



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

July 22, 2025

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, July 22, 2025.

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

Acting Corporate Secretary, Maria Koutsoukos, called the roll.

Present: Commissioners Beth Graham, Chris Harkins, Semone James (arrived @ 5:31 p.m.), DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle. Non-Voting Commissioners present: Commissioner Brian Ross (DeWitt Township) and Commissioner Robert Worthy (Delta Township)

Absent: Commissioners J. R. Beauboeuf (East Lansing)

Acting Corporate Secretary Maria Koutsoukos declared a quorum.

Chairperson David Price led the Pledge of Allegiance.

ELECTION OF OFFICERS FY 2025-2026

Nominating Committee Chairperson Dale Schrader presented the June 17, 2025, Nominating Committee Report. The proposed slate of officers for Fiscal Year 2025-2026 is as follows: Commissioner David Price serving as Chairperson; and Commissioner Sandra Zerkle serving as Vice Chairperson. There were no further nominations for the officers' positions from the floor.

Motion by Commissioner Semone James, **Seconded** by Commissioner Tony Mullen to close nominations for officers' positions.

Action: Motion Carried.

Motion by Commissioner Semone James, **Seconded** by Commissioner Tony Mullen to approve the nominations of Commissioner David Price to serve as Chairperson and Commissioner Sandra Zerkle to serve as Vice Chairperson of the Board of Commissioners for Fiscal Year 2025-2026.

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

Chairperson David Price stated that the Executive Committee consists of the Board Chairperson, the Board Vice Chairperson, the past Board Chairperson, plus a Board Member selected by the Board Chairperson and approved by vote of the Board Members. As the past Board Chairperson, Sandra Zerkle, is now the Board Vice Chairperson. Chairperson David Price appointed Commissioner Semone James as a past Board Chairperson to be on the Executive Committee. Commissioner Semone James accepted the appointment as a past Board Chairperson for the Executive Committee.

Chairperson David Price nominated Commissioner Dale Schrader as the Board Member for the Executive Committee. Commissioner Dale Schrader accepted the nomination as the Board Member for the Executive Committee.

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek to approve the appointment of Commissioner Dale Schrader as the 4th Member of the Executive Committee.

Action: Motion carried.

Chairperson David Price stated committee assignments will be sent out next week and he will be reaching out to board members regarding their preferences. Commissioner Dale Schrader has agreed to be chairperson of the Finance Committee and Commissioner Tony Mullen has agreed to be the chairperson of the Human Resources Committee.

APPROVAL OF MINUTES

Motion by Commissioner Chris Harkins, **Seconded** by Commissioner Semone James to approve the Regular Board Meeting Minutes of May 20, 2025.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments.

COMMUNICATIONS

Electronic mail received from Leo Kaplan regarding Reporting on Storm Request - *Referred to Management. Received and Placed on File.*

Electronic mail received from Logan Wilk regarding Electric Service - *Referred to Management. Received and Placed on File.*

Electronic mail received from Michelle Harmon regarding Security Deposit - *Referred to Management. Received and Placed on File.*

Electronic mail received from Michelle Harmon regarding Utility Bill - *Referred to Management. Received and Placed on File.*

Electronic mail received from Victor Wooddell regarding Lansing City Charter Reporter Request - *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Commissioner Dale Schrader presented the Nominating Committee Report:

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

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 Leeks' 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

Commissioner Semone James presented the Committee of the Whole Report:

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 21st 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 Chairperson Tony Mullen presented the Finance Committee Report:

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

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 2025-07-01

FY26 Rules and Regulations for Electric, Water, Steam and Chilled Water

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 22, 2025, to be effective October 1, 2025.

Motion by Commissioner Semone James, **Seconded** by Commissioner Tony Mullen, to approve the Rules and Regulations for FY26 at a Board meeting held on July 22, 2025.

Action: Motion Carried.

RESOLUTION 2025-07-02

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 22nd 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
J. R. Beauboeuf
Chris Harkins
Tony Mullen
Robert Worthy

Semone James, Vice Chairperson
Beth Graham
DeShon Leek
Dale Schrader
Sandra Zerkle

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

Action: Motion Carried.

RESOLUTION 2025-07-03

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 Dale Schrader, **Seconded** by Commissioner Beth Graham, to approve the Resolution for Capital Project Exceedance: AE – Electric Annuals at a Board meeting held on July 22, 2025.

Action: Motion Carried.

RESOLUTION 2025-07-04
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.

Commissioner James requested consideration of the P-Card being reviewed by the Purchasing Card Department to ensure conformance to policy. There may be procedures or items that the

Commissioners may not be aware of that GM Peffley can designate on his staff to ensure that guidelines are followed and everything is in conformance. Chairperson Price asked if this was a request to amend the motion to require a review by internal staff prior to the approval being sent to the Board Members. Commissioner Mullen stated that he didn't agree with a need for that as employees are trusted to do their job. An extra level of review would just delay payments. Chairperson Price requested a motion.

Motion by Commissioner James to amend the Appointee Expense Policy to add a level of review to require someone on management's staff to make sure that all of the reports sent to the Board for approval are reviewed and in compliance. There wasn't a second and the motion failed.

Commissioner Zerkle commented that if further discussion was recommended it could be taken to Committee as the P-Card policy and expenses have been reviewed thoroughly the past year. Commissioner James stated that her concern was due to the previous internal auditor's expenses that were incurred that were approved, by someone other than the Board, but were not all proper.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner DeShon Leek to approve the Appointee Expense Approval Policy at a Board Meeting held on July 22, 2025.

Action: Motion Carried.

RESOLUTION 2025-07-05

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 Tony Mullen, **Seconded** by Commissioner Beth Graham to adopt the revised Travel & Expense Policy at a Board meeting held on July 22, 2025.

Action: Motion Carried.

RESOLUTION 2025-07-06
Internal Audit Plan for FY 2026

RESOLVED, that the Board of Commissioners hereby approve the Internal Audit Plan for FY 2026. **Motion** by Commissioner Semone James, **Seconded** by Tony Mullen to approve the Internal Audit Plan for FY2026 at a Board meeting held on July 22, 2025.

Action: Motion Carried.

MANAGER'S REMARKS

General Manager (GM) Dick Peffley gave the following remarks

1. The 10th State of the BWL address was given today.
2. The GM Roundtable will be held at 11:30 am on July 23, 2025 at the Depot. The State of the BWL Address will be given again.
3. The Lansing City Charter was sent to and reviewed by the Attorney General's office, Governor Whitmer has signed it, and the Charter will be on the November 4th ballot. The Charter Commission has been briefed on what they can and can't say individually. As a group they can put the facts out and some literature may be sent out by different factions. Three of the Committee Members didn't support it overall with different reasons. If it passes or fails, there are no negative issues for BWL operations.
4. The BWL Employee Picnic will be on July 29, 2025 at 5:00 p.m. at the Lugnuts Stadium.
5. The REO Depot will be open on July 26, 2025 from 10:00 a.m. to noon for a City of Lansing At-Large constituent meeting. Public Safety will give a presentation with LPD Chief Backus and Fire Chief Sturdivant and the Lansing Empowerment Network.
6. The BWL 5k will be held on August 9th. The funds support Pennies for Power.

Commissioner Zerkle asked if the Charter goes on the ballot on November 4th does it go in effect next year or in two years. Breina Pugh, BWL Government & Community Relations Supervisor, responded that it will technically take effect on January 1, 2026 but there is an article called Chapter 9, which is the transition article which includes City Council changes that will take effect in 2029.

Commissioner Leek asked about the Golf Outing. GM Peffley responded that he would send an update. The BWL Golf Outing has raised \$100,000's for Wounded Warriors, for the Michigan State Women's basketball team, and Pennies for Power and will be held on August 15th.

COMMISSIONERS' REMARKS

Commissioner Zerkle thanked the Commissioners for the support as Vice-Chairperson and encouraged the Commissioners to contact her if needed. Commissioner Zerkle also commented that the State of the BWL Address event was well planned and the employees enjoyed it.

Chairperson Price commented that he and Commissioner Harkins spoke to Mayor Schorr at the State of the BWL Address and the Mayor is pleased with what BWL is accomplishing and the

contribution to economic development in the area and the potential for more of that. The Mayor is also pleased with the composition of the Board and how it works together. GM Peffley added that the Mayor is impressed with the work that is done and that BWL works to keep the Commissioners informed. Also, there is consideration for development moving to Lansing from the Detroit Birmingham area.

Commissioner James thanked the Board for allowing her to serve for the last three years in leadership, this past year as Vice-Chairperson and the previous two years as Chairperson and appreciates serving with them. She further commented that we accomplished a lot as a Board. She commended the Internal Auditor for doing a great job, and also the GM and his team.

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Chris Harkins for an excused absence this evening for Commissioner J. R. Beauboeuf.

Action: Motion Carried.

PUBLIC COMMENTS

BWL Retirement Planning Member, Jan Simpson, thanked BWL on behalf of the BWL Retirees for being invited to the State of the BWL Address and said it was wonderful.

ADJOURNMENT

Chairperson David Price adjourned the meeting at 5:59 p.m.

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 08-06-25
Approved by the Board of Commissioners: 09-23-25
Official Minutes filed (electronically) with Lansing City Clerk: 09-25-25