



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

May 23, 2023

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters at REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 23, 2023.

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

Corporate Secretary LaVella Todd called the roll.

Present: Commissioners Semone James, Dusty Horwitt, DeShon Leek, David Price, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Douglas Jester (East Lansing) and Larry Merrill (Delta Township)

Absent: Commissioners Beth Graham and Tony Mullen; and Non-Voting Commissioner Maggie Sanders (Lansing Charter Township)

Corporate Secretary Todd declared a quorum.

Commissioner Thomas led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to approve the Regular Board Meeting Minutes of March 28, 2023.

Action: Motion Carried. The minutes were approved.

Motion by Commissioner Price, **Seconded** by Commissioner Thomas, to approve the Special Board Meeting Minutes of April 11, 2023.

Action: Motion Carried. The minutes were approved.

Motion by Commissioner Leek, **Seconded** by Commissioner Zerkle, to approve the Special Board Meeting Minutes of April 20, 2023.

Action: Motion Carried. The minutes were approved.

PUBLIC COMMENTS ON AGENDA ITEMS

Rosemary Sullivan, Lansing, MI, participant in the Retirees Association, requested the Board approve the appointment of one retiree to serve on the Retirement Plan Committee.

COMMUNICATIONS

Electronic mail received from Nicole Frieseman regarding utility bill - *Referred to Management. Received and Placed on File.*

Electronic mail received from Jonathan Brock regarding utility bill - *Referred to Management. Received and Placed on File.*

Electronic mail received from Chris Hammond regarding contact information - *Referred to Management. Received and Placed on File.*

Electronic mail received from Melinda Quimby regarding power shut-off - *Referred to Management. Received and Placed on File.*

Electronic mail received from Kara Tripi regarding light post banner installation - *Referred to Management. Received and Placed on File.*

Electronic mail received from Heather Douglas regarding economic benefits of renewable energy - *Referred to Management. Received and Placed on File.*

Electronic mail received from Andrea Thomas regarding utility bill - *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Vice-Chairperson Sandra Zerkle presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE Meeting Minutes May 9, 2023

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, May 9, 2023.

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

Present: Commissioners Sandra Zerkle, Dusty Horwitt, Semone James, DeShon Leek, David Price, Tracy Thomas and Non-Voting Member Commissioner Larry Merrill

Absent: Commissioners Beth Graham and Tony Mullen, and Non-Voting Commissioners Doug Jester (East Lansing) and Maggie Sanders (Lansing Township)
The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James, to approve the Committee of the Whole Meeting minutes of March 16, 2023.

Action: Motion carried. The minutes were approved.

Procurement Policy Revision

Rochelle Parks, Manager, Procurement & Supply Chain, presented the Procurement Policy revisions made to enhance clarification and compliance. Ms. Parks requested approval of the policy revisions.

Commissioner Semone James requested an annual report of all contracts be sent to the Board of Commissioners and placed on the Commissioner Dashboard. General Manager (GM) Dick Peffley responded that an annual report of major contracts will be sent to the Commissioners. CFO Heather Shawa responded that contracts with open litigation, sole source contracts for \$15,000 and greater, contracts for 36 months or longer, and emergency purchase orders are currently reported. A discussion followed on the provision and content of the annual report to be provided.

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James to forward the resolution for the Procurement Policy Revisions to the full Board for consideration.

Commissioner Semone James made a motion to amend the resolution to include an annual report with a list of contracts greater than \$15,000 be sent to the Board of Commissioners and be placed on the Commissioners' Dashboard with the name of the supplier, the services provided, the contract term effective date through end date, the annual contract amount or value, and the total contract amount or value. CFO Heather Shawa stated that would be an amendment to the policy and the Board could accept the resolution for the Procurement Policy revisions. The motion to amend the resolution was withdrawn. General Counsel Mark Matus provided the language to amend the proposed Procurement Policy Section 1. Reporting - add a new item E. with the following language: A list and brief description of supplier contracts, i.e., Supplier Name, Services Performed, Annual Contract Amount or Value, Total Contract Amount or Value, Contract Term: (XX/XX/XXX through XX/XX/XXXX).

Motion by Commissioner David Price, **Seconded** by Semone James to amend the policy by adding Section 1. Reporting E. to provide a list and brief description of all supplier contracts with the Supplier Name, Services Performed, Annual Contract Amount or Value, Total Contract Amount or Value and Contract Term.

Action: Motion Carried.

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James was restated to forward the resolution for the Procurement Policy Revisions as presented to the full Board for consideration.

Action: Motion Carried.

FY24 Rules and Regulations – Electric, Water, Steam, Chilled Water Services Summary

General Counsel Mark Matus introduced the staff that worked on the FY24 Rules and Regulations – Electric, Water, Steam, Chilled Water Services Summary and presented the summary of the changes to the electric, water, steam, chilled water services rules and regulations.

Chairperson Sandra Zerkle asked whether electricity being shut off during tree trimming would be considered a disconnect and if applicable fees would be applied and Mr. Matus responded that it wouldn't be considered a disconnect.

Commissioner Douglas Jester provided comment via electronic communication for consideration, stating “The proposed rules revisions include tightening up provisions for security deposits from customers returning to service after a disconnection. I do not believe there is any evidence to support that a security deposit improves payment performance and for customers having economic difficulties, a security deposit can delay restoration of service and/or create a financial hardship. With advanced meters, service turn-off and restoration are inexpensive and likely more useful than a security deposit. I recommend reconsideration of security deposit. It might be appropriate to differentiate between residential and business customers on this.”

GM Peffley responded that if a security deposit is required for utility service due to customer’s credit history, the security deposit will be credited to the customer’s account after a year of good payment. The reconnect fee takes into consideration customer service and staff time involved to reconnect a service. This cost of service fee will be reassessed the next year and will be updated, and commercial/industrial and residential customers will be separated.

Commissioner James asked whether the fees for the poles were the same for all projects and whether the costs could be recouped. Director of Strategic Planning and Development, Kellee Christensen, responded that the costs are paid by the project developer.

Chairperson Zerkle asked whether allowing BWL to put in electrical service in a garage without going through the house to see if everything was up to code was still the practice. Carbon Neutrality Programs Manager, Anna Munie, responded that if an EV charger is installed in a garage, the entire house isn’t gone through, and installation of a second meter hardwired to an EV charger is recommended and has a special rate.

Commissioner Dusty Horwitt asked whether the prepaying of level three chargers for residential customers was due to the higher electricity output and safety risk. Ms. Munie responded that BWL doesn’t install three phase service for residential customers and that is the reason.

In response to Chairperson Sandra Zerkle’s question, Mr. Matus responded that there are additional fees for lines down that aren’t BWL lines.

In response to Commissioner Semone James and Commissioner Price’s questions about the emergency response fee, Mr. Matus responded that the calculation was based on the cost of the overtime crew to address an emergency and the fee is for emergencies on non-BWL lines.

Motion by Commissioner Semone James, **Seconded** by Commissioner Tracy Thomas to forward the resolution for the FY24 Rules and Regulations for the Electric, Water, Steam, Chilled Water Services as presented to the full Board for consideration.

Action: Motion Carried.

Property Disposition – Pine/Dell Dr. in Lansing

Mr. Matus presented information on property located at Pine/Dell Drive in Lansing, MI to be sold to the owners of the adjacent property and requested approval of the sale.

Motion by Commissioner David Price, **Seconded** by Commissioner Dusty Horwitt, to forward the resolution for Property Disposition – Pine/Dell Dr. in Lansing as presented to the full Board for consideration.

Action: Motion Carried.

Travel and Expense Reimbursement Policy Revision

Director of Finance, Accounting & Planning Scott Taylor presented the revisions to the Travel and Expense Reimbursement Policy retitled Travel and Expense Policy and requested approval of the resolution. A discussion regarding meals and incidentals, and waiver outlined in the revised policy followed the presentation.

Motion by Commissioner Tracy Thomas, **Seconded** by Commissioner DeShon Leek to forward the resolution for the Travel and Expense Policy as is to the full Board for consideration.

Action: Motion Carried.

Other

Commissioner Dusty Horwitt asked if an update to the All Source RFP would be provided. GM Peffley responded that an update would be provided in a future Special COW meeting.

Excused Absence

Motion by Commissioner Semone James, **Seconded** by Commissioner David Price for an excused absences for Commissioners Beth Graham, Tony Mullen, Douglas Jester, and Maggie Sanders.

Action: Motion Carried.

Adjourn

Chairperson Zerkle adjourned the meeting at 7:24 p.m.

Respectfully Submitted
Sandra Zerkle, Chairperson
Committee of the Whole

Finance Committee Chairperson Dusty Horwitt presented the Finance Committee Report:

**FINANCE COMMITTEE
Meeting Minutes
May 9, 2023**

Finance Committee: Dusty Horwitt, Committee Chairperson; Commissioners Semone James; David Price; and Sandra Zerkle; Alternates: Commissioners Anthony Mullen, Tracy Thomas; Non-Voting: Commissioners Douglas Jester, Larry Merrill, Maggie Sanders.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, May 9, 2023.

Finance Committee Chairperson Dusty Horwitt called the meeting to order at 7:40 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dusty Horwitt, Semone James, David Price, and Sandra Zerkle, Alternate: Tracy Thomas; also present: Commissioner DeShon Leek and Non-Voting Commissioner Larry Merrill.

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

Jan Simpson, St. Johns, Michigan, president of the BWL Retirees' Association, commended the BWL Retirement Plan Committee (RPC) and Human Resources for contacting more than six-hundred and seventy-nine participants in the DB and VEBA plans regarding any needed forms and substantiation documentation, leaving only five participants remaining. GM Peffley thanked Jan Simpson for her work.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to approve the Finance Committee Meeting minutes of March 16, 2023.

Action: Motion Carried.

March YTD Financial Summary

CFO Heather Shawa presented the March YTD Financial Summary. Commissioner Zerkle asked about employee vacancy postings and the cost of benefits claims. GM Peffley stated typically in a year, BWL hires about 40 to 45 employees; last year BWL hired 100 employees.

Retirement Plan Committee (RPC) updates

CFO Heather Shawa presented the RPC updates.

Commissioner Zerkle asked if the five participants that are still receiving benefits and hadn't provided the necessary substantiation documentation was because they hadn't received the proper information to return. CFO Shawa stated that the employees require some assistance locating the documentation and are receiving assistance from Human Resources.

Drinking Water State Revolving Fund (DWSRF) Bond Resolution

Accounting, Finance & Planning Director, Scott Taylor, presented the Drinking Water State Revolving Fund Bond and requested approval of the revenue bond issuance resolution. A notice of intent for the revenue bond issuance will be published in the Lansing State Journal upon approval of the bond resolution. Mr. Taylor reiterated that a resolution to authorize CFO Shawa to issue the revenue bonds will be presented to the Board in July 2023.

In response to Commissioner Zerkle's question, GM Peffley stated the bond revenue would be mainly used for the construction of a water tower at the corner of Wood Street and Lake Lansing Road and used for water main replacements.

Motion by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle, to forward the Resolution for the Drinking Water State Revolving Fund (DWSRF) to the full Board for consideration.

Action: Motion Carried.

FY24 Operating Budget and FY24-29 Forecast Presentation

CFO Heather Shawa and Accounting, Finance & Planning Director, Scott Taylor, presented the FY24 Operating Budget and FY24-29 Forecast Presentation. Strategic objectives, key budget and forecast assumptions, sales volume history and forecast by utility, operating budget and forecast, capital budget and forecast, and next steps were presented. BWL was selected as Corporate Partner of the Year by United Way was noted.

Commissioner James asked what could improve the BWL credit rating from high to the best rating. CFO Shawa responded that cash metrics helped maintain BWL's credit rating during COVID, the City of Lansing's financial position as it relates to their OPEB is the biggest pressure, and the customer base used to be General Motors dependent but now there is diversity. Commissioner James asked how much the City's OPEB was underfunded and what was being done to get to the targeted funding status and how we could help. GM Peffley responded that the amount was about \$500 million and that the mayor will increase some efficiencies and obtain grants and is hoping BWL will land a large customer. Commissioner James also asked what could be done to ensure that we met the forecasted 6% rate on the Return on Equity (ROE) given the Delta Energy Park delays and costs. GM Peffley responded that the first two quarters were strong, the fourth quarter is expected to be strong with additional revenue projected, and BWL is still in the positive by about \$1 million for the amount. Commissioner Zerkle added that BWL provides 20% of the City's budget.

Commissioner Horwitt asked what the response would be to a request for a greater than 6% ROE to the city. General Counsel Mark Matus responded that the percentage is determined by what is deemed acceptable and comparable to Returns of Equity for utilities in the country. CFO Shawa responded that business is growing to increase the amount provided to the city at the 6% rate rather than increasing the ROE rate.

In response to Commissioner Zerkle asking whether the current authorization for the substations would prevent the rolling blackouts during the summer GM Peffley stated the rolling blackouts would be driven by the energy shortage of an outside entity.

In response to Commissioner James asking why the 5% inflation rate wasn't used instead of 2.4%, Mr. Taylor responded that the lower rate is the forecast inflation rate published by the congressional budget office.

In response to Commissioner Zerkle's question of how a 50% rate increase for water over 4 years was justified, GM Peffley stated that there is no backup for water as there is for electric and the BWL needs to stay compliant with our cost of service objectives.

Commissioner Price asked how BWL's water rate compares with other municipalities in the state. GM Peffley responded that the water rates are in the middle of other municipalities and obtains its water from deep wells that incur greater pumping costs and chemical treatments, but BWL has good tasting and quality water.

Commissioner Horwitt asked if the water rates could be reduced with a combination of grants and the lower rate policy for the first two CCFs of water usage per month which is about 1500 gallons. GM Peffley affirmed and stated that a household of two should have no problem staying under 1500 gallons. GM Peffley will follow up on the water usage amount for a two-person household.

Commissioner James asked if BWL provides information on ways to conserve water and cost saving apparatus. GM Peffley responded that campaigns, mailers, and social media are provided to customers. CFO Shawa added that there is also information on the BWL website.

Motion by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle, to forward the Resolution for the FY2024-2029 Budget and Forecast to the full Board for consideration.

Action: Motion Carried.

Removal of the Designation on Funds for Coal Inventory Fluctuation and Release for Unrestricted Use Resolution

Accounting, Finance & Planning Director, Scott Taylor, presented and requested approval of the resolution for the removal of the designation on funds for coal inventory fluctuation and release for unrestricted use.

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to forward the Resolution for the Removal of the Designation on Funds for Coal Inventory Fluctuation and Release for Unrestricted Use to the full Board for consideration.

Action: Motion Carried.

P-Card Administration

GM Peffley stated that the revising of the BWL employee purchasing card procedure was in progress, management review and training will be conducted, the completion date is set at July 1, 2023, and the information will be provided to the Commissioners when completed. Chairperson Horwitt stated that review and revision of the Board appointee purchasing card procedure will also be completed and requested assistance. GM Peffley stated that assistance would be provided.

Other

A copy of the Board of Commissioners budget for fiscal years 2024 through 2029 was provided for review.

Adjourn

Chairperson Dusty Horwitt adjourned the meeting at 9:28 p.m.

Respectfully submitted,
Dusty Horwitt, Chairperson
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no Manager's Recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

Finance Committee Chairperson Dusty Horwitt presented the Retirement Plan Committee Charter and Appointment information and the proposed resolution, and a discussion followed.

RESOLUTIONS/ACTION ITEMS

RESOLUTION 2023-05-01
Procurement Policy

WHEREAS, Section 5-203.4 of the Lansing City Charter requires the Lansing Board of Water & Light (“BWL”) to adopt policies and procedures to assure fairness in procuring personal property and services and disposing of personal property; and

WHEREAS, the Board of Commissioners (“Board”) adopted a Procurement Policy (“Policy”) on December 1, 2015, which superseded the previously adopted Purchasing Policy dated July 27, 2010; and

WHEREAS, BWL staff has conducted a review of the Policy and determined revision and clarification to the terms of the Policy would enhance understanding and compliance with the Policy; and

NOW, THEREFORE, BE IT RESOLVED, that the Board adopt the Policy dated May 23, 2023 and made effective July 1, 2023 as presented.

FURTHER RESOLVED, that the Procurement Policy effective December 1, 2015 is superseded as of July 1, 2023.

Motion by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle to adopt the Procurement Policy at a Board meeting held on May 23, 2023.

Action: Motion Carried.

RESOLUTION 2023-05-02

FY24 Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services

RESOLVED, that Fiscal Year 2023-2024 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented by Management on May 23, 2023, to be effective July 1, 2023.

Motion by Commissioner Dusty Horwitt, **Seconded** by Commissioner DeShon Leek, to approve the Rules and Regulations for FY24 at a Board meeting held on May 23, 2023.

Action: Motion Carried.

RESOLUTION 2023-05-03

Disposition of Real Property

RESOLVED, that the Board of Commissioners hereby recommends that Lansing City Council grant the conveyance of certain real property titled to and occupied and maintained by the Board of Water and Light (“BWL”), specifically described on Exhibit A (“Property”); and

FURTHER RESOLVED, the General Manager of the Board of Water and Light is authorized to execute all documents to effectuate this disposition of the Property grant once approved by the Lansing City Council.

Motion by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle to approve the Resolution for the Disposition by Sale of Real Property at a Board meeting held on May 23, 2023.

Action: Motion Carried

Staff Comments: Greg and Mary Douglass own the parcel adjacent to the Property and have a license agreement with the BWL for an encroaching driveway and shed and they asked to purchase the Property. The Property is only .8 acres and is located in a flood zone, making it undesirable for develop. BWL has neither used nor does it intend to use the Property. An appraisal (\$3,000) was obtained to establish the purchase price (\$5,000.00) and BWL has confirmed that neither the City of Lansing nor the Lansing School District has any need for the Property.

RESOLUTION 2023-05-04
Travel and Expense Policy

WHEREAS, the Board of Commissioners (“Board”) adopted a Travel & Reimbursement Policy (“Policy”) on March 27, 2018, with an effective date of May 1, 2018, which superseded the previously adopted Travel & Reimbursement Policy dated March 28, 2017; and

WHEREAS, BWL staff has conducted a review of the Policy and determined revision and clarification to the terms of the Policy would enhance understanding and compliance with the Policy;

WHEREAS, the Policy title was changed to Travel & Expense Policy to reflect the revisions and clarifications to the terms; and

NOW, THEREFORE, BE IT RESOLVED, that the Board adopt the Policy effective July 1, 2023, as presented.

FURTHER RESOLVED, that the Travel & Reimbursement Policy, effective May 1, 2018, is superseded by the Travel & Expense Policy as of July 1, 2023.

Motion by Commissioner DeShon Leek, **Seconded** by Commissioner Dusty Horwitt to adopt the Travel & Expense Policy at a Board meeting held on May 23, 2023.

Action: Motion Carried.

RESOLUTION 2023-05-05
Drinking Water State Revolving Fund (DWSRF) Bond

Lansing Board of Water and Light
RESOLUTION AUTHORIZING NOTICE OF INTENT
TO ISSUE REVENUE BONDS FOR WATER SUPPLY SYSTEM IMPROVEMENTS

- Notice of Intent to Issue Revenue Bonds in an amount not-to-exceed \$32,220,000 to finance water supply system improvements.
- Declaration of intent to reimburse expenditures from Revenue Bond proceeds.

WHEREAS, the City of Lansing (the “City”) provides in its City Charter that the Lansing Board of Water and Light (the “Board”) has general management over water, heat, steam and electric services and certain additional utility services of the City, and the Board operates facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled

water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (the "System"); and

WHEREAS, the Revenue Bond Act, Act 94, Public Acts of Michigan, 1933, as amended ("Act 94") permits the Board to issue revenue bonds payable solely from the net revenues derived from the operation of the System (the "Revenue Bonds") in order to finance plants, works, instrumentalities, and properties used or useful in connection with utility systems such as the System; and

WHEREAS, the Board has determined that it is necessary for the public health, safety and welfare of the City and the users of the System to acquire and construct System improvements including, but not limited to, construction, improvement, and renovation of transmission and distribution lines, storage, treatment and related utility system facilities for water supply, together with any appurtenances and attachments thereto and any related site acquisition or improvements (collectively, the "Project") at a total estimated cost of Thirty-Two Million Two Hundred Twenty Thousand Dollars (\$32,220,000); and

WHEREAS, the issuance of revenue bonds as permitted by Act 94 in an amount not-to-exceed Thirty-Two Million Two Hundred Twenty Thousand Dollars (\$32,220,000) (the "Revenue Bonds") appears to be the most practical means to finance the Project; and

WHEREAS, the Board has been advised by the Michigan Department of Environment, Great Lakes and Energy that financial assistance to accomplish the acquisition and construction of the Project is available through the Drinking Water State Revolving Fund ("DWSRF") loan program administered by the Michigan Finance Authority (the "MFA"), pursuant to which the MFA would purchase the Revenue Bonds from the Board; and

WHEREAS, the City has made application for participation in the DWSRF loan program; and

WHEREAS, a notice of intent to issue revenue bonds must be published before the issuance of the Revenue Bonds in order to comply with the requirements of Section 33 of Act 94; and

WHEREAS, the Internal Revenue Service has issued Treasury Regulation § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, governing proceeds of debt used for reimbursement, pursuant to which the Board must declare official intent to reimburse expenditures with proceeds of such debt before making the expenditures.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Publication of Notice of Intent. The Board shall publish a notice of intent to issue the Revenue Bonds once as a display advertisement at least one-quarter (1/4) page in size in substantially the following form:

NOTICE TO ELECTORS OF THE CITY OF LANSING
OF INTENT TO ISSUE REVENUE BONDS FOR WATER SUPPLY SYSTEM IMPROVEMENTS
AND RIGHT TO PETITION FOR REFERENDUM

PLEASE TAKE NOTICE that the Lansing Board of Water and Light (the "Board") intends to authorize the issuance and sale of Revenue Bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, payable solely from revenues received by the Board from the operations of the City of Lansing's water supply, steam, chilled water and electric utility system (the "System").

The Revenue Bonds would be authorized in the maximum aggregate principal amount of not-to-exceed Thirty-Two Million Two Hundred Twenty Thousand Dollars (\$32,220,000), for the purpose of paying costs of System improvements including, but not limited to, construction, improvement, and renovation of transmission and distribution lines, storage, treatment and related utility system facilities for the water supply, together with any appurtenances and attachments thereto and any related site acquisition or improvements. Costs financed with proceeds of the Revenue Bonds may include funding of required bond reserve funds, capitalized interest and costs of issuance.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON THE REVENUE BONDS SHALL BE PAYABLE solely from the net revenues received by the Board from the operations of the System. The revenues will consist of rates, fees and charges billed to the users of the System, a schedule of which is presently on file at www.lbwl.com. The rates, fees and charges may from time to time be revised to provide sufficient net revenues to provide for the expenses of operating and maintaining the System, to pay the principal of and interest on the Revenue Bonds and any other bonds of the System, and to pay other obligations of the System. **The Revenue Bonds will not pledge the full faith and credit of the City. The Revenue Bonds will not be a general obligation of the City.**

The Board expects that all or a portion of the Revenue Bonds will be sold to the Michigan Finance Authority in connection with the Michigan Department of Environment, Great Lakes and Energy Drinking Water State Revolving Fund loan program.

The Revenue Bonds may be issued in one or more series and may be combined with bonds issued for other purposes, and each series will mature in not to exceed thirty (30) annual installments with interest at such interest rate or rates to be determined at public or negotiated sale but in no event to exceed such rates as may be permitted by law.

RIGHT OF REFERENDUM

THE REVENUE BONDS WILL BE ISSUED WITHOUT VOTE OF THE ELECTORS UNLESS A VALID PETITION REQUESTING AN ELECTION ON THE QUESTION OF ISSUING THE REVENUE BONDS, SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS OF THE CITY, IS FILED WITH THE CITY CLERK OF THE CITY OF LANSING WITHIN FORTY-FIVE (45) DAYS AFTER THE DATE OF PUBLICATION OF THIS NOTICE. If a valid petition is filed, the Revenue Bonds cannot be issued unless approved by a majority vote of the electors of the City voting on the question of their issuance. This notice is given pursuant to the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended.

ADDITIONAL INFORMATION may be obtained at the administrative offices of the Lansing Board of Water and Light, 1201 S. Washington Ave., Lansing, Michigan 48910.

2. Sufficiency of Notice. The Corporate Secretary is hereby directed to publish the notice of intent in *The Lansing State Journal*, a newspaper of general circulation in the City qualified under State law to publish legal notices, which is hereby determined to be the newspaper that will reach the largest number of persons to whom the notice is directed. The Board hereby determines that the notice of intent and the manner of publication directed is the method best calculated to give notice to the electors of the City and the users of the System of the Board's intent to issue the Revenue Bonds, the purposes of the Revenue Bonds, the source of payment of the Revenue Bonds, and the right of referendum relating thereto.

3. Declaration of Intent to Reimburse under Treas. Reg. § 1.150-2. The Board hereby makes the following declaration of intent for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(1) The Board reasonably expects to reimburse itself for the expenditures described in (2) below with proceeds of debt to be incurred by the Board.

(2) The expenditures described in this paragraph (2) are to pay certain costs associated with the Project which were or will be paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the debt from the funds of the System.

(3) As of the date hereof, the maximum principal amount of debt expected to be issued for reimbursement purposes, including reimbursement of debt issuance costs, is \$32,220,000, which debt may be issued in one or more series and/or together with debt for other purposes.

(4) A reimbursement allocation of the expenditures described in paragraph (2) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the Board's use of the proceeds of the debt to be issued for the Project to reimburse the Board for a capital expenditure made pursuant to this Resolution.

(5) The expenditures for the Project are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

(6) No proceeds of the borrowing paid to the Board in reimbursement pursuant to this Resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in paragraph (4) above.

4. Bond Counsel. The Board hereby requests that Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan, continue to serve the Board as bond counsel for the Revenue Bonds, including any bond anticipation notes which the Board might authorize in a future resolution. The Board acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. has represented from time to

time, and currently represents various underwriters, financial institutions, the MFA and other potential participants in the bond financing process, in matters not related to the issuance and sale of the Revenue Bonds.

5. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Commissioners of the Lansing Board of Water and Light, at a regular meeting held on Tuesday, May 23, 2023, at 5:30 p.m., Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

I further certify that the following Members were present at said meeting: Commissioners Semone James, Dusty Horwitt, DeShon Leek, David Price, Tracy Thomas, Sandra Zerkle; Douglas Jester, Larry Merrill and that the following Members were absent: Commissioners Beth Graham, Tony Mullen, and Maggie Sanders.

I further certify that Member Semone James moved for adoption of said resolution and that Member David Price supported said motion.

I further certify that the following Members voted for adoption of said resolution: Dusty Horwitt, Semone James, DeShon Leek, David Price, Tracy Thomas, and Sandra Zerkle and that the following Members voted against adoption of said resolution: None.

Corporate Secretary

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RESOLUTION 2023-05-06
Fiscal Year 2024-2029 Budget and Forecast

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2024 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2025-2029 is hereby accepted as presented; and

FURTHER RESOLVED, that the Corporate Secretary be directed to make the appropriate filings with the Lansing City Clerk's office in accordance with the Lansing City Charter regarding the above actions.

Staff Comments:

Staff recommends an operating and maintenance budget of \$378.4M and a capital budget of \$84.1M for Fiscal Year 2024.

The Operating and Capital Budget and Forecast for Fiscal Years 2024-2029 includes forecasted rate increases. The forecast rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 23, 2023 board meeting.

Motion by Commissioner Dusty Horwitt, **Seconded** by Commissioner David Price, to approve the Resolution for the Fiscal Year 2024-2029 Budget and Forecast at a Board meeting held on May 23, 2023.

Action: Motion Carried.

RESOLUTION 2023-05-07
Removal of the Designation on Funds for Coal Inventory Fluctuation
and Release for Unrestricted Use

WHEREAS, the Lansing Board of Water & Light ("BWL") previously operated facilities that required coal as a fuel for generation; and

WHEREAS, the BWL has maintained a fund for the designated purpose of meeting needs associated with coal inventory fluctuation which, as of March 31, 2023, had a balance of \$4,960,694; and

WHEREAS, the BWL, as of November 2022, no longer operates any facilities that require coal as a fuel for generation; and

WHEREAS, the BWL no longer has a need to purchase coal and no longer has an operational need for the designation of funds for coal inventory fluctuation.

NOW THEREFORE BE IT RESOLVED, that the designation on the funds maintained for coal inventory fluctuation is removed and the assets are released for unrestricted use.

Motion by Commissioner Semone James, **Seconded** by Commissioner Dusty Horwitt, to approve the Resolution for Removal of the Designation on Funds for Coal Inventory Fluctuation and Release for Unrestricted Use at a Board meeting held on May 23, 2023.

Action: Motion Carried.

RESOLUTION 2023-05-08
Retirement Plan Committee Charter and Appointments

WHEREAS, the Lansing Board of Water & Light (the "Sponsor" or "BWL") sponsors the (a) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions; (b) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light; (c) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (d) Lansing Board of Water

and Light Defined Contribution Plan and Trust 2; and (e) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust (collectively the “Plans”); and

WHEREAS, the Sponsor created a committee effective September 27, 2016, named “Retirement Plan Committee” (the “Committee”), to which the Sponsor delegated discretionary authority and responsibility for the discharge of certain Plan-related duties, and the Sponsor appointed the following individuals to serve on the Committee: Chief Financial Officer, Executive Director of Human Resources, and the Manager of Finance. Each Committee member is appointed to serve on the Committee until his or her resignation or removal from the Committee; and

WHEREAS, the Sponsor appointed the Director of Accounting, Finance, and Planning to replace the Manager of Finance on the Committee effective May 24, 2022; and

WHEREAS, the BWL Board of Commissioners (“Board”) has received and accepts the audit report from the Internal Auditor recommending modifications to the Committee and its governance – Internal Audit Report FY 2023-3, Retirement Plans and the Retirement Plan Committee (RPC) issued March 27, 2023 (“RPC Audit”), which includes management response;

WHEREAS, the Sponsor resolves to implement the following recommendations of the RPC Audit;

THEREFORE, it is:

RESOLVED, that consistent with RPC Audit Recommendation # 1, the Committee shall submit quarterly to the Sponsor the custodian fund account statements for the quarterly period.

FURTHER RESOLVED, that consistent with RPC Audit Recommendation #2, the Committee shall draft and adopt a formal Charter to be approved by the Sponsor.

FURTHER RESOLVED, that consistent with RPC Audit Recommendation #4 to increase the size of the Committee to expand the breadth and depth of participation and strengthen accountability, the Sponsor appoints the following additional voting and non-voting members to serve on the Committee until his or her resignation or removal from the Committee or expiration of Board appointment, if applicable:

- one voting member of the Board who shall also serve as a voting member of the Committee;
- one voting member of the Board who shall not serve as a voting member of the Committee except at Committee meetings at which the BWL Board of Commissioners’ voting member of the Committee is not present, or to break a tie vote;
- one BWL retiree to be chosen by the retirees according to a selection process determined by the retirees who shall serve as a voting member of the Committee;
- one IBEW Local Union 352 bargaining employee to be chosen by the IBEW Local Union 352 according to a selection process determined by the IBEW Local 352 who shall serve as a voting member of the Committee.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Dusty Horwitt to approve the Resolution for Retirement Plan Committee Charter and Appointments at a Board meeting held on May 23, 2023.

Action: Motion Carried.

RESOLUTION 2023-05-09
Lansing Board of Water & Light
Resolution Honoring Douglas Jester

WHEREAS, it is a pleasure to extend this expression of our thanks and best wishes to Douglas Jester for his service as a Commissioner of the Board of Water & Light; and

WHEREAS, Douglas Jester was appointed as an Advisory Commissioner of the Board of Water & Light on November 6, 2017, to represent the City of East Lansing; and

WHEREAS, He last served as a non-voting member of the Committee of the Whole, Finance Committee and Human Resources Committee; and

WHEREAS, Douglas is a Partner of 5 Lakes Energy, a strategy and policy consulting firm offering services respecting clean energy, environment and economic development; and has served as Senior Energy Policy Advisor to the Director of the State of Michigan Department of Energy, Labor, and Economic Growth; and has held various roles at the State of Michigan in environmental and economic regulation of electric power generation, management of Great Lakes fisheries and water quality, ecosystem simulation modeling, and valuation of environmental damages; and

WHEREAS, Douglas has also served the City of East Lansing, Michigan as Mayor and on the City's Environment Commission, Transportation Commission, Housing Services Corporation, Downtown Development Authority, Downtown Management Board, Local Development Finance Authority, and City Council; and

WHEREAS, on behalf of his colleagues, employees of the Board of Water & Light and the citizens of Lansing, we offer our sincere gratitude for the time, energy, and talent he devoted as a Commissioner of the Board of Water & Light.

NOW THEREFORE BE IT RESOLVED, That the members of the Board of Commissioners, hereby honor and commend Douglas Jester for his years of distinguished service in Regular Board Meeting this 23rd day of May, 2023. We sincerely wish Douglas continued success in all his future endeavors and achieving that which is in the best interest of our community.

Semone James, Chairperson

Sandra Zerkle, Vice Chairperson

Beth Graham

Dusty Horwitt

DeShon Leek

Larry Merrill

Tony Mullen

David Price

Maggie Sanders

Tracy Thomas

Motion by Commissioner Semone James, **Seconded** by Commissioner Tracy Thomas, to approve the resolution of tribute for the outgoing Commissioner Douglas Jester at a Board meeting held on May 23, 2023.

Action: Carried unanimously.

RESOLUTION 2023-05-10
Lansing Board of Water & Light
Resolution Honoring Larry Merrill

WHEREAS, it is a pleasure to extend this expression of our thanks and best wishes to Larry Merrill for his service as a Commissioner of the Board of Water & Light; and,

WHEREAS, Larry Merrill was appointed as an Advisory Commissioner of the Board of Water & Light on July 1, 2019 to represent Delta Township; and

WHEREAS, He last served as a non-voting member of the Committee of the Whole, Finance Committee and Human Resources Committee; and

WHEREAS, Larry is co-director of Center for Local Solutions at Public Policy Associates; and

WHEREAS, Larry served as Executive Director of Michigan Townships Association for 19 years and the MTA's Deputy Executive Director for 15 years; and has served as a county administrator, emergency medical services director and emergency manager; and is a Certified Association Executive (CAE) and was elected to the Michigan Association Executive Hall of Fame; and has served the Grand Ledge Public Schools as a two-term school board member including three years as President; and

WHEREAS, on behalf of his colleagues, employees of the Board of Water & Light and the citizens of Lansing, we offer our sincere gratitude for the time, energy, and talent he devoted as a Commissioner of the Board of Water & Light.

NOW THEREFORE BE IT RESOLVED, That the members of the Board of Commissioners, hereby honor and commend Larry Merrill for his years of distinguished service in Regular Board Meeting this 23rd day of May, 2023. We sincerely wish Larry continued success in all his future endeavors and achieving that which is in the best interest of our community.

Semone James, Chairperson

Sandra Zerkle, Vice Chairperson

Beth Graham

Dusty Horwitt

Douglas Jester

DeShon Leek

Tony Mullen

David Price

Maggie Sanders

Tracy Thomas

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Dusty Horwitt, to approve the resolution of tribute for the outgoing Commissioner Larry Merrill at a Board meeting held on May 23, 2023.

Action: Carried unanimously.

RESOLUTION 2023-05-11
Lansing Board of Water & Light
Resolution Honoring Maggie Sanders

WHEREAS, it is a pleasure to extend this expression of our thanks and best wishes to Maggie Sanders for her service as a Commissioner of the Board of Water & Light; and,

WHEREAS, Maggie Sanders was appointed as an Advisory Commissioner of the Board of Water & Light on July 1, 2022, to represent Lansing Charter Township; and

WHEREAS, She last served as a non-voting member of the Committee of the Whole, Finance Committee and Human Resources Committee; and

WHEREAS, Maggie is the supervisor of the Charter Township of Lansing; and

WHEREAS, Maggie served as the Lansing Township Clerk for two years and currently serves on the Lansing Township Downtown Development Authority Board, the Lansing Township Economic Development Corporation, and the Capital Area Transportation Authority (CATA); and

WHEREAS, on behalf of her colleagues, employees of the Board of Water & Light and the citizens of Lansing, we offer our sincere gratitude for the time, energy, and talent she devoted as a Commissioner of the Board of Water & Light.

NOW THEREFORE BE IT RESOLVED, That the members of the Board of Commissioners, hereby honor and commend Maggie Sanders for her year of distinguished service in Regular Board Meeting this 23rd day of May, 2023. We sincerely wish Maggie continued success in all her future endeavors and achieving that which is in the best interest of our community.

Semone James, Chairperson

Sandra Zerkle, Vice Chairperson

Beth Graham

Dusty Horwitt

Douglas Jester

DeShon Leek

Larry Merrill

Tony Mullen

David Price

Tracy Thomas

Motion by Commissioner Dusty Horwitt, **Seconded** by Commissioner Tracy Thomas, to approve the resolution of tribute for the outgoing Commissioner Maggie Sanders at a Board meeting held on May 23, 2023.

Action: Carried unanimously.

Chairperson James requested nominations for the designation of a Commissioner and an Alternate Commissioner to serve on the Retirement Plan Committee. Commissioner Horwitt nominated Commissioner James to serve on the Retirement Plan Committee and Commissioner Leek supported the nomination. Commissioner Leek asked if any other Commissioners were willing to serve. Commissioner Price stated he would serve and accepted the nomination as an alternate Commissioner by Commissioner Leek and supported by Commissioner Zerkle. Commissioner James also nominated Commissioner Dusty Horwitt as an alternate Commissioner.

Nomination by Commissioner Dusty Horwitt for Commissioner Semone James to serve as the Board of Commissioners representative on the Retirement Plan Committee.

Vote: Commissioner Semone James was designated as the Board of Commissioners representative on the Retirement Plan Committee.

Nomination by Commissioner DeShon Leek for Commissioner David Price to serve as the Board of Commissioners alternate Commissioner on the Retirement Plan Committee.

Note: Commissioner David Price was designated as the Board of Commissioners alternate Commissioner representative on the Retirement Plan Committee.

MANAGER'S REMARKS

General Manager Peffley reported on the following items:

1. Wise Road Vandalism
 - The contractor upgraded fencing to now include a gate, which didn't exist before.
 - Implemented overnight security and all day during the weekends.
 - Added temporary cameras.
 - BWL security patrols the site almost daily.
2. 1st STEP Graduation
 - BWL graduated 12 first STEP students on May 17.
 - This was our 14th year of the program.
3. All Sources RFP
 - Management will bring forth to commissioners an update on the all source RFP and proposal evaluation at the July 11 committee meetings.
4. Customer Satisfaction Survey
 - Customer satisfaction survey finished – completed in April/May.
 - Sample size of 400 residential, 400 commercial.
 - Residential, electric customers offered a 90 percent positive rating – up from 83 percent in 2019.
 - Business, electric customers offered an 88 percent positive rating – down from 87 percent in 2019.
5. Bi-Annual Mailer
 - Passed out to you at your seats is our first b-annual mailer, called “In-The-Loop.”
 - The mailer is designed to keep employees and their families informed about corporate information and events.
6. Electric Vehicle Program Revamp
 - Our EV program has been rebranded and relaunched, including both residential and commercial programs.
 - EV Programs are now branded under the Hometown Charge, Hometown Ride slogan and logo.
 - The BWL website now includes more information on EV rebates and the different options available.
 - Update of EV charger on BWL campuses is underway.
7. Capital Showcase
 - BWL showcased our wrapped Electric Chevy Bolt vehicle at the Michigan EV Showcase held at the State Capitol on May 9, including being used as the background for several interviews with event organizers and legislators.
8. RP3 Award
 - BWL received a Platinum award.
 - RP3 is a national designation given to public utility companies that demonstrate four key qualities:
 - Reliability
 - Safety
 - Workforce development
 - System improvement

- The RP3 award is a three-year recognition and the highest overall award a utility can receive.
- Currently, more than 270 public utilities hold this title out of 2,000 public power utilities.

Commissioner Leek asked if all the BWL substations and the battery plant were being monitored since the incident at Wise Road. GM Peffley affirmed.

COMMISSIONERS' REMARKS

Commissioner Thomas, Commissioner Horwitt and Commissioner James thanked Commissioner Jester, Commissioner Merrill and Commissioner Sanders for their service. Commissioner Jester and Commissioner Merrill expressed their appreciation for the comments.

Commissioner Thomas commended the BWL staff on the Employee Engagement and 1st S.T.E.P. events.

Commissioner Horwitt asked if the residents near the Erickson plant would be receiving an updated groundwater report this month. GM Peffley affirmed that a report would be provided.

EXCUSED ABSENCE

Motion by Commissioner David Price, **Seconded** by Commissioner Dusty Horwitt, to excuse Commissioner Beth Graham, Commissioner Tony Mullen, and Commissioner Maggie Sanders from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

Jan Simpson, St. Johns, MI, president of the BWL Retirees Association, expressed her appreciation for the opportunity for the retirees to serve on the Retirement Plan Committee. Commissioner Zerkle thanked Ms. Simpson for her service.

ADJOURNMENT

Chairperson James adjourned the meeting at 6:21 p.m.

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 06-12-23
Approved by the Board of Commissioners: 07-18-23
Official Minutes filed (electronically) with Lansing City Clerk: 07-19-23