



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

**Tuesday, September 9, 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 July 8, 2025 **TAB 1**
2. Commissioner Questions **INFORMATION ONLY**
3. RPC Update **TAB 2**
4. Steam to Hot Water Update **TAB 3**
5. Amendment of Resolution Honoring Stuart Goodrich **TAB 4**

Other

Adjourn

COMMITTEE OF THE WHOLE
Meeting Minutes
July 8, 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, July 8, 2025.

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

Present: Commissioners Beth Graham, Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle; and Non-Voting Commissioners Brian Ross (DeWitt Township) and Bob Worthy (Delta Township)

Absent: Non-Voting Commissioner J. R. Beauboeuf (East Lansing)

Corporate Secretary LaVella Todd declared a quorum.

Chairperson James welcomed back to the Board Advisory Commissioner Brian Ross representing DeWitt Township.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner David Price, to approve the Committee of the Whole Meeting minutes of May 13, 2025.

Action: Motion carried. The minutes were approved.

RPC Update

Chief Financial Officer, Scott Taylor, presented the Retirement Plan Committee update. DB and VEBA plans are near target despite recent market volatility. The RPC is working through the process of adding the approved State Street GTC Retirement Income Builder (RIB) Series of funds. Requirements were not met in FY25 Q3 for the VEBA Plan Reimbursement to BWL for Benefits Paid. The RPC voted to temporarily extend the contract with Captrust during which time a Request for Information (RFI) will be conducted in the retirement plan advisory service market.

Commissioner Zerkle asked what percentage triggers reimbursement not being paid and what is in the investment portfolio and their percentages. CFO Taylor responded that the minimum threshold for the plan is to be 125% funded, an actuary estimate of impact is needed for any significant assumption changes to make sure we don't fall below 125%, returns performance cannot be below 6.5% without impacting reimbursement. CFO Taylor also responded that there is an investment policy statement for each plan and contains a fixed income portion, small cap,

large cap and international funds, and real estate assets. CFO Taylor offered to provide the percentages to the Corporate Secretary to send to the Commissioners.

Commissioner Mullen stated that the fiscal year to date return of \$8.6 million was about 67% of the target of \$12.9 million and asked if any percentage was received from the balance for that quarter. CFO Taylor responded that nothing was reimbursed for the third quarter because amounts already reimbursed through the first two quarters are also taken into consideration.

Rules and Regulations

Director of Strategic Planning & Development Kellee Christensen presented the proposed Rules and Regulations updates to go into effect on October 1, 2025. The rules and procedures were reviewed for clarity and consistency, to address changes in practices and procedures, updated codes and laws, new issues and business practices, and to ensure fees and costs are recovered and applied correctly and aligned with the rate strategy.

Commissioner Mullen asked who has the authority to enforce the rules and regulations. Ms. Christensen responded that the Board of Commissioners has that authority.

Commissioner Worthy asked what occurs in the process of remotely reconnecting service after payment is made if expedited service is requested and if normal service is requested. Ms. Christensen responded that the reconnect service is usually the same day if there are no additional factors.

Commissioner Harkins thanked Ms. Christensen for the clear presentation, the red-line version of the Rules and Regulations, and the commitment to making sure the customers' security deposits are reflected appropriately. Commissioner Harkins asked about the change in fees due to the cost of business change and if there was any anticipated change in revenue. Ms. Christensen responded that it is just offsetting the costs. Commissioner Harkin also asked about the reconnect fees for nonpayment for residential customers and asked how the disconnect numbers compare to other utilities. AGM Heather Shawa stated that the number of disconnected residential customers could include multiple disconnections for the same household shut-offs.

Commissioner Mullen commented that the Finance Committee Meeting will include the PA 95 Audit which includes shut-offs for a twelve-month period. GM Peffley stated that in comparing communities by income, the BWL is within the median range of household shut-offs.

Commissioner Schrader asked if the shut-offs were only for nonpayment or also for those relocating. Ms. Christensen responded that the shut-offs were for nonpayment or tampering only.

Commissioner Zerkle commented that there is a cost of business and asked, since there was volatility in the country, if there were plans for a loss of money occurrence. GM Peffley responded that if there was a drastic negative impact, a special dispensation would be

requested. GM Peffley added that APPA data states that 5-year inflation increases across the country in costs of the top pole wire is up 59%, the cross arm is up 97%, the insulators are up 70%, the transformers are up 97%, the lower wires are up 68%, and ground wires are up 50%. BWL is not coming close to keeping up with inflation. Customers who need the service will be charged the appropriate amounts so that the remaining customers will not have the burden. Commissioner Zerkle commented that rates have been increased a couple of times in the past due to extra cost and asked whether extra monitoring would be conducted due to the awareness of current volatility. GM Peffley responded that the increases already noted don't include tariffs, and any negativity would be watched closely so that the cost of service would be applied to the appropriate class of customers.

Chairperson James also commended Ms. Christensen on the presentation and the redline version of the Rules and Regulations, and Ms. Christensen stated that the Associate Attorney, Marie Mireles, did the work on the document. Chairperson James also commended Attorney Mireles on a job well done.

Motion by Commissioner David Price, **Seconded** by Commissioner Tony Mullen, to approve the Rules and Regulations Resolution and forward it to the full Board for consideration.

Action: Motion Carried.

North Lansing Solar Update

Ms. Christensen presented the North Lansing Solar Update. Construction of a 6 MW solar field, 39 acres in size, began with the site prep in December 2024 and will be ready to operate in Spring 2026.

Chairperson James asked if sheep would be used to cut the grass around the solar arrays, which is becoming an industry best practice. Ms. Christensen responded that sustainability and operations employees were working on a site maintenance plan. GM Peffley added that the site is perfect for the solar array because it is a closed landfill.

Commissioner Price asked what the timeline is for completion at the Comfort Street site. Ms. Christensen responded that the site is in design right now and will be later than that of the North Lansing site.

Resolution Honoring Stuart Goodrich

Motion by Commissioner Beth Graham, **Seconded** by Commissioner David Price, to approve the Resolution Honoring Stuart Goodrich and forward it to the full Board for consideration.

Action: Motion Carried.

Commissioner Zerkle commented that it is the second time that Commissioner Goodrich has been on the Board and, although he has had health issues this time, he has been impressed with and supported the Board of Commissioners and well deserves the recognition.

Other

GM Peffley gave an update on the Community meeting regarding the Lansing Charter being reviewed and if it passes, the representation for the Non-Voting Commissioners would end and the General Manager or designee would meet with the affected areas quarterly and have communications with them. We have already hosted a version of these meetings on June 4, titled 'Coffee & Conversations with the General Manager.' One customer attended who was interested in turn-offs and turn-ons and saving energy. GM stated that it indicated customers had no issues with the outcome in the Charter.

Commissioner Price stated that he had the pleasure of marching in the Juneteenth Parade on June 21st with BWL. He added that groups of families applauded when BWL passed by and were thankful for the outstanding BWL storm response.

Chairperson James asked if the BWL would be receiving any financial assistance from the State of Michigan due to the enormous cost of the recent storm. GM Peffley responded that a request had been submitted. The grant process is lengthy, but we recently received just under \$1 million dollar grant from the State of Michigan, in response to the storm two years ago. Chairperson James thanked GM Peffley for the update and a job well done by he and his staff.

Motion by Commissioner Chris Harkins, **Seconded** by Commissioner Beth Graham for an excused absence for Commissioner J. R. Beauboeuf.

Action: Motion Carried.

Adjourn

Chairperson Semone James adjourned the meeting at 6:24 p.m.

Respectfully Submitted,
Semone James, Chairperson
Committee of the Whole



RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Committee of the Whole: 9/9/2025

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - Despite market volatility, especially in the third quarter, both plans still delivered strong fiscal year performances.
 - DB – approximately 10% return
 - VEBA – approximately 10% return

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - The process of adding the approved State Street GTC Retirement Income Builder (RIB) Series of funds is complete.
 - The fund went live on July 11, 2025.
 - Three workshops were held between Monday, July 14 and Tuesday, July 15.
 - There will be ongoing individual consultations and as requested.
 - RIB will be included in the annual education and communication plan.



RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Committee of the Whole: 9/9/2025

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - DB Plan Actuarial Report
 - The total pension liability is about \$39M.
 - The fiduciary net position, or the total value of the assets in the plan, is about \$48M.
 - The plan has a strong funded status of 122%, an increase from last year. The increase is primarily due to an almost 10% return compared to our target return of 6%.
 - VEBA Plan Actuarial Report
 - The total liability is about \$188M.
 - The fiduciary net position is about \$268M.
 - The plan has a strong funded status of 143%, a decrease from last year. The decrease is due to the investment return of 10% being more than offset by increases in projected costs.

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - VEBA Plan (cont.)
 - RPC approved the FY25 Q4 ASA reimbursement of \$5,011,279.

Administrative Activity Update

- Defined Contribution & Deferred Compensation Plans
 - Forfeiture Processing DC Plan 1
 - It was determined that the recently updated adoption agreement unintentionally included a slight change in the language regarding the forfeiture process as compared to the previous adoption agreement that was in place.
 - The RPC worked with Captrust and Nationwide to revise the language to address the misalignment as well as provide the flexibility going forward to follow ERISA and Department of Labor best practices. The RPC approved the updated language at the August monthly RPC meeting.
 - The RPC voted to apply the forfeiture balance to reduce future employer contributions. Management will work with Captrust and Nationwide to spend down the forfeiture balance by the end of the calendar year as required.

Administrative Activity Update

- RPC Updates
 - DC Plan Investment Advisor Services
 - The RPC is exploring the current retirement plan advisory service market and is in the process of reviewing responses to its Request for Information (RFI).
 - Secure Act 2.0 Requirements Effective January 1, 2026
 - These requirements include the mandatory Roth catch-up contributions for high earners. Individuals aged 50 or older earning more than \$145,000 in the previous year from the employer sponsoring the plan will be required to make catch-up contributions on a Roth (after-tax) basis.
 - HR is working with Nationwide and Workday to ensure our systems will be updated accordingly in order to implement the requirements of the new act.

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.



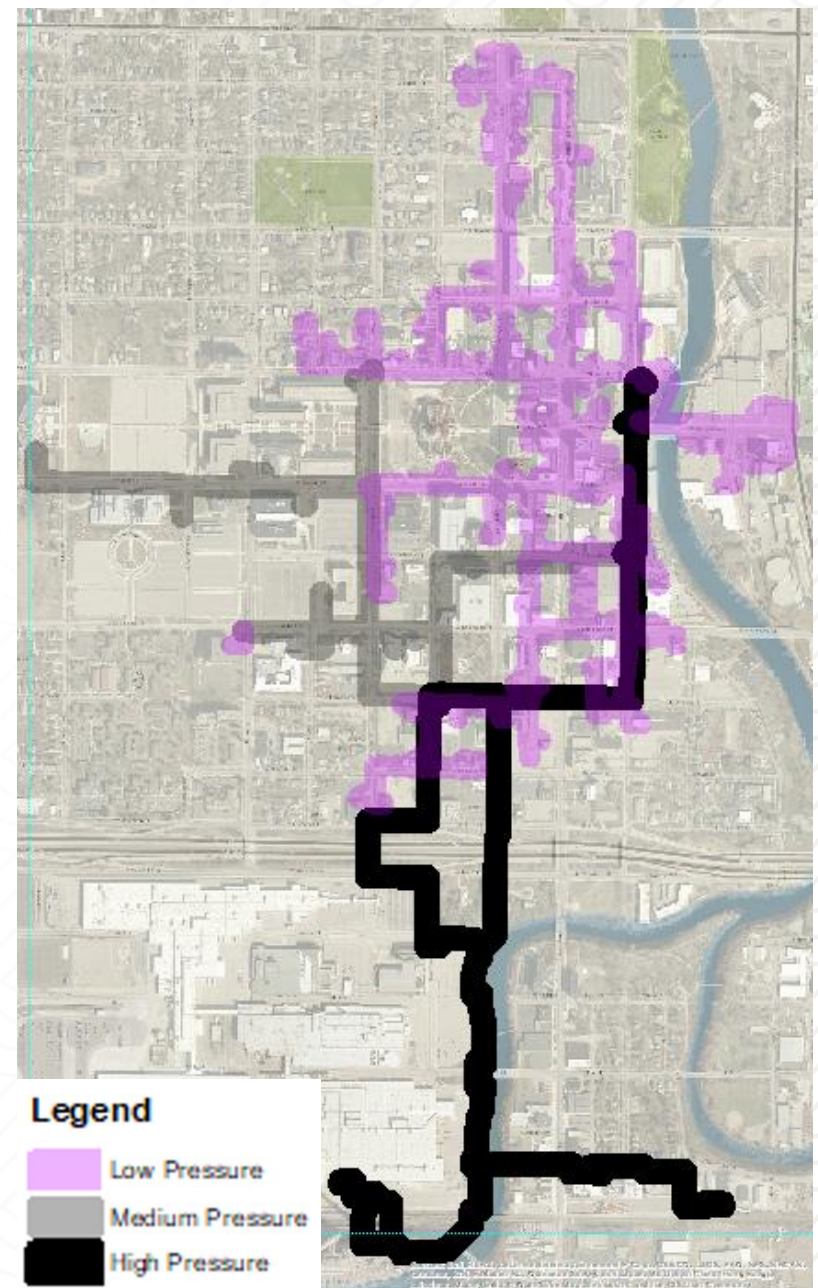
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Lansing BWL Steam to Hot Water Transition

Board of Commissioners Presentation

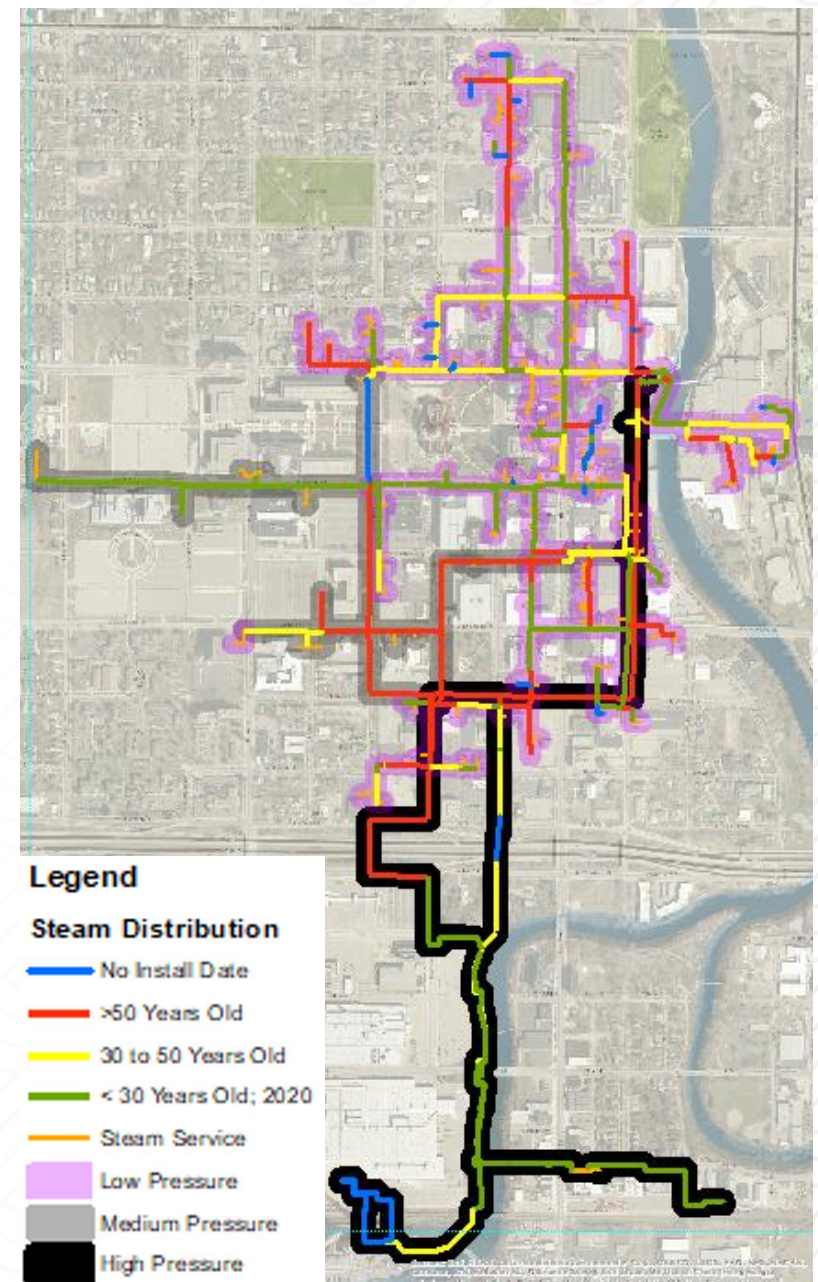


Steam System Current State



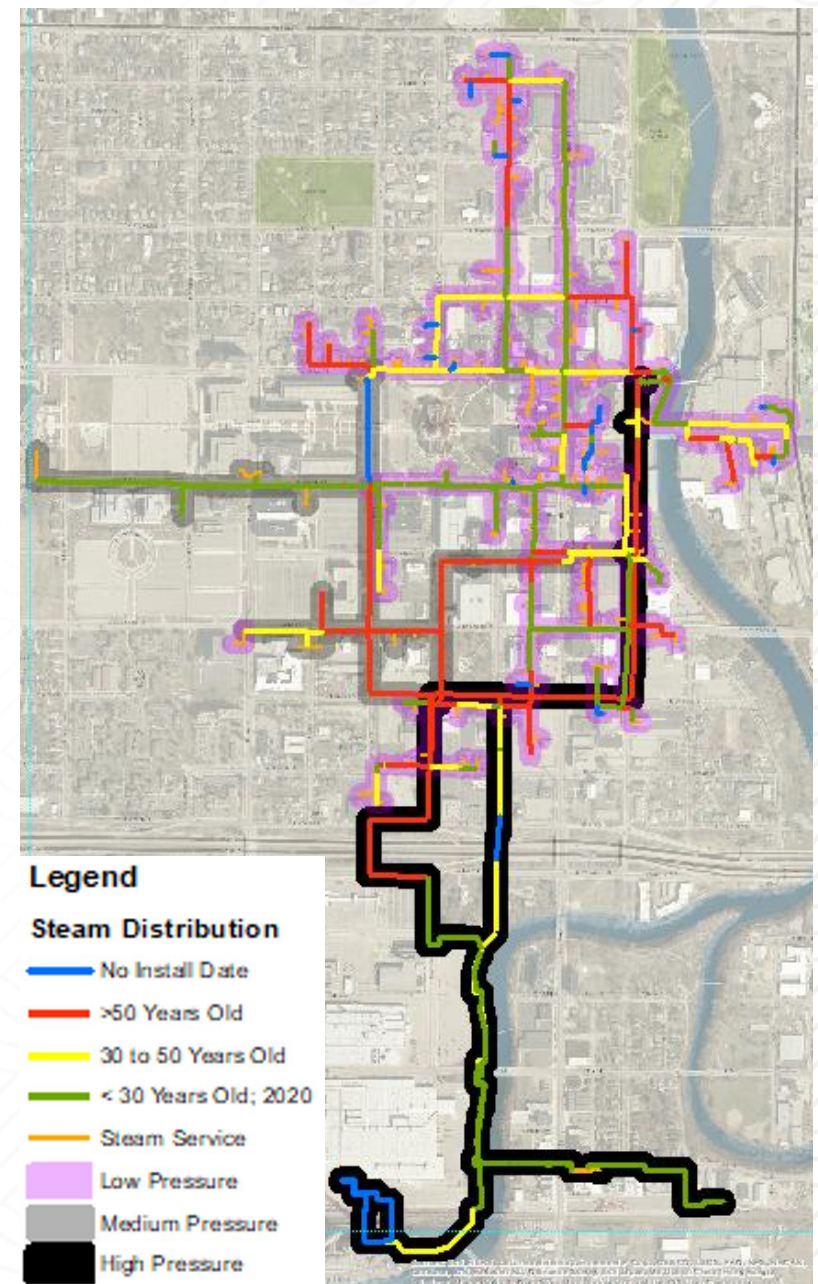
Steam System Current State

- 40% of system over 50 years old
- System reliability issues
- Increasing maintenance costs
- \$1.8M annual energy loss

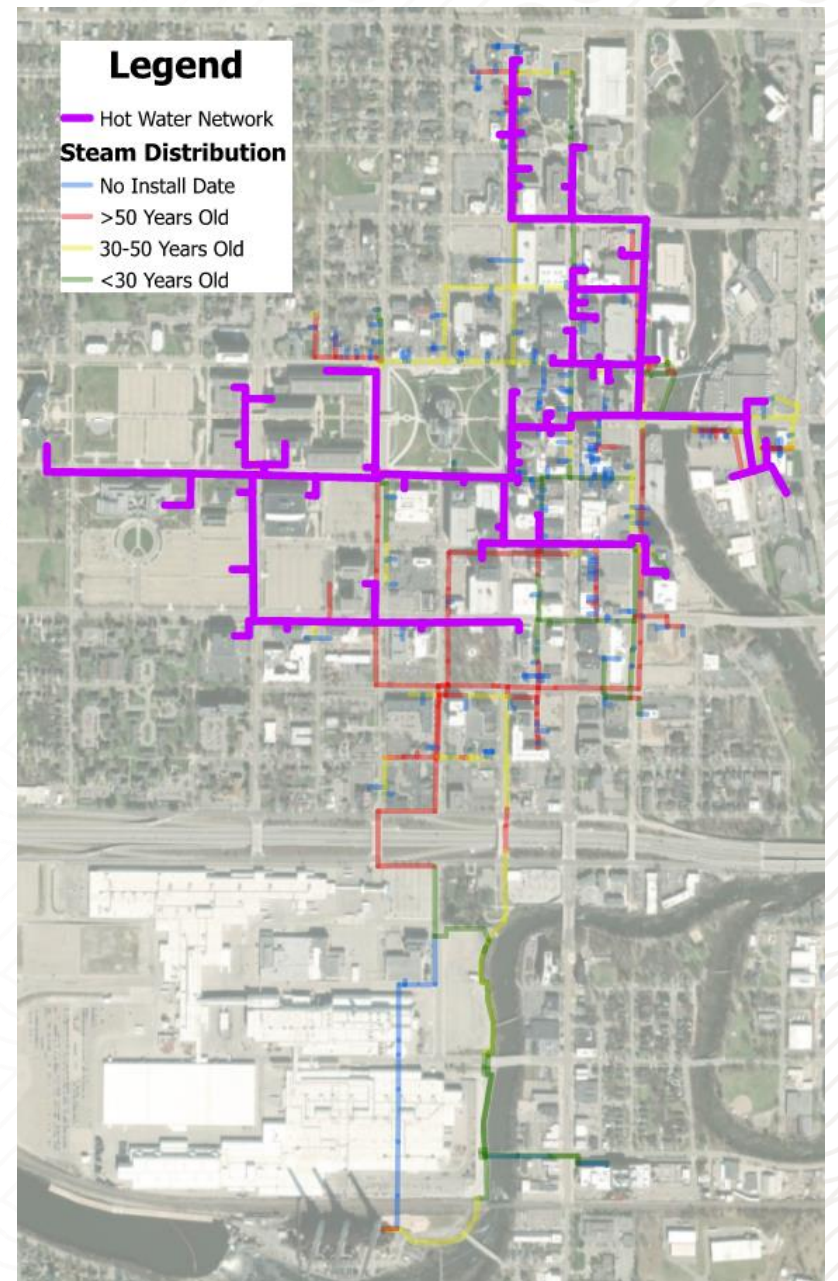


Steam System Current State

- 12.5 miles of pipe
- 40% of system over 50 years old
- System reliability issues
- Increasing maintenance costs
- \$1.8M annual energy loss
- \$260M to replace

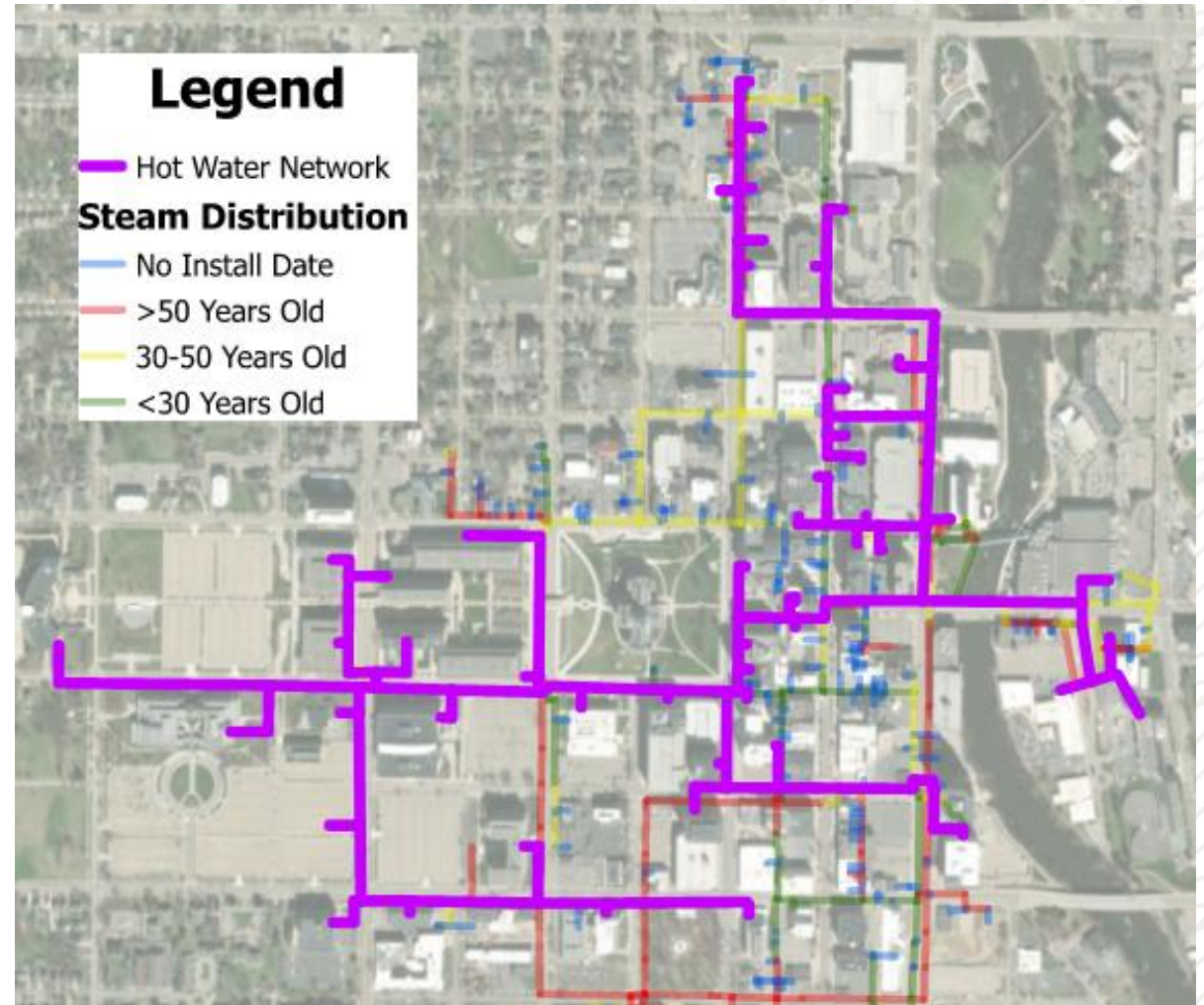


Proposed Hot Water System



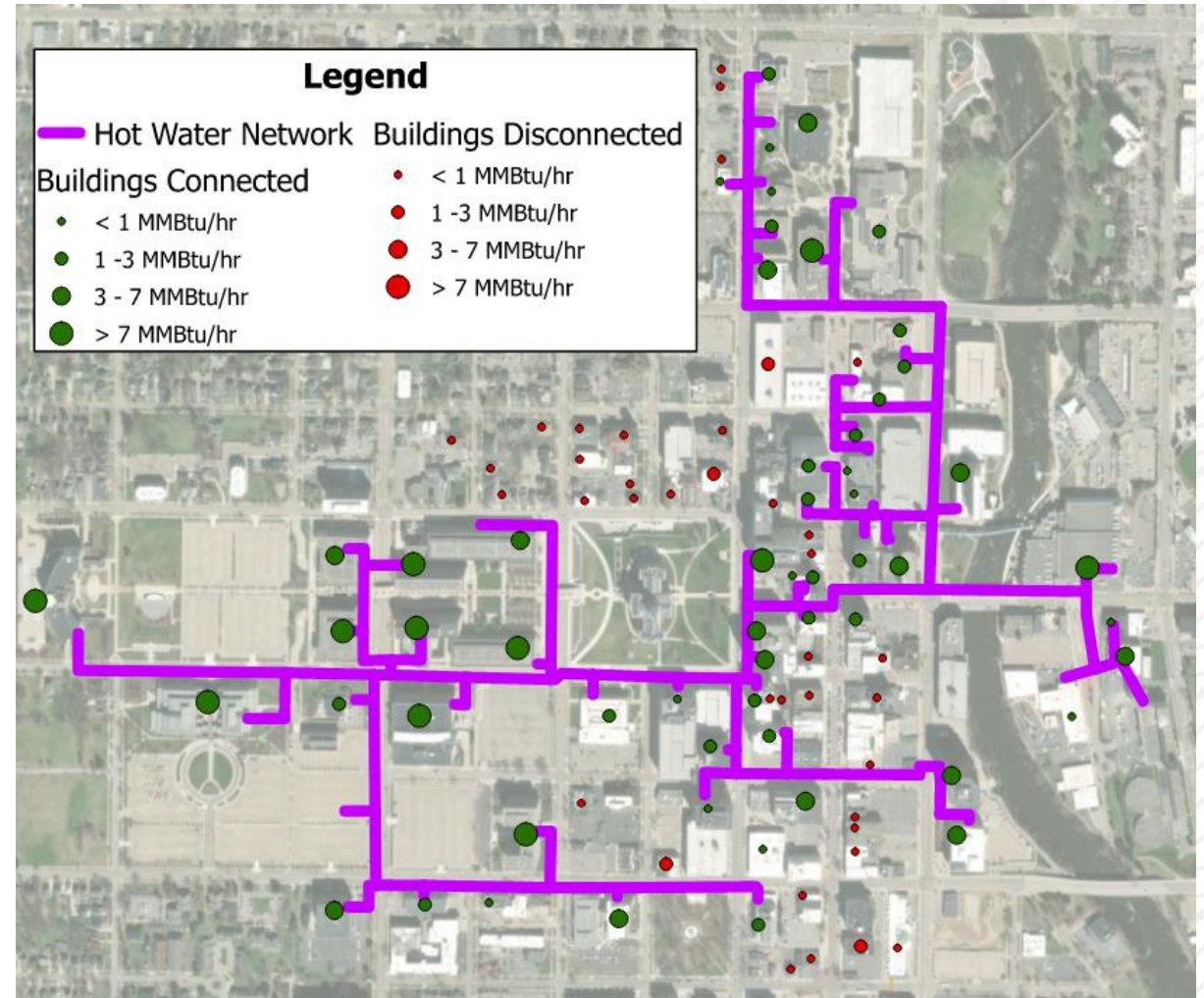
Proposed Hot Water System

- 15 year program
- Renewed life expectancy (50+ years)
- 4.5 trench miles



Customer Buildings

- Buildings Connected
 - 55 of existing steam customers (48%)
 - ~90% of existing revenue
 - 15-25% anticipated energy savings
- Buildings Disconnected
 - 59 of existing steam customers (52%)
 - ~10% of existing revenue
 - BWL supporting transition



Customer Benefits



System Redundancy

New redundancy measures including mobile boiler connections and an advanced leak detection system, enabling faster recovery from unplanned outages and limiting customer downtime.



Resource Efficiency

Transitioning to hot water saves both energy and water by using a closed loop system - reducing energy loss and recovering energy by returning warm water to the plant to be reheated and recirculated.



Simplified Operations

Eliminates the need for steam traps and steam conversion station management, reducing building maintenance requirements.



Saves Space

Efficient use of space since the building does not need on-site production equipment.

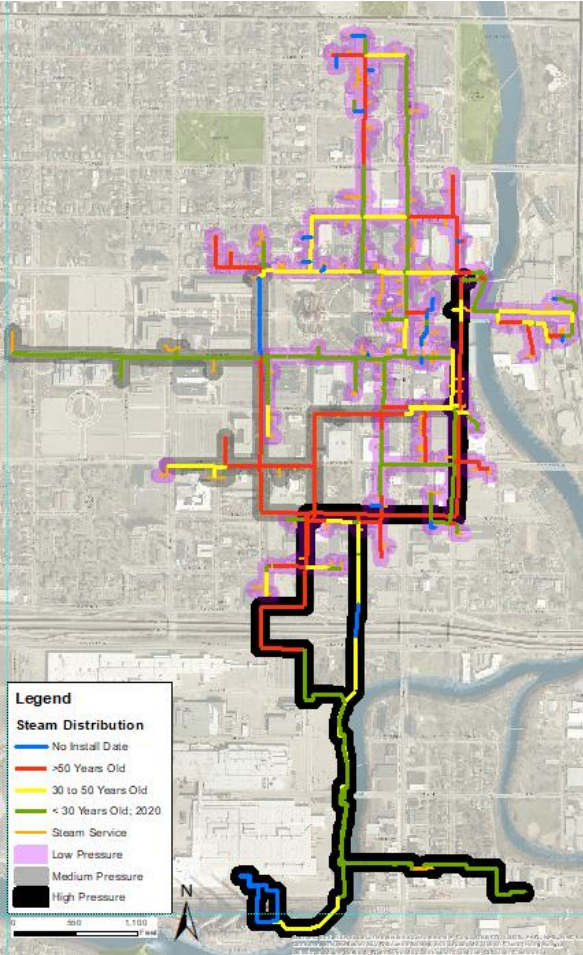


Cost Savings

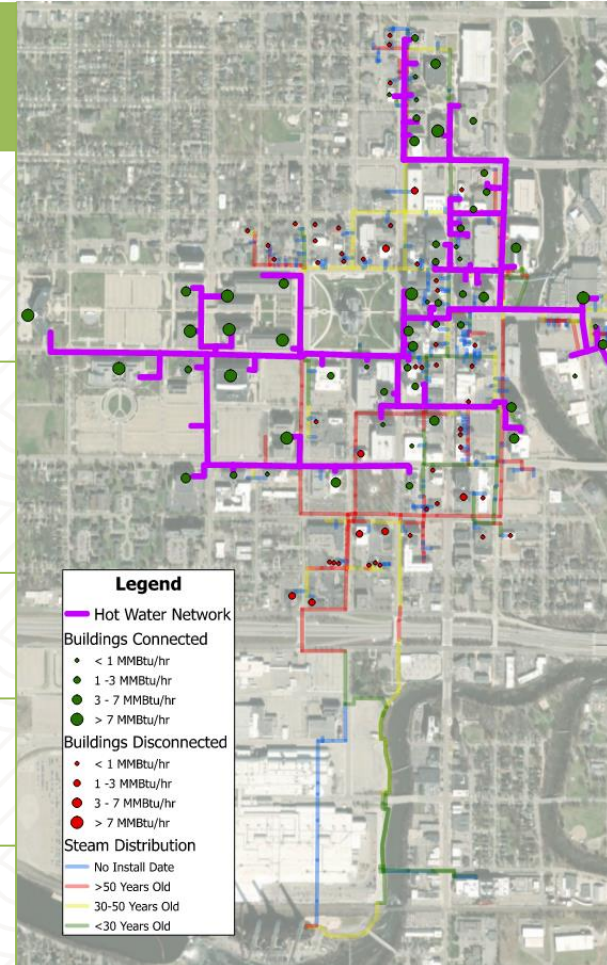
Increased energy efficiency translates to lower service costs for customers.



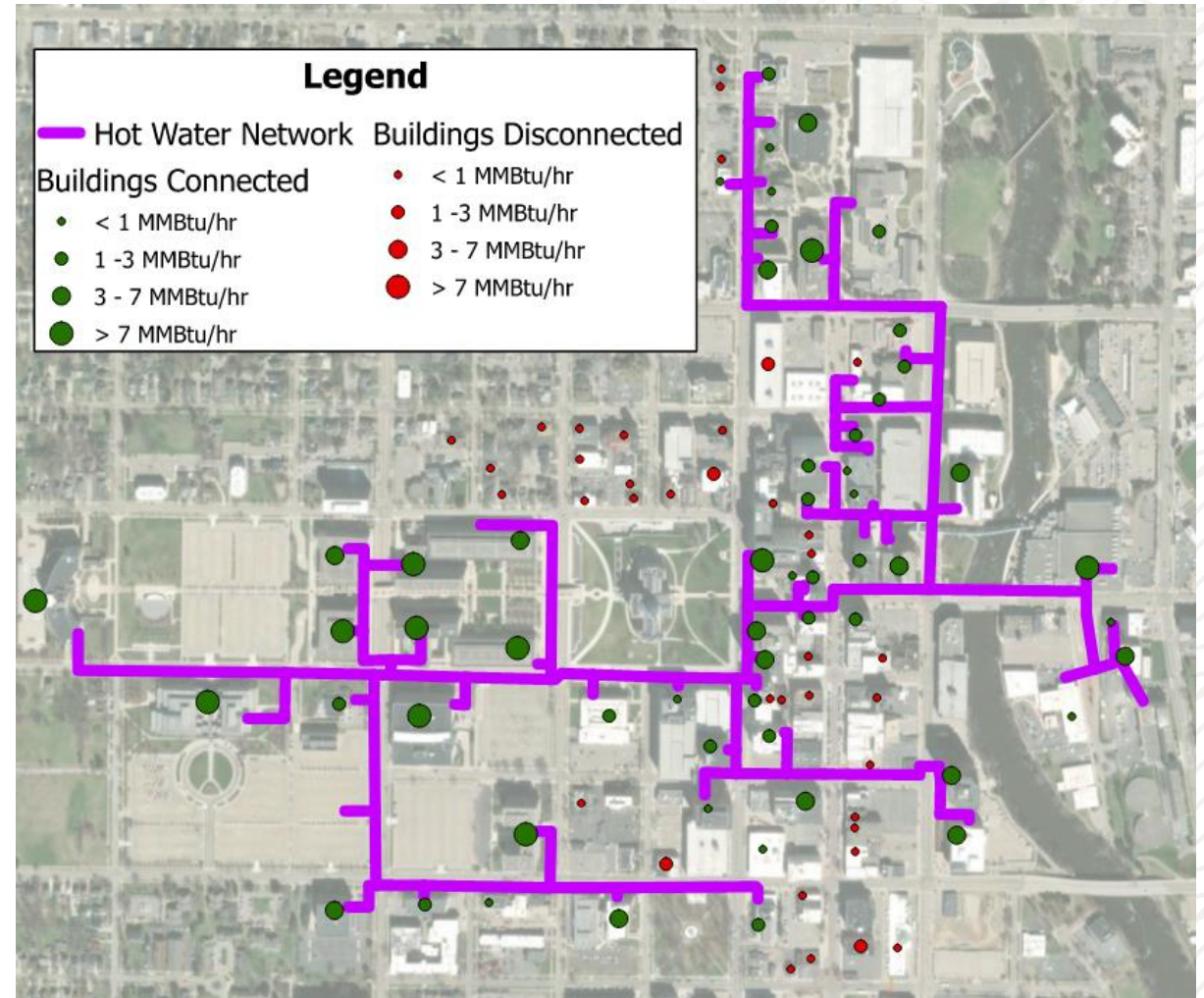
Comparison



Steam System (continue service)	Hot Water System (new service)
~\$260M full replacement (without inflation)	\$100M for full implementation (without inflation)
41% of system replacement over 15 years	Full system buildout over 15 years
12.5 miles	4.5 miles
10% rate increases for 7 years	5% rate increases for 7 years
120 customers	55 customers
	15-25% energy savings for customers

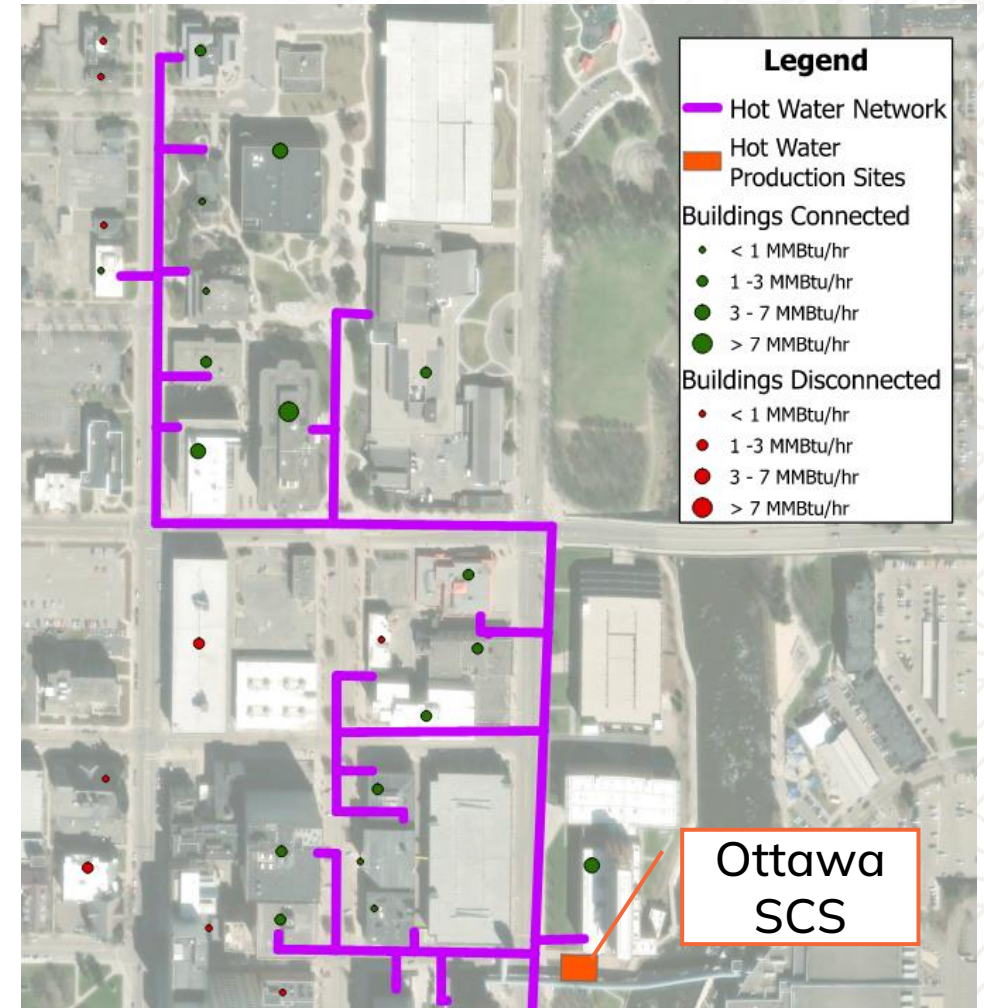


System Transition – Part 1



System Transition – Part 1

- 16 buildings
 - 11 Lansing Community College
- 45.5 MMBtu/hr
 - 21% of projected total
- 105,000 MMBtu/year
 - 28% of projected total
- Steam to hot water converter station
- Fall 2026 service commencement
- 3 year phased construction



System Transition – Part 1 Schedule

SCHEDULE

5/23 8/31 12/9 3/19 6/27 10/5 1/13 4/23 8/1 11/9 2/17
2025 2026 2027 2028

Ottawa SCS & Grand Ave. Bidding

Commence Ottawa SCS Construction

Commence Grand Ave. Construction

Customer Connection Bidding

Commence Ottawa St. & Shiwassesee St.

Ottawa SCS Startup & Commissioning

LCC Shiwassesee St. Buildings on HW

Ottawa St, Grand Ave. & LCC Customers on HW

Commence Capital Ave. Construction

LCC Capital Ave. Buildings on HW



RESOLUTION 2025-XX-XX
Lansing Board of Water & Light
Amendment to Resolution Honoring Stuart Goodrich

WHEREAS, it is a pleasure to extend this expression of our thanks and best wishes to Stuart Goodrich for his service as a Commissioner of the Board of Water & Light; and,

WHEREAS, Stuart Goodrich was appointed as an Advisory Commissioner of the Board of Water & Light on July 1, 2024, to represent Delhi Township; and

WHEREAS, He last served as a non-voting member of the Committee of the Whole, Finance Committee and Human Resources Committee; and

WHEREAS, Stuart owns Goodrich Optical in Lansing, is an American Board Certified Optician, a former President of the Opticians Association of Michigan, and a former chair of the Commission for Opticianry Accreditation (U.S. Department of Education), served as a Director on the Opticianry Advisory Committee at Ferris State University and on the Michigan Braille Transcribing Fund, served on both Holt/Dimondale Schools and Ingham Intermediate School District Boards and was awarded Alumnus of the Year, by the Holt/Dimondale School/Business Alliance, was the founding chair of the Delhi Development Authority in 1987, elected to the position of Trustee for Delhi Township in 1992 and served 10 years as Delhi Township Supervisor; and

WHEREAS, Stuart is a 48 year Charter Member of the Holt Lions Club, has received numerous awards and serves as a trustee on the Board of Directors for the Michigan Lions Foundation, has received the “Unsung Hero” award from WLNS TV, Community Service Person of the Year from The South Lansing Business Association, an “Appreciation Award” from Radio Talking Book, now known as Radio Reading Service WKAR Radio, from Michigan State University for being “The Driving Force In Saving The Program By Involving Lions”, and was elected to the Michigan Lions Hall of Fame in 2013; and

WHEREAS, on behalf of his colleagues, employees of the Board of Water & Light and the citizens of Lansing, we offer our sincere gratitude for the time, energy, and talent he devoted as a Commissioner of the Board of Water & Light.

NOW THEREFORE BE IT RESOLVED, That the members of the Board of Commissioners hereby honor and commend Stuart Goodrich for his year of distinguished service in Regular Board Meeting this 22nd day of July, 2025. We sincerely wish Stuart continued success in all his future endeavors and achieving that which is in the best interest of our community.

David Price, Chairperson

Sandra Zerkle, Vice Chairperson

J. R. Beauboeuf

Beth Graham

Chris Harkins

Semone James

DeShon Leek

Tony Mullen

Dale Schrader

Robert Worthly

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Amendment to the Resolution of Tribute for the outgoing Commissioner Stuart Goodrich at a Board meeting held on September 23, 2025.

Action: