



**BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS  
REGULAR BOARD MEETING AGENDA  
July 22, 2025 - 5:30 p.m.  
1201 S. Washington Ave., Lansing, Michigan  
REO Town Depot**

**AGENDA**

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

**1. Roll Call**

**2. Pledge of Allegiance**

**3. Nominating Committee Report and Election of Officers FY 2025-2026**

**4. Approval of Minutes**

- a. Regular Board Meeting Minutes of May 20, 2025

**5. Public Comment on Agenda Items**

*Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment.*

**6. Communications**

- a. Electronic mail from Leo Kaplan re: Reporting on Storm Request
- b. Electronic mail from Logan Wilk re: Electric Service
- c. Electronic mail from Michelle Harmon re: Security Deposit
- d. Electronic mail from Michelle Harmon re: Utility Bill
- e. Electronic mail from Victor Wooddell re: Lansing City Charter Reporter Request

**7. Committee Reports**

- a. Nominating Committee Meeting (June 17, 2025) – Dale Schrader, Chairperson
- b. Committee of the Whole Meeting (July 8, 2025) - Semone James, Chairperson
- c. Finance Committee Meeting (July 8, 2025) – Tony Mullen, Chairperson

**8. Manager's Recommendations**

**9. Unfinished Business**

**10. New Business**

**11. Resolutions/Action Items**

- a. FY26 Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services Resolution
- b. Resolution Honoring Stuart Goodrich
- c. Capital Project Exceedance: AE - Electric Annuals Resolution
- d. Appointee Expense Policy Resolution
- e. Amendment to the Travel & Expense Policy Resolution
- f. FY2026 Internal Audit Work Plan Resolution

**12. Manager's Remarks****13. Commissioners' Remarks****14. Motion of Excused Absence****15. Public Comment**

*Members of the public are welcome to speak to the Board on any Board of Water and Light subject.*

**16. Adjournment**

Agenda posted on web site and building 07-17-25

2025 Board Meetings Notice/Schedule Posted in the Lansing State Journal January 3, 2025



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

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**May 20, 2025**

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The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 20, 2025.

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

Corporate Secretary, LaVella Todd, called the roll.

Present: Commissioners Beth Graham, Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle. Non-Voting Commissioners present: Commissioner Robert Worthy (Delta Township)

Absent: Commissioners J. R. Beauboeuf (East Lansing) and Stuart Goodrich (Delhi Charter Township)

Corporate Secretary LaVella Todd declared a quorum.

Chairperson Price requested a moment of silence for Memorial Day in honor of those who served our country and lost their lives.

Commissioner Dale Schrader led the Pledge of Allegiance.

### **APPROVAL OF MINUTES**

**Motion** by Commissioner Beth Graham, **Seconded** by Commissioner Semone James, to approve the Regular Board Meeting Minutes of March 25, 2025.

**Action:** Motion Carried.

### **PUBLIC COMMENTS ON AGENDA ITEMS**

There were no public comments.

### **COMMUNICATIONS**

Regular Board Meeting Minutes  
May 20, 2025  
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Electronic mail received from Max Howard regarding BWL Internal Auditor Hiring in the City Charter - *Referred to Management. Received and Placed on File.*

### **COMMITTEE REPORTS**

Commissioner Beth Graham presented the Human Resources Committee Reports:

#### **SPECIAL HUMAN RESOURCES COMMITTEE**

##### **Meeting Minutes**

**May 8, 2025**

Human Resources (HR) Committee: Commissioner Beth Graham, Committee Chairperson; Commissioners Chris Harkins, DeShon Leek and Sandra Zerkle; Alternates: Tony Mullen, Dale Schrader; Non-Voting Members: Commissioners J. R. Beauboeuf, Stuart Goodrich, Robert Worthy

The Special Human Resources Committee 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, at 5:30 p.m. on Thursday, May 8, 2025.

HR Committee Chairperson Commissioner Beth Graham called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle; also present: Commissioners Semone James (arrived @5:36pm), David Price, and Dale Schrader (Alternate); and Non-Voting Commissioners J. R. Beauboeuf (East Lansing) and Bob Worthy (Delta Township). Absent: None.

The Corporate Secretary declared a quorum.

#### **Public Comments**

There were no public comments.

#### **Approval of Minutes**

**Motion** by Commissioner DeShon Leek, **Seconded** by Commissioner Chris Harkins, to approve the HR Committee meeting minutes of March 18, 2025.

**Action:** Motion Carried.

#### **FY 2025 Board Appointee Performance Reviews**

HR Committee Chairperson Beth Graham opened the floor for the Board Appointee Performance Reviews.

Human Resources Executive Director Michael Flowers stated that the appointed employees have received their evaluation packets.

#### **Corporate Secretary**

Corporate Secretary LaVella J. Todd requested a closed session for the purpose of receiving her contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

**Motion** by Chairperson Beth Graham, **Seconded** by Commissioner Chris Harkins, to go into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary LaVella J. Todd.

**Roll Call Vote:**

**Yeas:** Commissioners Beth Graham, DeShon Leek, Sandra Zerkle and Chris Harkins.

**Nays:** None.

**Action:** Motion Carried.

All Commissioners present and Human Resources Executive Director Michael Flowers were also requested to go into closed session.

The Human Resources Committee went into closed session at 5:34 p.m.

**Motion** by Commissioner Chris Harkins, **Seconded** by Commissioner DeShon Leek, to reconvene into open session.

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle

**Nays:** None.

**Action:** Motion Carried.

The Human Resources Committee reconvened to open session at 6:15 p.m.

Upon conclusion of the Closed Session, Chairperson Beth Graham stated that a resolution would be presented at the May 13, 2025 Human Resources Committee meeting.

**General Manager**

General Manager Richard R. Peffley requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

**Motion** by Chairperson Beth Graham, **Seconded** by Commissioner Chris Harkins, to go into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard R. Peffley.

**Roll Call Vote:**

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle

**Nays:** None.

**Action:** Motion Carried.

All Commissioners present and Human Resources Executive Director Michael Flowers were also requested to go into closed session.

The Human Resources Committee went into closed session at 6:17 p.m.

**Motion** by Commissioner Graham, **Seconded** by Commissioner Sandra Zerkle, to reconvene into open session.

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle

**Nays:** None.

**Action:** Motion Carried.

The Human Resources Committee reconvened to open session at 7:03 p.m.

Upon conclusion of the Closed Session, Chairperson Beth Graham stated that a resolution would be presented at the May 13, 2025 Human Resources Committee meeting.

#### **Internal Auditor**

Internal Auditor Elisha Franco requested a closed session for the purpose of receiving her contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

**Motion** by Chairperson Beth Graham, **Seconded** by Commissioner Chris Harkins, to go into closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Elisha Franco.

#### **Roll Call Vote:**

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

All Commissioners present and Human Resources Executive Director Michael Flowers were also requested to go into closed session.

The Human Resources Committee went into closed session at 7:04 p.m.

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner Chris Harkins, to reconvene into open session.

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

The Human Resources Committee reconvened to open session at 7:41 p.m.

Upon conclusion of the Closed Session, Chairperson Beth Graham stated that a resolution would be presented at the May 13, 2025 Human Resources Committee meeting.

Commissioner Zerkle asked if a motion to reappoint the three appointed employees is what was being sent forward. Mr. Flowers responded that contract discussions would be held with the

three appointed employees before the presentation of the reappointment resolutions at the May 13, 2025 HR Committee meeting.

### **Process for Appointee Market Analysis and Compensation**

Executive Director of Human Resources Michael Flowers stated that this agenda item is being presented per a request from a couple of the Commissioners for information about market analysis and compensation studies for classifications within the Board, pay grades and individual placements into positions. Mr. Flowers added that BWL has a compensation analysis committee that reviews non-bargaining unit positions. Mr. Flowers introduced Senior Compensation Analyst Jeanie Stittsworth who presented the process for appointee market analysis and compensation. The process included base pay structure, compensation studies, market data, survey data, BWL labor market, and comparison ratios.

Commissioner Harkins asked if the market data for the 500-1000 employees' company size range was for just utilities or all companies. Ms. Stittsworth responded that the data applies to both utilities and all companies.

Commissioner Schrader asked whether the 75% percentile applied to the United States or to just Michigan. Ms. Stittsworth responded that it applied to BWL's market for compensation of utility/energy and all industries nationwide. Mr. Flowers added that prior to the 75% percentile selection for compensation, initially the selection was 25% and then increased to 50% to maintain competitiveness and to attract and retain talent in the organization.

Commissioner Zerkle asked what the pay scales were for the Boards' appointed employees. Mr. Flowers responded that the Corporate Secretary pay grade is 11, the Internal Auditor pay grade is 12, and the General Manager pay grade is 21.

Commissioner Schrader asked how many employees were in the pay grades 16-21. Mr. Flowers responded there were about 8 people in the organization. GM Peffley responded he has about five direct reports and there are senior directors as well. GM Peffley also stated the selection was increased to 75% because BWL was losing employees to other utilities.

Commissioner Harkins asked how often the pay grade ranges change. Ms. Stittsworth responded that a compensation study and trends are evaluated annually in order to keep the comp ratios from reaching the maximum. Commissioner Harkins also asked how often other companies evaluate their pay grade. GM Peffley responded that one large investor owned utility company evaluates pay grades every other year, and BWL bargaining unit salaries and entry level management salaries match theirs. Mr. Flowers added 2.5% was the increase this year in the range between pay grades.

Commissioner Schrader requested the time frame between the change from the 25% to 50% percentiles and between the change from the 50% to the 75% percentile. Mr. Flowers responded that the 25% percentile was in effect 18 years ago and changed to 50% percentile shortly after, and the 50% percentile was in effect until 2020.

Commissioner Graham asked if high income markets were also compared in addition to similar markets. Ms. Stittsworth responded that the current tool compares the Midwest. Mr. Flowers added that different areas are also compared besides utilities such as positions in finance, accounting, and engineering fields.

Commissioner Leek asked if comparisons are made between same size utilities when the market is searched. Ms. Stittsworth responded that the labor market is based on a company's employee size. Mr. Flowers added that there are several utilities around the country with the same employee size and customer base which are researched. Commissioner Worthy asked if benefits are factored into compensation. GM Peffley responded that total compensation is evaluated. Mr. Flowers confirmed and stated that the analysis is base wage only.

#### **Other**

There was no other business.

#### **Adjourn**

Meeting adjourned at 8:05 p.m.

Respectfully Submitted,  
Beth Graham, Chairperson  
Human Resources Committee

### **HUMAN RESOURCES COMMITTEE Meeting Minutes May 13, 2025**

Human Resources (HR) Committee: Commissioner Beth Graham, Committee Chairperson; Commissioners Chris Harkins, DeShon Leek and Sandra Zerkle; Alternates: Tony Mullen, Dale Schrader; Non-Voting Members: Commissioners J. R. Beauboeuf, Stuart Goodrich, Robert Worthy

The Human Resources Committee 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, at 5:00 p.m. on Tuesday, May 13, 2025.

HR Committee Chairperson Commissioner Beth Graham called the meeting to order at 5:00 p.m. and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle; also present: Commissioners Semone James, David Price, and Dale Schrader  
Absent: None.

The Corporate Secretary declared a quorum.

#### **Public Comments**

There were no public comments.

### **Approval of Minutes**

**Motion** by Commissioner Chris Harkins, **Seconded** by Commissioner Sandra Zerkle, to approve the HR Committee meeting minutes of May 8, 2025.

**Action:** Motion Carried.

### **FY 2026 Board Appointee Resolutions**

#### **Corporate Secretary**

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner Chris Harkins, to forward the resolution reappointing LaVella J. Todd to the Charter position of Corporate Secretary for FY26 to the full Board for consideration.

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle

**Nays:** None.

**Action:** Motion Carried.

#### **General Manager**

**Motion** by Commissioner Chris Harkins, **Seconded** by Commissioner Sandra Zerkle, to forward the resolution reappointing Richard R. Peffley to the Charter position of General Manager for FY26 to the full Board for consideration.

**Yeas:** Commissioners Beth Graham, Chris Harkins, DeShon Leek, and Sandra Zerkle

**Nays:** None.

**Action:** Motion Carried.

#### **Internal Auditor**

**Motion** by Commissioner Chris Harkins, **Seconded** by Commissioner Sandra Zerkle, to forward the resolution reappointing Elisha Franco to the Charter position of Internal Auditor for FY26 to the full Board for consideration.

**Yeas:** Commissioners Beth Graham, Chris Harkins and Sandra Zerkle

**Nays:** DeShon Leek (Commissioner Leek stated he would not be voting in support at this time due to prior commitments not being fulfilled, but if they (commitments) are fulfilled, he would get back onboard.)

**Action:** Motion Carried.

### **Subsequent Steps for Board Appointed Employees Contracts**

**Motion** by Chairperson Beth Graham, **Seconded** by Commissioner Sandra Zerkle, to charge the HR Chairperson and the Board Chairperson with the task of working with the appointed employees on their respective annual merit considerations on behalf of the Board of Commissioners.

**Yeas:** Commissioners Beth Graham, Chris Harkins and Sandra Zerkle

**Nays:** None.

**Action:** Motion Carried.

### **Other**

There was no other business.

### **Adjourn**

Meeting adjourned at 5:05 p.m.

Respectfully Submitted,  
Beth Graham, Chairperson  
Human Resources Committee

Commissioner Semone James presented the Committee of the Whole Report:

### **COMMITTEE OF THE WHOLE Meeting Minutes May 13, 2025**

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 13, 2025.

Committee Chairperson Semone James called the Committee of the Whole Meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle; and Non-Voting Commissioner Bob Worthy (Delta Township)

Absent: Non-Voting Commissioner J. R. Beauboeuf (East Lansing) and Stuart Goodrich (Delhi Township)

Corporate Secretary LaVella Todd declared a quorum.

### **Public Comments**

There were no public comments.

### **Approval of Minutes**

**Motion** by Commissioner DeShon Leek, **Seconded** by Commissioner David Price, to approve the Committee of the Whole Meeting minutes of March 11, 2025.

**Action:** Motion carried. The minutes were approved.

### **RPC Update**

Chief Financial Officer, Scott Taylor, presented the Retirement Plan Committee update. Although market volatility has been significant, the Defined Benefit (DB) and Voluntary Employment Benefit Administration (VEBA) Plans have a well-diversified portfolio and RPC will continue to monitor strategic objectives and rebalance as appropriate. In the Defined Contribution 401(a) and Deferred Compensation 457(b) Plans, the State Street GTC Retirement Income Builder (RIB) Series of funds will go into effect on July 11, 2025 and education,

workshops, and consultations will be scheduled. Market volatility has been significant in the latter two plans also and Nationwide has added links to their website to assist plan participants.

The RPC is reviewing the Captrust contract as it expires May 31, 2025 and intends to extend the for contract for a temporary period while exploring the current retirement plan advisory service market.

A Ratification of Trustees of Retirement Plans resolution is being presented this evening for approval to forward to the Board due to the addition of Commissioner Chris Harkins and removal of former Commissioner Tracy Thomas. A ratification resolution will be brought forward each time there is a change in trustees.

Commissioner Mullen requested a discussion for the next Committee of the Whole meeting regarding how individual Commissioners are appointed to the Retirement Planning Committee and requested the discussion include appointing the position of Board Chairperson and Vice-Chairperson.

Commissioner Zerkle asked if the amount in the retirement plans which is in the market, stocks and bonds could be provided. CFO Taylor responded that the DB and VEBA plans have a specific target asset allocation and a reporting is received each month stating what is in each category. Nationwide will provide the information for the DC Plans if requested. The information can be sent to the Commissioners.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Beth Graham, to approve the updated Ratification of Trustees of Retirement Plans Resolution and forward it to the full Board for consideration.

**Action:** Motion Carried.

### **Return on Equity Agreement**

General Manager Dick Peffley noted that the Mayor and Lansing City Council need to pass the Return on Equity agreement and the rate of return for utilities aligns with the market and industry. Assistant General Manager Heather Shawa presented the Return on Equity Agreement Amendment No. 8. The recommendation is to extend the agreement an additional year with a payment of 6% of total budgeted board operating revenues. Upon approval of the agreement by the Board, the agreement will be forwarded to the City Council Ways and Means Committee on June 9, 2025 and then to the full City Council.

Commissioner Schrader asked what would be paid if the actual revenue is lower than the projected revenue. AGM Shawa responded that 6% of the projected revenue amount provided in the budget is what will be paid.

Commissioner Bob Worthy expressed concern that if BWL has a couple of bad years due to weather that is out of BWL's control, and the actual revenue is lower than what is projected, BWL has no way to make the money back and the City will receive the same 6% amount that is

in the projected budget. GM Peffley responded that those conversations have been held with the mayor and the agreement has been changed to a one year agreement so that adjustments can be made in future agreements with less of a detriment to both sides. Both BWL and the City can adjust their budgets accordingly.

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner Dale Schrader, to approve the Return on Equity Agreement Resolution and forward it to the full Board for consideration.

**Action:** Motion Carried.

### **Watermain Replacement**

GM Peffley stated that BWL is working on the goal of replacing eight miles of watermain per year. The suspension of CSO by the city increased the cost for BWL as there was no longer sharing of the cost but the city is working on returning CSO. Water & Steam Distribution Manager, Todd Russell, and Water Operations Strategic Engineer, Derek Ambs, presented the Water Main Replacement presentation. The presentation included the BWL water system as a whole and the areas served, the water main replacement 25-year history, recent projects, backlog and replacement scenarios, BWL water main replacement planning and the capital budget. GM Peffley stated that although labor can be coordinated, it is a costly project and the water rates also include funding the two water plants. Grants have been applied for and received the last few years to help out.

In response to Commissioner Harkins' question of what the axis on the graph represented, Mr. Ambs responded that the axis in the backlog and replacement scenarios graph represents the cumulative number of miles of water main that are beyond useful life.

Commissioner Leek asked the reason for the replacement of the 1950 Landel pipe that was installed. Mr. Ambs responded that there was a separate utility and separate treatment process that wasn't good for the pipes.

Commissioner Worthy commented that if all the pipe was rigid it would need to be excavated because it is welded together and asked if directional drilling was an option as there are additional savings. Mr. Russell responded that the joints slide together with a rubber gasket which seals and that directional drilling is already done but a majority of the time there are other utilities in the way.

In response to Commissioner Harkins' question of how often risk is assessed, Mr. Ambs responded that risk is reassessed every two years.

Commissioner Schrader commented that a CSO contractor is \$730 per foot and BWL is \$400 per foot. Mr. Russell responded that there are only two or three CSO contractors that can perform a certain job and that causes the price to be driven up.

Commissioner Zerkle asked if CSO was to be completed five years ago, when is the approximate timeline it will be completed. Mr. Russell responded that there is a 15 to 20 year

delay and funding is required. Commissioner Zerkle asked how much of the 6% increase is for water main replacement. GM Peffley responded that a bulk of the funding was from grants and water is 12% of BWL's portfolio.

Commissioner Schrader asked if part of the budget includes paying CSO contractors. Mr. Russell affirmed and stated about \$5 million is for CSO work and \$12 million for BWL in-house. Mr. Ambs added that there is also a line budget item for combined work of \$2 million.

Commissioner Mullen commented that half of Pleasant Grove on the south side was fixed and at a joint Board of Commissioners and City Council meeting, fixing the whole street in the city was discussed, and asked if this was in progress. Mr. Russell responded that BWL is working on the BWL half and works with the City of Lansing to do their part.

### **IT and OT Update**

GM Peffley stated that cyber-attacks cost the U.S. \$2 billion in 2023 and cost \$16 billion in 2024. Chief Information Officer, Vern Myers, and Operations Technology Manager, Ray Moore, presented the IT and OT update. The update included cyber security and compliance. CIO Myers stated that there were over 1,000 posts of different vulnerabilities and threats, and on a monthly basis there are over 100,000 vulnerabilities within BWL devices and applications. CIO Myers stated that one of the major threat factors is email. Out of 288,000 emails in a three week period, about 1/3 were considered unwanted or malicious. BWL has several security defenses in place to mitigate threats. In response to GM Peffley's request Mr. Moore provided the difference between IT and OT at BWL. IT is on the corporate side and includes HR, email and Financial systems; and OT is on the physical assets and includes technical systems that need their own networks and servers. IT is concerned about the confidentiality of information and it not getting into the wrong hands. OT is concerned about the availability of the information in order that systems are operating efficiently and within standards. Additionally, Mr. Moore presented on cyber resiliency and technology investments, cyber security and infrastructure improvements and accomplishments, and FY26 NERC CIP compliance initiatives. OT and IT are currently working on the CIP-003-9 project to implement with a deadline of April 1, 2026.

Mr. Moore noted improvements in cybersecurity compliance resulted in acquiring additional cybersecurity insurance at a lower cost savings.

Chairperson James asked what savings resulted. Mr. Moore responded that there was an additional million in coverage and would obtain the amount in savings and provide it to the Commissioners.

Commissioner Schrader asked what NERC acronym stood for and Mr. Moore responded North American Electric Reliability Corporation and they are the governing body for the U.S. electric grid.

Commissioner Harkins asked whether there were any third party vendors not willing to participate in the upgrades in the security management controls. Mr. Moore responded that

vendors know what is on the horizon and the government is working with the vendors to reduce the footprint.

Commissioner Zerkle stated that when the system was last hacked the main concern was if something was done to the water and asked if that was still the top concern. GM Peffley affirmed as electricity can be bought and water cannot. GM Peffley added that a company was hired to attempt an attack and issues that were found were fixed. Mr. Moore stated that around 200,000 attacks, and up to 10 million attacks, occur in one day.

#### **Power Outage Circuit Drive Update**

General Manager Dick Peffley presented the power outage circuit drive update which included a grid of the transmission system of large poles around the city to which electric, solar, wind and gas plants attach and which tap off to about 25 substations. In the substations, which are like giant breaker panels, voltage reduces from 138,000 to 13,200. Primary circuits go out from the substations to about 200 feed areas throughout the city. When outages occur, the circuit that is down is determined, and priority of service is determined by the number of outages and the quickness of each project, as the goal is to restore 80% of outages in the first few hours.

Commissioner Graham asked whether there is something that lights up that would indicate where a power outage is located and GM Peffley responded that there isn't but smart meters indicate when a customer doesn't have power.

Commissioner Zerkle asked about emergency training that is provided and advice that is provided by experienced employees. GM Peffley responded that every storm has an after action report and discussions about what could have been done better and what was missed.

Commissioner Schrader asked if there is a circuit down and mostly restored, whether a small amount of outage can be caused by a tree. GM Peffley responded that a small amount could be a fuse, or a wire, or a transformer.

Commissioner Worthy asked if drones were utilized as additional spotters. GM Peffley responded that BWL has drones but the government requires pilot licenses and visual sighting of the drones while in operation. GM Peffley responded that use of drones in the future will be to use for storms and to check streetlights for outages.

#### **Other**

Chairperson Semone James stated that the presentations were very good and expressed appreciation for all the hard work.

**Motion** by Commissioner Beth Graham, **Seconded** by Commissioner Sandra Zerkle for an excused absence for Commissioners J. R. Beauboeuf and Stuart Goodrich.

**Action:** Motion Carried.

#### **Adjourn**

Chairperson James adjourned the meeting at 6:39 p.m.

Respectfully Submitted,  
Semone James, Chairperson  
Committee of the Whole

Finance Committee Chairperson Tony Mullen presented the Finance Committee Report:

**FINANCE COMMITTEE**  
**Meeting Minutes**  
**May 13, 2025**

Finance Committee: Tony Mullen, Committee Chairperson; Semone James; David Price; and Dale Schrader;  
Alternates: Beth Graham, Sandra Zerkle; Non-Voting: Commissioners J. R. Beauboeuf, Stuart Goodrich, Robert Worthy.

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 13, 2025.

Finance Committee Chairperson Tony Mullen called the meeting to order at 6:52 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, Tony Mullen, David Price, and Dale Schrader; Also Present: Commissioner Sandra Zerkle; and Non-Voting Commissioner Bob Worthy (Delta Township)  
Absent: None

Corporate Secretary LaVella Todd declared a quorum.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner James, **Seconded** by Commissioner Schrader, to approve the Finance Committee Meeting minutes of March 11, 2025.

**Action:** Motion Carried. The minutes were approved.

Chairperson Mullen stated that at the March 11, 2025 Finance Committee Meeting it was discussed to postpone the Board appointed employees' payment signoff resolutions to today's meeting and it will be postponed again until the July Finance Committee meeting.

**Financial Summary YTD**

Chief Financial Officer Scott Taylor presented the YTD Financial Summary. Days Cash on Hand is strong, retail sales are slightly outperforming, wholesale sales has been closer to budget the last three months, operating expenses are down due to less sales and purchase power, net income is better than targeted, and non-operating income and expense is outperforming and BWL received \$910,000 in reimbursement for storm expense through the city from the state

program. The capital budget is 25% under and two capital exceedances are being brought to the Committee tonight. The new energy budget is closer to budget now due to expenditures in March. In the Return on Assets section, Target ROA was added which is the long term target return expected to be achieved by for 2028. Debt to Total Assets is above the standard median primarily due to how much energy BWL self-generates and how much it continues to invest in new energy programs.

#### **Capital Budget Exceedance Request for Electric Annuals**

Electric Transmission and Distribution Director, Wayne Lynn, presented the Capital Budget Exceedance Request for Electric Annuals. Annual expenditures include cable failures, pole failures, transformer purchases and pole replacements. An exceedance of \$5,793,843 is being requested.

Commissioner Price asked whether the storms in north Michigan that brought down thousands of poles would affect the replenishing of BWL's supply. GM Peffley responded that BWL's program to replace poles is nearing completion. BWL had a 10% pole failure rate in 2022, a 6% pole failure rate in 2023, and a 3% pole failure rate in 2024. Currently there is a 1% failure rate.

Chairperson Mullen asked about the giant transmission poles being put in on Jolly and if the wires from the wood poles already there can be placed on the metal. GM Peffley responded that some meet the standards and Mr. Lynn added that transmission and distribution will be on some of the poles and some of the poles will no longer be needed.

Commissioner Schrader asked if the \$5 million exceedance was being requested to get BWL to the 1% failure rate and what would be the consequences if not spent. GM Peffley responded that BWL is at 1% and the exceedance would keep it there. Mr. Lynn responded that more degraded poles would be left in the system and BWL would be subject to more downed poles in storms and longer restoration times.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve the Resolution for the Capital Budget Exceedance Request for Electric Annuals and forward it to the Full Board for consideration.

**Action:** Motion Carried.

#### **Capital Budget Exceedance Request for REO Steam Turbine Generator Overhaul**

Gas Plant Chiller Plant Maintenance Manager, Tom Dickinson, presented the Capital Budget Exceedance Request for REO Steam Turbine Generator Overhaul. The life cycle of a turbine is 30 years and the overhaul maintains the life of the turbine. Typically steam engines are scheduled for overhaul every eight years and the steam turbine was commissioned in 2013. The overhaul includes disassembly, inspection, repairs, and reinstall. Upon inspection, a broken blade was found increasing the cost of repairs.

Commissioner Worthy asked if a postmortem could be done on the steel to find out if it was a manufacturing defect. Mr. Dickinson responded that the manufacturer is aware of the blade and don't know the reason for it. Commissioner Worthy also asked if an active PM program is

being added in addition to the repair. Mr. Dickinson responded that projects are scored for importance, severity, efficiency of units, preventative maintenance, and to satisfy the insurance company. GM Peffley added that explanations for variances this high are reviewed by the BWL executive team and the overhaul could have been done at eight years but it is just a delayed expense.

**Motion** by Commissioner Semone James, **Seconded** by Commissioner David Price, to approve the Resolution for the Capital Budget Exceedance Request for REO Steam Turbine Generator Overhaul and forward it to the Full Board for consideration.

**Action:** Motion Carried.

### **Cash Reserve Policy Change**

CFO Scott Taylor presented the cash reserve policy change. A request for approval for updates to the policy is being made. The return on equity to the City risk factor is being reduced from 50% to 25% to reflect the increase in frequency of payments to the city from semiannually to quarterly. The Debt Service risk factor is being increased from 8.3% of annual debt service to 25% for interest and 50% for principal to reflect the elimination of the debt service reserve fund. A minimum of 150 days cash on hand has been added to ensure the cash reserve requirement does not drop below the minimum level.

Commissioner Zerkle inquired about the difference and effect of the days cash on hand in managing money, and if the minimum cash reserve requirement would help during storm recovery. CFO Taylor responded that there are fluctuations in the impact due to slight changes in the risk factor and operating expenses, and the cash reserve allows BWL to be more resilient during adverse events and did help during the storm recovery.

Chairperson Mullen asked whether an increase in days would affect BWL's credit rating. CFO Taylor responded that it would only help and be treated as positive by rating agencies.

Commissioner Schrader asked why someone would not approve having more cash on hand. CFO Taylor responded that there is an optimal amount not to exceed and the FY26-31 Budget & Forecast presentation will provide further explanation.

Commissioner Zerkle (inaudible)

GM Peffley responded that the amount is placed into reserve and could be used someplace else, and it will have no effect on operations.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Cash Reserve Policy Change to the full Board for approval.

**Action:** Motion Carried.

### **FY26-31 Budget Presentation**

GM Peffley stated that he requested a 5% budget cut from staff, excluding fuel and purchase power, without impact to service. Assistant General Manager Heather Shawa provided the

strategic objectives for customers and community, workforce engagement and diversity, climate and environment, operational resilience and continuous improvement, and financial stability. CFO Scott Taylor provided the key budget and forecast assumptions, sales volume history and forecast by utility, operating budget and forecast, capital budget and forecast, and next steps. CFO Taylor noted that conversion of steam to hot water will lower costs for BWL customers as hot water is 15% more efficient than steam.

Commissioner Worthy asked if the savings of \$2 million when prepaying for natural gas was hedging or prepaying or both. AGM Shawa responded that the savings were hedging.

CFO Taylor noted that General Motors is planning to discontinue steam service in FY 2028, convert it to hot water, and self-service themselves. GM Peffley stated that General Motors has a corporate carbon neutrality goal of 0% but to meet this target, they will need to rely on their vendors to produce hot water offsite. GM Peffley will continue to negotiate with GM.

Commissioner Zerkle asked if all steam would be eliminated by FY2031 and if General Motors would be going to electric. CFO Taylor responded that the current estimate is at 15 years. GM Peffley responded that electric is not an efficient way to heat steam, and putting in gas boilers would go against General Motors carbon neutrality goal.

GM Peffley commented on having a plan in place to meet the required goals for new energy and compliance, but there is pressure from the federal government on those goals with the changes being made. GM Peffley added that the new renewable energy assets projects, for which contracts have been signed to start construction, are experiencing pressure from the government on not being able to use their lines to bring energy back. Also, if the state overturns the ability to overwrite zoning for wind and solar, the projects won't proceed because the local zoning ordinances will ban the projects in their area. BWL has a backup plan and administration may change in the future.

Director of Internal Audit Elisha Franco presented the Operating Budget & Forecast for the Department of Internal Audit.

Corporate Secretary LaVella Todd presented the Operating Budgets & Forecasts for the Office of the Corporate Secretary and the Board of Commissioners.

Commissioner Worthy asked how far pricing can be locked in for fuel. CFO Taylor responded that BWL's hedging plan is for five years with diminishing percentages to which BWL can commit. Commissioner Worthy also asked how depreciation is figured. CFO Taylor responded that straight line depreciation is figured for assets and an appropriate life is assigned. GM Peffley added that depreciation is also figured into the capital budget and how much needs to be reinvested. Commissioner Worthy asked if no growth was expected in chilled water as there was no increase in the budget. GM Peffley responded that a couple of customers are interested in chilled water and if it moves forward, there will be growth. Commissioner Worthy commented on the adjustment of the 9.5% increase for water for four years in the prior forecast as it was disconcerting and it is good to see that it has been reduced in this forecast. GM Peffley responded

that surrounding townships were double and Grand Ledge customers received a \$50 set fee. He added that there is legislation pending that will make the 9.5% look small, which BWL intends to fight.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Semone James to forward the Resolution for the FY26-31 Budget Resolution to the full Board for approval.

**Action:** Motion Carried.

### **Cash Receipts Audit Results**

Director of Internal Audit Elisha Franco presented the FY2025 Cash Receipts Audit Results. The audit examined the cash receipts and remittance process, procedures and documents from July 1, 2023 to June 30, 2024. The audit found that there were two medium risk findings in documentation. Incomplete information was entered but no actual variances existed. Five audit process improvements were recommended. The overall opinion rating for the audit was sufficient.

Chairperson Mullen asked about the development of an annual fraud training program for all BWL employees. Ms. Franco stated that some employees didn't have any knowledge of BWL's ethics program and fraud policy and it was decided to add training as a recommendation.

Commissioner Price asked what rating is better than sufficient. Ms. Franco responded that the highest rating is strong, second is sufficient, third is needs improvement, and fourth is unsatisfactory.

### **Internal Audit Status Report**

Director of Internal Audit Elisha Franco presented the internal audit status report. The report included an audit update, issue status update, FY 2025 audit work plan and department items. The internal audit department will welcome an intern in May. Also, May is internal audit month and a brief campaign will be run through BWL announcements and HPTV.

### **Other**

There was no other business.

### **Adjourn**

Chairperson Tony Mullen adjourned the meeting at 8:42 p.m.

Respectfully submitted,  
Tony Mullen, Chairperson  
Finance Committee

### **MANAGER'S RECOMMENDATIONS**

There were no manager's recommendations.

### **UNFINISHED BUSINESS**

There was no unfinished business.

## NEW BUSINESS

There was no new business.

## RESOLUTIONS/ACTION ITEMS

### RESOLUTION 2025-05-01

#### **Appointment of the Charter Position of Corporate Secretary**

WHEREAS, the Board's Rules of Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2025-2026 or until a successor is appointed, whichever last occurs:

LaVella J. Todd, Corporate Secretary

FURTHER RESOLVED, That the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2025's performance.

-----

**Motion** by Commissioner Semone James, **Seconded** by Commissioner Tony Mullen, to approve the reappointment of the Corporate Secretary for Fiscal Year 2025-2026 at a Board Meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried

### RESOLUTION 2025-05-02

#### **Appointment of the Charter Position of Director and General Manager**

WHEREAS, the Board's Rules of Procedure specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of General Manager for fiscal year 2025-2026, or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for fiscal year 2025's performance.

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**Motion** by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle, to approve the reappointment of the Charter Position of Director and General Manager for Fiscal Year 2025-2026 at a Board Meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried.

**RESOLUTION 2025-05-03**

**Appointment of the Charter Position of Internal Auditor**

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, respectively at its first regular meeting following July 1st of each year or as soon thereafter as may be appropriate.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor fiscal year 2025-2026, or, until a successor is appointed, whichever last occurs:

Elisha Franco, Internal Auditor

FURTHER RESOLVED, That the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2025's performance.

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**Motion** by Commissioner Tony Mullen, **Seconded** by Commissioner Dale Schrader to approve the reappointment of the Internal Auditor for Fiscal Year 2025-2026 at a Board Meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** DeShon Leek

**Action:** Motion Carried 7 to 1.

**RESOLUTION 2025-05-04**

**Ratification of Trustees of Retirement Plans Resolution**

WHEREAS, the Lansing Board of Water & Light (the “Sponsor”) sponsors the (a) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (b) Lansing Board of Water and Light Defined Contribution Plan and Trust 2; (c) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust; (d) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions; and (e) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (collectively, the “Plans”); and

WHEREAS, the Sponsor desires to ratify and confirm the current Trustees of the Plan and clarify the appointment, removal and resignation dates of new and former Trustees of the Plans.

THEREFORE, it is:

RESOLVED, that the following individuals are ratified and confirmed as the current Trustees of the Plans as of the date hereof:

- David J. Price
- Sandra Zerkle
- Anthony Mullen
- Beth Graham
- Deshon Leek
- Semone James
- Dale Schrader; and
- Chris Harkins.

FURTHER RESOLVED, that the appointment and acceptance of the following individuals to serve as Trustees of the Plans is hereby approved, ratified and confirmed as of the date stated below:

- David J. Price, reappointment April 25, 2021
- Sandra Zerkle, reappointment April 25, 2021
- Anthony Mullen, reappointment April 25, 2021
- Beth Graham, reappointment April 25, 2021
- Deshon Leek, reappointment April 25, 2021
- Semone James, July 26, 2021
- Dale Schrader, August 14, 2023; and
- Chris Harkins, January 27, 2025.

FURTHER RESOLVED, that the resignation or removal of the following individuals from the position of Trustees of the Plans is hereby approved, ratified and confirmed as of the date stated below:

- Tracy Thomas, January 26, 2025.

**Motion** by Commissioner Semone James, **Seconded** by Commissioner Chris Harkins to approve the Resolution for Ratification of Trustees of Retirement Plans at a Board meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried.

**RESOLUTION 2025-05-05**

**Return on Equity (ROE) Renewal**

WHEREAS, the City of Lansing has expressed a desire to continue the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 (the Agreement), which has been subsequently extended by means of seven Amendments thereto in 2001, 2012, 2013, 2018, 2020, 2022 and 2024, respectively; and

WHEREAS, the Board of Commissioners Committee of the Whole (COW) considered the City of Lansing's request on May 13, 2025; and

WHEREAS, the General Manager recommended the Agreement be amended and extended by 1 year at a rate of 6% of total budgeted Board operating revenues. If actual operating revenues are higher than budgeted operating revenues, the return on equity payments will be calculated in the amount of 6% of actual operating revenues, effective July 1, 2025, and will be memorialized as Amendment No. 8; and

WHEREAS, the COW has considered the proposed Amendment No. 8, agreed with the General Manager's recommendation and approved the Amendment, including authorization for the General Manager to execute the Amendment, and the Amendment shall be forwarded to the Board of Commissioners for approval at the May 20, 2025 Board meeting.

THEREFORE, be it:

RESOLVED, the proposed Amendment No. 8 to the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 is approved, including authorization for the General Manager to execute the Amendment.

**Motion** by Commissioner Semone James, **Seconded** by Commissioner Beth Graham, to approve the Return on Equity (ROE) Renewal at a Board meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried.

Commissioner Worthy commented that his concern about the ROE agreement was also that in down years it cuts against our mission which is to provide a safe, reliable and affordable utility experience through public ownership.

Commissioner Mullen commented the agreement is a one-year agreement and can be revisited next year.

Commissioner Worthy further commented his concern that the precedence has been set.

Chairperson Price commented the city is the owner of the Board of Water and Light as a part of the city.

GM Peffley commented that he agrees with Commissioner Worthy's analysis of the ROE Resolution and is always open to suggestions.

Commissioner James reiterated that the City of Lansing is the owner of the BWL, and as the owner of the utility, they are well within their rights to request a return on their investment, and it is acceptable for the city to use the return on equity to help fund their budget.

GM Peffley responded that any amount on and above the budget that BWL generates, the city will only receive 6%.

#### **RESOLUTION 2025-05-06**

#### **Capital Project Exceedance: AE – Electric Annuals**

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for annual capital projects that are expected to exceed their previously approved aggregate total budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project AE – Electric Annuals was \$14,638,000; and

WHEREAS, the projected final total cost for Capital Project AE – Electric Annuals is \$20,431,843, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project AE – Electric Annuals projected spending be approved.

THEREFORE, it is:

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project AE – Electric Annuals with a projected final total cost of \$20,431,843.

**Motion** by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham, to approve the Resolution for Capital Project Exceedance: AE – Electric Annuals at a Board meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried.

#### **RESOLUTION 2025-05-07**

#### **Capital Project Exceedance: PE 20274 REO STG Overhaul**

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for capital projects that are expected to exceed their previously approved designed budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project PE-20274 REO STG Overhaul was \$965,153; and

WHEREAS, the projected final total cost for Capital Project PE-20274 REO STG Overhaul is \$2,595,067, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project PE-20274 REO STG Overhaul projected spending be approved.

THEREFORE, it is:

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project PE-20274 REO STG Overhaul with a projected final total cost of \$2,595,067.

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner Dale Schrader, to approve the Resolution for Capital Project Exceedance: PE-20274 REO STG Overhaul at a Board meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried.

**RESOLUTION 2025-05-08**

**Minimum Cash Reserve Requirement Policy**

WHEREAS, the Board of Commissioners (“Board”) is committed to maintaining a financially stable and resilient utility; and

WHEREAS, the Board recognizes that a key element of preserving financial stability over extended periods of time and through varying economic conditions is maintaining adequate cash reserves; and

WHEREAS, the Board adopted a Minimum Cash Reserve Requirement Policy (“Policy”) on May 22, 2018 via Resolution 2018-05-02; and

WHEREAS, BWL staff have conducted a review of the Policy and recommends updating the Policy to strengthen its ability to preserve financial stability, better align with changes to risk and improve the policy language.

THEREFORE, it is:

RESOLVED, the Board approves the revised Minimum Cash Reserve Requirement Policy (Attachment A), which clearly defines a risk based methodology for establishing the Lansing Board of Water & Light’s minimum cash reserve requirements on an annual basis for each year of the succeeding six-year forecast period.

**Motion** by Commissioner Tony Mullen, Seconded by Commissioner Semone James, to adopt the revised Minimum Cash Reserve Requirement Policy at a Board meeting held on May 20, 2025.

**Action:** Motion Carried.

**RESOLUTION 2025-05-09**

**Fiscal Year 2026-2031 Budget and Forecast**

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2026 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2027-2031 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.

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Staff Comments:

Staff recommends an operating and maintenance budget of \$399.4M and a capital budget of \$214.9M for Fiscal Year 2026.

The Operating and Capital Budget and Forecast for Fiscal Years 2026-2031 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 20, 2025 board meeting.

**Motion** by Commissioner Tony Mullen, **Seconded** by Commissioner Sandra Zerkle, to approve the Resolution for the Fiscal Year 2026-2031 Budget and Forecast at a Board meeting held on May 20, 2025.

**Roll Call Vote:**

**Yeas:** Commissioners Semone James, Beth Graham, Chris Harkins, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle

**Nays:** None

**Action:** Motion Carried

Commissioner Zerkle commented that a lot of hours of work was completed prior to bringing the Resolutions to the Board for approval.

### **MANAGER'S REMARKS**

General Manager Dick Peffley presented a power point on the EF-1 May 2025 Tornado Storm. There were three storms that took the same path, and 24 transmission poles were downed. The storm lasted about an hour with a 100-mph wind peak. The transmission system is built to withstand 90-mph winds. Mutual Aid sent contract crews from Sturgis, Hillsdale, Village of Clinton, Coldwater, Bay City, Motor City, AMP Electric(Ohio), ITC and Hydaker. At the time of the meeting there were only 25 customers remaining without power. There was considerable damage on the Erickson power plant land. Creyts Road and Wood Street suffered considerable damage from the storm. GM Peffley explained the various parts of the Emergency Operations Center (EOC).

### **COMMISSIONERS' REMARKS**

Commissioner Zerkle congratulated the three employees on their reappointments. She commended the team on the quick restoration. Commissioner Zerkle asked if the increased frequency and severity of storms was due to climate change.

General Manager Peffley commented we know the frequency and severity of storms is getting worse.

Commissioner Harkins thanked the General Manager and BWL team for their incredible responsiveness to the Commissioners during the storm and in handling the customer base. Congratulated the BWL staff on doing an amazing job, particularly on the safety side.

Commissioner Schrader stated he is very grateful for the storm response and would expect nothing less from this group of people. Commissioner Schrader also thanked the team for putting together the Storm Update presentation in four hours.

Commissioner James thanked the Mr. Peffley and Staff for the work done as she had received several calls that power was restored in record-time to the Hagadorn and Okemos area residents.

Chairperson Price commented BWL social media presence was stellar, constant and positive; stated Public Relations and Marketing Manager Amy Adamy and crew deserve a really big hand; and commented he didn't see any of the negative comments as with the ice storm.

Internal Auditor Elisha Franco thanked General Manager Peffley, Asst. General Manager Shawa and BWL Staff as she was a part of the emergency management meetings – they were effective, efficient and made a huge difference.

General Manager Peffley asked the Commissioners to share feedback with him on information lacking in Storm Updates that they might want to have now and with future incidents.

Commissioner Worthy thanked the BWL Team for their relentless commitment to safety and providing the resources to fix something like this when it happens.

Commissioner Graham commented on the positive media posts and the storms updates helped to calm neighbors without power.

Commissioner James commended those responsible for the Energy Outage Map, as doing a good job.

General Manager Peffley commended Asst. General Manager Shawa and IT Dept for keeping us informed with no technology problems.

### **MOTION OF EXCUSED ABSENCE**

**Motion** by Commissioner Beth Graham, **Seconded** by Commissioner Tony Mullen for excused absences this evening for Commissioner J. R. Beauboeuf and Commissioner Stuart Goodrich.

**Action:** Motion Carried.

### **PUBLIC COMMENTS**

There were no public comments.

## **ADJOURNMENT**

Chairperson David Price adjourned the meeting at 6:30 p.m.

LaVella J. Todd, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 05-28-25

Approved by the Board of Commissioners: 07-\_\_-25

Official Minutes filed (electronically) with Lansing City Clerk: 07-\_\_-25

**From:** Customer Service <[customerservice@LBWL.COM](mailto:customerservice@LBWL.COM)>

**Sent:** Thursday, May 22, 2025 11:37 AM

**Subject:** Webform submission from: Email BWL Commissioners > Body Content

Submitted on Thu, 05/22/2025 - 11:36 AM

Submitted by: Anonymous

Submitted values are:

**Select a Commissioner:**

David Price

**Name**

Leo V. Kaplan

**Address**

Lansing, Michigan

**Message**

Hello there,

My name is Leo V. Kaplan, a reporter with the Lansing City Pulse. I'm working on an article for next week's edition following up on last week's storm. With studies projecting an increase in frequency and severity of storms in the Midwest, I wanted to ask about how well-suited local infrastructure is to weather future storms, and if there are any plans in place to bolster current infrastructure with climate change and/or severe weather in mind.

Would you be available for a brief phone interview about this?

This article will be running in next week's Wednesday morning edition, meaning Tuesday is my deadline. But with Memorial Day this Monday, I'm hoping to have all interviews done by EOD Friday.

**From:** Customer Service <[customerservice@LBWL.COM](mailto:customerservice@LBWL.COM)>

**Sent:** Saturday, May 24, 2025 5:22 AM

**Subject:** Webform submission from: Email BWL Commissioners > Body Content

Submitted on Sat, 05/24/2025 - 5:22 AM

Submitted by: Anonymous

Submitted values are:

**Select a Commissioner:**

All Commissioners

**Name**

Logan

**Street Address**

Lansing , Michigan

**Message**

I need my electric turned on just bought the house and got the keys need effective by 5/25/25

**From:** Customer Service <[customerservice@LBWL.COM](mailto:customerservice@LBWL.COM)>

**Sent:** Wednesday, June 4, 2025 8:03 AM

**Subject:** Webform submission from: Email BWL Commissioners > Body Content

Submitted on Wed, 06/04/2025 - 8:02 AM

Submitted by: Anonymous

Submitted values are:

**Select a Commissioner:**

All Commissioners

**Name**

Michelle Harmon

**Address**

Lansing, Michigan

**Message**

Good morning I'm just a customer but I'm not sure what to do at this point I'm at a loss because I've been getting the runaround about getting my deposit back and after almost a month I'm being told that the system is down so they can't mail out a check and it won't be back up for a while I can't believe that a multi-million dollar Corporation is having a computer system problem for a month I haven't told that I would get a check for \$618 mail on the 29th of May and then I was told that that was not the truth I was told that you check for 155 will get mailed now but they just don't know when because of systems down and I really feel like I'm getting the runaround because I don't know why actually I just don't know when they collected the deposit and electricity back off again in two days later I was told that money paid goes to the deposit before it goes to the bill now I'm being told that the money I paid did not go to the deposit and went to the bill and that cacs money went to the deposit so I'm not getting it back but the deposit was put on my account in July cacs did not make a payment until October and I'm not getting up payment history in the bill history that I asked for and it just seems really so shady I would really appreciate it if somebody came back to me and please explain something to me because when I had squatters on my property and they ran my bills up really high the supervisor I talked you didn't care that I had no electricity didn't care my problems that lives in the house by myself I am bipolar a schizophrenic I didn't have electricity for weeks and just last year I believe when DHS help me pay my bill and something about a new system so the payment that they made didn't show up on your system so for twice in a row I got charged so reconnect fee of \$60 because of a computer problem but yeah I'm supposed to be okay with a computer problem now when you guys are the ones have the computer problem and it benefits you it seems like the benefits you then the rules change every time please help me figure this out I'm so appreciate it my phone number is 269-425-1164 any help at all be greatly appreciated

**From:** Customer Service <[customerservice@LBWL.COM](mailto:customerservice@LBWL.COM)>

**Sent:** Wednesday, June 4, 2025 2:24 PM

**Subject:** Webform submission from: Email BWL Commissioners > Body Content

Submitted on Wed, 06/04/2025 - 2:23 PM

Submitted by: Anonymous

Submitted values are:

**Select a Commissioner:**

All Commissioners

**Name**

Michelle Harmon

**Address**

Lansing, Michigan

**Message**

I sent an email out earlier this morning around 8:00 maybe nobody got it because I didn't get no acknowledgment but maybe you guys can't acknowledge I'm not sure how that works because I've asked to speak to people in accounting about the amounts that they're telling me am I deposit I was told I can't talk to them I can't get a supervisor on the phone until hours later when they call me and then have been service and they don't call back maybe the issue that I'm having is beneath you guys maybe I'm not important enough maybe I went Way Beyond what I need to go if I get what are you guys but after a month I'm kind of at the end of a road here I don't know what to do and in case you guys did not see the email I sent out earlier it was about a deposit and how they're spending me the last month I'm getting back to me different reasons and now apparently the system's down and you would think a multi-million dollar Corporation would have the computer system working I could be wrong on that though but that's the excuse I'm having right now from them

**From:** Customer Service <[customerservice@LBWL.COM](mailto:customerservice@LBWL.COM)>

**Sent:** Wednesday, June 4, 2025 5:01 PM

**Subject:** Webform submission from: Email BWL Commissioners > Body Content

Submitted on Wed, 06/04/2025 - 5:01 PM

Submitted by: Anonymous

Submitted values are:

**Select a Commissioner:**

David Price

**Name**

Victor Wooddell

**Address**

Royal Oak , Michigan

**Message**

I am a reporter for the Lansing Pulse. I am writing a story about the proposed changes in the charter that would affect the BWL, specifically the future status of the non-voting members. You can call me at 313-570-5853. Thank you.

**NOMINATING COMMITTEE**  
**Meeting Minutes**  
**June 17, 2025**

Nominating Committee: Dale Schrader, Committee Chairperson; Beth Graham; Chris Harkins; and DeShon Leek

The Nominating Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, June 17, 2025.

Nominating Committee Chairperson, Dale Schrader, called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Dale Schrader, Beth Graham, Chris Harkins, DeShon Leek; also present: Commissioners

Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner DeShon Leek, **Seconded** by Commissioner Beth Graham to approve the Nominating Committee meeting minutes of May 30, 2024.

**Action:** Motion Carried.

**Officer & Committee Survey Memorandum, Committee Selection Results Memorandum and Officer & Committee Survey Results and Comments**

Chairperson Dale Schrader stated that the Officer & Committee Survey Memorandum, Committee Selection Results Memorandum and the Officer & Committee Survey Results and Comments were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents. There was no discussion.

**Nomination of Board Officer Candidates for Fiscal Year 2025-2026**

**Chairperson and Vice Chairperson**

Chairperson Dale Schrader opened the floor for nominations for the Chairperson for the 2025-2026 fiscal year.

Commissioner Leek stated that it was important to endeavor to change leadership and rotate Commissioners to serve in the Chairperson and Vice-Chairperson capacity and nominated Commissioner Sandra Zerkle for Board Chairperson as she has served in past but not for a few years.

Chairperson Schrader commented that Commissioner Leek made a valid point and it was well taken and that there should be rotation in leadership on the Board.

Commissioner Harkins nominated current Board Chairperson David Price as he has done a fine job leading and added that he appreciated Commissioner Leek's point about rotating and it is valid and important.

**Motion** by Commissioner DeShon Leek, **Seconded** by Commissioner Beth Graham to nominate Commissioner Sandra Zerkle to serve as Chairperson of the Board of Commissioners for the 2025-2026 Fiscal Year.

**Roll Call Vote:**

**Yeas:** Commissioner DeShon Leek

**Nays:** Commissioners Dale Schrader, Chris Harkins, and Beth Graham

**Action:** Motion Failed 3 to 1.

**Motion** by Commissioner Chris Harkins, **Seconded** by Commissioner Dale Schrader to nominate Commissioner David Price to serve as Chairperson of the Board of Commissioners for the 2025-2026 Fiscal Year.

**Yeas:** Commissioner Dale Schrader, Commissioner Chris Harkins, Commissioner Beth Graham

**Nays:** Commissioners DeShon Leek

**Action:** Motion Carried 3 to 1.

Chairperson Dale Schrader opened the floor for nominations for the Vice Chairperson for the 2025-2026 Fiscal Year.

Motions were made to nominate Commissioner Sandra Zerkle and Commissioner Semone James to serve as Vice-Chairperson of the Board of Commissioners.

**Motion** by Commissioner DeShon Leek, **Seconded** by Commissioner Chris Harkins to nominate Commissioner Sandra Zerkle to serve as Vice-Chairperson of the Board of Commissioners for the 2025-2026 Fiscal Year.

**Yeas:** Commissioners Beth Graham, DeShon Leek, Chris Harkins

**Nays:** Commissioner Dale Schrader

**Action:** Motion Carried 3 to 1.

**Motion** by Commissioner Dale Schrader, **Seconded** by Commissioner Beth Graham to nominate Commissioner Semone James to serve as Vice-Chairperson of the Board of Commissioners for the 2025-2026 Fiscal Year. Motion did not move forward.

Commissioner Harkins stated that Commissioner Leek's comment regarding consistent rotation of leadership played heavily for that particular vote. Chairperson Schrader agreed that leadership should be rotated.

**Motion** by Commissioner DeShon Leek, **Seconded** by Commissioner Beth Graham to present the Slate of Officers for Fiscal Year 2025-2026 to the full Board for consideration as follows:

Chairperson: David Price  
Vice Chairperson: Sandra Zerkle

**Roll Call Vote:**

**Yeas:** Commissioners Dale Schrader, Beth Graham, Chris Harkins, and DeShon Leek

**Nays:** None.

**Action:** Motion Carried.

Nominating Committee Chairperson Dale Schrader stated that the recommended slate will be presented to the full Board for consideration and nominations will be taken from the floor at the July 22, 2025, Regular Board/Annual Organizational meeting.

Commissioner Leek commented that even though the vote was 3 to 1 for Commissioner Price, his vote was based on his point of rotating leadership.

Corporate Secretary commented that Commissioner Leek's statement was valid but he is an active member of the Board and Nominating Committee and has a vote to be heard.

**Adjourn**

There being no further business, the meeting adjourned at 5:41 p.m.

Respectfully submitted,  
Dale Schrader, Chairperson  
Nominating Committee

**COMMITTEE OF THE WHOLE**  
**Meeting Minutes**  
**July 8, 2025**

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, July 8, 2025.

Chairperson Semone James called the Committee of the Whole Meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle; and Non-Voting Commissioners Brian Ross (DeWitt Township) and Bob Worthy (Delta Township)

Absent: Non-Voting Commissioner J. R. Beauboeuf (East Lansing)

Corporate Secretary LaVella Todd declared a quorum.

Chairperson James welcomed back to the Board Advisory Commissioner Brian Ross representing DeWitt Township.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner David Price, to approve the Committee of the Whole Meeting minutes of May 13, 2025.

**Action:** Motion carried. The minutes were approved.

**RPC Update**

Chief Financial Officer, Scott Taylor, presented the Retirement Plan Committee update. DB and VEBA plans are near target despite recent market volatility. The RPC is working through the process of adding the approved State Street GTC Retirement Income Builder (RIB) Series of funds. Requirements were not met in FY25 Q3 for the VEBA Plan Reimbursement to BWL for Benefits Paid. The RPC voted to temporarily extend the contract with Captrust during which time a Request for Information (RFI) will be conducted in the retirement plan advisory service market.

Commissioner Zerkle asked what percentage triggers reimbursement not being paid and what is in the investment portfolio and their percentages. CFO Taylor responded that the minimum threshold for the plan is to be 125% funded, an actuary estimate of impact is needed for any significant assumption changes to make sure we don't fall below 125%, returns performance cannot be below 6.5% without impacting reimbursement. CFO Taylor also responded that there is an investment policy statement for each plan and contains a fixed income portion, small cap,

large cap and international funds, and real estate assets. CFO Taylor offered to provide the percentages to the Corporate Secretary to send to the Commissioners.

Commissioner Mullen stated that the fiscal year to date return of \$8.6 million was about 67% of the target of \$12.9 million and asked if any percentage was received from the balance for that quarter. CFO Taylor responded that nothing was reimbursed for the third quarter because amounts already reimbursed through the first two quarters are also taken into consideration.

### **Rules and Regulations**

Director of Strategic Planning & Development Kellee Christensen presented the proposed Rules and Regulations updates to go into effect on October 1, 2025. The rules and procedures were reviewed for clarity and consistency, to address changes in practices and procedures, updated codes and laws, new issues and business practices, and to ensure fees and costs are recovered and applied correctly and aligned with the rate strategy.

Commissioner Mullen asked who has the authority to enforce the rules and regulations. Ms. Christensen responded that the Board of Commissioners has that authority.

Commissioner Worthy asked what occurs in the process of remotely reconnecting service after payment is made if expedited service is requested and if normal service is requested. Ms. Christensen responded that the reconnect service is usually the same day if there are no additional factors.

Commissioner Harkins thanked Ms. Christensen for the clear presentation, the red-line version of the Rules and Regulations, and the commitment to making sure the customers' security deposits are reflected appropriately. Commissioner Harkins asked about the change in fees due to the cost of business change and if there was any anticipated change in revenue. Ms. Christensen responded that it is just offsetting the costs. Commissioner Harkin also asked about the reconnect fees for nonpayment for residential customers and asked how the disconnect numbers compare to other utilities. AGM Heather Shawa stated that the number of disconnected residential customers could include multiple disconnections for the same household shut-offs.

Commissioner Mullen commented that the Finance Committee Meeting will include the PA 95 Audit which includes shut-offs for a twelve-month period. GM Peffley stated that in comparing communities by income, the BWL is within the median range of household shut-offs.

Commissioner Schrader asked if the shut-offs were only for nonpayment or also for those relocating. Ms. Christensen responded that the shut-offs were for nonpayment or tampering only.

Commissioner Zerkle commented that there is a cost of business and asked, since there was volatility in the country, if there were plans for a loss of money occurrence. GM Peffley responded that if there was a drastic negative impact, a special dispensation would be

requested. GM Peffley added that APPA data states that 5-year inflation increases across the country in costs of the top pole wire is up 59%, the cross arm is up 97%, the insulators are up 70%, the transformers are up 97%, the lower wires are up 68%, and ground wires are up 50%. BWL is not coming close to keeping up with inflation. Customers who need the service will be charged the appropriate amounts so that the remaining customers will not have the burden. Commissioner Zerkle commented that rates have been increased a couple of times in the past due to extra cost and asked whether extra monitoring would be conducted due to the awareness of current volatility. GM Peffley responded that the increases already noted don't include tariffs, and any negativity would be watched closely so that the cost of service would be applied to the appropriate class of customers.

Chairperson James also commended Ms. Christensen on the presentation and the redline version of the Rules and Regulations, and Ms. Christensen stated that the Associate Attorney, Marie Mireles, did the work on the document. Chairperson James also commended Attorney Mireles on a job well done.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Tony Mullen, to approve the Rules and Regulations Resolution and forward it to the full Board for consideration.

**Action:** Motion Carried.

#### **North Lansing Solar Update**

Ms. Christensen presented the North Lansing Solar Update. Construction of a 6 MW solar field, 39 acres in size, began with the site prep in December 2024 and will be ready to operate in Spring 2026.

Chairperson James asked if sheep would be used to cut the grass around the solar arrays, which is becoming an industry best practice. Ms. Christensen responded that sustainability and operations employees were working on a site maintenance plan. GM Peffley added that the site is perfect for the solar array because it is a closed landfill.

Commissioner Price asked what the timeline is for completion at the Comfort Street site. Ms. Christensen responded that the site is in design right now and will be later than that of the North Lansing site.

#### **Resolution Honoring Stuart Goodrich**

**Motion** by Commissioner Beth Graham, **Seconded** by Commissioner David Price, to approve the Resolution Honoring Stuart Goodrich and forward it to the full Board for consideration.

**Action:** Motion Carried.

Commissioner Zerkle commented that it is the second time that Commissioner Goodrich has been on the Board and, although he has had health issues this time, he has been impressed with and supported the Board of Commissioners and well deserves the recognition.

### **Other**

GM Peffley gave an update on the Community meeting regarding the Lansing Charter being reviewed and if it passes, the representation for the Non-Voting Commissioners would end and the General Manager or designee would meet with the affected areas quarterly and have communications with them. We have already hosted a version of these meetings on June 4, titled 'Coffee & Conversations with the General Manager.' One customer attended who was interested in turn-offs and turn-ons and saving energy. GM stated that it indicated customers had no issues with the outcome in the Charter.

Commissioner Price stated that he had the pleasure of marching in the Juneteenth Parade on June 21<sup>st</sup> with BWL. He added that groups of families applauded when BWL passed by and were thankful for the outstanding BWL storm response.

Chairperson James asked if the BWL would be receiving any financial assistance from the State of Michigan due to the enormous cost of the recent storm. GM Peffley responded that a request had been submitted. The grant process is lengthy, but we recently received just under \$1 million dollar grant from the State of Michigan, in response to the storm two years ago. Chairperson James thanked GM Peffley for the update and a job well done by he and his staff.

**Motion** by Commissioner Chris Harkins, **Seconded** by Commissioner Beth Graham for an excused absence for Commissioner J. R. Beauboeuf.

**Action:** Motion Carried.

### **Adjourn**

Chairperson Semone James adjourned the meeting at 6:24 p.m.

Respectfully Submitted,  
Semone James, Chairperson  
Committee of the Whole

**FINANCE COMMITTEE**  
**Meeting Minutes**  
**July 8, 2025**

Finance Committee: Tony Mullen, Committee Chairperson; Semone James; David Price; and Dale Schrader; Alternates: Beth Graham, Sandra Zerkle; Non-Voting: Commissioners J. R. Beauboeuf, Stuart Goodrich, Robert Worthy.

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, July 8, 2025.

Finance Committee Chairperson Tony Mullen called the meeting to order at 6:31 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, Tony Mullen, David Price, and Dale Schrader; Also Present: Commissioners Beth Graham, Chris Harkins and Sandra Zerkle; and Non-Voting Commissioners Brian Ross (DeWitt Township) and Bob Worthy (Delta Township)  
Absent: Non-Voting Commissioner J. R. Beauboeuf (East Lansing)

Corporate Secretary LaVella Todd declared a quorum.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner Dale Schrader, **Seconded** by Commissioner David Price, to approve the Finance Committee Meeting minutes of May 13, 2025.

**Action:** Motion Carried. The minutes were approved.

**Financial Summary YTD**

Chief Financial Officer Scott Taylor presented the YTD Financial Summary. Cash position is strong with 200 days cash on hand. About \$206 million in restricted funds, \$162 million is associated with 2024A bond issuance to fund capital projects. Wholesale sales are continuing to run under, but adjustments have been made to FY2026-2031 Budget and Forecast assumptions to reflect wholesale market trend. Operating Expenses are running under due to fuel savings from less generation than planned. Non-Operating Income is running over due to higher than budgeted investment income driven by slightly higher balances in cash and investment portfolios. YTD Net Income is running higher, full year Net Income is projected at \$17.7 million primarily due to conservative assumptions on retirement plan investment returns. YTD capital expenditure is running 16% under due to timing, June is a construction heavy month, and we expect the spending to reach the target by fiscal year end. YTD Return on Assets exceeded budget due to over performance in Net Income. Debt to Total Assets ratio is in red due to the issuance of debt to expand the generation portfolio, ratio will reduce back to industry

benchmark over time as the bonds are paid back. In Payroll Data, overtime is 14.8% due to May storm restoration.

### **Capital Exceedance Request for Electric Annual**

Chief Financial Officer Scott Taylor presented the May Capital Report EA Exceedance Estimate. The main reason for the exceedance is the unexpected \$3.5 million capital expenditure for storm restoration. In May, the Board has approved an exceedance of \$5.8 million in the Electric Annual due to T&D system emergent work, pole replacement and transformer purchases, the exceedance we are requesting this time is in addition to that.

Commissioner James asked whether any assistance would be received from the state for the storm. GM Peffley responded that the storm was declared as a disaster by the Governor and a request for financial assistance will be submitted. The City of Lansing files the request and BWL will get our share if any financial assistance is received.

Commissioner James asked if the assistance is based on the amount spent. GM Peffley responded that there is a \$1 million state cap. CFO Taylor added that for federal assistance through FEMA there needed to be \$17 million in restoration costs and there was only \$14 million for the previous storm in August 2023.

Commissioner Leek asked what project work was done at Walter French in 2023. General Counsel Matus responded that energy efficiency work was done on the solar parking project's new equipment. GM Peffley responded that financing for the project took a while to complete.

Commissioner Schrader asked what the Capital Exceedance for Electric Annuals was for. GM Peffley responded that it was for the unexpected expenses that were incurred from the storm response.

Commissioner Price asked what percentage the exceedance had to reach per policy for there to be a request. GM Peffley responded that exceedance is over 15% and \$200,000 is board reportable.

Commissioner Worthy asked what the 15% applied to as there was already an approval for \$20 million. CFO Taylor responded that the calculations are based on the original budget.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Semone James, to approve the Resolution for the Capital Exceedance Request - Electric Annual Budget Line and forward it to the Full Board for consideration.

**Action:** Motion Carried.

### **Appointee Expense Policy**

General Counsel Mark Matus presented the Appointee Expense Policy. The request was to create a policy from Resolutions 2015-07-04 and 2023-07-06 and add Other Expenses that are neither P-

Card expenses nor travel-related expenses. Approval of the Other Expenses will be by the Finance Committee Chairperson and a Finance Committee Member.

Chairperson Mullen stated that the policy was discussed at a previous meeting and was postponed so that the policy would be complete and accurate.

Commissioner Zerkle asked if the other expenses would be reported in the same format as the P-Card. Chairperson Mullen responded that it would be a separate report but reported in the same format as the P-Card report.

Commissioner Leek asked what would be considered an Other expense. GC Matus responded that hiring an outside consultant or outside service would be considered an example Other expense.

Commissioner Worthy asked if it would be cheaper to use the purchase order system than the P-Card system and what is better for control and cost. GC Matus responded that P-Card system works well for incidental expenses or simple transactions with a credit card and the purchase order system works for purchases for more money. GM Peffley added that P-Cards for field employees works for speed and flexibility if something needs to be quickly purchased at a store. Purchase orders weren't readily available at some stores.

Commissioner Schrader asked if an example of an Other expense would be educational expenses. GC Matus affirmed, and it would be a budgeted item that the appointee would put in the report.

Commissioner James asked if there were certain expenditures such as certifications with continuous testing that would fall under this policy or would it fall under another policy. GC Matus responded that payment for educational expenses have been placed on P-Cards, and check requests also have been made which would be an Other expense. Commissioner James asked if the appointed employees follow the same educational policies as the BWL employees. GM Peffley responded that the appointed employees would fall under the same educational policies as non-bargaining employees.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Semone James, to approve the Resolution for the Appointee Expense Policy and forward it to the Full Board for consideration.

**Action:** Motion Carried.

### **Travel & Expense Policy**

General Counsel Mark Matus presented the Travel & Expense Policy. Approval of travel and expenses would be by the Board Chairperson and Vice-Chairperson.

Commissioner James asked for clarification on the approval process. GC Matus responded that it is on page two of the policy that all expenses must be summarized on the Form and submitted for review and approval by the Board Chair and Vice-Chair.

Commissioner Schrader asked what happens if the Board Chair and Vice-Chair don't agree on the expense. Chairperson Mullen responded that the expense wouldn't be approved.

A discussion followed regarding having an appeal process for all expense requests and that all appeals would go to the Finance Committee for review and approval if there is a dispute in which the two approving Board Members don't agree. GC Matus stated that he will add to the Other Expenses in the Appointee Expense Policy the provision that if there is a dispute between the Finance Committee Chairperson and the Finance Committee Member, the appeal process will be to send it to the whole Committee.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Semone James to approve the amendment to the Resolution for the Travel & Expense Policy.

**Action:** Motion Carried.

**Motion** by Commissioner Semone James, **Seconded** by Commissioner David Price to approve the amended Resolution for the Travel & Expense Policy and forward it to the full Board for approval.

**Action:** Motion Carried.

GC Matus stated that he will amend the Appointee Expense Policy for P-Card Expenses and Other Expenses with the provision that if there is a dispute between the Finance Committee Chairperson and the Finance Committee Member, the appeal process will be to send it to the whole Committee. GC Matus stated that he will also amend the Travel & Expense Policy to make reference to the appeal process.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader to approve the amendment to the Resolution for the Appointee Expense Policy.

**Action:** Motion Carried.

**Motion** by Commissioner Semone James, **Seconded** by Commissioner David Price to approve the amended Resolution for the Appointee Expense Policy and forward it to the full Board for approval.

**Action:** Motion Carried.

#### **FY2026 Internal Audit Work Plan**

Director of Internal Audit Elisha Franco presented the FY2026 Internal Audit Work Plan. The audits consist of payroll, disaster recovery, data security assessment IT audit, penetration testing, billing, and environmental compliance.

Chairperson Mullen asked if the billing audit would include when the change was made from analog to AMI and why bills increased for some customers. Ms. Franco responded that the accuracy of the Smart-meters will be included.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Semone James to forward the Resolution for the FY2026 Internal Audit Work Plan to the full Board for approval.

**Action:** Motion Carried.

### **PA 95 Audit Results**

Director of Internal Audit Elisha Franco presented the PA 95 Audit Results. The audit was conducted to assess the effect of opting into PA 95 on BWL and BWL customers from October 1, 2024 through April 30, 2025 and whether opting into PA 95 affected BWL's bad debt position, whether the Community Resource Fairs were effective, whether the Community Agency Payment Assistance Portal is adequately designed and functional, and whether customer shut-off rates were adversely affected due to the implementation of PA 95. BWL customers experienced a positive financial impact from PA 95 participation, Community Resource Fairs were successful and effective, the portal was functional, bad debt decreased, and the total dollar value of customer accounts sent to bad debt decreased. Shut-offs reduction could not be attributed to PA 95.

Commissioner Zerkle asked if PA95 was successful. GM Peffley responded that bad debt and frequency of shut-offs are dropping and believes opting into PA 95 was the right way to go.

GM Peffley commented that the shut-off numbers don't inform whose service was turned back on. Prior to PA 95, thousands were in the queue to be shut off in April which overloaded the State of Michigan's assistance programs. Debt also increased during winter non shut offs and assistance would only be provided at a certain limit. PA 95 also helped by leveling when shut offs occurred.

Commissioner Worthy stated that in the annual audit report it was reported that the amount submitted was about \$600,000 and the amount returned to BWL was \$1.24 million and asked why the time period audited was 7 months and not a year. Ms. Franco responded that there wasn't enough data for an adequate comparison for a year, but she can provide the data from the year to the Commissioners. Commissioner Worthy also asked how an increase in awareness of the resource fairs is validated. Ms. Franco responded that the number of customers attending the fairs and receiving help is the method reviewed. GM Peffley responded that the number of customers that leave the fairs smiling is a validation also.

Commissioner Worthy asked how payment of funds was received from the state through the PA 95 program. GM Peffley responded that BWL is paid directly, and Ms. Franco added that the payment is entered through the portals. Ms. Franco also commented that BWL is no longer able to opt out and has to opt in.

### **P-Card Audit Results**

Director of Internal Audit Elisha Franco presented the P-Card Audit Results. The audit was conducted to examine the processes, procedures, and documentation from July 1, 2024, to January 31, 2025, and to determine whether transactions comply with policies, whether controls for transactions are effective, and whether cardholders comply with the P-Card and Travel and Expense policies. Two low-risk findings were identified as transactions not being reconciled by

the required deadline and activation of newly issued P-Cards before the required training agreement was signed. Four process improvement recommendations were identified during the audit.

GM Peffley commented that there has been improvement with four recommendations as previously there were 30 recommendations.

Commissioner James asked at what point the training agreement was signed for the issued P-Card and was the training completed before using the P-Card. Ms. Franco responded that the audit only looked at the training and not the use of the P-Card. Commissioner James asked how the finding is remedied. Ms. Franco responded that ensuring that training is completed, the agreement is signed, the P-Card has not been used, and that the card is not put into the system until the agreement is signed.

### **Internal Audit Status Report**

Director of Internal Audit Elisha Franco presented the internal audit status report. The report included an audit update, issue status update, FY 2025 audit work plan and department items. All four audits have been completed for the year. The internal audit department has welcomed two new employees, an intern supporting department activities and a temporary administrative assistant. The intern will be making a final presentation with the other interns in August, and the Commissioners are invited to attend. Of the departmental updates on procedures and governance documents with which BWL assisted Plante Moran, the internal audit strategic plan is in progress, the quality assurance and improvement program plan draft are complete, and the internal audit organizational risk assessment is 80% complete. An internal audit manual draft is also complete. Updates will be given in September.

Commissioner James asked if Plante Moran assisted with all the audits. Ms. Franco responded in the affirmative.

Commissioner Price asked how artificial intelligence will affect the internal audit function. Ms. Franco responded that right now it won't affect the internal audit department but will need to look into it down the road.

### **Follow-up to Internal Audit Findings Recommendations**

Senior Internal Control Analyst Cody Rochefort presented the follow up to Internal Audit findings. The open findings and recommendations included additions to the Rules and Regulations, updates to the P-Card procedure, and a review of the PA 95 platform. The Closed findings and recommendations included Cash Receipts audit and P-Card Audit.

Commissioner Graham asked what the cost was to manage the PA 95 system and is it nice to have. AGM Heather Shawa stated that there were initially some configuration costs but with the net benefit to customers the PA 95 program is worth it.

Commissioner Harkins asked whether the audit findings could be provided in spreadsheets on the Commissioner Dashboard. CFO Scott Taylor stated that currently the information is internal for management. Chairperson Mullen stated a meeting could be held further down the road to determine what could be provided. Commissioner Price and Commissioner Zerkle commented that previously a status document was provided to the Commissioners. AGM Shawa stated that it can be provided again. GM Peffley stated that information can be provided if needed.

Commissioner James added that she would also like to receive the reporting that Commissioner Harkins requested and have it placed on the Commissioner Dashboard. Ms. Franco responded that she and Mr. Rochefort would put a spreadsheet together and provide it for the Commissioners.

**Other**

There was no other business.

**Adjourn**

Chairperson Tony Mullen adjourned the meeting at 8:01 p.m.

Respectfully submitted,  
Tony Mullen, Chairperson  
Finance Committee

**RESOLUTION #2025-07-XX**

**FY26 Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services**

RESOLVED, that Fiscal Year 2025-2026 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented by Management on July \_\_\_, 2025, to be effective October 1, 2025.

**Motion** by Commissioner \_\_\_\_, **Seconded** by Commissioner \_\_\_\_, to approve the Rules and Regulations for FY26 at a Board meeting held on July \_\_\_, 2025.

**Action:**

**RESOLUTION 2025-XX-XX**  
**Lansing Board of Water & Light**  
**Resolution Honoring Stuart Goodrich**

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

WHEREAS, Stuart Goodrich was appointed as an Advisory Commissioner of the Board of Water & Light on July 1, 2024, to represent Delhi 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, Stuart owns Goodrich Optical in Lansing, is an American Board Certified Optician, a former President of the Opticians Association of Michigan, and a former chair of the Commission for Opticianry Accreditation (U.S. Department of Education), served as a Director on the Opticianry Advisory Committee at Ferris State University and on the Michigan Braille Transcribing Fund, served on both Holt/Dimondale Schools and Ingham Intermediate School District Boards and was awarded Alumnus of the Year, by the Holt/Dimondale School/Business Alliance, was the founding chair of the Delhi Development Authority in 1987, elected to the position of Trustee for Delhi Township in 1992 and served 10 years as Delhi Township Supervisor; and

WHEREAS, Stuart is a 48 year Charter Member of the Holt Lions Club, has received numerous awards and serves as a trustee on the Board of Directors for the Michigan Lions Foundation, has received the “Unsung Hero” award from WLNS TV, Community Service Person of the Year from The South Lansing Business Association, an “Appreciation Award” from Radio Talking Book, now known as Radio Reading Service WKAR Radio, from Michigan State University for being “The Driving Force In Saving The Program By Involving Lions”, and was elected to the Michigan Lions Hall of Fame in 2013; 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 Stuart Goodrich for his year of distinguished service in Regular Board Meeting this 22<sup>nd</sup> day of July, 2025. We sincerely wish Stuart continued success in all his future endeavors and achieving that which is in the best interest of our community.

David Price, Chairperson

Semone James, Vice Chairperson

J. R. Beauboeuf

Beth Graham

Chris Harkins

DeShon Leek

Tony Mullen

Dale Schrader

Robert Worthly

Sandra Zerkle

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by Commissioner \_\_\_\_\_, to approve the resolution of tribute for the outgoing Commissioner Stuart Goodrich at a Board meeting held on July 22, 2025.

**Action:**

**RESOLUTION 2025-07-XX**

**Capital Project Exceedance: AE – Electric Annuals**

WHEREAS, Lansing Board of Water & Light’s (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for annual capital projects that are expected to exceed their previously approved aggregate total budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project AE – Electric Annuals was \$14,638,000; and

WHEREAS, at a Board Meeting held on May 20, 2025, the BWL Board of Commissioners approved the projected spending for Capital Project AE – Electric Annuals with a projected final total cost of \$20,431,843 via Resolution 2025-05-06; and

WHEREAS, the projected final total cost for Capital Project AE – Electric Annuals is now \$23,390,192, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project AE – Electric Annuals projected spending be approved.

THEREFORE, it is:

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project AE – Electric Annuals with a projected final total cost of \$23,390,192.

FURTHER RESOLVED, this Resolution supersedes and replaces Resolution 2025-05-06.

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by Commissioner \_\_\_\_\_, to approve the Resolution for Capital Project Exceedance: AE – Electric Annuals at a Board meeting held on \_\_\_\_\_.

**RESOLUTION 2025-07-XX**  
**Appointee Expense Policy**

WHEREAS, the Lansing Board of Water & Light Board of Commissioners (“Board”) approved Resolution 2015-07-04 to amend the Credit Card Policy to add language requiring a reconciliation report of P-Card expenses be completed by all Board appointed employees (“Appointee”) and presented to the Finance Committee Chair for approval; and

WHEREAS, the Board approved Resolution 2023-07-06 to further amend the Credit Card policy to require a second Finance Committee member to review and approve Appointee P-Card expenses and established the spending limits of Appointees; and

WHEREAS, the Board now desires to create a new policy, the Appointee Expense Policy (Attachment A), to consolidate within one document the administration of Appointee P-Card expenses as well as other expenses administered using third-party payment program(s);

THEREFORE, it is:

RESOLVED, that the Board adopt and approve the Appointee Expense Approval Policy effective as of the date of this Resolution;

FURTHER RESOLVED, the changes to current practices required by this resolution shall also be reflected in the Purchasing Card (P- Card) Procedure, on the Commissioner’s Dashboard, and in any other relevant BWL documents.

FURTHER RESOLVED, the Appointee Expense Policy at Attachment A - supersedes and replaces Resolutions 2015-07-04 and 2023-07-06.

**Motion** by Commissioner \_\_\_\_\_, Seconded by Commissioner \_\_\_\_\_  
to approve the Appointee Expense Approval Policy at a Board Meeting held  
on\_\_\_\_\_.

**Action:**

**RESOLUTION 2025-07-XX**  
**Travel & Expense Policy**

WHEREAS, the Board of Commissioners (“Board”) adopted a Travel & Expense Policy (“Policy”) on May 23, 2023, with an effective date of July 1, 2023, which superseded the previously adopted Travel & Reimbursement Policy effective May 1, 2018; and

WHEREAS, the Board desires to amend the Policy to add an additional approval by the Vice-Chair to the review and approval process for all Board Appointee travel expenses.

THEREFORE, it is:

RESOLVED, the Board approves the revised Travel & Expense Policy (Attachment A) effective July 1, 2025.

FURTHER RESOLVED, that the Travel & Expense Policy, effective July 1, 2023, is superseded by the Travel & Expense Policy as of July 1, 2025.

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by Commissioner \_\_\_\_\_ to adopt the revised Travel & Expense Policy at a Board meeting held on July 22, 2025.

**Action:**

**RESOLUTION 2025-XX-XX**  
**Internal Audit Plan for FY 2026**

RESOLVED, that the Board of Commissioners hereby approve the Internal Audit Plan for FY 2026.

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by \_\_\_\_\_ to approve the Internal Audit Plan for FY2026 at a Board meeting held on \_\_\_\_\_, 2025.

**Action:**