



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

September 27, 2011

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

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

Present: Commissioners Margaret Bossenbery, Dennis Louney, Anthony McCloud, Marilyn Plummer, David Price, Cynthia Ward, Tracy Thomas and Sandra Zerkle.

Absent: None.

The Corporate Secretary declared a quorum present.

Commissioner Cynthia Ward led the Pledge of Allegiance.

Motion by Commissioner Margaret Bossenbery, Seconded by Commissioner Tracy Thomas, to Amend the Agenda and move item #7a (Resolution for the 2012 Board Meeting Dates) to item #10, the Resolution portion of the Agenda.

Action: Motion Carried

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.

Steven Rall, 1608 W. Shiawassee St., stated that he was a representative of "Lansing Can Do Better". Mr. Rall spoke about energy efficiencies and commended the Board of Water & Light for getting underway with the new REO Town Plant and the Electric Car Program.

APPROVAL OF MINUTES

Motion by Commissioner Bossenbery seconded by Commissioner Price to approve the minutes of the Regular Board Meeting minutes of July 26, 2011.

Action: Carried unanimously

COMMUNICATIONS

- a. Letters regarding use of BWL's floodplain for Woldumar Nature Center's Run-A-Munk 5 & 10K Walk/Run (Jeff Hicks, Delta Township Trustee; Joan Bauer, State Rep.; Rick Jones, State Senator)

Acted on by the Administration and Received and Place on File

- b. Electronic mail from Anderson Water Systems regarding Reo Town Plant.

Acted on by the Administration and Received and Place on File

- c. Letter of appreciation to BWL employees from the Board of Commissioners

Received and Place on File

- d. Letters in response to the request for use of the BWL's floodplain for Woldumar Nature Center's Run-A-Munk 5 & 10K Walk/Run.

Received and Place on File

COMMITTEE REPORTS

COMMITTEE OF THE WHOLE September 13, 2011

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 13, 2011.

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

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Marilyn Plummer, Tracy Thomas, David Price, Cynthia Ward and Sandra Zerkle.

Committee Chair Louney welcomed the new Commissioner, Anthony McCloud.

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Thomas, seconded by Commissioner Ward to approve the Committee of the Whole meeting minutes of July 12, 2011.

Action: Motion Carried

Plant Updates

- Wise Road Water Plant

General Manager Lark stated that there was an accident at the Wise Road Water Plant on July 26th. There was an error made by both the Board of Water and Light operator and the first time chemical (chlorine) deliverer, who was a contractor. The chemical was placed in the wrong holding tank, therefore causing a chemical release that heavily damaged the inside of the plant. General Manager Lark thanked all of the Board of Water & Light Departments that were involved with the handling of the situation. He stated that it was gratifying to see all of the Board of Water & Light employees mobilize so quickly to serve customers and monitor both the air and water quality, of which there was no problem with either. General Manager Lark stated that the water plant was fully insured and that this accident will have a positive effect on rates because of instead of having to spend \$4 Million over six years, as budgeted, we will spend \$500,000, which is the deductible amount. In fact, the Board of Water & Light will investigate the possibility of bringing legal action against the chlorine contractor to recover the \$500,000 deductible.

Dick Peffley, Executive Director of Water Operations and Special Projects, provided some history of the Wise Road Water Plant. He said the Wise Road water plant was a fully automated plant that produces 10 millions gallons of water a day and it serves south Lansing and the Holt area.

Mr. Peffley said when the two chemicals of chlorine and fluoride mixed it caused a gas cloud that aggressively attacked the equipment and caused extensive damage on the inside of the plant. The exterior wall structure seems to have survived the event with minimal damage and we plan to reuse the shell of the building; however we will be replacing much of the equipment inside and installing computer upgrade systems, which is a major redesign. The estimated time to rebuild this state of the art water facility is two years.

Mr. Peffley thanked the Administration and his support staff, particularly Tim Hyde and Scott Hamelink for all of their support and assistance with keeping the Wise Road Plant operating.

- REO Town Co-Generation Plant

General Manager Lark stated that the REO Town Plant is on time and on budget. He stated that within the next month you will start to see a lot more activity at the site.

Susan Devon, Assistant General Manager and Project Manager for the REO Town Plant provided a brief update on the REO Town Plant which included minor plant design changes and major equipment purchases.

2012 Regular Board Meeting Resolution

Motion by Commissioner Price, seconded by Commissioner Plummer, to forward the proposed resolution for the 2011 Board Meeting Schedule to the full board for approval.

Action: Motion Carried

Other

None

Absence

None

Adjourn

On Motion by Commissioner Price, seconded by Commissioner Plummer, the meeting adjourned at 6:20 p.m.

Respectfully Submitted
Dennis M. Louney, Chair
Committee of the Whole

FINANCE COMMITTEE September 13, 2011

The Finance Committee of the Board of Water and Light met at the Executive Offices, Lansing beginning at 6:25 p.m. on Tuesday, September 13, 2011.

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 David Price. Alternate committee members Tracy Thomas and Sandra Zerkle were present. Also present was Board member Cynthia Ward and Anthony McCloud.

Absent: None.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Plummer, seconded by Commissioner Price to approve the Finance Committee meeting minutes of July 12, 2011.

Action: Carried unanimously.

FY 2011 Audited Financial Statements – Plante Moran

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

Douglas Rober stated that P&M is appreciative of the opportunity to work with the Board of Water & Light. Mr. Rober introduced Shaun Krick, CPA Associate. Mr. Rober stated that there were no difficulties with management and no significant finding during the audit.

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 2011 as well as the management letter.

The following communications were included in the report:

- Communications required under SAS 115
- Communications required under SAS 114
- Other Recommendations
- Legislative and Informational Items

A complete copy of the Audited Financial Statements & Findings is on file in the Corporate Secretary's office.

Fiscal Year 2011 Audited Financial Statements

General Manager asked that the resolution for the approval of the 2011 Fiscal Year Audited Financial Statements be forward to the full Board for consideration.

On **motion** by Commissioner Plummer, seconded by Commissioner Louney, to move the proposed resolution for the Adoption of the 2011 Fiscal Year Audited Financial Statements to the full board for consideration and approval.

Action: Motion Carried

Required Annual Purchasing Report

General Manager Lark presented the Commissioners with the 2011 Purchasing Report.

Other

None

There being no further business, the meeting adjourned at 6:50 p.m.

Respectfully submitted
Margaret Bossenbery, Chair
Finance Committee



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

Tuesday, September 13, 2011

Present: Trustees Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Marilyn Plummer, David Price, Tracy Thomas, Cynthia Ward 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 Walter Middlebrook III, Shoni Galatian, Office Supervisor of Corporate Administration and M. Denise Griffin, Corporate Secretary

Consultants Present: From Merrill Lynch: Michael Muirhead Associate Financial Advisor, Keith Azar, Senior Financial Advisor and Marie Vanerian, First Vice President. From ICMA: Sandra Rouse-Thames, Retirement Plan Specialist, John McCann, Regional Vice-President and Tim True, Director of Strategic Relations

The Secretary declared a quorum.

Chairperson Zerkle called the meeting to order at 6:55 p.m.

On **Motion** by Trustee Louney and Seconded by Trustee Bossenbery to approve the minutes of the September 14, 2011 Pension Fund Trustees' Annual Meeting Minutes.

Action: Motion Carried

Public Comments

There were no public comments.

FY2011 Financial Information

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

- Defined Benefits

The Defined Benefit (DB) Plan was closed to new employees hired after December 31, 1996. There are currently 457 retirees and beneficiaries, 13 terminated employees with vested benefits and 37 current employees in this plan for a total of 507 Plan participants. There were 18 total retirees with DB benefits during 2010.

The reduction in the total number of participants is a result of the death of 18 retirees. There were also 4 retirements.

There are 37 DB active employees with an average age of 56.7 and an average of 28.3 years of service.

- Defined Contributions

The Defined Contribution Plan was established as a replacement for the Defined Benefit Plan. At that time there were 602 active employees who elected to switch to the new DC Plan. There are currently 885 participants in the DC Plan including 673 active participants. Active participants range in the age of 35 to over 65.

- Retiree Benefit Plan

There are a total of 1,172 participants in the Postretirement Benefit Plan of which 696 were active employees.

Performance

- Defined Benefit

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

Investment income in the plan was \$17.5 Million compared to \$8.6 Million last year. Plan assets increased to \$82.09 Million in 2011 from \$73.3 Million in 2010.

The funded ration for the DB plan was 115% which means assets exceed our liabilities by 15%. This is a notable improvement.

- Defined Contribution

Investment income in the DC Plan was \$23 Million compared to \$14 Million last year. Plan assets increased to \$136 Million in 2011 from \$115 million in 2010.

Post-Retirement Plan

The Postretirement Plan had \$19 Million in investment compared to \$6 Million last year. Plan assets increased from \$77 Million at June 30, 2010 to \$104 Million at June 30, 2011, an increase of \$27 Million. The funded ratio for the Postretirement Plan was 30% in 2010 and has increased to 39% in 2011.

Marie Vanerian, First Vice President at Merrill Lynch provided an update on the current market conditions.

Tim True, ICMA Director of Strategic Relations and the ICMA Staff provided updates on Education Activity.

Mr. True also presented General Manager Lark with the 2011 Communicator Award that the Board received for their efforts in implementing payroll deduction for Roth IRA's.

General Manager Lark respectfully asks that the Board forward the proposed resolution for the acceptance of the 2011 Audited Financial Statements to the full Board for consideration.

Moved by Trustee Louney, **seconded** by Trustee Price, to approve the following resolution and forward to the full Board for consideration:

RESOLUTION

ACCEPTANCE OF 2011 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.

Action: Motion Carried

On **Motion** by Trustee Price and Seconded by Trustee Ward with no further business the Pension Fund Trustees meeting adjourned at 7:25 p.m.

Action: Motion Carried

Submitted by:
M. Denise Griffin
Corporate Secretary

MANAGER'S RECOMMENDATIONS

General Manager Lark respectfully requested that the Board of Commissioners approve of the following resolutions.

RESOLUTION #2011-09-01

FISCAL YEAR 2011 AUDITED FINANCIAL STATEMENTS

RESOLVED, That the fiscal year 2011 Audited Financial Statements for the Board of Water and Light have been reviewed and is hereby accepted as presented.

FURTHER RESOLVED, That the Corporate Secretary is hereby directed to file a copy of the fiscal year 2011 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, 2011.

FURTHER RESOLVED, That the Corporate Secretary is hereby directed to file a copy of the fiscal year 2011 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 15, 2011.

Motion by Commissioner Thomas seconded by Commissioner Bossenbery, to approve the resolution for the 2011 Audited Financial Statements.

Action: Carried Unanimously

RESOLUTION #2011-09-02

ACCEPTANCE OF 2011 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 Bossenberg and Seconded by Commissioner Price, to approve the resolution for the for the acceptance of the 2011 Audited Financial Statements for the Defined Benefit Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan.

Action: Carried unanimously

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

There was no New Business

RESOLUTIONS

RESOLUTION #2011-09-03



BOARD MEETING SCHEDULE

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

RESOLVED, That regular meetings of the Board of Water & Light's Board of Commissioners are hereby set for calendar year 2011 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2012

Board of Water and Light Commissioners
Regular Board Meeting Schedule

Tuesday	January 24
Tuesday	March 27
Tuesday	May 22
Tuesday	July 24
Tuesday	September 25
Tuesday	November 13

Meetings will be held in the Board Room located in the Board of Water and Light Customer Service Center, 1232 Haco Drive, Lansing, at 5:30 p.m.

RESOLVED FURTHER, That a notice of the meeting schedule be published in the Lansing City Pulse the week of January 1, 2012.

Motion by Commissioner Bossenbery seconded by Commissioner Price, to approve the schedule for the 2012 Board Meeting Dates.

Action: Carried unanimously

MANAGER'S REMARKS

Check Presentations

General Manager Lark and Board Chair Sandra Zerkle presented the following Chili Cook-Off proceeds checks to:

—Lansing Police Chief Teresa Szymanski in the amount of \$6000 for the H.O.P.E. Scholarship Program. Chief Szymanski thanked General Manager Lark, the Board of Commissioners and the Board of Water & Light employees for supporting the H.O.P.E. Scholarship program.

—Sparrow Foundation Development Director Michelle Reiner, in the amount of \$6000.00. Ms. Reiner thanked the Board of Water & Light on behalf of the Sparrow Foundation. Ms. Reiner stated that she appreciates the partnership with the Board of Water & Light.

—Executive Director of the Impression Five Science Center Erik Larson, in the amount of \$6,000 for the Adopt-A River program. Mr. Larson thanked the Board of Water & Light for the check and for its continued support.

General Manager Lark and Board Chair Zerkle also presented Ivan Love, Executive Director of Capital Area Community Services (CACS) with a check in the amount of \$4,000.00, the proceeds 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 to assist low-income families with their utility payments.

Updates

General Manager Lark provided an updated on the REO Town Plant. He stated that the project is on time and on budget. He also provided an update on the "Be Well for Life" program. He stated for the first 6 months of the program the average weight loss was 10.1 lbs. and the BMI reduction was 4.1%.

COMMISSIONERS' REMARKS

Commissioner Cynthia Ward acknowledged and commended the Board of Water & Light employees also known as the "Water Bolts" who participated in the Dragon Boat Race over the Labor Day weekend. It was a great event and a great show of teamwork and team spirit.

Commissioner Tracy Thomas thanked the "Be Well for Life" organizers. He also thanked the 1st Step Board of Water & Light representatives that came to Waverly High School to inform student of the program. He welcomed new Commissioner Anthony McCloud.

Commissioner Dennis M. Louney commended all the Board of Water & Light employees for their effort and hard work to make the "Pennies for Power" initiative successful. He welcomed new Commissioner Anthony McCloud.

Commissioner Marilyn Plummer welcomed new Commissioner Anthony McCloud.

PUBLIC COMMENTS

There was no public comment.

EXCUSED ABSENCE

None

ADJOURNMENT

On motion by Commissioner Thomas, seconded by Commissioner Price the meeting adjourned at 6:00 p.m.

M. Denise Griffin, Corporate Secretary
Preliminary Minutes filed with Lansing City Clerk: October 4, 2011
Final Approved Minutes Filed with the City Clerk: November 17, 2011