



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

**November 17, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Regular Board of Commissioners meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Tuesday, November 17, 2020. This meeting was publicly noticed for 5:30 p.m.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=efac46ef50bf8a3970e0de61fec6c4195>

Event Number for Attendees: 132 199 1884 Event Password: RTuAXyAV35

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 199 1884

Chairperson David Price called the meeting to order at 6:00 p.m.

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

The following Commissioners were present via audio/video:

|   |  |
|---|--|
| Chairperson David Price remotely, Lansing, MI |  |
| Stuart Goodrich remotely, Holt, MI            | Beth Graham remotely, Lansing, MI          |
| Douglas Jester remotely, East Lansing, MI     | Deshon Leek remotely, Lansing, MI          |
| David Lenz remotely, Lansing, MI              | Larry Merrill remotely, Delta Township, MI |
| Tony Mullen remotely, Lansing, MI             | Ken Ross remotely, Lansing, MI             |
| Tracy Thomas remotely, Lansing, MI            | Sandra Zerkle remotely, Lansing, MI        |

Absent: None

The Corporate Secretary declared a quorum.

Chairperson Price led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

**Motion** by Commissioner Thomas, **Seconded** by Commissioner Mullen, to approve the Regular Board Meeting minutes of September 22, 2020.

**Roll Call Vote:**

**Yeas:** Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

### **PUBLIC COMMENTS**

None.

### **COMMUNICATIONS**

Electronic Mail received From Randy Dykhuis regarding environmental planning. *Referred to Management. Received and Placed on File*

Electronic Mail received From Elaine Fischhoff regarding IRP-*Referred to Management. Received and Placed on File*

Electronic Mail received From Heather Douglas regarding BWL Renewable Energy Percentage. *Referred to Management. Received and Placed on File*

Electronic Mail received From Fred Kapp regarding street light outage. *Referred to Management. Received and Placed on File*

### **COMMITTEE REPORTS**

Commissioner Tony Mullen presented the Human Resources Committee Meeting Report:

#### **HUMAN RESOURCES COMMITTEE**

##### **Meeting Minutes**

**October 27, 2020**

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, October 27, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e7ca10a2642bf510c451dbe02041824cb>

Event Number for Attendees: 132 620 4526    Event Password: qiN4RQwC9K3

Audio Conference: United States Toll +1-408-418-9388    Access Code: 132 620 4526

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                     | Deshon Leek remotely, Holt, MI                          |
| Tracy Thomas, remotely, Lansing, MI                   | Sandra Zerkle remotely, Lansing, MI (arrived 6:16 p.m.) |
| Stuart Goodrich remotely, Holt, MI                    | Beth Graham remotely, Lansing, MI                       |
| David Lenz remotely, Lansing, MI (arrived @5:43 p.m.) | 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 Tracy Thomas, **Seconded** by Commissioner Deshon Leek, to approve the Human Resources Committee meeting minutes of September 08, 2020.

**Roll Call Vote:**

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

**Nays:** None.

**Action:** Motion Carried.

**PA 152 Health Care Premium Resolution**

HR Committee Chairperson Tony Mullen introduced General Manager (GM) Dick Peffley who introduced Lynette Keller, Executive Director of Human Resources, to present information regarding the PA 152 Health Care Premium resolution. Ms. Keller reviewed and discussed the public employer contribution to BWL’s medical benefit plan regarding the 2011 Public Act 152’s employer caps on healthcare cost and the affordability requirement of the Patient Protection & Affordability Care Act. Ms. Keller stated that 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 every April;
- Limit expenditures on health care cost based on an 80/20 percentage split, requiring a majority vote
- Exempt itself entirely from the Act & choose some other percentage of Premium sharing, requiring a 2/3 vote.

Ms. Keller explained that BWL’s Blue Plan Option and Green Plan Option, which are alternatives to PA 152, are an 80/20 cost share. The Blue Plan Option is the traditional option. The Green Plan Option was added in 2020 for non-bargaining unit employees and has been added for 2021 for bargaining unit employees. The illustrative rates for the plan options indicate that the Blue Plan Option exceeds the hard cap set and the Green Plan doesn’t, which attests the Green Plan is a more affordable plan for participants.

Chair Mullen asked why a participant would select the Blue Plan Option instead of the Green Plan Option if they can save \$800 in the Green Plan Option with premium costs. Ms. Keller responded that it is a matter of participant choice as the Blue Plan Option offers a lower deductible of \$250 in comparison to the \$1000 deductible in the Green Plan Option.

The recommendation is that the Board select option 2 and limit expenditures on health cost based on an 80/20 percentage split in premium sharing contribution, requiring a majority vote for all active employees’ medical benefits, effective January 1, 2021. Ms. Keller requested that the proposed Resolution be forwarded to the full Board for approval.

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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, 2021 through December 31, 2021;

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, 2021 through December 31, 2021.

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**Motion** by Commissioner Deshon Leek, **Seconded** by Commissioner Tracy Thomas, to forward the proposed resolution for PA 152 Health Care Premium Sharing to the full Board for consideration.

**Roll Call Vote:**

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

**Nays:** None.

**Action:** Motion Carried.

**Retirement Plan Committee (RPC) Update**

HR Chair Mullen introduced GM Peffley who spoke about the Retirement Plan Committee updates. GM Peffley delegated operational oversight of the 401a and 457b retirement plans to the RPC. GM Peffley stated that a retirement plan packet will be sent to each employee with an explanation of corrected errors from the Enterprise Software System (SAP) and that no action is necessary by employees. Participants that were underfunded will receive a credit, but no reimbursement will be required from participants that were overfunded. CFO Ms. Heather Shawa and Ms. Keller were present to answer questions.

Chair Mullen asked whether the costs to the BWL would be out of pocket. GM Peffley responded that the costs were \$2.5 million to BWL and \$500,000 to International City Management Association Retirement Corporation (ICMA-RC). The full error is approximately \$3 million.

Chair Mullen asked how many employees currently employed at the Board were affected. CFO Shawa responded that approximately a little over 1,200 participants, including retirees, were affected and there are 1,400 plan participants. Chair Mullen asked whether an average dollar average per person has been figured. CFO Shawa responded that calculations are being made, what process are underway, and that the information will be made available.

Commissioner Ross inquired about the low and high dollar range amount for the 1,200 employees affected, whether there would be tax implications for the Board or employees, and if there was any insurance coverage available to cover the costs. CFO Shawa responded that the dollar amount range of the error includes pay codes for some participants, ICMA-RC allowance for some participants, and a combination of both for some participants. CFO Shawa stated that the data will be provided and should be ready for the next Human Resources Committee meeting. CFO Shawa responded that the current information available is that the minimum is \$2.43 and the maximum is about \$43,000, that there are no individual tax impacts which can't be adjusted through the employee's payroll deduction, and there is no insurance coverage.

Commissioner Graham inquired how the errors were found and whether there were costs incurred with Plante Moran for the corrections. CFO Shawa responded that Plante Moran noticed during the review of BWL's updating of documents and procedures that how the administrative allowance was to be distributed to participant's accounts was not being done. CFO Shawa also responded that Plante Moran had given a fixed price for services to be rendered and no additional costs to Plante Moran were incurred.

Commissioner Leek asked whether participants were immediately notified of the error. CFO Shawa responded that participants are being notified of the error and a formal mailing will be sent out next week. Each participant will be given specific information regarding their plan. ICMA-RC has a dedicated phone line set for any questions, plus BWL Benefit Analyst, Ms. Donna Ford, and Senior Benefits Administrator, Mr. Mark Dykema, will be available for retirees and employees respectively.

Commissioner Thomas asked for an estimate of the total cost along with the \$2.5 million and \$500,000. GM Peffley responded that including internal labor, outside counsel, and a compliance review, an estimate of additional costs would be \$100,000. Commissioner Thomas commented that it was bad news but wanted to know the numbers for all parts involved.

Commissioner Merrill asked where the liability will be covered in BWL's funds and would any of it be covered in excess funding in the pension plan, whether it would be fully expensed to operations, or whether there will be an adjustment to prior year balance to offset the liability. CFO Shawa responded that the current plan is to cover it with operating funds. In the November 2020 Finance Committee meeting and the annual Trustees meeting, a funding procedure update in the VEBA plan will be presented. CFO Shawa added that it would be covered in the current 2020 fiscal year.

### **Personnel Matter**

Closed Session (Personnel Matter)...MCL 15.268 (h) & MCL 15.243 (g). Internal Auditor Wesley Lewis requested to go into closed session to discuss a personnel matter.

**Motion** by Commissioner Deshon Leek, **Seconded** by Commissioner Tracy Thomas to go into closed session as requested by Internal Auditor Wesley Lewis for the purpose of discussing a

Personnel Matter regarding Mr. Wesley Lewis, as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

**Roll Call Vote:**

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

**Nays:** None.

**Action:** Motion Carried.

**Motion** by Commissioner Deshon Leek, **Seconded** by Commissioner Tracy Thomas to designate Yolanda Bennett as the Board's attorney and as the Secretary for the purpose of taking notes in the closed session to avoid any potential conflict of interest between Board Appointed Employees.

**Roll Call Vote:**

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

**Nays:** None.

**Action:** Motion Carried.

*The Human Resources Committee Meeting went into closed session at 6:16 p.m.*

Commissioner Zerkle arrived at the HR Committee meeting remotely from Lansing, MI at 6:16 p.m.

**Motion** by Commissioner Deshon Leek, **Seconded** by Commissioner Tracy Thomas, to return to 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 Meeting reconvened to open session at 7:37 p.m.*

Chair Mullen opened the floor for discussion regarding processes in the future for governance issues. A lengthy question and answer and discussion period followed. Commissioner Merrill suggested that Chair Price to appoint a policy committee to put together a comprehensive set of guidelines and roles and responsibilities of committees, board members and officers. In conclusion it was determined that Commissioner Price, Chair Mullen, General Manager Peffley and Internal Auditor Wesley Lewis would meet for an informal discussion and a report would be brought back to the Body (Board).

**Other**

None.

**Adjourn**

**Motion** by Commissioner Zerkle to adjourn the meeting.

Chair Mullen adjourned the meeting at 8:00 p.m.

Respectfully Submitted,  
Tony Mullen, Chair  
Human Resources Committee

Commissioner Tracy Thomas presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE**  
**Meeting Minutes**  
**October 29, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, on Thursday, October 29, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e3f3f9071e512340673f503497ce5075d>

Event Number for Attendees: 132 320 0774 Event password: StV2CW7mEz7

Audio conference: United States Toll +1-408-418-9388 Access code: 132 320 0774

Committee of the Whole Chair Tracy Thomas 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:

|  |  |
|--|--|
| Tracy Thomas remotely, Lansing, MI                 |  |
| Stuart Goodrich remotely, Holt, MI                 | Beth Graham remotely, Lansing, MI          |
| Douglas Jester remotely, East Lansing, MI          | Deshon Leek remotely, Lansing, MI          |
| David Lenz remotely, Lansing, MI (arrived @5:41pm) | Larry Merrill remotely, Delta Township, MI |
| Tony Mullen remotely, Lansing, MI                  | David Price remotely, Lansing, MI          |
| Ken Ross remotely, Lansing, MI                     | Sandra Zerkle remotely, Lansing, MI        |

Absent: None.

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Commissioner David Price, **Seconded** by Commissioner Beth Graham, to approve the Committee of the Whole meeting minutes of September 8, 2020.

A roll call vote was taken:

Yeas: Commissioners Thomas, Graham, Leek, Mullen, Price, Ross, Zerkle

Nays: None

**Action:** Motion Carried.

**Strategic Foundation**

Chair Thomas introduced Ms. Brandie Ekren, Executive Director of Strategic Planning and Development, who presented the Strategic Plan Foundation information. Chair Thomas stated that the presentation will include clarity on the Integrated Resource Plan (IRP) and how it interacts with the Strategic planning activities. The strategic landscape report, questions and comments regarding the IRP from fellow commissioners, and responses by Ms. Ekren have been filed and are available. Ms. Ekren introduced Planning & Development Manager, Steve Brennan, and Strategic Plan &

Development Analyst, Rechelle Smith. Ms. Ekren highlighted the Strategic Plan process and timelines; the Strategic Foundation Mission, Vision and Values; next steps relevant to foundation feedback; and points of clarity for the Integrated Resource Plan (IRP). Ms. Ekren stated that the four stages of strategic planning included the following:

- I. Strategic Foundation
  - a. Mission, Vision, & Values
  - b. Strategic Focus
- II. Strategic Landscape
  - a. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis
  - b. Political, Environmental, Socio-cultural and Technology (PEST) Analysis
- III. Strategic Response
  - a. Strategy Map
  - b. Strategic Objectives and Strategic Initiatives
- IV. Strategic Execution
  - a. Action Plans
  - b. Implementation

A discussion was held on whether the mission statement still represented the mission of BWL, and whether the key components of sustainable growth, responsible stewardship and active participation in economic and cultural initiatives are still relevant for the mission.

Ms. Ekren responded that a relevant, recognizable piece of the mission statement and the inclusion of the values of business practices will be constructed. The mission statement will be in present tense and also include the discussion items of what BWL provides as a contribution to climate change, climate neutrality in the context of safe, reliable, and affordable utility products and services, and the mission statement will be differentiated to represent BWL such as the value of being municipally owned versus being investor owned. It was also mentioned that carbon neutrality is an aspiration that would be more appropriate in the vision statement.

Ms. Ekren asked whether the vision statement still represents the vision of BWL. It was decided that the current vision statement isn't about to what is being aspired but what is being done currently. A future perspective would include renewables of solar and wind and carbon neutrality, partnering with customers leading to expectations to fulfil the vision of carbon neutrality for the future, labeling BWL as a utility of choice, including what BWL aspires to become, the internal culture of being people centered, affordability for all customers or most customers and the costs and rates for turning to renewables.

In addition, Commissioner Jester commented that carbon neutrality by 2050 is also a legislative concern and is currently about decarbonizing the electric system and not additional areas such as transportation as of yet.

Ms. Ekren stated that the Value Statements as they are right now focus on exceptional service, competitive rates, safety, community commitment, integrity, inclusion and equity, and environmental stewardship and asked whether they illustrate how BWL does business.

The consensus from the discussion was that more could be addressed for environmental stewardship, that carbon neutrality be separated from environmental stewardship as operationally

they require different things and that health and wellness is currently focused on the employees but should also be focused on the customers.

Commissioner Jester added that affordability is part of competitive rates and water rate design has been asked to be placed on a future agenda.

Ms. Ekren asked if there was a transitional connection for customers and employees between the mission statement and the value statements. Commissioner Jester stated that the mission statement speaks to reliability and that is missing.

Ms. Ekren stated that the next steps would to summarize this discussion; to send a summary feedback of previous discussions; and also, to update priorities and strategies, and continue the discussion.

Ms. Ekren provided some points of clarity on the Integrated Resource Plan (IRP) and carbon neutrality. The IRP is for further planning of the electric generating side of the business and it involves a 20-year outlook that is updated every four to 5 years with new technologies, resources and costs. Future planning includes current information on energy storage.

Commissioner Jester commented that although, the IRP is not a policy document to be approved by the governing body but stated that they should have an expectation on the electricity supply side or in energy efficiency. Ms. Ekren responded that expectations are addressed in the corporate planning process in updating corporate strategies and goals. Beneficial opportunities are expressed in a climate perspective and in a revenue recovery perspective. Commissioner Jester added that one of the conclusions from the IRP should be to the retiring of Erickson before 2025 and discontinuing Belle River before 2025. Ms. Ekren responded that the IRP does ask for those two items to be re-evaluated and it is something staff should consider. Commissioner Price suggested going to the BWL website and reviewing the strategic plan and IRP.

Ms. Ekren continued on and concluded the discussion with carbon neutrality and explaining that it doesn't mean carbon free but a net zero output. She highlighted the reasons for introducing carbon neutrality as technology allowing the balance of affordability and reliability, the expansion of BWL's clean energy planning, the setting of affordable goal that influence climate conscious behavior, and the incorporation of eco-strategy opportunities of additional utilities.

### **Other**

There was no other business.

### **Adjourn**

Commissioner Thomas adjourned the meeting at 7:02 p.m.

Respectfully Submitted,  
Tracy Thomas, Chair  
Committee of the Whole

Commissioner Tony Mullen presented the Human Resources Committee Meeting Report:

**HUMAN RESOURCES COMMITTEE**  
**Meeting Minutes**  
**November 10, 2020**

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 5:00 p.m. on Tuesday, November 10, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ecf5a05123f095d6c15f9035f7910c130>

Event Number for Attendees: 132 548 8521 Event Password: B22NmgmSkd3

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 548 8521

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order at 5:01 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

|   |   |
|---|---|
| Tony Mullen remotely, Lansing, MI               | Deshon Leek remotely, Lansing, MI                     |
| Tracy Thomas remotely, Lansing, MI              | Sandra Zerkle remotely, Lansing, MI                   |
| Stuart Goodrich remotely, Holt, MI              | Beth Graham remotely, Lansing, MI                     |
| Larry Merrill remotely, Delta Township, MI      | David Price remotely, Lansing, MI                     |
| Ken Ross remotely, Florida (arrived @5:03 p.m.) | David Lenz remotely, Lansing, MI (arrived @5:23 p.m.) |

Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Commissioner Thomas, **Seconded** by Commissioner Leek, to approve the Human Resources Committee meeting minutes of October 27, 2020.

**Roll Call Vote:**

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

**Nays:** None.

**Action:** Motion Carried.

**401 (a) Plan 32 Adoption Agreement and Defined Contribution (DC) Plan and Trust 2 Addendum**

General Manager Dick Peffley introduced Human Resources Executive Director Ms. Lynnette Keller who provided information on the two administrative corrections to the Defined Contribution Plan and Trust 2 and 401 (a) Plan 32 Adoption Agreement. The two administrative corrections for the 401 (a) and 457b Plan are in process so that no participants are negatively impacted. The communication strategy includes two mailings, one which was mailed during the week November 2, 2020, and the second which will be mailed during the week of November 16, 2020. The two corrections will be posted November 16, 2020 and November 23, 2020, respectively. The

Retirement Planning Committee (RPC) amended and approved the new adoption agreement for the large 401 Plan and 457b (DC) Plan. Ms. Keller requested that the proposed resolution for the Amendment to Defined Contribution Plan and Trust 2 be forwarded to the full Board for consideration.

There was an inquiry about whether the circumstances in the large 401 plan and small 401 plan are the same and whether the responsibility for the small 401 plan has passed to the Retirement Plan Committee (RPC)? Ms. Keller confirmed.

Commissioner Zerkle asked for a definition of the small 401 plan. Ms. Keller responded that the small 401 plan was created for board appointed employees and there is currently one board appointed employee remaining on the plan.

**Motion** by Commissioner Deshon Leek, **Seconded** by Chair Tony Mullen, to forward the proposed resolution for the Amendment to Defined Contribution Plan and Trust 2 to the full Board for consideration.

**Roll Call Vote:**

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

**Nays:** None.

**Action:** Motion Carried.

Chair Mullen stated that during a meeting two weeks ago the errors in the large 401 plans were discussed but additional questions were compiled by members of the Finance Committee. The first question requested an in-depth timeline of when errors were detected, who was notified and when, and when did outside auditors become involved.

CFO Heather Shawa responded that an initial flag at the end of 2018, specific to the ICMA error, was for irregularities found in the administrative allowance ledgers during a quarterly review of statements. Discussions followed, research was done, and the information was sent to the RPC. A letter was sent to ICMA regarding findings and a review was requested. The 2019 ICMA response agreed with the findings and BWL asked how the plan sponsor indicated that it should be handled. After Plante Moran was asked if additional expertise was available, ICMA recalculated and Plante Moran verified the pay code error at the end of 2019. The dollar amount of the errors that affected participants was calculated in August 2020.

Commissioner Zerkle inquired as to why information or notification of the errors was not provided sooner as there was knowledge of the errors in 2018. CFO responded that concerns were brought up to ICMA and Chair Mullen added that the ICMA error information was provided to the commissioners in meetings with ICMA.

Commissioner Thomas asked why this was being addressed in HR Committee rather than Finance Committee. Commissioner Thomas stated that the HR Committee members didn't receive the list of questions and asked CFO Shawa if information could have been provided sooner. Chair Mullen responded that these questions refer to an agenda item from a previous HR Committee and there was time remaining during this committee meeting to start the discussion of the questions. CFO responded that the RPC discovered the error, the finance department addressed the correction needed and then provided the board with complete information that would be provided to plan

participants. GM Peffley responded that information will be provided to ICMA and Commissioners as it is discovered in the future.

Chair Mullen asked if the RPC was informed of errors and in an appropriate manner of time. CFO Shawa affirmed. Chair Mullen asked if a discussion is necessary regarding the board taking the responsibility for the retirement plan back from the RPC. Chair Thomas responded that the RPC should keep the responsibility for the retirement plan.

Commissioner Thomas requested that the questions be sent to the rest of the Commissioners as some of them are visual learners. Commissioner Lenz requested the Corporate Secretary send out an email to all the Commissioners with the questions from Commissioner Lenz.

**Other**

None.

**Adjourn**

Chair Mullen adjourned the meeting at 5:39 p.m.

Respectfully Submitted,  
Tony Mullen, Chair  
Human Resources Committee

Commissioner Tracy Thomas presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE  
Meeting Minutes  
November 10, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole (COW) meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, on Tuesday, November 10, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ecf5a05123f095d6c15f9035f7910c130>

Event Number for Attendees: 132 548 8521 Event password: B22Nm gmSkd3

Audio conference: United States Toll +1-408-418-9388 Access code: 132 548 8521

Committee of the Whole Chair Tracy Thomas called the meeting to order at 5:42 p.m. and asked the Corporate Secretary to call the roll.

The following Commissioners were present via audio/video:

|  |  |
|--|--|
| (COW Chairperson) Tracy Thomas remotely, Lansing, MI |  |
| Stuart Goodrich remotely, Holt, MI                   | Beth Graham remotely, Lansing, MI          |
| Douglas Jester remotely, East Lansing, MI            | Deshon Leek remotely, Lansing, MI          |
| David Lenz remotely, Lansing, MI (arrived @5:41pm)   | Larry Merrill remotely, Delta Township, MI |
| Tony Mullen remotely, Lansing, MI                    | David Price remotely, Lansing, MI          |
| Ken Ross remotely, Florida                           | Sandra Zerkle remotely, Lansing, MI        |

Absent: None.

The Corporate Secretary declared a quorum.

### **Public Comments**

None.

### **Approval of Minutes**

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Committee of the Whole meeting minutes of October 29, 2020.

A roll call vote was taken:

Yeas: Commissioners Thomas, Graham, Leek, Lenz, Mullen, Price, Ross, Zerkle

Nays: None

**Action:** Motion Carried.

### **Regular Board Meeting Schedule 2021 Resolution**

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Regular Board Meeting Schedule 2021.

A roll call vote was taken:

Yeas: Commissioners Thomas, Graham, Leek, Lenz, Mullen, Price, Ross, Zerkle

Nays: None

**Action:** Motion Carried.

### **Strategic Planning: Strategic Response**

COW Chair Thomas introduced Executive Director of Strategic Planning and Development, Ms. Brandie Ekren, who presented updated mission, vision and value statements to consider, an updated framework and strategies for the 2021-2025 Strategic Plan, and an outline of the 2021 Strategic Plan.

#### **Updated Mission Statement Considerations:**

- *Leverage public ownership to provide safe, reliable, affordable and innovative utility products, services, and programs that sustain our community and planet.*
- *Municipally sustain the planet and community with safe, affordable, reliable, and innovative utility solutions.*
- *Provide a safe, reliable, affordable and innovative utility experience through public ownership and climate-conscious strategies.*

Commissioner Price and Commissioner Graham expressed appreciation for the succinctness of the first statement.

Commissioner Merrill asked about the use of the word leverage and requested wording that indicated BWL accountability to the community. Ms. Ekren responded that the use of the word leverage was to indicate strength and commented that public ownership had value as a strength that can be maximized.

Commissioner Jester commented that the focus on the second statement was not in alignment with the BWL's role as a utility.

Commissioner Lenz commented that the third statement was the most applicable to customers and the community by having the key attributes of safety, reliability, affordability, and innovation was essential.

Commissioner Price commented that the utility experience sounded like a tour of a facility and appeared too broad.

Commissioner Lenz expressed a desire to utilize our public ownership as a unique characteristic of service for the BWL.

Commissioner Jester highlighted the first and third options being most in line with recent discussions.

Upon conclusion of the discussion, it was agreed that the more succinct statement that included what services the utility provides and a public ownership differentiation was the most applicable to customers and community.

**Updated Vision Statement Considerations:**

*Be the “Utility of the Future”; by promoting a climate-responsible culture through carbon neutrality and environmental stewardship while being financially and operationally viable. This is accomplished by continuing to partner with the community, as well as an adaptive, motivated, diverse and well-trained workforce.*

*Provide carbon neutral utility services that are financially accessible to all with exceptional customer service. The BWL is committed to becoming the “utility of the Future” while also supporting community growth. This is accomplished by utilizing cutting-edge technology and a highly skilled, diverse workforce, and partnering with the Greater Lansing Region.*

The second consideration appeared most attractive.

Commissioner Price commented that partnering with the community should be included in the vision statement. Commissioner Graham commented that the BWL being committed to being the utility of the future should be included in the vision statement.

After continued discussion, emphasis was added to capturing the BWL’s community partnership and commitment to being in the vision statement.

**Updated Value Statement Considerations:**

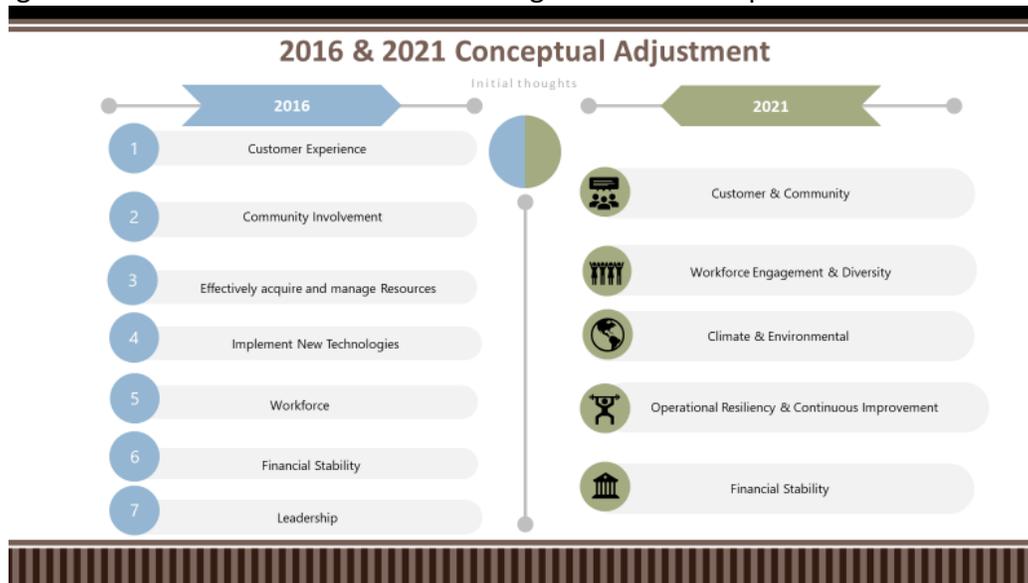
The current value statements are Exceptional Service, Competitive Rates, Safety, Community Commitment, Integrity, Inclusion and Equity, Environmental Stewardship. The updated value statement considerations include Culture, How BWL treats people, How BWL conducts business, Integrity, Innovation, Inclusion, and Initiative.

Commissioner Lenz asked if the three statements are for internal use only or for the BWL website and correspondence. Ms. Ekren responded that the three statements are for both. Commissioner Price commented that the strategic plan is on the BWL website and the statements are included in the strategic plan.

## Strategic Response

Ms. Ekren highlighted fundamental updates for the 2021 Strategic Plan.

The strategies were narrowed down from 7 strategies in 2016 to 5 priorities:



The proposed goals for each priority are as follows:

- Enhance the customer utility experience and enrich the community we serve
- Sustain an agile, diverse, and engaged workforce that embraces safety and preparation to support organizational success
- Sustain leadership role in providing energy solutions that support a sustainable planet
- Apply principles of operational resilience and continuous improvement to all organizational assets such as equipment, people, and knowledge.
- Sustain a financially resilient organization

Each goal outlines a series of strategies that are designed to result in success for the corresponding goal.

Commissioner Leek emphasized the value of utilizing the word “educate” which gives the public a sense of being part of the BWL. Educating also distinguishes the BWL as a leader.

Ms. Ekren requested continuing feedback through November 30, 2020. Ms. Ekren will follow up with email updates.

## Strategic Plan

The 2021-2025 Strategic Plan will include a corporate overview, strategic foundation statements, progress since the 2016 Strategic Plan, strategic framework, strategic landscape, 2021 Strategic Response, strategic management & accountability, and reference materials.

Commissioner Zerkle asked whether there is a plan for going over the goals and visions with employees in order that the goals are reached. Ms. Ekren responded that the execution strategy is being worked on with the executive management and will be communicated to the Commissioners.

Commissioner Price commended Ms. Ekren and her staff for creating a process for the strategic planning to be done online.

Commissioner Leek wished a happy veteran's day to BWL veterans.

**Other**

There was no other business.

**Adjourn**

Commissioner Thomas adjourned the meeting at 6:49 p.m.

Respectfully Submitted,  
Tracy Thomas, Chairperson  
Committee of the Whole

Corporate Secretary M. Denise presented the Finance Committee Report for Commissioner David Lenz:

**FINANCE COMMITTEE  
Meeting Minutes  
November 10, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Finance Committee meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI on Tuesday, November 10, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=ecf5a05123f095d6c15f9035f7910c130>

Event Number for Attendees: 132 548 8521 Event password: B22NmgmSkd3

Audio conference: United States Toll +1-408-418-9388 Access code: 132 548 8521

Finance Committee Chair David Lenz, called the November 10, 2020, 6:00 P.M. Finance Committee meeting to order at 6:56 p.m.

Corporate Secretary Griffin took the roll call to acknowledge attendance.

The following Commissioners were present via audio/video:

|  |  |
|--|--|
| David Lenz remotely, Lansing, MI (Member)  | Beth Graham remotely, Lansing, MI (Member) |
| David Price remotely, Lansing, MI (Member) | Ken Ross remotely, Florida (Member)        |
| Stuart Goodrich remotely, Holt, MI         | Douglas Jester remotely, East Lansing, MI  |
| Deshon Leek remotely, Lansing, MI          | Larry Merrill remotely, Delta Township, MI |
| Tracy Thomas remotely, Lansing, MI         | Sandra Zerkle remotely, Lansing, MI        |

Absent: None.

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham, to approve the Finance Committee meeting minutes of September 8, 2020.

**Motion** Carried by the following Roll Call Vote:

Yeas: Commissioners Lenz, Graham, Price, and Ross

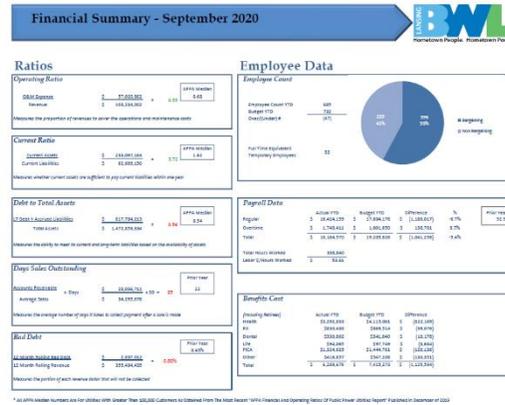
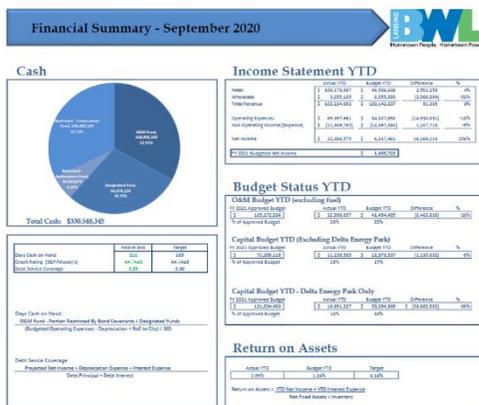
Nays: None

**Tabled Items from July 21, 2020: - REMAINED ON THE TABLE**

- 1) Current Internal Audit Charter, 2) Proposed Internal Audit Charter, 3) Resolution

**September YTD Financial Summary**

CFO Heather Shawa gave a review of the September 2020 YTD Financial Summary.



Chief Financial Officer Heather Shawa reported: Total cash increased about \$2M from August. Days Cash on Hand increased 15 days from August’s 196, ending the month at 211. The increase can be attributed to the cash flow items above plus an \$11.3M Delta Energy Park (DEP) and system improvement bond reimbursement from previous month’s capital spend. September net income was \$6.8M. Net income is beating budget primarily due to under budget department spend (which is common for Q1, however, the variance is larger than typical due to COVID impacts). FYTD net income was \$22.5M, which is \$16M over budget. Net income is over budget due to under budget department spend for Q1 and higher than budgeted revenues, relative to fuel and purchased power costs.

YTD O&M spend is about \$8.5M under budget. \$3M of this is due to our VEBA expense being under budget, which was budgeted conservatively due to the COVID-19 uncertainty affecting our investment returns. \$4M is due to outside service and other operating expenses being under budget, as contract work has been restricted due to COVID-19. Q1 budget reviews will take place in mid-November to review COVID-19 budget impacts (+/-) and finance will assess which will be recurring and adjust projections as necessary. YTD DEP spend is \$36M under budget primarily due to timing of DEP invoicing in the month of September. October is expected to reflect a catch up in DEP spend. YTD RoA is 2.89%, which is greater than budgeted YTD RoA of 1.24%, due to over budget net income, as a result of the factors noted above.

Debt to total assets is currently underperforming against its benchmark. This is due to the issuance of the 2019A bonds. It will increase again slightly as we complete the third phase of financing for

Delta Energy Park before decreasing as we pay off our outstanding debt. Days Sales Outstanding of 25 days is not beating its year-over-year benchmark for September of 22 days primarily due to increased accounts receivable due to COVID-19 payment delays. The Bad Debt ratio falls short of its benchmark due to the increased bad debt expense associated with COVID-19.

Employee count YTD is 685 and the budgeted YTD of 732 will slowly decline to FY21 budgeted headcount of 727 full time employees (FTE's) as natural attrition occurs. Employee headcount is being supplemented by 32 full time equivalent temporary employees. This was expected to decline by 12, as the summer internship program ended in August; however, 6 of the interns were offered extended internships. In Payroll Data the Labor \$/Hours Worked metric has remained in line with year prior. Overall YTD benefits costs finish underbudget, over \$1.1M, as BWL has experienced lower than expected medical claims.

Commissioner Lenz asked that the Commissioners be provided with findings of costs or impacts from COVID-19. CFO Shawa responded that she will provide it in the monthly update and at the next Finance Committee meeting to all the Commissioners. CFO Shawa added that travel expenses for consultants during COVID-19 will not be incurred.

Commissioner Lenz commented that most of the bad debt is due to COVID-19 and that repayment plans will be implemented rather than forgiveness of bad debt.

Commissioner Jester asked what the standards were for debt collection on uncollectable debts. CFO Shawa responded she will provide that information along with the previously requested information.

Commissioner Leek asked if a customer is not able to pay a debt what the shutoff protocol is. GM Peffley responded that there is a current no shut off in effect until spring. GM Peffley added that if there is a repayment plan in process, utilities will not be shut off.

### **Retirement Plan Committee (RPC)**

CFO Shawa followed up on the two updates provided by the HR Committee and stated that the communications have been sent and received by plan participants and the postings will be posted on November 16, 2020 and November 23, 2020 as scheduled.

### **VEBA Funding Operational Procedure:**

CFO Shawa stated that the VEBA fund was fully funded last year and went from 94% to 130% funding status and turned the VEBA Plan Funding Procedure presentation over to Finance Manager, Mr. Scott Taylor. Mr. Taylor defined the VEBA Plan as a tax-exempt trust, a post-retirement benefit plan to pay retiree healthcare costs. The previous funding strategy for the plan was funding through an Actuarially Determined Contribution (ADC) or the current year's benefit payments in order that the plan reach fully funded status, and it worked. The new funding plan will maintain a funded status of 120% and the BWL operating funds will now be able to receive reimbursement from the VEBA Plan on a quarterly basis when the qualifications are met.

Commissioner Lenz asked whether there was a plan on how the amount will be spent if a refund is received and the amount goes into the operating fund. Mr. Taylor responded that it would contribute to Days Cash on Hand and be part of the strategic and operating plan.

Commissioner Zerkle asked why retirees wouldn't receive a benefit from this. Mr. Taylor responded that money is being contributed by BWL over and above to ensure the plan is fully funded and isn't a retiree benefit. CFO Shawa added it is a cash flow item and not a cost savings item. Commissioner Zerkle asked why the retirees wouldn't benefit from the more efficient way of the increase of funds as the program was created for them. Commissioner Lenz responded that the additional revenue which funds the plan and provides benefits to employees comes from ratepayers and there is a responsibility to ratepayers. The overfunding provides assurance that employees will receive good benefits. Mr. Taylor added that some companies pay the benefits directly from the trust and then any shortfall would be contributed by the employer. BWL is making the contributions first and then returning any excess to the operating fund. Mr. Taylor and CFO Shawa also added that the procedure can be reviewed if there is feedback that the procedure is unwelcome.

Mr. Taylor explained that a target of 120% was selected for the following reasons:

- Greater returns can be expected to be earned with retirement fund investments versus operating fund investments.
- The impact of low investment returns, increases in benefit costs, and any other adverse circumstances will be softened.
- Maintaining a funded status of at least 100% will be more likely.

Finance Chair Lenz asked about the forecasting of placing additional money in the VEBA fund rather than in the operational fund, and based on the 120% target reasons, if BWL was comfortable using the VEBA plan as a revenue generating source for the operating fund. Mr. Taylor responded that the 120% is a win-win as the extra earnings that are generated in the plan reduce the funds that are needed to be collected from ratepayers.

Finance Chair Lenz asked if there is a requirement in BWL's charter on how money is to be spent or how the budget is set. Mr. Taylor responded that there is a fiduciary responsibility to the ratepayers to operate as cost effectively as possible and the rates are based on costs. CFO Shawa added that when the Return on Assets is maintained, it allows reinvesting in the infrastructure.

Commissioner Price commented that BWL is owned by the city, makes payments to the city in the amount of \$23.1 million and doesn't have shareholders so any excess revenue is funded back into the BWL. Mr. Taylor stated that the rates have to be established for certain metrics, such as cash, and that BWL has consulted with their financial advisor and actuary regarding industry practices and they have approved and supported the procedures. GM Peffley responded that any excess funding will help offset future rate hikes.

### **Utility System Revenue Bond Amendment Resolution**

CFO Shawa introduced municipal advisor, Mr. Chris Lover, from Public Financial Management (PFM) and bond counsel, Mr. Jeff Aronoff, from Miller Canfield who were available for questions. CFO Shawa and Mr. Taylor provided information on the financing strategy for Delta Energy Park which included a variable bond issuance option. The current amended bonded resolution gave the CFO the option to issue a variable rate bond if the market was favorable. Current market conditions were reviewed and there is a recommendation to issue two series of bonds. The two series of bonds will each provide about 50% of required funding. The first series will be for a long term, fixed rate bond issuance and the second series will be for a short term fixed rate bond issuance which allows a lower rate of interest and the flexibility to restructure the interest rate periodically. The resolution

being presented for approval requests an amendment which modifies the interest rate parameter of the bond authorization associated with Delta Energy Park.

Finance Chair Lenz asked for estimate on the interest rate that would incentivize payment and if this was amendment was to take advantage of lower interest rates. Mr. Taylor responded that the rate is between 6-8% which may be an inclining rate or a steady rate and it is unlikely that we would actually have to pay this higher rate. Mr. Aronoff emphasized that the alternate rate is unlikely to occur but want the option available.

Commissioner Merrill asked if the variable rate bonds will be original issue that are tax exempt or are the bonds being reissued and taxable. Mr. Taylor responded that the bonds will be original issue and tax exempt.

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham to forward the Utility System Revenue Bond Amendment Resolution to the full Board for consideration.

**Motion** Carried by the following Roll Call Vote:

Yeas: Commissioners Lenz, Graham, Price, and Ross

Nays: None

### Internal Audit Status Report

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

| <u>Audit Progress Report</u>   | <u>Audit Progress Report (Cont'd)</u>  | <u>Other Items</u>  |
|--|--|---|
| <p><u>Audit Engagements and Activities in Audit Plan Currently Underway and/or Scheduled to Start</u></p> <ol style="list-style-type: none"><li><b>Energy Risk Management</b> – Fieldwork has wrapped up and the audit is in the reporting stage. The draft audit report will be ready for discussion with management. <b>Estimated Time of Completion: November 2020</b></li><li><b>MPA and MISO Billing</b> – This audit was kicked off and is in progress. This includes the documentation of information received and selection of a sample of transactions for testing. <b>Estimated Time of Completion: February 2021</b></li><li><b>Unbilled Accounts Receivable</b> – This audit was kicked off and is in progress. Initial meetings are taking place, along with information requests. <b>Estimated Time of Completion: February 2021</b></li><li><b>Purchase Card Usage and Control</b> – This audit was kicked off and is in progress. This includes initial meetings, documentation of information received, and selection of a sample of transactions for testing. <b>Estimated Time of Completion: March 2021</b></li><li><b>Cybersecurity Process and IT Vulnerabilities</b> – We selected Moss Adams as our outside IT Audit consultant to conduct this engagement for us. Their winning bid was \$28,500, which is below our \$75,000 five-year budget amount for outside consulting services. Moss Adams is currently in our vendor onboarding process. <b>Estimated Start Time: November 2020 Estimated Time of Completion: February 2021</b></li></ol> | <p><u>Audit Engagements and Activities in Audit Plan Currently Underway and/or Scheduled to Start (Cont'd)</u></p> <ol style="list-style-type: none"><li><b>Corporate Governance – Strategic Plan and Ethical Advocate System (Includes Hotline)</b> – <b>Estimated Start Time: April 2020 Estimated Time of Completion: June 2020</b></li><li><b>Other Audit Activities</b> – (Ongoing)</li></ol> <p><i>Note: Estimated Start and Completion Times of All Engagements Listed Above Are Subject to Change.</i></p> | <ol style="list-style-type: none"><li>Update on Ongoing Education and Certification of IA Staff</li></ol>                       |
|  Finance Committee Meeting<br>11/10/2020 3  |  Finance Committee Meeting<br>11/10/2020 4  |  Finance Committee Meeting<br>11/10/2020 5 |

### Other

Commissioner Price inquired about the questions regarding the errors in the 401a and 457b plans. Commissioner Lenz responded that if there were any questions at this time they should be asked.

Commissioner Thomas asked that additional time be provided for the responses to the questions, as this would allow for complete researched information to be provided to all Commissioners. Finance Chair Lenz responded that management has not had much time to prepare answers to the questions that were sent to them, and permitting additional time would allow for a thorough written response.

Commissioner Merrill commented that the questions require a dialogue and not just an answer. He also asked about the amount of the underfunded contributions and the capital gains in the plans. Chair Lenz responded that he would add that to the questions. Chair Lenz requested that management provide a written response to the questions by the end of the week.

Commissioner Price Complimented Finance Manager Scott Taylor on a well-done job regarding his Financial Audit presentation to the Lansing City Council at their Committee of the Whole Meeting.

**Adjourn**

Chair David Lenz adjourned the meeting at 8:20 p.m.

Respectfully submitted  
David Lenz, Chair  
Finance Committee

Chair David Price presented the Pension Fund Trustee Meeting Report:

**PENSION FUND TRUSTEES COMMITTEE  
Meeting Minutes  
November 17, 2020**

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met via WebEx (BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 5:00 P.M. on Tuesday, November 17, 2020.

Event Address for Attendees:

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=efac46ef50bf8a3970e0de61fec6c4195>

Event Number for Attendees: 132 199 1884 Event Password: RTuAXyAV35

Audio Conference: United States Toll +1-408-418-9388 Access Code: 132 199 1884

Trustee and Board Chairperson David Price called the meeting to order at 5:00 p.m.

Corporate Secretary Griffin called the Roll:

The following Trustees were present via audio/video:

|                                    |                                     |
|------------------------------------|-------------------------------------|
| Deshon Leek remotely, Lansing, MI  | David Lenz remotely, Lansing, MI    |
| Tony Mullen remotely, Lansing, MI  | David Price remotely, Lansing, MI   |
| Ken Ross remotely, Lansing, MI     | Sandra Zerkle remotely, Lansing, MI |
| Tracy Thomas remotely, Lansing, MI |                                     |

Absent: Trustee Beth Graham

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Trustee Thomas and Seconded by Trustee Zerkle to approve the minutes from the May 26, 2020 Pension Fund Trustees Meeting.

**Roll Call Vote:**

**Yeas:** Trustees David Price, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

## **Pension Fund**

Chief Financial Officer (CFO) Heather Shawa provided an overview of the information from the Pension Dashboard, Defined Benefit Plan (DB), Post-Employment Benefit Plan (VEBA), and Defined Contribution and Deferred Compensation Plan (DC).

Ms. Shawa stated that a delegation of authority to the Retirement Plan Committee (RPC); an updated Statement of Investment Policies, Procedures Objectives for DB and VEBA; and one-time lump sum payment to DB retiree participants were the changes made in FY 2020. The DB Plan ended FY2020 with \$55.6 million in assets compared to \$60.4 million in 2019 and with a funded status at 106.5% compared to 112.3% in 2019. The VEBA Plan ended FY2020 with \$198.8 million in assets compared to \$195.2 million in 2019 and the funded status at 128.6% compared to 131.4% in 2019. BWL uncovered errors related to employer contributions for the DC Plans and will post adjustments to participant accounts.

Mr. Scott Taylor, BWL Finance Manager, introduced the financial advisory panel. The Panel provided financial plan information and followed by a question and answer session.

- 1) Nathan Burk, Vice President and Senior Consultant with Asset Consulting Group (ACG); ACG assists in investment allocation, evaluation of investment managers, reporting of investment performance and investment policy statements.
- 2) Mark Miller, Founder and Principal Consultant with Benassist Retirement Consulting, LLC; Mr. Miller provides actuarial evaluation reports, assists with required annual state filing requirements, and performs calculations for DB employee benefits at retirement.
- 3) Dori Drayton, Senior Vice President and Financial Advisor with Captrust; Captrust assists with fund line up selection and monitoring, investment performance reporting, fee benchmarking and fiduciary compliance for the DC plans.
- 4) David Sharer, Managing Vice President and Sales and Relationship Management with ICMA-RC; ICMA is the DC Plan administrator and provides personalized resources to help employees and retirees reach their financial goals.

Mr. Nathan Burk gave a capital market update for 2020. Mr. Burk stated that during the pandemic Federal Reserve rates were cut to zero and an economic stimulus was sent out in response to the bear market decrease of 20%. U.S. Treasury bonds were the best performing asset class at 10% followed by high quality bonds at 8% and U.S. equities at 7%. The results for FY 2020 for the DB and VEBA Plans include a strong funded status and a strategic asset allocation that advanced 3.5% and 2.3% respectively. Mr. Burk noted that the investment management fees paid are less than that for 75% of consultants nationwide and are very efficient.

Mr. Mark Miller spoke about the DB and VEBA plan funded status. He noted that the BWL DB plan is 106.5% while the average for funded plans in Michigan is 73.5% and the BWL VEBA plan is 128.6% while the average for funded plans in Michigan is 50.9%.

Trustee Price commented that the information provided was beneficial to retirees.

Ms. Dori Drayton with Captrust spoke about the investment management, fiduciary process, plan design, vendor monitoring, and participant engagement for the 401(a) and 457(b) plans. There were

no fund changes nor share class changes made in the plans as the investments performed well. Approximately 94% of the managers met the one- year criteria, and 90% met the five-year criteria.

Mr. David Sharer with ICMA gave an update on education outreach for the 401(a) and 457(b) plans. Education efforts included information on benefits and features of the plan along with providing advice and distribution strategies for the DC plan. Digital outreach has increased by the way of seminars, webinars and attendees.

Trustee Zerkle asked if virtual meetings will continue after the COVID-19 pandemic subsides as more employees can be contacted. Mr. Sharer responded that virtual meetings would continue as they were beneficial in reaching employees and retirees.

Trustee Thomas asked for the dollar amounts in assets from the 401(a) and 457(b) plans. Ms. Drayton from Captrust responded that \$204M was in the 401(a) plan and \$118M was in the 457(b).

#### **RESOLUTION #2020-11-01**

#### **ACCEPTANCE OF 2020 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSION PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN**

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution, and Retiree Benefit Plan reports presented during the Pension Trustee Meeting.

-----  
Staff comments: All three Plans received clean audit reports.

**Motion** by Trustee Mullen, **Seconded** by Trustee Lenz, to accept the 2020 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan.

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

**Yeas:** Trustees David Price, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

#### **Other**

None.

#### **Excused Absences**

**Motion** by Trustee Mullen, **Seconded** by Trustee Thomas for an excused absence for Trustee Beth Graham.

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

**Yeas:** Trustees David Price, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

#### **Adjourn**

There being no further business, the Pension Fund Trustees meeting adjourned at 5:50 p.m.

## MANAGER'S RECOMMENDATIONS

There were no General Manager recommendations.

### UNFINISHED BUSINESS

None.

### NEW BUSINESS

None.

### RESOLUTIONS

#### **RESOLUTION 2020-11-02**

#### **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, 2021 through December 31, 2021;

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, 2021 through December 31, 2021.

-----

**Motion** by Commissioner Zerkle, **Seconded** by Commissioner Graham, to approve the PA 152 Health Care Premium Sharing Resolution.

**Roll Call Vote:**

**Yeas:** Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**RESOLUTION 2020-11-03**

**Amendment to Defined Contribution Plan and Trust 2 Resolution**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water and Light Defined Contribution Plan and Trust 2 (the "Plan"); and

WHEREAS, the Sponsor wishes to ensure consistency with the Lansing Board of Water and Light Defined Contribution Plan and Trust 1 and to restate the Plan's Adoption Agreement to specify particular pay code categories that are included or excluded from "Earnings" as defined by the Plan.

THEREFORE, it is:

RESOLVED, that after its review, the Sponsor adopts and approves the attached restated Adoption Agreement, effective as stated therein; and

FURTHER RESOLVED, that the Chair of the Board is hereby authorized to execute the restated Adoption Agreement and related documents on behalf of the Sponsor.

-----

**Motion** by Commissioner Mullen, **Seconded** by Commissioner Leek, to accept the Resolution for the Amendment to Defined Contribution Plan and Trust 2 Resolution.

**Roll Call Vote:**

**Yeas:** Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

**Nays:** None

**Action:** Motion Carried.

**RESOLUTION 2020-11-04**

**Regular Board Meeting Schedule 2021**

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 2021 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

**2021**  
**Lansing Board of Water & Light Board of Commissioners**  
**Regular Board Meeting Schedule**

|         |              |
|---------|--------------|
| Tuesday | January 26   |
| Tuesday | March 23     |
| Tuesday | May 25       |
| Tuesday | July 27      |
| Tuesday | September 28 |
| Tuesday | November 16  |

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, 2021.

**Motion** by Commissioner Thomas, **Seconded** by Commissioner Graham, to approve the 2021 Regular Board Meeting Schedule Resolution.

**Roll Call Vote:**

**Yeas:** Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Tracy Thomas, and Sandra Zerkle.

**Nays:** Commissioner Ross

**Action:** Motion Carried.

**RESOLUTION 2020-11-05**

**Utility System Revenue Bond Amendment Resolution**

A RESOLUTION TO AUTHORIZE:

- An amendment to modify the interest rate parameter of variable rate Bonds to complete the Delta Energy Park.

WHEREAS, the City of Lansing, acting by and through the Lansing Board of Water and Light, from time to time issues its utility system revenue bonds payable from revenues of the water supply, steam, chilled water and electric utility system under the provisions of Act 94, Public Acts of Michigan, 1933, as amended; and

WHEREAS, on March 27, 2018 the Board approved the Amended and Restated Bond Resolution (as amended on March 26, 2019, the "Bond Resolution"), which authorized issuance of utility system revenue bonds in order to finance the costs of various improvements, including Delta Energy Park, defined as the "Series 2019 Project" in the Bond Resolution; and

WHEREAS, in order to finance costs of the Series 2019 Project, the Bond Resolution authorized the utility system revenue bonds in an amount not-to-exceed \$500,000,000 (the "Series 2019 Bonds"), and authorized the Chief Financial Officer to sell the Series 2019 Bonds without further resolution of this Board at a maximum interest rate not-to-exceed 5.50% per annum; and

WHEREAS, on June 25, 2019 the Board delivered the \$319,875,000 Utility System Revenue Bonds, Series 2019A as the first series of the Series 2019 Bonds; and

WHEREAS, the Board intends to sell additional series of Series 2019 Bonds to finance costs to complete the Series 2019 Project, with such series designation as determined at the time of sale by the Chief Financial Officer to reflect the sequence and the year of sale or delivery of such series of Series 2019 Bonds, currently anticipated to be January 2021 (the "Series 2021 Bonds"); and

WHEREAS, based on the advice of PFM Financial Advisors LLC (the "Municipal Advisor"), if the Board sells a portion of the Series 2021 Bonds as variable rate Bonds, the Board may obtain more favorable prior redemption provisions and reduce interest expense; and

WHEREAS, standard interest rate provisions for variable rate Bonds, such as the default rate formula or post-tender rate mode formula, provide that the interest rate shall not exceed the maximum rate permitted by law; and

WHEREAS, the Board wishes to amend the maximum interest rate provision of the Bond Resolution to avoid any ambiguity and correct and supplement the Bond Resolution to facilitate sale of Series 2021 Bonds as variable rate Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Definitions. All terms not defined herein shall have the meanings set forth in the Bond Resolution.

Section 2. Amendment to Maximum Interest Rate. Section 33 of the Bond Resolution is hereby deleted and replaced with the following:

Section 33. Sale of Series 2019 Bonds. The Chief Financial Officer is authorized, in consultation with the Municipal Advisor, to accept an offer to purchase the Series 2019 Bonds without further resolution of this Board. This authorization includes, but is not limited to, determination of original principal amount of the Series 2019 Bonds; the prices at which the Series 2019 Bonds are sold; the date of the Series 2019 Bonds; the schedule of principal maturities and whether the Series 2019 Bonds shall mature serially or as term bonds; provisions for early redemption, if any, including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Series 2019 Bonds; and application of the proceeds of the Series 2019 Bonds. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by her execution of the Bond Purchase Agreement for the Series 2019 Bonds or other offer to purchase the Series 2019 Bonds, or a certificate of award of sale, or the Official Statement.

The maximum interest rate of the Series 2019 Bonds sold as fixed rate Bonds shall not exceed 5.50% per annum. The maximum interest rate of the Series 2019 Bonds sold as variable rate Bonds shall not exceed the maximum rate permitted by law, and in the case of any variable rate Bonds issued initially in a fixed rate mode, such initial fixed rate shall not exceed 5.50%. The purchase price for the Series 2019 Bonds, exclusive of any original issue discount or premium, shall not be less than 97% of the principal amount of the Series 2019 Bonds, plus accrued interest, if any. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Municipal Advisor.

Section 3. Amending Resolution. The Board hereby determines that this resolution is adopted for the purpose of amending and supplementing the Bond Resolution in order to cure an ambiguous provision and correct and supplement a provision contained in the Bond Resolution, and

does not have a material, adverse effect on the interests of the Registered Owners of the Bonds. Therefore, pursuant to the provisions of Section 28(a) of the Bond Resolution, this resolution can be adopted without the consent of or notice to the Registered Owners of any of the Outstanding Bonds.

Section 4. Severability and Paragraph Headings. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this resolution. The paragraph headings in this resolution are furnished for convenience of reference only and shall not be considered to be part of this resolution.

Section 5. Conflicting Resolutions; Effective Date. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded. This resolution shall become effective immediately.

We hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Commissioners of the Lansing Board of Water and Light at a Regular meeting held on November 17, 2020, at 5:30 p.m., Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

We further certify that the following Commissioners were present at said meeting David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle and that the following Commissioners were absent: None.

We further certify that Commissioner Tony Mullen moved adoption of said resolution, and that said motion was supported by Commissioner Beth Graham.

We further certify that the following Commissioners voted for adoption of said resolution David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle and that the following Commissioners voted against adoption of said resolution: None. We further certify that said resolution has been recorded in the Resolution Book and that such recording has been authenticated by the signature of the Chairperson and Corporate Secretary.

 Digitally signed by David Price  
DN: cn=David Price, o=Lansing Board of Water and Light, ou=Chairperson, email=David.Price@lansingwater.com, c=MI  
Date: 2020.11.19 14:11:59  
-----  
Chairperson

 M. Denise Griffin  
Digitally signed by M. Denise Griffin  
DN: cn=M. Denise Griffin, o=Lansing Board of Water and Light, ou=Corporate Secretary, email=M.Denise.Griffin@lansingwater.com, c=MI  
Date: 2020.11.19 14:12:13  
-----  
Corporate Secretary

## **RESOLUTION 2020-11-06**

### **Acknowledgment of the Acceptance of Audited Financial Statements FY 2020**

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution, and Retiree Benefit Plan reports presented during the Pension Trustee Meeting.

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Staff comments: All three Plans received clean audit reports.

**Motion** by Commissioner Zerkle, **Seconded** by Commissioner Thomas, to acknowledge the Resolution for the Acceptance of Audited Financial Statements of FY 2020.

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

**Yeas:** Commissioners David Price, Beth Graham, Deshon Leek, David Lenz, Tony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle.

**Nays:** None

**Action:** Motion Carried.

#### **MANAGER'S REMARKS**

General Manager Dick Peffley provided information on the following items:

- Presentation of HR and Communications videos for recruitment that are currently on social media and digital platforms
- Southside reinforcement on the tie line from the Central Substation to Wise Road and easement route considerations
- Commendation to employees for the recent quick power outage restoration
- Bob Perialas procured \$500,000 for COVID-19 relief for water customers and it will help 1,700 customers.

Commissioner Leek asked what the number of COVID-19 employees are at BWL. GM Peffley responded that there are 7 employees that have tested positive and 11 employees are quarantining. Additional protocols are being put into place and will be sent to the Commissioners. Commissioner Leek asked whether the cleaning company was internal or a third party. GM Peffley responded that there is both internal cleaning and third-party cleaning.

Commissioner Thomas asked for an update on Silver Bells. GM Peffley responded that Silver Bells will be held virtually on Friday, November 20, 2020 from 6 to 8 p.m. and the Christmas tree lighting will be live.

Commissioner Mullen commented positively on the procurement of COVID-19 relief for customers and stated it is essential that customers retain water service as the number of COVID-19 cases are increasing. GM Peffley responded that no water or electric will be shut off during the winter.

#### **COMMISSIONERS' REMARKS**

Commissioner Zerkle and Commissioner Price expressed appreciation for BWL Commissioners and employees for all the work that is being accomplished and all the extra effort put forth during the COVID-19 pandemic.

Commissioner Lenz thanked the Corporate Secretary for reading the Committee Report into the record on his behalf. He also thanked the financial advisors who were in attendance at the Pension Fund Trustees Meeting.

#### **PUBLIC COMMENTS**

Ron Byrnes IBEW Local 352 thanked the Commissioners for recognizing and acknowledging the BWL employees for all of their hard work.

#### **ADJOURNMENT**

Chair Price adjourned the meeting at 6:39 p.m.

M. Denise Griffin, Corporate Secretary  
Preliminary Minutes filed (electronically) with Lansing City Clerk 11-23 -20  
Approved by the Board of Commissioners: 01-26-21  
Official Minutes filed (electronically) with Lansing City Clerk: 01-27-21