



**LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
COMMITTEE OF THE WHOLE MEETING**

**Tuesday, May 13, 2025 – 5:30 P.M.
REO Town Depot - Board of Water & Light Headquarters
1201 S. Washington Ave., Lansing, MI 48910**

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

AGENDA

Call to Order

Roll Call

Public Comments on Agenda Items

1. Approval of the Committee of the Whole Meeting Minutes of March 11, 2025..... **TAB 1**
2. RPC Update **TAB 2**
 - a. Ratification of Trustees of Retirement Plans Resolution..... **TAB 2a**
3. Return on Equity Agreement **TAB 3**
 - a. Return on Equity Agreement Resolution **TAB 3a**
4. Watermain Replacement **TAB 4**
5. IT and OT Update **TAB 5**
6. Power Outage Circuit Drive Update..... **INFORMATION ONLY**

Other

Adjourn

COMMITTEE OF THE WHOLE
Meeting Minutes
March 11, 2025

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, March 11, 2025.

Committee Chairperson Semone James called the Committee of the Whole Meeting to order at 5:30 p.m. and asked the Acting Corporate Secretary to call the roll.

Present: Commissioners Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle; and Non-Voting Commissioners J. R. Beauboeuf (East Lansing), and Commissioner Robert Worthy (Delta Township)

Absent: Commissioner Beth Graham and Non-Voting Commissioner Stuart Goodrich (Delhi Township)

Acting Corporate Secretary Maria Koutsoukos declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner Tony Mullen, to approve the Committee of the Whole Meeting minutes of January 14, 2025. **Action:** Motion carried. The minutes were approved.

Enterprise Risk Management and Risk Register Update

Director of Strategic Planning & Development Kellee Christensen presented the Risk Management and Risk Register update. Ms. Christensen reviewed the Enterprise Risk Management structure, insurance, consultation, and claims; and also, the BWL FY2024-25 Insurance Program, claim investigations, and claim recovery activity.

Commissioner Mullen asked whether a claim would be filed if a telephone pole and power lines were taken down due to an accident. Ms. Christensen responded that access to data is not as readily available, due to a change in privacy laws, making it difficult for BWL to file a damage claim.

Commissioner Leek asked the status of the claim for the turbine at Delta Energy Plant. GM Peffley responded that it is ongoing.

Commissioner Harkins asked how the claim investigation numbers compared to similar utilities. Ms. Christensen responded that she didn't have information about similar utilities but BWL works to mitigate losses and filing a claim as quickly as possible. GM Peffley added that crews are out every day and BWL pays out very little.

Commissioner Worthy asked if there is a uniform agreement for standard work when there is reciprocal work completed. GM Peffley responded there is a mutual aid agreement for those utilities that are part of the agreement.

Commissioner Beauboeuf asked if claims for insurance were always investigated prior to a settlement and if there were claims about errors or omissions regarding employment. Ms. Christensen responded that if damage is done and known an investigation isn't needed for insurance. GM Peffley responded that he would follow up with legal and provide the information to the Commissioners in an email regarding the claims regarding employment.

Business Planning Analyst Leah Bucio presented the Risk Registry update. Ms. Bucio reviewed the risk register categories: compliance, financial, operational, reputational, and strategic. She also reviewed departmental risk assessments and mitigation plans.

Commissioner Mullen asked if there was a mitigation plan for recurring incidents. Ms. Christensen responded that information is collected and if there is an increase in the same incidents, there will be emphasis in the safety information that is presented.

2021 Strategic Plan Accomplishments

Business Planning Analyst Leah Bucio presented the 2021 Strategic Plan Accomplishments. Ms. Bucio provided a strategic plan refresher of five strategies in the areas of customer & community, workforce engagement & diversity, climate & environment, operational resiliency & continuous improvement, and financial stability. The FY26 Strategic Plan will be effective July 1, 2025.

Commissioner Zerkle asked whether the decrease in the open hours of the call center had been reevaluated recently. GM Peffley responded that he received requests to keep the call center open after it was closed during COVID, and walk-in traffic has improved since it has been reopened.

Commissioner Schrader asked whether new solar customers are classified residential customers and whether the customers reduce their electricity rates. Ms. Christensen responded that most solar customers are residential but there are also commercial customers. Rebates are given and the rebate process is on the BWL website. Additionally, an education seminar is being recommended. Ms. Christensen affirmed that electricity rates are reduced and stated that some customers send energy back and get credited for it. GM Peffley added that the rate is

tracked and his solar array makes 50% of its power for the year in the summer and in January, 1% of the power was made. Solar aligns better than wind with peak power usage but more credit is given by the government for wind.

Chairperson James asked the Director of Internal Audit Elisha Franco to summarize the revision to the security deposit rule and positive results for the community. Ms. Franco shared that previously, a late fee resulted in the security deposit being held on file. The revision states that the security deposit would be held if there was a shut off and if there were no further shut offs in a 12-month period then the security deposit would be returned. She further shared that over approx. \$3.2 million dollars in security deposits were released back to customer's accounts due to this guideline change. The funds are recorded as a liability on BWL's books and held in escrow. The goal of the security deposits is to return them to the customer accounts, rather than retaining the money on BWL's books.

Commissioner Zerkle commented that the security deposit would be put in the BWL general ledger.

Commissioners Schrader and Chairperson James commended the implementation of the revised security deposit rule. GM Peffley added that a deposit is not required to turn power back on if there is a utility service interruption.

Commissioner Zerkle thanked the BWL staff for their work on the strategic plan and their helping of customers.

Chairperson James asked what could be done so that rate payers could be informed of all the good things the BWL is offering and doing for the community. GM Peffley responded that the communication plan is being rolled out and includes a series of two to three minute slots on television stations in which he speaks of the progress BWL is making.

Chairperson James commended GM Peffley on the Bright Ideas campaign and all the strategic plan accomplishments.

Commissioner Harkins asked whether the grants mentioned in the accomplishments are finalized or yet to be allocated. Assistant General Manager (AGM) Heather Shawa responded that it was a combination of both.

All Commissioners gave a round of applause to management and staff for the outstanding 2021 Strategic Plan Accomplishments.

Amending Appointment to Michigan Public Power Agency - Commissioner and Alternate

The upcoming retirement of Chief Operations Officer Dave Bolan was acknowledged and all Commissioners and meeting attendees gave a round of applause for his 38-years of outstanding service to the BWL and City of Lansing.

Chief Operations Officer Dave Bolan presented the amending appointment to MPPA Commissioner and Alternate resolution.

Motion by Commissioner David Price, **Seconded** by Commissioner Tony Mullen to forward the Resolution for Amending Appointment to Michigan Public Power Agency – Commissioner and Alternate to the full Board for approval. **Action:** Motion Carried.

RPC Update

AGM Shawa presented the Retirement Plan Committee update. Both the DB and VEBA Plans are positioned to achieve their target returns. State Street GTC Retirement Income Builder (RIB) Series of funds was approved by the RPC to be added. The DB Plan monthly pension payment processing plan successfully transitioned to Northern Trust. RPC approved the FY25 Q2 ASA reimbursement of \$2,227,776 in the VEBA Plan. Legislative changes and change to the normal retirement age are being updated in the Defined Contribution & Deferred Compensation Plans. The updated 401(a) Plan 2 documents will be forwarded to the Board for approval. RPC plans to vote on the approval of the 401(a) Plan 1 and 457 Plan documents at its March 17th meeting. AGM Shawa and Chairperson James congratulated Scott Taylor on his new role as Chief Financial Officer. The Director of Accounting, Finance & Planning position will be replaced by the Manager of Accounting, Finance & Planning on the RPC.

Commissioner Leek asked what other changes were made to the RPC charter. AGM Shawa responded that summary plan descriptions for covered plans have been added based on recommendations from outside counsel.

Commissioner Price asked whether the RPC membership listing of two voting members of the Board of Commissioners was correct. Ms. Shawa responded that it should be one voting member and one alternate. Chairperson James and CFO Taylor responded that it is two voting members of the Board, but one is a voting member of the committee and one is an alternate in case of a tie.

Commissioner Mullen asked the process for selecting the two voting members. Chairperson James and AGM Shawa stated that commissioners were selected in committee and the resolution states the Board can add to, reappoint, and remove the Commissioners and members on the RPC. Commissioner Price added that an internal audit report on the RPC recommended additional members of two Commissioners, a BWL retiree, and an IBEW Local Union 352 employee. Commissioner Mullen asked what could be done if a Commissioner wanted to be on the RPC, and what was the length of service for the members. Commissioner Price stated that the resolution should be reviewed.

The Corporate Secretary or Assistant to the Corporate Secretary will provide Commissioner Mullen with the RPC Charter resolution.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner David Price to forward the Resolution for the RPC Membership Change to the full Board for approval. **Action:** Motion Carried.

DC Plan 2 Plan Document Update

Chief Financial Officer Scott Taylor presented the DC Plan 2 Plan Document update. The update is due to the regulatory and legislative changes of the Secure Act of 2019, Cares Act of 2020, and the Secure Act of 2019. There are no benefit changes in the plan. The main changes are in the plan document, along with some adoption agreement elections.

Commissioner Harkins commented that the legislative changes are from a few years ago and asked what is the regular process of updating the documents. CFO Taylor responded that the regulatory changes often don't have full guidance right away and have a multi-year time frame to adopt them.

Motion by Commissioner Semone James, **Seconded** by Commissioner David Price to forward the Resolution for the DC Plan 2 Plan Document to the full Board for approval.
Action: Motion Carried.

DEI Landsdscape Update

Diversity, Equity & Inclusion Specialist Vernon Woodley presented the DEI Landsdscape update. Most of the recent executive orders only apply to the federal government. EO 14173 directs all federal agencies to investigate DEI discrimination in private industry and encourages the private sector to end illegal DEI discrimination preferences. Mr. Woodley emphasized that BWL has no illegal DEI discrimination or preferences practices. Opportunities at BWL are open to all qualified employees. BWL offers DEI learning opportunities in the areas of New Hires, Management, Emerging Leaders, Executive Team, and Continual Learners Lunch & Learn events.

Commissioner Mullen commented that BWL needs to make sure that BWL's DEI process continues, is strong and that the people hired are representative of the City of Lansing.

Commissioner Beauboeuf commented that the DEI program questions focus on a nuance when it is said there is compliance and there isn't a special program that targets a certain group. If there is a program that is for everyone but it benefits one group over another, it is illegal. Everyone has to be invited equally to participate, and the program needs to be analyzed to ensure compliance for the receiving of grant funding,

Chairperson James commented that GM Peffley gave her assurance that there isn't any concern about losing grant funding. GM Peffley confirmed and added that there aren't any pending employment suits. GM Peffley added that BWL's volunteer resignation rate is 25% of other companies of the same size and that very few people leave unhappy.

Commissioner Mullen commented that the end results are whether BWL has a diverse workforce. Mr. Woodley responded that a variety of events are celebrated and a DEI orientation workshop is conducted for all new employees.

Commissioner Zerkle commented that she had attended several of the DEI events and that DEI isn't about pushing one person ahead but that all employees are equally valuable and included.

Resolution Honoring Tracy Thomas

Chairperson James presented the resolution honoring Tracy Thomas to the Committee.

Motion by Commissioner Semone James, **Seconded** by Commissioner Anthony Mullen to forward the Resolution Honoring Tracy Thomas to the full Board for approval. **Action:** Motion Carried Unanimously

Chairperson James acknowledged Commissioner Thomas' 16 years of service to the BWL and citizens of Lansing, commenting that Commissioner Thomas did a great job serving the Board, representing the community, was complimentary of the staff and he will be missed.

Other

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James for excused absences for Commissioners Beth Graham and Stuart Goodrich.

Action: Motion Carried.

Adjourn

Chairperson James adjourned the meeting at 6:55 p.m.

Respectfully Submitted,
Semone James, Chairperson
Committee of the Whole



RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Committee of the Whole: 5/13/2025

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - Market Volatility has been significant since early April
 - Short term market disruptions are to be expected
 - The plans continue to have a well diversified portfolio
 - RPC will continue to monitor strategic objectives and rebalance as appropriate

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - RPC is working through the process of adding the approved State Street GTC Retirement Income Builder (RIB) Series of funds
 - The adoption agreements are undergoing business and legal reviews. Finalized documents are expected to be completed by May 9, 2025
 - Once the agreements are executed, the RPC will work with Nationwide and Captrust on education, scheduling workshops, and ongoing consultations
 - July 11, 2025, is the target release date for the funds

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - Market volatility has been significant since early April
 - Nationwide has added links to educational information and tips regarding market volatility to the landing page for the participant accounts
 - Nationwide has additional resources that participants have access to for more specific questions



RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Committee of the Whole: 5/13/2025

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - Nothing new to report.

Administrative Activity Update

- Defined Contribution & Deferred Compensation Plans
 - RPC approved the 401(a) Plan 1 and 457 Plan documents at its March 17th meeting.
 - All plan documents updates have now been fully executed and updated in the RPC and Commissioner Portals.

Administrative Activity Update

- RPC Updates
 - Ratification of Trustees Resolution
 - The resolution recognizes that Commissioner Chris Harkins is now among the Trustees of the Plans and that Commissioner Tracy Thomas is no longer among the Trustees of the Plans.
 - This resolution is necessary to ensure the listing of the Trustees of the Plans is properly maintained.
 - A ratification resolution will be brought forward each time there is a change in trustees.
 - Captrust Contract
 - The contract expires May 31, 2025, and is currently under review.
 - The RPC intends to extend the contract for a temporary period while performing a due diligence exploration of the current retirement plan advisory service market.

Administrative Activity Update

- RPC Updates
 - Summary Plan Descriptions
 - HR will be reaching out to plan participants regarding distribution of summary plan descriptions

Glossary

- **DB** Defined Benefit Plan - The plan is a noncontributory single-employer defined benefit pension plan for employees of the BWL. The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan.
- **VEBA** Voluntary Employee Benefit Administration - The Post-Retirement Benefit Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL.
- **DC 401(a)** Defined Contribution Plan - The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997. The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time. For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.
- **DC 457(b)** Deferred Compensation Plan - The Deferred Compensation Plan covers substantially all full-time employees. The BWL contributes \$1,000 on behalf of each participant as of the first pay period of each year. Additionally, the BWL will provide a 100% match for each participant's contributions annually, up to \$1,500.
- **ASA** Administrative Services Agreement – The administrative services agreement is an agreement between the BWL and the VEBA trust regarding the payment of VEBA plan benefits. The agreement calls for the BWL to handle the processing of benefit payments and allows for the reimbursement for payment from the VEBA trust if certain conditions are satisfied. These conditions include both funding status and investment performance measures.

RESOLUTION 2025-05-XX
Ratification of Trustees of Retirement Plans

WHEREAS, the Lansing Board of Water & Light (the “Sponsor”) sponsors the (a) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (b) Lansing Board of Water and Light Defined Contribution Plan and Trust 2; (c) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust; (d) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions; and (e) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (collectively, the “Plans”); and

WHEREAS, the Sponsor desires to ratify and confirm the current Trustees of the Plan and clarify the appointment, removal and resignation dates of new and former Trustees of the Plans.

THEREFORE, it is:

RESOLVED, that the following individuals are ratified and confirmed as the current Trustees of the Plans as of the date hereof:

- David J. Price
- Sandra Zerkle
- Anthony Mullen
- Beth Graham
- Deshon Leek
- Semone James
- Dale Schrader; and
- Chris Harkins.

FURTHER RESOLVED, that the appointment and acceptance of the following individuals to serve as Trustees of the Plans is hereby approved, ratified and confirmed as of the date stated below:

- David J. Price, reappointment April 25, 2021
- Sandra Zerkle, reappointment April 25, 2021
- Anthony Mullen, reappointment April 25, 2021
- Beth Graham, reappointment April 25, 2021
- Deshon Leek, reappointment April 25, 2021
- Semone James, July 26, 2021
- Dale Schrader, August 14, 2023; and
- Chris Harkins, January 27, 2025.

FURTHER RESOLVED, that the resignation or removal of the following individuals from the position of Trustees of the Plans is hereby approved, ratified and confirmed as of the date stated below:

- Tracy Thomas, January 26, 2025.

Motion by Commissioner _____, Seconded by Commissioner _____ to approve the Resolution for Ratification of Trustees of Retirement Plans at a Board meeting held on May 20, 2025.

**AMENDMENT NO. 8 TO AGREEMENT
BETWEEN THE CITY OF LANSING AND
THE BOARD OF WATER & LIGHT**

This Amendment No. 8 is entered as of this ____ day of _____, 2025, by and between the City of Lansing, 124 W. Michigan Ave., Lansing, MI 48933, hereinafter referred to as “City,” and the Board of Water & Light, 1201 South Washington Ave., Lansing, Michigan 48910, hereinafter referred to as “Board.” The City and the Board are each a “Party” and, collectively are the “Parties.”

STATEMENT OF PURPOSE

- A. The Parties entered into an Agreement dated June 30, 1992 (the “Agreement”), a copy of which is attached as **Exhibit A**;
- B. The Parties entered into Amendment No. 1 to the Agreement on December 17th, 2001, which expired June 30, 2012, a copy of which is attached as **Exhibit B**;
- C. The Parties entered into Amendment No. 2 to the Agreement on June 30, 2012, which expired June 30, 2017, a copy of which is attached as **Exhibit C**;
- D. The Parties entered into Amendment No. 3 to the Agreement on December 23, 2013, which increased the Board’s annual payment to the City to 6.1% of its revenue from retail and wholesale sales of chilled water, electric, steam, heat and water utilities for the preceding 12-month period ending May 31st of each year (the “Payment”). A copy of Amendment No. 3 is attached as **Exhibit D**;
- E. Amendment No. 3 also extended the term of the Agreement for an additional year beyond that provided for in Amendment No. 2, such that the Agreement expired June 30, 2018, unless extended in writing by the Board of Commissioners and the City Council of Lansing;
- F. The Parties entered into Amendment No. 4 to the Agreement on July 1, 2018. Amendment No. 4 extended the terms and provisions of the Agreement by an additional two years such that the Agreement expired June 20, 2020, unless extended in writing by the Commissioners of the Board and the City Council of Lansing. A copy of Amendment No. 4 is attached as **Exhibit E**; and
- G. The Parties entered into Amendment No. 5 to the Agreement on July 1, 2020. Amendment No. 5 extended the terms and provisions of the Agreement by an additional two (2) years. Further, the Parties agreed that the Board would pay to the City a fixed dollar amount for each of the Fiscal Years 2020, 2021, and 2022 as follows: FY2020 \$23,100,000; FY2021 \$25,000,000; and FY2022 \$25,000,000. It was also agreed that in addition to the amounts described in the preceding paragraph, for each of FY2021 and FY2022, the Board would pay to the City an amount determined as follows:

(the Board's revenue from retail and wholesale sales of chilled water, electric, steam, heat and water utilities for the preceding 12-month period ending May 31st minus \$409,836,066) multiplied by 3%). A copy of Amendment No. 5 is attached as **Exhibit F**.

- H. The Parties entered into Amendment No. 6 to the Agreement on July 20, 2022. Amendment No. 6 extended the terms and provisions of the Agreement by an additional two (2) years. Further, the Parties agreed that the Board would pay to the City for the two fiscal years commencing on July 1, 2022, 6% of total Board operating revenues, excluding inter-utility sales, as reported in the Board's audited financial statements. The Parties also agreed that payments by the Board would be made quarterly within 30 days after each quarter's end and any changes to operating revenues or inter-utility sales after a quarterly payment has been made, would be adjusted for in the subsequent quarter's payment. A copy of Amendment No. 6 is attached as **Exhibit G**.
- I. The Parties entered into Amendment No. 7 to the Agreement on August 16, 2024, which extended the term of the Agreement for an additional year. Further, the Parties agreed that the Board would pay to the City for the two fiscal years commencing on July 1, 2023 and July 1, 2024, 6% of total budgeted Board operating revenues, excluding inter-utility sales, as is in effect at the start of each respective fiscal year. The Parties also agreed that payments by the Board would ". . . be made quarterly by the end of the month following each quarter's end. If this date falls on a weekend or holiday, payment may be made on the next business day. Q4 payment of FY2024 will incorporate the terms above including any difference between payments to date and the total fiscal year amount." A copy of Amendment No. 7 is attached as **Exhibit H**.

Including as modified by this Amendment No. 8, and by the prior Amendments Nos. 1-7, the Parties desire to extend the term of the Agreement.

AGREEMENT

The Parties therefore agree as follows:

- 1) The term of the Agreement is extended by an additional year, such that the Agreement shall automatically terminate on June 30, 2026, unless extended further by the Commissioners of the Board and the City Council of Lansing.
- 2) The Agreement is amended to state that the Board shall make return on equity payments to the City for the fiscal year commencing on July 1, 2025, in the amount of 6% of total budgeted Board operating revenues, as is in effect at the start of fiscal year 2026. If actual operating revenues are higher than budgeted operating revenues, the return on equity payments will be calculated in the amount of 6% of actual operating revenues.
- 3) Payments shall be made quarterly by the end of the month following each quarter's end. If this date falls on a weekend or holiday, payment may be made on the next business day. Q4 payment of FY2026 will incorporate the terms above including any difference between

payments to date and the total fiscal year amount.

- 4) This Agreement as amended contains the entire Agreement and any terms, conditions or provisions not contained in this Agreement as amended are not binding on either Party.
- 5) This Agreement shall inure to the benefit of the Parties to the Agreement.
- 6) This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered except as agreed in writing and executed by both Parties.
- 7) Except as modified in this Amendment No. 8, the Agreement shall remain in full force and effect. Nothing herein releases the Board from any payments it is obligated to make pursuant to the previous amendments to the Agreement.

IN WITNESS WHEREOF, the Parties have signed this Amendment No. 8, and it shall become effective on the date first above written.

CITY OF LANSING

By: _____
Andy Schor, Mayor

By: _____
Chris Swope, City Clerk

BOARD OF WATER & LIGHT

By: _____
Richard R. Peffley
General Manager

By: _____
Lavella J. Todd
Corporate Secretary

Approved as to form only:

Approved as to form:

City Attorney

Board of Water & Light

Legal Counsel

Approved as availability of funds:
Account No. 101-674100

Controller

DRAFT

RESOLUTION 2025-05-XX
Return on Equity (ROE) Renewal

WHEREAS, the City of Lansing has expressed a desire to continue the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 (the Agreement), which has been subsequently extended by means of seven Amendments thereto in 2001, 2012, 2013, 2018, 2020, 2022 and 2024, respectively; and

WHEREAS, the Board of Commissioners Committee of the Whole (COW) considered the City of Lansing's request on May 13, 2025; and

WHEREAS, the General Manager recommended the Agreement be amended and extended by 1 year at a rate of 6% of total budgeted Board operating revenues. If actual operating revenues are higher than budgeted operating revenues, the return on equity payments will be calculated in the amount of 6% of actual operating revenues, effective July 1, 2025, and will be memorialized as Amendment No. 8; and

WHEREAS, the COW has considered the proposed Amendment No. 8, agreed with the General Manager's recommendation and approved the Amendment, including authorization for the General Manager to execute the Amendment, and the Amendment shall be forwarded to the Board of Commissioners for approval at the May 20, 2025 Board meeting.

THEREFORE, be it:

RESOLVED, the proposed Amendment No. 8 to the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 is approved, including authorization for the General Manager to execute the Amendment.

Motion by Commissioner _____, Seconded by Commissioner _____, to approve the Return on Equity (ROE) Renewal at a Board meeting held on May 20, 2025.

Action: _____.

BWL Water System

Water Main Repl.
25-Year History

Recent Projects

Backlog and
Replacement Scenarios

BWL Water Main
Replacement Planning

Capital Budget

2025 WATER MAIN REPLACEMENT PLANNING

**Board of Commissioners Update Meeting
May 13, 2025**

BWL Water System

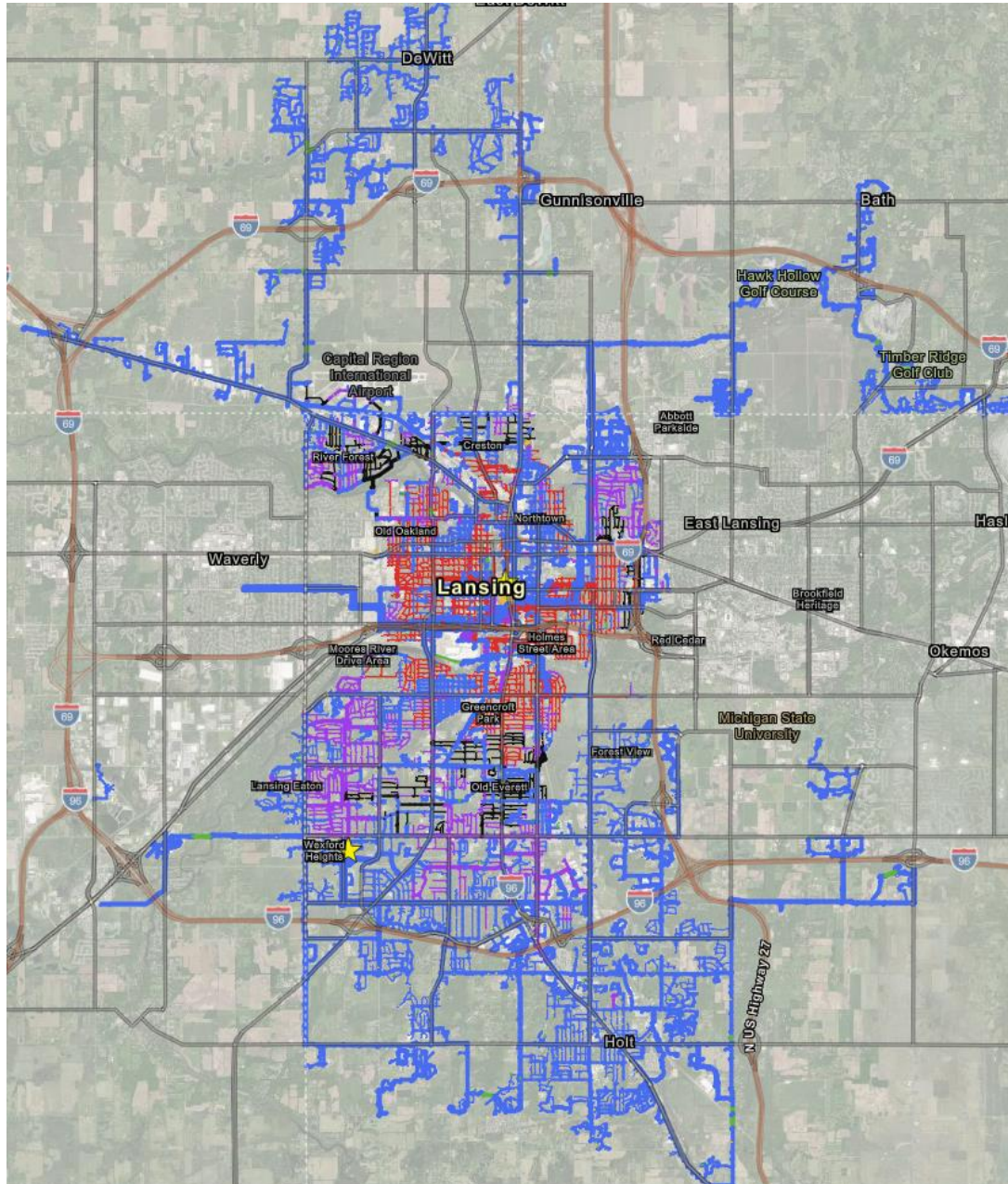
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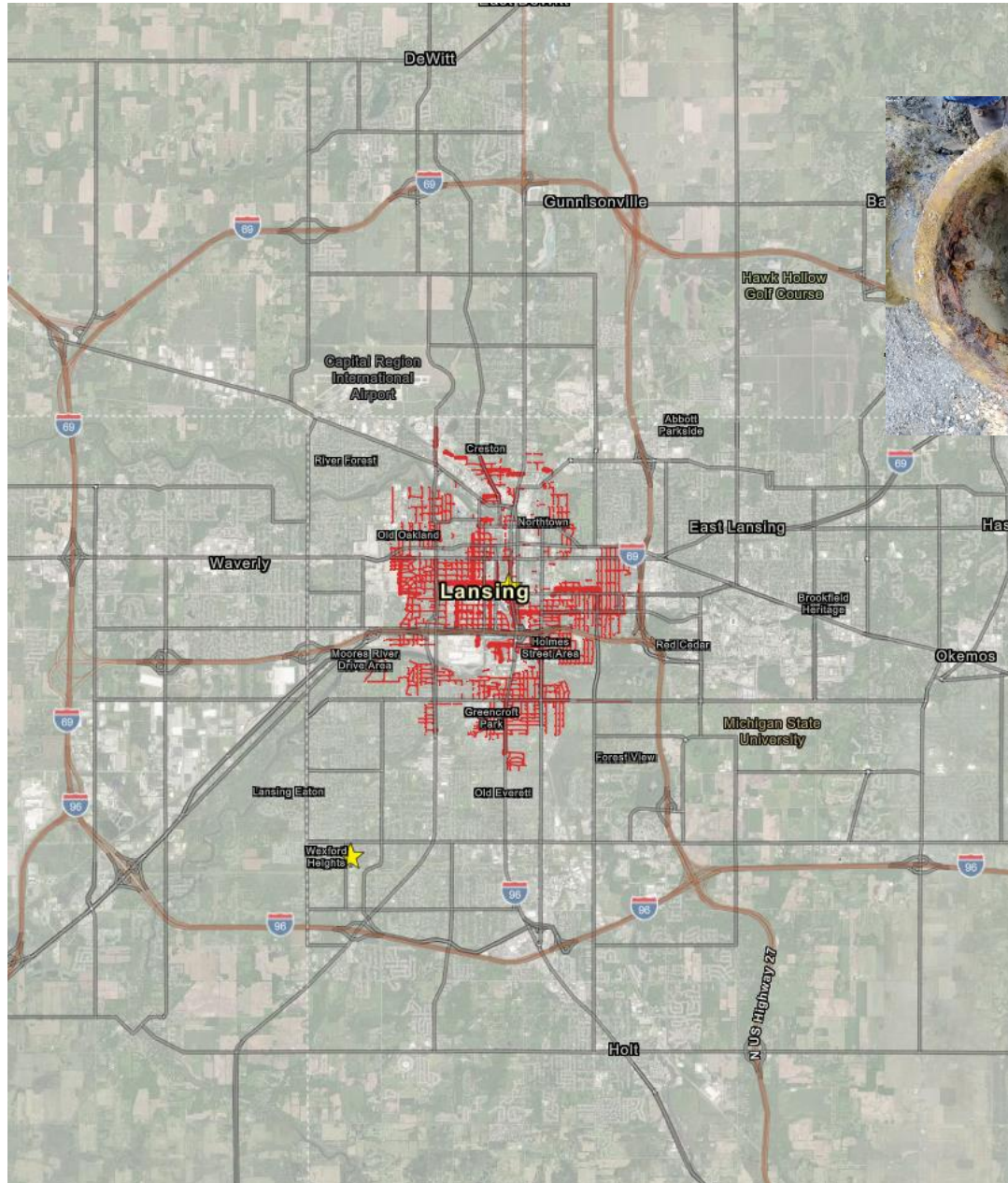
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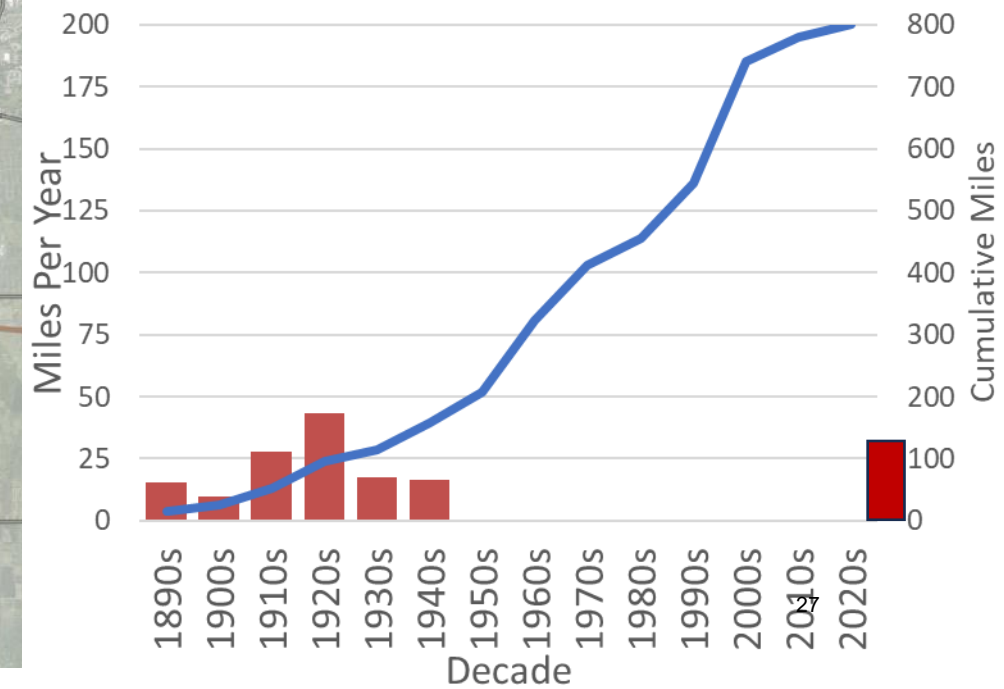
Capital Budget



— Pre 1940 CI (131 miles, 84miles>100 years old)



Water Main Decade & Material



BWL Water System

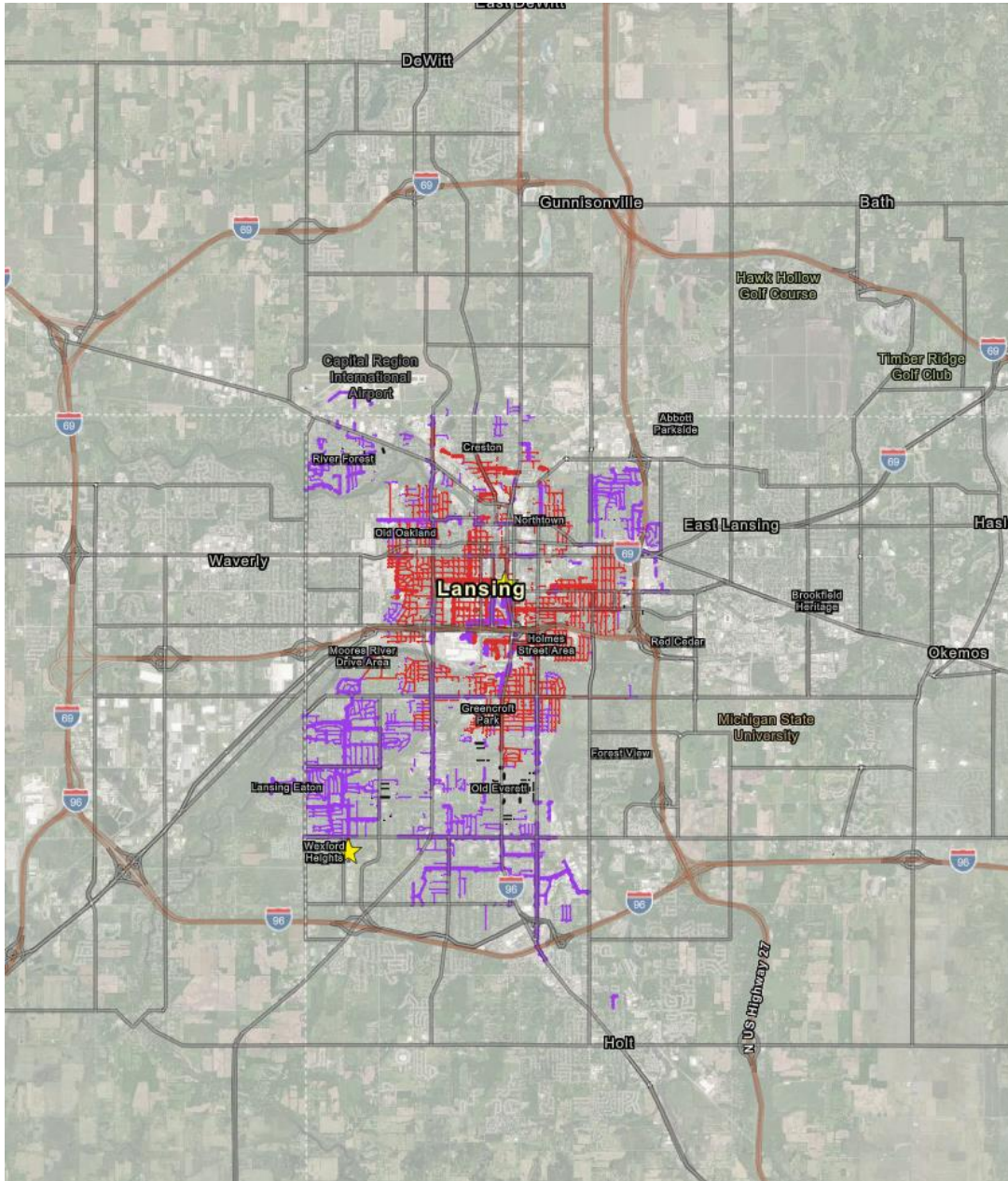
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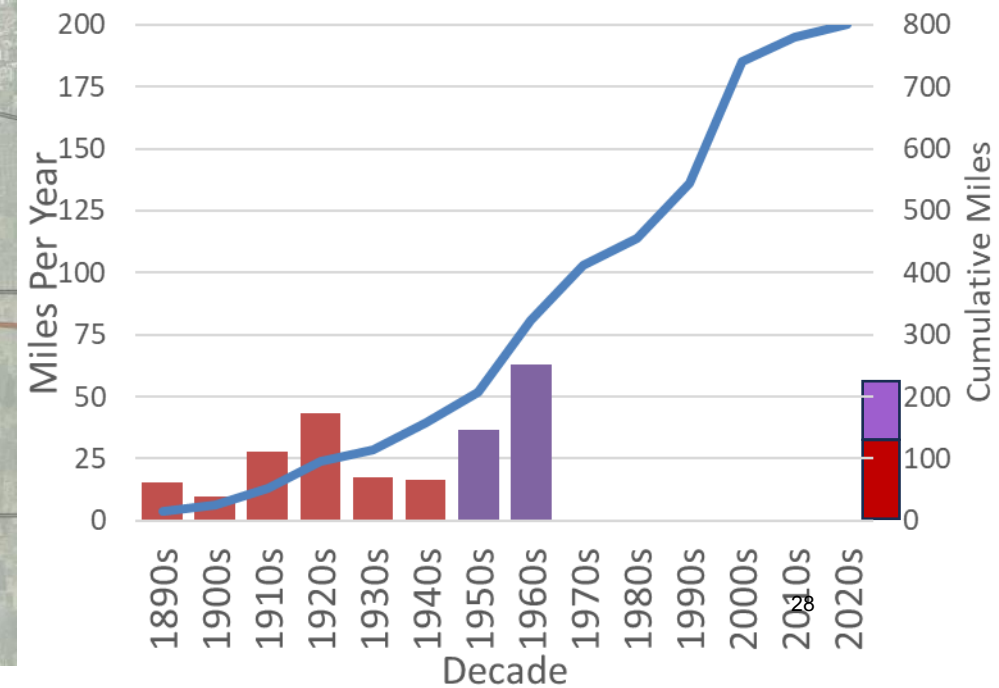


Pre 1940 CI (131 miles, 84miles>100 years old)

Post WWII CI (100 miles)



Water Main Decade & Material



BWL Water System

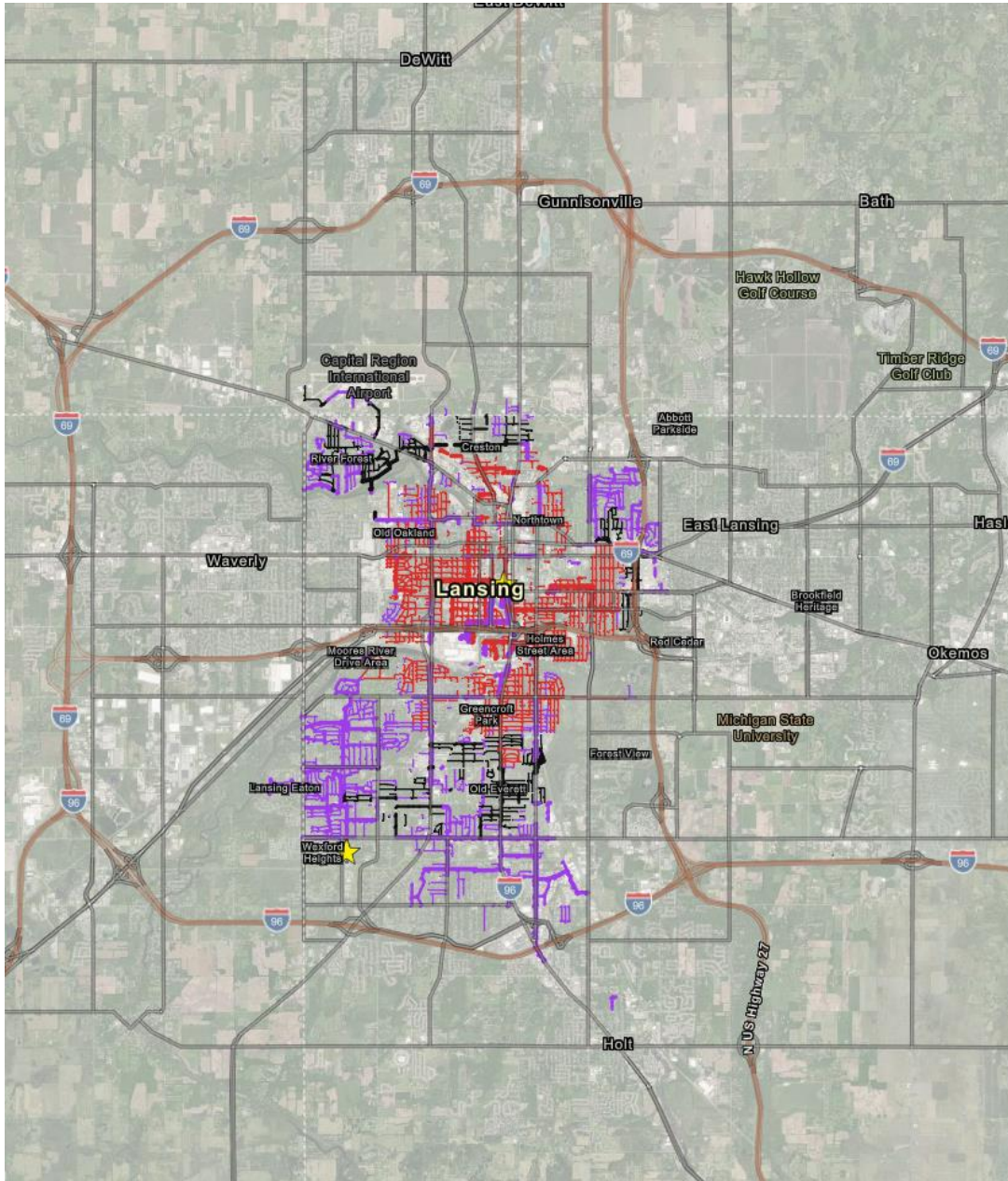
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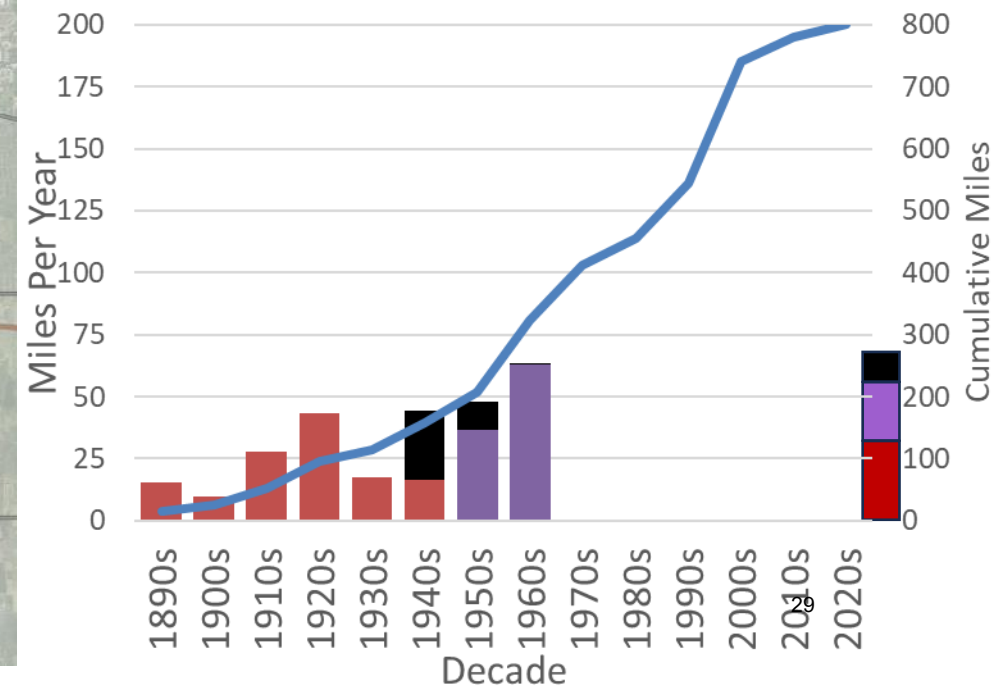
Pre 1940 CI (131 miles, 84miles>100 years old)

Post WWII CI (100 miles)

Landel (40 miles, 7x main breaks)



Water Main Decade & Material



BWL Water System

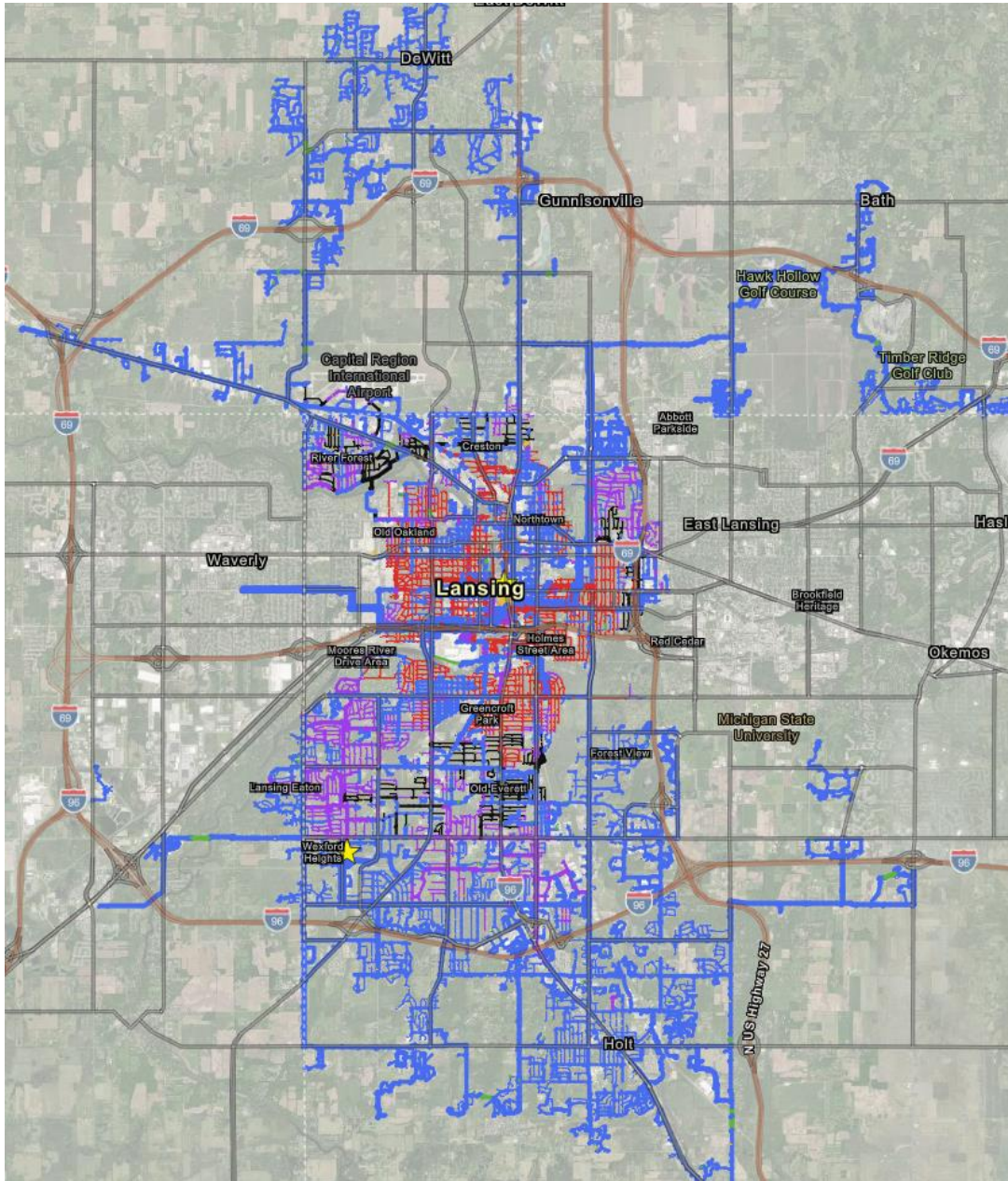
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Backlog and
Replacement Scenarios

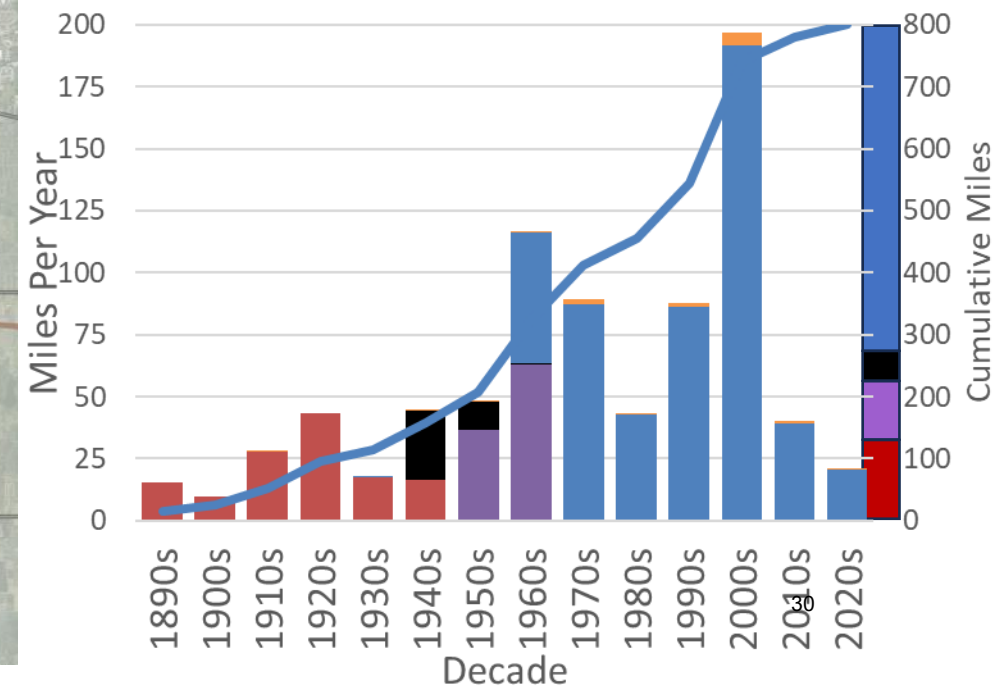
BWL Water Main
Replacement Planning

Capital Budget

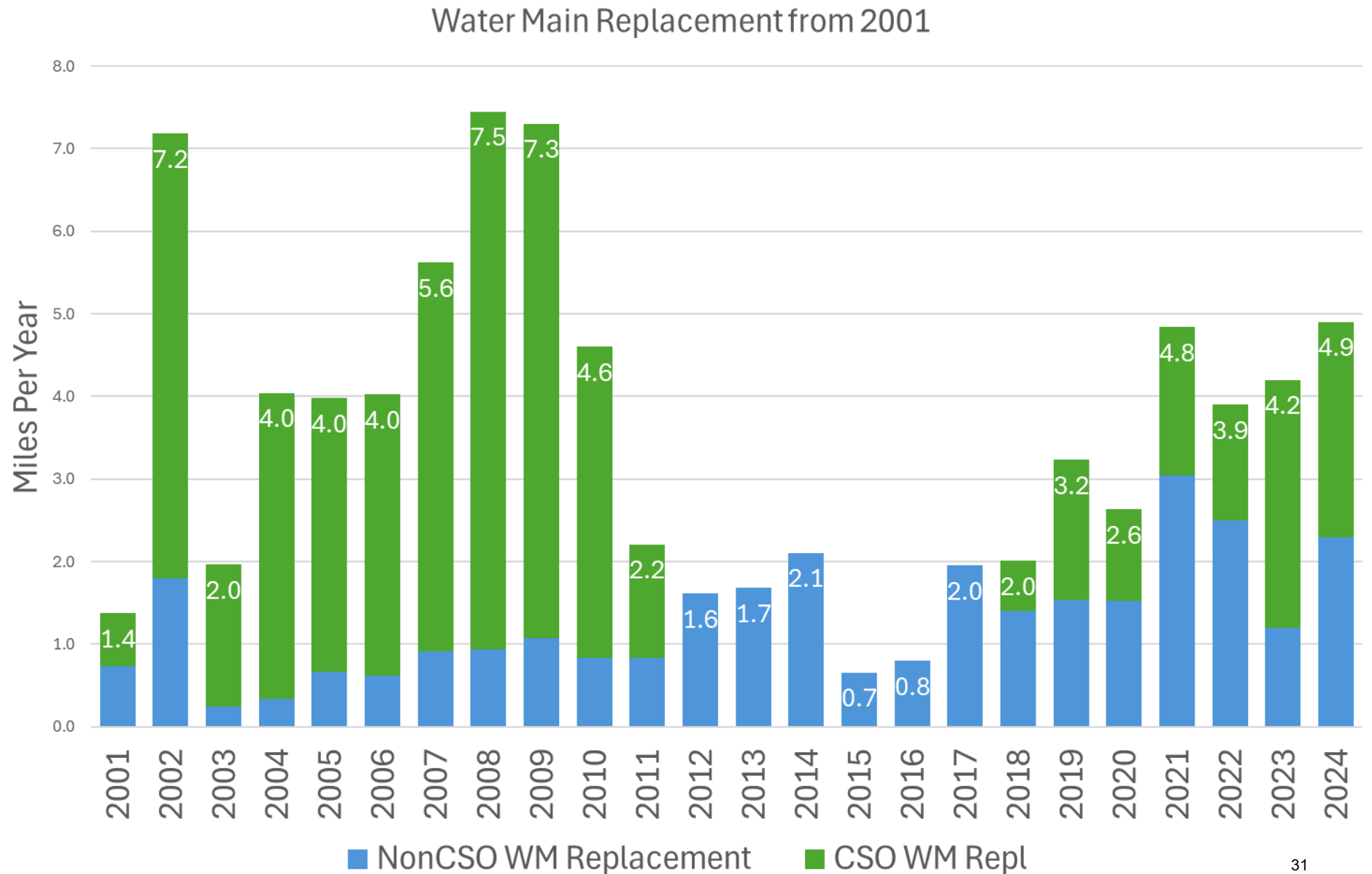


Pre 1940 CI	(131 miles, 84miles>100 years old)
Post WWII CI	(100 miles)
Landel	(40 miles)
Ductile Iron	(520 miles)
Other	(12 miles)

Water Main Decade & Material



- BWL Water System
- Water Main Repl. 25-Year History**
- Recent Projects
- Backlog and Replacement Scenarios
- BWL Water Main Replacement Planning
- Capital Budget



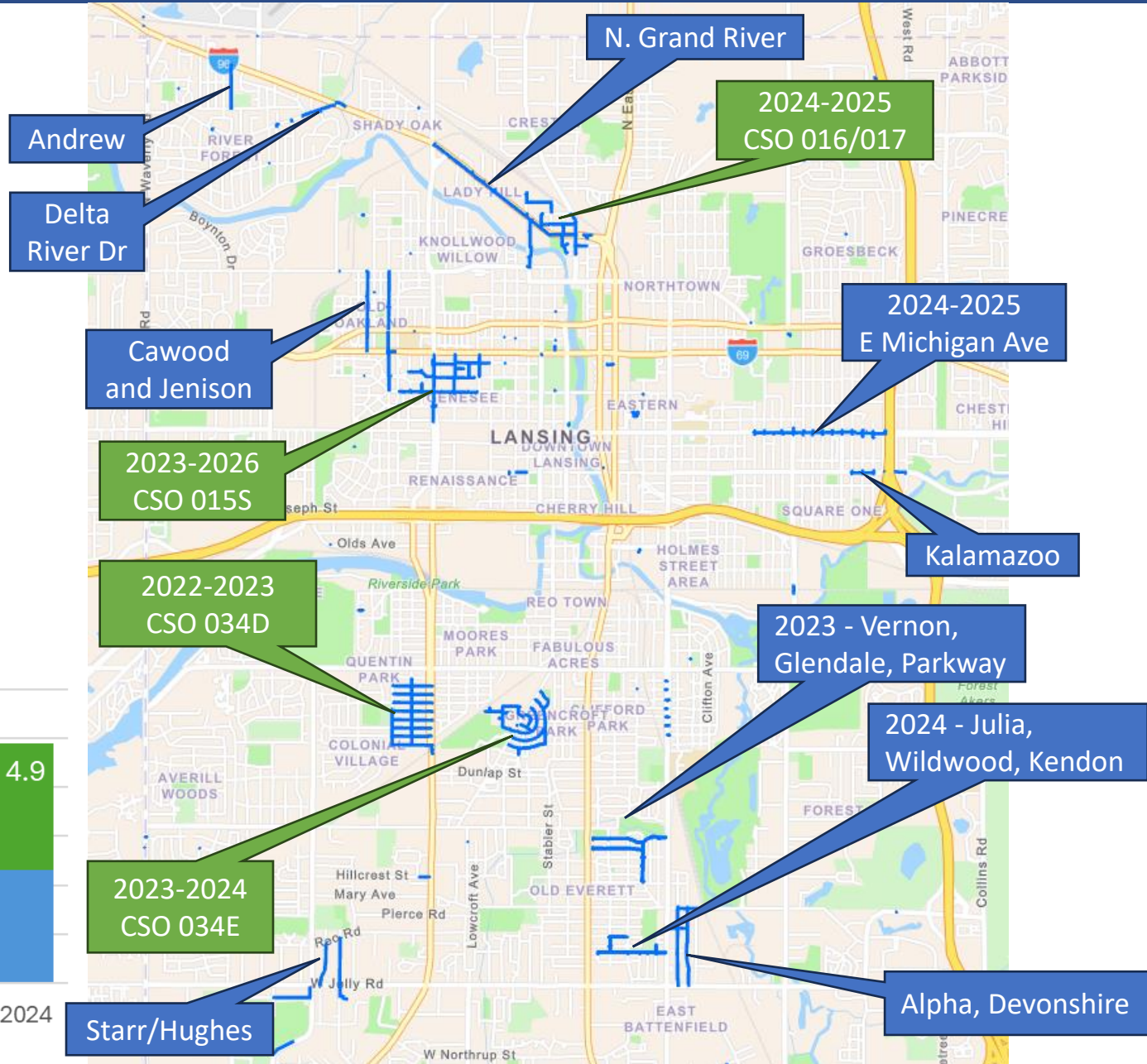
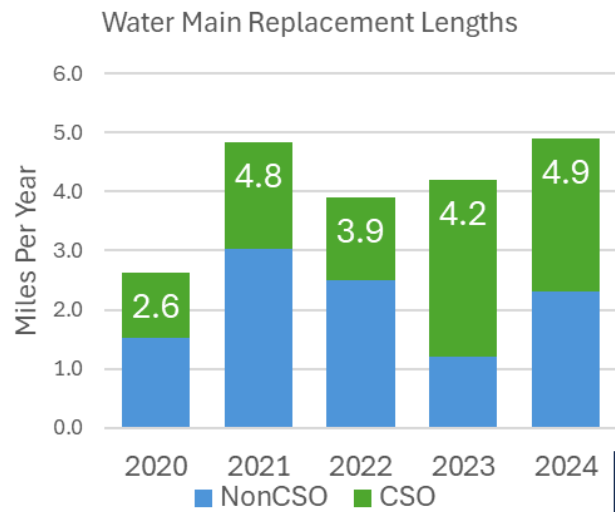
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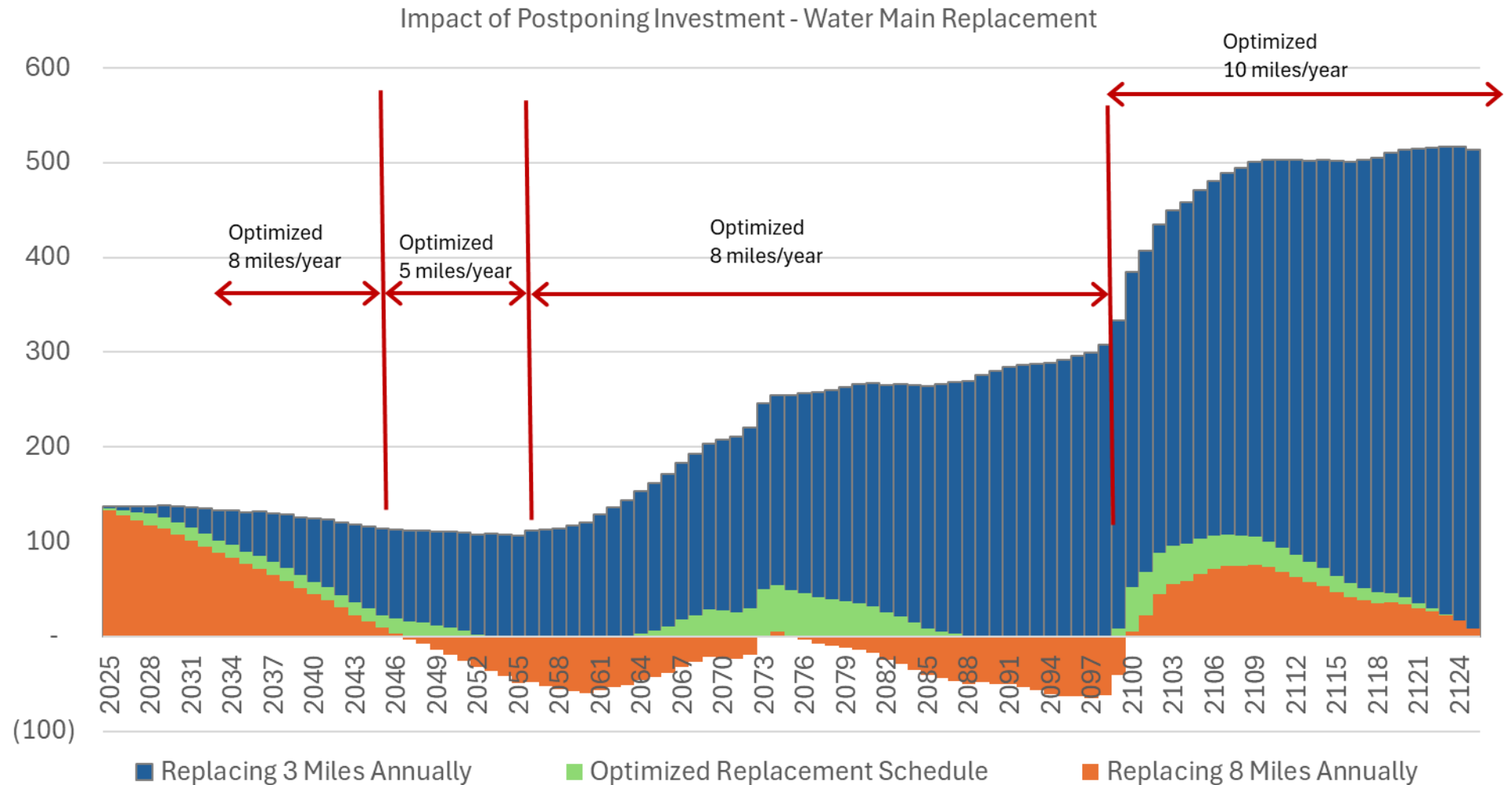
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- **Not just AGE**
- A **significant** amount of **data** analysis informs the decision-making process.
Over 50,000 pipe segments were initially evaluated and then **skeletonized** down to approximately 12,000 for analysis. Each segment received a **likelihood of failure** (LOF) and **consequence of failure** (COF) score, which were used to calculate an overall **risk** score.
High-risk segments are **prioritized** for replacement based on available budget.
Coordination with **adjacent projects** is also considered to determine whether joint efforts are warranted.

$$\text{Risk} = \text{LOF} \times \text{COF}$$

Examples of LOF

- Pipe age
- Main breaks
- c factor, hydraulic deficiencies
- water quality

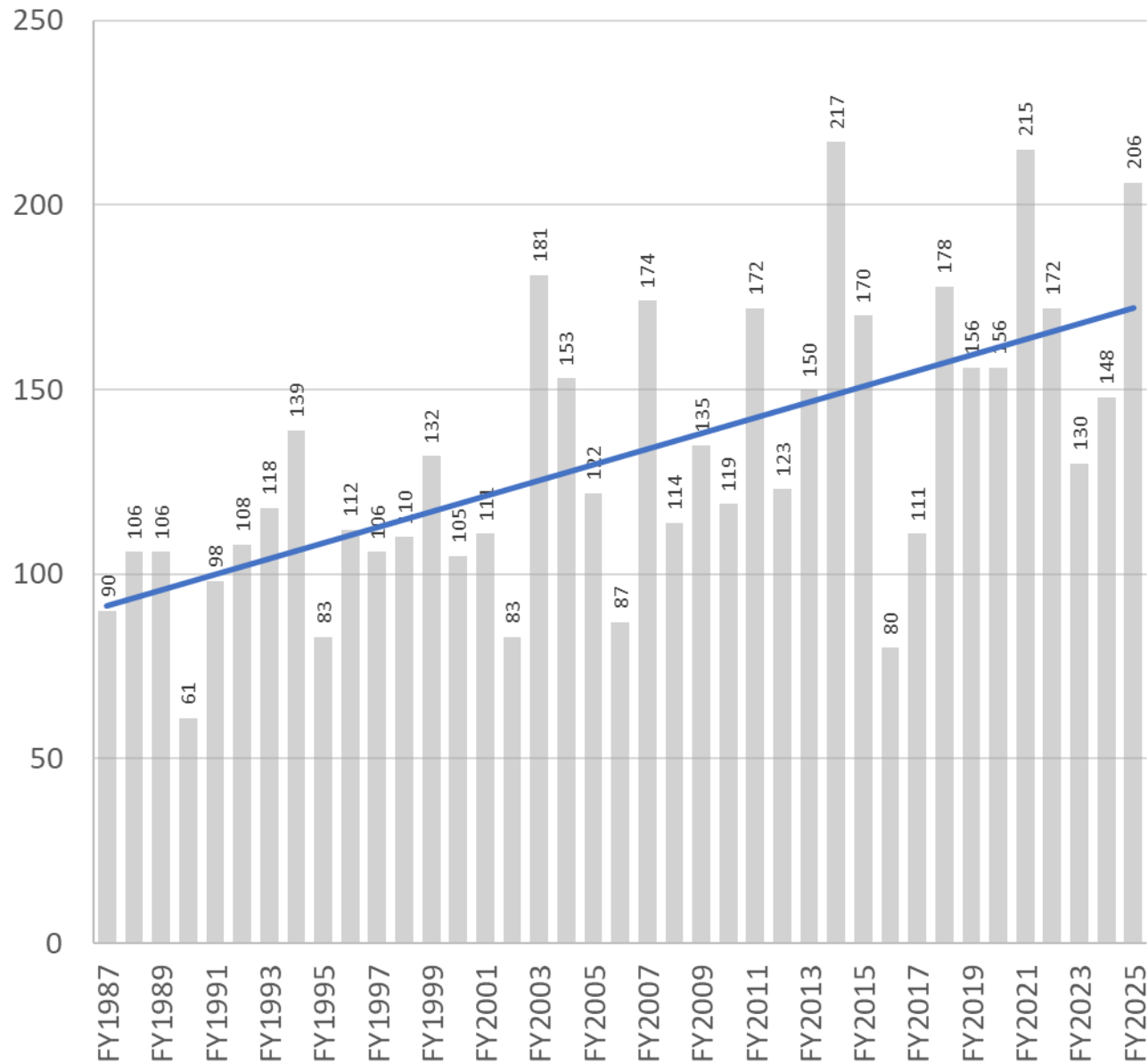
Examples of CoF

- Pipe diameter
- Flow
- Road Classification
- Proximity to railroad, river, critical customers.
- Road Condition

LOF = Likelihood of failure

COF = Consequence of failure

Main Breaks by Fiscal Year



$$\text{Risk} = \text{LOF} \times \text{COF}$$

Examples of LOF

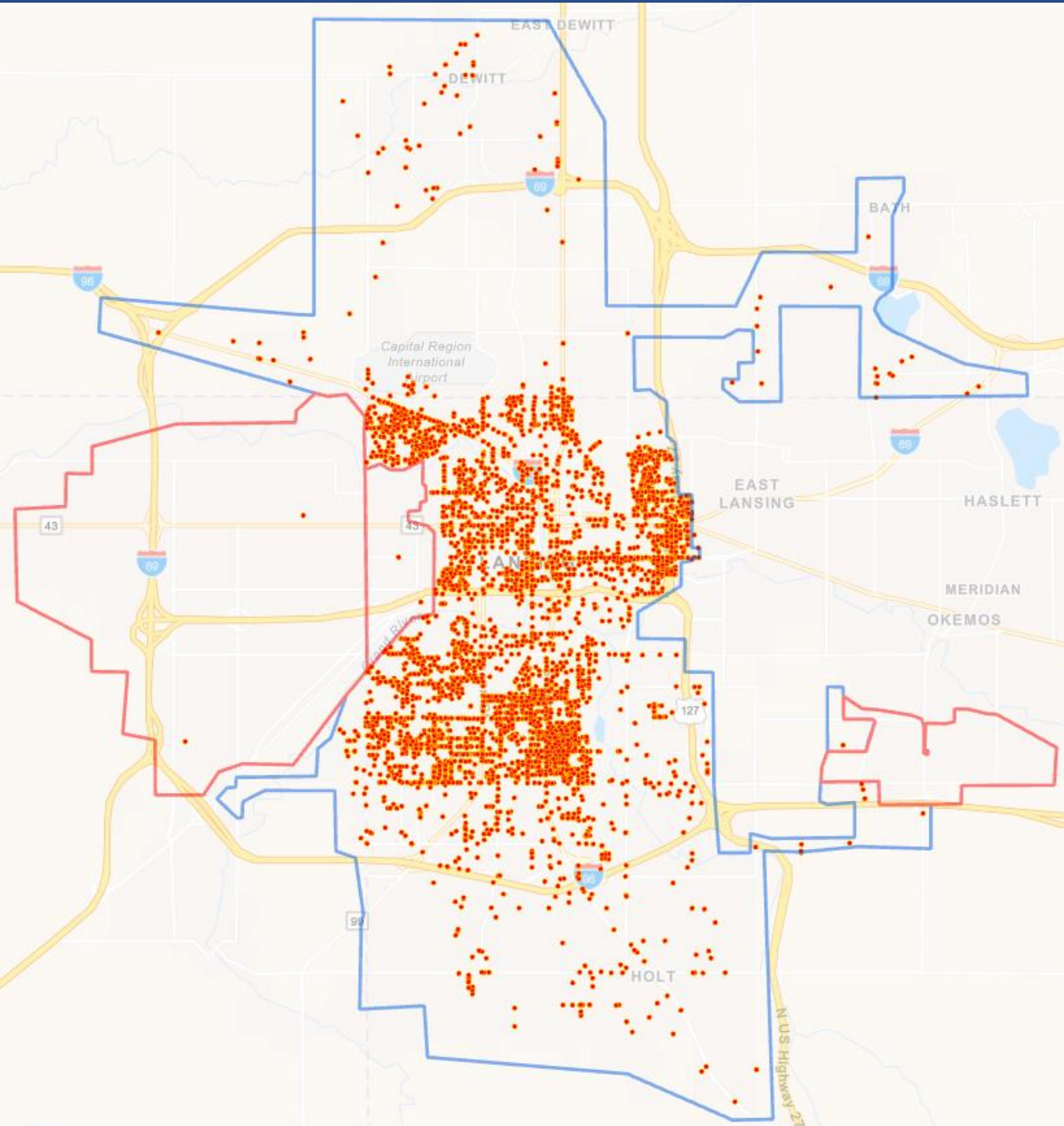
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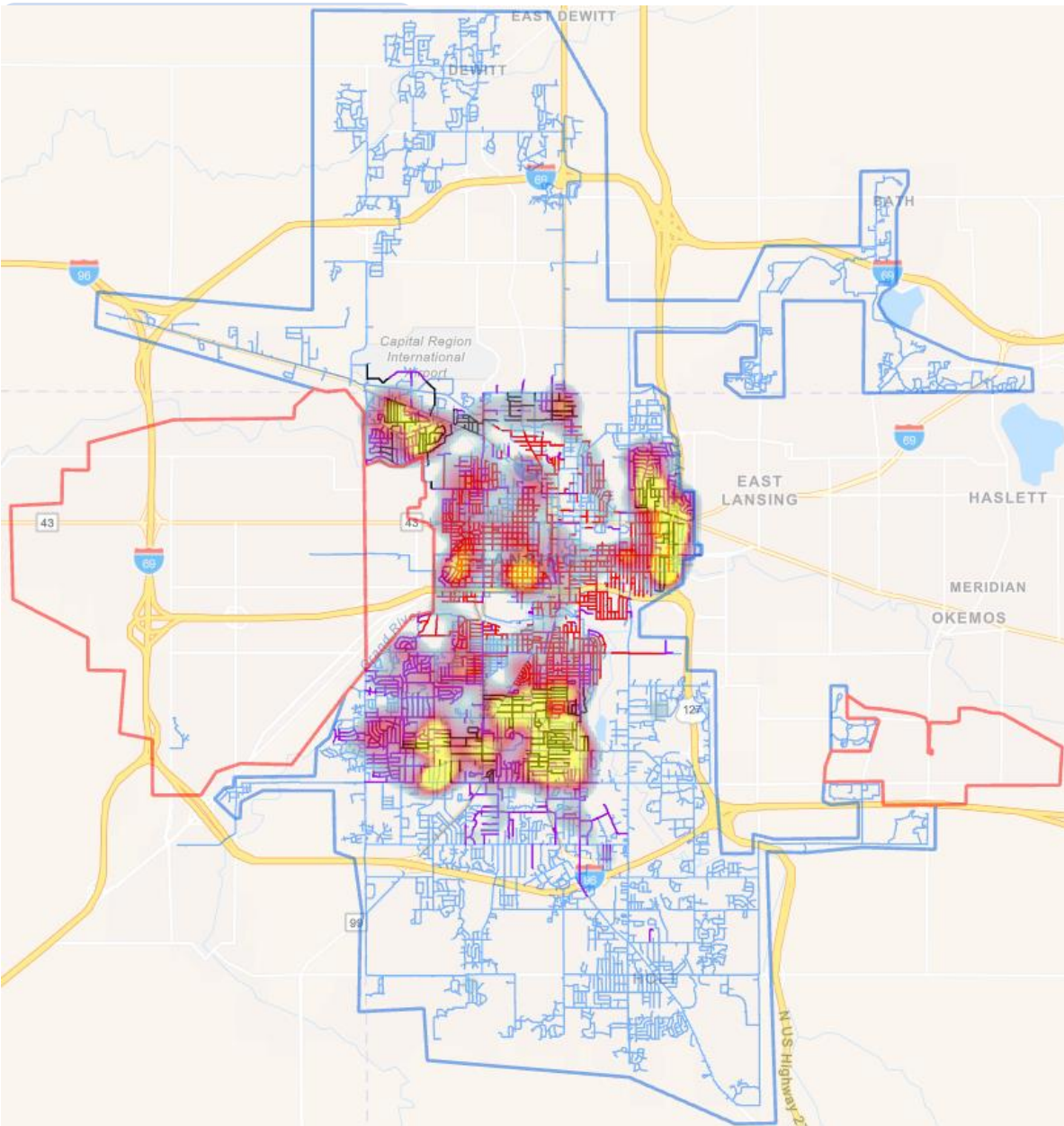
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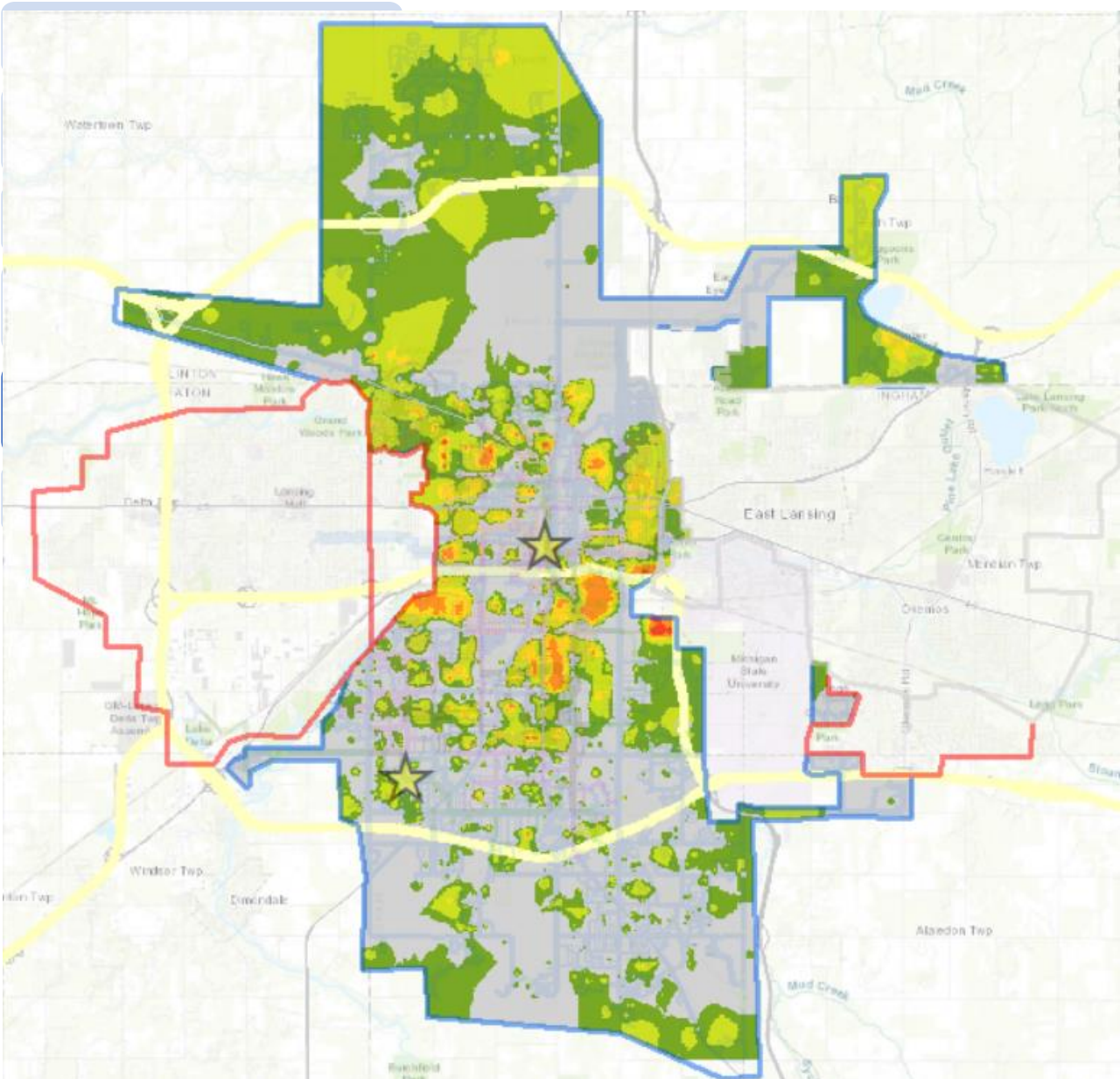
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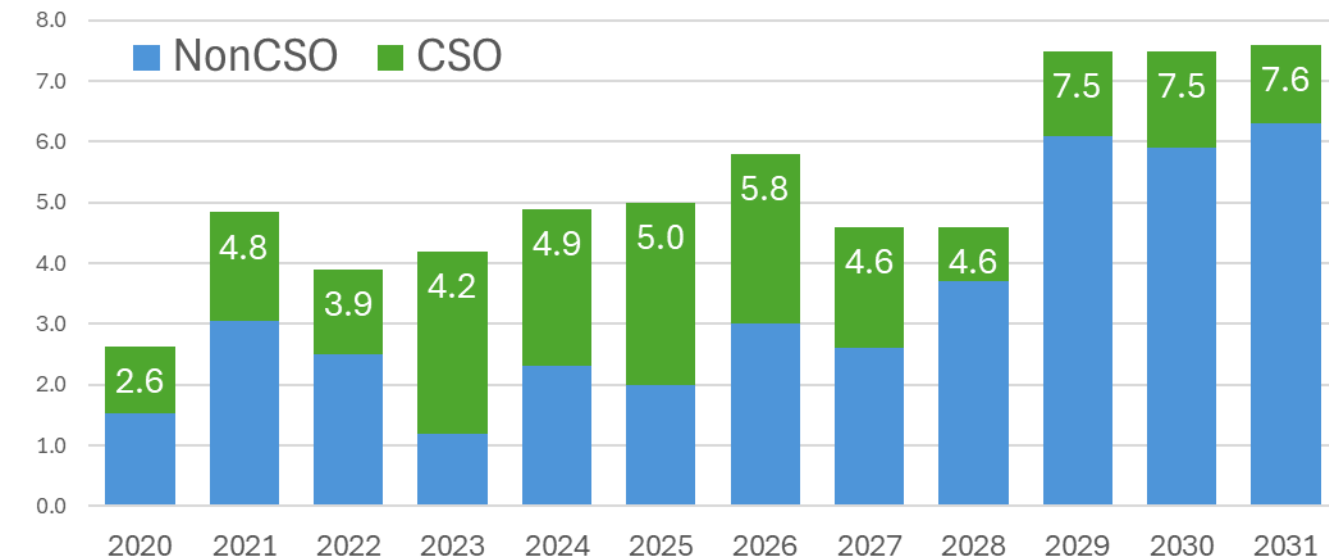
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Budget Line	2026	2027	2028	2029	2030	2031
19: Main Repl. (St.)						
Budgeted Expense	\$1,900,000	\$1,300,000	\$2,000,000	\$2,000,000	\$2,100,000	\$2,200,000
Cost per Foot	\$318	\$328	\$338	\$348	\$358	\$369
Miles Replaced	1.1	0.8	1.1	1.1	1.1	1.1
21A: Main Repl. (BWL)						
Budgeted Expense	\$4,000,000	\$4,000,000	\$5,887,717	\$11,612,431	\$11,412,886	\$12,624,217
Cost per Foot	\$403	\$415	\$428	\$441	\$454	\$467
Miles Replaced	1.9	1.8	2.6	5.0	4.8	5.1
22: Main Repl. (CSO)						
Budgeted Expense	\$9,410,935	\$6,955,209	\$3,246,405	\$5,122,132	\$6,138,439	\$5,100,000
Cost per Foot	\$637	\$656	\$675	\$696	\$716	\$738
Miles Replaced	2.8	2.0	0.9	1.4	1.6	1.3
Budgeted Expense	\$15,310,935	\$12,255,209	\$11,134,122	\$18,734,563	\$19,651,325	\$19,924,217
Cost per Foot	\$499	\$506	\$455	\$475	\$496	\$500
Miles Replaced	5.8	4.6	4.6	7.5	7.5	7.6

Water Main Replacement Lengths



LANSING

BWL

Hometown People. Hometown Power.SM

IT OT COW Presentation Review





PRC State-Sponsored Actors Compromise and Maintain Persistent Access to U.S. Critical Infrastructure



China remains the most active and persistent cyber threat to U.S. Government, private-sector, and critical infrastructure networks.

If Beijing believed that a major conflict with the United States were imminent, it would consider aggressive cyber operations against U.S. critical infrastructure and military assets. Such a strike would be designed to deter U.S. military action by impeding U.S. decisionmaking, inducing societal panic, and interfering with the deployment of U.S. forces.



THE OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE'S
2024 ANNUAL THREAT ASSESSMENT



The Changing Cyber and Compliance Landscape

ICS/OT

China's Volt Typhoon Hackers Dwelled in US Electric Grid for 300 Days

 Intelligent CIO · 1d

Critical infrastructure accounted for 70% attacks that IBM X-Force responded to

Critical infrastructure organisations accounted for 70% of all attacks that IBM X-Force responded to last year, with more than one quarter of these attacks caused by vulnerability exploitation.

Cybersecurity Threats Lead NERC to Modify CIP Standards

Ransomware gang creates tool to automate VPN brute-force attacks

By [Bill Toulas](#)

 March 14, 2025  12:55 PM  4

Microsoft April 2025 Patch Tuesday fixes exploited zero-day, 134 flaws

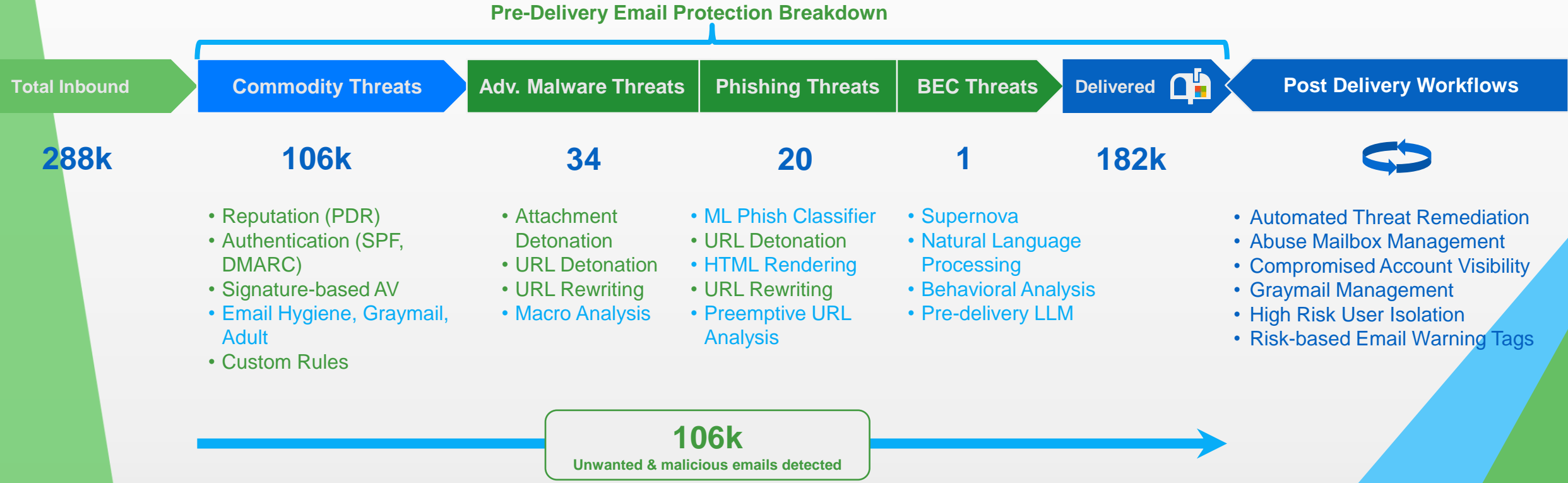
By [Lawrence Abrams](#)

 April 8, 2025  01:50 PM  10

LILY HAY NEWMAN SECURITY APR 12, 2025 6:38 AM

Security News This Week: China Secretly (and Weirdly) Admits It Hacked US Infrastructure

Detection Summary – Mar 4, 2025 - Mar 25, 2025



AI/ML BASED ENGINES
THREAT INTEL BASED ENGINES

Defense in Depth

- Vulnerability Management
- Web Proxy and traffic inspection
- Endpoint protection
- User and system action correlation
- Safe Links (Sandbox testing of links in emails)
- Multifactor Authentication (MFA)
- Safe Attachments
- Third Party Audits
 - Air National Guard threat hunt
 - MSP monthly threat hunts
 - New Application go live

(PROACTIVE)
Policy Management

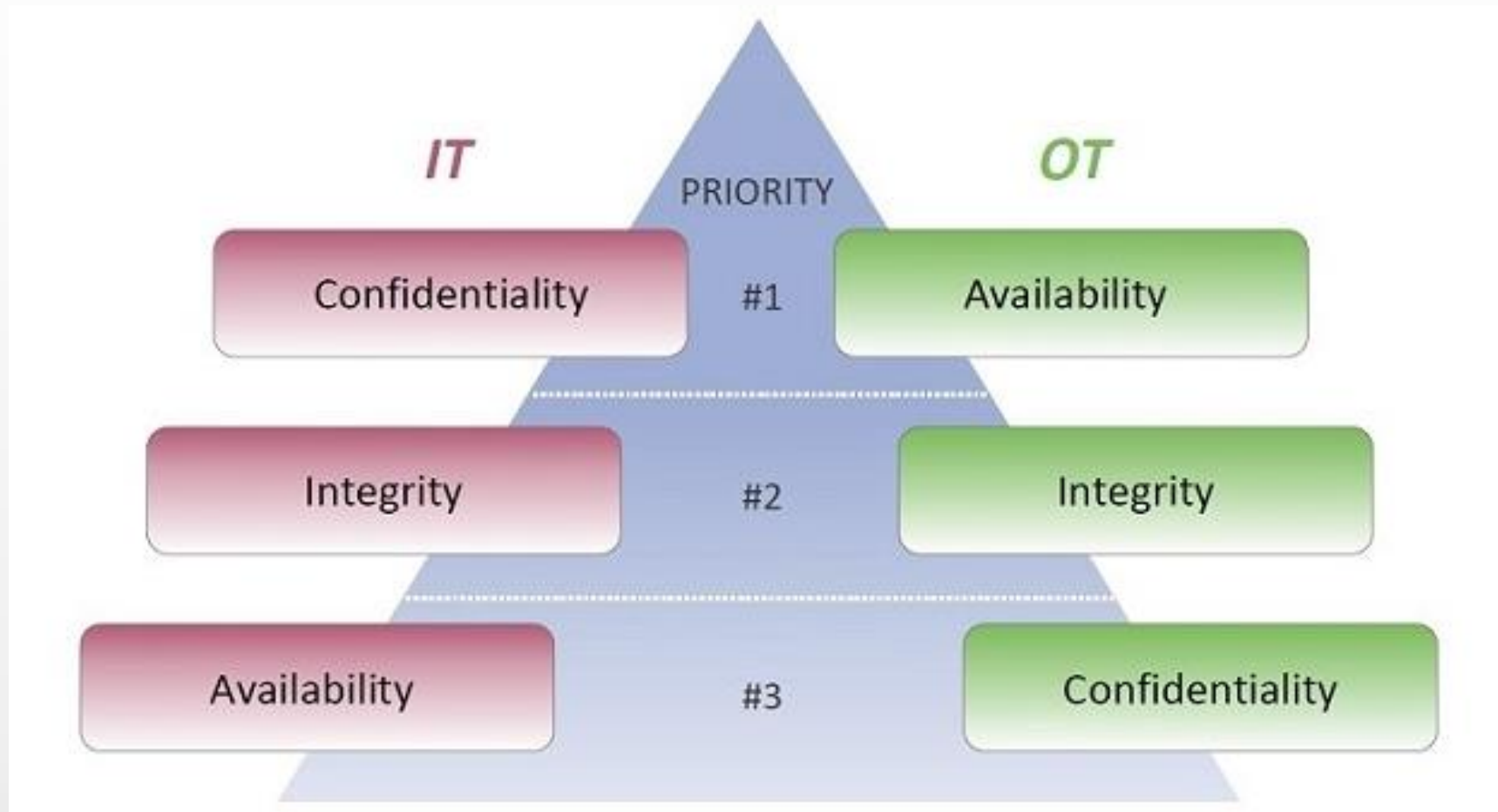
(REACTIVE)
Monitoring + Response

- 1 Perimeter Security
- 2 Network Security
- 3 Endpoint Security
- 4 Application Security
- 5 Data Security

Corporate vs Operational



The Technology Triad





Cyber Resiliency and Technology Investments

\$3,800,000 deployed towards corporate cyber security, hardening, compliance, and third-party monitoring and surveillance support

\$2,000,000 deployed toward Operational cyber security, hardening and compliance.

Phase 2 of Human Resource Information System Implementation in process

\$300,000 additional deployed for compliance oversight and monitoring

Cyber Security Improvements and Accomplishments

- 70% complete with Windows 11 upgrade for improved Cyber posture
- Activated Cisco Threat-Defense service to automatically block malicious IPs attempting to gain access to VPNs
- Mitigated over 1 million vulnerabilities over the last year
- Retired 7 Legacy applications to limit cyber security exposure
- Enhancement of MFA and geo-blocking to limit logon physical locations
- PACS servers upgraded for enhanced server and application protection
- Enhanced monitoring for network and critical servers
- Metercat Redesign, Upgrade and Migration from a workstation to VM in our datacenters for improved resilience for our meter update infrastructure.
- Renewed Cyber Insurance with an increased coverage limit due to cyber improvements

Infrastructure Improvements and Accomplishments

- Activated Cisco Threat-Defense service to automatically block malicious IPs attempting to gain access to VPNs.
- Enabled auto-failover for cloud tunnels to ensure uptime
- Completed annual SAP patching for increased security resilience in preparation for the upcoming Tax changes
- Installed Splunk Enterprise Security in the Advanced Distribution and Monitoring System (ADMS) network to provide enhanced visibility and threat detection.
- Deployed Tripwire which provides continuous monitoring of critical cyber assets and identifies misconfigurations that may expose vulnerabilities.
- Successfully completed upgrade to the REO Plant ABB control system to a fully supported operation system version.
- Completed AT&T Sunset project migrating all BWL Supervisory Control and Data Acquisition (SCADA) assets off AT&T copper and on to BWL owned fiber.
- Developing detailed and concise Disaster Recovery (DR) Plans for all production facilities.
- US Department Of Energy - OT Defender Fellowship provides access to US Government resources and information sharing.

FY26 Key NERC CIP Compliance Initiatives

CIP-003-9 Security Management Controls

- New requirements mandate stricter controls over vendor remote access to low impact Bulk Electric System (BES) Cyber Assets to reduce supply chain risks.
- Must implement new processes to monitor and detect malicious inbound and outbound communications.
- Organizational compliance efforts will require investment in new technology, changes to business processes and workforce training.
- OT and IT are currently working on the CIP-003-9 project to implement as deadline is April 1st, 2026.

CIP-015-1 Internal Network Security Monitoring (INSM)

- Medium impact BES Cyber Systems must establish a baseline of normal network activity to detect anomalies.
- All entities must log network traffic and maintain records to detect and investigate suspicious activity.
- Expands monitoring requirements beyond electronic security perimeters to include electronic and physical access control systems.

Questions or Comments?

