



**BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
REGULAR BOARD MEETING AGENDA (UPDATED)
May 19, 2026 – 5:30 PM
1201 S. Washington Ave., Lansing, Michigan
REO Town Depot**

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

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of March 24, 2026

4. Public Comment on Agenda Items

*Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment. Each speaker will have 3 minutes to speak to the Board.*

5. Communications

- a. Electronic mail from Niesha Partee re: BWL Customer Service Experience
- b. Electronic mail from Calvin McClinton re: Request for Board Review
- c. Email from Gary Fairfax re: Energy Efficiency Programs
- d. Electronic mail from Anonymous re: Request for Board Explanation

6. Committee Reports

- a. Committee of the Whole Meeting (May 7, 2026) Sandra Zerkle, Chairperson
- b. Finance Committee Meeting (May 7, 2026) Dale Shrader, Chairperson
- c. Human Resources Committee Meeting (May 12, 2026) Tony Mullen, Chairperson

7. Manager's Recommendations

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. Resolution for Return on Equity Renewal Amendment
- b. Resolution for Corporate Diversity, Equity, & Inclusion Policy
- c. Resolution for Fiscal Year 2027-2032 Budget and Forecast
- d. Resolution for Appointment of the Charter Position of Director and General Manager
- e. Resolution for Appointment of the Charter Position of Internal Auditor

- f. Resolution for Appointment of the Charter Position of Corporate Secretary
- g. Resolution of LBWL in recognition of Fifty Years of Service by Richard R. Peffley

11. Manager's Remarks

12. Commissioners' Remarks

13. Motion of Excused Absence

14. Public Comment

Members of the public are welcome to speak to the Board on any Board of Water and Light subject. Each speaker will have 3 minutes to speak to the Board.

15. Closed Session pursuant to MCL 15.268(h) to consider a written Attorney/Client Communication related to pending litigation.

- a. Resolution Delegating Authority to Respond to Web Submissions on Behalf of the Board of Commissioners

16. Adjournment

Agenda posted on website/building 05-15-2026

2026 Board Meeting Notice/Schedule Posted in the Lansing State Journal 01-02-2026



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

March 24, 2026

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, January 28, 2025. This meeting was publicly notified for 5:30 p.m.

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

Corporate Secretary, Lavella J. Todd, called the roll.

The following Commissioners were present: Chairperson David Price; Commissioners Beth Graham, Chris Harkins, Semone James, Tony Mullen, Dale Schrader, and Sandra Zerkle.

Absent: Commissioner DeShon Leek.

Corporate Secretary Lavella Todd declared a quorum.

Chairperson David Price led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham to approve the Regular Board Meeting minutes of January 27, 2026.

Action: Motion Carried

PUBLIC COMMENT

There was no public Comment.

COMMUNICATIONS

Electronic mail from Elaine Fischhoff re: Commissioners responsibility to BWL Customers. *Referred to Management. Received and Placed on File.*

Electronic mail from Elaine Fischhoff re: CAFE Lawsuit. *Referred to Management. Received and Placed on File.*

Electronic mail from Alberta Tucker re: IBEW Union Contract approval "Thank You". *Referred to Management. Received and Placed on File.*

Electronic mail from Mary Patenge re: Opt-Out meter charges. *Referred to Management. Received and Placed on File.*

Electronic mail from William Smith re: BWL customer bill. *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Committee of the Whole Chairperson Sandra Zerkle presented the Committee of the Whole Meeting Report:

COMMITTEE OF THE WHOLE

Meeting Minutes

March 10, 2026

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 10, 2026.

Chairperson Sandra Zerkle 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 Semone James, DeShon Leek, Tony Mullen, David Price, Beth Graham, Dale Schrader, and Sandra Zerkle Absent: Commissioner Chris Harkins.

Corporate Secretary LaVella Todd declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, Seconded by Commissioner Beth Graham, to approve the Committee of the Whole Meeting minutes of January 13, 2026. Action: Motion carried. The minutes were approved.

Retirement Plan Committee (RPC) Update

Chief Financial Officer Scott Taylor presented the Retirement Plan Committee (RPC) update. The RPC Committee added a second investment manager to the Voluntary Employee Benefit Administration Plan (VEBA) to diversify risk and manage assets within the small mid-cap group. The new asset manager will have a value focus, complementing the existing growth-focused manager, Atlanta Capital. ACG narrowed down the potential new asset managers and the committee reviewed and interviewed the final two before making a decision. The contractual stage is ongoing, with documentation being reviewed and prepared for execution. The RPC Committee has reviewed an investment strategy change for the Defined Benefit Plan (DB) to a liability-driven investing strategy, which has been underway for six months. The DB plan is 116% funded and closed, making it suitable for this strategy to secure retirees' future pensions. The recommendation came from ACG, and the committee voted to bring it before the Finance Committee Meeting with a resolution proposing the change.

CFO Taylor provided an Administrative Activity Update on the Defined Contribution 401(a) and Deferred Compensation 457(b) Plans and stated there was nothing new to report. He then provided an update on the Defined Benefit Plan (DB) and Voluntary Employee Benefit Administration Plan (VEBA). VEBA only- based on sufficiency of funding and investment performance, the RPC approved the FY26 Q2 reimbursement from the VEBA Plan to BWL of \$2,754,326. The amount was calculated consistent with the terms of the Administrative Services Agreement (ASA).

Consideration of Alternative Platform for Commissioners' Smartsheet Dashboard

Commissioner Tony Mullen introduced the consideration of replacing the Smartsheet Dashboard with a platform more suitable to the Board's needs. He expressed frustration over the functionality of the current platform and its inefficiency and suggested exploring other document management solutions. Commissioner Mullen suggested the use of Board Effect, which Assistant General Manager Heather Shawa uses on the Peckham Board. Commissioner Mullen stated that it is much easier to search for documentation, and it is much more user-

friendly. He suggested involving the IT department to evaluate and, if necessary, replace Smartsheet with a more effective program.

Commissioner David Price supported the idea of finding a more user-friendly and affordable document management solution. Commissioner Sandra Zerkle asked the commissioners for input on who actually uses Smartsheet. Commissioner Semone James stated that she frequently uses Smartsheet. Commissioner Semone James commended Commissioner Mullen for bringing this to the committee and shared her concerns about the cumbersome nature of the current smart sheet application. Commissioner Zerkle requested that commissioners forward any questions on the potential new applications to Corporate Secretary LaVella Todd.

Asst GM Shawa suggested that her team use their Gartner membership to explore potential solutions and recommendations, starting with an RFI to identify available options before moving to a full RFP.

Discuss Next Review of BWL Board of Commissioners Rules of Procedure

Commissioner Sandra Zerkle brought to the Board's attention that the BWL Board of Commissioners Rules of Procedure were due for review and update, in accordance with the regular two-year cycle. She also mentioned the need for updates due to the new Lansing City Charter. Commissioner Sandra Zerkle suggested sending the current Rules of Procedure out in May, with an evaluation of the changes to be made at the July meeting.

Commissioner David Price supported Commissioner Zerkle's proposed review and evaluation period and suggested involving legal counsel for their input on any necessary changes. Commissioner James suggested the Rules of Procedure be reviewed by legal counsel first, then to allow the Commissioners to review and make the changes they propose. Corporate Secretary LaVella Todd stated that Deputy General Counsel Jason Hawkins has already provided some redlines for Board review. Commissioner Zerkle confirmed that legal will review the BWL Board of Commissioners Rules of Procedure, and then in May, the Commissioners will be sent the Rules of Procedure to add any updates they request.

Other

Motion by Commissioner Sandra Zerkle **Seconded** by Commissioner Beth Graham, for excused absence for Commissioner Chris Harkins.

Action: Motion Carried.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 5:53 p.m.

Finance Committee Chairperson Dale Schrader presented the Finance Committee Meeting Report:

**FINANCE COMMITTEE
Meeting Minutes
March 10, 2026**

Finance Committee: Dale Schrader, Committee Chairperson; Beth Graham, Chris Harkins, David Price; Alternates: Semone James, Tony Mullen.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, March 10, 2026.

Finance Committee Chairperson Dale Schrader called the meeting to order at 6:01 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dale Schrader, Beth Graham, and David Price; Also Present: Commissioners Semone James (Alternate) and Commissioner Sandra Zerkle.

Absent: Commissioner Chris Harkins

Corporate Secretary LaVella Todd declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner David Price, to approve the Finance Committee Meeting minutes of January 13, 2026.

Action: Motion Carried. The minutes were approved.

YTD Financial Summary

Chief Financial Officer (CFO) Scott Taylor gave a full overview of the Year-to-Date Financial Summary for November 2025 – FY26. CFO Taylor reported on Total Cash balances and Days Cash on Hand. Stated, our wholesale income is 28% over budget, with year-to-date earnings at \$33 million compared to a budget of \$26 million. January’s energy prices increased significantly, with an average sale price of \$115 per megawatt-hour, due to the severe cold weather. Operating expenses remain 5% under budget, while non-operating income is consistent with previous reports. Despite outages, the company projects to exceed net income targets, but will incur a \$6 million write-off due to early plant outages. CFO Taylor stated that the capital budget

is \$29 million over budget, driven by two overhauls. The new energy programs are under budget by \$38 million, with expected savings from the Watertown solar project and battery project. Return on assets is strong due to the net income outperformance. CFO Taylor states that the operating ratio and current ratio are in the green, while the debt-to-total-asset ratio is red. The company has greater generation capacity and is more aggressive in its carbon-neutrality programs, leading to bond issuances. Day sales outstanding is slightly over target, and bad debt continues to run low. The employee count is 41 under, with 28 temporary employees offsetting turnover and vacancies. Overtime is 7.9% over budget, primarily driven by storm activity and overhaul work. The Rx shows \$1.2 million under budget, with a slight delay in billing due to a change in the prescribing provider. Once billing catches up, half of the price will be absorbed, leaving the company still under budget.

CFO Taylor then presented the Capital Report, which includes two DEP overhauls costing almost \$18 million each. The south reinforcement project is \$2 million under budget, with contingency money released and material saved. The REO STG overhaul project is still within budget, with additional work than anticipated. The electric planned project has a slight overspend, but the water project is underspent. The portfolio is managed carefully to stay close to target, with a projected \$110,220,709 compared to the budgeted \$74,479,242.

DB Plan Investment Policy Statement Revision and Resolution

Chief Financial Officer (CFO) Scott Taylor presented a recommendation to update the investment policy statement to adopt a liability-driven investment strategy. Nathan Burke of Asset Consulting Group (ACG) explained the strategy, which aims to match future benefit payments with fixed income bonds. The proposed portfolio includes an 80% fixed income allocation, 18% equity, and 2% real estate. The new strategy aims to reduce funded status volatility and protect future benefit payments. Mr. Burke ACG highlights the benefits of this new strategy, including reduced volatility and lower fees. The proposed changes include higher fixed income allocations and performance benchmarks aligned with the new strategy. CFO Scott Taylor clarifies that the changes are intended to benefit current pensioners and ensure funding is available when needed. CFO Taylor referenced the redline and the completed revision of the statement of investment policies, procedures, and objectives, available in the commissioner's packets for review. CFO Taylor then presented a resolution to change the investment policy statement.

DB Plan Investment Policy Statement Change Resolution

Motion by Commissioner David Price, **Seconded** by Commissioner Beth Graham, to forward the DB Plan Investment Policy Statement Change Resolution to the full Board for action.

Action: Motion Carried.

Internal Audit Results

Director of Internal Audit(DIA) Elisha Franco presented the Internal Audit Status Report for March 2026, which includes the FY2026 IT Audit Results, Penetration Testing Audit Results, Internal Audit Department Structure Review, and Internal Audit Status Report. DIA Franco began the FY2026 IT Audit Results presentation by thanking the IT Department for their efforts and assistance with the audit. The audit scope included examining IT processes, procedures, and documentation for the Lansing Board of Water and Light. The audit was conducted from October 15, 2025 to November 24, 2025, in compliance with the global internal audit standards. The objectives of the audit were to assess IT governance policies, IT controls, cybersecurity, incident response processes, and user awareness training. DIA Franco highlighted key audit themes, including policy management, system operations, and access control. The audit identified one medium risk finding and two process improvements. The finding has been remediated, and management elected to formally accept the risk. The audit's overall opinion was rated as sufficient, indicating no critical or high-level risk areas.

Plante Moran Brent MacLaren, senior cybersecurity consultant, presented the Penetration Testing Audit Results. The audit's overall themes included consistent alerting and activity detection, and minimal external exposure. Privilege escalation was observed on the internal network due to misconfigured systems and vulnerabilities. Mr. MacLaren reported the IT department was able to detect all activities during testing, but some layers of security were bypassed. A scorecard was presented to benchmark the results against industry averages, showing good results for external testing and areas for improvement for internal testing. Plante Moran MacLaren presented an attack chain flow diagram to illustrate the order of attacks during testing. The diagram showed the steps taken by the testers, including external threats, internal logical attacks, and privilege escalation. The IT Department detected and isolated the testing device, and the privilege escalation issue was remediated. The overall findings are summarized as two high-priority, four moderate-priority, and six low-priority findings. Plante Moran MacLaren highlighted positive testing , such as immediate rogue device detection, continuous malicious activity detection, and properly configured user permissions. Network protocol hardening and minimal external network exposure were also noted as strengths. Domain user privileges are restricted and protected by multi-factor authentication, with system admins using separate accounts for different privilege levels. The presentation concluded with an invitation to the commissioners to ask questions, but none were asked.

Director of Internal Audit (DIA), Elisha Franco, presented the Internal Audit Department Structure Review. The presentation summarized ongoing research and analysis of the internal

audit department's structure, with a business case still in progress. The presentation was part of a broader internal audit strategic plan focused on evaluating department structure to support evolving risk and operational needs. Drivers for change include organizational expansion, new global internal audit standards, and additional compliance requirements. The current internal audit structure has remained largely unchanged for several years, with a limited depth in succession planning and knowledge continuity. Planning considerations involved optimizing the structure for efficiency and strategic alignment with the organization's strategic plan. DIA Franco highlighted the increase in total assets from \$760 million in 2010 to approximately \$2 billion in 2024. The internal audit department has remained at the same 2 FTEs over the last 10 years, despite asset growth. DIA Franco presented three internal audit department structure models: hybrid, in-house, and co-sourcing. The hybrid model combines internal audit teams with external consultants for additional expertise. The in-house model involves all internal activities, including having an IT auditor and specialists on staff. Co-sourcing is the current model, where internal audit services are delivered through a partnership with external service providers like Plante Moran.

DIA Franco explained that the in-house model has advantages like strong institutional knowledge and support for succession planning but can be costly. Co-sourcing allows access to specialized knowledge but may have challenges with continuity and control over consulting staff. The hybrid model combines internal staff with strategic external support, maintaining control while remaining flexible. The primary drawback to the hybrid model is the higher cost due to more internal staffing. The internal audit department has two budgeted full-time FTE positions: a director and an internal staff auditor. The internal auditor position is currently filled by a Co-Op student who will transition to a full-time position in June. The department is also supported by a temporary administrative assistant. Benchmarking data indicate that the internal audit department function is typically in the public sector, with between three and five auditors. DIA Franco then compared the internal audit department structure to similar audit department structures and compliance areas both externally and internally. The director recommends implementing a hybrid structure, which would require an additional two FTE's: a manager and a senior auditor. The proposed change would be implemented collaboratively with management and phased in over time. The projected budget for the fiscal year 2027 includes an increase of \$160,000 in external services from Plante Moran for risk assessments and internal and external assessments. A preliminary budget comparison shows a decrease in consulting costs and a shift of funds for a new full-time employee's compensation. The overall cost of the hybrid model is expected to be higher than the current co-sourcing structure.

Commissioner Beth Graham questioned whether the internal audit departments that DIA Franco used as comparison companies also used outside consulting services, as well as what that cost would have been. DIA Franco was unsure of the answer but agreed to bring the requested information to the next meeting. Commissioner Zerkle also expressed that the past internal audit department never had any delays with staff that was provided to them and indicated all required audits were always completed. Commissioner David Price confirmed with DIA Franco that her recommendation was to move to a hybrid model compared to the current co-sourcing model. He also confirmed that no additional audits will be added to the department structure as a result of this model change. Commissioner Price emphasized the need to bring this presentation before the full board for further consideration at the next Committee of the Whole.

Commissioner Semone James expressed her concern for losing the expertise of external consultants like Plante Moran if we were to move to a hybrid model. Commissioner James also expressed her concern about the increase in costs for full-time employees and external consulting that will still be needed under the hybrid model.

[inaudible]

Commissioner Dale Schrader reiterated the need to bring this matter before the full Board at the next Committee of the Whole meeting. He noted that today's presentation was intended to provide the Board of Commissioners with an overview for discussion purposes only and that no decisions were expected at this time. Director of Internal Audit Franco stated that she agreed with Commissioner Schrader.

Lastly, DIA Franco presented the Internal Audit Status Report. She provided an update on the current status of the audits, including the start of the environmental audit with the Environment Department. audits for the Environment Department. The fiscal year 2026 audit plan includes payroll disaster recovery and IT security assessments. The Department is working on fiscal year 2027 risk assessments and work plans. Local community outreach efforts include visiting Lansing Community College to introduce students to the role and impact of an Internal Auditor. DIA Frano also plans to attend the 2026 IIA Leadership Academy Conference in Orlando, FL, in April 2026, paid for by The IIA Lansing Chapter, on whose board she serves. DIA Franco also informed the Finance Committee she has earned the Certified Internal Auditor (CIA) certification.

Other

Motion by Commissioner Beth Graham, **Seconded** by Commissioner David Price, for excused absence for Commissioner Chris Harkins.

Action: Motion Carried.

Adjourn

Chairperson Dale Schrader adjourned the meeting at 7:35 p.m.

Human Resources Chairperson Tony Mullen presented the Human Resources Meeting Report:

HUMAN RESOURCES COMMITTEE

Meeting Minutes

March 17, 2026

Human Resources (HR) Committee: Commissioner Tony Mullen, Committee Chairperson; Commissioners Semone James, DeShon Leek and Sandra Zerkle; Alternates: David Price, Chris Harkins.

The HR Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, March 17, 2026.

HR Committee Chairperson Tony Mullen called the meeting to order at 5:31 p.m. and asked the Corporate Secretary to call the roll.

The following members were present: Commissioners Tony Mullen, Semone James, DeShon Leek, and Sandra Zerkle; also present, Alternate: Commissioner David Price.

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the HR Committee meeting minutes of January 20, 2026.

Action: Motion Carried.

Resolution for Delegation of Authority of Cafeteria Plan Benefit Design and Administration

Chief Human Resources Officer Michael Flowers presented the Resolution for Delegation of Authority of Cafeteria Plan Benefit Design and Administration. Mr. Flowers stated General Manager Peffley is delegating the authority of the cafeteria plan's benefit design and administration to the Retirement Plan Committee and the financial piece of the delegation has

already been presented to the Finance Committee. Mr. Flowers requested the Human Resources Committee move the Resolution forward to the full Board for approval.

Resolution for Delegation of Authority of Cafeteria Plan Benefit Design and Administration

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner DeShon Leek, to forward the Resolution for Delegation of Authority of Cafeteria Plan Benefit Design and Administration to the full Board for approval.

Action: Motion Carried.

Board Self Survey Evaluation

Chief Human Resources Officer Michael Flowers presented the results of the Board of Commissioners Self Evaluation Survey. Mr. Flowers thanked the participating commissioners for completing the survey and shared the overall results revealed high commissioner satisfaction, noting commissioners' interest regarding the General Manager's succession plan. (Questions 39: Is there a succession plan for the CEO?)

Commissioner Mullen requested General Manager Peffley prepare a succession plan presentation to share at a future COW meeting. GM Peffley stated he would be happy to do so.

Commissioner Price voluntarily shared clarification of his 'no' answer to the General Manager's succession plan survey question, stating he is aware of the General Manager's succession plan, but it had not been talked about with the full Board, as yet.

Commissioner Mullen stated he also has had discussions with GM Peffley regarding his succession plan, but he was not sure if other commissioners were aware of the succession plan and a presentation to the full Board would be helpful. GM Peffley repeated his willingness to do so.

Mr. Flowers stated Human Resources has a tool for developing and writing succession plans and processes and he will work with GM Peffley to make sure the succession plan is available for commissioners.

Commissioner Zerkle stated she was puzzled by the results of survey question number six regarding the annual calendar, as the annual calendar is approved by the Board and posted by the Corporate Secretary in November.

(Inaudible)

Commissioner Semone James shared she did not have an issue with question number six, but there might have been confusion among other commissioners due to its wording.

(Inaudible)

Commissioner Zerkle suggested the wording of question number six be changed to clearly state which calendar is being referenced – Committee Meetings or Regular Board Meetings. Commissioner James shared she agreed with Commissioner Zerkle’s suggestion.

Commissioner Price commented that Committee Meetings tend to be more flexible and to include those meetings for the whole year does not make a lot of sense.

Mr. Flowers stated survey question number six will be updated to clearly state which calendar it references and those changes would be incorporated into the next survey process.

Commissioner Zerkle stated she believes the Board has done a good job if most of the answers were good or almost always.

General Manager Peffley stated he reviewed the Board Self Evaluation Survey results with Executive Staff and compared to years ago this is a very cohesive and aligned Board and he didn’t need any survey to tell him that, but it’s nice to see it.

Commissioner Price stated he was pleased we (the Board) were able to use a survey developed by APPA. Commissioner James confirmed she also thought this was a well-done survey.

Mr. Flowers also touched on the last few survey questions, which were in narrative form, stating the questions received a lot of positive feedback, including the need for transparency and the dynamics of groups working together and making certain we pay attention to our internal and external stakeholders and the economics of who we’re serving. Mr. Flowers stated he thought the survey came across extremely well.

(Inaudible)

Commissioner Mullen stated he would like to see more stakeholders at board meetings, such as city officials, union representatives and rate payers.

(Inaudible)

Commissioner Price stated GM Peffley meets every Monday with the mayor as a member of the mayor’s cabinet.

GM Peffley confirmed he attends the mayor’s cabinet meetings every Monday and if the commissioners wanted him (the mayor), city attorney or deputy mayor to attend a board meeting or speak, they would be happy to do so.

(Inaudible)

Mr. Flowers shared introduced Daniel Barnes, who has been promoted to Director of Human Resources, and Jeanie Stittsworth, who has been promoted to Manager of Human Resources.

Appointee Position Description Reviews

Chief Human Resources Officer Michael Flowers presented the job descriptions of the board-appointed positions for review.

Commissioner James stated that the General Manager position description needs to be updated to reflect the current BWL services provided to include heat. GM Peffley stated he and management will review and update his position description to make sure all services are accounted for.

(Inaudible)

Commissioner Zerkle recommended adding additional certifications to the Director of Internal Audit position description, not as a requirement but as a preference.

Commissioner James stated that preferred certifications were listed in the position description in the past, but they had been removed.

Mr. Flowers confirmed that Commissioner Zerkle would like to see preferred designations added to the Director of Internal Audit position description, separate from the required certifications already included.

Commissioner Price referred to the General Manager position description, which states that a PE license is preferred but not required. He suggested doing something similar for the Director of Internal Audit position description.

(Inaudible)

Mr. Flowers reminded the committee that when they review and change what is preferred versus required in a job description, it will affect the job pay scale. He also stated he would review the old position description to verify what certifications had been removed.

(Inaudible)

Mr. Flowers stated that the preferred certifications were removed in the past at the board's request, as they were not deemed requirements for the position. Commissioner Zerkle shared she recalls the previously preferred certifications being removed from the position description because they were having a hard time recruiting candidates who met all the requirements.

(Inaudible)

Mr. Flowers stated he could provide examples of the Director of Internal Audit position descriptions with preferred certifications added to share with the Board.

(Inaudible)

Commissioner Mullen asked whether there were any questions regarding the Corporate Secretary position description. The committee did not offer any questions.

Appointee Evaluation Process

Commissioner Mullen stated that Chief of Staff Smiljana Williams has volunteered again to assist with distributing the appointee self-evaluation for FY26 performance. Commissioner Mullen shared the appointee self-evaluation and board review process and provide Ms. Williams the opportunity to reiterate the process and answer questions.

(Inaudible)

Corporate Secretary LaVella Todd shared the dates of the May 2026 Committee and Board Meetings - COW and Finance Committee will now meet on Thursday, May 7th and the Human Resources Committee will now meet on Tuesday, May 12th. The Regular Board Meeting will meet as previously scheduled on Tuesday, May 19th.

(Inaudible)

Other

There was no other business.

Adjourn

Motion by Commissioner Sandra Zerkle , **seconded** by Commissioner DeShon Leek to adjourn meeting.

Action: Motion carried.

Meeting adjourned at 6:04 p.m.

MANAGERS RECOMMENDATION

There was no managers recommendation.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2026-03-01

Revised Defined Benefit Plan Statement of Investment Policies, Procedures and Objectives

WHEREAS, the Lansing Board of Water & Light (the “Sponsor”) sponsors the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions (the “Defined Benefit Plan”); and

WHEREAS, the Retirement Plan Committee, established by the Sponsor and delegated certain duties by the Trustees related to the investment of Defined Benefit Plan assets, periodically reviews the asset allocation of the plan and, as a result of its most recent review, recommends the total target allocation to equity investments be reduced to 18% of the plan from the current target allocation of 45%, the total target allocation to fixed income investments be increased to 80% of the plan from the current target of 50%, and the target allocation to real estate investments be reduced to 2% of the plan from the current target allocation of 5%; and

WHEREAS, this recommended allocation change will allow for the transition to a Liability Driven Investing (LDI) strategy intended to focus on funded status stability and improve the likelihood of meeting benefit payments as they come due and manages portfolio assets primarily in relation to the fund’s future liabilities, seeking to match or hedge the duration, cash flows, and interest rate sensitivity of pension obligations; and

WHEREAS, the Retirement Plan Committee along with the General Manager recommends the Sponsor adopt the revisions which reflect these recommendations in the attached Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor wants to adopt the revisions reflected in the attached Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that, after its review, and based on the recommendation from the Retirement Plan Committee along with the General Manager, the Sponsor adopts and approves the attached Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives.

Motion by Commissioner Semone James, Seconded by Commissioner Dale Schrader to approve the Resolution for Revised Defined Benefit Plan Investment Policy Statement at a Board meeting held on March 24, 2026.

Action: Motion Carried.

RESOLUTION 2026-03-02

Delegation of Authority of Cafeteria Plan Benefit Design and Administration

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Lansing City Charter, Article 5, Chapter 2, delegates to the Board administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council; and

WHEREAS, the Lansing City Charter states the Board shall appoint three persons who report directly to the Board and serve at the Board’s pleasure; being a Director (also known as the General Manager), an Internal Auditor (also known as the Director of Internal Audit) and a Secretary (also known as the Corporate Secretary). The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but are not limited to the operation and management of the BWL; and

WHEREAS, the Lansing City Charter further outlines the responsibilities and authority of the Board, which includes the compensation and benefits of BWL employees, and by virtue of this responsibility and authority the Board is the Plan Sponsor of the Lansing Board of Water and Light Cafeteria Plan (the “Cafeteria Plan”); and

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL for the benefit of its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary have adequate support and resources to effectuate their roles; and

WHEREAS, in July of 2017, the Board approved a Governance policy which, among other things, adopted and established the General Manager’s principal role to manage and operate the BWL and establish administrative and operational directives, standards guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets; and

WHEREAS, in September of 2019, the Board approved Resolution 2019-09-02 delegating authority to the General Manager to oversee and manage the Health Care Plan’s benefit design and administration which in hindsight should have also included the Cafeteria Plan; and

WHEREAS, management of the Cafeteria Plan's benefit design and administration are necessary for the General Manager to manage and operate the BWL by maintaining a qualified workforce; and

WHEREAS, the Board as Plan Sponsor of the Cafeteria Plan desires to further clarify and delegate authority to the General Manager to oversee and manage the Cafeteria Plan's benefit design and administration on its behalf.

Therefore, it is:

RESOLVED, that the General Manager is authorized to oversee and manage the Cafeteria Plan's benefit design and administration on behalf of the Board.

FURTHER RESOLVED, that the General Manager may further delegate this authority for operational efficiency. FURTHER RESOLVED, all Cafeteria Plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board following any such changes or updates.

Motion by Commissioner Tony Mullen, Seconded by Commissioner Dale Schrader to approve the Resolution for Delegation of Authority of Cafeteria Plan Benefit Design and Administration at a Board meeting held on March 24, 2026.

Action: Motion Carried.

MANAGERS REMARKS

1. Deep Green - 3/23/26 City Council hearing for sale of property; 4/6/26 public hearing for rezoning and vote at City Council.
2. Served on a speaker panel this morning at the Michigan Builder Trades event. Highlighting BWL's current and future projects and direction of the company.
3. Attending Westside Association meeting tomorrow, March 25, as per Council President's request to provide updates on Deep Green project and streetlights.
4. BWL is now corporate member of Lansing Rotary.
5. On March 25, we are holding our Cultural Taste Fest. The event will feature 32 dishes from various cultures prepared and served by our employees. Funds raised will be donated to our Pennies for Power Program.
6. Our next bi-annual Community Resource Fair is on April 15 from 3-6pm at Alfreda Schmidt Community Center.
 - This is our 13th resource fair.

7. For the second year in a row, in February, BWL received the prestigious Diamond Safety Award, a national recognition for safety excellence, from the American Public Power Association (APPA).
8. We welcomed 16 1st STEP students end of January.
 - Students are currently getting experience with us and working with a mentor until mid-May.
 - 17th year of program.

COMMISSIONERS REMARKS

Commissioner Christopher Harkins congratulated BWL on receiving the Diversity Star Award at the Lansing City Chamber's 125th anniversary gala, which he attended. He also expressed appreciation for General Manager Peffley's recognition of Chief of Staff Smiljana Williams and her contributions to earning the award.

Commissioner Semone James congratulated the BWL on the receiving the Diamond Safety Award from American Public Power Association (APPA).

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Christopher Harkins, **Seconded** by Commissioner Semone James, to excuse Commissioner DeShon Leek from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

Chairperson David Price adjourned the meeting at 5:46 PM.

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 03-XX-26
Approved by the Board of Commissioners: 05-XX-26
Official Minutes filed (electronically) with Lansing City Clerk: 05-XX-26

Submitted on Mon, 04/06/2026 - 2:47 PM

Submitted by: Anonymous

Submitted values are:

Select a Commissioner:

All Commissioners

Name

Niesha Partee

Street Address

Lansing , Michigan. 48910

Message

It is a shame that these electric bill are this expensive and bwl don't have better payment plans they do. I called and asked to speak to a supervisor. I was told that I couldn't speak to a supervisor until I stated that I was going to report her. It need to be better options in plan for these bills

Submitted on Thu, 04/30/2026 - 4:27 PM

Submitted by: Anonymous

Select a Commissioner:

All Commissioners

Name

Calvin McClinton

Street Address

Lansing, Michigan. 48911

Message

To the Board of Commissioners,

I am writing to formally request a review regarding a potential conflict of interest involving executive leadership within the Lansing Board of Water & Light.

It is my understanding that the Chief Operations Officer (COO) and Chief Financial Officer (CFO) are married. The current organizational structure places the Assistant General Manager (Heather Shawa-Hodges) in a position of authority above both roles, with reporting lines- including Rob Hodges - operating within that chain of oversight, raising questions regarding independence and alignment with established policy.

In light of this, I am requesting clarification and review under the Board's established Nepotism Policy.

As outlined in the Nepotism Policy (Resolution 2018-01-02), employees shall not be placed in a position where they report directly to a family member, nor work within a Responsibility Area that reports, directly or indirectly, to a family member. The policy further emphasizes avoiding even the appearance of favoritism in employment matters.

Given the executive scope and influence of these roles, the current structure raises questions regarding whether an indirect relationship or overlapping authority may exist.

Additionally, given the level of authority associated with these positions, I believe it is important that all aspects of leadership placement, prior experience, and vetting are consistently aligned with the organization's standards for transparency, accountability, and

public trust. This is raised solely out of concern for ensuring that governance practices remain strong, consistent, and beyond reproach. In that regard, it may be appropriate to ensure that prior employment history and any public available information related to past roles- including those associated with Dart Container- have been thoroughly reviewed as part of standard due diligence and governance practices, particularly where any past concerns or allegations may exist.

In addition, there are ongoing concerns regarding the transparency in relation to union-related funds. Funds that were previously understood to be available are no longer clearly accounted for, and there has been limited communication addressing their status. This lack of clarity raises concerns regarding financial oversight, accountability, and alignment with expected governance practices.

I respectfully request confirmation of the following:

- * Whether any direct or indirect reporting relationship exists between these positions
- * Whether any Responsibility Area under one spouse reports, directly or indirectly, through the other
- * Whether this relationship has been formally disclosed and reviewed for compliance
- * Whether any exception has been granted under the policy, and if so, under what justification

This request is made not as an allegation, but as matter governance, transparency, and adherence to established Board policy. Given the visibility and authority of these positions, it is especially important to ensure both compliance and the absence of any perceived conflict.

I am raising these concerns in good faith, with the intent of allowing the organization the opportunity to review and address them internally. I respectfully ask that this matter be reviewed and that appropriate clarification be provided to ensure continued confidence in the organization's leadership and oversight practices.

Thank you for your time and consideration.

Respectfully,
Calvin McClinton

Submitted on Wed. May 13, 2026

Name

Gary Fairfax

Street Address

Lansing, Mi 48906

Message

Hi Again, Ms. Todd,

I went to the website and tried submitting my proposal in an email to all the commissioners, THREE TIMES, but it failed to send (probably because it was too long?)

So here it is, below.

Would it be possible, please, for you to copy and paste it to the form to send to the commissioners and try to send it for me since I was unable to do so? My address and phone number are below, at the end of my proposal.

I'd really appreciate it if you could.

Many thanks,

Gary Fairfax

First of all, while I don't quite understand why you reward customers for using LESS of your product (electricity) by offering them rebates for upgrading their equipment to be more efficient, I certainly laud you for doing so!

However, for my particular case, I don't understand why you offer rebates for upgrading to air-to-air heat pumps to heat and cool my home but NOT for upgrading to Ground Water Heat Pumps (GWHPs), which are even more efficient-- they run just as efficiently at ANY outdoor temperature since they use 55 degree groundwater at all times of the year-- whereas ATAHPs get less efficient at heating when the temperature outside drops.

When I first starting using GWHPs to heat my home forty years ago I was an outlier-- but now they are becoming more prevalent since they are absolutely the most efficient way of heating.

So, I would like to ask the Board to please, Please, PLEASE consider adding GWHPs to your rebate program.

Secondly, I would beg you to please consider instigating a program for heat pump users who use them for heating, to LOWER rates after the first 500kw hrs (I believe that is your breaking point), rather than INCREASING rates after that break point.

This should be easy to implement, as customers could easily prove they are using heat pumps, and you could implement this during the peak heating months Nov-Mar or Oct-April-- or all year long for that matter since heat pumps COOL efficiently during the Summer as well!

For whatever reason the LBWL offers perks for efficiently using electricity, GWHPs are the MOST efficient at Heating/Cooling, and I beg you to implement my proposal for this would be the MOST dramatic way of showing the LBWL is serious about fostering efficiency.

Sincerely,

Gary Fairfax

Lansing, MI 48906-9013

Submitted on Thu, 05/14/2026 - 8:17 PM

Submitted by: Anonymous

Submitted values are:

Select a Commissioner:

All Commissioners

Name

Anonymous

Message

Can the Board of Commissioners explain why the Lansing Board of Water and Light customers are paying the salary of an internal auditor while a consulting firm is completing the work of a mere four audits at the rate of hundreds of dollars per hour? Not only does this call into question the qualifications of the internal auditor and whether she is capable and competent to do the work, but it begs the question of how many other salaries and services the Lansing Board of Water and Light is overpaying for at its customers' expense?

Committee of the Whole Chairperson Sandra Zerkle presented the Committee of the Whole Meeting Report:

**COMMITTEE OF THE WHOLE
Meeting Minutes
May 7, 2026**

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 Thursday, May 7, 2026.

Chairperson Sandra Zerkle called the Committee of the Whole Meeting to order at 5:32 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Beth Graham, Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, and Dale Schrader.

Absent: Commissioner Tony Mullen.

Corporate Secretary LaVella Todd declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Beth Graham, to approve the Committee of the Whole Meeting minutes of March 10, 2026.

Action: Motion carried. The minutes were approved.

Retirement Plan Committee (RPC) Update

Chief Financial Officer Scott Taylor presented the Retirement Plan Committee (RPC) update. The RPC Committee added a US small-cap manager to further diversify the VEBA portfolio. A minor asset-allocation change was approved by the committee for presentation to the board and will be presented to the full board in July for final approval. Sage Advisory Services was selected for the DB plan's liability-driven strategy due to lower fees and a more personalized service. Underperforming funds were identified and will be replaced to strengthen the DC plan with a net-neutral fee impact. Two active participants remain in the defined benefit plan.

Commissioner Chris Harkins questioned, without divulging personal details, how much longer the remaining two participants plan to remain active in the defined benefit plan. CFO Taylor stated the estimated range for those participants was five to ten years.

Additionally, CFO Taylor continued to provide an update on Nationwide. Nationwide loan interest rates were incorrectly set to 0.25% higher, affecting 32 loans. The corrections applied the proper rate and reallocated excess payments to principal, shortening future loan terms. An automatic rate update process at Nationwide will replace the annual manual update to prevent future errors. A BWL HRIS system error also occurred which mis-populated new hire dates in Workday, causing premature 401 (a) contributions, but they were corrected, and the participants were informed of the error.

Commissioner Sandra Zerkle questions why Nationwide didn't immediately correct the interest rates. CFO Taylor confirmed that although it took Nationwide several months to catch the error, but once it was discovered, it was corrected immediately.

Rate Strategy

General Manager Peffley introduced a proposed FY2027 rate strategy and associated utility industry trends. He noted the proposed 2% electric rate increase is significantly lower than the increases being experienced by many Michigan utilities, which are averaging approximately 5% or higher, with some utilities seeking increases near 10%. It was emphasized that the proposed strategy supports the BWL strategic goals while remaining below inflation and reflects the organization's philosophy of growing revenue through new customer growth rather than placing additional burden on existing customers. He also expressed expectations for minimal public opposition compared to prior years, noting previous increases were partially attributable to delayed rate adjustments during the COVID-19 pandemic. CFO Taylor introduced Rates Manager Bob Blank from Utility Financial Solutions (UFS). UFS has been working with the BWL since 2017 and has worked with many utilities across the world. He provided an overview of the rate study process, industry trends, and cost-of-service analysis. He also explained the importance of long-term financial planning, cost-of-service studies, and gradual movement toward equitable rate structures across customer classes. Industry trends discussed included electrification, energy efficiency programs, distributed energy resources, time-of-use pricing, electric vehicle charging strategies, and infrastructure modernization. UFS Blank also emphasized the importance of properly structured customer service charges to ensure fixed utility costs are fairly recovered from all customers year-round.

CFO Taylor reviewed several major infrastructure and operational investments supported by the proposed rates, including electric system reliability initiatives, the Lansing Energy Tomorrow program, vegetation management, cybersecurity improvements, water infrastructure upgrades, and environmental compliance efforts. Staff highlighted that system reliability investments have provided measurable customer value and that continued infrastructure replacement and modernization remain critical due to significant inflationary increases in utility equipment and materials since 2019. Additional discussion focused on the Board's long-standing rate-making principles, including maintaining financially self-supporting utilities and aligning rates with cost-

of-service standards. CFO Taylor explained that proposed rate increases vary by customer class to gradually move rates closer to actual service costs while minimizing sudden impacts on customers.

Commissioner Sandra Zerkle questions whether the BWL has a way of tracking the output of street lighting. GM Peffley explained with the new conversion to LED lights they have a good handle on the amount of energy used. CFO Taylor also discussed ongoing efforts to modernize street lighting infrastructure through LED conversions and the importance of balancing cost recovery with customer affordability.

Commissioner Chris Harkins noted difficulty tracking information between presentation slides and asked for clarification regarding projected revenue numbers for the large commercial and industrial category. Specifically, he questioned why projected revenues shown on one slide did not align with totals reflected on another slide. CFO Taylor explained that the discrepancy was due to the second sheet isolating only the standard rate classifications, while additional revenues from time-of-use rates and high load factor rates were included within the broader customer class totals. He also clarified that certain smaller rate categories had been grouped into an “other” classification. Commissioner Chris Harkins stated that it would be helpful to provide a clearer crosswalk between the slides so the information could be more easily tracked line-by-line, particularly regarding lighting and streetlight adjustments. CFO Taylor acknowledged and thanked Harkins for the feedback and indicated that there would be multiple public hearings and additional opportunities to revise, simplify and improve the presentation materials before public release.

Discussion continued regarding extra-large industrial customer rates.

Commissioner Dale Schrader questioned why extra-large industrial rates appeared to increase by 4.4% while corresponding cost-of-service information was difficult to identify in the presentation. CFO Taylor clarified that the first chart reflected the results of the cost-of-service study only and did not represent actual proposed rate increases. The cost-of-service study identified gaps between current revenue generation and target revenue requirements. He explained that the second slide reflected the proposed rate design adjustments informed by those findings. After further review, CFO Taylor acknowledged that naming conventions between “commercial” and “industrial” categories allowed for confusion and agreed that revisions were needed to improve clarity.

Commissioner Semone James asked what alternatives had been considered and what factors led staff to recommend the proposed rate strategy. CFO Taylor explained that the proposed approach was intended to achieve a balanced outcome. The Board had targeted an overall utility increase of approximately 2%, while simultaneously working to align customer classes more closely with cost-of-service targets. He also stated that the process involved determining

how far each customer class deviated from its cost-of-service level and then allocating increases accordingly while maintaining the overall 2% revenue target. GM Peffley further explained that the lower rate strategy reflected both financial and political considerations. It was noted that the utility had previously pursued aggressive renewable energy investments and that customers were increasingly focused on affordability and reliability rather than exceeding environmental compliance requirements. He stated that maintaining competitiveness with neighboring utilities and recognizing economic pressures facing Lansing residents were significant considerations in recommending a lower overall increase.

CFO Taylor then reviewed historical rate increases, noting that the utility had paused increases for several years following COVID-19, followed by larger increases in 2024 and 2025 to recover costs. Proposed increases for 2026 included: Electric 2.04%, Water 2.3%, Steam 5.51% and Chilled Water 0%.

GM Peffley explained that steam rates remained elevated because the utility was currently operating both the steam and hot water systems simultaneously during the transition period. Once the conversion to hot water was complete, management anticipated significantly lower operating costs and more attractive rates.

Commissioner Sandra Zerkle asked whether the utility was still recovering from the period of 31 months without rate increases. GM Peffley responded that recovery largely occurred during 2024 and 2025 and acknowledged that those increases had been difficult for customers. However, he emphasized that over the long term, the utility rate strategy had historically remained below inflation.

CFO Taylor next reviewed customer bill impact analyses for electric, water, steam, and chilled water customers. He explained that customer impacts varied depending on usage patterns, fixed customer charges, and demand charges. Impact analyses were performed across a broad range of customer profiles to ensure no customer group experienced excessive increases outside acceptable ranges.

Commissioner Sandra Zerkle asked whether the utility planned to communicate to major corporations and small businesses that efforts were being made to minimize rate increases given broader economic pressures. GM Peffley stated that formal communications had not yet begun because approval from the governing body was still pending. However, he expressed confidence that customers would recognize the utility's comparatively lower increases relative to neighboring utilities.

CFO Taylor emphasized that the proposed increases still allowed the utility to meet key financial metrics and maintain operational reliability. Staff reviewed the residential electric rate structure,

including Standard residential time-of-use rates, Off-Peak Savers rates, and Electric vehicle charging meter options.

Commissioner Chris Harkins asked whether the EV charging rate was also a time-of-use rate and whether it offered lower pricing than the standard residential rate. CFO Taylor confirmed that the EV charging option was a time-of-use rate with lower off-peak pricing designed specifically for EV charging customers. He explained that customers installing a dedicated EV charging meter would pay a lower kilowatt-hour rate than customers charging through standard residential service.

Commissioner Sandra Zerkle suggested moving the simplified rate structure slides toward the beginning of the public presentation because they were easier to understand and provided useful context early in the discussion. CFO Taylor agreed to consider reorganizing the presentation accordingly.

CFO Taylor then reviewed summer and winter time-of-use pricing comparisons. It was explained that the Off-Peak Savers rate offered customers substantial savings opportunities if they shifted energy usage outside peak hours. He emphasized that the utility was gradually transitioning customers toward rates more closely aligned with cost-of-service realities while giving customers time to adapt their usage patterns.

During the presentation, commissioners identified an error on a slide where both peak and off-peak periods were incorrectly labeled as “12.” Staff acknowledged the mistake and will correct the issue for future presentations.

CFO reviewed renewable energy rate structures, including distributed generation and legacy net metering programs. CFO Taylor explained that traditional net metering was not sustainable long term because customers were previously credited at full retail rates for excess energy generation, even though retail rates included costs beyond energy itself, such as billing infrastructure and system maintenance. Under the new distributed generation structure, customers are compensated based on the actual market value of the energy supplied back to the system rather than the full retail rate.

Commissioner Semone James asked how customers were being educated regarding these rate structures and associated charges. AGM Shawa stated that educational materials were available through customer service representatives, online calculators, and utility websites. She also noted that bill inserts and ongoing communications were regularly distributed to customers regarding available programs and usage management tools.

Commissioner Chris Harkins cautioned against overemphasizing specialized rate programs in public communications, noting that the vast majority of customers remained on traditional

time-of-use rates. CFO Taylor agreed that communications should remain balanced and targeted appropriately.

CFO Taylor reviewed proposed updates related to the state-mandated Energy Optimization program. It was explained that the State of Michigan increased annual energy optimization requirements from 1% to 1.5%, making compliance more costly. He stated that because many easy efficiency gains such as LED lighting conversions had already been achieved, future compliance efforts would require more substantial investments. As a result, the utility proposed reinstating a dedicated Energy Optimization surcharge to more transparently recover compliance costs. CFO Taylor clarified that this surcharge was already incorporated into the proposed overall rate increases and did not represent an additional increase.

CFO Taylor reviewed the completion of the utility's LED streetlight conversion project. The conversion reduced the number of streetlight rate classifications from over 120 to nine, simplifying administration and customer understanding. He then provided a detailed overview of the steam-to-hot-water conversion project. Approximately 160 customers currently remain on the steam system, with more than 100 expected to transition to hot water service. Approximately 58 customers are expected to be disconnected because of location limitations or building infrastructure constraints. To assist affected customers, CFO Taylor proposed a "Steam-to-Electric Rate Transition Credit" program. The program would provide qualifying customers with electric rate credits for up to 10 years to offset costs associated with transitioning away from steam service.

Commissioner Chris Harkins asked why the program was structured as a 10-year credit period. CFO Taylor explained that 10 years approximately reflected the useful life of replacement heating investments such as electric boilers or alternative heating systems.

Commissioner Semone James asked how the utility would recover the costs associated with the transition credit. CFO Taylor responded that the transition costs were considered part of the broader investment in converting to a more efficient hot water system, which would ultimately reduce operational costs for the utility overall.

Commissioner Beth Graham asked about the number of residential customers affected by the transition. AGM Shawa stated that only four or five residential customers remained on the steam system, with most affected customers being commercial or institutional entities. She further explained that all affected customers had already received direct communication and that individualized transition meetings were ongoing. CFO Taylor reviewed updates to water rates, including continued affordability measures for customers using two CCF or less. He also proposed updates to bulk water rates for hydrant permit holders and water haulers. It was explained that prior bulk water pricing only recovered

commodity costs and failed to account for broader system costs. Revised rates would more accurately reflect the true cost of providing service. CFO Taylor introduced the proposed hot water utility rate structure, which included contract demand charges, commodity charges, fuel cost adjustment factors, and temperature differential adjustment factors.

CFO Taylor explained that customers would be expected to return water at appropriate temperatures to maximize system efficiency. Customers failing to sufficiently extract heat before returning water would be subject to temperature differential penalties.

Commissioner Semone James asked questions regarding how customers-controlled temperature differentials and system efficiency. CFO Taylor and GM Peffley explained that customers-controlled heat extraction through building circulation systems and maintenance of heat exchangers. Proper maintenance ensured efficient system operation and prevented unnecessary costs from being shifted to all customers. CFO Taylor reviewed ongoing customer assistance efforts, including Community resource fairs, Public Act 95 assistance, Flexible payment options, levelized billing programs, payment kiosks, and pennies for power assistance programs. He stated that over \$4 million had been secured through community resource fairs and Public Act 95 programs to assist customers with utility bills.

Commissioner David Price provided feedback regarding the upcoming public hearing presentations. He recommended shortening and simplifying the presentation significantly for the public audience. He stated that the public would primarily want to understand the percentage rate increase, the estimated bill impact, a historical comparison, and comparisons with neighboring utilities. CFO Taylor agreed and stated that the public presentation would likely be condensed while still providing essential information.

Return on Equity

CFO Taylor next presented the negotiated Return on Equity agreement with the City of Lansing. He reported that an agreement had been reached between BWL and City management for a 6% return on equity for a two-year period and that it would now be up to the BWL Board and City Council to approve. The agreement also excluded inter-utility sales from the calculation and allowed the City of Lansing to receive 6% of any performance exceeding budget projections. CFO Taylor noted that payment timing adjustments were also included to assist the City with quarterly obligations. A resolution approving the agreement was introduced.

Motion by Commissioner Semone James, **Seconded** by Commissioner Chris Harkins, to forward the Return on Equity Resolution to the full Board for consideration.

Diversity, Equity, and Inclusion Policy Update

Vernon Woodley, Inclusion Manager, presented proposed revisions to the Corporate Diversity, Equity, and Inclusion Policy. Inclusion Manager Woodley explained that the existing policy has been operational since 2008. He outlined eight primary updates included in the revised policy. Updated language and alignment with current organizational priorities. Addition of required scope and purpose statements. Strengthened commitment to inclusion and respect. Alignment with equal opportunity, anti-discrimination, and anti-harassment policies. Increased focus on workforce development and employee advancement. Greater emphasis on community engagement. Establishment of ongoing sustainability and maintenance requirements. Creation of a four-year policy review process to ensure accountability. A resolution was presented to approve the updated policy.

Commissioner Semone James asked questions regarding implementation and accountability measures associated with the revised policy. Inclusion Manager Woodley explained that all new managers entering the organization are required to complete diversity, equity and inclusion foundation for inclusive management training. He stated that the utility currently offers several structured programs, including training for new employees and the Emerging Leaders Program, and additional diversity and inclusion development initiatives. Inclusion Manager Woodley also noted that the organization has implemented tracking measures to ensure all new managers complete required training within six months of assuming their positions. He further explained that the utility is actively tracking participation and engagement metrics related to diversity, equity & inclusion activities and programming.

Commissioner Semone James asked how frequently the Board would receive updates regarding completion of diversity, equity, & inclusion related metrics and initiatives. Chief of Staff Williams explained that DEI updates are included in the Board's monthly highlights and stated that staff would be willing to provide additional updates directly to the Board at any frequency desired by the Board.

Commissioner Semone James then asked whether legal counsel had reviewed the revised policy for compliance with federal and state law. Inclusion Manager Woodley confirmed that the policy underwent legal review prior to executive review and committee consideration. He stated that both internal and external legal counsel reviewed the policy and provided feedback before it advanced through the approval process.

Commissioner Sandra Zerkle referenced prior Board discussions regarding the utility's recognition within the community for its diversity and inclusion efforts. She stated that the revised policy maintained the spirit of the organization's prior commitments while modernizing language and organizational alignment. Commissioner Sandra Zerkle expressed appreciation for the continuation of those efforts.

Commissioner Semone James also acknowledged her appreciation for all the efforts made by the staff. She stated that the political environment surrounding diversity, equity & inclusion initiatives hasn't been positive and expressed appreciation that the Board and staff continued to support diversity, equity, and inclusion efforts and recognized the positive results those programs provide.

Commissioner Semone James also asked how the organization had navigated recent federal-level scrutiny regarding diversity, equity & inclusion programs, noting that some organizations nationally had eliminated DEI initiatives out of concern for losing federal funding or facing regulatory challenges.

Chief of Staff Williams responded that BWL was not directly impacted in that regard. She emphasized that leadership support for diversity, equity, and inclusion culture remained strong throughout the organization and that all current efforts remain fully compliant with applicable laws.

Inclusion Manager Woodley further elaborated that all initiatives undertaken by the utility are reviewed to ensure compliance. He emphasized that the organization's programs are designed to be inclusive of all employees and are intended to benefit the organization and community broadly. He also highlighted several recent initiatives, including the launch of the organization's first Employee Business Resource Group focused on veterans. He explained that although the group centers on veteran-related issues, participation is open to all employees, including non-veteran allies. Inclusion Manager Woodley also announced the launch of a new Diversity Champion Award program intended to recognize employees for contributions to diversity and inclusion efforts both within the utility and throughout the community. He acknowledged the broader political climate surrounding diversity, equity & inclusion discussions nationally but reiterated that the organization's efforts remain lawful, inclusive, and aligned with organizational and community goals.

Motion by Commissioner David Price, **Seconded** by Commissioner Chris Harkins, to forward the Corporate Diversity, Equity, and Inclusion Resolution to the full Board for consideration.

Other

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James, for excused absences for Commissioner Tony Mullen.

Action: Motion Carried.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 7:35 p.m.

Respectfully Submitted,
Sandra Zerkle, Chairperson
Committee of the Whole

FINANCE COMMITTEE
Meeting Minutes
May 7, 2026

Finance Committee: Dale Schrader, Committee Chairperson; Beth Graham, Chris Harkins, David Price; Alternates: Semone James, Tony Mullen.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, on Thursday, May 7, 2026.

Finance Committee Chairperson Dale Schrader called the meeting to order at 7:45 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dale Schrader, Beth Graham, Chris Harkins and David Price; Also Present: Commissioners Semone James, DeSon Leek and Sandra Zerkle.

Absent: Alternate: Tony Mullen

Corporate Secretary LaVella Todd declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Chris Harkins, to approve the Finance Committee Meeting minutes of March 10, 2026.

Action: Motion Carried. The minutes were approved.

YTD Financial Summary

CFO Taylor presented the year-to-date financial summary, reporting that days cash on hand are in a good position at 212 days and that revenue performance for retail and wholesale operations is favorable. He stated that operating spending is within 1% of the budget and that the net income currently exceeds budget projections by approximately \$17 million. CFO Taylor projects ending the fiscal year at least \$10 million above budgeted net income, barring any major unforeseen events.

CFO Taylor explained that the capital improvement budget remains largely unchanged from prior updates. Key factors include turbine overhauls that pushed portions of the capital budget beyond budgeted amounts, delays in battery and solar projects within the new energy category, and steam and water projects that remained close to budget expectations.

CFO Taylor presented positive performance across several financial indicators. The operating ratio remains strong due to favorable revenues and controlled expenses. The debt-to-asset ratio remains an area requiring long-term improvement. Days sales outstanding remain close to the

target at 27, and bad debt performance continues to exceed expectations. Employee count remains at 787 with a budget of 829.

Commissioner Chris Harkins requested additional detail regarding the capital budget exceeding year-to-date projections. CFO Taylor explained that approximately \$36 million in turbine overhauls accounted for the overage. Excluding those unexpected repairs, spending would be largely aligned with budget expectations.

Commissioner Semone James asked what portion of the favorable net income performance was recurring versus one-time, weather-related, or market-driven. CFO Taylor stated that additional analysis would be needed to fully separate those drivers and committed to providing additional information.

Commissioner Semone James also raised questions regarding whether excess net income should be used to reduce future rate pressure, increase reserves, accelerate capital improvements, or reduce debt. CFO Taylor responded that these considerations are incorporated into long-term forecasting and cash planning processes.

Commissioner Semone James asked about major risks affecting the days cash on hand and debt service coverage ratios. CFO Taylor identified unplanned capital expenditures and unforeseen revenue impacts as the largest risks but stated current forecasts remain stable.

FY2027-2032 Budget and Forecast

GM Peffley opened the FY2027 budget discussion by noting that departments were asked to significantly reduce spending requests while still maintaining reliability, operational goals, and strategic priorities. He acknowledged that the process was challenging due to inflationary pressures and ongoing infrastructure needs but stated that departments believe they can continue meeting organizational goals under the proposed budget if spending is carefully managed. He also noted that the organization successfully managed prior budget reductions while still producing surplus income and expressed optimism about future revenue growth.

CFO Taylor then reviewed the organization's strategic accomplishments and how the proposed budget supports long-term priorities. He highlighted ongoing customer and community initiatives, workforce development efforts, diversity and inclusion programs, carbon neutrality planning, and infrastructure reliability improvements. CFO Taylor also emphasized the importance of maintaining strong financial stability, including preserving the organization's credit rating, which helps reduce borrowing costs and reflects strong governance and financial management practices.

He explained that the FY2027 budget continues to support key strategic priorities moving forward, including infrastructure improvements, workforce development, environmental initiatives, and long-term financial sustainability. Particular attention was given to maintaining adequate cash reserves, debt service coverage, and return-on-asset targets. CFO Taylor stated

that the target return on assets for the period is 5.92%, which represents an increase from the prior year as the organization continues refining its long-term financial strategy.

Several major assumptions impacting the budget and forecast were discussed. CFO Taylor reported that the LG battery plant still intends to reach its originally projected 80-megawatt load; however, the timeline has shifted significantly, with full operations now projected for June 2030. He described the continued commitment to the project as positive despite delays and broader disruptions within the electric vehicle industry.

CFO Taylor also discussed the Moltke Ridge Wind Project, explaining that while the project remains a key component of the organization's carbon neutrality strategy, financial assumptions related to the project were conservatively removed from the forecast due to ongoing challenges involving transmission capacity, upgrade costs, and regulatory considerations. He stressed that the project is still actively being pursued.

Additional discussion focused on the CTG-1 turbine unit. Following significant recent overhaul expenses for CTG-2 and CTG-3, management stated that they intend to delay major work on CTG-1 until the performance of the recently repaired units can be evaluated. The organization is taking a cautious approach before committing to additional large capital expenditures.

CFO Taylor also addressed General Motors' stated intention to discontinue steam service by December 2027 in favor of self-generation. Leadership explained that discussions with GM remain ongoing and that the organization hopes to transition the customer to hot water service instead. He described the negotiations as ongoing and indicated that the customer's long-term carbon neutrality goals may ultimately favor partnership with the utility.

Sales forecasts were then reviewed across all utilities. Electric sales are expected to increase over time due to industrial growth, electrification trends, electric vehicle adoption, and renewable energy expansion. Water sales are projected to remain relatively stable with modest growth connected indirectly to industrial demand. Steam and hot water sales are expected to decline due to the potential loss of General Motors steam service, customer disconnections, and greater system efficiency associated with hot water conversion projects. Chilled water sales are projected to remain stable.

CFO Taylor also reviewed several renewable energy investments included in the organization's long-term planning efforts. White Tail Solar was highlighted as a recently launched project and an important component of the organization's carbon neutrality goals. Additional renewable projects, including solar and wind initiatives, remain under development as part of the broader energy transition strategy.

The proposed operating budget was also discussed in greater detail. Labor and benefits continue to represent the largest share of operating expenses. CFO Taylor noted that purchased power costs are projected to decline due to operational changes at Belle River, while fuel costs are expected to rise with the continued operation of Delta Energy Park. Outside services, including

information technology licensing, energy optimization programs, and tree trimming services, also remain major budget components.

Commissioner Chris Harkins asked questions regarding the organization's target rate of return and how those targets may evolve over time. CFO Taylor explained that previous return targets were considered unrealistic and difficult to achieve, prompting leadership several years ago to establish more attainable and sustainable financial goals. Now that the organization is approaching those revised targets, leadership believes future refinements may include utility-specific return targets and varying targets across future fiscal years. CFO Taylor paused his portion of the FY2027-2032 Budget and Forecast presentation for Director of Internal Audit Elisha Franco and Corporate Secretary LaVella Todd to present their respective departmental FY2027-2032 Budget and Forecast.

FY2027-2032 Department of Internal Audit Budget and Forecast

Director of Internal Audit Elisha Franco presented the budget and forecast for the Department of Internal Audit, and explained that the proposed budget remains largely consistent with prior forecasts and includes staffing costs, operating supplies, consulting services, and support for annual risk assessments. She also plans to conduct an internal quality assessment in accordance with professional auditing standards.

Commissioner Semone James asked about audit priorities for FY2027, and DIA Elisha Franco explained that the risk assessment process is currently underway. Final audit priorities and the formal audit work plan are expected to be presented to the Board in July.

Commissioner Sandra Zerkle questioned whether the labor numbers in the FY2027 budget included benefits. CFO Taylor explained that the labor number only includes salary and PTO or Sick Time; it does not include health benefits.

FY2027-2032 Department of Corporate Secretary Budget and Forecast

Corporate Secretary LaVella J Todd then presented the operating budget and forecast for the Office of Corporate Secretary and the Office of the Board of Commissioners for fiscal years 2027-2032. CS Todd reviewed budget categories, including travel and conference expenses, training, office supplies, governance memberships, and professional development. She explained that travel and conference expenses include participation in the Society of Corporate Governance and related professional organizations. Training allocations also included continuing education opportunities for both the Corporate Secretary and the department's Administrative Assistant. CS Todd then reviewed the Board of Commissioners budget categories, including meeting materials, office supplies, travel, outside services, professional photography fees, and annual document storage expenses. She specifically highlighted the inclusion of a \$35,000 placeholder allocation for a future document storage system upgrade to replace Smartsheet. She explained that the placeholder was included to ensure funds would be available once the replacement process moved forward.

Commissioner Semone James asked whether the Smartsheet replacement project was being coordinated with Information Technology and how the \$35,000 estimate had been determined. AGM Shawa responded that the estimate was based on preliminary research conducted by the Chief Information Officer, Vern Myers, utilizing benchmarking data from Gartner. It was explained that the amount represented a conservative, high-end estimate for first-year implementation costs, with future annual maintenance costs expected as well. She further clarified that an RFI process was being prepared to evaluate potential replacement systems.

Commissioner Semone James raised questions regarding governance training expenses and whether future compliance requirements associated with the City Charter would create additional costs. CS Todd stated that the proposed budget was intended to accommodate future governance and compliance training opportunities for commissioners. She noted that some trainings may carry fees depending on the delivery method, while others could potentially be conducted internally at little or no additional cost.

FY2027-2032 Budget and Forecast (Continued)

CFO Taylor resumed presentation of the six-year budget forecast and reviewed projected revenue growth across utility operations. CFO Taylor explained that electric, water, and chilled water revenues were expected to increase steadily over the forecast period, while steam and hot water revenues were projected to decline as the steam-to-hot-water conversion project progresses and system efficiencies improve. He reviewed projected return-on-equity payments to the City of Lansing and noted that forecasts assumed continuation of the current agreement throughout the six-year period. He also discussed projected net income growth, which is expected to increase significantly as utilities approach their target return levels.

Commissioner Chris Harkins asked what factors were driving increases in “other operating expenses.” CFO Taylor explained that inflation was the primary driver, along with environmental spending associated with remediation projects and compliance activities. He noted that while the forecast utilized a 2.3% core Consumer Price Index assumption in some areas, more specific inflation assumptions were applied where better data existed, including healthcare costs and utility construction inflation.

Commissioner Semone James further asked whether stress testing had been performed using higher inflation assumptions or increased capital costs. CFO Taylor stated that modest stress testing had been conducted to evaluate different levels of capital spending and their impacts on cash flow, although he did not have specific alternative inflation scenarios immediately available.

CFO Taylor then reviewed the organization’s return-on-assets target, explaining that the target had increased to 5.92% primarily due to the significantly higher inflation experienced in utility infrastructure construction and replacement costs. He explained that the utility now utilizes the Handy-Whitman Index, which tracks utility construction inflation, rather than relying solely on general inflation metrics. According to CFO Taylor, the revised target, once reached, would generate approximately \$25 million annually for infrastructure reinvestment, which is necessary to sustain the utility’s approximately \$2 billion in infrastructure assets. CFO Taylor emphasized

that despite lower-than-target returns currently appearing in red on financial projections, the utility is making steady progress toward the target and long-term financial goals. CFO Taylor explained that the steam-to-hot-water conversion project temporarily suppresses returns because both systems must operate simultaneously during conversion while steam assets continue depreciating until removed from service.

CFO Taylor also highlighted organizational efforts to reduce forecasted spending by approximately \$7 million annually in order to support lower rate increases while still improving returns. Examples included lower-than-expected tree trimming costs, healthcare restructuring savings, pension funding adjustments, improved bad debt projections, and refined operating cost estimates for new facilities. He noted that employees throughout the organization contributed cost-saving ideas regardless of department size.

CFO Taylor stated that electric rate increases were forecasted at approximately 2.3%, while water rates would require larger future adjustments because current rates remain further below cost of service. He emphasized that rates presented within the budget and forecast were not formal rate approvals and would still require separate public rate hearings.

Commissioner Chris Harkins complimented CFO Taylor's presentation and asked why management chose to maintain lower water rate increases in the early years despite larger projected increases later. CFO Taylor responded that the strategy was intended in part to reduce near-term rate pressure on customers.

Commissioner Dale Schrader commented that understanding return on assets was initially difficult from a traditional business perspective but acknowledged its importance for utilities due to ongoing infrastructure replacement needs. He also asked why employee counts remained relatively flat throughout the forecast period. GM Peffley responded that technological advancements and artificial intelligence are expected to create efficiencies in some areas of the organization, although staffing needs may still grow in operational areas such as water and transmission and distribution.

CFO Taylor concluded the budget presentation by reviewing capital improvement projects, including renewable energy investments, the steam-to-hot-water conversion, substation upgrades, SAP system replacement planning, and ongoing infrastructure replacement programs. He explained that proactive infrastructure replacement is significantly more cost-effective than reactive emergency replacement after failures occur.

Following the completion of the presentation, a resolution was presented to be sent to the full board for approval.

Motion by Commissioner David Price, **Seconded** by Commissioner Chris Harkins, to forward the FY2027-2032 Budget and Forecast Resolution to the full Board for consideration.

Before moving to the next agenda item, CFO Taylor requested recognition of employees who contributed to the rates and budget presentations. Staff members involved in the preparation of the presentations stood and were acknowledged and thanked by the committee.

FY2026 Billing Audit Results

Director of Internal Audit Elisha Franco presented the Fiscal Year 2026 Billing Audit Results. DIA Franco thanked members of the Customer Experience Department, AMI management, and supporting staff for their assistance throughout the audit process. DIA Franco explained that the audit evaluated the effectiveness and accuracy of the billing process, with particular focus on Advanced Meter Infrastructure (AMI), commonly referred to as smart meters. The audit reviewed billing execution, exception management, rate accuracy, billing cycles, adjustments, customer communications, and meter data validation for both AMI and non-AMI customers. Ms. Franco clarified that audit sampling utilized a “haphazard” methodology, explaining that the term is an internal auditing term meaning random customer selection rather than a negative characterization of the process. The audit reviewed whether bills were calculated correctly based on customer assignment, service type, and billing cycles.

Audit findings included one medium-risk issue involving incorrect smart meter opt-out fees for water-only customers due to an error in finalized rules and regulations. DIA Franco stated that 12 customers were affected and were charged \$15 rather than the intended \$30 fee. One low-risk finding involved a customer being charged the incorrect fee due to a system configuration issue, which has since been corrected.

DIA Franco also outlined several process improvement recommendations, including formalizing performance metrics for billing inquiries and dispute resolution, implementing recurring reviews of billing exception thresholds, formalizing complaint investigation procedures, and strengthening vendor oversight through SOC 1 and SOC 2 report reviews. The overall audit opinion was classified as “sufficient,” meaning controls were generally effective with limited risk exposure and no critical or high-risk findings identified.

Commissioner David Price commented that the audit results were reassuring, particularly given prior public concerns and social media claims regarding smart meter accuracy and health concerns. Ms. Franco confirmed that the billing data and meter functionality appeared accurate based on the audit work performed.

Internal Audit Status Report

Director of Internal Audit Elisha Franco then presented the Internal Audit Status Report and departmental updates. She reviewed the status of ongoing audits, including billing, environmental compliance, and information technology audits. She reported that the IT audit procedures had been completed and discussed audit hours budgeted versus actual hours utilized. DIA Franco also reviewed the status of open corrective actions from prior audits, noting that several items remain open but are progressing on schedule. She discussed upcoming Fiscal Year 2027 risk assessments and work plan development, explaining that management surveys were

underway and that commissioners may also be consulted regarding perceived organizational risks.

Additional updates included new board-level guidance principles issued under the COSO internal control framework, plans for more frequent internal audit communications through monthly “newsletter-style” updates, and the upcoming start date for the department’s intern. DIA Franco also announced that she had been elected Senior Vice President of the Lansing Chapter of the Institute of Internal Auditors for a two-year term. She noted that May 2026 had officially been proclaimed Internal Audit Awareness Month by Governor Gretchen Whitmer, which she described as a significant recognition for the profession.

Commissioner Semone James asked whether the future Smartsheet replacement dashboard would include tracking for audit findings, due dates, and outstanding items. DIA Franco confirmed that the plan was to include those tracking capabilities within the system.

Other

No other business.

Adjourn

Chairperson Dale Schrader adjourned the meeting at 9:08 p.m.

Respectfully submitted,
Dale Schrader, Chairperson
Finance Committee

Human Resources Chairperson Tony Mullen presented the Human Resources Meeting Report:

HUMAN RESOURCES COMMITTEE
Meeting Minutes
May 12, 2026

Human Resources Committee: Tony Mullen, Committee Chairperson; Commissioners Semone James, DeShon Leek and Sandra Zerkle; Alternates: David Price, Chris Harkins

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, May 12, 2026.

Vice Chairperson Sandra Zerkle called the meeting to order at 5:05 p.m. and asked the Corporate Secretary to call the roll.

The following members were present: Commissioners Semone James, DeShon Leek, and Sandra Zerkle; also present: Commissioner Dale Schrader.

Absent: Alternates: Commissioners David Price and Chris Harkins.

(HR Committee Chairperson Tony Mullen arrived at 5:24 p.m.)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Semone James, to approve the HR Committee meeting minutes of March 17, 2026.

Action: Motion Carried.

FY2026 Board Appointee Performance Reviews

General Manager

General Manager Richard R. Peffley requested to go into Closed Session for the purpose of receiving his contractual year-end performance evaluation as permitted by Open Meetings Act exemption MCL 15.268(a). He also requested Chief Human Resources Officer Michael Flowers join him in closed session.

Motion by Commissioner Sandra Zerkle; **Seconded** by Commissioner Semone James, to go into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard R. Peffley. Commissioners Semone James, DeShon Leek, Tony Mullen, Dale Schrader and Sandra Zerkle were present.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek and Sandra Zerkle

Nays: None.

Action: Motion Carried.

Human Resources Committee went into closed session at 5:08 p.m.

Each Board Member who was physically present had a chance to provide General Manager Richard R. Peffley with comments and or questions related to the final evaluation document/process. Commissioners were given as much time as they needed to make any comments or ask questions of Mr. Peffley.

Motion by Commissioner Sandra Zerkle; **Seconded** by Commissioner Tony Mullen, to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.

Nays: None.

Action: Motion Carried

The Human Resources Committee reconvened to open session at 6:14 p.m.

Motion by Commissioner Semone James; **Seconded** by Commissioner Sandra Zerkle, to forward the resolution reappointing Richard R. Peffley to the Charter position of General Manager for FY2027 to the full Board for consideration.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Internal Auditor

Internal Auditor Elisha Franco requested to go into Closed Session for the purpose of receiving her contractual year-end performance evaluation as permitted by Open Meetings Act exemption MCL 15.268(a). She also requested Chief Human Resources Officer Michael Flowers join her in closed session.

Motion by Commissioner Sandra Zerkle; **Seconded** by Commissioner DeShon Leek, to go into closed session to discuss the contractual year-end performance evaluation of Internal Auditor Elisha Franco. Commissioners Semone James, DeShon Leek, Tony Mullen, Dale Scramer and Sandra Zerkle were present.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle

Nays: None.

Action: Motion Carried.

Human Resources Committee went into closed session at 6:15 p.m.

Each Board Member who was physically present had a chance to provide Internal Auditor Elisha Franco with comments and or questions related to the final evaluation document/process. Commissioners were given as much time as they needed to make any comments or ask questions of Ms. Franco.

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Semone James to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.

Nays: None.

Action: Motion Carried

The Human Resources Committee reconvened to open session at 6:40 p.m.

Motion by Commissioner Semone James; **Seconded** by Commissioner DeShon Leek, to forward the resolution reappointing Elisha Franco to the Charter position of Internal Auditor for FY2027 to the full Board for consideration.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Corporate Secretary

Corporate Secretary LaVella J. Todd requested to go into Closed Session for the purpose of receiving her contractual year-end performance evaluation as permitted by Open Meetings Act exemption MCL 15.268(a). She also requested Chief Human Resources Officer Michael Flowers join her in closed session.

Motion by Commissioner Semone James; **Seconded** by Commissioner Sandra Zerkle, to go into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary LaVella J. Todd. Commissioners Semone James, DeShon Leek, Tony Mullen, Dale Scramer and Sandra Zerkle were present.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Sandra Zerkle

Nays: None.

Action: Motion Carried.

Human Resources Committee went into closed session at 6:41 p.m.

Each Board Member who was physically present had a chance to provide Corporate Secretary LaVella J. Todd with comments and or questions related to the final evaluation document/process. Commissioners were given as much time as they needed to make any comments or ask questions of Ms. Todd.

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Sanra Zerkle to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

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

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Semone James, to forward the resolution reappointing LaVella J. Todd to the Charter position of Corporate Secretary for FY2027 to the full Board for consideration.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Other

No other business.

Adjourn

HR Chairperson Tony Mullen adjourned the meeting at 7:07 p.m.

Respectfully Submitted,
Tony Mullen, Chairperson
Human Resources Committee

RESOLUTION 2026-05-XX

Return on Equity (ROE) Renewal Amendment No. 9

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 eight Amendments thereto in 2001, 2012, 2013, 2018, 2020, 2022, 2024, and 2025, respectively; and

WHEREAS, the City of Lansing and the Board of Water & Light agree that the recommended amendment to the Agreement and the payment provided for therein represents a mutual balancing of the financial burden of the payment on the Board of Water & Light's ratepayers, the financial burden of the use of services and property on the City of Lansing or its taxpayers, and of the shared services and infrastructure between the Board of Water & Light and the City of Lansing; and

WHEREAS, the Board of Commissioners Committee of the Whole (COW) considered the City of Lansing's request on May 7, 2026; and

WHEREAS, the General Manager recommended the Agreement be amended and extended for 2 years at a rate of 6% of total budgeted Board operating revenues, excluding inter-utility sales, as is in effect at the start of each respective fiscal year. 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, 2026, and will be memorialized as Amendment No. 9; and

WHEREAS, the COW has considered the proposed Amendment No. 9, 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 19, 2026 Board meeting.

THEREFORE, be it:

RESOLVED, the proposed Amendment No. 9 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 19, 2026.

Action: _____.

RESOLUTION 2026-05-XX
Corporate Diversity, Equity & Inclusion Policy

WHEREAS, the Board of Commissioners (“Board”) adopted a Corporate Inclusion, Equity and Diversity Policy (“Policy”) on March 28, 2008, which superseded the previously adopted Corporate Diversity Policy effective April 23, 2002; and

WHEREAS, BWL staff has conducted a review of the Policy and determined revision to the Policy would enhance understanding and compliance with the policy, and strengthen alignment with BWL’s vision, values and strategic priorities; and

WHEREAS, the Policy title was changed to Corporate Diversity, Equity & Inclusion Policy to be consistent with current standards;

THEREFORE, it is:

RESOLVED, that the Board adopts and approves the revised Corporate Diversity, Equity & Inclusion Policy effective May 19, 2026, as presented.

FURTHER RESOLVED, that the Corporate Inclusion, Equity and Diversity Policy, effective March 28, 2008, is superseded as of May 19, 2026.

Motion by Commissioner _____, **Seconded** by Commissioner _____ to adopt the revised Corporate Diversity, Equity & Inclusion Policy at a Board meeting held on May 19, 2026.

Action: _____.

RESOLUTION 2026-05-XX
Fiscal Year 2027-2032 Budget and Forecast

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2027 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2028-2032 is hereby accepted as presented; and

FURTHER RESOLVED, that the Corporate Secretary be directed to make the appropriate filings with the Lansing City Clerk's office in accordance with the Lansing City Charter regarding the above actions.

Staff Comments:

Staff recommends an operating and maintenance budget of \$425.8M and a capital budget of \$113.1M for Fiscal Year 2027.

The Operating and Capital Budget and Forecast for Fiscal Years 2027-2032 includes forecasted rate increases. The forecasted rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 19, 2026 board meeting.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for the Fiscal Year 2027-2032 Budget and Forecast at a Board meeting held on
Action: _____.

RESOLUTION 2026-05-XX

Appointment of the Charter Position of Director and General Manager

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

RESOLVED, that the Board of Commissioners hereby appoints the following individual to the Charter position of General Manager for fiscal year 2026-2027 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, that the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for fiscal year 2026’s performance.

Motion by Commissioner _____, **Seconded** by Commissioner _____ to approve the reappointment of the Charter Position of Director and General Manager for Fiscal Year 2026-2027 at a Board Meeting held on _____.

Roll Call Vote:

Yeas:

Nays:

Action:

RESOLUTION 2026-05-XX

Appointment of the Charter Position of Internal Auditor

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

RESOLVED, that the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2026-2027 or until a successor is appointed, whichever last occurs:

Elisha Franco, Internal Auditor

FURTHER RESOLVED, that the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for fiscal year 2026’s performance.

Motion by Commissioner _____ **Seconded** by Commissioner _____,
to approve the reappointment of the Internal Auditor for Fiscal Year 2026-2027 at a Board Meeting held on _____.

Roll Call Vote:

Yeas:

Nays:

Action:

RESOLUTION 2026-05-XX

Appointment of the Charter Position of Corporate Secretary

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

RESOLVED, that the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary for fiscal year 2026-2027 or until a successor is appointed, whichever last occurs:

LaVella J. Todd, Corporate Secretary

FURTHER RESOLVED, that the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2026’s performance.

Motion by Commissioner _____ **Seconded** by Commissioner _____, to approve the reappointment of the Corporate Secretary for Fiscal Year 2026-2027 at a Board Meeting held on _____.

Roll Call Vote:

Yeas:

Nays:

Action:

RESOLUTION OF LANSING BOARD OF WATER & LIGHT
IN RECOGNITION OF FIFTY YEARS OF SERVICE BY RICHARD R. PEFFLEY

WHEREAS, Richard “Dick” Peffley has served the Lansing Board of Water & Light (BWL) with exceptional dedication and commitment for half a century,

WHEREAS, Dick Peffley started his career at BWL in 1978 as a Temporary Laborer in General Maintenance Department and was promoted through the following positions over his career: Laborer Advanced, Electronics Technician, General Supervisor of Operations, Plant Manager, Manager of Electric and Steam Production, Director of Production, Executive Director of Operations and Executive Director of Water Operations and Special Projects;

WHEREAS, Dick Peffley served as the Interim General Manager in 2006 for approximately one year during the job search for the position. Declining the permanent General Manager offer, he returned to the Director of Production along with being the Interim Director of Operations. He stepped in for a 2nd time as the Interim General Manager in 2015 and 8 months later accepted the permanent position, which he holds at 50 years of service;

WHEREAS, Dick Peffley’s vision and leadership has achieved significant success and growth for the Hometown People Hometown Power utility, and included among his many accomplishments are the following:

- Project manager for the \$23 million repair and refurbishment of the Wise Road Water Conditioning Plant following a chemical accident in 2011;
- Project manager for the \$20 million Chilled Water Plant, which came in on time and on budget in 2009, named after his father, BWL retiree, Roy E. Peffley;
- Project manager for the \$182 million natural gas-fired REO Cogeneration Plant and Headquarters which came in on time and on budget in 2013;
- Led the Water Production and Distribution Departments’ efforts to produce and distribute record-breaking one billion gallons of water in a single month to customers during the heat wave in July 2013;
- Oversaw the completion to remove all lead water service lines in the BWL service territory in 2016, the second utility in the country to do so;
- Oversaw the development and construction of the \$500 million natural gas-fired Delta Energy Park in 2019;
- Successfully renegotiated a coal contract which resulted in \$52 million of savings over two years in 2021;
- Oversaw contract negotiations between General Motors and Ultium in 2022 to provide power for a new battery cell manufacturing plant, a transformational \$2.6 billion investment that will support electric vehicle production in Lansing for the next generation;

WHEREAS, Dick Peffley’s leadership has led the Lansing Board of Water & Light to significant growth and has shaped the company into the *Utility of Today, Transforming Tomorrow*.

WHEREAS, Dick Peffley’s leadership and contribution to Lansing Board of Water & Light have translated to the Greater Lansing Area, ensuring the residents of Lansing Area benefit from reliable and affordable public power.

WHEREAS, Dick Peffley’s 50-years of service to Lansing Board of Water & Light is an extraordinary milestone, reflecting loyalty and dedication to our Hometown utility and its future and the Lansing Board of Water & Light Board of Commissioners wish to recognize and thank Dick Peffley for his many contributions to the company.

RESOLVED, that The Board of Commissioners of Lansing Board of Water & Light hereby extends its deepest appreciation to Richard “Dick” Peffley for 50 years of distinguished service to Lansing Board of Water & Light.

On Behalf of Lansing Board of Water & Light

Board of Commissioners

David Price, Chairperson

May 19, 2026

RESOLUTION 2026-XX—XX

Delegation of Authority to Respond to Web Submission on Behalf of the Board of Commissioners

WHEREAS, the Board of Commissioners received a web submittal from an employee of the Lansing Board of Water & Light on April 30, 2026, and it is appropriate that the Board respond to the submittal directly as opposed to referring the matter to Management;

WHEREAS, at a regular meeting of the Board on May 19, 2026, the Board considered the matter, including a memorandum from counsel, and concluded it is both prudent and efficient to delegate to the Chairperson the authority to respond to the web submission.

Therefore, it is:

RESOLVED, that the Chairperson is delegated authority to make a written response to the web submission on behalf of the Board of Commissioners, and

FURTHER RESOLVED, that the Chairperson is delegated authority to, with the advice of counsel, respond to any additional correspondence from the employee addressing the same or related issues presented by the April 30, 2026 web submittal.

Motion by Commissioner _____, Seconded by Commissioner _____ to approve the Resolution for Delegation of Authority to Respond to Web Submission on Behalf of the Board of Commissioners at a Board Meeting held on May 19, 2026.

Action: