for alignment with the updated organizational structure and Procurement Procedure, inclusion of MOUs, and consistently obtaining the Corporate Secretary's signature. | October 2018 | Legal Services | Management has drafted the necessary revisions needed to create alignment with the new organizational structure, procurement procedures, and MOUs, and also includes requirements for the Corporate Secretary's signature. The revisions will be reviewed, approved, and delivered to the full management team by 8/31/19. |
| 68 | Contract Signature Authority Compliance | Internal Audit noted that proper approval and supporting documentation need to be on file. | October 2018 | Legal Services | Policy development to address approval and documentation requirements is underway. Management will complete development, finalize the policy, and deliver to the full management team by 8/31/19. |
| 69 | COBIT Compliance Follow-Up | Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework. | February 2019 | Information Technology | Of 55 items, 36 are complete and 19 are in process, with remaining completion dates ranging from 6/30/19 to 12/16/19. |
| 72 | Vegetation Management | Internal Audit recommends that Electric System Operations and Forestry meet with project management experts in the organization to assist in enhancing the process. | May 2019 | Electric System Operations - Forestry | Management will meet with project management experts within the BWL to identify opportunities to enhance the current process. The review will begin in July 2019 as the new cycle begins and will be completed by July 31, 2020 after the first year of the new cycle concludes. |
| 73 | Metering Services | Internal Audit recommends that a centralized electronic version of records be generated, in addition to hard copy or local versions. | May 2019 | Water & Steam Distribution | Calibration and maintenance records for large electric, steam and chilled water meters will be backed up electronically and in a centralized manner by December 31, 2019. |
| 74 | Metering Services | Internal Audit recommends that risk management practices be enhanced. | May 2019 | AMI Project | Third-party governance and risk management methodologies will be reviewed to assess relevant risk mitigations. Implementation of adopted methodologies will be completed by August 31, 2019. |
| 75 | Accounts Payable | Internal Audit recommends temporary holding or clearing accounts are reconciled and monitored on a periodic basis. | June 2019 | General Accounting | Management will reconcile the GR/IR account used for accounts payable transactions by July 31, 2019, and monthly thereafter. |

| Issue # | Audit Name | Audit Issue Description] | Response Date | Responsible Area | Status of Management Response |
|---------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------|----------------------------------------------------------------------------------------------------------------------------|
| 76 | Accounts Payable | Internal Audit recommends accounts payable procedures which require monitoring and/or reconciliation activities are reviewed periodically. | June 2019 | General Accounting | Management will review and update all relevant accounts payable procedures by September 30, 2019, and annually thereafter. |

Closed Issues (since December 2018 report):

| | | | | | |
|----|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 52 | COBIT Compliance | Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework. | February 2019 | Information Technology | As a result of the COBIT Follow-Up audit, this items is been closed and has been replaced with open item #69. |
| 60 | Succession Planning | Internal Audit supports training and development of succession candidates. | March 2018 | Human Resources | Candidate assessment and development were addressed as part of the the BWL Leadership Academy Emerging Leaders Program conducted April 2018 to April 2019. |
| 65 | Physical Security | Internal Audit supports a periodic review of all facility access. | Sept 2018 | Industrial Health & Safety | Security has completed its first annual update of facility access per feedback from managers. |
| 66 | Physical Security | Internal Audit recommends controls over security personnel permitted to carry firearms on a concealed basis be enhanced. | Sept 2018 | Industrial Health & Safety | Controls over security personnel authorized to carry firearms on a concealed basis have been enhanced. |

Mr. Taylor reported that the first three items were carried over from the report of the prior period and are on track to be completed. New audits have been initiated with completion dates as noted.

Other

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

Action: Motion Carried

Adjourn

Motion by Commissioner Price to adjourn the meeting. Commissioner Ross adjourned the meeting at 5:43 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

MANAGER'S RECOMMENDATIONS

None.

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

There was no New Business.

RESOLUTIONS/ACTION ITEMS

RESOLUTION #2019-07-01

Appointment of the Charter Position of Internal Auditor

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2019-2020, or, until a successor is appointed, whichever last occurs:

Wesley Lewis, Internal Auditor

FURTHER RESOLVED, That Wesley Lewis shall be extended an employment contract which shall be effective from July 15, 2019, and expire on June 30, 2020, or until a successor is appointed, whichever later occurs.

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle, to approve the appointment of the Internal Auditor for Fiscal Year 2019-2020.

Action: Motion Carried.

RESOLUTION #2019-07-02

Appointment of the Charter Position of Corporate Secretary

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2019-2020 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2019's performance.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Lenz, to approve the reappointment of the Corporate Secretary for Fiscal Year 2019-2020.

Action: Motion Carried.

RESOLUTION #2019-07-03

Appointment of the Charter Position of Director and General Manager

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2019-2020 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2019's performance.

Motion by Commissioner Thomas, **Seconded** by Commissioner Louney, to approve the reappointment of the Director and General Manager for Fiscal Year 2019-2020.

Action: Motion Carried.

MANAGER'S REMARKS

General Manager Peffley presented the following information:

1. The BWL Lugnuts picnic will be held on Thursday, August 8th and GM Peffley encouraged every employee to attend.

2. The recent outage affected about 20,000 customers, of which about 3,000 needed to reset their clocks and about 16,000 which some BWL action was required. The outage was spread evenly over the BWL service area. Mutual aid was provided by five other cities—Lowell, Grand Haven, Bay City, Hillsdale, and Bowling Green, OH. Everyone had service restored by Sunday evening and GM Peffley commended the workforce.

Commercial Zerkle commented about an update that was received with a reminder that the mass was the customer's responsibility and inquired whether it was policy that it could be placed on the customer's bill if the customer was unable to afford it immediately. GM Peffley responded that was correct.

Commissioner Graves inquired how the mutual aid agreement operated and whether it was included in the budget. GM Peffley responded that the mutual aid agreement is signed by utilities with established prices and the utilities are required to respond unless they have their own emergency. GM Peffley stated that mutual aid agreements from outside the state are more beneficial during storms as in-state aid is usually in use. Electric T&D Manager, Patrick Hanes, added that the standardized cost is according to the contract rate or union rate. GM Peffley also responded there is a storm line item set aside in the budget.

Commissioner Thomas commented that he lost power twice during the storm and power was restored almost immediately afterward and stated that outage map system is very efficient.

Commissioner Price asked if it was wind that caused the poles to come down during the storm and GM Peffley responded that it is still being checked. Commissioner Price also inquired about the percentage of customers using the different reporting methods. GM Peffley responded he will obtain the information and send a response to the Commissioners.

COMMISSIONERS' REMARKS

Commissioner Mullen commented that a call was received regarding a transformer that exploded which turned out to be a lightning arrester or circuit breaker. Commissioner Mullen commended the contractors and employees on the completion of this task during the rain.

Commissioner Graves commented he had the opportunity to meet with GM Peffley and will be reaching out to meet with additional staff members to get up to speed and obtain additional information.

Commissioner Thomas inquired about the protocol for providing information to all the Commissioners when one Commissioner presents helpful information to the GM. GM Peffley responded that he reports when there is a substantial amount of time spent addressing a topic.

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Mullen, **Seconded** by Commissioner Graves to excuse Commissioners Beth Graham, Ken Ross and Larry Merrill from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

None.

ADJOURNMENT

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

Chair Price adjourned the meeting at 6:05 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: 09-19-19

Official Minutes filed (electronically) with Lansing City Clerk __-__-19

UNOFFICIAL

Select a Commissioner:

All Commissioners

Name

Michael Braem

Street Address

2331 Harding

Lansing, Michigan. 48910

Email Address

braem@comcast.net

Message

I wish to file a complaint against the BWL regarding its high rates that are not competitive. We've been watching our use of resources in our home, and the rates remain high in the \$200-\$300 range per month. What is the justification for this, and what can be done to reduce our rates since BWL monopolizes the resources in Lansing? Furthermore, which state agency is responsible for overseeing BWL?

From: Danielle Miller

Sent: Tuesday, September 10, 2019 4:02 PM

To: john.patenge@sbcglobal.net

Cc: Dick Peffley <Dick.Peffley@LBWL.COM>; MDenise Griffin <MDenise.Griffin@lbwl.com>; Stephen Serkaian <Stephen.Serkaian@LBWL.COM>; Kellee Christensen <Kellee.Christensen@LBWL.COM>; Bob Perialas <Bob.Perialas@LBWL.COM>; Smiljana Lazic <Smiljana.Lazic@LBWL.COM>

Subject: BWL Communication from Mary Patenge

Dear Mrs. Patenge,

Thank you for your communication on September 5th. I have been asked by BWL General Manager, Dick Peffley, to respond to your email addressed to the BWL Board of Commissioners. The Board of Water & Light (BWL) permits all qualifying customers to opt-out of our Smart Meter Program for any or no reason. While we appreciate that some hold a differing opinion, at present there's no credible medical or scientific evidence that RF emissions from smart meters present or exacerbate any current medical condition. Our policies do not exclude anyone from services based on disability. The opt-out fee is applied in a non-discriminatory fashion since it applies to all customers electing an alternative metering strategy regardless of that customer's reason. BWL believes in giving our customer's options and our opt-out program is a way that we can do that with our Smart Meter Program. BWL has extensively researched the options provided by our neighboring utilities and has developed requirements that allow accommodating the customers that choose to opt-out of our Smart Meter Program while not unfairly passing the cost of the opt-out option to the vast majority of our customers who chose not to opt-out. Generally, the opt-out costs help to maintain two meter-reading systems and the necessary annual field visits as well as the costs associated with maintaining two separate meter programs. In addition, the monthly fee covers the costs to manually read and bill your meter on a bi-monthly basis. To ensure the continued safety of our customers, we have tested the non-transmitting digital meters we'll install for those customers who have opted out of a smart meter. Electromagnetic Field in the solid-state meters we selected for use in the opt-out program is within the same range of recorded EMF as the old analog meter with dials.

I am happy to discuss and address your concerns regarding smart meters further. I can be reached directly at (517) 702-6028 or danielle.miller@lbwl.com. I did receive your completed opt-out application today. I will notify you of the next steps once the processing of the application is complete. Your smart meter installation is on hold pending the opt-out process completion. I look forward to speaking with you soon.

Sincerely,

Danielle Miller,

AMI Project Lead

BWL Smart Grid Program

Danielle.Miller@lbwl.com

(517) 702-6028 (517) 937-7490

730 E. Hazel, 2nd Flr

Lansing, MI 48912



Submitted on Thu, 09/05/2019 - 9:53 AM

Submitted by: Anonymous

Submitted values are:

Select a Commissioner:

All Commissioners

Name

Mary Patenge

Street Address

126 West North Street
Lansing, Michigan. 48906

Email Address

john.patenge@sbcglobal.net

Message

As a long time customer, I am very disappointed in the discriminating process that has been chosen to penalize those with health issues that want to opt-out of smart meters. The \$190.00 fee (for LBWL to do nothing) and the \$25.00 monthly fee are outrageous. Consumers Energy charges nothings. This is a discriminating factor and should be fixed. You are a watchdog for your customers not just the company. Through the years your general rates have skyrocketed anyway. A new plan is needed for smart meter opt-out for those who are serious about their health.



August 29, 2019

Marilyn Denise Griffin, BLW Board of Commissioners:
1201 S. Washington Ave.
Lansing, MI 48910-1650

Dear Marilyn and BWL Board of Commissioners,

Thank you so much for your recent generous donation to SAFE Haven for Cats. Because of you, we can continue to help stray cats like Vass, Martha and Somerset, below, find happy, safe, and loving *forever homes*.



In the last twelve months, with your generous support, we have adopted 899 cats and sterilized almost 3,300 at the SAFE Care Clinic. I hope you are pleased with the life-saving impact you are making possible.

On behalf of all the cats and kittens at SAFE Haven, thank you for *your* generous tax deductible donation of \$50.00 in Memory of Wendy Alling. No goods or services were exchanged for this gift. Our Tax ID# is 56-1916620. You may use this letter for tax purposes.

Humbly,

A handwritten signature in black ink that reads "Pam".

Pam Miller
Founder & President

P. S. Mark your calendar for Saturday, October 5. We're hosting our 7th Run For Their Lives 5K and a very special 25th Anniversary Cat Fest celebrating all things cat!

HUMAN RESOURCES COMMITTEE

Meeting Minutes

September 10, 2019

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

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

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

Absent: None

Public Comments

None

Approval of Minutes

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

Action: Motion Carried.

PA152 Health Care Premium Sharing Resolution

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

Public Act 152, 2011

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

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

| Benefit Plan | 2020 PA 152 Cap | 1/1/20 Annual Employer Portion Only | Difference | 1/1/20 Employee Per Pay Period Premium |
|--------------|-----------------|-------------------------------------|------------|----------------------------------------|
| Single | \$8,818.87 | \$5,107.85 | \$481.22 | 54% |
| Emp+1 | \$14,286.37 | \$14,209.85 | \$8.52 | 99% |
| Family | \$18,586.96 | \$17,745.53 | \$851.43 | 119% |

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

Affordable Care Act (ACA)

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

| Lowest Paying Positions | Monthly Salary Rate | Annual Salary | Monthly Salary | Monthly Premiums (Sharing allowed) | Monthly Total Opt Out and Waiver (20%) | Maximum Opt Out monthly Premium (20% of) | Monthly Premium Sharing @ 20% (E) |
|-------------------------|---------------------|---------------|----------------|------------------------------------|----------------------------------------|------------------------------------------|-----------------------------------|
| Coal Cleaner | \$21.69 | \$45,115 | \$3759.60 | \$197.89 | \$3957.80 | \$188.00 | \$132.03 |
| Collection Clerk | \$22.04 | \$45,843 | \$3820.27 | \$197.89 | \$3957.80 | \$188.00 | \$132.03 |
| Admin, IT Security | \$23.52 | \$48,922 | \$4076.80 | \$208.71 | \$3868.09 | \$188.00 | \$132.03 |
| Developer I | \$23.96 | \$49,093 | \$4090.25 | \$209.88 | \$3880.37 | \$188.00 | \$132.03 |

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

† If a <td>%, then plan is not affordable. This plan passes affordability test.

The recommendation is that the Board select option 3 and exempt itself from the requirements of PA 152 of 2011 for all active employees' medical benefits, effective January 1, 2020 with an increase from 18% to 20% in premium sharing contribution. Mr. Flowers noted that the plan needs to meet the Affordable Care Act (ACA) affordability provision for 1/1/20 where health insurance premiums cannot exceed 9.78% of the employee's income, which it does. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

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

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

Proposed Resolution

To Amend Employee Contribution to Medical Benefit Plans

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

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

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

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

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

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

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

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

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

Action: Motion Carried.

Health Care Option for Non-Bargaining Employees

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

2020 NBU Plan Options

| | Current Blue Option | Alternate Green Option |
|----------------------------------------|---------------------|------------------------|
| Age 18-29 | \$110.00 | \$110.00 |
| Age 30-39 | \$110.00 | \$110.00 |
| Age 40-49 | \$110.00 | \$110.00 |
| Age 50-59 | \$110.00 | \$110.00 |
| Age 60-69 | \$110.00 | \$110.00 |
| Age 70+ | \$110.00 | \$110.00 |
| Spouse | \$110.00 | \$110.00 |
| Child | \$110.00 | \$110.00 |
| Dependent | \$110.00 | \$110.00 |
| Health Plan | \$110.00 | \$110.00 |
| Life Insurance | \$110.00 | \$110.00 |
| Disability Insurance | \$110.00 | \$110.00 |
| Long Term Care | \$110.00 | \$110.00 |
| Health Savings Account | \$110.00 | \$110.00 |
| Health Reimbursement Account | \$110.00 | \$110.00 |
| Health Flexible Spending Account | \$110.00 | \$110.00 |
| Health Dependent Care Spending Account | \$110.00 | \$110.00 |
| Health Care Reimbursement Account | \$110.00 | \$110.00 |

20% Premium Sharing

Deducted from your paycheck on a pre-tax basis to purchase your share of low health insurance cost (shown annually).

| Employee Current Pre Pay | Blue Option | Green Option |
|--------------------------|-------------|--------------|
| \$70.74 | | |
| \$159.16 | | |
| \$198.07 | | |

How do the choices you make impact the cost of your health plan?
 Every claim that every enrolled member has gets added up with trend to create premiums for the next year.
 Reduce unnecessary costs-fewer Emergency Room Visits, change to generic medications, choosing the right location for care all impact these costs.

| Treatment | Total Annual Cost | Employee Share | Employer Share | Member per pay |
|------------|-------------------|----------------|----------------|----------------|
| Single | \$7,022 | \$1,584 | \$6,338 | \$80.94 |
| Two Person | \$17,825 | \$3,565 | \$14,260 | \$137.11 |
| Family | \$22,182 | \$4,436 | \$17,746 | \$170.63 |

| Enrollment | Total Annual Cost | Employee Share | Employer Share | Member per pay |
|------------|-------------------|----------------|----------------|----------------|
| Single | \$6,266 | \$1,253 | \$5,013 | \$48.20 |
| Two Person | \$13,852 | \$2,770 | \$11,082 | \$106.56 |
| Family | \$17,239 | \$3,448 | \$13,791 | \$132.60 |

Your recent participation in wellness activities and better health decisions help to decrease medical trend.

HEALTHCARE 101

PPO: In Network versus Out of Network

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

Members pay their share of the allowed amount with no balance billing on services received IN NETWORK.

Members pay their share of the allowed amount plus balance billing on services received OUT OF NETWORK. Out of Network cost sharing is higher than in-network.

HEALTHCARE 101

Preventive Care

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

Covered 100%

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

Immunizations including HPV, MMR, Tdap, Tetanus, Flu, Varicella

Blood Pressure, Depression, and Lung Cancer Screenings

Diabetes, Cholesterol and Lipid Screenings

Mammograms, Colonoscopies, and Prostate Specific Antigen Tests

Well Baby and Child Exams

Billed Preventatively at no Member Cost

HEALTHCARE 101

Primary Care Providers (PCP)

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

Start a conversation with your Primary Care Physician (PCP). Get your questions answered, schedule tests, follow-up.

Make the most of your appointment. Make a list of questions, know your medications and your medical history and ask about prevention.

Do you have high blood pressure? Get it checked once a year to help reduce your risk for stroke and heart issues.

Understand your risk for diabetes. It's a silent predator. Reduce risks by losing weight, increasing exercise and reducing fat and calories in diet.

Help lower your risk of cancer by getting exercise, avoiding smoking and eating more fruits and vegetables to your diet.

Know your Medications. How and when to take it? What is for? What should you watch for?

HEALTHCARE 101

Telemedicine

AMwell is a faster, easier way to see a doctor.

PHU utilizes AMwell for online doctor and urgent care visits. Now you can have live, on-demand video visits with a physician of your choice. Install the AMwell app today for doctors, therapists and specialists just a click away.

Access Anywhere, 24 hours a day, 365 days a year without an appointment. No more waiting rooms. Middle of the night. Prescriptions sent electronically to the pharmacy of your choice. Your records shared with your doctor.

Commonly used to treat the following conditions: Arne, Bug Bites, Cold Sores, Flu, Cuts, Headaches, Pink Eye, Sinus Infections, Stomach Flu, Strep Throat, UTIs, etc. Member pays \$35 copay for Blue Option and \$50 copay for Green Option.

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

Blue Option

Deductible

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

PHU's PPO plan has a \$300 deductible for singles and \$600 for families (per month).

Deductibles start over every January 1.

Once a single reaches \$300 in deductible and a family reaches \$600 in deductible, it is satisfied for the rest of the calendar year.

In the current Blue Option, one person cannot exceed \$300 in deductible even if part of a family.

It takes a second person in a family to start on the next step with services received.

The whole family cannot exceed \$600 in deductible.

Green Option

Deductible

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

PHU's PPO plan has a \$1,000 deductible for singles and \$2,000 for families (per month).

Deductibles start over every January 1.

Once a single reaches \$1,000 in deductible and a family reaches \$2,000 in deductible, it is satisfied for the rest of the calendar year.

In the Green Option, one person cannot exceed \$1,000 in deductible even if part of a family.

It takes a second person in a family to start on the next step with services received.

The whole family cannot exceed \$2,000 in deductible.

Blue Option

Coinurance

Your share of the costs of a covered health care service, calculated as a percent (for example, 30%, 20%, 50%) of the allowed amount for the service after a deductible is met.

The Blue Option has 0% coinsurance.

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

The coinsurance starts over every January 1, just like deductibles do.

Coinurance works like Deductibles do. Singles up to the maximum single amount and a two person or family up to the family amount when a second person starts having service.

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

Green Option

Coinurance

Your share of the costs of a covered health care service calculated as a percent (for example, 10%, 20%, 30%) of the allowed amount for the service after a deductible is met.

The Green Option has 10% coinsurance.

Physicians Health Plan

The Green Option medical plan has 10% coinsurance. Once the deductible is met, the member is responsible for 10% percent coinsurance up to a maximum of \$1,000 if a single, \$2,000 if a family (2 or more).

The coinsurance starts over every January 1, just like deductibles do.

Coinurance works like Deductibles do. Singles up to the maximum single amount and a two person or family up to the family amount when a second person starts having services.

Blue Option

Pharmacy Copays

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

Tiers

Tier 1 \$5.00
A generic drug is a pharmaceutical drug that is equivalent to a brand name product in dosage, strength, route of administration, health, performance and intended use.

Tier 2 \$15.00
A preferred brand name drug is a medication that has been reviewed and approved by a group of physicians and pharmacists, and has been selected for preferred status based on proven clinical and cost effectiveness.

Tier 3 \$35.00
A non-preferred brand name drug is a medication that has been reviewed by the same group of physicians and pharmacists and most cost effective to available. Specialty drugs are not included in this tier. Specialty drugs are those that are classified as high-cost, high-complexity and/or high-toxicity. Specialty drugs are those that are "single derived from being sold" and are not available in a generic form.

Green Option

Pharmacy Copays

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

Tier 1 \$5.00
A generic drug is a pharmaceutical drug that is equivalent to a brand name product in dosage, strength, route of administration, quality, performance and intended use.

Tier 2 \$15.00
A preferred brand name drug is a medication that has been reviewed and approved by a group of physicians and pharmacists, and has been selected for preferred status based on its proven clinical and cost effectiveness.

Tier 3 \$60.00
A non-preferred brand name drug is a medication that has been reviewed by the same group of physicians and pharmacists and most cost effective to available. Specialty drugs are not included in this tier. Specialty drugs are those that are classified as high-cost, high-complexity and/or high-toxicity. Specialty drugs are those that are "single derived from being sold" and are not available in a generic form.

HEALTHCARE 101

90 day supplies and mail order

Allows the member to fill a 90-day supply of maintenance medication at retail via Walgreens pharmacy or via Express Scripts Home Delivery.

For Retail at Walgreens, member must have a script from the doctor written for a 90-day fill and request same from pharmacy.

EXPRESS SCRIPTS

You can trust the Express Scripts Pharmacy to deliver more:

- Savings** – Buy lower copayments, you may see your savings add up quickly.
- By two months get one month free at \$10 and \$20 Copays on most maintenance medications for the Blue Option, and \$15, \$10, and \$20 Copays for the Green Option.**
- Convenience** – 90-day supply, free standard shipping, flexible payment options and automatic refills.

Choose the Express Scripts Pharmacy – At Home™

Voluntary Smart go program at Walgreens. Same savings, only at retail.

HEALTHCARE 101

True Out of Pocket Maximum (TROOP)

Under the Affordable Care Act, all plans had to institute a True Out of Pocket Maximum to members enrolled.

- Includes premium contribution, Coinsurance, and Medical and Pharmacy Copays.
- Excludes premium contribution Deductibles, out of network services, balance billing and non-medically necessary services.
- Capred at \$6,350 for singles and \$12,700 for families for both the Blue and the Green Option.

ESTIMATING COSTS

| Plan | Service | Approved Amount | Blue Option | Employee Responsibility | Member Responsibility | Green Option | Employee Responsibility | Member Responsibility |
|-------------------------------------------|------------------------|-----------------|-------------|-------------------------|-----------------------|--------------|-------------------------|-----------------------|
| 1-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 2-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 3-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 4-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 5-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 6-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 7-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 8-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 9-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 10-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 11-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 12-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 13-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 14-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 15-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 16-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 17-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 18-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 19-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| 20-1000 Metformin 500mg tablet and 1000mg | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| | Copay | \$10 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| TOTAL | TOTAL | \$6,350 | \$6,350 | \$6,350 | \$6,350 | \$6,350 | \$6,350 | \$6,350 |
| | Family Premium Sharing | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 |
| | Total Cost | \$10,350 | \$10,350 | \$10,350 | \$10,350 | \$10,350 | \$10,350 | \$10,350 |

Commissioner Thomas asked whether the selection of a plan could be changed after the initial choice. Mr. Flowers responded that changes could be made during the open enrollment period.

Commissioner Mullen asked whether advice was provided to employees as to which option would be better for their situation. Mr. Flowers responded that information would be provided according to each individual situation and the individual could put their information into the calculator provided to determine which plan would be the most beneficial for them. Mr. Flowers also responded that this plan is not coupled with a health service plan or HSA, but it is eligible for an FSA.

Commissioner Zerkle asked whether there are some medications that aren't covered under the plan. Mr. Flowers responded that he wasn't aware of any that weren't available under the plan.

Commissioner Ross commented that this plan is a step toward HSAs and commended the chair and management.

GM Peffley commented that this a beneficial plan for employees. He commented that a possible 80% of employees are over-insured and this may save customers a million dollars when it is completely implemented. Mr. Peffley introduced General Counsel Mark Matus to explain the resolution for this plan. Mr. Matus recommended that a resolution be prepared as a precaution that clearly and unequivocally delegates authority as plan sponsor to the board. Management will also be required to keep the board informed of decisions to attract and maintain employment.

Motion by Commissioner Price, Seconded by Commissioner Zerkle, to amend the resolution to allow for a late item which is the resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions

Action: Motion Carried.

Motion by Commissioner Graves, Seconded by Commissioner Zerkle, to amend the proposed resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions to include when the benefit design changes will be communicated to the Board.

Action: Motion Carried.

Proposed Resolution

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

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

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

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

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

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

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

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

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

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

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

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

Action: Motion Carried.

Other

None

Adjourn

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

Action: Motion Carried

Meeting adjourned at 5:42 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE

Meeting Minutes

September 10, 2019

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

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

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

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

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

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

Action: Motion Carried.

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

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

2018 Energy Waste Reduction and Renewable Energy Annual Update

Committee of the Whole
September 10, 2019



Million Kilowatt Hour Club

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

2018 Annual Update of PA 295 & PA 342

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

2018 Energy Waste Reduction Programs

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

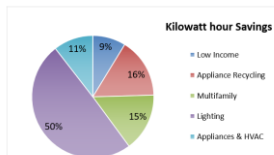
Program Highlights

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

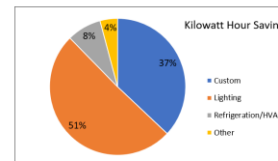
Energy Waste Reduction Summary

| Program Portfolio | 2018 Goals | | 2018 Actual | |
|--------------------------------|------------------------------|--------------------|------------------------------|--------------------|
| | Gross First Year kWh Savings | Program Budget | Gross First Year kWh Savings | Program Budget |
| Low Income Services | 392,565 | \$239,247 | 580,074 | \$239,247 |
| Residential Programs | 6,656,215 | \$1,017,889 | 4,445,113 | \$988,174 |
| Business Services | 15,239,793 | \$2,379,295 | 16,879,280 | \$2,356,379 |
| Total Program Portfolio | 19,488,483 | \$3,632,431 | 21,884,468 | \$3,584,800 |
| Program Administration | | \$498,710 | | \$214,538 |
| Evaluation (EM&I) | | \$980,904 | | \$204,819 |
| ANNUAL TOTALS | 19,488,483 | \$4,412,105 | 21,884,468 | \$3,804,157 |

Residential Summary 2009-2018



Business Summary 2009-2018



Challenges and Opportunities

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

Low Income 2018

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

Low Income 2018 Cont.

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

Renewable Energy 2018 Results

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

2018 Updates

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

Net Metering Program



Current Renewable Energy Portfolio

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

Planned Projects

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

Renewable Energy Challenges

- Community Acceptance
- Generation Dispatchability
- Storage Limitations

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

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

Commissioner Ross noted the success in large business in energy reduction and inquired about the opportunities for communities with a lot of rentals and low income, and the challenges of getting landlords to invest in energy saving technology. Commissioner Ross also asked if there is a network of utilities communicating about what programs are working. Ms. Gow responded that the Michigan Public Service Commission, who legislates the energy programs, has a state-wide group just for low income that meets monthly and shares a large amount of information. Ms. Gow also stated that a recent program was started in a high rental area with a copay for landlords and it has been very successful. Refrigerators are replaced for rentals for 25% and homeowners for free. GM Peffley responded that the MMEA also reviews these type of programs.

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

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

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

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

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

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

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

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

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

Commissioner Ross asked whether BWL passed rates which govern the water contracts or do the contracts include a rate schedule. Ms. Brandie responded that there is a difference between a wholesale and retail agreement. In a wholesale agreement BWL negotiates a contract with the township and the Commissioners approve the rates yearly. In retail agreements BWL contracts with individual customers and is handled during the normal rate making process.

Commissioner Froh inquired whether, outside of a long-term agreement where the savings would be realized with conservation, there has been any discussion of incentivizing savings for customers for going above and beyond attempts to reduce consumption. Mr. Peffley responded that on a wholesale

agreement it is difficult to realize an incentive as the customer could bring on a new subdivision that would increase their water flow.

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

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

Corporate Planning; Industry Updates and Considerations

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

INDUSTRY TRENDS & CONSIDERATIONS

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

CURRENT ACTIVITIES UNDERWAY

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

INTEGRATED RESOURCE PLAN: INDUSTRY INSIGHT & MODELING

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

OBJECTIVE
Integrated demand side management & Distributed Energy Resources (DER)
Solar Penetration, Renewable Electrofuels, Storage, etc.
Transmission and Operations

DELIVERABLE
Description of methods, assumptions and risks
Building of Storage of the following characteristics environmental attributes, cost (affordability), reliability (diversity of supply or load serving)

Industry Insight

Stakeholder Commissioned

- Energy Efficiency
- Demand Management
- Electric Vehicle Adoption Forecast
- Distributed Energy Forecast
- Solar
- Wind

Technology Reports

- Solar
- Energy Storage
- Electric Vehicle Infrastructure

Other IRP processes

Industry Insight & Modeling Value

- What options and decisions are desirable or unacceptable, taking into consideration operational needs, impacts, sustainability and shareholder interests
- Value Examples
 - Real-time
 - Renewables
 - Energy Efficiency
 - Resource targets
- Choosing one option does not rule out the evaluation of other options
 - Investment in one option because other choices are financially attractive (change economics/benefits)
 - Several options could have similar economic but different risk profiles
 - Environmental Risk
 - Financial Risk
 - Reliability Risk

BASE MODEL & QUESTIONS TO CONSIDER

Base Model

- Minimum clean energy targets
 - 50% 2025
 - 40% 2030
- Belle River retires 2030
- Full computer-based optimization of resources gives the above assumptions

Candidate Resources

- Energy efficiency (EE)
- Demand response (DR)
- Customer-sited solar (CS)
- Utility-scale solar
- Li-Ion Batteries
- Wind Energy
- Market Energy
- Direct Vehicle encouragement program (EV)
- Combined heat & power (CHP)
- Internal Combustion Engines (ICE)
- Combustion Turbines (CT)

Modeling Objectives

Software Modeling Purpose

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

New Software Model: Ascend Analytics' PowerSimm Planner

Computing

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

Simulations

- Simulations based on chronological hourly dispatch
- Simulate weather and its impact on load, renewables and market prices of gas and power
- Model can run hundreds of simulations in less time
- More detail in modeling

Risk Valuation

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

Demand-Side

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

Now through July 2020

- Future C.O.W. discussions
- Informational material to supplement discussions
- Study & Modeling results and conclusions that will dovetail into Strategic Planning considerations
- Commissioner stakeholder meeting opportunities

BASE MODEL & QUESTIONS TO CONSIDER

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- Minimum clean energy targets
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- Internal Combustion Engines (ICE)
- Combustion Turbines (CT)

Questions

- What if no new combustion?
- What if we change optimal EE, DR, & CS?
- What if we increase clean-energy minimums?
- What if carbon tax limits imposed?
- What if gas prices change?
- What if load forecast changes?
- What if Belle River retires earlier?

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

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

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

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

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

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

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

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

Other

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

Action: Motion Carried

Adjourn

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

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

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

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

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

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

Absent: Commissioner David Lenz

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

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

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

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

Ms. Ryers' presentation was as follows:



**Board of Water and Light – City of Lansing
Audit Overview**

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

**Board of Water and Light – City of Lansing
Audit Overview**

Audit assesses internal controls

...a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources"

Controls must meet the goal and objectives of Operations, Reporting and Compliance

**Board of Water and Light – City of Lansing
Audit Overview**

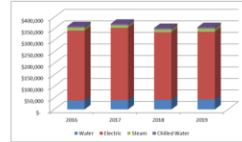
| | |
|--------------------------------------------|------------------------|
| Controls reviewed in key transaction areas | Disbursements |
| | Payroll |
| | Billings |
| | Cash and investments |
| | Capital assets |
| | Information technology |
| | Financial reporting |

**Board of Water and Light – City of Lansing
Observations and recommendations
Enterprise Fund**

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

**Board of Water and Light – City of Lansing
Observations and recommendations
Enterprise Fund**

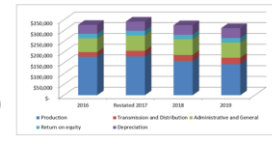
Operating Revenues – Four-year Comparison (in thousands)



| | 2016 | 2017 | 2018 | 2019 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Water | \$ 35,791 | \$ 40,769 | \$ 45,324 | \$ 42,811 |
| Electric | \$ 303,245 | \$ 123,205 | \$ 293,361 | \$ 294,205 |
| Steam | \$ 1,683 | \$ 14,494 | \$ 12,072 | \$ 9,769 |
| Other water | \$ 6,718 | \$ 8,831 | \$ 9,102 | \$ 8,331 |
| Operating Revenue | \$ 347,437 | \$ 177,309 | \$ 359,862 | \$ 355,116 |

**Board of Water and Light – City of Lansing
Observations and recommendations
Enterprise Fund**

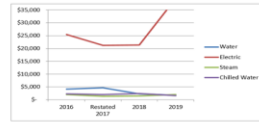
Operating Expenses – Four-year Comparison (in thousands)



| | 2016 | Revised 2017 | 2018 | 2019 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Production | \$ 139,904 | \$ 102,219 | \$ 109,314 | \$ 104,277 |
| Transmission and Distribution | 21,389 | 24,930 | 27,913 | 29,879 |
| Administration and General | 64,027 | 72,158 | 78,639 | 75,864 |
| Major projects | 20,094 | 11,892 | 20,992 | 21,211 |
| Depreciation | 20,262 | 23,070 | 25,170 | 26,167 |
| Operating Expenses | \$ 265,776 | \$ 234,279 | \$ 247,136 | \$ 237,398 |

**Board of Water and Light – City of Lansing
Observations and recommendations
Enterprise Fund**

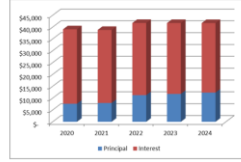
Operating Income – Four-year Comparison (in thousands)



| | 2016 | Revised 2017 | 2018 | 2019 |
|-------------------------|------------------|------------------|------------------|------------------|
| Water | \$ 4,099 | \$ 4,626 | \$ 2,321 | \$ 1,718 |
| Electric | 26,965 | 21,139 | 26,295 | 26,671 |
| Steam | 2,047 | 1,238 | 1,479 | 1,361 |
| Other water | 3,222 | 2,205 | 3,489 | 3,658 |
| Operating Income | \$ 36,333 | \$ 29,208 | \$ 27,585 | \$ 33,308 |

**Board of Water and Light – City of Lansing
Observations and recommendations
Enterprise Fund**

Future Debt Service Requirements (in thousands)



| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------|----------|-----------|-----------|-----------|-----------|
| Principal | \$ 7,609 | \$ 7,942 | \$ 11,242 | \$ 11,774 | \$ 12,330 |
| Interest | \$ 1,443 | \$ 30,945 | \$ 30,489 | \$ 29,939 | \$ 29,590 |

Debt service after 2024 includes remaining principal payments of \$574,401,000 and interest payments of \$434,613,000 through 2048.

**Board of Water and Light – City of Lansing
Observations and recommendations
Pension Plans**

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

**Board of Water and Light – City of Lansing
Observations and recommendations**

Future accounting standards

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

**Board of Water and Light – City of Lansing
Observations and recommendations**

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Board of Water and Light – City of Lansing

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



Discussion

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Audit summary

Jodi Dobson, Partner
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Bethany Ryers, Firm Director
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Jeff Hurda, Senior Accountant
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Commissioner Ross inquired about the number of staff that were working onsite. Ms. Ryers responded that 4-5 people were on site. Commissioner Ross congratulated Ms. Shawa and her staff for an audit well done.

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

Action: Motion Carried.

July YTD Financial Summary

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

Internal Audit Report & Revised Internal Audit Work Plan

Overview

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

FY 2019 Audit Plan Progress Report

Engagements Completed:

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



Internal Audit Status Report

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



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FY 2019 Audit Plan Progress Report, cont'd

Engagement in Progress:

1. Procurement Audit (summarizing and reporting stage)

Engagement Deferred:

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



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Proposed, Revised FY 2020 Audit Plan - Background

Basis for Plan:

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



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Proposed, Revised FY 2020 Audit Plan - Background

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

1. **Cash Management and Treasury Audit (First Time Audit)**
2. **Work Management (WM) (New Process and First Time Audit)**
3. **Customer Projects (Last Audited in March 2015 and to be executed at the same time as the WM Audit)**
4. **Energy Risk Management (Last Audited in June 2013)**
5. **IT - Vulnerability Assessments (First Time Audit) Estimated start is Q4 2020.**
6. **CFO - Fixed Assets (Last audited in May 2012) Estimated start is Q4 2020.**

* This plan is subject to change. Items that could change and alter the plan include staffing efforts, upgrade in audit technology and related training, ISO certification for Internal Audit, and special engagements.



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Proposed, Revised FY 2019 Audit Plan Hours

| Planned Audits | Estimated Hours |
|-----------------------------------------------------------------------|-----------------|
| Cash Management and Treasury (First Time Audit) | 450 |
| Work Management (First Time Audit) | 450 |
| Customer Projects | 300 |
| Energy Risk Management | 300 |
| IT Vulnerability Assessments (First Time Audit) | 450 |
| CFO - Fixed Assets | 300 |
| Other Engagements and Projects: | |
| Special Engagements | 450 |
| Consulting - Topics TBD | 300 |
| Periodic Reviews (cash count, time reporting, P-Card expenses, etc.) | 200 |
| Continuous Audit Involvement (BSMART, Org Change Mgt, ISO 5001, etc.) | 300 |
| Total Required Hours | 3,500 |



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

Available Resources:

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



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Proposed Revised FY 2020 Audit Plan, Cont'd

- Questions?
- Recommend Approval of FY 2020 Audit Plan



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Proposed Revised Internal Audit Department Charter

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

We recommend approval of the revised Internal Audit Department Charter.



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Other Items

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



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

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

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

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

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

Action: Motion Carried.

Internal Audit Charter and Resolution

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

Proposed Resolution

Internal Audit Charter Approval

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

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

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

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

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

Action: Motion Carried.

Other

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

Action: Motion Carried

Adjourn

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

Respectfully submitted

Ken Ross, Chair

Finance Committee

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 |
| September 25, 2018 | (#2018-09-01) | 18% All Active Employees | January 1, 2019 |

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

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

Proposed Resolution

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

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

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

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

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

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

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

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

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

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

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

Proposed Resolution
Fiscal Year 2019 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds

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

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

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

Proposed Resolution
Internal Audit Charter Approval

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