



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

January 26, 2021

Due to public safety concerns resulting from the COVID-19 Pandemic, the Regular Board of Commissioners meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Tuesday, January 26, 2021. This meeting was publicly noticed for 5:30 p.m.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e317c6291b98ce01fcd4a1fd90b4915c1>

Event Number for Attendees: 132 713 3991 Event Password: qT8UtMmbq22

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 713 3991

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

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

The following Commissioners were present via audio/video:

Chairperson David Price remotely, Lansing, MI	
Stuart Goodrich remotely, Holt, MI (arrived @5:45 pm)	Beth Graham remotely, Lansing, MI
Douglas Jester remotely, East Lansing, MI (arrived@ 5:32 p.m.)	Deshon Leek remotely, Lansing, MI
David Lenz remotely, Lansing, MI	Larry Merrill remotely, Delta Township, MI
Tony Mullen remotely, Lansing, MI	Tracy Thomas remotely, Lansing, MI
Ken Ross remotely, Charlotte County, Florida	Sandra Zerkle remotely, Lansing, MI

Absent: None

Corporate Secretary Griffin declared a quorum.

Chair Price led the Pledge of Allegiance.

Chair Price requested a motion to amend the agenda to add a late item, the City of Lansing newly implemented required Annual Ethics Training, which will allow the Board to consider a resolution that the Board will endeavor to be compliant with obtaining the City of Lansing’s required ethics training and that the Rules of Procedure will be amended to include the annual ethics training as an annual event.

Motion by Commissioner Thomas, **Seconded** by Commissioner Graham, to amend the agenda to add the late item, the City of Lansing Annual Board Ethics Training.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

APPROVAL OF MINUTES

Motion by Commissioner Graham, **Seconded** by Commissioner Zerkle, to approve the Regular Board Meeting minutes of November 17, 2020.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

COMMUNICATIONS

There were no communications.

COMMITTEE REPORTS

Chairperson Price presented the Executive Committee Report:

EXECUTIVE COMMITTEE

Meeting Minutes

December 17, 2020

Due to public safety concerns resulting from the COVID-19 Pandemic, the Executive Committee meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Thursday, December 17, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e5163781865ac93f5e8568649b58191d7>

Event Number for Attendees: 132 573 1544 Event password: zmdV5HErx32

Audio conference: United States Toll +1-408-418-9388 Access code: 132 573 1544

Executive Committee Chair David Price called the December 17, 2020 Executive Committee meeting to order at 5:00 p.m.

Corporate Secretary Griffin took the roll call to acknowledge attendance.

The following Commissioners were present via audio/video:

David Price remotely, Lansing, MI (Board Chairperson)	Tracy Thomas remotely, Lansing, MI (Vice Chairperson)
Sandra Zerkle remotely, Lansing, MI (Past Chairperson)	Anthony Mullen remotely, Lansing, MI (Member)
Beth Graham remotely, Lansing, MI	Deshon Leek remotely, Lansing, MI
David Lenz remotely, Lansing, MI	Ken Ross remotely, Charlotte County, FL (@5:06 p.m.)
Douglas Jester remotely, East Lansing, MI	Larry Merrill remotely, Delta Township, MI
Stuart Goodrich remotely, Holt, MI (arrived @5:31 p.m.)	

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Governance

Participation from Commissioners

Items to revisit

Onboarding information for Commissioners

Chair Price introduced Commissioner Merrill to present the Governance seminar. Chair Price noted that the last governance seminar was held in the fall of 2014 and due to circumstances in the past year an update of the role of governance was deemed necessary. Commissioner Mullen requested that the Commissioners keep the goals of the governing process as simple as possible--select the goals and the steps to accomplish the goals.

Commissioner Larry Merrill opened the floor and asked the Commissioners to speak concerning the following questions from the Governing Excellence presentation:

- From what sources—public sector organization, private businesses, individuals, readings, education, experiences—do you derive guidance on your roles and responsibilities?
- What are the similarities and differences between your “mental models” and your actual roles and responsibilities?

Chair Price responded that his experience is from the non-profit sector as an executive director, as a board president, treasurer and member; and that as a Commissioner he governs on the board in the manner that he would expect if he was the customer that is being represented. Chair Price added that the differences between governing in the non-profit sector and at BWL as a public entity which add some difficulty include the political aspect and having three employees instead of one to set and carry out policy.

Commissioner Graham responded that her experience as president of a realtor’s association was different as there was one executive officer to whom the governing body reported and the governing body didn’t interact with any of the company business. The governing body was similar in taking care of the concerns of the membership for the betterment of the association.

Commissioner Lenz responded that his experience was different with a nonprofit membership driven organization as the board members were nominated and elected by the members.

Commissioner Jester responded that his experience has been with non-profits, member organizations and municipal boards. He stated that there were procedural differences between those boards and the BWL board in that substantive discussion is held only in the committee meetings of the BWL. Commissioner Jester added that the concerns of the other boards were mainly with policy of the organization while BWL is a fiduciary board where more time is spent with governance, oversight and financials.

Commissioner Ross responded that his experience has been with local government boards, a small municipality board, nonprofit boards and a for profit board. Commissioner Ross added that the BWL board is different in that it has both voting and non-voting members, different term lengths of members, and a high volume of material with technical subject matter for the Commissioners to review. Commissioner Ross also added that the BWL is different in that it is a public body subject to the Open Meetings Act and FOIA.

Commissioner Zerkle responded that her experience has been with labor committees with only one speaker. Commissioner Zerkle added that rules and procedures for the BWL were provided through the BWL Corporate Secretary.

Commissioner Thomas responded that his experience has been in education where everyone on the board had a specialty. Commissioner Thomas added that the education boards were similar to BWL as public boards with transparency and that the BWL was different from other public boards where a couple members may be the deciding members.

Commissioner Goodrich responded that his experience has been on a municipal board where he led the meeting. Commissioner Goodrich added that the BWL board is different in that he has less of a say in what transpires.

Commissioner Larry Merrill brought up for discussion and asked for the Commissioners' input concerning the following questions:

- Is there anything the Board of Commissioners doesn't do regarding the functions of Board Governance by seeing to it that LBWL achieves what it should and avoids imprudent risks and unacceptable outcomes?
- Does the LBWL achieve what it should through its vision, mission, values, strategic goals and objectives; through measurements of goals and objectives; through monitoring and evaluation; through policy compliance; through CEO effectiveness and board effectiveness; through adequate and efficiently used resources of competent staff and competent board?
- Does the BWL assure reliable service, competitive rates, convenience, information, lower cost and transparent operations, participation in decision-making, involvement in the regulatory process, and whatever else the customer deems valuable?
- Whether there is a difference between the corporate policies developed and adopted for governance of the BWL for affective administrative and executive management and the policies of the managing director. In response to Commissioner Merrill's question on the appropriate division of authority between the Board and the General and whether there needs to be more clarity Chair Price said that there needs to be clarification and a restatement of the governance policy.
- Whether the Board should only review and approve the corporate strategic plan or should the Board provide input and develop it also? Chair Price said that the Board should be an integral part of the strategic plan rather than just take what is given to be reviewed.

- How is the General Manager held accountable for outcomes from the Board's approval process? Commissioner Merrill stated that the fiduciary role in the review and approval process as representatives of the utility's owners will need further conversation.
- Are the rate payers the owners of Lansing Board of Water and Light? Chair Price stated that the Lansing City Charter governs the Lansing Board of Water and Light and all the rate payers are not within the City of Lansing. Chair Price added that owners have a direct influence in governance and he doesn't think the rate payers do.
- To whom is the Board accountable? Commissioner Merrill stated that according to the Lansing City Charter 5-201 "the board shall be responsible to the Mayor and the City Council for the provision of these services in a manner consistent with the best practices." Commissioner Goodrich asked whether a member of the city council should be a member of the BWL Board. Commissioner Merrill responded that the city charter created a separate board for BWL and it is different than the other city boards and commissions. In further discussion Commissioner Merrill noted that BWL has a resolution, 2017-07-06, which states that BWL is owned by the rate payers. Chair Price responded that there are rate payers outside of the Lansing city limits and restated that owners have a direct influence in governance and he doesn't think the rate payers do and this should be further discussed.
- Whether the Board acts as an oversight committee for the General Manager or acts and directs as an instrument of the City of the Lansing to speak on behalf of the owners. Commissioner Lenz responded that the Board balances the responsibilities between acting as an oversight committee and as an instrument of the City of Lansing. Commissioner Zerkle responded that since the unpaid Board only meets every other month it would be difficult to be involved in items such as the strategic planning process, other than providing input, and have management responsibilities. Commissioner Mullen responded that the Board has the responsibilities to provide a good return on investment to the City of Lansing as owners, to rate payers, and to management and employees. Commissioner Price responded that representing the City of Lansing isn't exclusive from the management and employees carrying out the policies and plans that are passed by the Board.
- Whether the role of the Board of Commissioners as fiduciary is adequately described with reviewing the financial position, asset condition, legal and regulatory environment compliance, technology changes, energy prices, competitors actions, and environment and climate impacts; identifying stakeholder concerns; setting strategic direction; providing resources through rate making; delegating authority to staff; proscribing unacceptable outcomes; and monitoring, evaluating and providing additional input. Chair Price responded that the description is accurate as the Board deals with complicated issues and indicates how the Board should operate. Commissioner Jester responded that it doesn't seem that the Board provides resources but rather determines what is done with the resources. Commissioner Merrill responded that when the Board sets rates and approves the budget it is providing resources.

Commissioner Goodrich commented that on boards he has previously served, the board hires the manager and just observes the manager take care of the business operations. Commissioner Goodrich also commented to the limitation on powers of boards and said he didn't think the General Manager had been given enough authority. Chair Price and Commissioner Merrill expressed disagreement and stated that the General Manager has been given adequate authority.

- Whether the Board members govern well, whether existing board policies are up-to-date and understandable, and whether board members are compliant or there is a need for increased training. Commissioner Ross responded that because of the technical subject matter there is a need for increased training in the governance process, the mechanics of decision making and the committee structures. Chair Price added that in addition to the board member orientation packet formal hands-on training should be provided. Commissioner Jester commented that the information that was provided by the Corporate Secretary when he was appointed as a Commissioner was very helpful. He added that he needed to become familiar with the rhythm of the governing process. Commissioner Graham agreed with Commissioner Jester's comments and added that it would be helpful to attend a governing process training session.

Commissioner Merrill asked for clarification or follow up of the following statements in board policies:

- Whether the Board has delegated oversight responsibility to any committee or is the committee responsible for some level of monitoring and reporting back to the board.
- The authority and accountability of respective management and staff is inseparable from the authority and accountability of the three employees.
- An individual Commissioner cannot make decisions or recommendations, nor issue directives that are binding on the General Manager, Director of Internal Audit and Corporate Secretary.
- The Board will conduct a self-evaluation every two years with the next evaluation to be conducted in 2020. Chair Price responded that the self-evaluation is in the planning stages and will be sent in the beginning of 2021, and a 360-degree evaluation will be sent to the Board employees.

Commissioner Thomas commented that for the last five years a protocol has been in place that the Chair speaks on behalf of the board to media. He also asked to be part of the process in the self-evaluation planning stages. Commissioner Merrill asked that the spokesperson role also apply to instances in speaking with the staff.

Commissioner Merrill asked for follow up on the following items:

- protocol for placing an item on the agenda
- whether a succession plan is in place for executives
- whether communication from staff is shared equally with the commissioners
- the procedure for dealing with problems/conflicts efficiently, coherently and sensitively

Commissioner Merrill asked whether the issues that have been raised should be addressed.

Commissioner Price stated that the objective for the governance seminar was to get all the Commissioners on the same page, to review what is in the governance policies, to make some enhancements, and to address what is lacking.

Commissioner Zerkle commented that the input from the advisory commissioners is valued and the non-voting status is not a reflection of importance.

Commissioner Goodrich commented that he appreciated the information from Commissioner Merrill and that the information was valuable for this board.

Commissioner Ross commented that the input from the advisory Commissioners is valuable and that he really appreciated this governance meeting that was conducted by advisory Commissioner Larry Merrill. Commissioner Ross added that he didn't think the Board had fundamental problems but does have opportunity for continuous improvement and refinement.

Chair Price commented that the advisory Commissioners were a direct result from the ice storm. Chair Price added that he didn't know why the term lengths were set as they are.

Other

There was no other business.

Excused Absence

None.

Adjourn

Chairperson Price adjourned the meeting adjourned at 7:12 p.m.

Respectfully submitted,
David Price, Chair
Executive Committee

Commissioner Tracy Thomas presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE
Meeting Minutes
January 12, 2021**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole (COW) meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, on Tuesday, January 12, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ec2515cbd377187c68417cca1db6b6365>

Event Number for Attendees: 132 470 7852 Event password: Wb3epf5ZC85

Audio conference: United States Toll +1-408-418-9388 Access code: 132 470 7852

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

The following Commissioners were present via audio/video:

(COW Chairperson) Tracy Thomas remotely, Lansing, MI	
Stuart Goodrich remotely, Holt, MI (arrived @5:40 pm)	Beth Graham remotely, Lansing, MI
Douglas Jester remotely, East Lansing, MI	Deshon Leek remotely, Lansing, MI
David Lenz remotely, Lansing, MI	Larry Merrill remotely, Delta Township, MI
Tony Mullen remotely, Lansing, MI	David Price remotely, Lansing, MI
Ken Ross remotely, Charlotte County, Florida	Sandra Zerkle remotely, Lansing, MI

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Graham, **Seconded** by Commissioner Leek, to approve the Committee of the Whole meeting minutes of November 10, 2020.

A roll call vote was taken:

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

Nays: None

Action: Motion Carried.

Strategic Plan 2021 – Resolution

Executive Director of Strategic Planning, Ms. Brandie Ekren, reviewed the proposed revisions to the BWL Mission, Vision and Values for the 2021 Strategic Plan and the proposed priorities, goals and strategies for the 2021-2025 Strategic Response.

Commissioner Zerkle asked why the vision statement doesn't state that BWL is continuing to improve carbon neutrality products rather than will provide carbon neutrality products. Ms. Ekren responded that carbon neutrality is a goal rather than a current condition.

Commissioner Merrill asked whether the Priorities in the 2021-2025 Strategic Response were listed in order of importance and if they were, Financial Stability should be the most important. He added that a strong financial position should be attained rather than a viable financial position and that the BWL has a legal responsibility for the financial stability of the utility but not for the other priorities.

Commissioner Zerkle commented that the priorities may change every day and that importance shouldn't be placed on any of the priorities.

Commissioner Price commented that without the Financial Stability as the most important priority the other four priorities aren't achievable.

Commissioner Mullen commented in disagreement that if financial stability isn't placed first that other four Priorities will fail. If any of the others fail, such as climate and environment, businesses won't move into the area. Therefore, all of the 2021-2025 Strategic Priorities are interdependent and rely on the others for success.

Commissioner Leek agreed with Commissioner Mullen that each of the 2021-2025 Strategic Priorities are important and one should not be ranked over the other.

Chair Price made a motion that the resolution for the Strategic Priorities reflect that Financial Stability Priority be the first priority and interdependent with the other four priorities. Commissioner Graham seconded the motion.

Commissioner Jester recommended rewording the Financial Stability Priority to sustaining a financially viable organization to enable the achievement of the other priorities.

Upon conclusion of the discussion regarding the wording of the Resolution, the Motion by Chair Price and the Second by Commissioner Graham that was on the floor was withdrawn by the offeror. The resolution as recommended by Ms. Ekren met the needs for 2021-2025 Strategic Plan.

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to forward the Resolution for the Strategic Plan 2021 to the full Board for consideration.

Ms. Ekren added that she would like to make a few small grammatical edits to the Resolution before it was approved by the Board.

A roll call vote was taken:

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

Nays: None

Action: Motion Carried.

Capital Portfolio Process Update

Chief Financial Officer, Ms. Heather Shawa, introduced Finance Manager, Mr. Scott Taylor, and Interim Manager and Senior Operations Advisor, Ms. Kellie Elford, to provide the Capital Portfolio Process Update.

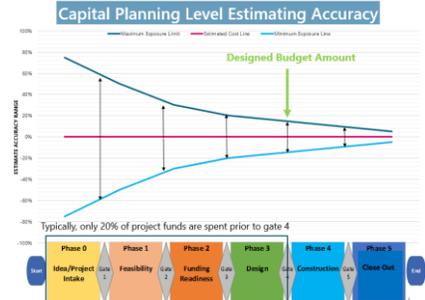
Presentation Updates

- Resolution Highlights
- Project Definitions – Annual and Planned
- Designed Budget Amount Highlight
- Management System Governance Additions – GM and Board of Commissioners
- Capital Process Governance Structure Additions – GM and Board of Commissioners
- Draft Reporting Proposal
 - Top 10 Planned Projects
 - Designed budget amounts
 - Project phase and completion date
 - Variations
 - Summary of other planned and annual projects

Capital Project(s) Terms

Annual Project – A project which occurs every year and takes a relatively short period of time to complete, typically less than a few months.

Planned Project – A planned project is different from an Annual Project in its uniqueness, duration, complexity, scale, and critically. Planned projects typically include many different types of assets, or systems, and require a more detailed, in-depth cost tracking to support proactive cost management. Planned projects includes IT, OT and other larger scale, integrated projects.



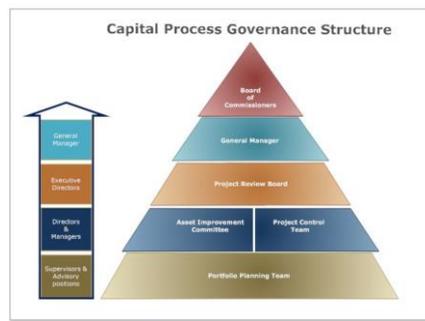
Stage Gate Structure Process

Phase	Gate	Key Activities
Phase 0: Idea/Project Intake	Gate 1	Work with Asset Management to Rank Projects; Prepare package required to pass Gate 1
Phase 1: Feasibility	Gate 2	Complete Feasibility Study; Deliverables with CA Review; Prepare package required to pass Gate 2
Phase 2: Funding Readiness	Gate 3	Complete Funding Business Deliverables; Deliverables with CA Review; Prepare package required to pass Gate 3
Phase 3: Design	Gate 4	Complete Detailed Design; Deliverables with CA Review; Prepare package required to pass Gate 4
Phase 4: Construction	Gate 5	Complete Operational Acceptance Deliverables; Deliverables with CA Review; Set up Lessons Learned session
Phase 5: Close Out	Gate 6	Complete Project Closeout; Deliverables with CA Review; Set up Lessons Learned session

Management System Governance

The Management System is the glue that makes the Capital Projects Process work well. It consists of teams / committees that meet as needed to support the Capital Projects.

Issues/Committee	Purpose	Business Owner Responsibility
Portfolio Planning Team - PPT (Scheduled to meet every Thursday)	Evaluate Capital Projects and determine whether they meet the criteria for portfolio approval and package as required. If they exceed the criteria, the PPT provides guidance to the AC.	Complete all the requirements within the phase prior to the gate. Submit all package and all the information to the Board (60 days in advance) that you are ready to use for approval. Submit on time and meet the meeting.
Asset Investment Committee - AIC (Scheduled to meet every Tuesday)	The AIC performs the same function as the PPT, but only for the projects submitted to the AIC by the PPT.	Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT.
Project Control Team - PCT (Scheduled to meet every Tuesday)	Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT.	Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT.
Project Review Board - PRB (Scheduled to meet every Tuesday)	Evaluate Design, Review Project Status, Risks, Opportunities and cost mitigation actions taken to PCT and provide recommendations to the AC. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT.	Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT.
General Manager - GM	Final Oversight, Final decision maker regarding Capital Budget and Portfolio recommendations to Board. Final decision maker regarding Capital Project execution's recommendations to Board.	Provide answers to any questions that the BOC may have of the business owner.
Board of Commissioners - BOC	Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT. Review issues that are submitted for their "right of Pass" on the Project Health Report, also an alternative to the PPT.	Provide answers to any questions that the BOC may have of the business owner.



Mr. Taylor highlighted the budget and costs amount in the Capital Project Exceedance Approval (previously approved) Resolution and the project terms and definitions. Ms. Elford described the stages of a project and the approval steps for managers and directors, followed by the approval process for the executive staff and Board of Commissioners.

Commissioner Zerkle asked when the deadline is set for the teams to have a project placed in the budget. Mr. Taylor responded that a continual process is encouraged and the structured process for the six-year forecast includes an initial submission by November, followed by a multi-step review process and review board. Projects that emerge during the year that are critical will also be reviewed.

Commissioner Zerkle asked why projects were on the report in Phases 2 and 3 instead of in Phase 4 after the construction has been approved. Mr. Taylor responded that the projects are entered in Phase 1 as

soon as costs start accruing. GM Peffley responded that Phase 4 is where the Board of Commissioners review the project, but the previous Phases are for the processes leading up to the Commissioners' review.

Commissioner Mullen asked if the information on the reports could be provided in laymen's terms. GM Peffley responded that information can be provided in any manner that the Commissioners would like. Commissioner Lenz commented that the report contains basic information and is provided for oversight for the Commissioners and so that they are aware of how the projects are monitored before the Commissioners' review.

Other

Commissioner Mullen asked about the prohibitive cost of stopping the shut off of water, whether there is not only the fiduciary responsibility the BWL has to pay bills, but also whether there is a fiduciary responsibility to the City of Lansing to do something more and say this is what the BWL has done to help. Management will follow up with a response.

GM Peffley informed the Commissioners that the IRP goal of 50% clean energy and carbon neutrality was not specifically outlined in the 2021-2025 Strategic Plan. While the IRP goals are supported by the 2021-2025 Strategic Plan, there is an opportunity to update the current environmental sustainability resolution. The plan is to propose an updated resolution that addresses environmental sustainability in March in the form of a climate control resolution that emphasis the IRP goals of 50% clean energy and carbon neutrality.

Adjourn

Commissioner Thomas adjourned the meeting at 7:08 p.m.

Respectfully Submitted
Tracy Thomas, Chairperson
Committee of the Whole

Commissioner David Lenz presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes January 12, 2021

Due to public safety concerns resulting from the COVID-19 Pandemic, the Finance Committee meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Tuesday, January 12, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ec2515cbd377187c68417cca1db6b6365>

Event Number for Attendees: 132 470 7852 Event password: Wb3epfSZC85

Audio conference: United States Toll +1-408-418-9388 Access code: 132 470 7852

Finance Committee Chair David Lenz, called the January 12, 2021, 6:00 p.m. Finance Committee meeting to order at 7:20 p.m.

Corporate Secretary Griffin took the roll call to acknowledge attendance.

The following Commissioners were present via audio/video:

David Lenz remotely, Lansing, MI (Member)	Beth Graham remotely, Lansing, MI (Member)
David Price remotely, Lansing, MI (Member)	Ken Ross remotely, Charlotte County Fl. (Member)
Stuart Goodrich remotely, Holt, MI	Douglas Jester remotely, East Lansing, MI
Deshon Leek remotely, Lansing, MI	Larry Merrill remotely, Delta Township, MI
Tracy Thomas remotely, Lansing, MI	Sandra Zerkle remotely, Lansing, MI

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Finance Committee meeting minutes of November 10, 2020.

Motion Carried by the following Roll Call Vote:

Yeas: Commissioners Lenz, Graham, Price, and Ross

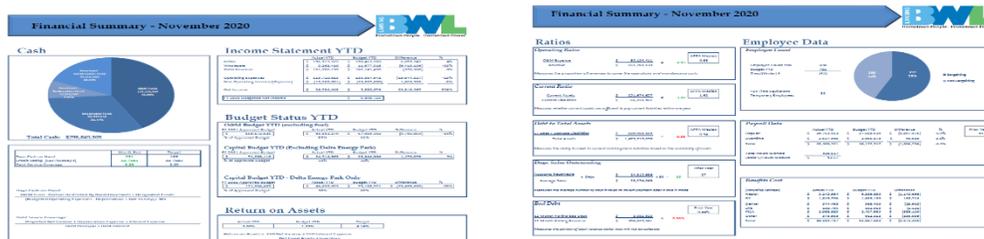
Nays: None

Tabled Items from July 21, 2020: REMAINED ON THE TABLE

1) Current Internal Audit Charter, 2) Proposed Internal Audit Charter, 3) Resolution

November YTD Financial Summary

CFO Heather Shawa gave a review of the November 2020 YTD Financial Summary.



Chief Financial Officer Heather Shawa reported that Total Cash decreased as expected as bond proceeds were spent down for Delta Energy. Days Cash on Hand ended the month at 231. Debt Service Coverage was solid at 3.89. FYTD net income was \$26.8M, compared to a budget of \$5.8M. Net income is over budget due to under budget department spend and higher than budgeted revenues, relative to fuel and purchased power costs. Budget Status YTD was 14% underspent, a large factor being \$5M due to the VEBA plan market response.

YTD Capital Budget, excluding Delta Energy Park (DEP), was a higher spend due to a shift in timing of a boiler back up project at REO. Delta Energy Park, due to COVID19 and some timing from a large construction manager invoicing, was a little under spend but is expected to increase. DEP series bonds price had nine times the offerings compared to bonds to be sold.

Chair Lenz asked what the estimate of the COVID19 impact was on the DEP budget. Ms. Shawa and GM Peffley responded that the impact was \$10M and the project is still budgeted at \$495M.

YTD RoA is 3.60%, which is greater than budgeted YTD RoA of 1.69%, due to over budget net income, as a result of the factors noted above. Debt to Total Assets was a little high, as expected, due to bond issuance and the Bad Debt Ratio is high largely because the allowance was increased at the end of the year. The other three Ratios are beating the benchmark.

Employee count YTD is 690 and the budgeted YTD is 731. In Payroll Data the Labor \$/Hours Worked metric has remained in line with year prior. Overall YTD benefits costs are underbudget, due to BWL experiencing lower than expected medical claims.

Commissioner Goodrich asked how many positions are open that would be filled if there were qualified applicants. Ms. Shawa responded that there are about 25 positions for which HR is actively recruiting. GM Peffley responded that journeyman/lineworker and IT positions are more difficult to fill.

Bi-Annual Internal Audit Management Response Report Out

Finance Manager, Mr. Scott Taylor, presented the Bi-Annual Internal Audit Management Response Report Out. Mr. Taylor stated there are two open items and six items that have closed on the report. The first open item is a recommendation to standardize and centralize storage of purchasing documentation. The reason it is still open is that the training for this item is rolling out this January. The second open item is the development of a BWL Performance ERM Status Report. The reason it is still open is the remaining action of finalizing the measures of the report and it is expected to be completed by the end of February 2021.

Internal Control Program Overview

CFO Shawa introduced Ms. Elisha Franco, Senior Internal Control Analyst, who presented the Internal Control Program Overview. Ms. Franco described the function of the Internal Control Department as a means by which an organization's resources are directed, monitored and measured to prevent and detect fraud and protect the organization's resources. Ms. Franco explained the differences between the internal control function and the internal audit function. Ms. Franco provided the 2020-2021 work plan of reviewing remote work logs, customer projects, reconnection fees, and Fleet fuel operations.

Commissioner Thomas asked whether the Senior Internal Control Analyst position was a new position. Ms. Franco responded that it was a vacant position before she filled it.

Commissioner Ross asked Ms. Franco to provide insight to how internal control interacts with the internal auditor. Ms. Franco responded that internal control and internal audit meet biweekly and internal control provides information to management.

Chair Lenz asked if internal control has its own monthly schedule of items to monitor. Ms. Franco responded that there are quarterly items to be reviewed every year and additional items can be added by management. Chair Lenz also asked if additional staffing will be needed to conduct the reviews. Ms. Franco responded that currently staffing is sufficient.

Internal Audit Status Report

Internal Auditor, Mr. Wesley Lewis, presented the Internal Auditor Status Report.

Audit Progress Report

Audit Engagements and Activities in Audit Plan Currently Underway and/or Scheduled to Start

1. **Energy Risk Management** – The final audit report was issued on 12/3/2020
2. **MPPA and MISG Billing** – This audit was kicked off and is in progress. This includes the documentation of information received and selection of a sample of transactions for testing. **Estimated Time of Completion:** February 2021
3. **Unbilled Accounts Receivable** – This audit was kicked off and is in progress. Initial meetings are taking place, along with information requests. **Estimated Time of Completion:** February 2021
4. **Purchase Card Usage and Control** – This audit was kicked off and is in progress. This includes initial meetings, documentation of information received, and selection of a sample of transactions for testing. **Estimated Time of Completion:** March 2021
5. **Cybersecurity Process and IT Vulnerabilities** – We initially selected Moss Adams as our outside IT Audit consultant to conduct this engagement for us. Unfortunately, after trying to negotiate contract terms with them, we reached an impasse. Thus, we decided to move on to the runner-up bidder, which was BDO. BDO adjusted their bid to \$52,000, which is even less than our budget. Purchasing is in the process of finalizing and onboarding them now. **New Estimated Start Time:** January 2021 **New Estimated Time of Completion:** March 2021



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Finance Committee Meeting
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Finance Committee Meeting
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Audit Progress Report (Cont'd)

Audit Engagements and Activities in Audit Plan Currently Underway and/or Scheduled to Start (Cont'd)

6. **Corporate Governance - Strategic Plan and Ethical Advocate System (includes Hotline)** - **Estimated Start Time:** April 2021 **Estimated Time of Completion:** June 2021
7. **Other Audit Activities** – (Ongoing)

Note: Estimated Start and Completion Times of All Engagements Listed Above Are Subject to Change.

Other Items

1. Update on Ongoing Education and Certification of IA Staff

Commissioner Zerkle asked if additional audit personnel have been approved recently. Mr. Lewis responded that IT audit consultants were approved last year for a vulnerability and cyber-securities audit.

Other

There was no other business.

Adjourn

Chair David Lenz adjourned the meeting at 8:08 p.m.

Respectfully submitted
David Lenz, Chair
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no General Manager recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2021-01-01

2021-2025 Strategic Plan: Strategic Foundation Statements (Mission, Vision and Values) & Priorities

Strategic Foundation Statements

Mission

The mission of the BWL is to provide a safe, reliable and affordable utility experience through public ownership, climate consciousness and innovative strategies.

Vision

The vision of the BWL is a commitment to being the “Utility of the Future” while supporting community growth. The BWL will provide carbon neutral utility products, services and programs with exceptional customer service that are financially accessible to all customers. This will be accomplished by utilizing evolving, cutting-edge technology, as well as partnering with the Greater Lansing region and a highly skilled, diverse workforce.

Values

Value	Meaning	Key Attributes
Integrity 	We provide safe, reliable and affordable service in an ethical and conscientious manner. This responsibility includes our impact on the planet and people we serve.	<ul style="list-style-type: none"> • Accountable • Well-being • Transparent • Sustainable
Innovation 	We evolve operations by mitigating business and environmental risks with foresight and agility.	<ul style="list-style-type: none"> • Creativity • Visionary • Impactful • Insightful
Inclusion 	We celebrate and value differences. As a corporate citizen that is publicly owned, contributions from our employees and customers are instrumental to our success.	<ul style="list-style-type: none"> • Community • Collaborative • Respectful • Balanced
Initiative 	We are goal oriented and results driven.	<ul style="list-style-type: none"> • Dependable • Proactive • Resilient • Leadership

2021-2025 Strategic Priorities

Priority 1: Customer and Community

Goal: Enhance the customer utility experience and enrich the community we serve

Strategy 1: Measure, monitor and respond to customer feedback and expectations

Strategy 2: Provide innovative and cost-effective utility products, services and programs that leverages technology

Strategy 3: Support community engagement that includes education, volunteerism and sponsorships

Strategy 4: Promote economic development and regional partnerships that create growth and synergy

Priority 2: Workforce Engagement and Diversity

Goal: Maintain a workforce that embraces safety, is agile, diverse, engaged and prepared to support the BWL's success

Strategy 1: Cultivate a Generative Safety Culture

Strategy 2: Attract, develop and retain a highly skilled, diverse and culturally intelligent workforce

Strategy 3: Cultivate employee engagement that promotes a positive work environment, professional development and career growth with emphasis on succession planning

Priority 3: Climate and Environment

Goal: Maintain a leadership role in providing energy solutions that support a sustainable planet

Strategy 1: Enhance and promote policies, practices and standards that support carbon reduction and a healthy eco-system

Strategy 2: Increase renewable energy portfolio and energy waste reduction

Strategy 3: Support emerging beneficial electrification opportunities

Strategy 4: Enhance sustainable water operations

Strategy 5: Educate customers on BWL's sustainable practices

Priority 4: Operational Resiliency and Continuous Improvement

Goal: Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people, and knowledge.

Strategy 1: Identify and respond to opportunities for continuous improvement that balance performance, cost and risk

Strategy 2: Apply industry benchmarks and standards reflecting best practices

Strategy 3: Identify, mitigate and monitor barriers to providing utility services

Priority 5: Financial Stability

Goal: Maintain a financially viable organization

Strategy 1: Continue to refine our rate structure for existing and new customers

Strategy 2: Sustain fiscal and fiduciary responsibility through planning, analysis, policies, practices and internal controls

Strategy 3: Pursue opportunities and adopt practices that enhance BWL's competitiveness

Strategy 4: Identify, evaluate and implement revenue diversification opportunities

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to approve the Resolution for the 2021-2025 Strategic Plan: Strategic Foundation Statements (Mission, Vision and Values) & Priorities.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Commissioner Zerkle asked if there was a release date scheduled for the 2021-2025 Strategic Plan. GM Peffley responded that a press release will be sent out within a couple days. Ms. Brandie Ekren responded

that a refined document should be ready with two weeks.

RESOLUTION 2021-01-02
City of Lansing Annual Board Ethics Training

WHEREAS, the City of Lansing (COL) has various boards and commissions that are either advisory or have decision making authority; and

WHEREAS, all City boards and commissions are subject to the City of Lansing ethics ordinance, conflict of interest policies, and hold meetings that may be subject to the Open Meetings Act, 15.261 *et seq*;

NOW, THEREFORE, BE IT RESOLVED that, on an annual basis, every Board member of the Board of Water and Light Board of Commission shall obtain training on the ethics ordinance, conflicts of interest, and the Open Meetings Act as Adopted by the COL Resolution #2020-190.

BE IT FURTHER RESOLVED that the Office of the Lansing City Attorney shall coordinate such training, and it may take place in person, or via alternative method, at the discretion of the City Attorney;

BE IT FURTHER RESOLVED that each year, at the Annual Business Meeting a resolution reaffirming this annual training requirement shall be presented to the Board of Commissioners for consideration, and upon passage shall be submitted to the City of Lansing for compliance confirmation in accordance with COL Resolution #2020-190;

BE IT FURTHER RESOLVED that the BWL Rules of Procedure shall indicate the annual training requirements and issues such as allowing for the suspension of duties of a member if the annual training is not completed;

Motion by Commissioner Thomas, **Seconded** by Commissioner Graham, to approve the Resolution for the City of Lansing Annual Board Ethics Training.

Roll Call Vote:

Yeas: Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

MANAGER'S REMARKS

General Manager Dick Peffley provided information on the following items:

1. Delta Energy Plan bond closing has been completed and went smoothly.
2. BWL received Moody's periodic rating review which was half of a page of good news regarding BWL's fiscal responsibility,
3. BWL has been working with the Allen Neighborhood Association on a new micro grid demonstration and BWL may get the naming rights.
4. BWL just started the six-month Clean Energy campaign which runs on local and cable stations. The first two months of the campaign consist of clean energy commercials, the next two months are

the Green Wise commercials, and the last two months are the Peffley Solar I Hometown People Hometown Power commercials.

COMMISSIONERS' REMARKS

Chair Price commented that the links to the commercials on YouTube have been included in the BWL weekly update.

Commissioner Leek commended Mr. Patrick Walter of the BWL and Sean Eagan from the State of Michigan Department of Labor for the webinar that was presented on COVID19 Relief, in which there were 250 participants.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chair Price adjourned the meeting at 5:54 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 01-28-21

Approved by the Board of Commissioners: 03-23-21

Official Minutes filed (electronically) with Lansing City Clerk: 3 -24 -21