



**BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
September 26, 2017 - 5:30 p.m.
BOARD MEETING AGENDA**

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of July 25, 2017

4. Public Comment

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

5. Communications

Electronic Mail from:

- a. Jeff Phillips regarding joint-use of BWL utility poles
- b. Ebony Chapman regarding her recent BWL statement
- c. Tammy Weiss from the City of E. Lansing regarding the resignation of E. Lansing's BWL Commissioner Representative Bob Nelson

6. Committee Reports

- a. Human Resources Meeting (September 12, 2017)-Tracy Thomas, Chair
- b. Committee of the Whole Meeting (September 12, 2017)-Tony Mullen, Chair
- c. Finance Committee Meeting (September 19, 2017)-Ken Ross, Chair

7. Manager's Recommendations

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. PA 152 Health Care Premium Sharing

- b. Amendment and Restatement of Trust Agreement for the Post—Retirement Benefit Plan (VEBA)
- c. Amendment and Restatement of Trust Agreement for the Defined Benefit Plan (DB)
- d. 2018 Regular Board Meeting Dates
- e. Acceptance of the 2017 Audited Financial Statements
- f. Acceptance of the Capital Forecast for Fiscal Years 2018-2023
- g. Setting a Public Hearing for November 30, 2017 in consideration of 2018-2020 Rate Strategy
- h. Acceptance of Internal Auditor Charter

11. Manager's Remarks

12. Commissioners' Remarks

13. Motion of Excused Absence

14. Public Comment

Members of the public are welcome to speak to the Board on any Board of Water and Light subject. Is there anyone who would care to speak? If so, please step to the podium and state your name for the record?

15. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

July 25, 2017

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 25, 2017.

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

Present: Commissioners Beth Graham, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle.
Non-Voting Commissioners present: Bill Long (Delta Township) and Rod Taylor (DeWitt Township).

Absent: Commissioners Dennis Louney, Anthony McCloud, and Bob Nelson

The Corporate Secretary declared a quorum.

Chairperson David Price introduced and welcomed BWL's newest Commissioner, Mr. Rod Taylor representing DeWitt Township.

Commissioner Taylor led the Pledge of Allegiance.

ELECTION OF OFFICERS FY 2017-2018

As Commissioner McCloud was absent, Corporate Secretary Denise Griffin presented the June 29, 2017 Nominating Committee Report, from which the proposed slate of officers for Fiscal Year 2017-2018 is as such: Commissioner David Price serving as Chairperson; and Commissioner Sandra Zerkle serving as Vice Chairperson. Commissioner Zerkle requested withdrawal from the nomination as Vice Chairperson.

Commissioner Sandra Zerkle withdrew her name from the slate of officers for the consideration of the Vice Chairperson position.

Motion by Commissioner Mullen, Seconded by Commissioner Ross to nominate Commissioner David Price to serve as the Chairperson of the Nominating Committee.

Action: Carried Unanimously

Motion by Commissioner Ross, Seconded by Commissioner Thomas to nominate Commissioner Mullen to serve as the Vice Chairperson of the Nominating Committee.

Action: Carried Unanimously

Chair Price thanked everyone for their support and is looking forward to working with the Vice Chair Mullen and the members of the Board in FY 2017-2018.

APPROVAL OF MINUTES

Motion by Commissioner Thomas, Seconded by Commissioner Graham, to approve the Regular Board Meeting minutes of May 23, 2017.

Action: Motion Carried

PUBLIC COMMENTS

None.

COMMUNICATIONS

Electronic Mail received From or Re:

- a. Daniel J. Dekker regarding Tree Trimming Services-*Referred to Management. Received and Placed on File*
- b. Daniel J. Dekker regarding Damage to his Property-*Referred to Management. Received and Placed on File*

COMMITTEE REPORTS

NOMINATING COMMITTEE MINUTES

June 29, 2017

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 5:15 p.m. on Thursday, June 29, 2016.

Nominating Committee Chair, Anthony McCloud, called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Anthony McCloud, Dennis Louney, Ken Ross and Tracy Thomas.

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Ross, Seconded by Commissioner Louney to approve the Nominating Committee meeting minutes of June 21, 2016.

Action: Motion Carried

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Committee Chair Anthony McCloud stated that the Officer Committee Survey Results Forms and Committee Survey Memorandum were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents. There were no questions.

Nomination of Board Officer Candidates for Fiscal Year 2017-2018

Chairperson

Nominating Committee Chair McCloud opened the floor for the Officer position of Chairperson. The following motion was offered:

Motion by Commissioner Ross, Seconded by Commissioner Thomas to nominate Commissioner David Price to serve as the Chairperson for the 2017-2018 fiscal year.

Action: Motion Carried (3/1 Louney dissenting)

Vice Chairperson

Nominating Committee Chair McCloud opened the floor for the Officer position of Vice Chairperson Nominations and the following motion was offered:

Motion by Commissioner Thomas, Seconded by Commissioner Louney to nominate Commissioner Sandra Zerkle to serve in the Officer position of Vice Chairperson.

Action: Motion Carried (3/1 Ross dissenting)

Motion by Commissioner Ross, Seconded by Commissioner Thomas to present the slate of Officers for 2017-2018 to the full Board for consideration is as follows:

Chair: David Price
Vice Chair: Sandra Zerkle

Action: Carried Unanimously

Nominating Committee Chair McCloud 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 25th Regular Board/Annual Organizational meeting.

Excused Absence

None

There being no further business, the meeting adjourned at 5:19 p.m.

Respectfully submitted,
Anthony McCloud, Chair
Nominating Committee

**HUMAN RESOURCES COMMITTEE
Meeting Minutes
June 29, 2017**

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Thursday, June 29, 2017.

Human Resources (HR) Committee Chairperson Sandra Zerkle called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Sandra Zerkle, Anthony McCloud, Tony Mullen, and Tracy Thomas. Also present: Commissioners Dennis M. Louney, David Price and Ken Ross.

Absent: None

Ms. Griffin notified the committee that Internal Auditor, Phil Perkins, is on vacation.

Public Comments

None

Approval of Minutes

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to approve the Human Resources Committee meeting minutes of May 23, 2017.

Action: Motion Carried.

FY 2018 Board Appointee Performance Reviews

Chair Zerkle passed out the employees' survey results, the employees' self-evaluation results, a copy of comments, and a copy of each employee's goals and accomplishments for the year. Chair Zerkle proposed that these items be given to Human Resources Director, Michael Flowers, and placed into the personnel files of each of the three employees. Chair Zerkle also informed the Committee that Commissioner Graham and Commissioner Goodrich did not participate in the evaluation process.

Commissioner Thomas stated that new Commissioners should be informed immediately of their charge to evaluate the Board of Commissioners' three appointed employees.

Commissioner Ross questioned if the appointees had access to the individual evaluation scores to provide more detailed insight to individual questions. After a discussion regarding the essentials of providing a compilation of aggregate numbers to allow appointees to focus on strength and weakness, HR Chair Zerkle stated she would provide the Commissioner's with the individual numbers.

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

Roll Call Vote:

Yeas: Commissioners Sandra Zerkle, Anthony McCloud, Tony Mullen, Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:45 p.m.

The Human Resources Committee reconvened to open session at 6:04 p.m.

Internal Auditor

Internal Auditor, Phil Perkins, was absent from the meeting.

The Committee chose to discuss the contractual year-end performance evaluation of Internal Auditor, Phil Perkins, at a later date, if requested.

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to forward a resolution reappointing Phil Perkins to the Charter position of Internal Auditor for FY18 to the full Board for consideration.

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

Roll Call Vote:

Yeas: Commissioners Sandra Zerkle, Anthony McCloud, Tony Mullen, Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 6:06 p.m.

The Human Resources Committee reconvened to open session at 6:36 p.m.

Upon conclusion of the Closed Sessions, the following motions were offered:

Motion by Commissioner Mullen, Seconded by Commissioner Thomas, to forward a resolution reappointing Richard (Dick) Peffley to the Charter position of General Manager for FY18 to the full Board for consideration.

Action: Motion Carried.

HR Chair Zerkle stated that the reappointment resolutions will be taken under consideration at the July regular Board meeting.

Subsequent Steps for Board Appointed Employees Contracts

The Board Chair, David Price, will work with the appointed employees, on behalf of the Board of Commissioners, on their respective contracts and annual merit considerations.

Excused Absence

None

Other

HR Chair Zerkle said that she recommends changes in the evaluation process to help simplify it.

Public Comments

None

Adjourn

Motion by Commissioner McCloud, Seconded by Commissioner Thomas, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 6:40 p.m.

Respectfully Submitted,
Sandra Zerkle, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE

Meeting Minutes July 11, 2017

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, at 5:30 p.m. on Tuesday, July 11, 2017.

Committee of the Whole Chair Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Beth Graham, Dennis M. Louney, Anthony McCloud, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: William Long (Delta Township) and Robert Nelson (East Lansing).

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Governance Policy Resolution

Commissioner Mullen shared information regarding the tabled agenda item.

Motion by Commissioner Price, **Seconded** by Commissioner Graham to take the Governance Policy Resolution and the edited draft Governance Policy from the table.

Discussion: None.

Action: Motion Carried.

Motion by Commissioner Louney to amend item 5), now item 6), to add the sentence *This policy is not intended to prevent a commissioner from fulfilling their appointed duties in representing the rate payers of the Lansing Board of Water and Light.* **Motion, was not supported.**

After some discussion, it was determined that the additional sentence did not add to or take away from the policy and was unnecessary to amend.

Motion withdrawn.

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to accept the Governance Policy Resolution with the proposed edits and forward to the Board for consideration.

Discussion: Discussion transpired regarding edits for the following sections:

- Edit Section 1) d by removing the General Manager wording after “monitor organizational performance” as there are other sources from which communication is received.
- Section 2) a by removing “at all times,” due to the broadness of the wording, and replacing it with “in capacity as a board member;” and also, removing the second sentence as all issues that are in reference to the Board of Water and Light require this loyalty and responsibility.
- Edit Section 2) b ii by adding “or other Designee” for times when the Chair is not available to speak; by removing the third sentence as unnecessary or redundant.
- Edit Section 2) b iii and 2) b v by removing as unnecessary or redundant.
- Edit Section 4) a by removing the Board’s only formal connections to the BWL wording as the Board is formally connected to the BWL as the governing body.
- Edit policy by adding an additional section to provide for conducting Commissioner self-evaluations.

Action: Motion Carried.

Committee of the Whole Chair Tony Mullen recessed the meeting at 7:01 p.m. and reconvened the meeting at 7:12 pm.

Approval of Minutes

Motion by Commissioner McCloud, **Seconded** by Commissioner Thomas to approve the Committee of the Whole meeting minutes of May 9, 2017.

Action: Motion Carried.

North American Electric Reliability Corporation (NERC) Update

General Manager, Dick Peffley, introduced Robert Lalonde, Manager of Bulk Power, who provided the Commissioners with a North American Electric Reliability Corporation (NERC) update. Mr. Lalonde provided historical information on the formation of NERC and how it led to mandatory compliance with developed standards approved by the Federal Energy Regulatory Commission (FERC). He stated that NERC is an authority assigned with ensuring the reliability of the bulk electric system.

Mr. Lalonde’s presentation included information on the responsibilities developed for the Internal Compliance Program to measure and maintain compliance to standards applicable to the Board of Water & Light, as well as information on self-reporting standards, Critical Infrastructure Protection standards for the BWL and self-reports.

Easement Grant Board of Water and Light to Consumers Energy Resolution

General Manager Peffley introduced General Counsel Brandie Ekren, who provided information on the grant request for an easement to Consumers Energy Company to allow construction of gas lines and pipelines. The said easement grant request will be effective upon Lansing City Council’s approval. After a short discussion regarding additional language to the resolution the following motion was offered:

Motion by Commissioner Ross, **Seconded** by Commissioner Zerkle to forward the two proposed resolutions with the additional wording of “*Please see the attached documents*” to identify the properties for the easement grants to the full Board for consideration.

Action: Motion Carried.

Rules and Regulations FY 2018

General Manager, Dick Peffley, introduced Ray Moore, Manager of Customer Projects, who reviewed the 2018 Fiscal Year Rules and Regulations. Ray Moore also stated that, under the current electric vehicle program, the BWL will pay \$1,000 toward the installation of a Level II electric car charging station if you are an AP owner and the BWL has installed 22 charging stations.

RULES AND REGULATIONS UPDATE For Fiscal Year 2018

Electric, Water, Steam and Chilled Water

- Revision of Rule 2, **General Provisions**
 - 2.1.E - Added language to clarify that ownership does not pass to Customer for paying a deposit or contribution and the deposit is not refundable unless stated in these Rules.
 - 2.1.F - Added language to provide notice that multiple reconnect fees may be charged when multiple services require reconnection.
- Revision of Rule 3.1.B, **Characteristics of Service, Character of Service**
 - Added language to clarify, based on the BWL’s claims experience, the BWL is not liable for damage caused by conditions beyond its control.
- Revision of Rule 4.1.A, **Use of Service, General**
 - Language added to include a statement to prohibit actions by the customer that are dangerous or disruptive to service.
- Revision of Rule 4.2.A, **Use of Service, Access and Damages**
 - Added definition of maintenance.
 - Added language to expressly include removal of anything, including trees, that may interfere with maintenance of BWL facilities.
- Revision of Rule 4.2.C&D **Use of Service, Access and Damages**
 - Added language to include a prohibition against intentional interference by a customer with BWL access, and notice of the resulting fee and Customer responsibility for any losses or damage associated with failure to provide access.
- Revision of Rule 4.3.A, **Use of Service, Customer Equipment/Customer Piping and Equipment**
 - Added language to state the BWL may deny or terminate service to protect the public health and welfare.
 - Added language to expand upon and clarify that the BWL is not responsible for installing, inspecting, repairing, maintaining, testing, or removing customer equipment.
- Revision of Rule 4.3.B, **Use of Service, Customer Equipment/Customer Piping and Equipment**
 - Added language to account for damages to wiring or equipment caused by BWL planned or emergency work and states that the BWL will repair customer wiring or equipment.
- Revision of Rule 4.5.B&C (Water, Steam, & CW) /4.6.B&C (Electric), **Use of Service, Improper Use and Tampering**

- Revisions to impose responsibility upon non-Customers for improper use of or tampering with service.
- Revision of Rule 4.6.B (Water, Steam, CW) 4.7. B (Electric), **Use of Service, Disconnection of Service**
 - Added language to encourage customers to be present at the time of service disconnections while also recognizing being present may not always be possible and informs customers they may be responsible for any consumption that takes place if the disconnection is ineffective.
- Revision of Rule 4.6.B.1.a (Water, Steam) 4.7.B.1.a (Electric), **Use of Service, Disconnection of Service, Customer Request**
 - Added language to account for non-owners, such as tenants, requesting disconnection of service.
- Revision of Rule 4.6.B.3 (Water, Steam, CW) 4.7.B.3 (Electric), **Use of Service, Disconnection of Service, Other**
 - Added language to account for disconnection when the BWL no longer serves a territory or customer choice is an alternative.
- Revision of Revision of Rule 7.1.D, **Bills and Payments, Responsibility for Payment of Bills**
 - Added language to align with industry standard practice that requires a deposit from a new customer if a delinquent customer account holder resides at the same service location as the new customer.
- Revision of Rule 9.7.A (CW), 9.12.A (Steam)10.7.A (Electric), 10.12.A (Water), **Distribution System Extensions, Easements**
 - Added language to further clarify that maintenance includes, among other things, tree trimming or removal, restoration, replacement, construction, and relocation.
- Revision of Rule 16/12, **Schedule of Fees and Charges, Connect (turn-on/turn-off) Fee**
 - Changed language to reflect actual hours of operation of the BWL Customer Service Department.

Electric

- Revision of Rule 3.3.A, **Service Conditions, Dual Voltage Transformers**
 - Changed language to alleviate situations where existing 4160 volt customers who either own the distribution transformers, or the electric rate requires them to provide the transformers and where their financial responsibility of replacement is an impediment to the BWL expeditiously completing the conversion to 13.2kV operation.
- Revision of Rule 10.14.A.1, **Distribution System Extensions, General, Outdoor Protective Lighting**
 - Added language to clarify the existence of BWL facilities on utility grade poles and so customers understand BWL OPL's are not allowed on customer owned poles.
- Revision of Rule 11.2.B Services, **For Electric Service Upgrade**
 - Added language to inform customer to contact BWL utility Services for service upgrades and that the customer is responsible for complying with BWL requirements.
- Revision of Rule 11.8.B **Services, Multi-Dwelling Structure Services**
 - Added language to bring rule in line with current practice for installing secondary service conductors.
- Revision of Rule 11.9.A **Services, Conversion of Existing Overhead Electric Service**
 - Added language to clarify times the BWL must consider other projects and operational needs. While it is possible to honor Customer's request, it may be a burden on the rate payers.

Water

- Revision of Rule 4.3.C **Use of Service, Customer Piping and Equipment**

- Revision to state the Customer is responsible for the condition of their own building and core holes because there are instances where we patched the core hole but it doesn't mean maintenance is retained by the BWL.
- Revision of Rule 5.6.D **Metering, Damaged Metering Equipment**
 - Revision to give examples of damage beyond the Customer's control.

Steam

- Revision of Rule 4.3.C **Use of Service, Customer Piping and Equipment**
 - Revision to state the Customer is responsible for the condition of their own building and core holes because there are instances where we patched the core hole but it doesn't mean maintenance is retained by the BWL.
- Revision of Rule 5.5.C **Metering, Damaged Metering Equipment**
 - Revision to give examples of damage beyond the Customer's control.

Chilled Water

- Revision of Rule 4.3.C **Use of Service, Customer Piping and Equipment**
 - Revision to state the Customer is responsible for the condition of their own building and core holes because there are instances where we patched the core hole but it doesn't mean maintenance is retained by the BWL.

Motion by Commissioner Ross, **Seconded** by Commissioner McCloud to present the resolution for the acceptance of the proposed changes to the FY 2018 Rules and Regulations to full Board for consideration.

Action: Motion Carried.

Amendments and Restatements of Retirement Plans

After a discussion with General Manager Peffley and CFO Heather Shawa, Committee of the Whole Chair Mullen pulled from the agenda item #6, Amendments and Restatements of Retirement Plans, due to time constraints. (These items will be addressed at a later date.)

Public Comment

None.

Other

General Manager Peffley provided the Committee with a copy of a letter that commended the BWL on tree trimming services that were provided in East Lansing. This letter was submitted by the president of an East Lansing Neighborhood Association.

Commissioners acknowledged the efforts for the "Under the Bridge" project that kicked off last week.

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to adjourn the meeting.

Meeting adjourned at 8:15 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

FINANCE COMMITTEE

Meeting Minutes July 11, 2017

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, at 8:20 p.m. on Tuesday, July 11, 2017.

Finance Committee Chair Ken Ross called the meeting to order and requested a roll call.

Present: Commissioners Ken Ross, Dennis M. Louney, Anthony McCloud, and David Price. Also present: Commissioners Beth Graham, Tony Mullen, Tracy Thomas, and Sandra Zerkle, and Non-Voting Commissioners William Long, and Robert Nelson.

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

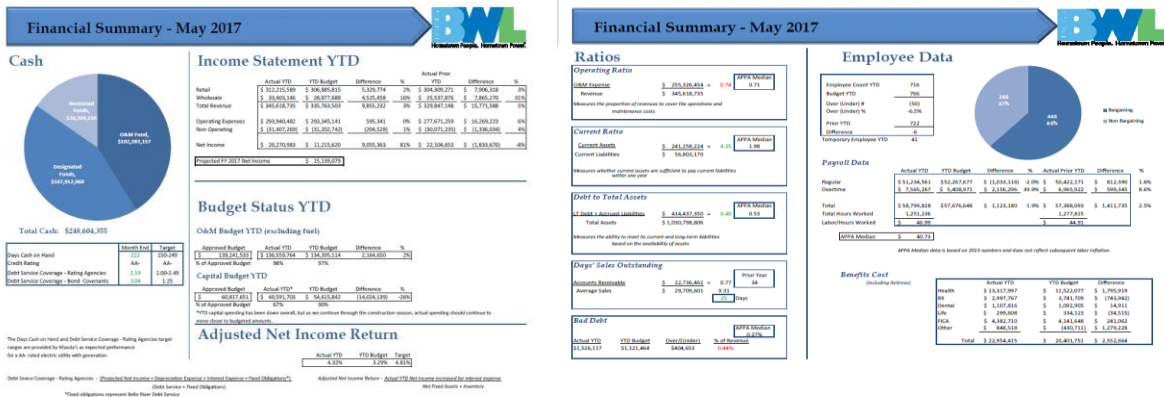
Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner McCloud, to approve the Finance Committee meeting minutes of May 16, 2017.

Action: Motion Carried.

May YTD Financial Summary

Chief Financial Officer (CFO), Heather Shawa, presented the following:



CFO Heather Shawa presented the May 2017 Year-to-date Financial Summary which indicated that the total Cash is over \$248M, Days cash on hand is \$222M, and debt service coverage ratio is 2.19. The latter two are up from last month. The Year-to-date income statement as of May YTD shows revenues to budget are up 3%, comparative to this time last year at which they were up 5%. The projected fiscal-year-end net income is approximately \$15 million and is pending any year end audit adjustments. Ms. Shawa indicated that the capital budget is predicting to be underspent but construction projects that were delayed are getting caught up now that construction season started in June. BWL's adjusted net income return indicates the actual net rate of return is ahead of budget and slightly under target.

Ms. Shawa also mentioned that three out of the five ratios are being met. Bad debt and uncollectible continue to be watched. Commissioner Nelson commented that if BWL had opted into Act 95, the Michigan Energy Assistance Program, the bad debt could be reduced as some customers have to choose between electricity and putting food on the table. Commissioner Mullen asked whether BWL had an outside debt collector and after what length of time the outside debt collector is contacted. Chair Ross requested CFO Shawa bring information to the next meeting for the response to Commissioner Mullen's question.

Ms. Shawa also reviewed the employee data and the employee headcount compared to budget and benefit cost. Although the data indicates being under budget, the temporary employee headcount is 41 and there are recruiting efforts to fill about 27 vacancies.

Revised Investment Policy Statements/Resolution

Heather Shawa introduced Scott Taylor, Finance Manager, who presented two revised investment policy plans, the Defined Benefit (DB) Plan which is the traditional pension plan, and the VEBA Plan which covers the investments associated with providing health care benefits. Asset Consulting Group was retained last March as the consultant for these plans. The consultants' feedback was that the statements were well constructed and consistent with the plan objectives. Overall the changes in both plans are consistent and have similar strategies. Refinement in asset allocation, clearly defining manager objectives, and evaluation of plan performance were the main changes targeted.

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to forward the proposed Resolution for the Adoption of the Revised Investment Policy Statements to the full Board for consideration.

Action: Motion Carried.

Internal Audit Quarterly Management Response Report-Out

CFO Heather Shawa reviewed the Internal Audit Quarterly Management Response Report-Out and reported that the Management Responses are sent out quarterly. Internal Auditor Phil Perkins and his team perform various internal audits throughout the year and provide recommendations or findings to the management, who are then responsible to submit corrective actions within 30 days of the final audit report to Mr. Perkins. This Report-Out is the tracking tool to monitor the recommendations or findings and the corrective actions submitted.

Updates in red

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
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Open Issues:

33	Outage Management System	The audit recommended more specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results.	Oct 2015	Information Technology	Results provided as part of November 2016 stress test included: development of specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results. Based on cost/benefit analysis, the remaining recommendations from the stress test will be incorporated into the new OMS solution, scheduled for implementation in 2018.
44	Billing	To address safety concerns associated with high consumption residential customers, management is discussing possible revisions to existing Rules and Regulations and coordination of public safety initiatives with other public agencies.	Nov 2016	Planning & Development	Applicable language has been incorporated into proposed changes to BWL Rules and Regulations. In addition, BWL is complying with the City of Lansing's Home Occupation Ordinance.
45	Performance Evaluation & Compensation	Internal Audit recommended additional standardization of performance evaluation procedures.	Jan 2017	Human Resources	Further development of the BWL performance management process for non-bargaining employees is underway, including additional participation throughout the year and goals and objectives in line with the new BWL Strategic Plan. The SMART concept already in use will be expanded upon (i.e., employee performance goals are SMART, which stands for Specific, Measurable, Action-oriented, Realistic and Time bound). Estimated completion date is 7/1/18.
46	Performance Evaluation & Compensation	Internal Audit recommended job descriptions be updated.	Jan 2017	Human Resources	Human Resources will coordinate an update of job descriptions, in collaboration with each area throughout the organization. This project will incorporate multiple phases, beginning with planning and identifying needed resources. Estimated project completion is 6/30/19.
47	Performance Evaluation & Compensation	Internal Audit recommended increasing flexibility with awarding merit increases.	Jan 2017	Human Resources	Decoupling of base and merit increases is already underway, including budgeting of the two separate categories of increases for fiscal 2018 and development of corresponding instructional information. Project completion is expected by 7/1/18.

48	Collections <i>NEW</i>	Internal Audit supports adding a requirement to check customer credit prior to opening a new account.	March 2017	Customer Service	A new tool will be implemented, by 8/1/17, to help ensure deposits are consistently and appropriately applied to new customers.
50	Follow-Up of Training & Development Audit <i>NEW</i>	Internal Audit noted the need to reemphasize use of LMS and continue with refresher training.	May 2017	Training & Development	Refresher training in LMS will be provided by 9/30/17 and use of LMS will continue to be reemphasized.
51	Follow-Up of Training & Development Audit <i>NEW</i>	Internal Audit recommended Training & Development coordinate with department trainers to better ensure training completions are entered into LMS, along with considering the eventual use of LMS as the primary source for Balanced Scorecard Reporting of training time.	May 2017	Training & Development	Workshops for departmental trainers, including an online procedure for entering training completions to LMS, will be developed and delivered by 9/30/17. The workshops will be followed by management's assessment of the accuracy and completeness of training documentation in LMS, concluding with a recommendation, by 3/31/18, regarding use of LMS data in Balanced Scorecard reporting.
52	COBIT Compliance <i>NEW</i>	Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework.	June 2017	Information Technology	Multiple actions and completion dates are involved, including higher-risk, as-yet-incomplete items 1.6 (an implementation plan for the IT Strategic Plan, expected by 7/1/17); 8.2 (Quality Management System) and 9.3 (Risk Management Plan), by 12/31/17; 3.2, 4.5, 6.2, and 8.1 (all to be provided via the new governance framework), by 12/31/18; and 4.1 (replace Cobit governance framework with CMMI), by 6/30/19.

**STATUS OF MANAGEMENT RESPONSES TO AUDITS
JUNE 2017**



In Accordance with Board Resolution #2014-07-05

Updates in red

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
17	Close the Books	The Internal Auditor recommended that consideration be given to the use of a general accounting manual.	Aug 2014	General Accounting	A General Accounting Procedure Manual was finalized in May 2017.
27	Management of Mobile Devices	The Internal Auditor recommended encrypting data on all remaining laptops and smart phones.	Sept 2015	Information Technology	IT has encrypted the laptops used by field personnel and established user guidelines. Guidelines instruct BWL users to encrypt sensitive data on their own mobile devices. Software with remote management capabilities has been procured, installed, and deployed.
29	Management of Mobile Devices	Internal Audit recommended further consideration of procuring software with remote cleaning capabilities.	Sept 2015	Information Technology	Software with remote management capabilities has been procured, installed, and deployed.
37	Hiring Process	Internal Audit has requested that an all-encompassing hiring policy be documented.	May 2016	Human Resources	Human Resources developed an operational policy which addresses BWL hiring standards in their entirety.
49	Collections <i>NEW</i>	Internal Audit suggests continued monitoring of the appropriateness of the dollar threshold for Final Notice to customers prior to an unpaid account becoming eligible for shut-off of services.	March 2017	Customer Service	Management continues to monitor the appropriateness of the dollar threshold for Final Notice.
E-2	IT Risk Assessment by External Auditors	It was noted that network and financial application password settings need strengthening, including establishing requirements that passwords be changed every 90 days, be a minimum length of 8 characters, and include special characters. In addition, 8 prior passwords should be remembered and user accounts should be locked after 3-5 failed login attempts.	Sept 2016	Information Technology	Enhancement of network, mainframe, and application password settings has been completed.
E-3	IT Risk Assessment by External Auditors	Management letter indicated that user account access should be reviewed annually by management for appropriateness, following the least privilege principle, with documentation of reviews retained.	Sept 2016	Information Technology	IT's review of user access to CIS and SAP with management has been completed.
E-5	IT Risk Assessment by External Auditors	Baker-Tilly noted that the Windows 2003 operating system on which the DP250 database runs needs upgrading.	Sept 2016	Information Technology	The DP250 database is now running on an updated operating system.

Internal Auditor Status Report

Internal Auditor Phil Perkins presented an overview of the following information:

- External 5-Year Independent Review Results
- FY 2017 Audit Plan Progress Report
- Proposed FY 2018 Audit Plan
- Other Items

External 5-Year Independent Review

- Overall – Internal Audit at BWL was assessed as “generally conforming” to the Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing.
- 5 non-binding recommendations for enhancements:
 1. Change weightings on individual risk assessments to better quantify risk ratings for each activity in the audit universe. Internal Audit response: Concur and adopted the recommendation. Completed for FY 2018 risk assessment and will use the updated model going forward.
 2. Include a separate “risk” category in audit reports for all issues presented. Internal Audit response: Partially concur and will adopt the recommendation as needed (an effect or impact statement is now included with each issue).

3. The CEO Hotline should be an auditable area. Internal Audit response: Concur. Internal Audit will work with management to gain access to hotline complaints that involve potentially fraudulent or otherwise illegal or unethical behavior, with the objective being to address control or procedural improvements to prevent similar incidents in the future. Estimate completion of a working approach by July 31, 2017.
4. Audit planning should include consulting during System Development Life Cycle for major system development and acquisition. Internal Audit Response: Concur. Internal Audit is working with management to provide both informal and formal advice and consulting on current BWL major projects such as the ADMS, AMI, new plant construction, and replacement CI system, as well as any future such projects.
5. Risk assessment discussions between the Internal Auditor and the Finance Committee should be documented so that the approval of the annual audit plan and accompanying resources reflect the results of such discussions. Internal Audit Response: Concur. The Internal Auditor will include in his recommended audit plan why the number and type of audits and resources needed are optimal based on assessed risks, and this will be documented in Finance Committee meeting minutes accordingly.

FY 2017 Audit Plan Progress Report

Engagements Completed:

1. Follow-up Training & Development Audit
2. Collections Audit
3. COBIT Compliance Audit
4. New Service Order Management – Water Audit
5. Performance Evaluation/Compensation/Merit Pay Audit
6. Surprise Cash Counts (2)
7. Employee Time Reporting Reviews (2)
8. Vehicle Time Reporting Reviews (1)

2. Identity and Access Management Audit (estimated 50% complete)
3. Follow-up Hiring Process Audit (estimated 67% complete)

Basis for plan:

1. Meetings with Executives and Staff to discuss risks and potential audit topics.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Identified at least 19 potential audits to perform in FY 2018 and beyond.

Engagements in Progress:

1. Payroll Management Audit (estimated 75% complete)

Proposed FY 2017 Audit Plan – Background

Top 10 audits for FY 2017 (as discussed and agreed with senior management):

1. *Cash Receipts*
2. *IT – Help/Service Desk*
3. *Succession Planning*
4. *Customer Payment Arrangements & Third Party Payments*
5. *Contract Authorization/Approval Process*
6. *Physical Access Security Management*
7. *Water Production Plant Audit*

8. *Power Purchase Agreements*

9. *Accounts Payable Below the line will be deferred*

10. *Cash Management/Treasury beyond FY 2018.*

(Audits below the line will be deferred beyond FY 2018)

Proposed FY 2018 Audit Plan

Available Resource

Planned Audits:	Estimated Hours	Resource	Position	Available Hours
Cash Receipts	300	Phil Perkins	Director of Internal Audit	1,500
IT Help/Service Desk Management	300	C. L. Moore & Associates	Augmented IA Services	800
Succession Planning	300	Internal or External IT Audit Assistance	IT Audit Services	200
Customer Payment Arrangements	300			
Contract Authorization/Approval Process	300			
Physical Access Security Management	300			
Water Production Plant Reporting	300			
Other Engagements:				
Surprise Cash Counts (2)	50			
Time Reporting Reviews (2)	150			
Consulting – Project Development/Acquisition	200			
Total Estimated Hours	<u>2,500</u>	Total Hours		<u>2,500</u>

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to approve the FY 2018 Audit Plan.

Action: Motion Carried.

Internal Auditor Perkins requested that the Committee approve the Internal Auditor's Charter as is, as there were no changes to the document. In response to Mr. Perkins request Finance Chair Ross suggested that the Charter be provided at the next Finance Committee meeting for review.

Other

A request was made by Commissioner Long to have management provide a rate hearing schedule/timeline review for 2017-2018. CFO Shawa provided an overview of the rate hearing schedule. The tentative schedule has the Finance Committee Meeting in September 2017 as the kickoff. This meeting is currently scheduled for September 12, 2017 but there is discussion to move it to September 19, 2017. The Finance Committee is hoping to move the rate hearing schedule to the full Board at the Board Meeting scheduled September 26, 2017. The rate hearing schedule has to be filed with the Lansing City Clerk by October 16, 2017 and publication is required by November 15, 2017. A public hearing is tentatively scheduled for November 30, 2017. Approval of the rate strategy would be at the January 23, 2018 Board Meeting and the rate implementation would be in effect February 1, 2018.

Ms. Shawa reported that rate projections are included in the long-term forecast. Cost of service has been reviewed, plus cost and rate structures, for a multi-year rate strategy. Any additional items that the Commissioners would like considered, besides those noted, are to be submitted to the Finance Committee before July 23, 2017 for analysis and recommendations.

Adjourn

Chair Ken Ross adjourned the meeting at 9:14 p.m.

Respectfully submitted

Ken Ross, Chair

Finance Committee

MANAGER'S RECOMMENDATIONS

RESOLUTION 2017-07-01

EASEMENT GRANT TO CONSUMER'S ENERGY COMPANY

RESOLVED, that the Board of Commissioners hereby recommends that Lansing City Council grant an easement to Consumers Energy Company which will be located on property occupied and maintained by the Board of Water and Light.

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

Staff Comments: Consumers Energy Company (“Consumers”) desires and requested an easement across property currently owned by the City of Lansing by and for the Board of Water and Light (“BWL”) for a gas pipeline. Upon Consumers’ request, the BWL performed an operational feasibility assessment and negotiated the terms, which includes monetary consideration in the amount of \$107,500, that were mutually agreeable.

Motion by Commissioner Thomas, Seconded by Commissioner Graham, to approve the Easement Grant Resolution requesting Lansing City Council to approve the grant easement to Consumers Energy Company.

Action: Motion Carried

RESOLUTION 2017-07-02

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

RESOLVED, that Fiscal Year 2017-2018 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented, to be effective September 1, 2017.

Motion by Commissioner Graham, Seconded by Commissioner Thomas, to approve the Rules and Regulations for FY 18.

Action: Motion Carried

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

Appointment of Executive Committee

Motion by Commissioner Price, Seconded by Commissioner Mullen, to appoint Commissioner Anthony McCloud as the fourth member of the 2017-2018 Executive Committee.

Action: Motion Carried

RESOLUTIONS

RESOLUTION 2017-07-03

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 2017-2018 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 2017's performance.

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen to approve the Resolution for the Reappointment of the Charter Appointed Position of Corporate Secretary.

Action: Motion Carried

RESOLUTION 2017-07-04

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 2017-2018 or until a successor is appointed, whichever last occurs.

Philip Perkins, 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 2017's performance.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to approve the Resolution for the Reappointment of the Charter Appointed Position of Internal Auditor.

Action: Motion Carried

RESOLUTION 2017-07-05

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 2017-2018 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 2017's performance.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to approve the Resolution for Reappointment of the Charter Appointed Position of General Manager.

Action: Motion Carried

RESOLUTION 2017-07-06
Commissioner Governance

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility company organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Board, per the Lansing City Charter, is delegated administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, per the Lansing City Charter, the Board has appointed three individuals, Director (also known as the General Manager), Internal Auditor (also known as the Director of Internal Audit) and Secretary (also known as the Corporate Secretary), who report directly to the Board and serve at the Board’s pleasure. The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which includes but is not limited to the operation and management of the BWL.

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL as owned by its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary are effective with adequate support and resources.

WHEREAS, while the Administrative Rules of Procedure as approved by Lansing City Council in accordance with Section 5-105 identifies how the Board will conduct business and is organized for fulfilling its policymaking responsibilities necessary for the operation of the BWL, it desires to better define the understanding between individual Board members on day to day dealings.

WHEREAS, the Board also desires to improve and clarify the general nature of its working relationship with the General Manager, Director of Internal Audit and Corporate Secretary; and distinguish its role as the governing body from the role of the General Manager, management and staff to ensure operational efficiency.

RESOLVED, the Board adopts the following policy which clarifies its role as the governing body, provides direction and priority focus for the General Manager, and interaction between the Board, General Manager, Director of Internal Audit, Corporate Secretary, management and staff:

COMMISSIONER GOVERNANCE POLICY

- 1) The Board’s objectives and goals for its effective governance of the BWL include the following:
 - a. Develop and adopt corporate policies for the governance of the BWL that are sufficient for the effective administrative and executive management of the BWL;

- b. Review and approve the corporate strategic plan that sets forth the mission, goals and broadly stated objectives and performance measures;
 - c. Review and approve major project plans and programs, capital and operating budgets proposed by the General Manager, or other policy matters as requested by the Board;
 - d. Monitor organizational performance;
 - e. Support the General Manager by engaging in collaborative performance planning and evaluation.
- 2) The Board commits itself and its individual members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate professional and personal behavior. More specifically:
- a. Commissioners must, in capacity as a board member, represent the interests of the BWL and their respective constituents.
 - b. Commissioners may not attempt to exercise individual authority over the BWL, except as explicitly set forth in Board policies.
 - i. Commissioners' interactions with the General Manager, management and staff must clearly reflect that there is no authority vested in individual Commissioners, except when explicitly authorized by action of the Board.
 - ii. Only the Chair or other Designee of the Board may speak on behalf of the Board. To that end, no individual Commissioner (other than the Chair) may speak for the Board except to repeat explicitly stated Board decisions.
 - iii. Commissioners will refrain from making individual public comments about the BWL unless such comments are supported by relevant, timely, accurate and objectively reported information.
 - iv. Commissioners will respect the confidentiality appropriate to personnel issues and information of a sensitive nature.
- 3) The Board adopts and establishes that the General Manager's principal role, with the support of management and staff employees, is to:
- a. Carry out the administrative and management duties assigned for the full and exclusive management of the utility services provided by the BWL;
 - b. Support the Board in its development of policies;
 - c. Carry out the Board policies;
 - d. Keep the Board informed about the outcomes of its policies, including achievement of results and the use of resources;
 - e. Prepare and present, for Board approval and consistent with Board policies, a strategic plan, major project plans and programs and capital and operating budgets;
 - f. Manage and operate the BWL, accepting accountability for the performance of the organization in relation to the Board's policies, as well as its approved strategic and business plans, major project plans and programs, and capital and operating budgets.
 - g. Establish administrative and operational directives, standards, guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.

4) The Board shall provide direction to the General Manager, Director of Internal Audit and Corporate Secretary collectively as a board through resolution or motion as adopted by the Board; which includes the understanding that:

- a. The General Manager, Director of Internal Audit and Corporate Secretary are the only persons directly accountable to the Board for the operational conduct that directly impact their respective areas of responsibility. Additionally, the General Manager, Director of Internal Audit and Corporate Secretary are individually accountable only to the Board.

The authority and accountability of respective management and staff is inseparable from the authority and accountability of the General Manager, Director of Internal Audit and Corporate Secretary. To that end:

- i. The Board shall not give orders directly or implied to anyone other than the General Manager, Director of Internal Audit or Corporate Secretary based on the areas of respective authority and accountability.
 - ii. To the extent that the Board's written policies do not give specific direction, and the General Manager, Director of Internal Audit or Corporate Secretary deem it necessary to act, the General Manager, Director of Internal Audit or Corporate Secretary will respectively use a reasonable interpretation of its current policies, to make all decisions, develop all processes and procedures, take all actions and establish all practices necessary and will report to the Board actions taken and any recommendations for additional, or amendments to existing Board written policies.
- b. Unless the Board has specifically authorized an individual Commissioner or Board committee to do so, an individual Commissioner cannot make decisions or recommendations, nor issue directives that are binding on the General Manager, Director of Internal Audit and Corporate Secretary
 - c. When individual Commissioners request information or assistance from management without formal Board authorization, the General Manager, Director of Internal Audit and Corporate Secretary can either respond to the request accordingly or refer the request to the Board.
 - i. **Respond as requested.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may notify all other Commissioners of the request and the response provided.
 - ii. **Refer the request.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may refer the request to the Board for consideration and direction before taking any action. This is especially appropriate where the General Manager, Director of Internal Audit and Corporate Secretary believe responding to the request for information or assistance would be disruptive or require a material amount of staff time or funds that were not previously budgeted or scheduled for that purpose.

5) Each year the Board will conduct a self-evaluation, soliciting the views of Board Members and other stakeholders as to the ways in which efficiency and effectiveness can be improved.

6) This Commissioner Governance policy is not intended to and shall not be construed as supplanting the Administrative Rules of Procedures as approved by the Lansing City Council in accordance with the Lansing City Charter Section 5-105 in whole or part. This Governance Policy is an understanding amongst the Board of Commissioners of how it will effectuate its executive and policymaking responsibilities with the

utilization of its three appointees: General Manager, Director of Internal Audit and Corporate Secretary.

To the extent certain organizational resources are needed and permitted by the Administrative Rules of Procedure, which includes but is not limited to the use of consultants or legal counsel, this policy shall not prohibit or hinder such use, so long as the Administrative Rules of Procedure are followed.

Motion by Commissioner Price, Seconded by Commissioner Mullen to approve the Resolution adopting the Commissioners Governance Policy.

Action: Motion Carried

RESOLUTION 2017-07-07

Internal Audit Plan for FY 2018

RESOLVED, that the Board of Commissioners hereby approves the Internal Audit Plan for FY 2018.

Motion by Commissioner Ross, Seconded by Commissioner Thomas to approve the Internal Auditor Plan for FY 2018.

Action: Motion Carried

RESOLUTION 2017-07-08

Revised DB and VEBA Investment Policy Statements

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan") and the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the "Retiree Medical Benefit Plan"); and

WHEREAS, the Retirement Plan Committee has reviewed the current (i) Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives, in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommends the Sponsor adopt the revisions reflected in the attached (i) Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor wants to adopt the revisions reflected in the attached (i) Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that, after its review, and based on the recommendation from the Retirement Plan Committee, the Sponsor adopts and approves: (i) the attached Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) the attached Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives.

Motion by Commissioner Ross, Seconded by Commissioner Zerkle to approve the Revised DB and VEBA Investment Policy Statements.

Action: Motion Carried

MANAGER'S REMARKS

None

COMMISSIONERS' REMARKS

Commissioner Mullen expressed his appreciation for the work of the Board Appointed employees.

Commissioner Ross requested an update on the status of the substation particularly regarding the sunken garden.

GM Peffley responded that the project is on schedule and on budget. Contractors have been hired and excavation will start about mid-August. Plants have been removed and put in storage and maintained in a greenhouse. The moving of the garden will begin with the excavation. The project is scheduled to be completed in October 2018.

Commissioner Thomas congratulated the Chair and Vice Chair as well as the three appointed employees on their reappointment for FY18.

MOTION OF EXCUSED ABSENCE

Excused Absence

Motion by Commissioner Mullen, Seconded by Commissioner Thomas, to excuse Commissioner's Louney, McCloud and Nelson from tonight's meeting.

Action: Motion Carried

PUBLIC COMMENTS

None

ADJOURNMENT

Chair Price adjourned the meeting at 5:50 p.m.

Field	Value
To	Dennis Louney
Name	Jeff Phillips
Address	804 E Mt Hope; Lansing, MI
email	itsjeffery@gmail.com
E-mail Subject	Can joint-use providers use BWL utility poles in manner that discriminates?
Message	<p>Hello, I would like to know if the City of Lansing Human Rights Ordinance, or the BWL "Inclusion and Equity" values statement is enforced upon your Joint Use partner companies who provide other services to residents using their own cables permitted to be mounted on BWL utility poles. My roommate and I are both gay (not in a relationship, just roommates). We currently have Go Light Speed internet service under my name, and I absolutely love it. Best service we ever had, and there's nothing that even remotely compares--multitudes faster than cable or DSL, hands down. This service delivers our internet as well as our phone and television connectivity all in one line. We've been thrilled with it until I received an e-mail from the company's CEO indicating that he personally does not like me and is terminating our service arbitrarily. It is unclear to me if my service is being terminated because we are gay, or because the company can't handle suggestions, or for other seemingly arbitrary reasons. The only thing he did make clear is that he is NOT terminating our service for any kind of payment issue. We have always remitted payment promptly, within 1 business day following their invoice being e-mailed to us. Since this company is permitted to use BWL's publicly owned utility poles to facilitate its service, I am wondering if they are directly obligated to provide their service to all residents along their cable routes or service area with equal access, and in a non-discriminating way? Or is it actually legal for this business to use the public utility pole infrastructure in a discriminating manner that singles out certain persons or groups and arbitrarily denies them service (service which they have already installed and working I might add)? Thanks, Jeff Phillips 989-683-0004</p>

Email "Can joint-use providers use BWL utility poles in manner that discriminates?" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 8/9/2017 3:55:57 PM.

Field	Value
To	All Commissioners
Name	EBONY CHAPMAN
Address	719 S.MAGNOLIA AVE
email	EBONYICE27@GMAIL.COM
E-mail Subject	DISPUTE
Message	HELLO MY NAME IS EBONY CHAPMAN AND I WOULD LIKE TO DISPUTE A BWL BILL FOR SEPT.7.2017 .I WAS INFORMED THROUGH MY OWN RESEARCH THAT MY BILL WAS INCREASED FOR SEWER. DUE TO NO FOUGHT OF MY OWN. I WAS SHOCKED WHEN THE BWL BILL CAME IN THE SEWER WAS INCREASED BY \$75.00 WHEN I CALLED BWL IT WAS SAID THAT BWL WAS'NT PICKING UP THE RIGHT READ FROM THE METER. WHICH IS NOT MY FOUGHT I AM ALWAYS HOME, IN MY PHONE IS ALWAYS ON NO ONE NOTIFIED ME OF THIS ERROR . I BELIEVE THIS NOT RIGHT HAD I KNEW OF THIS EERROR BWL WAS HAVING I WOULD HAVE CORRECTED MY WATER CONSUMPTION. THE METER CORRECTION WAS MADE IN JULY HERE IT IS SEPT. NOW THE CHARGES IS ALL OF A SUDDEN SHOWING UP ON MY BILL. WITH NO PRIOR WARNING AS TO THE ERROR IN CORRECTION TO THE BILL TILL THE DAY OF BILL. BWL HAD ALMOST 2 MO. TO NOTIFY ME OF THIS INCREASED ADJUSTMENT TO MY BILL.HAD I KNEW I WOULD HAVE HAD PREPARED FOR THIS INCREASED ADJUSTMENT. . ACCOUNT#(553741-000-2) LAST 4 SSN: 2293 CONTACT #517-580-4544

From: noreplylbwl@lbwl.com [<mailto:noreplylbwl@lbwl.com>]
Sent: Friday, September 22, 2017 9:16 AM
To: Mdenise Griffin <MDenise.Griffin@lbwl.com>
Subject: resignation

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 9/22/2017 9:16:18 AM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	David Price (Chair)
Name	Tammy Weiss
Address	
email	tweiss@cityofeastlansing.com
E-mail Subject	resignation
Message	Mr. Price, I will be sending Denise Griffin a resignation from Bob Nelson, the City of East Lansing's commissioner. Thank you, Tammy Weiss Assistant to the East Lansing City Council

Email "resignation" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 9/22/2017 9:16:18 AM.

HUMAN RESOURCES COMMITTEE
Meeting Minutes
September 12, 2017

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, September 12, 2017.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Anthony McCloud, Tony Mullen, and Sandra Zerkle. Also present: Commissioner David Price; and Non-Voting Commissioners William Long and Robert Nelson.

Public Comments

None

Approval of Minutes

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen, to approve the Human Resources Committee meeting minutes of June 29, 2017.

Action: Motion Carried.

PA152 Health Care Premium Sharing Resolution

HR Committee Chairperson Tracy Thomas introduced Michael Flowers, Executive Director of Human Resources. Mr. Flowers reviewed and discussed BWL's options regarding Public Act 152's requirements associated with capping the amount a public employer may pay for health care insurance.



Public Act 152, 2011

- The BWL has three options:
 - Comply with PA 152 and limit expenditures on health care cost based on a schedule of dollars provided in the Act using the Hard Cap as updated annually; or
 - Limit expenditures on health care cost based on a 80/20 percentage split, requiring a majority vote; or
 - Exempt itself entirely from the Act & choose some other percentage of Premium sharing, requiring a 2/3 vote

In conclusion, the recommendation is that the Board select option 3 and exempt itself from the requirements of PA 152 of 2011 for all active employees' medical benefits, effective January 1, 2018 with an increase from 14% to 16% in premium sharing contribution. The Administration

presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

Proposed Resolution
To Amend Employee Contribution to Medical Benefit Plans

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the “Public Funded Health Insurance Contribution Act”, Public Act 152 of 2011 limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a “hard cap” for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a majority vote of its governing body, a public employer may opt-out of the hard cap and into an 80% cap option where the public employer may not pay more than 80% of the total annual costs of all the medical benefit plans for its employees, and;

WHEREAS, by a 2/3 vote of its governing body each year, a local unit of government may exempt itself from the requirements of Public Act 152 of 2011 for the next year, and;

WHEREAS, the Board of Commissioners met on July 24, 2012 and passed a resolution (#2012-07-01) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 10% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 23, 2013 and passed a resolution (#2013-07-02) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on September 23, 2014 and passed a resolution (#2014-09-03) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 28, 2015 and passed a resolution (#2015-07-12) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2015, and;

WHEREAS, the Board of Commissioners met on November 17, 2015 and passed a resolution (#2015-11-02) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12%

premium sharing through December 31, 2016 for Union employees and implemented a 14% premium sharing for Non-Union employees effective July 1, 2016, and;

WHEREAS, the Board of Commissioners met on November 15, 2016 and passed a resolution (#2016-11-06) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 14% premium sharing effective July 1, 2016, and;

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2018 through December 31, 2018.

FURTHER RESOLVE that the Board desires to increase premium sharing from 14% to 16% for all active employees for medical benefits effective January 1, 2018.

Motion by Commissioner Mullen, Seconded by Commissioner McCloud, to forward the proposed resolution for PA 152 Health Care Premium Sharing to full Board for consideration.

Action: Motion Carried.

Other

None

Adjourn

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 5:11 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
September 12, 2017

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, at 5:30 p.m. on Tuesday, September 12, 2017.

Committee of the Whole Chair Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Beth Graham, Dennis M. Louney, Anthony McCloud, David Price, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: William Long (Delta Township), Robert Nelson (East Lansing), and Rod Taylor (DeWitt Township).

Absent: Commissioner Ken Ross

The Corporate Secretary declared a quorum.

Public Comments

None.

Amendments and Restatements of Retirement Plan Trust Agreements

Commissioner Mullen shared information regarding the tabled agenda item. Ron Byrnes of the IBEW is still reviewing the Trust Agreement for retirement plans with his legal team. Amendments may be sent in the next two weeks to be addressed at the upcoming Board meeting.

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to take the Amendments and Restatements of Retirement Plan Trust Agreements from the table.

Action: Motion Carried.

Scott Taylor, Finance Manager reviewed two revised retirement plan documents, the Post-Retirement Benefit (VEBA) Plan (Retiree Health Care Plan) Trust Agreement and the Defined Benefit (DB) Plan Trust Agreement. Each of the plans contain a plan document and a trust agreement. The plan document governs the specific benefits being provided and the eligibility requirements and the trust agreement was established to accumulate the funds necessary to fund the benefits. The changes were targeted at bringing the agreements up-to-date and in alignment with regulatory changes, practice changes, and changes that have been made over time to the plan documents. None of the changes affect the benefits from the plan.

Discussion: Commissioner Mullen requested an explanation of the difference between the commissioners acting as trustees and as a Board member. Mr. Taylor responded that when the Board members convene to change plan documents or plan design, they are acting as the plan sponsor. The

Board, as the sponsor of the plan document, sets the benefits and eligibility requirements. When the Board members convene annually in November at the trustees meeting to review the performance of the investment portfolio and the performance of the investment managers, to carry out or execute the terms of the trust agreements, the commissioners are acting as trustees.

Commissioner Nelson questioned the definition of trustees being removed from the Trust Agreement for the Post-Retirement Benefit Plan on page 2. General Counsel Brandie Ekren responded that the definition was placed above in the same section of the document with additional clarity. Commissioner Nelson also questioned the process of removal of a Trustee and selecting a replacement Trustee. Ms. Ekren responded that the removal of a trustee would be for ethical concerns or for not honoring the trust and the replacement trustee would be a Board Commissioner.

Motion by Commissioner Thomas, **Seconded** by Commissioner Price to accept the Amendment and Restatement of Trust Agreement for the Post-Retirement Benefit Plan (VEBA) with the proposed edits and forward to the Board for consideration.

Action: Motion Carried

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to accept the Amendment and Restatement of Trust Agreement for the Defined Benefit Plan (DB) with the proposed edits and forward to the Board for consideration

Action: Motion Carried.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Price, to approve the Committee of the Whole meeting minutes of July 11, 2017.

Action: Motion Carried.

2018 Regular Board Meeting Dates Resolution

Committee of the Whole Chair Mullen presented a proposed Resolution setting the BWL Board of Commissioners 2018 Regular Board Meeting Dates as directed by Section 1.1.2 of the BWL's Rules of Procedure.

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to approve the 2018 Regular Board Meeting Dates Resolution.

Action: Motion Carried.

Strategic Plan Update 2017

General Manager Dick Peffley introduced George Stojic, Executive Director of Strategic Planning, who reviewed the updates to the 2017 Strategic Plan which was adopted in September 2016. Mr. Stojic indicated that the Plan's objectives and tasks were composed of two types; those that are project

oriented and composed of a specific scope, budget and schedule a and those that are reoccurring or ongoing. He introduced an update spreadsheet and explained the color coding that was designed to show progress in meeting the Plan's objectives.

Mr. Stojic reviewed progress on selected objectives within the seven Strategic Plan strategies: Customer Experience, Community Involvement, Effectively Acquire and Manage Resources, Implement New Technologies, Workforce, Financial Stability, and BWL Leadership. Mr. Peffley commented that the first GM Roundtable, as part of the Community Involvement strategy, was well attended and was designed to be educational about the BWL. He also indicated that some of the objectives would be the subject of Committee of the Whole presentations in coming months.

According to Mr. Stojic, the BWL staff was on schedule for completing or had completed most of the tasks included in the Strategic Plan. The only exception noted by Mr. Stojic was Task 1.2a, in Customer Experience. He stated that Task 1.2a, a technology survey, was coded orange for caution because there was some miscommunication within the company. However, the survey should be completed by the end of the year. He also addressed advanced metering infrastructure (AMI) technologies and related technology projects. Under Effectively Acquiring and managing resources, Mr. Stojic spoke about upgrading the electric transmission and distribution system, completing the central substation in order to close the Eckert facility, and implementing an asset management program. With respect to new technologies, Mr. Stojic noted the IT deep dive and that it would be the subject of a future Committee of the Whole meeting.

Under the workforce strategy Mr. Stojic discussed attracting potential applicants and succession planning along with the re-placement, moving and training of workers from the Eckert Power Plant to new positions in the BWL. Mr. Stojic reported that the items listed under the Financial Stability Strategy will be covered in the Finance Meeting on September 19, 2017. He also indicated that Strategy 7 organizational efficiency would be the subject of a future Committee of the Whole meeting.

A Commissioner asked about energy efficiency. Mr. Stojic responded that energy efficiency meetings would be held in 2017 and 2018. He also indicated that an energy efficiency plan expansion proposal would be submitted to the Board in 2019. A question was also asked about the development of a cost-effective demand response program being completed in 2017 rather than 2018. Mr. Stojic responded that the AMI needs to be deployed before the demand response program can be completed. Commissioner Taylor asked what is being done to implement this plan within the organization and what is being done to ensure economic development investments. Mr. Stojic and Mr. Peffley responded that BWL reaches out to all planning commissions in the area and develop business relationships with organizations. Various incentives can be offered to these entities.

Commissioner Price commended and thanked Mr. Stojic for the thorough update on the Strategic Plan.

Sierra Club Settlement

General Manager Dick Peffley spoke briefly about the Sierra Club settlement and expressed satisfaction that the settlement supports the BWL's strategic plan.

New Plant Update

General Manager Dick Peffley spoke about the changes in the economics to the new plant site and pipeline plans. An increase in Consumers Energy distribution rate has caused an extra cost of one million dollars per year at the REO plant and the new plant will be considerably larger than REO.

Public Comment

None.

Other

Motion by Commissioner Price, Seconded by Commissioner McCloud, to excuse Commissioner Ken Ross from tonight's meeting.

Action: Motion Carried

Adjourn

Motion by Commissioner Price , **Seconded** by Commissioner Thomas to adjourn the meeting.

Meeting adjourned at 6:35 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

**FINANCE COMMITTEE
Meeting Minutes
September 19, 2017**

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, at 5:30 p.m. on Tuesday, September 19, 2017.

Finance Committee Chair Ken Ross called the meeting to order and requested a roll call.

Present: Commissioners Ken Ross, David Price, and Sandra Zerkle serving as an alternate. Also present: Non-Voting Commissioners William Long and Robert Nelson.

Absent: Commissioners Beth Graham and Dennis Louney

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

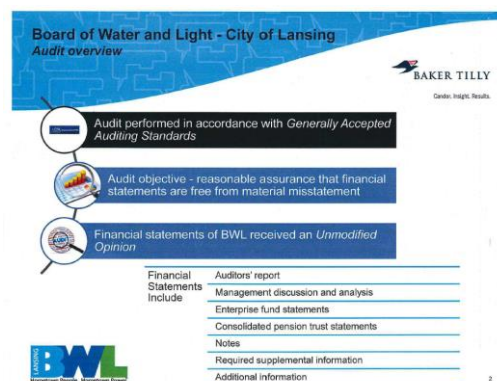
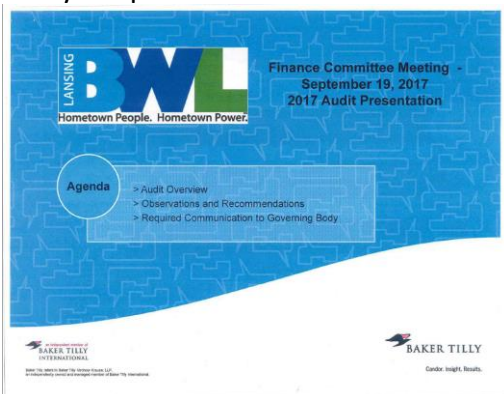
Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to approve the Finance Committee meeting minutes of July 11, 2017.

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

Chief Financial Officer Heather Shawa introduced external auditor Bethany Ryers, CPA and Senior Manager at Baker Tilly Virchow Krause, LLP. Ms. Ryers presented and highlighted the external audit report which included an audit overview, observations and recommendations, and the ICPA audit standards. BWL received an unmodified or clean opinion which is the highest level of assurance provided. No material weaknesses or significant deficiencies were noted.

Ms. Ryers' presentation was as follows:



Board of Water and Light - City of Lansing
Audit overview



Center Insight Results



Audit assesses internal controls



"...a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources."



Controls must meet the goal and objectives of Operations, Reporting and Compliance



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Board of Water and Light - City of Lansing
Audit overview



Center Insight Results

Controls reviewed in key transaction areas

Disbursements

Payroll

Billings

Cash and investments

Capital assets

Information technology

Financial reporting



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Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

- > Reported net income of \$4,329,000 after impairment on Erickson Power Station of \$9,337,000
- > Bond coverage was met in 2017
- > There were no material weaknesses reported
- > The combined deficiencies in control related to information technology that were reported as part of the 2016 audit have been properly addressed to resolve this issue going forward



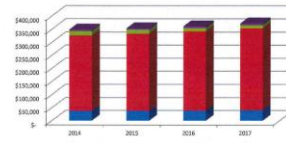
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Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Operating Revenues – Four-year Comparison (in thousands)



	2014	2015	2016	2017
Water	\$ 37,247	\$ 37,510	\$ 38,731	\$ 40,738
Electric	289,114	295,048	305,346	312,823
Steam	16,324	14,959	13,083	11,464
Chilled Water	3,397	3,568	6,776	6,383
Operating Revenue	\$ 346,122	\$ 351,085	\$ 364,936	\$ 371,414



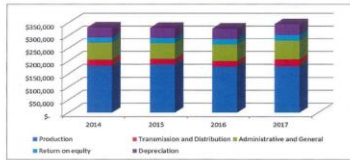
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Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Operating Expenses – Four-year Comparison (in thousands)



	2014	2015	2016	2017
Production	\$ 182,244	\$ 187,792	\$ 178,959	\$ 180,513
Transmission and Distribution Administrative and General	22,093	20,870	22,293	25,588
Administrative and General	66,583	61,298	64,007	73,449
Return on equity	20,608	20,840	21,034	21,862
Depreciation	38,997	39,301	41,542	42,539
Operating Expenses	\$ 340,525	\$ 329,881	\$ 327,835	\$ 344,862



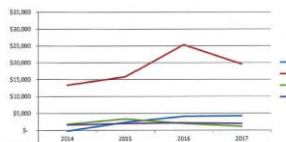
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Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Operating Income – Four-year Comparison (in thousands)



	2014	2015	2016	2017
Water	\$ (295)	\$ 2,388	\$ 4,099	\$ 4,237
Electric	13,369	15,863	20,885	19,619
Steam	1,802	3,352	2,047	1,177
Chilled Water	1,625	3,018	3,271	3,995
Operating Income	\$ 16,501	\$ 22,511	\$ 30,302	\$ 27,028



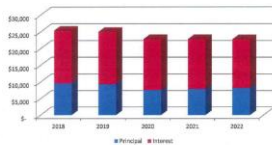
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Board of Water and Light - City of Lansing
Observations and recommendations
Enterprise Fund



Center Insight Results

Future Debt Service Requirements (in thousands)



	2018	2019	2020	2021	2022
Principal	\$ 9,615	\$ 9,997	\$ 7,624	\$ 7,956	\$ 6,264
Interest	15,748	15,396	15,381	14,848	14,493

Debt service after 2022 includes remaining principal payments of \$281,800,000 and interest payments of \$175,326,000.



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Board of Water and Light - City of Lansing
Observations and recommendations
Pension Plans



Center Insight Results

- > Separate financial statements issued for each pension plan
- > GASB Statement No. 74 was implemented for the Retiree Benefit Plan and Trust
- > All three plans received unmodified audit opinions



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Board of Water and Light - City of Lansing
Observations and recommendations

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Future accounting standards

- > GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* – effective for fiscal year 2018
- > GASB Statement No. 83 *Certain Asset Retirement Obligations* – effective for fiscal year 2019

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Board of Water and Light - City of Lansing
Auditor communication to those charged with governance

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Area to be Communicated	Area to be Communicated
Our responsibility under Auditing Standards Generally Accepted in the United States	Other Information in Documents Containing Audited Financial Statements
Planned Scope and Timing of the Audit	Accounting Policies
Accounting Estimates	Financial Statement Disclosures
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Disagreements with Management	Consultations with Other Independent Accountants
Management Representations	Auditor Independence

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We appreciate the help of the Board of Water and Light General Accounting & Finance Teams in preparing for and assisting in the audit!

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Discussion

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Contact info

BAKER TILLY
Center. Insight. Results.

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Commissioner Nelson inquired about the IT issue from 2016 and Ms. Ryers responded that the deficiency was from the prior year and had been resolved.

Commissioner Ross commented about the GASB Statement No. 74 for retirement benefits being a new schedule, net position vs liability, how well funded the plan is and asked for an explanation for net liability as a percentage of covered employee payroll. Ms. Ryers responded that the information is required supplementary information based on the new GASB No. 74 standard and net liability as a percentage of covered employee payroll informs where the funding stands.

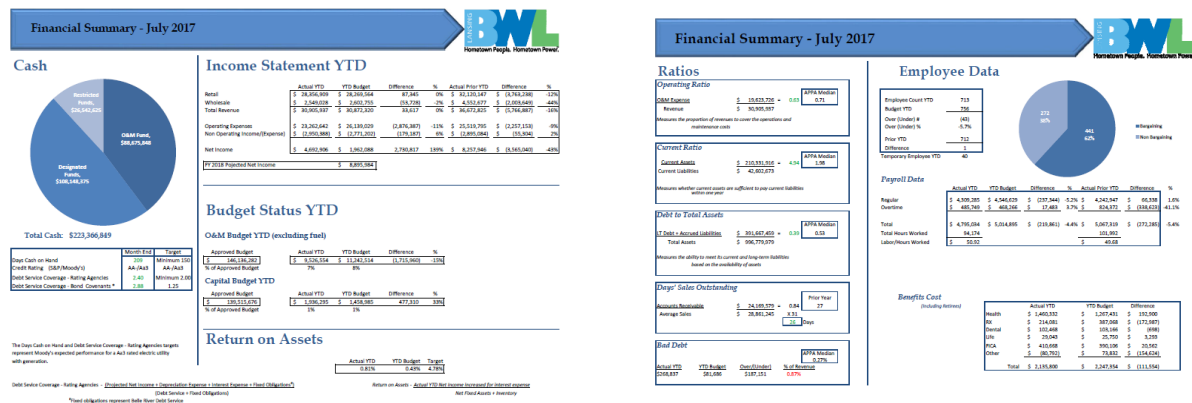
Commissioner Long inquired about the promissory note to the City of Lansing in the amount of \$13.2 million. Ms. Shawa responded that this note was for a CSO project and that annual payments of \$800,000 to \$900,000 are made and there will be a catch-up payment in fiscal year 2018 for 2017.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to forward to the Board Meeting the Acceptance of the 2017 Audited Financial Statements Resolution.

Action: Motion Carried.

July YTD Financial Summary

Chief Financial Officer (CFO), Heather Shawa, presented the following:



CFO Heather Shawa presented the July 2017 Year-to-date Financial Summary which indicated that the total Cash is over \$223M, Days Cash on hand is \$209M, and debt service coverage ratio is 2.40. The Year-to-date income statement as of July YTD is meeting budget by \$2.7M. The projected fiscal-year-end net income has not been changed from the FY18 budget and the revenue for the first month is at break even. Ms. Shawa also mentioned that four out of the five ratios are being met.

FY2018-2023 Financial Forecast Plan and Resolution

Ms. Shawa presented the FY2018-2023 Financial Plan.



Impact of Proposed Rate Strategy
Reflects February 1st Implementation each Fiscal Year

Utility	Proposed Rate Increase	FY 2018 Impact of Proposed Rate Increases		FY 2019 Impact of Proposed Rate Increases		FY 2020 Impact of Proposed Rate Increases			
		Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases	Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases
Electric	3.0%	\$ 4,861,473	2.50%	\$ 6,982,091	3.03%	\$ 13,527,046	3.00%	\$ 21,313,382	4.18%
Water	5.0%	\$ 587,373	1.00%	\$ 1,332,906	1.38%	\$ 86,344	0.62%	\$ 2,733,008	1.81%
Steam	5.0%	\$ 933,468	1.75%	\$ 1,026,030	2.25%	\$ 1,033,320	5.25%	\$ 1,587,302	3.03%
Chilled Water	0.0%	\$ 528,333	5.73%	\$ 528,333	5.73%	\$ 528,333	5.73%	\$ 528,333	5.73%
All Utilities Total	3.0%	\$ 6,900,644	2.20%	\$ 10,867,360	3.80%	\$ 18,895,687	3.90%	\$ 26,162,025	3.80%

Commissioner Ross asked Ms. Shawa if she was able to monetize and estimate how much of savings there was and Ms. Shawa responded that we are not able to now but are able to looking forward.

Ms. Shawa introduced Mark Beauchamp, President of Utility Financial Solutions (UFS), BWL's Cost of Service Study Consultant, who talked about industry trends nationally and reviewed the following electric, water, steam and chilled water rate strategies:

Electric Cost of Service Process: Overview

- Annually, BWL completes a cost of service (COS) study
 - Historically, the results were not used to guide rate design for our general rate classes; rather, BWL applied the same percentage increase to each rate class.
 - In 2014, BWL started the process to move street lights to cost of service
- To better match the cost recovery with cost causation and remain competitive, BWL recommends to move rates towards cost of service for the first time
 - This is consistent with State of Michigan policy of establishing rates consistent with cost of service.
- BWL contracted with Utility Financial Solutions (UFS) to update our cost of service model
 - Cost of service studies compare revenues from each class of customers with the cost to provide service to each class
- Financial forecast called for a 3% overall increase; so BWL determined that all rate classes would receive at least a 2% annual increase, but no more than a 5% to move rates towards cost of service
 - This will cause a gradual movement towards cost of service

Electric Strategy:

Overview
Annual Net Income Impact
Changes by Rate

- Staff reviewed and updated the cost of service model with the help of Utility Financial Solutions (UFS)
 - UFS is a well-established consultant for utilities
 - Frequently presents at American Public Power Association (APPA) conferences and works with many municipal utilities
- Summary of Recommendations from Study:
 - 3% overall increase each fiscal year
 - Move rates towards cost of service
 - Increase customer charges and demand charges
 - Add High Load Factor Rate
 - Add LED rates for street lighting and outdoor protective lighting
 - Update voluntary renewable program (Green Wise)
 - Update Rate 11 to all Unmetered Services
- Other Recommendations
 - Reduce Renewable Energy Plan (REP) surcharge to 50
 - Increase Energy Optimization (EO) surcharge
 - Update Modified Net Metering Language
 - Pole Attachments to move from Rules & Regulations to a tariff
 - Energy Cost Adjustment (ECA) baseline adjustment
 - Change name to Power Supply Cost Recovery (PSCR)

Electric Strategy:

Overview
Annual Net Income Impact
Changes by Rate

Utility	Proposed Rate Increase	FY 2018 Impact of Proposed Rate Increases		FY 2019 Impact of Proposed Rate Increases		FY 2020 Impact of Proposed Rate Increases			
		Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases	Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases
Electric	3.0%	\$ 4,861,473	2.50%	\$ 6,982,091	3.03%	\$ 13,527,046	3.00%	\$ 21,313,382	4.18%
Water	5.0%	\$ 587,373	1.00%	\$ 1,332,906	1.38%	\$ 86,344	0.62%	\$ 2,733,008	1.81%
Steam	5.0%	\$ 933,468	1.75%	\$ 1,026,030	2.25%	\$ 1,033,320	5.25%	\$ 1,587,302	3.03%
Chilled Water	0.0%	\$ 528,333	5.73%	\$ 528,333	5.73%	\$ 528,333	5.73%	\$ 528,333	5.73%
All Utilities Total	3.0%	\$ 6,900,644	2.20%	\$ 10,867,360	3.80%	\$ 18,895,687	3.90%	\$ 26,162,025	3.80%

Electric Strategy:

Overview
Annual Net Income Impact
Changes by Rate

Rate	COS	Feb-18	Feb-19	Feb-20
Rate 1, Residential	12.4%	3.90%	3.90%	3.90%
Rate 21, Senior Citizen Residential	46.4%	3.90%	3.90%	3.90%
Rate 22, Electric Vehicles	-14.3%	2.00%	2.00%	2.00%
Rate 3, General Service	1.9%	3.25%	3.25%	3.25%
Rate 5, Municipal Pumping	15.9%	4.50%	4.50%	4.50%
Rate 12, Space and Water Heating	-8.1%	2.00%	2.00%	2.00%
Rate 4, Large General Service	-1.7%	2.90%	1.90%	1.90%
Rate 5, Primary Service	-5.5%	1.55%	1.55%	1.55%
Rate 6, High Load Factor	NEW	NEW	3.00%	3.00%
Rate 8, Large Capacity Impact	3.2%	3.25%	3.25%	3.25%
Rate 11, Unmetered Services	130.1%	9.00%	9.00%	9.00%
Rate 5, Outdoor Protective Lighting	-3.3%	2.90%	1.90%	1.90%
Rate 31, Company Owned Street Lights	15.4%	5.20%	5.20%	5.20%
Rate 31a, Company Owned Street Lights	88.2%	5.20%	5.20%	5.20%
Rate 32, Customer Owned Street Lights	-3.0%	2.90%	1.90%	1.90%
Total Electric Increase		3.80%	3.80%	3.80%

Rate 1, Residential:

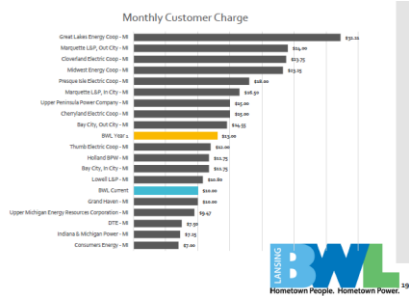
Overview

Billing Determinants

Customer Charge Survey

Comparison of Residential Electric Bills, 569 kWh Customer

Comparison to Consumers Energy, Rate Case U-18122



Water Rates:

Overview

Annual Net Income Impact

Comparison of Residential Water Bills, 6 ccf/Customer

- Rate Strategy
 - 5.5% Increase FY 2018
 - 7.5% Increase FY 2019
 - 7.5% Increase FY 2020
- Combining basic service charge for 5/8" and 3/4" meters in Rates 1 & 2 to conform to BWL standards
- BWL to review and update cost of service model in next three years



Water Rates:

Overview

Annual Net Income Impact

Comparison of Residential Water Bills, 6 ccf Customer

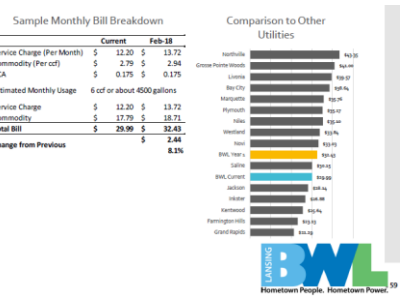
Utility	Proposed Rate Increase	FY 2018 Impact of Proposed Rate Increases		FY 2019 Impact of Proposed Rate Increases		FY 2020 Impact of Proposed Rate Increases			
		Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases	Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases
Electric	3.0%	\$ 4,861,479	2.59%	\$ 4,982,091	2.59%	\$ 4,982,091	2.59%	\$ 4,982,091	2.59%
Water	5.5%	\$ 587,673	1.05%	\$ 1,310,986	1.05%	\$ 1,310,986	1.05%	\$ 1,310,986	1.05%
Steam	5.5%	\$ 698,468	5.73%	\$ 1,046,026	5.73%	\$ 1,046,026	5.73%	\$ 1,046,026	5.73%
Chilled Water	0.0%	\$ 928,333	5.73%	\$ 928,333	5.73%	\$ 928,333	5.73%	\$ 928,333	5.73%
All Utilities Total		\$ 5,744,017	2.20%	\$ 6,895,984	2.20%	\$ 6,895,984	2.20%	\$ 6,895,984	2.20%

Water Rates:

Overview

Annual Net Income Impact

Comparison of Residential Water Bills, 6 ccf/Customer



Steam Rates:

Overview

Annual Net Income Impact

Comparison of Commercial Steam Bills, 100 Mlbs Customer

- Rates 1, 2, 5
 - 5.5% Increase FY 2018
 - 7.5% Increase FY 2019
 - 7.5% Increase FY 2020
- BWL to review and update cost of service model in next three years

Steam Rates:

Overview

Annual Net Income Impact

Comparison of Commercial Steam Bills, 100 Mlbs Customer

Utility	Proposed Rate Increase	FY 2018 Impact of Proposed Rate Increases		FY 2019 Impact of Proposed Rate Increases		FY 2020 Impact of Proposed Rate Increases			
		Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases	Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases
Electric	3.0%	\$ 4,861,479	2.59%	\$ 4,982,091	2.59%	\$ 4,982,091	2.59%	\$ 4,982,091	2.59%
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Steam	5.5%	\$ 698,468	5.73%	\$ 1,046,026	5.73%	\$ 1,046,026	5.73%	\$ 1,046,026	5.73%
Chilled Water	0.0%	\$ 928,333	5.73%	\$ 928,333	5.73%	\$ 928,333	5.73%	\$ 928,333	5.73%
All Utilities Total		\$ 5,744,017	2.20%	\$ 6,895,984	2.20%	\$ 6,895,984	2.20%	\$ 6,895,984	2.20%



Chilled Water Rates:

Overview

Annual Net Income Impact

- No General Increase
- Industry Factor Adjustment
 - Update language

Chilled Water Rates:

Overview

Annual Net Income Impact

Utility	Proposed Rate Increase	FY 2018 Impact of Proposed Rate Increases		FY 2019 Impact of Proposed Rate Increases		FY 2020 Impact of Proposed Rate Increases			
		Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases	Net Income Without Increases	Return On Assets Without Increases	Net Income With Increases	Return On Assets With Increases
Electric	3.0%	\$ 4,861,479	2.59%	\$ 4,982,091	2.59%	\$ 4,982,091	2.59%	\$ 4,982,091	2.59%
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Steam	5.5%	\$ 698,468	5.73%	\$ 1,046,026	5.73%	\$ 1,046,026	5.73%	\$ 1,046,026	5.73%
Chilled Water	0.0%	\$ 928,333	5.73%	\$ 928,333	5.73%	\$ 928,333	5.73%	\$ 928,333	5.73%
All Utilities Total		\$ 5,744,017	2.20%	\$ 6,895,984	2.20%	\$ 6,895,984	2.20%	\$ 6,895,984	2.20%



Mr. Beauchamp stated that industry trends include having a power cost adjustment mechanism in place and that this is one of the most important financial policies of a foreign electric utility when it comes to bond ratings. Other policies to have in place are a cash reserve policy and a capital improvement program. Also, because of the economy, more utilities are putting economic development rights in place in a manner that doesn't harm existing repairs.

Mr. Beauchamp noted that current rates are based on pattern of usage rather than amount of usage and the industry is moving toward rates based on cost of usage. Recovery of fixed costs will be from increases in customer charges and demand charges. A new class of rates will be created for high load factor customers. Mr. Beauchamp defined demand ratchets as the

minimum that is billed in order to properly recover the investment or fixed costs in the distribution infrastructure when a customer's peak load volumes have significant variance at different times of the year.

Commissioner Nelson inquired if there was a way to give the low-income customer a separate rate. Mr. Beauchamp responded that most electric utilities do not consider themselves a social service organization. If they do provide lower rates it is at a discount based on a poverty percentage.

Commissioner Nelson inquired about the different rate increases related to cost of service and Ms. Shawa responded that those services with the larger gap will take longer to achieve cost of service so their rate increases are larger than 4.50%.

Finance Committee Chair Ken Ross recessed the meeting at 7:50 p.m. and reconvened the meeting at 7:54 p.m.

Commissioner Long inquired in reference to low income energy assistance whether it is considered a rate change or not. He suggested that some kind of language be included to leave an option for the board to opt in or opt out and to give the consumer or rate payer notice of rate changes. GM Peffley responded that if language isn't placed into the strategy then any changes are prohibited. Ms. Shawa responded that if PA95 is factored into the rate change, the residential rate increase would go to 5.1% when implemented.

Motion by Commissioner Price to include the PA95 opt in rate increase into the rate strategy.

Action: There was no second. Motion died.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to forward to the Board Meeting the FY 2018-2020 Rate Strategy Resolution to set the public hearing.

Commissioner Price offered a **Friendly Amendment** to change from whom the directive is coming in the resolution.

Action: Motion Carried.

Internal Auditor Charter and Resolution

Lansing Board of Water and Light
Internal Audit Charter - 2015 Revision

Mission:

The mission of internal audit is to provide independent, objective auditing and consulting services to the Board of Commissioners, enabling the Board to better serve customers, employees, and the community.

Purpose:

Internal audit's purpose is to add value and improve operations. It helps BWL accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Independence:

The Internal Auditor is appointed annually by the Board of Commissioners, and reports to them through the Chair of the Finance Committee. For administrative purposes, the Internal Auditor also reports to the General Manager. To ensure independence, the internal audit function shall have no direct responsibility or any authority over any of the activities or operations of the BWL.

Authority:

Internal Audit shall have unrestricted access to all activities, records, properties, and personnel. All processes, activities, and responsibility areas are subject to audit.

Responsibility and Scope:

Management is responsible for establishing and maintaining risk management, control, and governance processes. Internal Audit is responsible to determine whether management's processes are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Resources are acquired economically, used efficiently, and adequately accounted for and protected.
- Employees' actions are in compliance with policies, procedures, standards, laws, regulations and contracts.
- Programs, plans and objectives are achieved.

Regarding the scope of requested consulting activities, Internal Audit shall perform consulting and advisory services related to governance, risk management and control as appropriate for the organization.

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Lansing Board of Water and Light
Internal Audit Charter - 2015 Revision

Standards:

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing (as shown in the purpose statement above), the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

As supplemental guidance for the performance of audits, the Internal Auditor shall consider and, where appropriate, comply with Generally Accepted Government Auditing Standards promulgated by the Government Accountability Office.

Internal Audit Plan:

At least annually, the Director of Internal Audit will submit to the General Manager and the Board an internal audit plan for review and Board approval. The internal audit plan will be developed using a risk-based methodology, including input of the General Manager and the Board. Any significant deviation from the approved internal audit plan will be communicated to the General Manager and the Board through periodic activity reports.

Periodic Assessment:

The Director of Internal Audit will communicate annually to the General Manager and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

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Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to forward to the Board Meeting the Resolution for Acceptance of Internal Auditor Charter.

Action: Motion Carried.

Other

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, for the excused absences of Commissioners Beth Graham and Dennis Louney.

Action: Motion Carried.

Adjourn

Chair Ken Ross adjourned the meeting at 8:36 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

Proposed Resolution
To Amend Employee Contribution to Medical Benefit Plans

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the “Public Funded Health Insurance Contribution Act”, Public Act 152 of 2011 limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a “hard cap” for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a majority vote of its governing body, a public employer may opt-out of the hard cap and into an 80% cap option where the public employer may not pay more than 80% of the total annual costs of all the medical benefit plans for its employees, and;

WHEREAS, by a 2/3 vote of its governing body each year, a local unit of government may exempt itself from the requirements of Public Act 152 of 2011 for the next year, and;

WHEREAS, the Board of Commissioners met on July 24, 2012 and passed a resolution (#2012-07-01) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 10% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 23, 2013 and passed a resolution (#2013-07-02) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on September 23, 2014 and passed a resolution (#2014-09-03) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 28, 2015 and passed a resolution (#2015-07-12) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2015, and;

WHEREAS, the Board of Commissioners met on November 17, 2015 and passed a resolution (#2015-11-02) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2016 for Union employees and implemented a 14% premium sharing for Non-Union employees effective July 1, 2016, and;

WHEREAS, the Board of Commissioners met on November 15, 2016 and passed a resolution (#2016-11-06) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 14% premium sharing effective July 1, 2016, and;

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2018 through December 31, 2018.

FURTHER RESOLVE that the Board desires to increase premium sharing from 14% to 16% for all active employees for medical benefits effective January 1, 2018.

Alternatives Utilizing Option 3 to Opt-Out of Act 152, 2011 – Various Premium Sharing Options

Benefit Plan	2018 PA 152 Cap	1/1/18 Annual Benefit Cost	Difference	1/1/18 Employee Per Pay Period Premium				
				14%	16%	18%	20%	Cap
Single	\$6,560.52	\$8,468.34	\$1,907.82	\$45.60	\$52.11	\$58.63	\$65.14	\$73.38
Empl +1	\$13,720.07	\$19,053.96	\$5,333.89	\$102.60	\$117.26	\$131.91	\$146.57	\$205.15
Family	\$17,892.36	\$23,711.50	\$5,819.14	\$127.68	\$145.92	\$164.16	\$182.40	\$223.81

The Union contract states that effective November 1, 2012 premium sharing for applicable insurance premium for hospital, medical and surgical, and prescription drug insurance plans will be approved and directed by the Board of Commissioners as prescribed by Public Acct 152 of 2011.

Amendment and Restatement of Trust Agreement for
Post-Retirement Benefit Plan for Eligible Employees of
Lansing Board of Water and Light

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the "VEBA"); and

WHEREAS, the cost of VEBA benefits is funded partially through the Trust Agreement for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the "VEBA Trust"); and

WHEREAS, the Sponsor wants to amend the VEBA Trust to reflect current governance procedures and for other purposes.

THEREFORE, it is:

RESOLVED, that, after its review, and based on a recommendation from management, the Sponsor adopts and approves the attached amended and restated Trust Agreement for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light; and

Amendment and Restatement of Trust Agreement for the
Lansing Board of Water and Light Defined Benefit Plan for
Employees' Pensions

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan"); and

WHEREAS, the cost of Defined Benefit Plan benefits is funded through the Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Pension Trust Agreement"); and

WHEREAS, the Sponsor wants to amend the Pension Trust Agreement to reflect current governance procedures and for other purposes.

THEREFORE, it is:

RESOLVED, that, after its review, and based on a recommendation from management, the Sponsor adopts and approves the attached amended and restated Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions; and

PROPOSED RESOLUTION
2018 Regular Board Meeting Schedule

In accordance with the Lansing Board of Water & Light's Rules of Administrative Procedure, a schedule of dates, places, and times for each regular meeting of the Board of Commissioners for the calendar year shall be adopted in November.

RESOLVED, that regular meetings of the Lansing Board of Water & Light's Board of Commissioners are hereby set for calendar year 2018 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2018

Lansing Board of Water & Light Board of Commissioners
Regular Board Meeting Schedule

Tuesday	January 23
Tuesday	March 27
Tuesday	May 22
Tuesday	July 24
Tuesday	September 25
Tuesday	November 13

Meetings will be held in the Lansing Board of Water & Light REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:30 p.m.

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in a newspaper of general circulation in Ingham County the week of January 1, 2018.

PROPOSED RESOLUTION

**Fiscal Year 2017 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds**

RESOLVED, that the fiscal year 2017 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2017 Audited Financial Statements of the Board of Water and Light and the report on auditing procedures with the State Treasurer as required by the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended) no later than December 31, 2017.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2017 Audited Financial Statements of the Board of Water and Light with the City of Lansing.

PROPOSED RESOLUTION

Fiscal Year 2018-2023 Capital Forecast

RESOLVED, that the forecast for capital expenditures for the Fiscal Years 2018-2023 is hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to submit a copy of the Fiscal Year 2018-2023 Capital Forecast of the Board of Water and Light to the Mayor of the City of Lansing prior to October 1, 2017 in accordance with the Lansing City Charter.

Proposed Resolution
Public Hearing for 2018-2020 Rate Adjustments

WHEREAS, rates shall be established at a level that will enable the Board of Water and Light (BWL) to meet its mission of serving the Greater Lansing area by providing high quality utility services, reliably, at the lowest reasonable cost; and

WHEREAS, in accordance with the BWL's Rate Making Principles, BWL management has reviewed the electric rates relative to its financial plan and recommends an overall increase of 3%, comprised of varying individual rate class increases, to electric billings on February 1, 2018, February 1, 2019, and February 1, 2020; and

WHEREAS, in accordance with the BWL's Rate Making Principles, BWL management has reviewed the water relative to its financial plan and recommends a 5.5% increase to water billings on February 1, 2018 and a 7.5% increase to water billings on February 1, 2019 and February 1, 2020; and

WHEREAS, in accordance with the BWL's Rate Making Principles, BWL management has reviewed the steam rates relative to its financial plan and recommends a 5.5% increase to steam billings on February 1, 2018 and a 7.5% increase to steam billings on February 1, 2019 and February 1, 2020;

RESOLVED, the Board of Commissioners accepts BWL management's recommendations as proposed rate adjustments.

FURTHER RESOLVED, the proposed rate adjustments will be subject to further consideration after a public hearing is held.

FURTHER RESOLVED, that the Board of Commissioners hereby sets the date of November 30, 2017 at 5:30 p.m. for a public hearing to solicit public input on the proposed rate adjustments. The hearing will be held in the Board of Water and Light offices, 1201 S. Washington Avenue, in the Depot facility. The Corporate Secretary is directed to file with the City Clerk no later than October 16, 2017 information regarding proposed rate adjustments with effective dates of February 1, 2018, February 1, 2019, and February 1, 2020.

RESOLUTION #

Internal Auditor Charter Approval

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Charter, appended as is, to which conforms to the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors.