



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

July 27, 2021

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 27, 2021.

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

Chair Price welcomed new Commissioner Semone James representing the City of Lansing's 1st Ward and new Non-Voting Commissioner Brian Ross representing DeWitt Township who was not in attendance.

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

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

Absent: Commissioner Beth Graham and Non-Voting Commissioner Brian Ross (DeWitt Township).

Corporate Secretary Griffin declared a quorum.

Commissioner Mullen led the Pledge of Allegiance.

SPECIAL COMMUNICATION

- a. Letter of Resignation from BWL At Large Commissioner Ken Ross

Motion by Commissioner Mullen, **Seconded** by Commissioner Leek to accept, receive and place on File the July 13, 2021 letter of resignation from Commissioner Ken Ross.

Action: Motion Carried

ELECTION OF OFFICERS FY 2021-2022

Nominating Committee Chairperson Tony Mullen presented the June 15, 2021 Nominating Committee Report. The proposed slate of officers for Fiscal Year 2021-2022 is as such: Commissioner David Price serving as Chairperson; and Commissioner Sandra Zerkle serving as Vice Chairperson. There were no further nominations for the officers' positions.

Motion by Commissioner Mullen, **Seconded** by Commissioner Leek to approve the nominations of Commissioner David Price to serve as the Chairperson and Commissioner Zerkle to serve as the Vice Chairperson of the Board of Commissioners for Fiscal Year 2021-2022.

Action: Motion Carried.

Chair Price requested approval for the appointments of Commissioner Tony Mullen as the member of the Executive Committee to fill the past Chairperson position as the past Chairperson, Sandra Zerkle, is now filling the Vice Chairperson position of the Executive Committee, and Commissioner DeShon Leek as the final member of the Executive Committee.

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to approve the appointments of Commissioner Tony Mullen and Commissioner DeShon Leek to serve as the third and fourth members on the Board of Commissioners Executive Committee.

Action: Motion Carried.

SPECIAL PRESENTATION

On behalf of the Board of Commissioners, Chair Price presented Certificates of Appreciation to Delhi Advisory Commissioner, Stuart Goodrich and City of Lansing 1st Ward Commissioner, David Lenz.

APPROVAL OF MINUTES

Motion by Commissioner Mullen, **Seconded** by Commissioner Zerkle, to approve the Regular Board Meeting minutes of May 25, 2021 and the Special Board Meeting minutes of June 17, 2021.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments on agenda items.

COMMUNICATIONS

Electronic mail received from Claude Beavers regarding the Customer Portal - *Referred to Management. Received and Placed on File*

COMMITTEE REPORTS

Commissioner Tony Mullen presented the Nominating Committee Report:

NOMINATING COMMITTEE Meeting Minutes June 15, 2021

Due to public safety concerns resulting from the COVID-19 Pandemic, the Nominating Committee meeting of the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 4:30 p.m. on Tuesday, June 15, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ed8c3f9d079ba1e9532ceeeef22648917>

Event Number for Attendees: 132 808 7891 Event Password: WbjqpxHm292

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 808 7891

Nominating Committee Chair, Tony Mullen, called the meeting to order at 4:43 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

Tony Mullen remotely, Lansing, MI (Member)	Beth Graham remotely, Lansing, MI (Member)
DeShon Leek remotely, Lansing, MI (Member)	David Lenz remotely, Lansing, MI (Member)
Stuart Goodrich remotely, Delhi Township, MI	Ken Ross remotely, Lansing, MI

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Leek, **Seconded** by Commissioner Graham to approve the Nominating Committee meeting minutes of June 23, 2020.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz

Nays: None

Action: Motion Carried

Officer & Committee Survey and Committee Selection Results Memoranda

Nominating Committee Chair Mullen stated that the Officer Committee Survey and Committee Selection Results Memoranda and Committee Survey Results and Comments Forms were included in the Nominating Committee meeting packet for review and asked if there was any discussion regarding the documents. There was no discussion.

Nomination of Board Officer Candidates for Fiscal Year 2021-2022

Chairperson and Vice Chairperson

Nominating Committee Chair Mullen opened the floor for nominations for the Chairperson for the 2021-2022 fiscal year and for the Vice Chairperson for the 2021-2022 fiscal year.

Motion by Chair Mullen, **Seconded** by Commissioner Graham to nominate Commissioner David Price to serve as the Chairperson for the 2021-2022 fiscal year.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz

Nays: None

Action: Motion Carried

Motion by Commissioner Lenz, **Seconded** by Commissioner Graham to nominate Commissioner Tracy Thomas as the Vice Chairperson for the 2021-2022 fiscal year

Roll Call Vote:

Yeas: Commissioners David Lenz

Nays: Commissioners Tony Mullen, Beth Graham, and Deshon Leek

Action: Motion Failed

Motion by Commissioner Leek, **Seconded** by Chair Mullen to nominate Commissioner Sandra Zerkle as the Vice Chairperson for the 2021-2022 fiscal year.

Discussion: Commissioner Lenz questioned if Commissioner Thomas and Commissioner Zerkle had been vice chair prior to this past year. Chair Mullen affirmed Commissioner Zerkle had held the officer position of vice chair previously as well as the officer position of Chairperson and had more extensive experience with BWL and Board related matters. Commissioner Graham noted that Commissioner Zerkle did have a great deal of institutional knowledge.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz.

Nays: None

Action: Motion Carried

Motion by Commissioner Leek, **Seconded** by Commissioner Graham to present the slate of Officers for 2021-2022 to the full Board for consideration as follows:

Chair:	David Price
Vice Chair:	Sandra Zerkle

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Beth Graham, Deshon Leek, and David Lenz

Nays: None

Action: Motion Carried

Nominating Committee Chairperson Mullen stated that the recommended slate of officers will be presented to the full Board for consideration at the July 27th Board/Annual Organizational meeting; and that Nominations would also be taken from the floor for the Officer positions of Chairperson and Vice Chairperson at the said meeting.

Chair Mullen commented that as the Nominating Committee is small and believes that there isn't a reason for its existence, and that Commissioners should be able to submit their names for the Chair and Vice Chair positions to be voted on at the full Board meeting or have the Committee of the Whole as the Nominating Committee. Commissioner Lenz questioned if there is a specific reason for a Nominating Committee. Corporate Secretary Griffin responded that the BWL Board of Commissioner's Administrative Rules of Procedure designates the Nominating Committee as a Standing Committee that is specifically charged with the task of nominating and presenting a slate of officers at its Annual Organizational Meeting. Chair Mullen commented that the rules could be changed by the Board. In response, Corporate Secretary Griffin relayed that there is a process for making changes to the Administrative Rules of Procedures, one

of which includes submittal to the Lansing City Council for approval. Commissioner Lenz asked if the Nominating Committee exists so that Commissioners who are nominated are not casting a vote for themselves. Corporate Secretary Griffin stated that the Nominating Committee *usually* consists of Commissioners who are not seeking the position of Chairperson or Vice Chairperson.

Excused Absence

None

Adjourn

There being no further business, the meeting adjourned at 5:01 p.m.

Respectfully submitted,
Tony Mullen, Chair
Nominating Committee

Commissioner Tony Mullen presented the Human Resources Committee Reports:

**HUMAN RESOURCES COMMITTEE
Meeting Minutes
June 15, 2021**

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met via WebEx (BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 5:30 p.m. on Tuesday, June 15, 2021.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e31f1898a5116bb599080eb3f46b268aa>

Event Number for Attendees: 132 102 7716 Event Password: B7u7JdVKW9p

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 102 7716

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

Tony Mullen remotely, Lansing, MI (Member)	DeShon Leek remotely, Lansing, MI (Member)
Tracy Thomas remotely, Lansing, MI (Member)	Sandra Zerkle remotely, Lansing, MI (Member)
Stuart Goodrich remotely, Delhi Township, MI	Beth Graham remotely, Lansing, MI
Larry Merrill remotely, Delta Township, MI	David Price remotely, Lansing, MI
Ken Ross remotely, Lansing, MI	

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of May 18, 2021.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

FY 2022 Board Appointee Performance Reviews

HR Committee Chair Mullen opened the floor for the Board Appointee Performance Reviews.

Corporate Secretary

Corporate Secretary M. Denise Griffin 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 Commissioner Thomas, **Seconded** by Commissioner Leek, to enter into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary M. Denise Griffin.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:35 p.m.

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to reconvene into open session.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 5:52 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to forward a resolution reappointing M. Denise Griffin to the Charter position of Corporate Secretary for FY22 to the full Board for consideration.

Commissioner Thomas commended Corporate Secretary Griffin on her good work and serving the eleven Commissioners.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

General Manager

General Manager Richard 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 Commissioner Thomas, **Seconded** by Commissioner Leek, to enter into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard Peffley.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Commissioner Zerkle was having technological issues and was unable to respond.

The Human Resources Committee went into closed session at 5:57 p.m.

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to reconvene into open session.

Commissioner Thomas thanked GM Peffley for his leadership and for handling the challenges in the past year.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 6:24 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to forward a resolution reappointing Richard (Dick) Peffley to the Charter position of General Manager for FY22 to the full Board for consideration.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Internal Auditor

Internal Auditor, Wesley Lewis, 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 Commissioner Thomas, **Seconded** by Commissioner Leek, to enter into closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Wesley Lewis.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 6:26 p.m.

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to reconvene into open session.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 7:06 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Leek, **Seconded** by Commissioner Thomas, to forward a resolution reappointing Wesley Lewis to the Charter position of Internal Auditor for FY22 to the full Board for consideration.

Roll Call Vote:

Yeas: Commissioners Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: Commissioners Tony Mullen

Action: Motion Carried.

Subsequent Steps for Board Appointed Employees Contracts

Motion by Commissioner Mullen, **Seconded** by Commissioner Thomas, to charge the HR Chair and the Board Chair with the task of working with the appointed employees on their respective annual merit considerations on behalf of the Board of Commissioners.

Commissioner Thomas noted that the motion for the reappointments was being forwarded to the full board.

Roll Call Vote:

Yeas: Commissioners Tony Mullen, Deshon Leek, Tracy Thomas, and Sandra Zerkle.

Nays: None

Action: Motion Carried.

Excused Absence

None.

Other

Commissioner Zerkle commended GM Peffley on his efforts during the COVID-19 pandemic, how the employees and customers were treated, and all the considerations that were put into place for their safety and well-being.

Adjourn

Chair Mullen adjourned the meeting at 7:14 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

HUMAN RESOURCES COMMITTEE

Meeting Minutes

July 13, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at BWL Headquarters REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:15 p.m. on Tuesday, July 13, 2021.

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order at 5:15 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, DeShon Leek, Tracy Thomas, and Sandra Zerkle. Also present: Commissioners Beth Graham, David Lenz, and David Price; and Non-Voting Commissioners Douglas Jester (East Lansing), and Larry Merrill (Delta Township)

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Zerkle, **Seconded** by Commissioner Leek, to approve the Human Resources Committee meeting minutes of June 15, 2021.

Action: Motion Carried.

Collective Bargaining Agreement—BWL and IBEW

General Manager (GM) Dick Peffley spoke about the Collective Bargaining Agreement between BWL and IBEW and presented a resolution to be forwarded to the Board for consideration. GM Peffley presented two points regarding the contract.

- The tentative agreement was made four months ahead of the deadline and contains a four-year contract with a 3.5% increase in the first year and three 3% increases in the remaining years. The contract is from November 2021 through November 2024. The goal was for an economic package to be settled in advance in order that there would be less distraction and stress for the work force while coming out of the pandemic. There are projects and opportunities where flexibility in the work force will be needed and the tentative agreement will smooth the process with the option of continuing negotiations as needed.

Commissioner Zerkle commended GM Peffley, the IBEW and the staff for putting the contract together quickly and within financial guidelines. GM Peffley responded that he was pleased with the contract result, as he had requested that Ron Byrnes, IBEW (Local 352) Business Manager and Michael Flowers, Executive Director of Labor Relations, put together a contract and bring it to him for discussion. The contract he received from the above mentioned, differentiated only 0.5% in what he had looked-for, and that was very pleasing.

Commissioner Leek also congratulated GM Peffley and IBEW Local 352 on the contract negotiations process.

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle, to forward the Resolution for the Collective Bargaining Agreement between BWL and IBEW dated and signed June 1, 2021 to the full Board for consideration.

Action: Motion Carried.

Excused Absence

There were no excused absences.

Other

There was no other business.

Adjourn

HR Chair Mullen adjourned the meeting at 5:25 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

Chair David Price presented the Finance Committee Report:

**FINANCE COMMITTEE
Meeting Minutes
July 13, 2021**

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 13, 2021.

Finance Committee Chair David Lenz, called the July 13, 2021, 5:30 p.m. Finance Committee meeting to order at 5:30 p.m.

Corporate Secretary Griffin took the roll call to acknowledge attendance.

Present: Commissioners David Lenz, Beth Graham, David Price and Tracy Thomas. Also present: DeShon Leek, Tony Mullen, and Sandra Zerkle; and Non-Voting Commissioners Douglas Jester (East Lansing), and Larry Merrill (Delta Township).

Absent: Commissioner Ken Ross

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Finance Committee meeting minutes of May 11, 2021.

Action: Motion Carried.

May YTD Financial Summary

Chief Financial Officer (CFO) Heather Shawa provided highlights from the May 2021 YTD Financial Summary and noted that the May 2021 YTD financial statement has not closed yet due to the implementation and interfacing of the new iPayables system and the Customer Information System(CIS). CFO Shawa noted that she will email the May financial statement information to the Commissioners when it is available. An update will be provided on the June year-end financial information at a future meeting.

The total operating revenue for May YTD was \$347 million compared to a budget YTD of \$351 million and the \$4.2 million variance under budget was primarily in wholesale. The total net income was \$39 million compared to the budget YTD of just under \$3 million.

Commissioner Mullen asked whether the \$36 million variance will be spent next year. CFO Shawa responded that the return on assets is expected to be exceeded again this year and will be reinvested in the infrastructure. CFO Shawa added that a high-risk area is residential uncollectibles and bad debt which is being watched closely. GM Peffley responded that the uncollectibles amount should decrease as shutoffs will start again and payments will begin to be made.

Commissioner Zerkle questioned if additional financial help grants or packages will be received to take care of customers. GM Peffley responded that none are expected at this time. He added that \$9 million was promised and a check for \$3 million was received but had to be sent back.

Commissioner Jester inquired about the net price increase in wholesale electricity and gas prices and questioned if the increases were due to polar vortex events. GM Peffley responded that gas prices increased and BWL has a lot of gas under contract and that he would provide the percentages to the commissioners. Gas prices are passed to the customers through fuel cost adjustments on monthly bills.

CFO Shawa provided a report of capital projects spend excluding Delta Energy Park. The report provides a summary of what projects might require a capital project exceedance request. It was recommended that this be reported in three different Finance committee meetings and will be provided in the packet in those future meetings. The report gives what is projected for the top ten projects, remaining planned projects, and annual projects. The grand total provides the fiscal year to date budget and projected for all projects.

Report as of May 31, 2021												
Projects Sorted by the Current Projection (Highest to lowest cost)				FY 21				Total Project			Project Period	
Project Name	Current Phase	Budget	Projected	Designed Budget Amount	Current Projection	\$ Variance	% Variance	Total Cost Incurred To-Date	% Total Cost Incurred To-Date	Start Date	Projected Completion Date	
Top Ten Planned Projects												
Advanced Metered Infrastructure	Phase 4 - Construction	\$ 4,804,819	\$ 3,185,918	\$ 37,187,288	\$ 17,383,814	\$ 195,326	0.53%	\$ 36,055,726	96.45%	8/6/2014	12/31/2021	
Stanley Substation	Phase 1 - Feasibility	\$ -	\$ 90,542	TBD	\$ 34,832,029	\$ -	0.00%	\$ 1,726	0.00%	3/15/2021	12/9/2027	
White Substation - Rebuild	Phase 2 - Funding Readiness	\$ 2,000,000	\$ 501,384	TBD	\$ 23,307,602	\$ -	0.00%	\$ 561,001	2.41%	2/12/2020	6/30/2023	
Rundle Substation	Phase 1 - Feasibility	\$ -	\$ 51,213	TBD	\$ 21,793,653	\$ -	0.00%	\$ 2,259	0.01%	3/15/2021	10/25/2025	
South Reinforcement - Transmission Line	Phase 2 - Funding Readiness	\$ 2,000,000	\$ 2,067,074	TBD	\$ 21,062,381	\$ -	0.00%	\$ 2,115,000	10.04%	9/20/2017	11/29/2024	
Customer Information System	Phase 4 - Construction	\$ 6,455,507	\$ 8,635,369	\$ 17,425,235	\$ 16,134,430	\$ (1,290,825)	-7.41%	\$ 10,613,084	65.78%	4/30/2019	12/31/2021	
LGR Substation	Phase 1 - Feasibility	\$ -	\$ 53,080	TBD	\$ 13,279,481	\$ -	0.00%	\$ 2,846	0.02%	3/15/2021	6/9/2026	
Steam Backup Generation	Phase 4 - Construction	\$ 4,225,000	\$ 11,933,280	\$ 12,368,802	\$ 12,865,203	\$ 496,401	4.01%	\$ 12,345,273	95.96%	10/1/2019	6/30/2021	
ESRI Implementation-GIS Geographical Information System	Phase 4 - Construction	\$ 759,414	\$ 873,837	\$ 6,520,417	\$ 6,960,538	\$ 449,121	6.89%	\$ 6,295,374	90.33%	8/6/2014	12/31/2021	
ADMS-Advanced Distribution Management System	Phase 4 - Construction	\$ 1,111,462	\$ 1,268,706	\$ 4,603,120	\$ 5,840,881	\$ 1,237,761	26.89%	\$ 5,459,842	93.48%	8/12/2015	9/30/2021	
Total Top Ten Planned Projects		\$ 21,356,202	\$ 28,661,004		\$ 193,465,812			\$ 73,452,111				
Project Watch List - Projects 110% and 10% over the Designed Budget Amount (Outside of Top Ten Planned Projects)												
Total Project Watch List		\$ -	\$ -		\$ -	\$ -	0.00%	\$ -	NA			
Remaining Planned												
Electric		\$ 13,469,118	\$ 6,973,927									
Water		\$ 3,014,784	\$ 2,123,447									
Steam		\$ 827,925	\$ 899,710									
Chilled Water		\$ 630,000	\$ -									
Common		\$ 2,534,071	\$ 450,781									
Total Remaining Planned		\$ 20,465,898	\$ 10,387,866									
Annual												
Electric		\$ 15,925,000	\$ 15,586,701			\$ (339,299)	-2.13%					
Water		\$ 6,438,948	\$ 7,041,770			\$ 602,822	9.36%					
Steam		\$ 2,419,341	\$ 1,383,454			\$ (1,235,887)	-51.08%					
Chilled Water		\$ 10,927	\$ 23,800			\$ 12,873	117.81%					
Common		\$ 4,681,800	\$ 4,504,516			\$ (177,285)	-3.79%					
Total Annual		\$ 29,477,016	\$ 28,340,240									
Grand Total		\$ 71,299,116	\$ 67,389,109									

Note:
 For projects that are in Stage Gates 1-3, the Expected Total Project Cost are high level estimates that can have a significant margin error.
 For projects that are in Stage Gates 1-3, the Expected Completion Date is subject to change as organizational priorities or project plans are reassessed.
 Variances highlighted in red are over the \$200k and 15% thresholds.

Commissioner Zerkle asked whether the amount over budget for the last project listed would be discussed in a future meeting. CFO Shawa responded that the Advanced Distribution Management System (ADMS) is one of the projects in the BSmart program and it was hit with some scheduling delays, some due to COVID-19, and it will be on the September Finance agenda with a resolution for a request for an exceedance.

Finance Chair Lenz inquired whether the ADMS project was with an outside vendor. CFO Shawa responded that it is with ACS software and it is their platform and their solution which they will provide. Chair Lenz also asked if additional payment was being requested by the outside vendor. CFO Shawa responded not at this time however, there is a change order section in the contract and an escalation process internally for review and approval.

Retirement Plan Committee (RPC) Update

CFO Shawa provided the Retirement Plan Committee (RPC) update. Any investment actions that are taken will be reported to the Finance Committee and any administrative actions will be reported to the Human Resources Committee. The VEBA large cap equity fund target asset allocation is 30% with a range of 25-35% and it hit 35% in February 2021. Recommendations were sought from BWL’s financial advisors and the recommendation was made and approved by the RPC to transfer from the large cap equity to the real assets fund. The Blackstone fund was previously funded and the AEW fund will be funded on July 16, 2021.

Internal Audit Status Report

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

FY 2021 Audit Progress Report

Audit Engagements and Activities in Audit Plan Completed, Currently Underway, Scheduled to Start, or Changed

1. **Unbilled Accounts Receivable – Audit Status:** Completed, Audit Report Issued 3/17/2021
2. **Purchase Card Usage and Control – Audit Status:** Completed, Audit Report Issued 3/30/2021
3. **MPPA and MISO Billings – Audit Status:** Completed, Audit Report Issued 6/10/2021
4. **Cybersecurity Process and IT Vulnerabilities – Audit Status:** BDO completed Part 1 (Cybermaturity Assessment) of the audit engagement. Part 2 (Vulnerability Assessment and Penetration Testing) BDO is currently in the process completing this part of the audit.
5. **Corporate Governance – Strategic Plan and Ethical Advocate System (Includes Hotline) – Update:** a) **Strategic Plan** – Due to the revamping of the current process into a new one, which has resulted from the January 2021 approval of the new plan by the Board, and through concurring discussions with the process owner, IA determined that it would make sense to postpone the audit engagement to a future fiscal period. b) **Ethical Advocate** – The same situation applies to this audit engagement. The new process went live in September 2020 and replaced the General Manager’s Hotline.
6. **Other Audit Activities** - Ongoing

Note: Estimated start and completion times of all engagements listed above are subject to change.



FY 2022 Risk Assessment Process Update

1. Initial input was received from Management during March and April 2021.
2. Follow-up with them has taken place.
3. IA has already started risk ranking business processes that are due for audit. This process will be done before mid-May 2021.
4. A preliminary audit plan will be ready to share with the Finance Committee for initial feedback mid-May 2021. This will be reviewed and tweaked as necessary.
5. IA will share the audit plan with the CFO toward the end of May for their review and feedback.
6. IA will present the audit plan to Senior Management during the second week of June 2021 for their review and feedback.
7. IA will present the audit plan to the Finance Committee for its consideration and approval during its July 2021 meeting.
8. The Finance Committee will present the audit plan as part of its report to the BOC for its consideration and approval during its July 2021 meeting.



Commissioner Lenz asked when the cybersecurity process report would be completed and provided. Mr. Lewis responded that he would be meeting on Thursday and the report should be written and provided within two weeks. Commissioner Lenz asked if this was the first audit report in this area. Mr. Lewis affirmed. Commissioner Zerkle responded that there was a similar audit to the vulnerability assessment previously. Commissioner Lenz suggested providing a simple reporting of the completed audits with a synopsis of the results. Mr. Lewis agreed that the suggestion was a good idea.

FY 22 Audit Plan

Proposed FY 2022 Audit Plan – Highlights

Top Six Engagements for FY 2022, (as discussed and agreed with Senior Management):

1. Time Recording, Payroll Processing, and Payment of Overtime – Payroll (*First Time Audit*)
2. Employee Master File (To Be Included in #1 Above) – Human Resources, Last Audit: October 2017
3. Manage Mobile Devices – Information Technology, Last Audit: October 2017
4. Outage Management System (Current Process) – Operations (*First Time Audit*)
5. Enterprise Information Management (Records Retention Management) – Legal/Management/Board Processes, Last Audit: March 2014
6. Capital Projects Management – BWL Other (*First Time Audit*)

Note: The audit engagements listed above, along with anticipated start and completions, are and will be subject to change.



Finance Committee Meeting
7/13/2021

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Proposed FY 2022 Audit Plan Details

<u>Planned Audits:</u>	<u>Estimated Hours</u>
Payroll – Time Recording, Payroll Processing, and Payment of Overtime	600
Human Resources – Employee Master File	100
Information Technology – Management of Mobile Devices	500
Outage Management System – Outage Management System	500
Enterprise Information Management – Operations	500
Capital Projects Management – BWL Other	600
<u>Other Engagements and Projects:</u>	
Peer Review Preparation and Engagement, as Required by the Institute of Internal Auditors	500
Ongoing Management Assistance	100
Special Projects and Requests	200
Total Required Hours	3,600



Finance Committee Meeting
7/13/2021

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Finance Committee Chair Lenz asked whether the audits would be just planned audits and/or annual audits. Mr. Lewis responded that five or six planned audits per year would be conducted. Mr. Lewis added that an external peer review audit is due this year and time needs to be allotted for it. Finance Chair Lenz asked if outside consultants were needed for any of the audits. Mr. Lewis responded that the external peer review is the only audit that will have outside consultants unless there is a special request. Chair Lenz expressed the importance of planning and preparing for additional cost in I/A budget.

Commissioner Zerkle asked how often and what length of time is scheduled for audits to be conducted and whether the audits being planned were due to concerns from the respective departments. Mr. Lewis responded that some of the audits planned were for revolving processes, determining progress in processes, and for assessing risks that might come up.

Motion by Commissioner Price **Seconded** by Commissioner Graham, to forward the FY22 Audit Plan Resolution to the full board for approval.

Action: Motion Carried.

Internal Audit Department Charter

Internal Auditor Wesley Lewis presented the Internal Audit Department Charter.

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to forward the Internal Audit Department Charter Resolution to the full board for approval.

Discussion:

Commissioner Merrill suggested that as the audit charter is the document that represents the Board speaking to the audit department of its expectations, the audit charter should be reviewed and revised to reflect the Board's advisement and directives. Chair Lenz commented that the audit charter was revised in 2019 and the current version is being forwarded to the full board for approval. Commissioner Price commented that there was concern with the prior audit document presented and the Board was in agreement with keeping the current audit charter without the changes. Commissioner Zerkle commented in agreement that there were concerns with the changes. Commissioner Merrill added that if the current document remains effective until it is modified or repealed and then brought forward to the Board as a

redraft, the Board should speak with one voice to make a binding charter in order to enforce compliance. Chair Lenz responded that the current audit charter will be sent by the Internal Auditor to the Commissioners to review. Mr. Lewis responded in agreement that the Board is ultimately responsible for the audit charter and that there should be periodic reviews as needed. Commissioner Price enquired about the deadline for approval and questioned if the Internal Audit Charter approval could be postponed until the next Finance Committee meeting after the Commissioners reviewed and offered revisions to the current Audit Charter. In conclusion, the Commissioners agreed that the Audit Charter approval would be postponed allowing all Commissioners' time to review and submit any changes or suggestions to the document.

Commissioner Price **Rescinded** his motion to forward the Internal Audit Department Charter Resolution.

Finance Committee Chair Lenz directed Internal Auditor Lewis to send all Commissioners' the current Audit Charter document to allow them to review and submit revisions.

Bi-Annual Internal Audit Open Management Responses Update

CFO Shawa introduced Elisha Franco, Finance and Planning Senior Internal Control Analyst, to present the Internal Audit Open Management Responses Update. Ms. Franco informed the Board of the open actions for revising and updating the P-Card Manual and Program and the mandatory training for P-Card holders. Additional open actions included implementing formal and written procedures for MPPA/MISO billings and implementing a formal user access security review process for written policies and procedures for the OATI System with ECD 7/31/2021. Closed actions included development of BWL Performance Energy Risk Management (ERM) Status Report with an ECD and actual completion date of 2/28/2021, and standardization and centralization of storage of purchasing documentation with an ECD 12/31/2020 and actual completion date of 1/31/2021.

**Resolution #2018-07-05
Board Policy on Follow-up to Internal Audit Findings & Recommendations**

Open Actions

- Internal Audit
 - Perform audits, report findings, provide recommendations, record management's response, verify completion of corrective actions
- Management
 - Respond to findings and recommendations, identify and execute appropriate and timely corrective actions
- Follow-up of Open Management Responses to Audit Findings
 - An open action items list is maintained for progress tracking
 - Management reports progress to the Finance Committee semi-annually (Jan & July)

Open Actions (continued)

- MPPA/MISO Billings (New)
 - Implement formal and written procedures that pertain to the review and approval of MPPA and MISO invoices - ECD 8/31/2021
 - Develop a written process and procedure for review and approval for MPPA and MISO invoices
- Implement a formal user access security review process, including written policies and procedures for the OATI System - ECD 7/31/2021
 - Develop a formal user access security review procedure for a designee reviewer to verify user access is proper for the OATI software system. This review will be completed no less than every six months.

Open Actions (continued)

- P-Card (New)
 - Revise and Update P-Card Manual and Program - ECD 12/31/2021
 - The manual will be updated to reflect changes in reconciliation and approval process as well as provide guidelines for instances of lost or stolen cards, suspected fraud, changing technology, penalties for violations, sales tax, etc.
 - Work with merchant when possible and practical to prohibit unauthorized card purchases.
 - Verify that revised P-Card manual aligns with other BWL policies and procedures. For example, the BWL Employee Travel and Reimbursement form and the BWL Procurement Policy.
 - Establish and enable reconciliations, sign off reviews, and record retention to occur electronically through the merchant portal.

Closed Actions

- Energy Risk Management
 - Develop BWL Performance ERM Status Report - ECD 2/28/2021, actual completion date 2/28/2021
 - Completed action - Finalized ERM Status Report with measures and formats described in the BWL Energy Risk Management Policy. Management collaborated with IT/Stone to develop the "ERM Status Report" that serves the same purpose as a scorecard to measure performance. The ERM Status Report is reviewed monthly by members of the ROC.

Closed Actions (continued)

- Procurement
 - Standardize and centralize storage of purchasing documentation - ECD 12/31/2020, actual completion date 1/31/2021
 - Completed action - The purchasing processes and procedures were updated and implemented to ensure that purchasing documents are stored in a standardized and centralized manner. Additionally, a new process and procedure was developed and implemented for departments external to the purchasing department to ensure that their purchasing documents are stored in one central location.
 - Completed action - Training of departments external to the purchasing department took place in January 2021 on how to utilize the new document retention process.

Open Actions (continued)

- P-Card (Continued)
 - Revise and Update P-Card Manual and Program - ECD 12/31/2021
 - P-Card administrator procedure will be created to include:
 - Periodic Review of user access and approval limits within merchant portal.
 - Periodic review of split charges to identify attempts to circumvent P-Card program transaction limits.
 - Periodic audits of reconciliations of each cardholder's transaction file and monthly reports to help ensure compliance with the P-Card manual.
 - Annual Review of P-Card usage to determine if P-Card user status is necessary.
 - Provide clear and concise documentation standards for the types and criteria of supporting documentation for all P-Card purchases.
 - Mandatory Training for P-Card Holders - ECD 2/28/2022
 - Training for P-Card holders on the revised P-Card Manual and processes.

Commissioner Zerkle asked Ms. Franco whether the previous format of providing the open actions information in a chart or spreadsheet was still in use. Ms. Franco responded that the information could still be provided in the format in which it was previously done. Commissioner Zerkle asked if Internal Auditor Lewis was provided with a compilation of the information to allow him to review. Mr. Lewis responded that staff provides him with the information to review and CFO Shawa added that open actions are not closed and reported to the Board until internal audit has reviewed them.

Chair Lenz asked whether training for new procedures was conducted by the Finance Department and Ms. Franco responded that each department provides their own training. CFO Shawa added that training support is provided by Human Resources when needed, during managers' meetings and through the automated Learning Management System (LMS).

Other

Motion by Commissioner Price, **Seconded** by Commissioner Graham, to approve the absence of Commissioner Ken Ross.

Adjourn

Chair David Lenz adjourned the meeting at 6:46 p.m.

Respectfully submitted,
David Lenz
Chair Finance Committee

MANAGER'S RECOMMENDATIONS

General Manager Richard Peffley gave an update on the Delta Energy Plant and stated that even during the pandemic, building has continued to go forward and has provided enough energy for market capacity. The next step is for 24/7 commercial operations and there are two challenges, a delay in obtaining the visas for the start-up engineers and a small amount of labor slowdown.

Chair Price asked if GM Peffley knew when the visas for the engineers would be available. GM Peffley responded that he didn't know and that it was a day by day issue.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2021-07-01

Appointment of the Charter Position of Corporate Secretary

The Board's Rules of Administrative 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 2021-2022 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

FURTHER RESOLVED, That the Chair 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 2021's performance.

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to approve the reappointment of the Corporate Secretary for the Fiscal Year 2021-2022.

Roll Call Vote:

Yeas: Commissioners David Price, Semone James, Deshon Leek, Tony Mullen, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

RESOLUTION 2021-07-02

Appointment of the Charter Position of Director and General Manager

The Board's Rules of Administrative 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 Director and General Manager for fiscal year 2021-2022 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chair 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 2021's performance.

Motion by Commissioner Mullen, **Seconded** by Commissioner Thomas, to approve the reappointment of the Director and General Manager for the Fiscal Year 2021-2022.

Roll Call Vote:

Yeas: Commissioners David Price, Semone James, Deshon Leek, Tony Mullen, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

RESOLUTION 2021-07-03

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, 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 Internal Auditor for fiscal year 2021-2022 or until a successor is appointed, whichever last occurs.

Wesley Lewis, Internal Auditor

FURTHER RESOLVED, That the Chair 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 2021's performance.

Motion by Commissioner Thomas, **Seconded** by Commissioner Leek, to approve the reappointment of the Internal Auditor for the Fiscal Year 2021-2022.

Chair Price stated that he would not approve the reappointment of the Internal Auditor. Although he appreciated the enthusiasm Mr. Lewis brought to the position, Chair Price stated he didn't think the appointment was a good fit for the Board of Water and Light.

Roll Call Vote:

Yeas: None.

Nays: Commissioners David Price, Semone James, Deshon Leek, Tony Mullen, Tracy Thomas, and Sandra Zerkle.

Action: Motion Failed for Reappointment.

RESOLUTION 2021-07-04

Collective Bargaining Agreement between the Lansing Board of Water & Light and the International Brotherhood of Electrical Workers, AGL-CIO, Local 352

WHEREAS, on June 1, 2021 the Board of Water & Light and IBEW Local 352 entered into a Tentative Agreement to extend the Collective Bargaining Agreement for four years effective November 1, 2021 through October 31, 2025; and

WHEREAS, the terms and conditions of the Tentative Agreement are in accordance with the direction and authority that was delegated by the General Manger; and

WHEREAS, the Tentative Agreement was submitted by the IBEW Local 352 negotiating team to the IBEW membership for its approval and was ratified on June 22, 2021.

RESOLVED, that the Board of Commissioners approve the "BWL/IBEW Tentative Agreement" dated and signed June 1, 2021.

The Official Finalized Contract Agreement is on file in the Office of the Corporate Secretary and the Board of Water and Light's Human Resources Intranet Site.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Leek to approve the resolution for Collective Bargaining Agreement between the Lansing Board of Water & Light and the International Brotherhood of Electrical Workers, AFL-CIO, Local 352.

Commissioner Mullen and Commissioner Zerkle commended management, union leaders and staff for arriving at an agreement quickly and amenablely.

Roll Call Vote:

Yeas: Commissioners David Price, Semone James, Deshon Leek, Tony Mullen, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Proposed Resolution
Fiscal Year 2022 Audit Plan Approval

RESOLVED, That the Board of Commissioners hereby approves the Fiscal Year 2022 Audit Plan submitted by Internal Audit.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to postpone the approval of the Internal Audit Plan for FY 2022 until Commissioners could fully review the plan.

Action: Motion Carried.

MANAGER'S REMARKS

There were no Manager's remarks.

COMMISSIONERS' REMARKS

Commissioner Zerkle commented that Commissioner David Lenz did an excellent job chairing the Finance Committee and thanked Commissioner Stuart Goodrich for serving as commissioner for Meridian Township.

Commissioner Thomas thanked Commissioner Lenz and Commissioner Goodrich for their service, welcomed Commissioner James, and congratulated Chair Price and Vice Chair Zerkle on their appointments as Chair and Vice Chair.

Commissioner Merrill expressed his regret that the Internal Auditor's contract was not renewed and thanked Wesley Lewis for his service to the community and Lansing Board of Water and Light.

EXCUSED ABSENCE

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to excuse Commissioner Beth Graham and Commissioner Brian Ross from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

Mr. Claude Beavers spoke regarding difficulties with the new customer portal and thanked Customer Service employee John for his help. Mr. Beavers also inquired whether accommodations could be made during the Board Meetings for those that have difficulty hearing.

ADJOURNMENT

Chair Price adjourned the meeting at 6:05 p.m.

M. Denise Griffin, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 07-29-21
Approved by the Board of Commissioners: 09-28-21
Official Minutes filed (electronically) with Lansing City Clerk: 10-01 -21