



**COMMITTEE OF THE WHOLE MEETING via WEBEX
AGENDA**

June 30, 2020

5:30 P.M. – 1201 S. Washington Ave., Lansing, MI 48910

The BWL full meeting packet and public notice/agenda is located on the official web site at <https://www.lbw.com/about-bwl/governance>.

Due to public safety concerns resulting from the COVID-19 Pandemic, this meeting will be conducted via WebEx Conferencing. Instructional options to be in attendance are as follows:

1. Event address:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e914c1b4c11610d8a769b2202859a5a66>

Event number: 132 793 4912 **Event Password:** jdRvZN3qg32


2. Audio conference: United States Toll +1-408-418-9388 **Access code:** 132 793 4912

Call to Order

Roll Call

Public Comment

Public Comment (PC) can be made by choice of:

- Raising your hand by clicking on the hand icon button  in the **Participants** panel
- Submitting written comments to mdenise.griffin@lbwl.com (By the End of Public Comment)
- Submitting written comments to 1201 S. Washington Ave., Lansing, 48910

1. Committee of the Whole Meeting Minutes of April 28, 2020.....**TAB 1**

2. Integrated Resource Plan (IRP) Update.....**INFO ONLY**

Other

Adjourn

Persons with disabilities who need an accommodation to fully participate in this meeting should contact the Office of the BWL Corporate Secretary at (517) 702-6033 or mdenise.griffin@lbwl.com, or utilize TTY by dialing 7-1-1 (7-1-1 is the statewide **telephone** relay number that connects deaf, deaf-blind, hard of hearing, and/or speech impaired people who use text telephones (**TTYs**) with standard (voice) **telephone** users). A 24-hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

EXECUTIVE ORDER No. 2020-48: "Temporary authorization of remote participation in public meetings and hearings and temporary relief from monthly meeting requirements for school boards." Section 1.a "A meeting of a public body may be held electronically, including by telephonic conferencing or video conferencing, in a manner in which, both the general public and the members of the public body may participate by electronic means."

COMMITTEE OF THE WHOLE
Meeting Minutes
April 28, 2020

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 3:00 p.m. on Tuesday, April 28, 2020.

Committee of the Whole Chair Tony Mullen called the meeting to order at 3:00 p.m.

Present via WebEx: Commissioners Tony Mullen, Beth Graham, Deshon Leek, David Lenz, David Price, Ken Ross, Tracy Thomas, Sandra Zerkle, and Non-Voting Members: Mike Froh (Meridian Township), Doug Jester (East Lansing) and Larry Merrill (Delta Township).

Absent: None.

A quorum was declared.

General Manager Dick Peffley introduced the Board of Water and Light's new Human Resources Executive Director, Lynnette Keller. Ms. Keller provided Commissioners with a quick acquaint of herself.

On behalf of the Board of Commissioners, Vice Chair Mullen welcomed Ms. Keller as well as the sign language interpreter, Ms. Rebekah Heinze.

Public Comments

There was a communication received via email from Mark Lawrence regarding LED and acorn style streetlights. There were no public comments.

Approval of Minutes

Motion by Commissioner Thomas, Seconded by Commissioner Ross, to approve the Committee of the Whole Meeting minutes of November 5, 2019, February 20, 2020 and February 25, 2020.

Motion Carried by the following Roll Call Vote:

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

Nays: None

LED Light Replacement Plan

General Manager Peffley introduced BWL Electric System Integrity Engineers, Alex Porter and Brian Coots, who presented the LED Light Replacement Plan.

Lansing Board of Water & Light LED Conversion

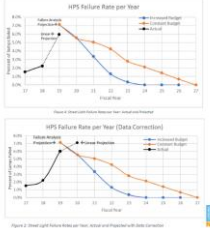


Current System

Fixture Type	Quantity
High Pressure Sodium	26,543
Incandescent	103
Induction	27
LED	6,173
Mercury Vapor	617
Metal Halide	317
Grand Total	34,487



Asset Management



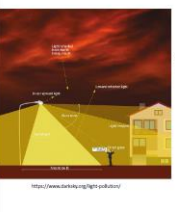
- Light failure projections from 2018-2019 were very accurate, allowing us to plan this upgrade project.
- The 2020 projection for lamp failure continues to grow from the previous year.
- An increased budget for upgrades will drastically lower our failure rate over the next four years.
- Thanks to Asset Management for the accurate projection of lamp failure.

Public Relations

Public relations are an integral part of any project. It is important to communicate with the public about the project and its benefits. This includes providing information about the project's progress, addressing concerns, and highlighting the positive impacts of the project.



Dark-Sky Compliance



- The International Dark-Sky Association (IDA) is the recognized authority on light pollution and is the leading organization combating light pollution worldwide.
- All fixtures used in the project comply with current IDA standards, and have been approved by the IDA.

Dark-Sky Benefit



- Benefits of the Dark-Sky initiative would be to reduce our environmental light pollution and save energy on the streetlighting system.
- Glare from aging and poorly aimed streetlights can be harmful to people in the immediate area.

Project Scope

Item	FY21	FY22	FY23	TOTAL
Lights Replaced	23,000	8,272	8,889	39,961
Energy Savings (\$M)	2,213	792	871	4,176
Energy Investment (%)	0.000000	0.000000	0.000000	0.000000
MATERIAL COST	\$ 3,810,000.00	\$ 3,762,285.76	\$ 3,848,487.20	\$ 11,420,772.96
LABOR COST	\$ 1,270,000.00	\$ 1,348,000.00	\$ 1,370,000.00	\$ 3,988,000.00
TOTAL COST	\$ 5,080,000.00	\$ 5,110,285.76	\$ 5,218,487.20	\$ 15,408,772.96

Additional Considerations

- Current system has over 16,000 concrete poles with varying age, this project would allow inspection of this asset.
- Investigating if a 480V conversion to 240V would be feasible, and the impact it would have on our system.
- Sections of "Smart Lights" can be installed in our downtown markets to better serve the capitol's events.
- Keep BWL up to date with current utility lighting standards.



Commissioner Lenz asked the presenters to provide information regarding the amount of light that is emitted under the new street lamps with the LED lights which cause a high lumen output directly under the lamp. Mr. Porter responded that there is an increase of lumen output with the LED lamps, but the acorn design of the new light fixtures reduces the glare in the area around the lamps.

Commissioner Leek asked if both the light fixtures and light bulbs are being replaced and if both are in the budget. Mr. Coats responded that just the fixtures are being replaced and he will follow up for the Commissioners on the budgeting that will be needed for the light bulbs.

Commissioner Jester inquired about the controls on the lamps. Mr. Porter responded that most lamps have a three-pin connector for the lamps to be on or off, but the acorn light fixture replacements have seven-pin receptacles which will allow for adjusting the amount of light emitted.

Commissioner Froh asked for the source of the LED bulbs that would be placed in the lamps. Mr. Porter responded that most of the fixtures are produced in Ohio and nearby states, and that bids will be reviewed from local distributors.

Commissioner Ross inquired about the differences between the several types of lights currently in use. Mr. Porter responded that in the past, most lights installed were mercury vapor lights but in the 1970's, high pressure sodium lights were put into use as those lights were more efficient. After 2012, LED's were put into use, and now BWL is moving toward white light.

Commissioner Merrill asked whether the \$5 million transition cost incurred per year for the new lighting would be spread across the board for rate payers or would it also include municipalities and

special assessment districts. Mr. Porter responded that the rates will be at a reduced cost for customers. Chief Financial Officer (CFO) Heather Shawa responded that a cost to service rate for the street lighting customers was implemented and will be updated with the \$5 million transition cost at the time of the cost.

Commissioner Zerkle commented that the corridors that recently had new light fixtures installed appeared safer for pedestrians and asked at what locations lights would be shut off at night. Mr. Porter responded that lights would remain on at night unless there was an event, such as the Silver Bells parade, that warranted a dimming of the lights.

Return on Equity (ROE) Renewal Agreement

GM Peffley and CFO Heather Shawa presented and reviewed the Return on Equity (ROE) Renewal Agreement which is expiring June 30, 2020 and asked for approval of the resolution for the ROE Amendment No. 5. CFO Shawa reported that the amendment asks for a two-year extension of the agreement, including specific dollar amounts for 2021-2022 and a recommended fixed dollar amount for this fiscal year based on what was initially forecasted and budgeted. If forecasted revenues are met and exceeded, the amendment allows for an upward adjustment of 3% of excess revenues.

Commissioner Mullen asked whether the 3% adjustment was the 6.2% to 9.2 % change or 3% of the total dollar value. CFO Shawa responded the 3% related to any revenues that would have resulted in a calculated amount in excess of the fixed budgeted amount.

Commissioner Price commented that he would support the amendment but would support it cautiously as the recommendations were arrived before the full effect of COVID-19 was known. The agreement provides the city with a certain amount but income from residential and business customers is uncertain.

Commissioner Zerkle asked why a straight dollar amount was recommended rather than a percentage and why a two-year rather than one-year extension was requested. CFO Shawa responded that economic development and new industry materializing with an unknown amount supported a two-year agreement with a fixed base amount for both parties.

Commissioner Ross commented that the amendment was trading vacillation for certainty and was made based on the scenario that if BWL had a shortfall then the city budget would have a shortfall. GM Peffley responded that negotiations took place regarding the benefits of a flat rate rather than a higher percentage.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Return on Equity Agreement Renewal Amendment No. 5 dated April 28, 2020 to the full Board for consideration.

Motion Carried by the following Roll Call Vote:

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

Nays: None

Revised IT Communications Policy

Corporate Secretary Griffin noted that a revised redlined version of the Revised IT Communications Policy was received after the posting of the packet.

Motion by Commissioner Price, Seconded by Commissioner Thomas to accept the late item redlined IT Policy amendment.

Action: Motion Carried

CFO Shawa reported that the IT Communications Policy was revised based on recommendations from the IT internal audit performed and asked for acceptance of the resolution for the Revised IT Communications Policy. The intent of the revision is to clarify the purpose of the operational policy and mission of the BWL cyber security steering committee and to promote safe and secure use of all communication for all employees, contractors and clients which access BWL non-public systems.

Commissioner Zerkle asked if the duplication in the policy of the phrase “assets include but are not limited to...” was intended. CFO Shawa responded that the late item revised redlined version corrected the duplication. Commissioner Zerkle asked what was considered incidental personal use that would be allowed. GM Peffley responded that incidental use of BWL technology was considered answering a limited phone call or email. Commissioner Zerkle asked if the policy complies with what was requested from the audit review and Internal Auditor Wesley Lewis affirmed.

Commissioner Mullen asked if the audits performed by BWL CIO also look for seemingly simple violations. CFO Shawa responded that security system tools scan daily and continuously, and patches are made weekly/monthly or based on a planned schedule.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Revised IT Communications Policy to the full Board for consideration.

Motion Carried by the following Roll Call Vote:

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

Nays: None

Human Resources Committee Business

Human Resources Committee Chair Tracy Thomas conducted the Human Resources business portion of the committee meeting and introduced CFO Shawa and BWL General Counsel Mark Matus who presented the Retirement Plan Committee Updates.

Retirement Plan Committee Updates

CFO Shawa reported that there were three information updates from prior delegations to the General Manager and the Retirement Plan Committee (RPC). The new Executive Director of HR, Lynette Keller, has been added to the RPC which consists of the CFO, the Executive Director of HR, and the Manager of Finance. Operating procedures which have been reviewed by the BWL legal department and executives were officially adopted by the RPC. In the Defined Contribution(DC) Plan there is a Plan

Coordinator Change that makes the administrative and investment changes on behalf of the DC Plan and who is the person on record with ICMA, the DC Plan administrator. Historically that position was held by an employee in the BWL Payroll and Benefits department but has now been assigned by delegation of the General Manager to the RPC.

General Counsel Mark Matus reported that the Trust 2 is a plan that was transitioned out of the Defined Benefit Program and consists of about 25 people who have been in the plan since the 80's. The purpose of the resolution is to remove the potential conflict of the General Manager having authority over the plan with the two board appointed employees in it and give authority to the Commissioners.

Commissioner Thomas commented that the implementation of the authority three months ago was to exempt the three employees. Mr. Matus responded that this resolution is to correct that.

Commissioner Zerkle asked whether the HR Committee negotiates with the employee regarding the plan or if the employee is automatically part of the plan if wanted. Mr. Matus responded that the employee is assigned to the plan and the HR Committee has influence on what the terms are.

Motion by Commissioner Graham, Seconded by Commissioner Leek to forward the proposed Resolution for Delegation of Authority to the General Manager Retraction and Amendment to Defined Contribution Plan and Trust 2 to the full Board for consideration.

Motion Carried by the following Roll Call Vote:

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

Nays: None

Mr. Matus stated that the purpose of the resolution to amend plans for compliance was to clarify the administrative duties for compliance.

Motion by Commissioner Price, Seconded by Commissioner Graham to forward the proposed Resolution for Delegation of Authority to the General Manager to Amend Plans for Compliance to the full Board for consideration.

Motion Carried by the following Roll Call Vote:

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

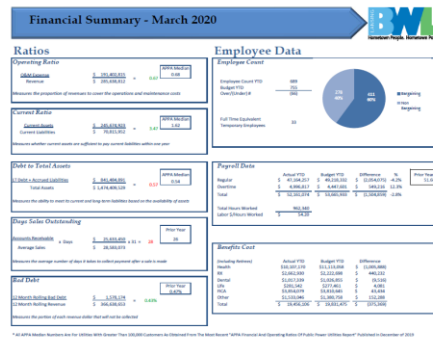
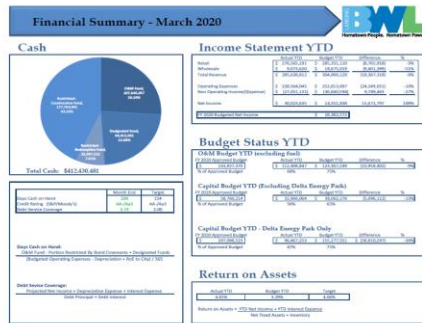
Nays: None

Finance Committee Business

Finance Committee Chair Ken Ross conducted the Finance business portion of the committee meeting.

March YTD Financial Summary

CFO Shawa presented the March YTD Financial Summary.



The financial summary is based on financials going into the COVID-19 pandemic. The impact of the pandemic will be provided in the April and May financial summary. CFO Shawa reported the following: Cash remained steady; Days Cash on hand was at a strong 200; YTD actual revenues was \$285.6 million under the budget of \$304 million, a majority of which is from wholesale and relates to recent planned and unplanned Belle River outages and the Pegasus Wind project; Net Income YTD was \$30 million compared to \$14 million budget YTD; the FY 2020 budget of \$18 million may be adjusted due to COVID-19; some scheduled projects will be deferred and some will be worked on as planned, and the Return on Assets is expected to be on track. Day sales Outstanding and Bad Debt are expected to be below average due to COVID-19. Employee data, payroll data and benefits cost are consistent with budget.

Commissioner Froh asked what models are being used to identify and categorize the potential losses from commercial revenues. CFO Shawa responded that the models are internal financial models and the finance department is looking for decreases in load and is working with Key Account representatives who are keeping in contact with large customers. The modeling involves sensitivity analysis using forecasts of customer load. The current plan is to develop a one-year to two-year best case/worst case scenarios. CFO Shawa stated that continuous updates will be provided to commissioners.

Commissioner Jester asked if a change in residential consumption was seen. CFO Shawa replied that a change hasn't been seen in residential, however a 15-20% Commercial and Industrial impact is anticipated. GM Peffley responded that there are plans from history where the budget can be reduced from 5% to 10%. CFO Shawa responded that budget and six-year forecasts will be presented in the May meeting.

Commissioner Zerkle inquired about the daily budget regarding residential and commercial income. GM Peffley responded that the BWL will be looking at the revenue that is received when shelter in place restrictions are lifted for businesses, as that is 80% of revenue.

Commissioner Ross commented that he asked the General Manager and CFO to look at the financial impact of the pandemic on the BWL and the challenges right now, as the data is evolving. He stated there might be commodity opportunities as the price of oil is decreasing.

Capital Project Exceedance

Commissioner Ross stated the reason for Capital Project Exceedances is for projects that have an estimate for funding that has an issue requiring an increase in funds. Management is to keep the board aware and discloses to the board any authorizations needed for funding. GM Peffley added that in the

past some capital budgets were over-estimated and they didn't hit the threshold to be brought before the board.

Chief Financial Officer Heather Shawa provided information on the Capital Project Exceedances.

AE- Electric Annual Account Resolution

CFO Shawa requested approval of a resolution to increase the funding for the Electric Annual Account from \$11.6 million to \$14.2 million which is a 22% increase. Two specific line items make up 95% of the request, \$1.7 million for increase for extra businesses, and \$700, 000 for street light replacement which has been accelerated.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Capital Project Exceedance AE – Electric Annual Account to the full Board for consideration.

Motion Carried by the following Roll Call Vote

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

Nays: None

Tainter Gate Trunnion Pin Replacement Resolution

Legal Counsel Matus gave a description of the Trunnion Pin. CFO Shawa provided information on the requested increase in the budget for the trunnion pin replacement on the Tainter gate. The length of construction time was under estimated and additional safety measures are being undertaken.

Commissioner Zerkle asked for the percentage amount of renewables that were received from the dam. GM Peffley responded that about .1-.2% would be received from the dam if power was being generated from it.

Commissioner Lenz asked whether there is an error in budgeting when capital project budgets go over budget and what is the average or percentage of projects that are over budget. Commissioner Ross responded that the information would be brought to a later Finance meeting.

Motion by Commissioner Price, Seconded by Commissioner Leek to forward the proposed Resolution for Capital Project Exceedance Tainter Gate Trunnion Pin Replacement to the full Board for consideration.

Motion Carried by the following Roll Call Vote

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

Nays: None

Revised Investment Policy Statements

Finance Manager, Mr. Scott Taylor, presented the Revised Investment Policy Statements. The primary purpose for the investment policy statements are to establish the investment objectives, the asset

allocation policy, the investment performance standards and the procedures for managing the plan assets. Mr. Taylor reviewed both plans together as they are nearly identical. Changes to the DB and VEBA plans include administrative and language changes, updates to the RPC, a change to the target rate of return, addition of real estate investments, and policies become effective upon approval by the Board. The VEBA plan includes investing a higher percentage in real estate investments.

Commissioner Ross commented that the Board of Trustees are responsible for periodic decision making for the plans and authority was delegated to the RPC, for the day to day management of the plans. The resolutions are to update the policies so that the RPC can manage the plans.

Motion by Commissioner Ross, Seconded by Commissioner Zerkle to consider and vote on the proposed Resolutions for Statement of Investment Policies, Procedures and Objectives Defined Benefit (DB) and VEBA Plans together and forward both Resolutions to the full Board for consideration.





Motion Carried by the following Roll Call Vote

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

Nays: None

Internal Audit Update

Internal Auditor, Mr. Wesley Lewis, provided the internal audit update.

 Internal Audit Status Report Presented by: Wesley Lewis, Director of Internal Audit Finance Committee Meeting April 28, 2020	<p style="text-align: center;"><u>Overview</u></p> <ul style="list-style-type: none"> • Revised FY 2020 Audit Plan and Progress Report • Other Items 	<p style="text-align: center;"><u>Revised FY 2020 Audit Plan and Progress Report</u></p> <ol style="list-style-type: none"> 1. <u>Cash Management and Treasury Audit</u> – Fieldwork has wrapped up and the audit is in the reporting stage. 2. <u>Fixed Assets</u> – Fieldwork is wrapping up and the audit is entering the reporting stage. 3. <u>Energy Risk Management</u> – The audit was kicked off and is in progress. <p><small>* As previously reported, this plan is subject to change.</small></p>	<p style="text-align: center;"><u>Other Items</u></p> <ol style="list-style-type: none"> 1. FY 2021 Risk Assessment Process 2. Progress Report on New Audit Tools 3. CISA Certification (New Official) 4. Update on Ongoing Education and Certification of IA Staff 		
	2		3		4

Commissioners Zerkle and Thomas congratulated Mr. Lewis for obtaining CISA certification.

Other

Commissioner Mullen stated that an email was received from Mark Lawrence regarding the LED and acorn style streetlights. The correspondence was sent to GM Peffley for a response.

Commissioners Price, Zerkle, and Mullen thanked Corporate Secretary, Denise Griffin; IT Analyst, Ben McDonald; and Commissioners Mullen, Thomas, and Ross for a well-run online meeting.

Commissioner Ross asked about the scheduling for the next Board meeting and the Return on Equity agreements that are to be sent to City Council. The Corporate Secretary responded that the Board Meeting would be held on Tuesday, May 26, 2020 as set by resolution; the Committee meetings will be scheduled as needed and or requested by the chair of a committee.

Commissioner Leek commended GM Peffley on his response to COVID-19, by stopping shutoffs, and donating \$5,000 to United Way. Commissioner Leek asked if there was any way to assist low income rate payers during this pandemic by giving them credits. GM Peffley responded that longer times are being allowed to pay amounts due for both residential and commercial rate payers and the Executive Director of Customer Operations and Communications is looking into ways that the BWL can assist customers.

Commissioner Jester commended the BWL on their response to the COVID-19 pandemic.

GM Peffley expressed his appreciation to the Board, Ron Byrnes, and the BWL employees for working together and for helping to develop a return to work strategy. At the request of a commissioner the following information was provided by General Manager Peffley.

BWL FTE

Total employees (includes 25 contractors)	700
Employees working remote	320
Employees on stand down (paid to stay home)	115
Employees working on site or in the field	260
Employees on FLMA	5

(Next week, employees who are currently on stand down will begin to return to work)

Delta Energy Park Contractors

Pre-COVID-19 workers onsite	260
Post-COVID-19 workers onsite	50*
Normal staffing at this stage of the project	300-350

*Staffing over time has increased to 150 as of 4/30/20.

Adjourn

Motion by Commissioner Price to adjourn the meeting. The meeting was adjourned at 5:32 p.m.

Respectfully Submitted
Anthony Mullen, Chair
Committee of the Whole