



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

September 28, 2010

The Board of Commissioners met in the Boardroom of the Administrative Offices, 1232 Haco Drive, Lansing, Michigan.

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

Present: Commissioners Margaret Bossenbery, Tony DeLuca, Frank Lain, Dennis Louney Marilyn Plummer and Sandra Zerkle.

Absent: Commissioner Tracy Thomas

The Corporate Secretary declared a quorum present.

Commissioner Plummer led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Plummer seconded by Commissioner Bossenbery to approve the minutes of the Regular Board Meeting of July 27, 2010.

Action: Carried unanimously.

PUBLIC COMMENTS

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.

There was no public comment.

COMMUNICATIONS

Thank you card from former Board of Water & Light's Executive Secretary Beverly Bishop.

Received and Place on File

COMMITTEE REPORTS

COMMITTEE OF THE WHOLE August 10, 2010

The Committee of the Whole of the Lansing Board of Water and Light met at the Executive Offices, Lansing beginning at 5:30 p.m. on Tuesday, August 10, 2010.

Committee of the Whole Chair Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony DeLuca, Dennis Louney, Marilyn Plummer, Tracy Thomas and Sandra Zerkle.

Absent: Commissioners Frank Lain and Margaret Bossenbery

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner DeLuca seconded by Commissioner Thomas to approve the Committee of the Whole meeting minutes of July 13, 2010.

Action: Carried unanimously.

Senior Citizens Late Fees (previously tabled) (Information Only)

Committee of the Whole Chair Dennis Louney stated that this item regarding senior citizens late fees was discussed at a previous meeting.

General Manager J. Peter Lark stated that at a previous meeting there was discussion regarding waiving senior citizen late fees at which the Board asked staff to look into the matter of matching up bill due dates with the distribution of senior citizens' monthly income.

Assistant General Manager and Chief Financial Officer Susan Devon stated that at a previous Committee of the Whole meeting there was some discussion regarding changing billing dates and due dates to accommodate seniors. At that meeting Ms. Devon stated that the changes would require some Information and Technology (IT) work and the cost was unknown. Ms. Devon spoke with IT regarding the suggested accommodations and found that these changes or adjustments could be done. So if senior citizens wants to adjust their due date, it can be done taking into consideration that the adjustment can not go past the next billing due date. Also the due date can be adjusted by changing the date the bill is sent out. These adjustment methods are already in place.

Commissioner Zerkle questioned if this information could be put in the monthly newsletter.

In response to Commissioner Zerkle's question, General Manager Lark stated this information could be put in the newsletter since he does not expect this to become an overwhelming request which would impose an overload of work on the IT Department. General Manager Lark stated that if this does become an overload, he would come back to the Board and review this matter again.

Update on Social Media (Information Only)

Mark Nixon, Director of Communications, provided an update on social media.

Mark Nixon stated that the Board of Water & Light (BWL) is tweeting on Twitter and will continue to do so. He stated that Twitter seems to be a more positive social media than Facebook and that the BWL has more than 300 Twitter followers. This social media is good for the BWL to get their message out and to understand the flow of the community conversation. Facebook is used almost exclusively for marketing the Chili Cook-Off event.

Mr. Nixon stated that the Board of Water & Light's web site (Intranet and Internet) may not be considered a social media, but is very important technically and it is constantly evolving. In addition, General Manager Lark's videocast has become popular and that is a great way to interact with over 700 people.

The new social media for Lansing residents is the SeeClickFix, which is a texting service that allows any customer the ability to report to the Board of Water & Light any non-emergency utility issue that needs attention.

Update on Smart Grid (Information Only)

Doug Wood, Executive Director of Electrical Operations provided an update on Smart Grid.

Doug Wood stated that Smart Grid is kind of a continuum ranging from Automatic Meter Reading (AMR) to a complete total monitoring, communication and control of the Transmission and Distribution (T&D) System.

Mr. Wood stated that the Board of Water & Light is not on the cutting edge, but not at the starting point either. Board of Water & Light's management has positioned itself well given where the industry is with this technology and the early lessons learned.

Smart Grid upside:

- The ability to know when someone does or does not have power
- Consumer utility cost savings using time-of-day rates
- Overall energy saving by optimizing the utility grid

Smart Grid downside:

- Infrastructure cost is extremely expensive, even with matching funds
- Changing technology with a lack of standards
- Time-of-day rates can be very expensive for low income customers
- Customer acceptance

One of the biggest questions at this point is technology and standards. There are a lot of technology choices on the market for Smart Grid, most of which are proprietary. The Board of Water & Light's approach has been more holistic. The Board of Water & Light has several needs such as electric, water and mobile workstations. With the rapidly changing technology and the significant cost, we do not want to move into something too quickly.

Mr. Wood stated that the Board of Water & Light will continue to keep a close eye on Smart Grid developments and evaluate opportunities that will not hamper long term solutions.

Completed Tasks in preparation for Smart Grid:

- Formed a task force of employees who evaluate AMI
- Development in Meridian Township called Lodges which will be prepped for smart meters. (Student Housing)
- Installed advanced T&D equipment at substations in preparation for Smart Grid

Mr. Wood said they plan on getting other municipal agencies and the school district involved to see if there are any opportunities there. He said that the Michigan Public Service Commission will be facilitating a Smart Grid forum for Michigan utilities and the Board of Water & Light plans to attend.

Update on Plug-In Stations (Information Only)

Kellee Christensen, Manager of Customer Project and Development and Marketing, said that the Board of Water & Light is looking to deploy about 25 electric vehicles in the community.

Ms. Christensen stated that the main focus is to remove the barriers for people both purchasing and using the vehicles.

The Board is planning to match a \$7500 tax incentive if the Volt is purchased on the Board's program.

Ms. Christensen stated that the Board of Water & Light and other groups went to Building Code Commission and asked them if they would consider changing the code to allow for charging stations at home. They approved the request and got a code change in a matter of 3 weeks, which usually takes 2 years. The new code should be effective in January. This code change will eliminate about 30-40% of cost for a resident.

The Board of Water & Light is starting to write a service agreement and developing a marketing plan to be launched in the Fall. The Volts are scheduled to arrive in December.

Update on MSU (Information Only)

General Manager Lark stated that the Board of Water & Light will be responding to an RFP to serve MSU's proposed FRIB.

Amend Energy Optimization Filing (Information Only)

General Manager Lark stated that we wanted a little more flexibility in our Energy Optimization plan and under Act 295 we have to present notice to our Board and we have to offer a public comment period.

Sue Warren, Manager of Marketing and Business Strategies stated because of the success of the Board of Water & Light's Energy Optimization Programs there is a waiting list. With the way our programs were designed there were several programs under residential and several programs under commercial and we continue to add more. In 2011 we grew to a full portfolio of programs for our customers. What we have found in the last year and a half of offering programs is that it would be easier for our customers to apply for the programs and it would be more flexible for us to be able to move funding around between programs.

Due to PSC's rules we have to get approval and permission for this amendment and as long as it is reasonable and prudent it will be approved and the amendment should be implemented by January 2011.

General Manager Lark stated that now that the Commissioners have been informed, notice will be posted on our Web site and we will ask for comments from our customers. After customer comment has closed, we will make a filing with the Public Service Commission.

Other

General Manager Lark provided an update on the recent fire at the Eckert Station. He stated that the fire destroyed the #1 cooling tower and did serious damage to the #2 cooling tower. Cooling tower #2 should be up and running within the next week or so.

General Manager Lark stated that there will be a Reo Town social event from 4:00-7:00 p.m. on September 16, 2010 to answer any questions and inform residents about the new cogeneration plant.

At the request of the General Manager, Susan Devon, Project Manager of the Reo Town Plant, provided the following updates:

-On August 4, 2010 Ms. Devon, Mr. Stojic and Mr. Peffley attended the City of Lansing's Planning Board meeting. After presenting the Planning Board with a video and detailing the various uses of the buildings and the proposed technology of the heat and power plant to be built, the Planning Board took a vote and agreed that the proposed designated land use was H-Light Industrial.

-On August 4, 2010 the Board of Water & Light published the Bond notice in the City Pulse and the referendum period is running.

-On Friday July 23, 2010, Mr. Stojic, Executive Director of Strategic Planning and his environmental group made a filing with the Department of Natural Resources and Environment (DNRE) for the Air permit for the new plant. The goal is to get a ruling from DNRE by the end of the year.

-On Friday August 6, 2010 the Board of Water & Light issued a Request for Proposal (RFP) for an owner's representative that will work with the Board on the building of the plant. The owner's representative will work with the Board's project team. The owners representative will help prepare all other RFP's which include architect firm, engineering firm, designing firm and construction firm.

Commissioner Louney thanked the staff for a great picnic and great camaraderie.

Excused Absence

On motion by Commissioner DeLuca, seconded by Commissioner Thomas to excuse Commissioners Bossenbery and Lain from today's meeting.

Action: Carried unanimously.

Adjourn

On Motion by Commissioner Thomas, seconded by Commissioner Plummer, the meeting adjourned at 6:40 p.m.

Respectfully submitted
Dennis Louney, Chair
Committee of the Whole

FINANCE COMMITTEE September 14, 2010

The Finance Committee of the Board of Water and Light met at the Executive Offices, Lansing beginning at 6:00 p.m. on Tuesday, September 14, 2010.

Finance Committee Chairperson Margaret Bossenbery called the meeting to order and asked the Secretary to call the roll. The following members were present: Commissioners Margaret Bossenbery, Dennis Louney, Marilyn Plummer and Tracy Thomas. Alternate committee members Frank Lain and Sandra Zerkle were present. Also present was Board member Tony DeLuca.

Absent: None.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Thomas, seconded by Commissioner Plummer to approve the Finance Committee meeting minutes of July 13, 2010.

Action: Carried unanimously.

FY 2010 Audited Financial Statements – Plante Moran

General Manager J. Peter Lark introduced Douglas Rober, Managing Partner with Plante & Moran (P&M). General Manager Lark thanked Board of Water &

Light's Gennie Eva, Manager of Financial Services and Miriam Mattison, Accounting Supervisor who worked closely with Plante & Moran.

Douglas Rober, Managing Partner with Plante & Moran (P&M) stated that P&M was appreciative of the opportunity to be of service to the Board of Water & Light. Mr. Rober introduced Shaun Krick, CPA Associate and Shaun Tanner, CPA of P&M.

Shaun Krick, CPA Associate with P&M, reviewed the audit process of the financial statements of the Enterprise Fund and Pension Fiduciary Funds of the Board of Water and Light (BWL) for fiscal year ending 2010. Mr. Krick stated that there were no significant difficulties with management and there were no corrected or uncorrected misstatement and there were no other significant findings during the audit. In addition to the Audit Reports also provided were:

- Internal Control over Financial Reporting
- Results of the Audit
- Other Recommendations
- Additional Information

Operating Revenue – Four-year Comparison Years Ended June 30

Shaun Krick, CPA Associate with Plante Moran stated that revenues were just under \$274 million in the current year compared to last year at about \$262 million. This is an increase of about 4.5% and the electric utility is responsible for that increase. Electric remains the largest utility generating the most revenue and it had an increase of approximately 5.5% for \$12 Million over the last year. There was an increase in demand and there were 209 more kilowatt hours sold and two different rate increases that had an effect in this year.

Operating Expenses - Four-year Comparison Years Ended June 30

Mr. Krick stated that Operating Expenses were just under \$260 Million in the current year which is less than 1% increase over the prior year. The largest portion of total expenses is related to Production.

Operating Income (Loss) Years Ended June 30

Mr. Krick stated both electric and chilled water have been operating at a slight profit. Steam has lost several customers over the last few years attributing to the loss.

Sales Source of Kilowatt Hours Generated Years Ended June 30

Mr. Krick stated that of the 3.2 Billion kilowatt hours sold, 1/3 were sold for Re-Sale or to MPPA and the remaining 2/3 were sold to retail customers. This is consistent with operations of the past several years.

Significant Power Costs Year Ended June 30

Mr. Krick stated that there was approximately \$116 Million in power costs.

Bond Debt Service Requirements Year Ended June 30

Mr. Krick stated that this particular graph looks at debt service requirements on bonds that the Board of Water & Light has issued for the current year and the next five years barring any changes. The Co-Generation Plant is projected at a \$182 million project and the finance portion of that will have a direct impact on future numbers.

Shaun Tanner, CPA reviewed the management letter comments that Plante & Moran felt were noteworthy. He said as part of their audit they are required to paint an understanding of the accounting procedures and controls that are in place for the financial reporting process. He stated that they use the understanding to tailor their auditing approach and then focus on testing areas of higher risk for material misstatements due to deficiencies in procedures and controls surround the reporting and accounting process. Mr. Tanner stated that they did not find any areas where significant lack of necessary controls existed. However there were a couple of areas that he felt current control procedures could be strengthened and those comments are included in the management comment letters.

A complete copy of the Plant Moran's Presentation to the Finance Committee regarding the Audited Financial Statements & findings is on file in the Corporate Secretary's office.

Resolution for Revised Investment Policy for Defined Contribution Plan

General Manager Lark stated the resolution before the Board is the last of the series of investment policies. He stated that in the past the DB, VEBA and Cash Policies have all been updated and this resolution will allow the Defined Contribution Plan to be updated as well. By updating this policy it will make everything more concise.

On **motion** by Commissioner Louney, seconded by Commissioner Thomas, to move the proposed resolution for the Adoption of Revised Lansing Board of Water & Light Employees' Defined Contribution Plan Investment Policy Statement to the full board for consideration and approval.

Internal Audit Status Report

Internal Auditor Phil Perkins presented a brief overview of the Risk Investment activities that he has been involved in over the last few months. Mr. Perkins also reviewed the Internal Auditors plans for the remainder of fiscal year 2011.

Current Risk Assessment Activities include:

- Expenditures & AP Risk Assessment (75% completed)
- Inventory Accounts Risk Assessment (50% completed)

Planned Activities for remainder of FY 2011 included:

- Equity Accounts Risk Assessment
- Other Financial Risk Assessments
- Potential Audits
- Internal Quality Assessment Review

Other

Finance Chair Bossenbery stated regarding the upcoming NAACP Dinner, the Board of Commissioners will purchase a ½ page Advertisement and a table of 8 for the Commissioners, any additional tickets will cost \$50.00.

There being no further business, the meeting adjourned at 6:35 p.m.

Respectfully submitted
Margaret Bossenbery, Chair
Finance Committee

COMMITTEE OF THE WHOLE September 14, 2010

The Committee of the Whole of the Lansing Board of Water and Light met at the Executive Offices, Lansing beginning at 5:30 p.m. on Tuesday, September 14, 2010.

Committee of the Whole Chair Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Margaret Bossenbery, Tony DeLuca, Frank Lain, Dennis Louney, Marilyn Plummer, Tracy Thomas and Sandra Zerkle.

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Thomas seconded by Commissioner Plummer to approve the Committee of the Whole meeting minutes of August 10, 2010.

Action: Carried unanimously.

Reith-Riley Easement Modification

General Manager J. Peter Lark stated that this request by Reith-Riley is to expand their easement in the vicinity of the Erickson Plant. In 1971 the Board of Water & Light purchased land from Reith-Riley in order to obtain needed water to finish construction of the Erickson Plant. Reith-Riley retained an easement because it wanted to construct a rail spur in the future and that time has come. Reith-Riley will pay the Board of Water & Light in excess of \$60,000 for the easement. General Manager Lark asked that this resolution be referred to the Board for approval.

Motion by Commissioner Zerkle, seconded by Commissioner DeLuca, to move the proposed resolution for the Board of Water & Light Easement Grant to Reith-Riley to the full board for consideration and approval.

Action: Carried unanimously

Other

Update on the Chevrolet Volt

General Manager Lark said that he participated in the State Capital roll out of the Chevrolet Volt along with the Governor and the Mayor.

Kellee Christensen, Manager of Customer Projects and Development and Marketing, stated that today was the public relations launch for the Chevrolet Volt electric car in Michigan. Today officials and legislators were given an opportunity to ride and drive the new vehicle.

Kellee Christensen, stated that the Board of Water & Light's web page has a link that provides information and highlights of our program.

For residential customers there is a federal tax incentive for up to \$7500.00 and the Board of Water & Light is also offering a \$7500.00 incentive. Attached to being a recipient of the incentive there is a 3 year commitment of gathering and logging information. This allows for the collection of research and data off the charging stations. Board of Water & Light has an agreement with GM that allows the use of non-proprietary data off of the Volt to see where and when charging stations are being used in our service areas. Each car will be logoed on the back quarter panel and on the rear of the car. Everyone who drives a Volt will be provided educational information for distribution.

Traverse City Purchase Power Agreement

General Manager Lark stated that today he signed Purchase Power Agreements with Traverse City Light and Power that will provide approximately 50 megawatts of power to Traverse City annually. General Manager Lark introduced George Stojic, Executive Director of Strategic Planning who provided an overview of the agreements.

New Accounts

General Manager Lark stated that the BWL landed the development in Meridian Township called Lodges, which is a Student Housing unit. Under the agreement with the Lodges Board of Water & Light will provide electricity for both heating and cooling.

As well as landing the Lodges contract, George Stojic stated that the Board of Water & Light landed the Peckham warehouse account.

On Motion by Commissioner Bossenbery, seconded by Commissioner Plummer, the meeting adjourned at 5:55 p.m.

Respectfully submitted
Dennis Louney, Chair
Committee of the Whole



MINUTES
BOARD OF WATER AND LIGHT
PENSION FUND TRUSTEES' ANNUAL MEETING

Tuesday, September 14, 2010

Present: Trustees Margaret Bossenbery, Tony DeLuca, Frank Lain, Marilyn Plummer, Tracy Thomas and Sandra Zerkle.

Absent: None

Staff Present: General Manager J. Peter Lark, Assistant General Manager and Chief Financial Officer Susan Devon, Director of Internal Audit Phil Perkins, Manager of Finance and Planning Bill Aldrich, Marilyn Montgomery, Senior Treasury Analyst, Scott Taylor, CPA, CTP, Supervisor, Treasury & Budgeting, Executive Financial Assistant Heidi Myers and Corporate Secretary M. Denise Griffin.

Consultants Present: From Merrill Lynch: Michael Muirhead Associate Financial Advisor. From ICMA: Linda Brooks, Sandra Rouse-Thames and John McCann

The Secretary declared a quorum.

Chairperson Zerkle called the meeting to order at 6:35 p.m.

On **Motion** by Trustee DeLuca and Seconded by Trustee Bossenbery to approve the minutes of November 12, 2009 Pension Fund Trustees' Annual Meeting Minutes.

Action: Motion Carried

Public Comments

There were no public comments.

Pension Plan Performance Reviews

General Manager J. Peter Lark introduced Susan Devon, Assistant General Manager and Chief Financial Officer.

Ms. Devon, Assistant General Manager and Chief Financial Officer provided an overview of the different Pension Plans. She stated that the packet the Board received is broken down into plan areas, the Defined Benefit Plan, the Defined Contribution Plan and the Post Retirement Benefit Plan. Each of the sections in the packet includes general information consisting of the Plan and Trust documents, the Audited Financial Statements, the Actuarial Study Report, the Investment Policy Statement for each Plan and the Investment Results.

Defined Benefit Plan

Demographics

Executive Financial Assistant Heidi Myers provided the following demographics for the Defined Benefit Plan.

The Defined Benefit (DB) Plan was closed to new employees hired after December 31, 1996. There are currently 471 retirees and beneficiaries, 13 terminated employees with vested benefits and 41 current employees in this plan for a total of 525 Plan participants. There were 9 total retirees with DB benefits during 2010.

The DB plan experienced a drop of 20 participants from the last year due to the death of 15 retirees not having beneficiaries, and 5 new retirees in 2010 elected to receive lump sum payments opposed to the ongoing benefits.

There are 41 DB active employees with an average age of 56 and an average of 27 years of service.

Fund Performance

Susan Devon, Assistant General Manager and Chief Financial Officer stated with respect to the DB Fund Performance:

The BWL contributed \$2.1 million to the DB Plan in FY2010. We had no contribution in 2009. There was a \$2.7 million increase in benefit payments to retirees out of the plan compared to 2009. This was largely a result of \$3.1 million payouts to the 5 retirees that took lump sum payments. Payouts ranged from a high of \$981,000 to \$425,000.

Ms. Devon stated that there was a major improvement in our fund investment income. \$9 million in earnings this year compared to a loss of \$26 million last year. This favorable change is due to a partial market recovery.

Plan assets after considering investment income, plan contributions and benefit payments that were paid out were unchanged from 2009 at \$73.3 million. With a recent update the value has gone up to \$76 million.

Based on our actuarial report the funded ration for the DB plan was 104% meaning our assets exceed our liabilities by 4%, in 2009 the funded ration was 77%.

Investment Return:

Susan Devon, Assistant General Manager and Chief Financial Officer stated regarding the investment returns for the 2010 fiscal year; the BWL earned an 11.9% overall return on invested funds in the DB plan. That does compare somewhat unfavorably to our benchmark by about 1.4% lower than the 13.3% benchmark return. The benchmark return is based upon the composite return of several stock and bond indices over the 2010 fiscal year, and it is one of the

measures that we have that will tell us how we are doing in our individually managed funds as compared to each benchmark.

Our top performing manager was MetWest Asset Management, one of our fixed income managers, with a return of 18.6%, outperforming the benchmark return by 9.1%.

Our worst performing manager was Edgewood Management, one of our large cap growth managers, with a return of -3.2%, underperforming by 16.8% compared to the benchmark return.

We will continue to evaluate Edgewood and other underperforming managers to assure that they remain the best choices to meet the long term fund performance goals of the Board of Water & Light.

Ms. Devon said also in the DB Plan there are two private equity investments that were made in the 1990's. The investments are called Capital Bidco and Access Bidco and they were put together under the Michigan Bidco Act in 1991. The Board of Water & Light invested \$500,000 in each. The Capital Bidco did not do very well and was written off some time ago. Now they are trying to close off the Capital Bidco Investment and we received a check from them for \$12,600 as our share of the investment cash that was still available. We returned that money to the Pension Fund for reinvestment. The Access Bidco is still an ongoing fund. In January the fund hired a manager. We are going to sit this out for the next few quarters and hopefully we will be able to report some improvements.

Defined Contribution:

Demographics

Executive Financial Assistant Heidi Myers provided the following demographics for the Defined Contribution Plan.

This plan was established in 1997 as a replacement for the Defined Benefit Plan. At that time, 602 active employees elected to switch to the new DC plan, resulting in a transfer of \$75 million to the new plan.

There are currently 900 participants in the DC plan including 669 active employees. While active participants range in age from under 35 to over 65 a majority are between the ages of 46 and 55.

Fund Performance

Susan Devon, Assistant General Manager and Chief Financial Officer stated the following regarding the DC Fund Performance:

While we determine what funds will be available for our employees to invest in, they actually make the determination themselves as to which ones they want to put their money in. In looking at all of our funds together our DC plan participant's value of their assets increased to \$115 million in FY 2010, it was

\$102 million in 2009. There was also an increase in investment income going from a loss of \$18 million in 2009 to a gain of \$12 million in 2010. The BWL contributed \$5.5 million to employee accounts during FY 2010 and that is up from 5.2 million in FY 2009.

We are in the process of reviewing the DC plan fund lineup to potentially add new investment options and delete duplicate funds and underperforming funds.

ICMA continues to spend a lot of time and effort in education and communication for DC plan participants to help them make educated investing decisions. ICMA has committed to weekly meetings either individual or group for the remainder of this fiscal year.

Our employees can obtain information regarding their accounts in a number of ways such as: Individual Meetings with ICMA Representatives, Group Meetings, Internet and a call center.

Post-Retirement Plan

Demographics

Executive Financial Assistant Heidi Myers provided the following demographics for the Post Retirement Plan.

At the end of February 2010 there were a total of 1,781 participants in the post retirement benefit plan, of which 718 were active employees. This plan began the year with 1,800 participants. The decrease in participation by 19 is due to increases and decreases in participation.

Participation was increased by 13 spouses who enrolled due to retirements, and 37 new entrants. Participation decreased by 42 deaths, 23 non-vested terminations and 4 enrollment changes.

There are 1,063 inactive participants comprised of 92 disabled, 434 retirees, 382 spouses, and 155 surviving spouses.

Fund Performance

Susan Devon, Assistant General Manager and Chief Financial Officer stated the following regarding the Post Retirement Plan Fund Performance:

Consistent with the DB and DC plan investment income improved over 2009. The Post-Retirement Plan had \$6 million in investment income compared to the \$12 million loss last year.

The BWL made contributions of \$11.6 million to the plan in FY10.

Plan assets rose from \$59.8 million at June 30, 2010 to \$77.4 million for a net increase of \$17.6 million.

The funded ration for the post-retirement plan was 18% in 2009 and this year is 30%.

With respect to the VEBA Investment Return there was a 10.8% overall return on invested funds in the DB plan. This return compares unfavorably at 2.7% lower than the 13.5% benchmark return. We continue to watch the investments closely.

General Manager Lark respectfully asks that the Board approve the proposed resolution that will allow these documents to be filed with the Corporate Secretary to be received and placed them on file.

RESOLUTION

ACCEPTANCE OF 2010 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSION PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN (VEBA)

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution, and Retiree Benefit Pension reports presented during the Pension Trustee Meeting.

Staff comments: All three Plans received clean audit reports.

Moved by Trustee Thomas, seconded by Trustee Bossenbery, to approve the proposed resolution.

Action: Carried Unanimously

On **Motion** by Trustee Thomas and Seconded by Trustee Bossenbery to excuse Trustee Louney from today's meeting.

Action: Motion Carried

On **Motion** by Trustee Lain and Seconded by Trustee Plummer with no further business the Pension Fund Trustees meeting adjourned at 7:00 p.m.

Action: Motion Carried

Submitted by:
M. Denise Griffin
Corporate Secretary

MANAGER'S RECOMMENDATIONS

RESOLUTION #2010-09-01

BWL EASEMENT GRANT TO REITH-REILEY

RESOLVED, The Board of Commissioners hereby approves the grant of an easement to Rieth-Riley Construction Co. Inc., to construct, operate, maintain, and improve a railroad spur to Rieth-Riley's property and for no other use.

Staff Comments:

On November 23, 1971, the Lansing Board of Water and Light granted Rieth-Riley Construction Co. Inc., an easement to build a rail spur on a portion of BWL property in Delta Township, Eaton County, Michigan.

The purpose of this grant was so the BWL could finish construction on the Erickson Plant. However, Rieth-Riley would now like a new easement for a more specific and slightly larger area. This new easement would be for the specific purpose of construction, operation, maintenance and improvement of the rail spur, as illustrated in attachment A.

Staff recommends the easement grant in consideration of \$17,000 per acre and contingent upon mutually acceptable terms as approved by the BWL's staff attorney.

Motion by Commissioner DeLuca, seconded by Commissioner Bossenberg to approve the easement grant to Reith-Riley Construction Co. Incorporated.

Action: Carried Unanimously

RESOLUTION #2010-09-02

ADOPTION OF REVISED LANSING BOARD OF WATER AND LIGHT
EMPLOYEES' DEFINED CONTRIBUTION PLAN
INVESTMENT POLICY STATEMENT

WHEREAS, the Lansing Board of Water and Light desires to revise the Defined Contribution Pension Plan Funding Investment Policy Statement.

RESOLVED, that the Lansing Board of Water and Light rescind the resolution dated December 15, 2005 establishing the pre-existing Funding Policy Statement, and

FURTHER RESOLVED, that the attached Investment Policy Statement for the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan dated September 14, 2010 be adopted.

Staff Comments: The existing Investment Policy Statement is being revised to provide a document that is more concise as well as more reflective of current investment philosophy and terminology. The document provides appropriate guidance for the selection of funds.

Motion by Commissioner Bossenbery, seconded by Commissioner Louney to approve the adoption of the revised Defined Contribution Pension Plan Funding Investment Policy Statement.

Action: Carried Unanimously

RESOLUTION #2010-09-03

ACCEPTANCE OF 2010 AUDITED FINANCIAL STATEMENTS FOR THE DEFINED BENEFIT PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN (VEBA)

Resolved, that the Corporate Secretary received and placed on file the Defined Benefit, Defined Contribution, and Retiree Benefit Pension reports presented during the Pension Trustee Meeting.

Staff comments: All three Plans received clean audit reports.

Motion by Commissioner Lain, seconded by Commissioner DeLuca for the acceptance of the Fiscal Year 2010 Audited Financial Statements for the Defined Benefit Plan, Defined Contribution Pension Plan and the Retiree Benefit Plan.

Action: Carried Unanimously

MANAGER'S REMARKS

Chili Cook-Off Awards

A check in the amount of \$5,000 was presented to Mike Wall of the Sparrow Foundation. Mr. Wall thanked the Board of Water & Light on behalf of the Sparrow Foundation. Mr. Wall stated the Board of Water & Light is a great organization to work with.

A check in the amount of \$3,000 was presented to Lansing Police Chief Teresa Szymanski for the H.O.P.E. Scholarship. Chief Szymanski thanked the Board of Water & Light for the check on behalf of all of the children that this scholarship will help. She thanked General Manager Lark and the Commissioners for being supportive of the H.O.P.E. Scholarship program.

A check in the amount of \$5,000 was presented to Erik Larson, Executive Director of the Impression Five Science Center. Mr. Larson thanked the Board of

Water & Light for the check as well as the Board's continued support. Mr. Larson stated that the funds would be used to support the Adopt-A-River program.

5K Awards

General Manager Lark presented Ivan Love, Executive Director of Capital Area Community Services (CACS) with a check in the amount of \$3,000.00, the proceed from the 5K Walk that was held in August.

Ivan Love thanked the Board of Water & Light and General Manager Lark for the "Pennies for Power" initiative that donates to their organization every year. He stated that the money from this initiative is directed to paying utilities for low-income families who are not able to pay their bill.

Other

General Manager Lark introduced and thanked BWL's Environmental Lab Supervisor, Lynn Adsit, for a job well done on the recent water quality lab inspection, which is done every three years. He stated that there are two certified drinking water quality labs in Ingham County and they are DNRE and the BWL. The Board had an exceptional inspection and is ranked in the top 5 of drinking water quality labs in the State of Michigan.

General Manager Lark also introduced and thanked Chad Taylor, Supervisor for Customer Development and Projects, for his excellent work in competing against Consumers Energy and landing the Lodges and Peckham Accounts.

COMMISSIONERS' REMARKS

There were no Commissioner's Remarks.

PUBLIC COMMENTS

There were no public comments.

EXCUSED ABSENCE

On **motion** by Commissioner Lain, seconded by Commissioner DeLuca to excuse the absence of Commissioner Thomas from tonight's meeting.

Action: Carried unanimously.

ADJOURNMENT

On motion by Commissioner Lain, seconded by Commissioner Plummer the meeting adjourned at 5:58 p.m.