



BOARD OF WATER AND LIGHT
September 28, 2021 - 5:30 p.m.
REO Town Depot, 1201 S. Washington Ave., Lansing, Michigan
REGULAR BOARD MEETING AGENDA

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

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of July 27, 2021

4. Public Comment on Agenda Items

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

5. Communications

- a. Electronic mail from Kyla Holmes re: Tree removal
- b. Electronic mail from Kathi Raffone re: Overgrown field
- c. Electronic mail from Ashlee Barker re: Tree trimming

6. Committee Reports

- a. Committee of the Whole Meeting (September 14, 2021) – Sandra Zerkle, Chairperson
- b. Finance Committee Meeting (September 14, 2021) - Tony Mullen, Chairperson

7. Manager's Recommendations

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. PA 152 Health Care Premium Sharing
- b. Acceptance of the 2021 Audited Financial Statements
- c. Advanced Distribution Management System Capital Project Exceedance

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.

15. Adjournment

Based on recommendations from the Centers for Disease Control, and in accordance with the City of Lansing, the Board of Commissioners are requesting members of the public, staff and Board Members to wear a face covering at Committee and Regular Board Meetings.

Agenda posted on web site/building 9-22-21

2021 Board Meetings Notice/Schedule Posted in the Lansing City Pulse January 6, 2021



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

July 27, 2021

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, July 27, 2021.

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

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

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

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

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

Corporate Secretary Griffin declared a quorum.

Commissioner Mullen led the Pledge of Allegiance.

SPECIAL COMMUNICATION

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

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

Action: Motion Carried

ELECTION OF OFFICERS FY 2021-2022

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

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

Action: Motion Carried.

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

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

Action: Motion Carried.

SPECIAL PRESENTATION

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

APPROVAL OF MINUTES

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

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments on agenda items.

COMMUNICATIONS

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

COMMITTEE REPORTS

Commissioner Tony Mullen presented the Nominating Committee Report:

NOMINATING COMMITTEE Meeting Minutes June 15, 2021

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

Event Address for Attendees:

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

Event Number for Attendees: 132 808 7891 Event Password: WbqjpxHm292

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

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

The following Commissioners were present via audio/video:

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

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

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

Roll Call Vote:

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

Nays: None

Action: Motion Carried

Officer & Committee Survey and Committee Selection Results Memoranda

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

Nomination of Board Officer Candidates for Fiscal Year 2021-2022

Chairperson and Vice Chairperson

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

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

Roll Call Vote:

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

Nays: None

Action: Motion Carried

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

Roll Call Vote:

Yeas: Commissioners David Lenz

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

Action: Motion Failed

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

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

Roll Call Vote:

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

Nays: None

Action: Motion Carried

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

Chair:	David Price
Vice Chair:	Sandra Zerkle

Roll Call Vote:

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

Nays: None

Action: Motion Carried

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

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

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

Excused Absence

None

Adjourn

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

Respectfully submitted,
Tony Mullen, Chair
Nominating Committee

Commissioner Tony Mullen presented the Human Resources Committee Reports:

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

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

Event Address for Attendees:

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

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

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

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

The following Commissioners were present via audio/video:

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

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

FY 2022 Board Appointee Performance Reviews

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

Corporate Secretary

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

General Manager

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

Internal Auditor

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

Roll Call Vote:

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

Nays: Commissioners Tony Mullen

Action: Motion Carried.

Subsequent Steps for Board Appointed Employees Contracts

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

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

Roll Call Vote:

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

Nays: None

Action: Motion Carried.

Excused Absence

None.

Other

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

Adjourn

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

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

HUMAN RESOURCES COMMITTEE

Meeting Minutes

July 13, 2021

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

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

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

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

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

Action: Motion Carried.

Collective Bargaining Agreement—BWL and IBEW

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

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

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

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

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

Action: Motion Carried.

Excused Absence

There were no excused absences.

Other

There was no other business.

Adjourn

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

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

Chair David Price presented the Finance Committee Report:

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

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, July 13, 2021.

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

Corporate Secretary Griffin took the roll call to acknowledge attendance.

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

Absent: Commissioner Ken Ross

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

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

Action: Motion Carried.

May YTD Financial Summary

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

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

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

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

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

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

Report as of May 31, 2021											
Projects Sorted by the Current Projection (Highest to lowest cost)				FY 21				Total Project		Project Period	
Project Name	Current Phase	Budget	Projected	Designed Budget Amount	Current Projection	\$ Variance	% Variance	Total Cost Incurred To-Date	% Total Cost Incurred To-Date	Start Date	Projected Completion Date
Top Ten Planned Projects											
Advanced Metered Infrastructure	Phase 4 - Construction	\$ 4,804,819	\$ 3,185,918	\$ 37,187,288	\$ 17,383,814	\$ 195,326	0.53%	\$ 36,055,726	96.45%	8/6/2014	12/31/2021
Stanley Substation	Phase 1 - Feasibility	\$ -	\$ 90,542	TBD	\$ 34,832,029	\$ -	0.00%	\$ 1,726	0.00%	3/15/2021	12/9/2027
White Substation - Rebuild	Phase 2 - Funding Readiness	\$ 2,000,000	\$ 501,384	TBD	\$ 23,307,602	\$ -	0.00%	\$ 561,001	2.43%	2/12/2020	6/30/2023
Rundle Substation	Phase 1 - Feasibility	\$ -	\$ 51,213	TBD	\$ 21,793,603	\$ -	0.00%	\$ 2,259	0.01%	3/15/2021	10/25/2025
South Reinforcement - Transmission Line	Phase 2 - Funding Readiness	\$ 2,000,000	\$ 2,067,074	TBD	\$ 21,062,381	\$ -	0.00%	\$ 2,115,000	10.04%	9/20/2017	11/29/2024
Customer Information System	Phase 4 - Construction	\$ 6,455,507	\$ 8,636,369	\$ 17,425,235	\$ 16,134,430	\$ (1,290,825)	-7.41%	\$ 10,613,084	65.78%	4/30/2019	12/31/2021
LGR Substation	Phase 1 - Feasibility	\$ -	\$ 53,080	TBD	\$ 13,279,481	\$ -	0.00%	\$ 2,846	0.02%	3/15/2021	6/9/2026
Steam Backup Generation	Phase 4 - Construction	\$ 4,225,000	\$ 11,933,280	\$ 12,368,802	\$ 12,865,203	\$ 496,401	4.01%	\$ 12,345,273	95.96%	10/1/2019	6/30/2021
ESRI Implementation-GIS Geographical Information System	Phase 4 - Construction	\$ 759,414	\$ 873,837	\$ 6,520,417	\$ 6,960,538	\$ 449,121	6.89%	\$ 6,295,374	90.33%	8/6/2014	12/31/2021
ADMS-Advanced Distribution Management System	Phase 4 - Construction	\$ 1,111,462	\$ 1,268,706	\$ 4,603,120	\$ 5,840,881	\$ 1,237,761	26.89%	\$ 5,459,842	93.48%	8/12/2015	9/30/2021
Total Top Ten Planned Projects		\$ 21,356,202	\$ 28,661,004		\$ 193,465,812			\$ 73,452,111			
Project Watch List - Projects 110% and 10% over the Designed Budget Amount (Outside of Top Ten Planned Projects)											
Total Project Watch List		\$ -	\$ -		\$ -	\$ -	0.00%	\$ -	NA		
Remaining Planned											
Electric		\$ 13,469,118	\$ 6,973,927								
Water		\$ 3,014,784	\$ 2,123,447								
Steam		\$ 827,925	\$ 899,710								
Chilled Water		\$ 630,000	\$ -								
Common		\$ 2,534,071	\$ 450,781								
Total Remaining Planned		\$ 20,465,898	\$ 10,387,866								
Annual											
Electric		\$ 15,925,000	\$ 15,586,701			\$ (339,299)	-2.13%				
Water		\$ 6,438,948	\$ 7,041,770			\$ 602,822	9.36%				
Steam		\$ 2,419,341	\$ 1,383,454			\$ (1,235,887)	-51.08%				
Chilled Water		\$ 10,927	\$ 23,800			\$ 12,873	117.81%				
Common		\$ 4,681,800	\$ 4,504,516			\$ (177,285)	-3.79%				
Total Annual		\$ 29,477,016	\$ 28,340,240								
Grand Total		\$ 71,299,116	\$ 67,389,109								

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

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

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

Retirement Plan Committee (RPC) Update

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

Internal Audit Status Report

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

FY 2021 Audit Progress Report

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

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

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



FY 2022 Risk Assessment Process Update

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



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

FY 22 Audit Plan

Proposed FY 2022 Audit Plan – Highlights

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

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

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



Proposed FY 2022 Audit Plan Details

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



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

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

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

Action: Motion Carried.

Internal Audit Department Charter

Internal Auditor Wesley Lewis presented the Internal Audit Department Charter.

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

Discussion:

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

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

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

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

Bi-Annual Internal Audit Open Management Responses Update

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

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

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

Open Actions

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

Open Actions (continued)

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

Open Actions (continued)

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

Closed Actions

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

Closed Actions (continued)

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

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

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

Other

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

Adjourn

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

Respectfully submitted,
David Lenz
Chair Finance Committee

MANAGER'S RECOMMENDATIONS

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

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

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2021-07-01

Appointment of the Charter Position of Corporate Secretary

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2021-2022 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2021's performance.

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

RESOLUTION 2021-07-02

Appointment of the Charter Position of Director and General Manager

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2021-2022 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2021's performance.

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

RESOLUTION 2021-07-03

Appointment of the Charter Position of Internal Auditor

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2021-2022 or until a successor is appointed, whichever last occurs.

Wesley Lewis, Internal Auditor

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2021's performance.

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

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

Roll Call Vote:

Yeas: None.

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

Action: Motion Failed for Reappointment.

RESOLUTION 2021-07-04

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

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

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

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

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

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

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

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

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

Proposed Resolution
Fiscal Year 2022 Audit Plan Approval

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

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

Action: Motion Carried.

MANAGER'S REMARKS

There were no Manager's remarks.

COMMISSIONERS' REMARKS

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

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

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

EXCUSED ABSENCE

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

Action: Motion Carried.

PUBLIC COMMENTS

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

ADJOURNMENT

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

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 07-29-21

Approved by the Board of Commissioners: 09-__-21

Official Minutes filed (electronically) with Lansing City Clerk: 09-__-21

Submitted on Wed, 08/11/2021 - 10:23 AM

Select a Commissioner:

Sandra Zerkle

Name

Kyla Holmes

Message

Hello, I'm reaching out to see if you can help me. I am having issues with BWL removing trees that are affecting the electricity and causing outages on my block. Yesterday, my power went out due to the dead tree that BWL refuses to remove. It cost me \$825 to get my electricity reconnected. The arborist and his supervisor John both admitted that the tree would cause substantial damage and still refuse to even trim it. I was told it was not able to be removed due to the voltage of the line closest to the dead tree however MIOSHA and American National Standards for Line Clearance state otherwise. I am extremely disappointed with BWL inaction as this could cause major damage to the entire blocks electricity. I appreciate your time!

Submitted on Tue, 08/31/2021 - 3:37 PM

Select a Commissioner:

All Commissioners

Name

Kathi Raffone

Message

I had truly hoped by now that the field across from my house would be mowed by now. Whatever reason you had for turning a beautiful green space into an ugly, useless, jungle infested with ticks, snakes, mosquitoes, spiders and 8ft tall weeds of every allergenic species it obviously was a disastrous mistake. I have lived in the home I own for 25 years and have NEVER had such a miserable summer! My yard has been overrun with snakes and spiders (had serious toxic effects from a Black Widow bite which could have been fatal due to rare immune disorder) and have photos of mine snake holes in my yard - even had one in the cellar! If you thought you were saving bees, that backfired as I have had to exterminate bees who were building their homes in the cedar shingles of my house!! That has NEVER happened before! I myself am an avid environmentalist wit bee houses, butterfly houses & special plants. I don't use weed killers or pesticides of any kind. But it has become impossible to be outside at all. I talked to a woman taking pictures for BWL and begged that you return it to it's former state. It worked beautifully for all of us, birds, bees, turkeys, deer, and HUMANS for more than half a century!!!! Why screw it up?? There's not a single one of you that would put up with this disgusting jungle 50 ft from your front door while getting a citation from the city for having grass higher than 8". Seriously!!

Submitted on Thu, 09/02/2021 - 8:51 AM

Select a Commissioner:

All Commissioners

Name

Ashlee Barker

Message

Good Morning,

I, like many others in my neighborhood, have concerns regarding BWL's plans to trim or remove numerous trees as part of its power line maintenance program. It is my understanding that, although enacted several years ago, this is the first time it's being implemented in our area. I had the opportunity to speak with Trevor from BWL and Ashley from Wright Tree Service on Tuesday (8/31) about the plans. They indicated trimming standards of 10', 6' and 2' depending on the adjacent power line. Could you please share the written policy and/or whatever materials are available outlining the criteria and standards for trimming and/or removal? What is the appeals process when there is disagreement between BWL and the homeowner on trimming/removals? Also, is there any compensation for those property owners experiencing a loss or undue burden from these trimmings/removals?*

For example, there is a 100+ year old, very healthy tree in my neighbor's yard that has been tagged for removal. These neighbors have lived in their home for two decades and this tree provides a significant amount of shade for them to enjoy their yard and, perhaps more importantly, to keep their home cool during the very hot summer days. They do not have air conditioning and, as we experienced several days of 90 degree weather recently, you can imagine that removal of the primary tree that shades their home will be a significant burden to them. We were told that they can refuse the removal but that the tree would be so heavily trimmed it would die anyway.

Additionally, nearly every tree in the alley behind our home is tagged for removal as they run along the side of a power line (and have for many, many years without incident). Removal at this volume changes the character of our community. This is Moores Park neighborhood and the trees are integral in maintaining the hallmark features of a park neighborhood.

I absolutely understand why this work is occurring and I appreciate BWL's ongoing commitment to the community. I am hopeful that through additional dialogue and consideration, the parties can come to a resolution that promotes resilient infrastructure, without fundamentally altering the character of our community and placing undue burdens on long-term residents.

I look forward to learning more.

Sincerely,

Ashlee Barker

COMMITTEE OF THE WHOLE
Meeting Minutes
September 14, 2021

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, September 14, 2021.

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

Present: Commissioners Sandra Zerkle, Beth Graham, DeShon Leek, Tony Mullen, and Tracy Thomas, and Non-Voting Members: Douglas Jester (East Lansing), Larry Merrill (Delta Township) and Brian Ross (DeWitt Township)

Absent: Commissioners Semone James and David Price

The Corporate Secretary declared a quorum.

Public Comments

None.

Commissioner Mullen introduced the interim acting Internal Auditor, Brian Schimke, who gave a brief history of his accounting employment and experience with the Board of Water and Light. Mr. Schimke stated that he would send the Commissioners a more detailed biography and an internal audit update on Wednesday.

Chair Zerkle introduced Non-Voting Commissioner Brian Ross who is representing DeWitt Township.

Approval of Minutes

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

Action: Motion Carried.

IT and Security Update

Chief Information Officer, Rod Davenport, presented the IT and Security Update. Mr. Davenport presented information on the focus areas in the Information Technology Department (ITD)—infrastructure, business value, IT projects and cybersecurity. Information provided from infrastructure included network optimization and hardware lifecycle management; information from business value included the role of the Business Relationship Manager (BRM) of identifying, delivering and measuring IT's business value; information from IT projects included FY 20 projects completed and projects on deck; information from cybersecurity included cyber resources additions and the internal cyber audit conducted by BDO Audit & Assurance. Mr. Davenport reported that ITD's strategic focus for FY22 would be on asset lifecycle management, business alignment, enhanced resource planning and projections, and achieving the target of a 3.5 Cyber Maturity score by the end of the current strategic planning cycle.

Commissioner Mullen asked if the IT audit presented was the same audit in the document the Commissioners were sent. Mr. Davenport affirmed.

North American Electric Reliability Corporation (NERC) Compliance Update

Ms. Caitlin Chavez, BWL's NERC Compliance Supervisor, presented the NERC Compliance update. Ms. Chavez stated that there is a total of 83 NERC standards that encompass 14 categories, with one new standard and nine revised standards that have been approved and will be enforceable. Ms. Chavez gave a history of how mandatory compliance requirements developed through the Federal Energy Regulatory Commission (FERC), who approves policies and standards; the Energy Reliability Organization (ERO), NERC, who drafts policies and standards; and the Regional Entity, Reliability First, who oversees BWL's compliance with policies and standards. BWL also works with Midcontinent Independent System Operators (MISO) for compliance obligations in real time and for future planning.

GM Peffley commented that there are several variables that can cause a variance which are brought to him and commended the compliance department on the quality and efficiency of the work they do. *(PowerPoint available online in meeting packet)*

Energy Waste Reduction (EWR) & Renewable Energy Update

Environmental Services and Reliability Compliance Manager, Lori Myott, provided the Committee with an update on BWL's Energy Waste Reduction (EWR) Program. Ms. Myott reported that several programs were halted during the COVID-19 pandemic but BWL still exceeded its 2020 savings goal. Ms. Myott presented residential program highlights and gave an overview of business programs and upgrades. Ms. Myott also reported that BWL met the state's 12.5% renewable energy portfolio mandate, its own 30% clean energy by 2020 goal and is complying, with all aspects of PA342. *(PowerPoint available online in meeting packet)*

Commissioner Jester commented on the energy efficiency program and requested that the same credit be provided for a customer with an energy efficient air conditioner as for a heat pump. GM Peffley responded that the credit is for customers to whom BWL has reached out, who have new heat pumps installed which use less natural gas.

COW Chair Zerkle inquired about the program(s) delays and their reinstatements. In response to COW Chair Zerkle's inquiry, Ms. Myott stated that limited contact appointments were made with customers and that most of the programs were only delayed about four months.

PUBLIC ACT (PA) 152 Health Care Premium Sharing Resolution

Human Resources Executive Director, Lynnette Keller, presented two topics regarding the PA 152 Health Care Premium Sharing, options for employer caps on healthcare costs and affordability requirements of the act. Ms. Keller reported that the BWL no longer needs to opt out of Michigan's 2011 Public Act 152, however a resolution needs to be adopted or approved annually for the 80%/20% employer/employee health care cost option as set forth in PA 152. Ms. Keller reported that in the ACT affordability provisions for January 1, 2022 stipulates health insurance premiums cannot exceed 9.61% of employees' income and entities must add Opt Out/Waiver pay in the affordability calculations. Ms.

Keller respectfully requested that the Committee forward the annually required resolution to the full Board for consideration.

Motion by Commissioner Mullen, Seconded by Commissioner Graham, to forward the PA 152 Health Care Premium Sharing Resolution to the full board for consideration.

Action: Motion Carried

Other

Motion by Commissioner Graham, Seconded by Commissioner Mullen, to excuse Commissioners Semone James and David Price from tonight's meeting.

Action: Motion Carried

Adjourn

Chair Zerkle adjourned the meeting at 6:24 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

FINANCE COMMITTEE
Meeting Minutes
September 14, 2021

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, September 14, 2021.

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

Present: Commissioners Tony Mullen, Beth Graham, and Sandra Zerkle. Also present: Non-Voting Commissioners Douglas Jester (East Lansing), Larry Merrill (Delta Township) and Brian Ross (DeWitt Township).

Absent: Commissioner Semone James

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graham, to approve the Finance Committee meeting minutes of July 13, 2021.

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

Chief Financial Officer (CFO) Heather Shawa provided background information on the annual external audit report. Ms. Shawa introduced external auditor Aaron Worthman, Partner and CPA at Baker Tilly Virchow Krause, LLP. Mr. Worthman presented and highlighted the external audit report which included an audit overview, management's responsibilities, the audit approach and results, accounting changes relevant to BWL, and trending challenges and opportunities. BWL received an unmodified or clean opinion which is the highest level of assurance provided. Mr. Worthman stated that 30% of the audit process was internal controls, 40% was substantive testing and 30% was reviewing financial reports. Internal controls include disbursements, payroll, billing and information technology while substantive testing consists of reviewing cash and investments and fixed asset purchases. Mr. Worthman reported that there were no deficiencies in internal controls.

Mr. Worthman noted from the financial statements the income available for revenue bond debt retirement was \$52.7 million for 2021 and was a significant increase from \$29.7 million in

2020. Mr. Worthman also noted that operating revenues increased by \$15.9 million or 6% and was mainly due to increased rates in 2020. Operating expenses decreased \$18.3 million or 5.7% which was mostly due to decreased administrative expenses in health care and positive investment performance. Mr. Worthman also reported that there was a substantial increase in debt services due to capitalized interest payments on the last borrowings and this will level off in 2023.

Chair Zerkle asked if the COVID-19 pandemic was the reason for the greatest part of the increase in water and electric revenues. Mr. Worthman responded that the rate increase for 2020 was the reason for the increase in revenues. GM Peffley added there was an increase in residential electricity and water use due to employees working from home and it wasn't offset by a decrease in commercial consumption.

Mr. Worthman reported that the disclosures in the financial statements are neutral, consistent and clear. He stated that, when reviewing the financial statements and financial plans, assets and projected outcomes are an assumed value and the audit determines whether these are reasonable assumptions.

Chair Mullen commented that there were bound presentations of the audit on the side table for all of the Commissioners and thanked the CFO and Finance Department for their work on the audit.

Commissioner Merrill inquired about net fund assets with no allocation and whether there were any benchmarks or standards for balancing prudence and what customers are charged. Mr. Worthman responded that the Government Finance Officers Association (GFOA) website provides information on benchmarking and what should be reviewed. The information isn't specific to utilities but to governmental entities. CFO Shawa responded that recommendations are being reviewed and that information placed on the Financial Dashboard is benchmarked. Commissioner Merrill asked if information from other public utilities was compared for an industry standard. GM Peffley responded that information from all public utilities is reviewed for competitiveness through information obtained through American Public Power Association (APPA).

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graham, to forward to the Board Meeting the Acceptance of the Resolution for the 2021 Audited Financial Statements.

Action: Motion Carried.

Advanced Distribution Management System (ADMS) Capital Project Exceedance Policy and Resolution

CFO Shawa stated that the ADMS project is part of the BSmart program and is the replacement of the prior Outage Management System (OMS). Phase I was fully implemented and Phase II is

the energy side of it. Additional approved scope is 50% of the ADMS project exceedance request and the other 50% is internal and outside labor and additional hardware purchases. GM Peffley responded that the regulations changed after the project was started and has been included in the exceedance request. CFO Shawa requested approval of the exceedance in order to complete the project.

Motion by Commissioner Graham, **Seconded** by Commissioner Zerkle, to forward to the Board Meeting the Advanced Distribution Management System Capital Project Exceedance Policy Resolution.

Action: Motion Carried.

July YTD Financial Summary

Finance Manager, Scott Taylor gave a review of the July 2021 Year-to-date Financial Summary. Mr. Taylor reported the following: revenues were budgeted at \$32 million and it is at \$31 million; operating expenditures were budgeted at \$26 million and \$23 million was spent; Net Income was budgeted just above \$ million and it is now a little under \$8 million. Mr. Taylor noted that as July and August are typically slower months financial factors are typically under budget.

Update on Federal Infrastructure Plan

GM Peffley reported that in response to Commissioners' request about funding from the government and will provide an update on water at the Regular Board meeting. Grants are requested through the city as the opportunities are available. CFO Shawa gave an update on the Federal infrastructure plan. The Federal infrastructure plan is being monitored as it is awaiting being passed. Clean drinking water, electric vehicles infrastructure, distribution planning and energy efficiency, and cybersecurity efforts are items of interest for BWL.

Chair Mullen inquired whether the funding that is being requested is in addition to what BWL would spend or is it in place of what would be spent. Commissioner Zerkle responded that it would be extra money to start a project that has been budgeted. GM Peffley added that the funding requested would be in addition in order that a project could be completed sooner.

Commissioner Zerkle commended the BWL program that assisted with the Financial Pandemic Relief Fair. GM Peffley responded that BWL shuts off less customers' utilities than any other utility in the state. GM Peffley added that there was increase of unpaid bills from \$1 million to \$11 million during the pandemic and that there was \$30 million of financial assistance available to pay past due bills. BWL hopes that at least \$5.5 million of the unpaid bills will be paid through the financial assistance available.

Other

Motion by Commissioner Zerkle, Seconded by Commissioner Graham, to excuse Commissioner Semone James from tonight's meeting.

Action: Motion Carried

Adjourn

Chair Tony Mullen adjourned the meeting at 7:16 p.m.

Respectfully submitted
Tony Mullen, Chair
Finance Committee

Proposed Resolution
PA 152 Health Care Premium Sharing

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

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

WHEREAS, the Act contains three options for complying with the requirements of the Act;

WHEREAS, the three options are as follows:

- 1) Section 3 - “Hard Caps” Option - limits a public employer’s total annual health care costs for employees based on coverage levels, as defined in the Act;
- 2) Section 4 - “80%/20%” Option - limits a public employer’s share of total annual health care costs to not more than 80%. This option requires an annual majority vote of the governing body;
- 3) Section 8 - “Exemption” Option - a local unit of government, as defined in the Act, may exempt itself from the requirements of the Act by an annual 2/3 vote of the governing body;

WHEREAS, the Board of Commissioners desires to maintain premium sharing at 20% for all active employees for medical benefits effective January 1, 2022 through December 31,2022;

RESOLVE that the Board of Commissioners by a majority vote has decided to adopt the 80%/20% option as its choice of compliance under the Act;

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of the Lansing Board of Water & Light elects to comply with the requirements of 2011 Public Act 152, the Publicly Funded Health Insurance Contribution Act, by adopting the 80%/20% option for the medical benefit plan coverage year January 1, 2022 through December 31,2022.

Proposed Resolution
Fiscal Year 2021 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds

RESOLVED, that the fiscal year 2021 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 2021 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, 2021.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2021 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 2021.

Proposed Resolution
Capital Project Exceedance:PG-40025 Advanced Distribution Management System

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, previously known as Policy #15-02, entitled Capital Project Exceedance Approval requires BWL Board of Commissioners approval for specific capital projects that are expected to exceed their previously approved designed budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project PG-40025 Advanced Distribution Management System was \$4,603,120; and

WHEREAS, the projected final total cost for Capital Project PG-40025 Advanced Distribution Management System is \$6,315,943, should the project be completed; and

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

WHEREAS, BWL staff and management recommends that the Capital Project PG-40025 Advanced Distribution Management System projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project PG-40025 Advanced Distribution Management System with a projected final total cost of \$6,315,943.