



**BOARD OF WATER AND LIGHT  
REO Town Depot  
1201 S. Washington Ave., Lansing, Michigan  
January 22, 2019 - 5:30 p.m.  
BOARD MEETING AGENDA**

**1. Roll Call**

**2. Pledge of Allegiance**

**3. Approval of Minutes**

- a. Regular Board Meeting Minutes of November 13, 2018

**4. Public Comment**

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

**5. Communications**

- a. Electronic Mail from Dennis Muchmore re: The RFP Process
- b. (2) Electronic Mailings from Melinda Hollembaek re: A Street Light Situation
- c. Electronic Mail from Ahnalee Brincks re: The placement of a Light pole
- d. Thank You Card from Ron Byrnes, BWL Business Manager

**6. Committee Reports**

- a. Committee of the Whole (January 8, 2019) – Sandra Zerkle, Chair
- b. Finance Committee Meeting (January 8, 2019) – Ken Ross, Chair

**7. Manager's Recommendations**

**8. Unfinished Business**

**9. New Business**

**10. Resolutions/Action Items**

- a. Amendment to Board of Commissioners Governance Policy - Resolution

**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 agenda subject. Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment.*

**15. Adjournment**



## MINUTES OF THE BOARD OF COMMISSIONERS MEETING

### LANSING BOARD OF WATER AND LIGHT

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**November 13, 2018**

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The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, November 13, 2018.

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

Present: Commissioners David Price, Beth Graham, Anthony McCloud, Anthony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Dion'trae Hayes (Lansing Charter Township), Douglas Jester (East Lansing), William Long (Delta Township).

Absent: None

The Corporate Secretary declared a quorum.

Commissioner Thomas led the Pledge of Allegiance.

#### APPROVAL OF MINUTES

**Motion** by Commissioner Ross, Seconded by Commissioner Zerkle, to approve the Regular Board Meeting minutes of September 25, 2018.

**Action:** Motion Carried

#### SPECIAL PRESENTATION

General Manager Peffley introduced Bernie Porn who gave an update on the Epic MRA Employee Survey Results. As employee survey was conducted in 2015 from which positive results were received, BWL contracted with MRA to conduct another survey in 2018. A comparison of the responses from 2015 and 2018 was done. There were responses from 378 out of 701 employees and overall the ratings were more positive.

Commissioner Ross requested a copy of the results be sent to the Commissioners. He also asked if the survey of the employees was voluntary and anonymous and whether open ended questions were asked. Mr. Porn responded that surveys were voluntary and anonymous and there were open ended questions.

GM Peffley commented that the next steps will be presenting the slides to all departments and addressing the responses. He thanked Mr. Porn for all the work he did.

Commissioner Zerkle asked why employees would not know what the competitive rates are compared to the other rates in the community as the information has been provided by public media. GM Peffley responded that rates are reviewed in safety meetings and he is unsure why employees would not know but will follow up with additional communications.

Commissioner Long asked how the BWL compared with other companies in the survey response rate. Mr. Porn responded that a majority of the employees responded and that is very high as that seldom occurs in an organization. Commissioner Long also asked to what is the low percentage attributed and whether Mr. Porn thought that those who didn't respond were satisfied or not satisfied. Mr. Porn responded that the percentages obtained in the results would probably be similar as the responses are random.

Commissioner Price thanked GM Peffley and Mr. Porn for the survey and stated that it is important for the Board to know how the employees feel about their employment at the BWL, their working environment and what the employees think can be improved.

#### **PUBLIC COMMENTS**

None.

#### **COMMUNICATIONS**

Electronic Mail received from: [shadoww0lf@protonmail.com](mailto:shadoww0lf@protonmail.com) regarding One Touch Make Ready Policy - *Referred to Management. Received and Placed on File*

#### **COMMITTEE REPORTS**

##### **COMMITTEE OF THE WHOLE**

##### **Meeting Minutes**

**November 6, 2018**

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, at 5:30 p.m. on Tuesday, November 6, 2018.

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

Present: Commissioners Sandra Zerkle, Beth Graham, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Non-Voting Member: William Long (Delta Township), and Douglas Jester (East Lansing)

Absent: Commissioner Anthony McCloud and Non-Voting Member Dion'trae Hayes (Lansing Township)

The Corporate Secretary declared a quorum.

#### **Public Comments**

None.

#### **Other**

A special presentation was made by General Manager Dick Peffley to Amy and Trevor Feinberg, participants and first place winners in Halloween in Old Town at Preuss Pets, who dressed up their greyhound as the Eckert Station with smokestacks and Hometown Power Dog slogan.

#### **Approval of Minutes**

**Motion** by Commissioner Graham, **Seconded** by Commissioner Mullen, to approve the Committee of the Whole meeting minutes of September 18, 2018.

**Action:** Motion Carried.

### **2019 Regular Board Meeting Schedule Resolution**

Committee of the Whole Chair Zerkle presented a proposed Resolution setting the BWL Board of Commissioners 2019 Regular Board Meeting Dates as directed by Section 1.1.2 of the BWL's Rules of Procedure.

**Motion** by Commissioner Thomas, Seconded by Commissioner Graham, to approve the 2019 Regular Board Meeting Dates Resolution.

**Action:** Motion Carried

### **Michigan Public Power Agency (MPPA) Commissioner Appointment Resolution**

General Manager Peffley stated that the presented Resolution is naming James Mitchell as BWL's First Alternate MPPA Commissioner to replace Bradley Stoecker who resigned his position with the BWL effective October 1, 2018 and asked that the Resolution be forwarded to the full Board for consideration.

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas to forward the proposed MPPA Commissioner Appointment Resolution to the full Board for consideration.

**Action:** Motion Carried

### **Pole Attachment**

General Manager Peffley provided information on the pole attachment process and highlighted the following items:

- BWL has roughly 32,000 distribution poles in our service territory, 42 contracting companies attaching to BWL poles in the BWL service territory, and over 130,000 third party contacts to our poles.
- BWL has revenues of \$582,982.28 for third party attachments and since January 1, 2018 BWL has received \$70,323 in application fees from joint party attachments.
- BWL currently receives \$7.30 per pole attachment on an annual basis. There is little expense to the BWL to attach to the poles and BWL encourages pole attachment.
- Since January 2018, 1600 new attachments on poles have been processed and as part of the BWL double pole elimination program since May 2018, BWL has 50 poles and counting ready to be pulled over the winter/spring.
- BWL currently has over 80 EPRS (Emergency Pole Replacement Slips) processing.
- Attachers sign agreements to use the poles and current pole attachers are notified if adjustments need to be made. Agreeable attachments do not always occur.
- BWL would like to amend the agreements with the 42 contracting companies and claim the right to move the attachments if the companies do not agree to move.
- Both Michigan and BWL are exempt from the recent FCC One Touch Make Ready order.

Commissioner Price asked if a new attacher requests attachment to a pole who notifies the other attachers and what authority does the BWL have to move the attachers to make room for the new attacher. GM Peffley stated that the new attacher notices the other attachers and that the BWL has no authority to move the attachers with which new contracts haven't been renegotiated. BWL can move the attachers that don't meet current specifications.

Commissioner Ross asked whether or not this would result in an amendment to the rate schedule, whether rate payers would be subsidizing this service, and whether data was available regarding whether this service

would be provided in-house or with an outside partner. GM Peffley stated that the pole attachments would be revenue neutral to BWL customers and rules and regulations would not need to be addressed as \$7.30 per year per pole has been established. GM Peffley also stated the service would be provided in-house unless it would be more proficient to hire a crew. Commissioner Ross inquired if there was a separate charge for attachment besides the current rate structure of \$7.30 per pole. GM responded that a second charge was a back charge for the labor to make the pole ready and the new attacher is responsible for paying that charge.

Commissioner Zerkle asked if there was a deadline for a company going out of business to remove their pole attachment. Ricky Thornton, Technical Systems Analyst for Customer Projects and Developments, responded that some deadlines are in place, and that arrangements are made to take the necessary attachments down. Commissioner Thomas inquired about the pole attachment process during the recent ice storm. GM Peffley responded that restoring electricity was the main concern during the ice storm.

#### **Easement Grant to Consumers Energy Resolution**

General Manager Peffley introduced General Counsel Brandie Ekren, who provided information on the grant request for an easement to Consumers Energy Company to allow construction of gas lines and pipelines along Canal Road to serve the new BWL combined cycle plant. The said easement grant request will be effective upon Lansing City Council's approval.

Commissioner Mullen asked if gas was going to be purchased from Consumers Energy. GM Peffley responded that Consumers Energy owns the pipeline and will receive a fee for the pipeline. Gas can be provided by BWL or purchased from Consumers Energy.

Commissioner Ross asked for a description of the location for the pipeline. GM responded that the easement is for property on Erickson. George Stojic, Executive Director of Planning and Development responded that a new city gate is being constructed and hits the service territory extending from Saginaw Hwy west of 96, south to General Motors property to Mt. Hope Street to the east and to Canal Street.

**Motion** by Commissioner Price, **Seconded** by Commissioner Thomas to forward the proposed Easement Grant to Consumers Energy Resolution to the full Board for consideration.

**Action:** Motion Carried.

#### **Enterprise Risk Management Update**

GM Peffley introduced George Stojic who stated that two projects were underway, the Enterprise Risk Management Strategy and Asset Management. Mr. Stojic introduced Brandie Ekren, General Counsel for the Board of Water and Light, who spoke about Enterprise Risk Management Strategy 5, Objective 4 from the Strategic Plan which was approved in 2016. Ms. Ekren stated that program basics were a structured, consistent, and continuous process across an organization for identifying, assessing and deciding on responses to and reporting on opportunities and threats that affect the achievement of the organization's objectives. Ms. Ekren highlighted the summary tasks of quality assurance, engagement, and responsibility and accountability. Ms. Ekren proposed an ERM program as a 2020 milestone goal, to be approved in March 2019, that will include risk management coordinated across business areas, management performance and analysis tools, monitoring, strategy setting and scenario planning, and reporting responsibility.

# Enterprise Risk Management

LANSING BOARD OF WATER & LIGHT

Committee of the Whole Update  
November 6, 2018

## LBWL Strategic Plan 2016-2020

### Strategy 5, Objective 4:

Pursing excellence by creating a workplace environment that seeks to enhance current practices with the intention of adding value, making improvements, and increased efficiency

### Summary Tasks:

1. Quality Assurance
2. Engagement
3. Responsibility & Accountability

## Task 5.4C:

Assign responsibility and accountability to employees utilizing a system to analyze and measure the process in terms of risk to assets, safety and customers.

### "Enterprise Risk Management"

## Program Development- Enterprise Risk Management - Basics

A structured, consistent, and continuous process across an organization for identifying, assessing and deciding on responses to and reporting on opportunities and threats that affect the achievement of the organization's objectives (*Institute of Internal Auditors*)

Involves:

- ❖ **risk governance**, including strategic decision making and risk oversight;
- ❖ **risk infrastructure and management**, including designing, implementing and maintaining an effective risk program – led by executive management; and
- ❖ **risk ownership**, or the identifying, measuring, monitoring, and reporting of specific risks, led by the business units.

## Enterprise Risk Management - Benefits

- > Expectations and objectives **communicated and understood** across the organization – everyone moving towards achievement of common objectives
- > Standardize business processes and **collaborate** efforts to **integrate**
- > Clear **understanding** of key business **risks**, associated risk management approaches, and levels of effectiveness
- > Risk management mindset used within decision making processes at all levels and functions in the organization – **enhanced decision making**
- > Increased operational **efficiencies** and stakeholder **value**
- > **Coordination** of an integrated response to **compliance** requirements

## Task 5.4C

Assign responsibility and accountability to employees utilizing a system to analyze and measure the process in terms of risk to assets, safety and customers.

## 2020 MILESTONE GOAL

Establish and Implement a Comprehensive Enterprise Risk Management Program

**Balanced, Intelligent & Integrated**

## Program Development- Enterprise Risk Management - Balanced and Intelligent

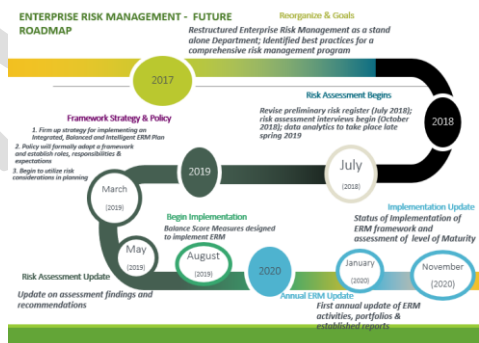
The objective is to progress along a continuum to balance risk management with organizational flexibility and adaptability to meet shareholder, customer and industry demands

The Risk Intelligence Maturity Model: Evaluate risk management capabilities



## ENTERPRISE RISK MANAGEMENT - JOURNEY TO DATE

1. Restructured Department
2. Stakeholder Analysis
3. Revised Risk Register
4. Begun Enterprise Risk Assessment – Data collection stage
5. Increase support and collaboration: Asset Management, New Plant project, Motor Vehicle, etc.



Commissioner Zerkle asked what part the Internal Auditor plays in risk management. Ms. Ekren responded that the Internal Auditor may provide information.

Commissioner Ross asked whether BWL had an outside consultant that is familiar with complex organizations and utility space for the infrastructure. Ms. Ekren responded that BWL's outside consultant is Marsh Consulting and they have helped with setting up the risk assessment and finding out what other utilities are doing. Commissioner Ross commented that having someone accountable for identified risk is critically important and welcomed Ms. Ekren to speak again to the Commissioners about the infrastructure of the Enterprise Risk Management program as it progresses.

Commissioner Mullen commended Ms. Ekren on her presentation and asked for an example of a risk and how the risk would be managed. Ms. Ekren responded that the asset management presentation that follows will provide the comparative benefits of managing risk and not managing risk. Ms. Ekren also provided for an example of a qualified work force and succession planning, and ensuring that employees are qualified to take on jobs and are trained to be able to do the job.

Commissioner Jester asked whether risk to customer satisfaction, risk to reputation or predominately risk to physical and financial risks were being assessed. Ms. Ekren responded that a variety of risks were being assessed including all of those stated in the question. Commissioner Jester also asked what new risks

were identified. Ms. Ekren responded that what the utility would look like in the future, and also recognizing communication and information as an asset were two new risks that were identified.

Commissioner Ross asked whether people understand what the organizational risk tolerance is for an activity, how activities are calibrated to risk presented and how much risk is tolerated. Ms. Ekren responded that a baseline of risk has been established but there is no uniform standard and more insight will be provided in March 2019 at the Committee of the Whole meeting.

Commissioner Zerkle commented that instead of saying what is the risk, say what is the problem and what is the solution. Ms. Ekren stated that that is the reason there is a focus on creating a uniform definition and the objective of what is getting in the way of the stakeholder realizing the value.

**Asset Management Update**

Dave Bolan, Executive Director of Operations, introduced Jerry Flore, Asset Management Manager, who presented a video of the Asset Management Journey and gave an update on some current initiatives. Mr. Flores stated that another update will be provided in March 2019. Mr. Bolan agreed with Ms. Ekren’s proposal to walk through actual scenarios of how assets are classified as critical and the risk they pose to the organization if they are not properly maintained or replaced in a timely manner. This will be done at the March 2019 COW.



Asset Management Update



Asset Management Update



Asset Management Update

Asset Management Update Presentation

Board of Commissioners COW Meeting  
November 6<sup>th</sup>, 2018

Presentation Objectives

1. Overview of Strategic Plan AM Objectives
2. Discuss the Asset Management Journey (video/handout)
3. Why be ISO 55000 Compliant?
4. Present BWL’s Asset Management Plan

Strategy 3: Effectively Acquire and Manage Resources

Goal: Acquire and manage BWL assets in an efficient manner to ensure an adequate and reliable supply of utility services to the Greater Lansing community



Asset Management Update

Objective 2: Fully integrate Asset Management principles for each utility

- 1) Evaluate and implement improved business processes, standards, and certifications.
- 2) Implement utility industry best practices for asset management.
- 3) Develop appropriate asset management training for employees.
- 4) Create a team culture at the BWL that values and complies with asset management principles.



Asset Management Update

What is Asset Management?

“Coordinated activity of an organization to realize value from assets” (regarding Physical Assets)

ISO 55000



Asset Management Update

Objs 2.1 and 2.2

- Recognized best practices are the basis for ISO 55000. (PAS-55)
- The deliverable for the BWL Strategic Objectives is to obtain the ISO 55000 certification.
- Certification requires that all ISO requirements have obtained a maturity level of 3 or higher in 24 standards.



Asset Management Update

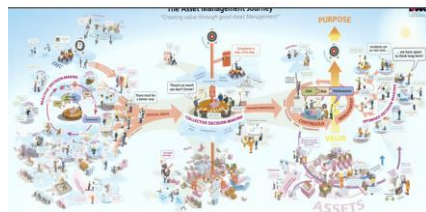
ISO 55000 Asset Management System

Section	Description	Section	Description
4	Context of the Organization	7	Support
4.1	Understanding the organization & its Context	7.1	Resources
4.2	Understanding the Needs & Expectations of Stakeholders	7.2	Competence
4.3	Determining the Scope of the Asset Management System	7.3	Awareness
4.4	Asset Management System	7.4	Communication
5	Leadership	7.5	Information Requirements
5.1	Leadership and Commitment	7.6	Documented Information
5.2	Policy	8	Operation
5.3	Organizational Roles, Responsibilities & Authorities	8.1	Operational Planning & Control
6	Planning	8.2	Management of Change (Change Management)
6.1	Actions to Address Risks & Opportunities for the Asset Management System	8.3	Outsourcing
6.2	Asset Management Objectives	9	Performance Evaluation
		9.1	Monitoring, Measurement, Analysis and evaluation
		9.2	Internal Audit
		9.3	Management Review
		10	Improvement
		10.1	Non-conformity & Corrective Action
		10.2	Preventative Actions
		10.3	Continual Improvement



Asset Management Update

Asset Management Journey – 9 minute video (Available on YouTube)



Asset Management Update

Observations from the IAM video:

- The ISO 55000 Standards are a framework for aligning the assets with the organization strategic objectives in business decision making framework.
  - i.e. Aligns the organization to a set of common goals, our Strategic Plan Objectives.
- Manage assets based on their criticality and then the risk they pose to the overall mission of the organization.
- Moves an organization away from the reactive management of its assets towards a planned approach that integrates into the discussion Risk, Performance, and Cost.
- AM is looking at critical assets over their lifecycles (i.e. Acquire, Maintain, Utilize, and Dispose). Information (data) regarding an asset over its lifecycle is as important as the asset.



## Asset Management Update

### Observations from the IAM video - Continued:

- Requires Top-down leadership and collaboration throughout the organization.
- AM is not a one-time transformation program (obtain ISO certification), rather asset management is embedded as a part of the organization's continuous improvement philosophy.
- Absent an Asset Management organization-wide culture, AM can become a silo and ineffective.



## Asset Management Update

### Benefits of Asset Management (ISO 55000)

**Demonstrated compliance:** transparently conforming with legal, statutory and regulatory requirements, as well as adhering to asset management standards, policies and processes, can enable demonstration of compliance. *(Note: Presently, the SOM requires an AM plan for water utilities - Water Asset Management Council, Act 324. The SOM recently passed legislation that will eventually set AM requirements for all utility infrastructure - Michigan Infrastructure Council, Act 323) - BWL is requesting to be a voting member of the Council*

**Improved financial performance:** improving ROI and reducing costs can be achieved, while preserving asset value and without sacrificing the short or long-term realization of organizational objectives;

**Informed asset investment decisions:** enabling the organization to improve its decision making and effectively balance costs, risks, opportunities and performance;

**Improved efficiency and effectiveness:** reviewing and improving processes, procedures and asset performance can improve efficiency and effectiveness, and the achievement of organizational objectives.

**Managed risk:** reducing financial losses, improving health and safety, good will and reputation



## Asset Management Update

### Benefits of Asset Management - Continued

**Improved services and outputs:** assuring the performance of assets can lead to improved services or products that consistently meet or exceed the expectations of customers and stakeholders;

**Minimizing environmental and social impact:** can result in reduced liabilities such as insurance premiums, fines and penalties;

**Demonstrated social responsibility:** improving the organization's ability to, for example, reduce emissions, conserve resources and adapt to climate change, enables it to demonstrate socially responsible and ethical business practices and stewardship;

**Enhanced reputation:** through improved customer satisfaction, stakeholder awareness and confidence;

**Improved organizational sustainability:** effectively managing short and long-term effects, expenditures and performance, can improve the sustainability of operations and the organization;



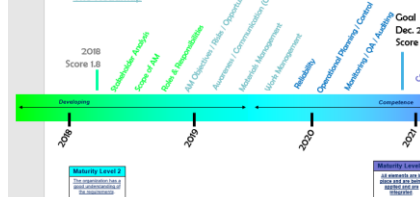
## Asset Management Update

### BWL's schedule to close the gap - reach maturity of 3.0



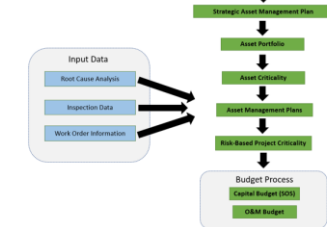
## Asset Management Update

### The Roadmap



## Asset Management Update

### Asset Management and the budgeting process



## Asset Management Update

### ISO 55000 Compliance Initiatives (Continued):

**Esri (GIS)** - Single source of record for asset information and geospatial locations

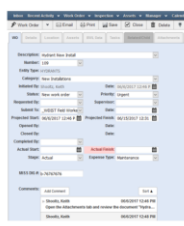


**Heat Maps**



## Asset Management Update

**Cityworks** - Standardizing data for work orders and inspections on assets



**Dashboards:**



## Asset Management Update

**Expectations:**

### Board of Commissioners

- As stakeholders, support of the Asset Management goals and objectives

### Asset Management

- Continued communications/updates to the Board (e.g. next March)

Commissioner Price asked about the demographics on the heat map and Mr. Flore responded that more main breaks occur where there is red on the map.

Commissioner Ross asked three questions: where is the BWL at in the asset management process; at what time will BWL be at the maturity level for asset management; and will this result in additional reporting and greater transparency. Dave Bolan responded that the BWL is in the process of deciding how some of the elements will be applied and has decided on how some elements will be applied and implementing those elements; BWL is scheduled to be at Maturity Level #3 at the end of 2020; and that a capital budget is created, an investment is made which removes risk, and assets are managed based on their criticality. Commissioner Ross also asked if the risk is only for physical assets. Mr. Bolan responded that scores and measurements are made for all potential risks.

Commissioner Price inquired if trees as a risk was a good characterization of asset management and Mr. Bolan concurred. Commissioner Price also asked whether the report in March 2019 will have the information integrated into the budget planning. Mr. Flores responded that a draft risk matrix to develop a process for the capital budget projects is in progress.

Commissioner Zerkle inquired whether the Internal Auditor is included in the discussions for asset management. Internal Auditor Phil Perkins responded that he has some involvement with the project and added that there are two factors to consider, the probability of risk and the impact of an occurrence. Commissioner Zerkle asked whether the human factor was to be considered for asset management. GM Peffley stated that is another area and another department has been created for that.



Commissioner Long commented that the human factor had been mentioned under Enterprise Risk Management. He also thanked GM Peffley for sharing the MPPA presentation.

Commissioner Jester asked what the focus was on for demonstrating to the staff that asset management has value. Mr. Flore responded that a pilot program was conducted in which work orders were run to validate software functionality. Commissioner Jester stated that BWL has a number of assets and he would like this be in the budget process.

**Other**

**Motion** by Commissioner Graham, Seconded by Commissioner Ross, to excuse Commissioners Anthony McCloud and Dion’trae Hayes from tonight’s meeting.

**Action:** Motion Carried

Commissioner Price informed the Commissioners that there will be a ceremony to honor veterans at 11:00 am on Friday at the REO Depot and that he will be playing drums along with his pipe major during the event.

**Adjourn**

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

Meeting adjourned at 7:24 p.m.

Respectfully Submitted  
Sandra Zerkle, Chair  
Committee of the Whole

**FINANCE COMMITTEE  
Meeting Minutes  
November 6, 2018**

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, at 7:31 p.m. on Tuesday, November 6, 2018.

Finance Committee Chair Ken Ross called the meeting to order at 7:31 p.m. and asked that roll be taken.

Present: Commissioners Ken Ross, Beth Graham, Tony Mullen, and David Price. Also present: Commissioners Tracy Thomas, and Sandra Zerkle, and Non-Voting Commissioners Bill Long (Delta Township), and Douglas Jester (East Lansing).

Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

None

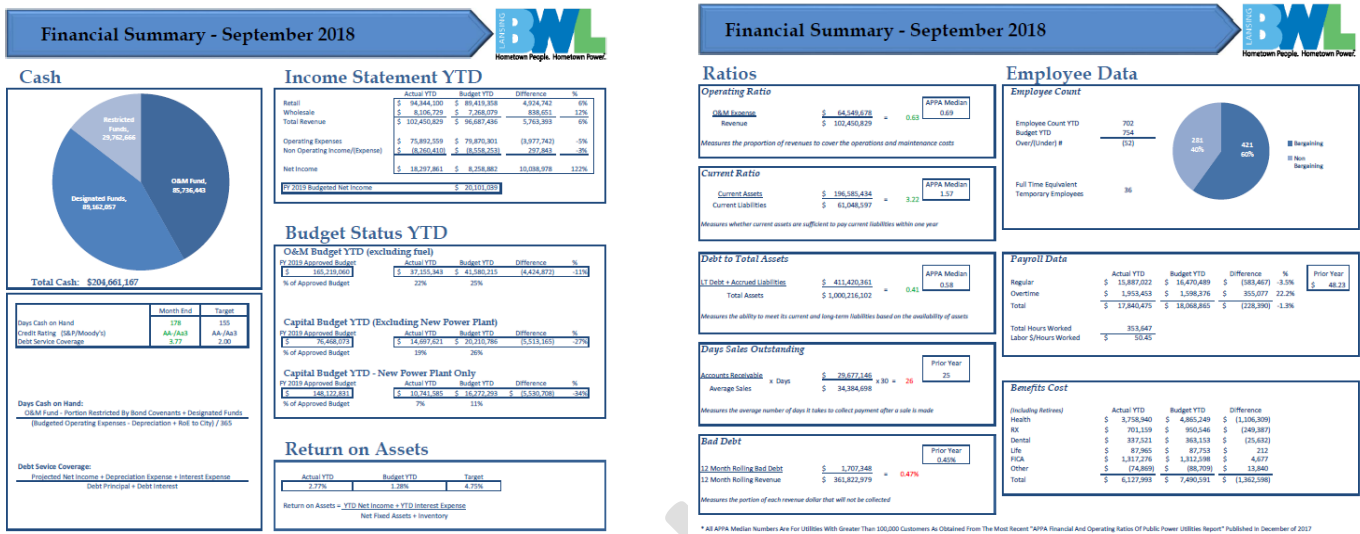
**Approval of Minutes**

**Motion** by Commissioner Price, Seconded by Commissioner Mullen, to approve the Finance Committee meeting minutes of September 18, 2018.

Action: Motion Carried.

**September YTD Financial Summary**

Financial Manager, Scott Taylor, presented the following:



Cash is up \$4 million dollars from last month due to the time of year and days cash on is also strong. The Income Statement YTD indicates more than \$5 million in revenue, operating expenses are a little under—which is normal for this time of year, and the budgeted net income is holding at \$20 million. Budget Status YTD indicate that some of the initiatives aren't off to full speed yet. Because of the Erickson outage some money was shifted for spending from September to October. The Capital Budget YTD for the new power plant is going well and also Return on Assets. Operating Ratios, Current Ratios, and Debt to Total Assets are all strong. Although Days Sales Outstanding is in the red it is similar to last year. Bad debt is continuing to be tracked. In Employee Data the employee count has decreased due to 11 interns returning to school. Payroll data is on track even though overtime is a little high due to transition in the work force. Due to good claims experience this year benefits costs are down.

GM Peffley commented on the Erickson turbine outage. Erickson was allotted \$4 million and if the outage had gone over that amount the turbine would not have been put back together.

Commissioner Thomas commented that the next items include amendments to plan documents that usually are addressed in an HR Committee Meeting. The amendments do not propose to make changes to any benefits or plan designs and because they are primarily intended to facilitate changes to the investment policy statement they are included with the proposed investment policy statement changes.

**Defined Contribution and Deferred Compensation Plan Updates**

Scott Taylor introduced Plante Moran Financial Advisors, BWL's new advisors for the two 401(a) plans and the 457(b) plan. Mr. Taylor stated that the changes being made in the plans are for management of plan assets. The changes are similar to those made in the VEBA and DB plans in September 2018. The two 401(a) plans replaced the Defined Benefit Plans. The plans are employer contribution only and are based on a percentage of wages. The 457(b) plan is a deferred compensation plan which employees can contribute. BWL will contribute \$1,000 each year in January and will match up to \$1,500 more per year.

Commissioner Zerkle asked if the 457 plan was a pre-tax plan. Mr. Taylor responded that employees have a pre-tax and a Roth option in the 457 plan.

Mr. Taylor explained that all three plans are set up in a similar fashion and each plan has a single document that is the plan and trust agreement. The plan portion of the document talks about the administration of the plan, defines the benefits and defines the eligibility. The trust portion of the document is about managing the investments. Management has carried out trustee functions on the trustees' behalf and although this is accepted practice, the change is being requested due to advice by counsel to make it more explicit that delegation by trustees was appropriate and clearly stated. The following recommendations for which management seeks approval are: the addendum to the three plans makes it clear that the trustee authority can be delegated; revision of the investment policy statement to add language that clearly lists the authority that is being delegated to the Retirement Plan Committee (RPC); and the clear delegation by resolution to the RPC.







**Motion** by Commissioner Price, Seconded by Commissioner Mullen, to approve the changes to the 401(a) Defined Contribution Plans and the 457(b) Deferred Compensation Plan and forward them to the Trustees and Board for approval.

**Action:** Motion Carried

Commissioner Long asked what attributed to the lesser extent of repair than expected on the Erickson turbine. GM Peffley responded that turbine outages are done every seven years or 50,000 hours and the Erickson was right on schedule. GM Peffley stated that plant staff did an excellent job of operating the machine over the last seven years.

### Internal Audit Status Report

Internal Auditor Phil Perkins presented the following status report:

  <h3>Internal Audit Status Report</h3> <p>Presented by: Phil Perkins, Director of Internal Audit Finance Committee Meeting November 2018</p>	<h3>Overview</h3> <ul style="list-style-type: none"><li>• FY 2019 Audit Plan Progress Report</li><li>• Continuing Professional Education Status</li></ul> 	<h3><u>FY 2019 Audit Plan Progress Report</u></h3> <p><u>Engagements Completed:</u></p> <ol style="list-style-type: none"><li>1. Physical Security Audit (FY18 carryover)</li><li>2. Contract Signature Authority Compliance Audit (FY18 carryover)</li><li>3. Customer Arrangements &amp; Third Party Payments Audit (FY18 carryover)</li><li>4. Surprise Cash Count #1</li><li>5. Employee Time Reporting Review #1</li></ol> 
<h3><u>FY 2019 Audit Plan Progress Report, cont'd</u></h3> <p><u>Engagements in Progress:</u></p> <ol style="list-style-type: none"><li>1. Change Management Follow-up Audit – 75% complete</li><li>2. Metering Services Audit - 25% complete</li><li>3. COBIT Compliance Follow-up Audit – 25% complete</li><li>4. Asset Management Consulting – underway, ongoing.</li></ol> <p><u>Upcoming Engagements:</u></p> <ol style="list-style-type: none"><li>1. Accounts Payable Audit – start December 2018</li><li>2. Project Engineering Audit – start January 2019</li></ol> 	<h3>FY 2019 Audit Plan Progress Report, Cont'd</h3> <p><u>Remaining Engagements:</u></p> <ol style="list-style-type: none"><li>1. IT Cybersecurity Audit</li><li>2. Vegetation Management Audit</li><li>3. Procurement Audit</li><li>4. BSMART and Other Organizational Change Management – Consulting</li><li>5. Surprise Cash Count #2</li><li>6. Time Reporting Review #2</li></ol> 	<h3><u>Continuing Professional Education/ Certification Status</u></h3> <ol style="list-style-type: none"><li>1. Director of Internal Audit:<ul style="list-style-type: none"><li>• On target to complete all CPE requirements for CPA, CIA and CISA designations this year.</li><li>• CPE will be reported to proper authorities so that certifications (and in the case of CPA, licensure) will be maintained through 2018 and beyond.</li></ul></li><li>2. Senior Internal Auditor:<ul style="list-style-type: none"><li>• On target to complete annual CPE requirements for CPA designation.</li><li>• In progress toward completing requirements for Certified Information Systems Auditor (CISA) designation.</li></ul></li></ol> 

**Other**

Scott Taylor requested that the Commissioners bring their Pension Trustees binders to the Trustee Meeting in order that updates that are being approved can be placed in the binders.

**Adjourn**

Commissioner Ross adjourned the meeting at 8:05 p.m.

Respectfully submitted  
Ken Ross, Chair  
Finance Committee

**RESOLUTIONS/ACTION ITEMS**

**RESOLUTION 2018-11-01**

**2019 Regular Board Meeting Schedule**

In accordance with the Lansing Board of Water & Light’s Rules of Administrative Procedure, a schedule of dates, places, and times for each regular meeting of the Board of Commissioners for the calendar year shall be adopted in November.

RESOLVED, that regular meetings of the Lansing Board of Water & Light’s Board of Commissioners are hereby set for calendar year 2019 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

**2019**

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

Tuesday	January 22
Tuesday	March 26
Tuesday	May 28
Tuesday	July 23
Tuesday	September 24
Tuesday	November 19

Meetings will be held in the Lansing Board of Water & Light REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:30 p.m.

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in a newspaper of general circulation in Ingham County the week of January 1, 2019.

**Motion** by Commissioner Thomas, **Seconded** by Commissioner Graham to approve the 2019 Regular Board Meeting Dates Resolution.

**Action:** Motion Carried.

**RESOLUTION 2018-11-02**

**Amending Appointment to Michigan Public Power Agency**

WHEREAS, Robert Lalonde is the Michigan Public Power Agency (MPPA) Commissioner on behalf of the Lansing Board of Water & Light (BWL), along with Bradley Stoecker and Constance Carantza, who serve as First and Second Alternate Commissioners, respectively; and

WHEREAS, Bradley Stoecker resigned his position with the BWL effective October 1, 2018; and

WHEREAS, James Mitchell has served as the BWL's Bulk Power Trading Supervisor for approximately 4 years; and

WHEREAS, it is appropriate and in the best interest of the BWL to name a replacement for the BWL's First Alternate on behalf of the BWL.

NOW, BE IT RESOLVED, that Robert Lalonde will remain as the MPPA Commissioner on behalf of the BWL.

FURTHER RESOLVED, that Constance Carantza will remain as the Second Alternate Commissioner.

FURTHER RESOLVED, that James Mitchell is named as BWL's First Alternate MPPA Commissioner.

**Motion** by Commissioner Zerkle, Seconded by Commissioner Mullen, to approve the Amending Appointment to Michigan Public Power Agency Resolution.

**Action:** Motion Carried.

**RESOLUTION 2018-11-03**

**Amendment of Defined Contribution Plan Number 106696;  
Revised Investment Policy Statement; and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 106696 (the "Defined Contribution Plan Number 106696"); and

WHEREAS, the Sponsor wants to amend Defined Contribution Plan Number 106696 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of Defined Contribution Plan Number 106696, and for the purpose of changing the name of Defined Contribution Plan Number 106696.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the Addendum Number 1 to Defined Contribution Plan Number 106696, effective as indicated therein.

FURTHER RESOLVED, that, after its review and based on a recommendation from management, the Sponsor adopts and approves the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Lansing Board of Water and Light Retirement Plan Committee certain duties relating to the investment of Lansing Board of Water and Light Defined Contribution Plan and Trust 1 assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the Lansing Board of Water and Light Defined Contribution Plan and Trust 1.

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties relating to the Lansing Board of Water and Light Defined Contribution Plan and Trust 1; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Commissioner Ross, Seconded by Commissioner Graham to approve the Resolution for amendment of Defined Contribution Plan Number 106696 by adoption of Addendum; Revised Investment Policy Statement; Delegation of Authority; and Indemnification.

**Action:** Motion Carried

**RESOLUTION 2018-11-04**

**Amendment of Defined Contribution Plan 108824;  
Revised Investment Policy Statement; and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 (the "Defined Contribution Plan Number 108824"); and

WHEREAS, the Sponsor wants to amend Defined Contribution Plan Number 108824 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of Defined Contribution Plan Number 108824, and for the purpose of changing the name of Defined Contribution Plan Number 108824.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the Addendum Number 1 to Defined Contribution Plan Number 108824, effective as indicated therein.

FURTHER RESOLVED, that, after its review and based on a recommendation from management, the Sponsor adopts and approves the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Lansing Board of Water and Light Retirement Plan Committee certain duties relating to the investment of Lansing Board of Water and Light Defined Contribution Plan and Trust 2 assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the Lansing Board of Water and Light Defined Contribution Plan and Trust 2.

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties relating to the Lansing Board of Water and Light Defined Contribution Plan and Trust 2; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Commissioner Ross, Seconded by Commissioner Graham to approve the Resolution for amendment of Defined Contribution Plan Number 108824 by adoption of Addendum; Revised Investment Policy Statement; Delegation of Authority; and Indemnification.

**Action:** Motion Carried

**RESOLUTION 2018-11-05**

**Amendment of Lansing Board of Water & Light 457 Deferred Compensation Plan;  
Revised Investment Policy Statement; and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the ICMA Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust Number 300435 (the "457 Plan"); and

WHEREAS, the Sponsor wants to amend the 457 Plan for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of the 457 Plan Trust, and for the purpose of changing the name of the 457 Plan.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the Addendum Number 1 to the 457 Plan, effective as indicated therein.

FURTHER RESOLVED, that, after its review and based on a recommendation from management, the Sponsor adopts and approves the attached Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Lansing Board of Water and Light Retirement Plan Committee certain duties relating to the investment of 457 Plan assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the 457 Plan.

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties relating to the 457 Plan; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas, to approve the Resolution for amendment of the 457 Plan by adoption of Addendum; Revised Investment Policy Statement; Delegation of Authority; and Indemnification.

**Action:** Motion Carried

**THE REGULAR BOARD MEETING RECESSED AT 6:07 P.M. FOR THE ALLOWANCE OF THE ANNUAL PENSION FUND TRUSTEES MEETING.**

**THE REGULAR BORD MEETING RECONVEYED AT 6:54 P.M.**

**SUMMARY REPORT  
LANSING BOARD OF WATER & LIGHT  
PENSION FUND TRUSTEES MEETING  
November 13, 2018**

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:07 P.M. (Officially Publicly Noticed for 5:35 P.M.) on Tuesday, November 13, 2018.

Chairperson David Price called the meeting to order at 6:07 p.m. and asked the Corporate Secretary to call the roll.

Present: Trustees Beth Graham, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Absent: None and a quorum was declared.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Trustee Mullen and Seconded by Trustee Graham to approve the minutes from the November 14, 2017 Pension Fund Trustees' Annual Meeting.

**Action:** Motion Carried

**Defined Benefit Plan Information**

**RESOLUTION 2018-11-06**

**Revised Lansing Board of Water & Light Defined Benefit Plan  
for Employees' Pensions Statement of Investment Policies,  
Procedures and Objectives**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan"); and

WHEREAS, the Retirement Plan Committee has reviewed the current Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:



RESOLVED, that the Trustees acknowledge the attached, revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives

**Motion** by Trustee Mullen, Seconded by Trustee Graham to acknowledge the Revised DB Investment Policy Statement.

**Action:** Motion Carried

**Post-Employment Benefit Plan Information**

**RESOLUTION 2018-11-07**

**Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures, and Objectives**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the VEBA (Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light); and

WHEREAS, the Retirement Plan Committee has reviewed the current VEBA Statement of Investment Policies, Procedures and Objectives, in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached VEBA Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives.

**Motion** by Trustee Zerkle, Seconded by Trustee Graham, to acknowledge the Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light of Investment Statement of Investment Policies, Procedures and Objectives.

**Action:** Motion Carried

**Defined Contribution Plan Information**

**RESOLUTION 2018-11-08**

**Amendment of Defined Contribution Plan Number 106696; Delegation of Investment Authority**

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust (the "Defined Contribution Plan Number 106696"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend Defined Contribution Plan Number 106696 for the purpose of enabling the Trustees to delegate certain investment authority to the

Retirement Plan Committee (the "Committee") of Defined Contribution Plan Number 106696, and for the purpose of changing the name of Defined Contribution Plan Number 106696.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to Defined Contribution Plan Number 106696 effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Statement of Investment Policies, Procedures and Objectives (the "IPS"), the Trustees acknowledge said IPS, effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Trustee Zerkle, Seconded by Trustee Graham to acknowledge the Resolution for amendment of Defined Contribution Plan Number 106696 by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Authority; and Indemnification.

**Action:** Motion Carried

**RESOLUTION 2018-11-09**

**Amendment of Defined Contribution Plan Number 108824;**  
**Delegation of Investment Authority**

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 (the "Defined Contribution Plan Number 108824"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend Defined Contribution Plan Number 108824 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of Defined Contribution Plan Number 108824, and for the purpose of changing the name of Defined Contribution Plan Number 108824.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to Defined Contribution Plan Number 108824 effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Statement of Investment Policies, Procedures and Objectives (the "IPS"), the Trustees acknowledge said IPS, effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Trustee Zerkle, Seconded by Trustee Graham to acknowledge the Resolution for amendment of Defined Contribution Plan Number 108824 by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Authority; and Indemnification.

**Action:** Motion Carried

**RESOLUTION 2018-11-10**

**Amendment of Lansing Board of Water & Light 457 Deferred Compensation Plan;  
Acknowledgement of IPS; Delegation of Investment Authority; Indemnification**

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the ICMA Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust Number 300435 (the "457 Plan"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend the 457 Plan for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of the 457 Plan Trust, and for the purpose of changing the name of the 457 Plan.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to the 457 Plan effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Statement of Investment Policies, Procedures and Objectives (the "IPS"), the Trustees acknowledge said IPS, effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or

government agency in connection with the Committee's discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Trustee Zerkle, Seconded by Trustee Graham, to acknowledge the Resolution for amendment of the 457 Plan by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Investment Authority; and Indemnification.

**Action:** Motion Carried

### **Supplemental Information**

Chief Financial Officer Heather Shawa introduced George Tarlas, Senior Managing Director with ACG Asset Consulting Group, who presides over the DB and VEBA plan advisors and provided a market overview of the DB and VEBA plans; Sandra Rouse-Thames, Retirement Plan Specialist and Lisa Burks-Wilson, Director of Relationship Management from ICMA-the DC Plan administrator, who provided a participant education review from ICMA; and Steven Gibson, Senior Consultant with Plante Moran-the DC Plan advisors. Ms. Shawa also acknowledged, Finance Manager Scott Taylor, Finance Supervisor David Houser, and Financial Analyst Kyle Page for their work on the Trustee packet and audit overview.

Trustee Ross asked if the cumulative return value was from the start date to present, and for an explanation of the index in the narrative that is comparable to the investment style. Ms. Shawa responded that the cumulative return was from the start date to the present, and Mr. Tarlas responded that large cap growth stocks are selected and the benchmark is the Russell 1000 growth index which has a growth and value style. Trustee Ross also asked whether BWL has evaluated whether it made more sense to do index investing to save fees as some of the stock selections have beat the index and others have not. Ms. Shawa responded BWL is working with ACG Consulting and they will be examining the different options throughout the next year.

Trustee Ross thanked Ms. Shawa for the dashboard and the amount of information provided.

Trustee Zerkle commended the Board and the ICMA representatives for the retirement program provided to the employees.

Trustee Thomas thanked the ICMA representatives for their excitement, motivation, and enthusiasm.

Trustee Ross asked for an explanation of the asset allocation for the plans and the side by side comparison between employees and other participants. Ms. Shawa responded that the participants are more educated when it pertains to their personal investment strategies. Ms. Rouse-Thames also responded that a lot of employees select the managed accounts tool where Morningstar makes the decision for them for a small fee. Trustee Ross also inquired as to why the asset allocation totaled more than 100 percent for the 401(a) plans. Ms. Rouse-Thames responded that they will look into that and provide the information to the Trustees.

Trustee Zerkle asked if there were guidelines for loans that employees take out of the 401(a) plans. Ms. Shawa responded that the 457(b) plan allows an emergency withdrawal but the 401(a) plan follows the IRS guidelines and there are no recommendations at this time for any changes.

Trustee Ross asked if employees are auto enrolled when they are hired, if there are automatic annual percentage increases. and if a percentage increase program had been evaluated if there wasn't one. Ms. Shawa responded that employees are not automatically enrolled and a percentage increase program is not in the system. Mr. Taylor responded that auto enrollment is a feature that is available in the plan but is not

required, and that an annual percentage increase is available for the plan but is not in place. Commissioner Ross recommended that these features be evaluated and placed in the plan as a larger number of people is better for a savings device.

Ms. Shawa asked the Board of Trustees for acceptance of the 2018 Audited Financial Statements for the Defined Benefit Pension Plan, the Defined Contribution Pension Plan, and the Retire Benefit Plan (VEBA) which were audited by Baker Tilly.

Commissioner Price commented that it is good to hear a good news report for the retirement plans as he has heard other municipalities are in arrears on their retirement plans.

**RESOLUTION 2018-11-11**

**Acceptance of 2018 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan**

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

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

**Motion** by Trustee Ross, Seconded by Trustee Thomas, to accept the 2018 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan (VEBA).

**Action:** Motion Carried

**RESOLUTION 2018-11-12**

**Travel & Reimbursement Policy – Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries**

WHEREAS, the Board of Commissioners approved a BWL Travel & Reimbursement Policy (“Policy”) on March 28, 2017 which served to combine and replace three existing policies and two previous resolutions; and

WHEREAS, the BWL staff has conducted a review of compliance with the Policy and determined additional clarifying language would enhance compliance; and

WHEREAS, it has been determined based on the feedback and review that revising the Policy to provide additional guidance and clarity would improve understanding of the Policy, improve compliance with the Policy, and reduce the time associated with administering the Policy; and

WHEREAS, the Board of Commissioners adopted the Policy as presented.

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, updated Travel & Reimbursement Policy.

**Motion** by Trustee Ross, Seconded by Trustee Graham, to acknowledge the Travel & Reimbursement Policy for Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries.

**Action:** Motion Carried

Ms. Shawa stated that last year a hard copy binder of the pension plans was provided to the Commissioners and an updated electronic copy, that will be available on demand, will be available on the dashboard in the near future. In addition, a quarterly pension report will be available on the dashboard.

**Other**

None.

**Excused Absences**

None.

**Adjourn**

There being no further business, the Pension Fund Trustees meeting adjourned at 6:54 p.m.

Chair Price reconvened the Board of Commissioners' Meeting at 6:54 p.m.

**MANAGER'S RECOMMENDATIONS**

**RESOLUTION 2018-11-13**

**Easement Grant to Consumers Energy Company**

RESOLVED, that the Board of Commissioners hereby recommends that Lansing City Council grant an easement to Consumers Energy Company which will be located on property occupied and maintained by the Board of Water and Light; and

FURTHER RESOLVED, the General Manager of the Board of Water and Light is authorized to execute all documents to effectuate this easement grant once approved by the Lansing City Council.

*Staff Comments:* The Board of Water and Light's ("BWL") new power plant in Delta Township will be fueled by natural gas which requires a new gas pipeline to supply sufficient fuel to the new plant. The BWL intends to contract with the Consumers Energy Company ("Consumers") to construct the new gas pipeline, and Consumers has requested an easement for said pipeline across the property where the new plant will be sited. The BWL has performed an operational feasibility assessment and negotiated the terms of said easement, which includes only nominal monetary consideration, that are mutually agreeable.

**Motion** by Commissioner Zerkle, Seconded by Commissioner Thomas to approve the Resolution for the Grant Easement to Consumers Energy.

**Action:** Motion Carried

**UNFINISHED BUSINESS**

There was no Unfinished Business.

**NEW BUSINESS**

There was no New Business.

**MANAGER'S REMARKS**

None.

**COMMISSIONERS' REMARKS**

Commissioner Thomas commended Ms. Shawa's department for their hard work and great job and also congratulated Scott Taylor for representing the BWL well.

Chair Price wished everyone a joyous holiday season and another prosperous new year for the Board of Water and Light. Chair Price also informed the meeting attendees that he plays drums in a bagpipe band and the band will be playing in City Hall from 7:15 p.m. to 8:00 p.m. during the Silver Bells event and he invited people to stop by.

#### **EXCUSED ABSENCE**

None.

#### **PUBLIC COMMENTS**

Anna Fischer from Lansing Environmental Action Team spoke about the acceleration of climate change and the need of the BWL to transfer to renewable energy well before 2050.

#### **ADJOURNMENT**

Chair Price adjourned the meeting at 7:00 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: 11-27-18

Official Minutes filed (electronically) with Lansing City Clerk: 1-\_\_-19

Data from form "E-mail BWL Commissioners" was received on 12/3/2018 2:33:11 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	David Price (Chair)
Name	Dennis Muchmore
Address	222 N. Washington Sq., Ste. 400
email	<a href="mailto:dmuchmore@honigman.com">dmuchmore@honigman.com</a>
E-mail Subject	Question regarding previous RFP
Message	David- One of our clients bid on the recent software contract and hasn't heard anything about the process. Can you give me an idea what is happening with the proposal?

Email "Question regarding previous RFP" originally sent to [mdg@lwl.com](mailto:mdg@lwl.com) from [noreply@lwl.com](mailto:noreply@lwl.com) on 12/3/2018 2:33:11 PM.



Data from form "E-mail BWL Commissioners" was received on 12/3/2018 12:59:58 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	William Long (Non-voting)
Name	Melinda K Hollembaek
Address	4901 Palisade Drive
email	<a href="mailto:hollemba@comcast.net">hollemba@comcast.net</a>
E-mail Subject	street light problem
Message	<p>Called BWL to report street light out in front of our house last monday. On wednes it was replaced with wrong street lamp and and an awful blinding high intensity bulb. Our sleepy neighborhood on a cul de sac has new street lamps that were upgraded a few years ago. They are a tasteful colonial/gaslight black fixture with a lovely amber color(it appears) pleasant glow. After it was replaced with this cheaper flood light I drove around the surrounding Canyon Hills Mar Moor and Plum Hollow subdivisions which all have the the matching street lights. This new LED cheap looking light is blinding bright and the fixture does not match to the associations decor. You would find this light in parking lots or busy streets like elmwood. I want our old light fixture back that matches the surrounding neighborhood. I fear they sold it and won't replace it. I even said they could swap it with light leading to our neighborhood which it on the corner of Elmwood and Grape Arbor. That is on a brightly lit school area already and swapping the horrible light in front of this house with one like the one we had would work. I just need your intervention to make it happen. I am not happy with the screen they put inside to block this prison like high wattage light. Neighbors have already complained about this lighting fiasco. Please help by swapping out light since worker claims they have no other options. Our street is only traveled by people who live in this subdivision and we don't want changes. Phone number 517 993 5131. We have lived here 25 years. And these nice streetlights were replaced about 15 years ago. It is a waste of BWL money to rip out these light fixtures. Melinda Hollembaek</p>

Email "street light problem" originally sent to [mds@lbwl.com](mailto:mds@lbwl.com) from [noreply@lbwl.com](mailto:noreply@lbwl.com) on 12/3/2018 12:59:58 PM.

Data from form "E-mail BWL Commissioners" was received on 1/4/2019 4:53:22 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	William Long (Non-voting)
Name	Melinda Hollembaek
Address	4901 Palisade Dr
email	<a href="mailto:hollemba@comcast.net">hollemba@comcast.net</a>
E-mail Subject	<a href="mailto:hollemba@comcast.net">hollemba@comcast.net</a>
Message	Thank you for your assistance in solving our streetlight situation! I wanted to tell you Delta Township residents sure are proud of you representing us at the City of Lansing Board of Water and Light. Very happy customer. I wish you were here during the 10 day outage a few years back. We secured a room at the downtown Radisson immediately and put our doggie in a kennel on Lake Lansing Rd. Waverly animal was without power as well . My hubby a former marine could tell within minutes that it would be days before power would be restored. Quick thinking led us to secure a room for us and a kennel for our bischon frise Miss Zsa Zsa. before noon that day! We were lucky to eat at nice resturants go to movies and periodically check our residence. Keep up the good work you are appreciated!! Melinda and John Hollembaek

Email "[hollemba@comcast.net](mailto:hollemba@comcast.net)" originally sent to [mdg@lbwl.com](mailto:mdg@lbwl.com) from [noreply@lbwl.com](mailto:noreply@lbwl.com) on 1/4/2019 4:53:22 PM.

Data from form "E-mail BWL Commissioners" was received on 12/10/2018 7:43:56 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	Doug Jester (Non-voting)
Name	Ahnalee Brincks
Address	1826 Walnut Heights Dr
email	<a href="mailto:ahnabanana@gmail.com">ahnabanana@gmail.com</a>
E-mail Subject	<a href="mailto:ahnabanana@gmail.com">ahnabanana@gmail.com</a>
Message	Doug, I need help. Some community members suggested I reach out to you. 2.5 weeks ago we had a water main break in front of our house. The city came in and fixed it, late into the night, (the day after Thanksgiving no less), and in the process BWL took down a light pole to make room for the dig. They laid the light pole across our front yard. The light pole is still laying across our front yard, and (live?) wires are sticking up out of the ground - two and a half weeks later. We have two small children and there are many children in neighboring homes. Aside from being an eyesore in our yard, this is a major safety issue. I've had two interactions with BWL in the past two weeks and they are unable to give me a timeline for when the light pole will be placed back in its location. Can you please recommend a further course of action to get this addressed? I have to believe this is a huge liability for BWL and I'm concerned for the safety of our neighborhood children.

Email "[ahnabanana@gmail.com](mailto:ahnabanana@gmail.com)" originally sent to [mdg@lbwl.com](mailto:mdg@lbwl.com) from [noreply@lbwl.com](mailto:noreply@lbwl.com) on 12/10/2018 7:43:56 PM.



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*To thank you  
for your  
kindness and sympathy  
at a time when it was  
deeply appreciated.*

*The family of  
Ronald T Byrnes*

## COMMITTEE OF THE WHOLE

### Meeting Minutes

January 8, 2019

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, at 5:30 p.m. on Tuesday, January 8, 2019.

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

Present: Commissioners Sandra Zerkle, Beth Graham, David Lenz, Tony Mullen, David Price, Ken Ross, and Non-Voting Members: Doug Jester (East Lansing) (@5:42pm), and William Long (Delta Township).

Absent: Commissioners Anthony McCloud, Tracy Thomas, and Non-Voting Member Dion'trae Hayes (Lansing Charter Township),

The Corporate Secretary declared a quorum.

#### **Public Comments**

None.

#### **Approval of Minutes**

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Committee of the Whole Meeting minutes of November 6, 2018.

**Action:** Motion Carried.

Committee of the Whole Chair Sandra Zerkle welcomed new 1<sup>st</sup> Ward Commissioner, David Lenz.

#### **New Plant Update**

General Manager Peffley provided the Committee of the Whole with an update on the Eckert plant. Mr. Peffley stated that as of January 1, 2019, the Eckert plant is being used for capacity only and will operate in this manner through January 31, 2020 at which time all operation will cease. Most of the 101 employees that were working at the Eckert plant have transitioned into new positions; only a handful of employees remain at the plant to operate in the event of an emergency.

Executive Director of Planning and Development, George Stojic provided an update on the new combined-cycle plant. Mr. Stojic acknowledged the employees and teams that have been working on the processes for the new plant: Rob Hodge, Director Delta Energy Park Project, Mark Williams, Advisor, Senior Special Projects, and Dan Flynn, Principal Engineer. Mr. Stojic's update included the plant and owner procurement process, acquiring air and wetland permits, selecting a construction manager as well as major equipment delivery.

#### **Integrated Resource Plan (IRP)**

George Stojic, Executive Director of Planning and Development, discussed the process that the BWL plans to follow for the 2019-2020 Integrated Resource Plan (IRP). Mr. Stojic's explained the planned process includes individual meetings with key stakeholders, public meetings to be held throughout the BWL's service territory, resource plans for data development and dynamic modeling, and a final report

to the Board. Mr. Stojic also stated that there are plans to undertake an update of the Board's Strategic Plan following the IRP.

### **Board Self-Evaluation Review**

Board Chairperson, David Price, and BWL Executive Director of Human Resources, Michael Flowers, reviewed the results of the Board Self-Evaluation. Board Chair Price stated that he was pleased with the results of the 360 Survey.

Commissioner Price questioned the necessity of the Board Self-Evaluation being conducted annually as stated in the Governance Policy and a discussion followed. Commissioner Ross asked that open-ended comments/questions be added to future Board Self-Evaluations to enable further discussion of the results.

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham, to amend the Governance Policy to reflect the following change: **From** "each year the Board will conduct a self-evaluation" **To** "every two years the Board will conduct a self-evaluation."

**Action:** Motion Carried

The amendment in the form of a Resolution will be brought forward for consideration by the Full Board at the January 22, 2019 Regular Board meeting.

### **Other**

None.

**Motion** by Commissioner Ross, **Seconded** by Commissioner Price to excuse Commissioners Haynes, McCloud and Thomas from tonight's meeting.

**Action:** Motion Carried

### **Adjourn**

**Motion** by Commissioner Price to adjourn the meeting. The meeting was adjourned at 6:56 p.m.

Respectfully Submitted  
Sandra Zerkle, Chair  
Committee of the Whole

**FINANCE COMMITTEE  
Meeting Minutes  
January 8, 2019**

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, January 8, 2019.

Finance Committee Chair Ken Ross called the meeting to order at 7:02 pm and asked Corporate Secretary Griffin to take a roll call.

Present: Commissioners Ken Ross, Beth Graham and David Price. Also, present: Commissioners David Lenz and Sandra Zerkle and Non-Voting Douglas Jester (East Lansing) and Bill Long (Delta Township).

Absent: Commissioner Tony Mullen

The Corporate Secretary declared a quorum.

**Public Comments**

None.

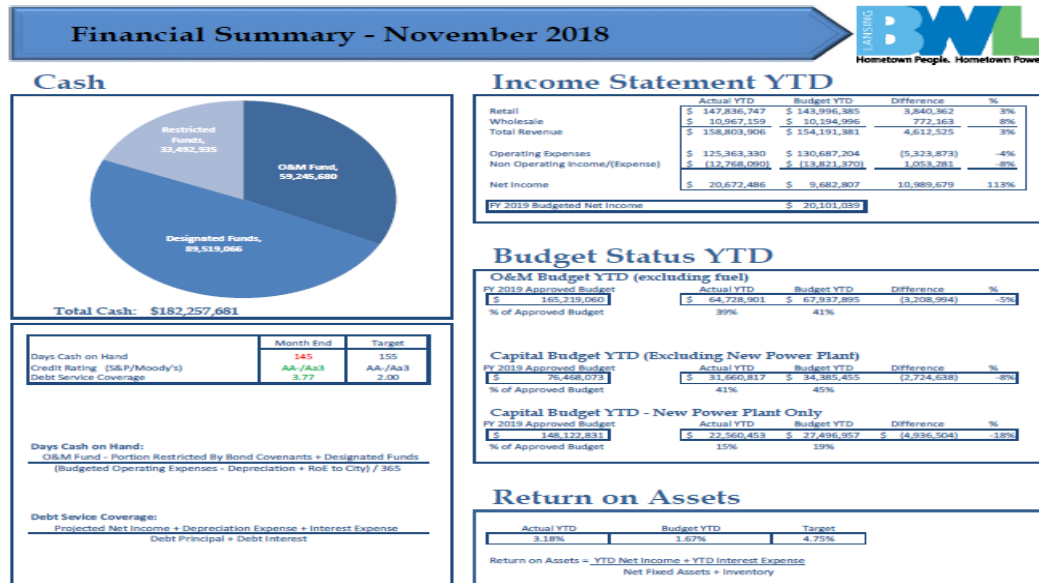
**Approval of Minutes**

**Motion** by Commissioner Price, Seconded by Commissioner Graham, to approve the Finance Committee meeting minutes of November 6, 2018.

**Action:** Motion Carried.

**November YTD Financial Summary**

Chief Financial Officer (CFO), Heather Shawa presented the following Year to Date Financial Review:



## Financial Summary - November 2018



### Ratios

Operating Ratio		
O&M Expense	\$ 106,467,356	= 0.67
Revenue	\$ 158,803,906	
		APPA Median 0.69

Measures the proportion of revenues to cover the operations and maintenance costs

Current Ratio		
Current Assets	\$ 170,736,395	= 3.11
Current Liabilities	\$ 54,513,578	
		APPA Median 1.37

Measures whether current assets are sufficient to pay current liabilities within one year

Debt to Total Assets		
LT Debt + Accrued Liabilities	\$ 405,740,762	= 0.41
Total Assets	\$ 996,911,128	
		APPA Median 0.58

Measures the ability to meet its current and long-term liabilities based on the availability of assets

Days Sales Outstanding		
Accounts Receivable	\$ 19,748,294	x 30 = 21
Average Sales	\$ 28,176,538	
		Prior Year 26

Measures the average number of days it takes to collect payment after a sale is made

Bad Debt		
12 Month Rolling Bad Debt	\$ 1,566,375	= 0.43%
12 Month Rolling Revenue	\$ 361,257,917	
		Prior Year 0.60%

Measures the portion of each revenue dollar that will not be collected

### Employee Data

Employee Count	
Employee Count YTD	702
Budget YTD	754
Over/(Under) #	(52)

Full Time Equivalent	
Temporary Employees	30

Payroll Data				
	Actual YTD	Budget YTD	Difference	%
Regular	\$ 24,992,883	\$ 25,966,727	\$ (973,844)	-3.8%
Overtime	\$ 3,344,010	\$ 2,621,830	\$ 722,180	27.5%
Total	\$ 28,336,893	\$ 28,588,557	\$ (251,665)	-0.9%
Total Hours Worked	557,515			
Labor \$/Hours Worked	\$ 50.83			

Benefits Cost				
(Including Retirees)	Actual YTD	Budget YTD	Difference	
Health	\$ 7,013,906	\$ 8,120,271	\$ (1,106,365)	
RK	\$ 1,337,526	\$ 1,338,743	\$ (1,217)	
Dental	\$ 552,916	\$ 605,255	\$ (52,339)	
Life	\$ 146,262	\$ 147,393	\$ (1,131)	
PCA	\$ 2,051,825	\$ 2,035,241	\$ 16,584	
Other	\$ (238,513)	\$ (66,697)	\$ (171,817)	
Total	\$ 10,863,922	\$ 12,304,806	\$ (1,520,884)	

\* All APPA Median Numbers Are For UTILITIES With Greater Than 100,000 Customers As Obtained From The Most Recent "APPA Financial And Operating Ratios Of Public Power UTILITIES Report" Published In December of 2017

Total Cash is just over \$182 million, Days Cash on Hand is 145, and Debt Service Coverage Ratio is 3.77. O&M cash decreased, causing the Days Cash on Hand to be below the target of 155. Ms. Shawa reminded the Commissioners that this target represents the Fiscal Year End (FYE) Minimum Cash Reserve Requirement, and the interim FY decrease was based on a conscious decision to save on overall interest costs to the BWL by not borrowing from our Bond Anticipation Note (BAN). Ms. Shawa stated that the Days Cash on Hand will likely drop again in December but is still on track to be above the Minimum Cash Reserve Requirement of 155 at FYE. Ms. Shawa also stated that revenue was about \$4.5M over budget and operating expenses were under budget, resulting in a net income of \$20.7M compared to a fiscal year to date of \$9.7M. Ms. Shawa mentioned that all five ratios are currently beating their relative benchmark and that we continue to see a positive claims experience related to our benefit cost.

Ms. Shawa updated the Commissioners on the O&M and Capital Budget and Forecast timeline. Ms. Shawa stated that both the FY20 O&M and Capital Budget and FY20-25 forecast processes have been underway since November. Ms. Shawa outlined a few of the main tasks that will lead to the May 14<sup>th</sup> Finance Committee and May 28<sup>th</sup> Board Meeting presentations.

Commissioner Zerkle requested that Ms. Shawa provide a budget process update in her monthly communications with the Commissioners and Ms. Shawa responded that she will provide this update in her future monthly communications.

### Internal Audit Open Management Responses Update

Chief Financial Officer Heather Shawa presented management's responses to audits as follows:



**STATUS OF MANAGEMENT RESPONSES TO AUDITS  
DECEMBER 2018**

*Updates in red*

Issue #	Audit Name	Audit Issue Description	Response Date	Responsible Area	Status of Management Response
52	COBIT Compliance	Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework.	June 2017	Information Technology	Of 56 items involved, 42 are being reported by IT as complete, 10 on track, 3 overdue, and 1 ongoing. Internal Audit is in the process of verifying IT's reported status.
59	Succession Planning	Internal Audit supports identifying critical positions as soon as possible.	March 2018	Human Resources	A focus group has piloted a tool to assist with identification of critical positions which will be implemented on an organization-wide basis by 6/30/19. Implementation was previously estimated to occur by 12/31/18.
60	Succession Planning	Internal Audit supports training and development of succession candidates.	March 2018	Human Resources	Candidate assessment and development are underway, as part of the BWL Leadership Academy, and will continue through June 2019.
65	Physical Security <i>NEW</i>	Internal Audit supports a periodic review of all facility access.	Sept 2018	Industrial Health & Safety	Security will report facility access to managers on an annual basis, for review and response. Manager responses for this year, along with implementation of any corresponding changes to physical access indicated as being needed, are expected to be completed by 12/31/18.
66	Physical Security <i>NEW</i>	Internal Audit recommends controls over security personnel permitted to carry firearms on a concealed basis be enhanced.	Sept 2018	Industrial Health & Safety	Controls over security personnel authorized to carry firearms on a concealed basis will be enhanced by 12/31/18.
67	Contract Signature Authority Compliance <i>NEW</i>	Internal Audit noted the need for alignment with the updated organizational structure and Procurement Procedure, inclusion of MOUs, and consistently obtaining the Corporate Secretary's signature.	October 2018	Legal Services	Management will enhance training and communication to help ensure Corporate Secretary's countersignature is obtained as required; update Contract Signature Authority and Special Delegation documents to reflect current organizational structure and include MOUs; and revise policy and procedure to require General Counsel's consultation on purchase orders; all by 3/31/19.
68	Contract Signature Authority Compliance <i>NEW</i>	Internal Audit noted that proper approval and supporting documentation need to be on file.	October 2018	Legal Services	Management will develop policy establishing requirements for legal consultations and approvals, including documentation and approval requirements for direct payments involving agreements, as well as enhance training, communication, and document templates to help ensure proper approvals are obtained and documentation is on file, by 6/30/19.

Issue #	Audit Name	Audit Issue Description	Response Date	Responsible Area	Status of Management Response
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*Closed Issues (since June 2018 report):*

46	Performance Evaluation & Compensation	Internal Audit recommended job descriptions be updated.	January 2017	Human Resources	Job descriptions have been updated.
47	Performance Evaluation & Compensation	Internal Audit recommended increasing flexibility with awarding merit increases.	January 2017	Human Resources	The plan for decoupling of base and merit increases has been completed.
58	Succession Planning	Internal Audit recommends that Succession Planning procedures be formally approved and updated annually.	March 2018	Human Resources	An updated Succession Planning procedure has been approved by executive management.
63	Customer Arrangements & 3rd Party Payments <i>NEW</i>	Internal Audit recommends setting a target success rate and monitoring for the degree of achievement of it, for Regular Arrangements, along with considering the possibility of a new payback period guideline.	July 2018	Customer Service	Customer Service has researched target success rates for customer payment arrangements in use by other utilities and confirmed the appropriateness of the standard length of time for payback in use with BWL customers. The Customer Service Business Analyst is conducting monitoring on a monthly basis.
64	Customer Arrangements & 3rd Party Payments <i>NEW</i>	Internal Audit recommends setting a target success rate and monitoring for the degree of achievement of it, for Special Arrangements, along with considering the possibility of a new supervisory approval guideline.	July 2018	Customer Service	Customer Service is tracking success rates for both Standard and Special Arrangements on their department scorecard and has confirmed that established review/approval requirements remain appropriate.

**Other**

**Motion** by Commissioner Price, Seconded by Commissioner Graham, to excuse Commissioner Mullen from tonight's meeting.

**Action:** Motion Carried

**Adjourn**

Commissioner Ross adjourned the meeting at 7:33 p.m.

Respectfully submitted

Ken Ross, Chair  
Finance Committee

Proposed Resolution  
Amend the Commissioner Governance Policy

**WHEREAS**, The Lansing Board of Water & Light (BWL) is a municipally owned utility company 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 Board, per the Lansing City Charter, is delegated 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.

**WHEREAS**, per the Lansing City Charter, the Board has appointed three individuals, Director (also known as the General Manager), Internal Auditor (also known as the Director of Internal Audit) and Secretary (also known as the Corporate Secretary), who report directly to the Board and serve at the Board’s pleasure. The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which includes but is not limited to the operation and management of the BWL.

**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 as owned by 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 are effective with adequate support and resources.

**WHEREAS**, while the Administrative Rules of Procedure as approved by Lansing City Council in accordance with Section 5-105 identifies how the Board will conduct business and is organized for fulfilling its policymaking responsibilities necessary for the operation of the BWL, it desires to better define the understanding between individual Board members on day to day dealings.

**WHEREAS**, the Board recognizes the need for a self-evaluation but deems that an evaluation conducted every year is unnecessary and that conducting an evaluation every two years is sufficient in determining the ways in which efficiency and effectiveness can be improved

**RESOLVED**, the Board amends the Governance policy relating to the period of time that the Board will conduct a self-evaluation from each year to every two years; with the next evaluation to be conducted in 2020.

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*This Resolution supercedes Resolution 2017-07-06 which established and adopted the Commissioner Governance Policy.*

## **COMMISSIONER GOVERNANCE POLICY**

- 1) The Board's objectives and goals for its effective governance of the BWL include the following:
  - a. Develop and adopt corporate policies for the governance of the BWL that are sufficient for the effective administrative and executive management of the BWL;
  - b. Review and approve the corporate strategic plan that sets forth the mission, goals and broadly stated objectives and performance measures;
  - c. Review and approve major project plans and programs, capital and operating budgets proposed by the General Manager, or other policy matters as requested by the Board;
  - d. Monitor organizational performance;
  - e. Support the General Manager by engaging in collaborative performance planning and evaluation.
  
- 2) The Board commits itself and its individual members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate professional and personal behavior. More specifically:
  - a. Commissioners must, in capacity as a board member, represent the interests of the BWL and their respective constituents.
  - b. Commissioners may not attempt to exercise individual authority over the BWL, except as explicitly set forth in Board policies.
    - i. Commissioners' interactions with the General Manager, management and staff must clearly reflect that there is no authority vested in individual Commissioners, except when explicitly authorized by action of the Board.
    - ii. Only the Chair or other Designee of the Board may speak on behalf of the Board. To that end, no individual Commissioner (other than the Chair) may speak for the Board except to repeat explicitly stated Board decisions.
    - iii. Commissioners will refrain from making individual public comments about the BWL unless such comments are supported by relevant, timely, accurate and objectively reported information.
    - iv. Commissioners will respect the confidentiality appropriate to personnel issues and information of a sensitive nature.
  
- 3) The Board adopts and establishes that the General Manager's principal role, with the support of management and staff employees, is to:

- a. Carry out the administrative and management duties assigned for the full and exclusive management of the utility services provided by the BWL;
  - b. Support the Board in its development of policies;
  - c. Carry out the Board policies;
  - d. Keep the Board informed about the outcomes of its policies, including achievement of results and the use of resources;
  - e. Prepare and present, for Board approval and consistent with Board policies, a strategic plan, major project plans and programs and capital and operating budgets;
  - f. Manage and operate the BWL, accepting accountability for the performance of the organization in relation to the Board's policies, as well as its approved strategic and business plans, major project plans and programs, and capital and operating budgets.
  - g. Establish administrative and operational directives, standards, guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.
- 4) The Board shall provide direction to the General Manager, Director of Internal Audit and Corporate Secretary collectively as a board through resolution or motion as adopted by the Board; which includes the understanding that:
- a. The General Manager, Director of Internal Audit and Corporate Secretary are the only persons directly accountable to the Board for the operational conduct that directly impact their respective areas of responsibility. Additionally, the General Manager, Director of Internal Audit and Corporate Secretary are individually accountable only to the Board. The authority and accountability of respective management and staff is inseparable from the authority and accountability of the General Manager, Director of Internal Audit and Corporate Secretary. To that end:
    - i. The Board shall not give orders directly or implied to anyone other than the General Manager, Director of Internal Audit or Corporate Secretary based on the areas of respective authority and accountability.
    - ii. To the extent that the Board's written policies do not give specific direction, and the General Manager, Director of Internal Audit or Corporate Secretary deem it necessary to act, the General Manager, Director of Internal Audit or Corporate Secretary will respectively use a reasonable interpretation of its current policies, to make all decisions, develop all processes and procedures, take all actions and establish all practices necessary and will report to the Board actions taken and any recommendations for additional, or amendments to existing Board written policies.

- b. Unless the Board has specifically authorized an individual Commissioner or Board committee to do so, an individual Commissioner cannot make decisions or recommendations, nor issue directives that are binding on the General Manager, Director of Internal Audit and Corporate Secretary
  - c. When individual Commissioners request information or assistance from management without formal Board authorization, the General Manager, Director of Internal Audit and Corporate Secretary can either respond to the request accordingly or refer the request to the Board.
    - i. **Respond as requested.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may notify all other Commissioners of the request and the response provided.
    - ii. **Refer the request.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may refer the request to the Board for consideration and direction before taking any action. This is especially appropriate where the General Manager, Director of Internal Audit and Corporate Secretary believe responding to the request for information or assistance would be disruptive or require a material amount of staff time or funds that were not previously budgeted or scheduled for that purpose.
- 5) ~~Each year~~**Every two years** the Board will conduct a self-evaluation, soliciting the views of Board Members and other stakeholders as to the ways in which efficiency and effectiveness can be improved.
- 6) This Commissioner Governance policy is not intended to and shall not be construed as supplanting the Administrative Rules of Procedures as approved by the Lansing City Council in accordance with the Lansing City Charter Section 5-105 in whole or part. This Governance Policy is an understanding amongst the Board of Commissioners of how it will effectuate its executive and policymaking responsibilities with the utilization of its three appointees: General Manager, Director of Internal Audit and Corporate Secretary.

To the extent certain organizational resources are needed and permitted by the Administrative Rules of Procedure, which includes but is not limited to the use of consultants or legal counsel, this policy shall not prohibit or hinder such use, so long as the Administrative Rules of Procedure are followed.