



**BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
REGULAR BOARD MEETING
March 26, 2024 - 5:30 p.m.
1201 S. Washington Ave., Lansing, Michigan
REO Town Depot**

AGENDA

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

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of January 23, 2024

4. Public Comment on Agenda Items

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

5. Communications

- a. Electronic mail from Jack re: Shutoff fee
- b. Communication from Dusty Horwitt re: Thank you card
- c. Electronic mail from Jesse Lasorda re: BWL issue in the Second Ward
- d. Electronic mail from Heather Douglas re: BWL's clean energy goal for 2020
- e. Electronic mail from Djoachim Lockhart re: Customer utility bill

6. Committee Reports

- a. Special Committee of the Whole Meeting (February 20, 2024)-David Price, Chairperson
- b. Committee of the Whole Meeting (March 19, 2024)-David Price, Chairperson
- c. Finance Committee Meeting (March 19, 2024)-Sandra Zerkle, Chairperson

7. Manager's Recommendations

8. Unfinished Business

- a. Second Amendment to November 14, 2023 Regular Board Meeting Minutes

9. New Business

10. Resolutions/Action Items

- a. Capital Project Exceedance – Dye Filter Controls 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 Board of Water and Light subject.

15. Adjournment

Agenda posted on web site and building 03-22-24

2024 Board Meetings Notice/Schedule Posted in the Lansing State Journal January 3, 2024



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

January 23, 2024

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, January 23, 2024.

Chairperson Semone James called the meeting to order at 5:30 p.m.

Corporate Secretary, LaVella Todd, called the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Commissioners Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioner J. R. Beauboeuf (East Lansing)

Corporate Secretary Todd declared a quorum.

Commissioner Tracy Thomas led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to approve the Special Board Meeting Minutes of October 19, 2023.

Action: Motion Carried.

Motion by Commissioner James, **Seconded** by Commissioner David Price, to correct in the minutes, the starting time of the November 14, 2023 Regular Board Meeting to 5:30 p.m.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham, to approve the Board Meeting Minutes of November 14, 2023.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments.

COMMUNICATIONS

Electronic mail received from Carla Hayward regarding instructions, dividends proceeds and BWL bill scrutiny - *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Chairperson Semone James presented the Executive Committee Report:

EXECUTIVE COMMITTEE Meeting Minutes November 16, 2023

The Executive Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Thursday, November 16, 2023.

Executive Committee Chairperson Semone James called the November 16, 2023 Executive Committee meeting to order at 5:30 p.m. and asked the Corporate Secretary LaVella Todd to call the roll.

Present: Commissioners Semone James, DeShon Leek, David Price and Sandra Zerkle; also present: Internal Auditor, Elisha Franco; HR Executive Director, Michael Flowers and General Counsel, Mark Matus.

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner DeShon Leek, to approve the Executive Committee meeting minutes of March 3, 2022.

Action: Motion Carried.

Review of 360 Board Evaluation

The Executive Committee briefly discussed the 360 Board Self-Evaluation Questionnaire emailed by the Corporate Secretary to the full Board on November 9, 2023 and the Board Self-Evaluation Questionnaire: A Tool for Improving Governance Practice for Voluntary and Community Organizations emailed by the Corporate Secretary to the full Board on November 6, 2023 which HR Executive Director, Michael Flowers confirmed had been formatted to Survey Monkey in 2014

or 2015 or prior. The Each Executive Committee member shared comments and concerns regarding both documents.

Commissioner Price suggested the Executive Committee consider using the survey contained in the American Public Power Association (APPA) Governing for Excellence Book and followed on to read aloud several sections of the online survey to the Committee members. Commissioner Zerkle stated she had several issues with the 360 Self-Evaluation Questionnaire. Commissioner Price stated one of the reasons we do these surveys is to evaluate ourselves and the fact that its APPA gives it instant credibility. Commissioner Leek stated the APPA is the gold-standard and no one should have issues with it. Commissioner Price asked how we could get access to the survey. Commissioner James shared her approval to move forward with utilizing the APPA Governing for Excellence Book's Board Self-Evaluation Survey.

General Counsel, Mark Matus shared he thought the Governing for Excellence Book Board Self-Evaluation Survey had been purchased for the Board of Commissioners by the former Corporate Secretary and suggested purchasing the latest version of the Book Board Self-Evaluation Survey to share with the full Board. Mr. Matus shared concern for following the Open Meetings Act and encouraged the Executive Committee to follow through with presenting its decision to move forward with the APPA Governing for Excellence Book Board Self-Evaluation Survey to the Committee of the Whole in January. Chairperson James recalled she had a copy of the Governing for Excellence Book and Board Self-Evaluation Survey in her possession and requested the Corporate Secretary purchase the latest version of the Governing for Excellence Book and Board Self-Evaluation Survey for to distribute the full Board.

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James, to adopt the APPA Governing for Excellence Book and Board Self-Evaluation Survey and forward the APPA Governing for Excellence Book and Board Self-Evaluation Survey to the Committee of the Whole.

Action: Motion Carried.

HR Executive Director, Michael Flowers requested clarification on the next steps in the process now that the tool has been selected: how the survey will be distributed and administered, and how will the data be collected and shared. The Corporate Secretary was asked her opinion on how the next steps should be administered. Corporate Secretary Todd responded the responsibility of administering the Board Self-Evaluation Survey should go back to the HR Department like it has in the past due to the HR Department's experience in processing the Board Self-Evaluations as the information provided is confidential and the Survey Monkey will capture and tabulate the response data. Chairperson James requested a motion regarding the next steps as shared by the Corporate Secretary.

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek to direct the Corporate Secretary to order the latest version of the APPA Governing for Excellence Book and Board Self-Evaluation Survey, distribute the APPA Governing for Excellence Book and a PDF copy of the APPA Governing for Excellence Board Self-Evaluation Survey to the full Board and HR Executive Director, Michael Flowers in preparation for presentation at the January 2024

Committee of the Whole meeting, and then to have the APPA Governing for Excellence Board Self-Evaluation Survey uploaded into Survey Monkey format and administered to the full Board by HR Ex. Dire Michael Flowers, thereafter.

Action: Motion Carried.

Other

There was no other business.

Excused Absence

None.

Adjourn

Chairperson James adjourned the meeting adjourned at 6:01 p.m.

Respectfully submitted,
Semone James, Chairperson
Executive Committee

Vice-Chairperson David Price presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE
Meeting Minutes
January 16, 2024**

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, January 16, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle; and Non-Voting Members J. R. Beauboeuf (East Lansing), Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner Tracy Thomas, to approve the Committee of the Whole Meeting minutes of November 7, 2023.

Action: Motion carried. The minutes were approved.

Board Self-Evaluation Survey

Commissioner Semone James led the discussion on the governing Board self-evaluation survey that was brought forward from the November 16, 2023 Executive Committee Meeting. Chairperson Price commented that Human Resources Executive Director Michael Flowers would collect the data for the survey and provide it to the Commissioners. Commissioners will be sent the survey electronically within the next week and will have ten days to respond.

Motion by Commissioner Semone James, **Seconded** by Commissioner Tracy Thomas, to complete the Board self-evaluation survey sent electronically by Mr. Flowers and return it to Mr. Flowers within ten days of receipt upon which the data will be compiled and provided at the March 2024 Committee of the Whole Meeting for discussion.

Action: Motion Carried.

Board of Commissioners' Roles & Responsibilities Handbook

Commissioner James led the discussion on the Board of Commissioners' Roles & Responsibilities Handbook. The BOC Handbook was well received with the suggestion of adding source reference hyperlinks. Commissioner James thanked BWL staff, Associate Attorney II Marie Mireles, Associate Attorney II Yolanda Bennet, Corporate Secretary LaVella Todd, and Administrative Assistant Maria Koutsoukos, who participated in preparing the handbook. Commissioners were asked to review the Roles & Responsibilities Handbook for further discussion at the March 2024 COW meeting.

Other

Motion by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle for an excused absence for Commissioner Beth Graham.

Action: Motion Carried.

Adjourn

Chairperson Price adjourned the meeting at 5:47 p.m.

Respectfully Submitted
David Price, Chairperson
Committee of the Whole

Finance Committee Chairperson Sandra Zerkle presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes January 16, 2024

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy.

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 16, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:00 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners David Price, Dale Schrader, and Sandra Zerkle; Alternates: Semone James and Tracy Thomas

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve the Finance Committee Meeting minutes of November 7, 2023.

Action: Motion Carried.

November YTD Financial Summary

CFO, Heather Shawa presented the November YTD Financial Summary.

Commissioner James asked why the Days Cash on Hand was in red even though it is in the positive. CFO Shawa responded that the Days Cash on Hand is below the targeted amount.

Chairperson Zerkle asked whether after receiving the grant of \$8 million for electric vehicle charging stations in the Lansing area, BWL would be in charge of providing and repairing the stations. CFO Shawa responded that grant was awarded to the city in a partnership, with BWL making sure the infrastructure is to BWL specifications.

Commissioner James asked whether hydrogen was being considered for energy. Executive Director of Operations, Dave Bolan responded that one of the pilot projects being worked on is small hydrogen technology fuel cells.

Capital Project Exceedance Request – Eckert 13 & 15 Cutover Resolution

CFO Shawa requested approval of the Capital Project Exceedance for the Eckert 13 & 15 Cutover which was due to an extended schedule resulting in higher material and labor costs.

Commissioner DeShon Leek asked for an explanation of 13 & 15 Cutover. CFO Shawa responded that the numbers referred to circuits at the old John Beam building. Mr. Bolan added the circuits are to service the additional load at the building.

Commissioner Schrader requested that plain language information be provided as to why there is an exceedance when there is a request made. CFO Shawa responded that we can be sure to

provide additional information and added that this exceedance was primarily due to increased labor costs.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to forward the Resolution for the Capital Exceedance Request Eckert 13 & 15 Cutover to the full Board for consideration.

Action: Motion Carried.

Bond Update

CFO Shawa provided the clean energy bond issuance update. Closing is on January 31, 2024 and proceeds will be received then. Savings of \$4.7 Million are estimated to result from the partial refinancing of the 2013A and 2019B bonds.

Retirement Plan Committee (RPC) and DB Plan Investment Policy Statement (IPS) Updates

Finance, Planning and Accounting Director, Scott Taylor presented the RPC updates. An asset allocation to reduce risk for the Defined Benefit Plan assets was recommended by the RPC for which there is a resolution requesting approval.

Commissioner Thomas commended the work on the Retirement Plan for the benefit of retirees.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to forward the Resolution for the DB Plan Investment Policy Statement Revision to the full Board for consideration.

Action: Motion Carried.

Bi-Annual Internal Audit Open Management Response Updates

Internal Control Analyst, Cody Rochefort, presented the Bi-Annual Internal Audit Open Management Response updates. The RPC is working on a formal Retirement Plan Committee Charter and expects to complete it by June 2024.

FY24 Internal Audit Work Plan and Resolution

Director of Internal Audit Elisha Franco presented the FY24 Internal Audit Work Plan and requested approval of the plan. The audit department will review the FY24 Rules & Regulations with a focus on fees and charges; complete a follow-up audit to conclude if opting into PA-95 is a benefit to BWL customers; and examine the payroll process and documentation with a focus on FY24 3rd and 4th quarter transactions.

Commissioner James requested that Ms. Franco do a review of Commissioner resolutions that have been passed to date for the Board of Commissioners Roles & Responsibilities Handbook that is being created. Ms. Franco responded that she would conduct an informal audit and review the resolutions for the handbook on behalf of the Board.

Commissioner Schrader asked what was being examined in the payroll process. Ms. Franco responded that a new HRIS payroll system has been implemented, cash payroll is a high-risk area, and a payroll management review has not been completed since 2017.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to forward the Resolution for the approval of the FY24 Internal Audit Work Plan to the full Board for consideration.

Action: Motion Carried.

Review and Approval of Board of Commissioners Second Quarter Budget & Expense Report

Finance Committee Chairperson, Sandra Zerkle reported that P-Card reports and expense reports have been approved by the Finance Committee Chairperson and Finance Committee Member, David Price and have been sent to all Commissioners.

Other

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner David Price for an excused absence for Commissioner Beth Graham.

Action: Motion Carried.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 6:44 p.m.

Respectfully submitted,
Sandra Zerkle, Chairperson
Finance Committee

MANAGER’S RECOMMENDATIONS

There were no Manager’s Recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS/ACTION ITEMS

RESOLUTION 2024-01-01

Capital Project Exceedance: PE-20230 Eckert 13 & 15 Cutover

WHEREAS, Lansing Board of Water & Light’s (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for capital projects that are expected to exceed their previously approved designed budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project PE-20230 Eckert 13 & 15 Cutover was \$1,882,818; and

WHEREAS, the projected final total cost for Capital Project PE-20230 Eckert 13 & 15 Cutover is \$2,180,905, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project PE-20230 Eckert 13 & 15 Cutover projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project PE-20230 Eckert 13 & 15 Cutover with a projected final total cost of \$2,180,905.

Motion by Commissioner Tracy Thomas, **Seconded** by Commissioner David Price, to approve the Resolution for the Capital Project Exceedance: PE-20230 Eckert 13 & 15 Cutover at a Board meeting held on January 23, 2024.

Action: Motion Carried.

RESOLUTION 2024-01-02

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

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

WHEREAS, the Retirement Plan Committee, established by the Sponsor and delegated certain duties by the Trustees related to the investment of Defined Benefit Plan assets, periodically reviews the asset allocation of the plan and, as a result of its most recent review, recommends the total target allocation to equity investments be reduced to 45% of the plan from the current target allocation of 55% and the total target allocation to fixed income investments be increased to 50% of the plan from the current target of 40%; and

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

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

THEREFORE, it is:

RESOLVED, that, after its review, and based on the recommendation from the Retirement Plan Committee along with the General Manager, the Sponsor adopts and approves the attached

Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions
Statement of Investment Policies, Procedures and Objectives.

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle to approve the Resolution for Revised Defined Benefit Plan Investment Policy Statement at a Board meeting held on January 23, 2024.

Action: Motion Carried.

RESOLUTION 2024-01-03
Internal Audit Plan for FY 2024

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Plan for FY 2024.

Motion by Commissioner David Price, **Seconded** by Commissioner Toy Mullen to approve the Internal Audit Plan for FY 2024 at a Board meeting held on January 23, 2024.

Action: Motion Carried.

MANAGER'S REMARKS

General Manager Peffley reported on the following:

1. The BWL Sustainability Report for FY 2023 was provided to the Commissioners. The report contains facts and figures for BWL's utility services.
2. The 15th group of 1st STEP students were welcomed on Friday, January 20, 2024.
3. There were only 35 customers without power during the storm two weeks ago which is a credit to the transmission and distribution system.
4. The BWL annual audit was presented at the Lansing City Council COW on January 22 and the presentation went well.
5. Since opting into PA-95, which allows BWL to disconnect residential electric service in the winter, BWL customers have received \$532,855.48 in MDHHS utility payment assistance. This is an increase of \$429,004.75 compared to November and December 2022 MDHHS' funding. These preliminary numbers indicate this program is working. Customers age 65 and older are exempt from shut off (13,000 customers). Shut offs were suspended for 6 days this month due to severe cold and were in line with the Mayor's activation of warming centers.

Commissioner Mullen asked how many Lansing public school students were in the 1st STEP program and Executive Director of Human Resources Michael Flowers responded there are four students in the program this year.

COMMISSIONERS' REMARKS

Commissioner Zerkle commended BWL for a terrific year, for the work on the lead removal project and for the \$8 million grant received in participation with the city.

GM Peffley stated that a \$12 million purchase for 700W solar panels would be delivered for developing a Lansing footprint with seven projects in the Lansing area. BWL wasn't eligible for the 30% tax credit previously and partnered with another business with purchase power agreements. For the first three projects, solar panels will be put at the landfill at Comfort Street, at Lake Lansing, and at the Delta Energy Plant. The projects will help with the renewable portfolio and the loads during the summer.

Commissioner Zerkle asked if the amount of renewables that would result from the solar panels had been determined. GM Peffley stated that Kellee Christensen, Director of Strategic Planning & Development, could provide the generation numbers to the Commissioners.

Commissioner Leek asked if the solar panels were stationary to one spot or rotate with the sun. GM Peffley responded that the panels were stationary and the 2-3% of increase in the output of energy in the tracking array is not worth the expense and maintenance costs. Commissioner Leek also asked how snow is removed from the solar panels in the winter. GM Peffley responded that mother nature removes it or the snow can be swept off.

Commissioner Thomas commended BWL on the communications received and commended Ben McDonald for keeping the meeting technology working.

Chairperson James thanked GM Peffley and his staff, Associate Attorney Marie Mireles, Corporate Secretary and her staff, for the help with Board of Commissioners Roles & Responsibilities Handbook; and HR Executive Director Michael Flowers with the help with the Board Self-Evaluation survey.

EXCUSED ABSENCE

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham, to excuse Commissioner J. R. Beauboeuf from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chairperson Semone James adjourned the meeting at 5:52 p.m.

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 01-25-24
Approved by the Board of Commissioners: 03-__-24
Official Minutes filed (electronically) with Lansing City Clerk: 03-__-24

Sent: Thursday, January 25, 2024 12:53 PM

Select a Commissioner:

All Commissioners

Name

Jack

Street Address

Lansin, Michigan. 48912

Message

I have stepped through the process of filing a complaint with the Michigan Public Service Commission. I was shocked to find out that BWL is basically self-governed. It appears as though there are little protections for the consumer and the ability of this organization to shutoff power, impose fees, and offer assistance just isn't there. BWL has created a hardship for a single, jobless mother! The story is going to the news (Detroit and Lansing)... This is specific to the astronomical 60 reconnection fee, there is no reason that BWL should mandate this on someone that is easily capable of proving an extreme hardship. Smart meters will ultimately save utilities companies money and streamline the industry. I understand that there are fees associated, If someone experiences a hardship, they shouldn't have to worry about the power being cut in the coldest month of the year and incurring additional hardships due to a 60 dollar fee, it just blows my mind! 60 dollars is too much for a simple keystroke...

November 22, 2023

Dear LaVella and Commissioners,

Thank you so much for the framed copy of the resolution recognizing my service on the Board of Commissioners and for the Certificate of Appreciation. They look beautiful, and I appreciate your thoughtfulness in sending them. I hope you have a happy Thanksgiving and happy holidays.

Best wishes,

Dusty

Sent: Friday, February 16, 2024 12:59 PM

Select a Commissioner:

Beth Graham

Name

Jesse Lasorda

Street Address

LANSING, Michigan

Message

Please call me about a BWL issue in the second ward.

Jesse Lasorda

Sent: Sunday, March 10, 2024 3:27:18 PM

Select a Commissioner:

All Commissioners

Name

Heather Douglas

Address

East Lansing, Michigan. 48823

Message

I am writing to request that the Lansing Board of Water and Light explain how it can inform its Board of Commissioners that it met its goal of 30 percent clean energy in 2020 (see page 15 of this pdf document: <https://www.lbwl.com/sites/default/files/documents/COW%2011-07-2023%20Packet.pdf>) while currently showing on its website that only 13 percent of its electricity comes from clean sources (see <https://www.lbwl.com/about-bwl/facilities>). What accounts for the apparent discrepancy between these two pieces of information?

Sent: Thursday, March 21, 2024 12:44 PM Select a Commissioner:

Select a Commissioner:

All Commissioners

Name

Djoachim M Lockhart

Street Address

Lansing , Michigan

Message

To whom it may concern within the Board of Commissioners,

My name is Djoachim Lockhart, account number 10013147. I have been on the BWL's Levelized program from January 2023 - 2024. With a final payment of extra electrical charges totalling \$1032.85, due by 02/28/2024. I have not and will not be paying for these extra charges that the Levelized program has created without an investigation and litigation. Because The Levelized program as well previous bills over the years have been in violation of the MICHIGAN CONSUMERS PROTECTION ACT. ACT 331 of 1976. SECTION 445.903 Unfair, unconscionable, or deceptive methods, acts, or practices in conduct of trade or commerce; rules; applicability of subsection (1)(hh). SEC. 3 (a) (i) (s) (y) and (z).

Now I understand that the Michigan Governmental Tort Liability Act provides immunity for government units, such as BWL. However that immunity is waived when it comes to property damage or financial obligations. In which I will be suing BWL for both. Because I've got solar panels on my property that BWL feeds from. So I will be suing for property damage, because my electric bill has never been higher since I've had the solar panels! Even though my devices, electrical box, and usage have remained the same since I purchased the property. And BWL has a financial obligation to provide reduced electrical charges, because I have solar panels on my property.

To bring you up to date. I wrote a previous letter to Customer Service dated 02/22/2024, to allow BWL 30 days notice to credit my account in this amount or otherwise resolve the matter. And to stop these price gouging practices permanently. However, within that time frame nothing has been resolved. In fact, I've received yet another outrageous bill. Now I'm reaching out to the Board of Commissioners to make them aware of this problem before taking legal action. I will be present at the next BWL meeting on 03/26/2024 with hopes that we can bring this issue to a close. Thank you.

Kind regards,

Djoachim (Jah-keem) Lockhart

SPECIAL COMMITTEE OF THE WHOLE

Meeting Minutes

February 20, 2024

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, February 20, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle; and Non-Voting Members Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioners Dale Schrader and J. R. Beauboeuf (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Meeting Purpose: Conduct Board of Commissioners Interview Regarding the FY2026-FY2030 Strategic Plan

General Manager Dick Peffley introduced General Counsel Mark Matus who provided information on the All Source RFP which set the road map for the strategic plan. Mr. Matus reported that the RFP was for a variety of technologies, including a 112 MW reciprocating internal combustion engine (RICE) that can burn natural gas, or hydrogen in the future, at the Delta Energy Plant, 6 MW of solar on the north Lansing landfill site, a 115 MW solar electric generation facility outside of the BWL territory, and an on-demand response residential thermostat program to lessen loads. Four more solar projects totaling 40 MW are being considered, a battery storage facility that will provide 43 MW is part of the project at Delta Energy Park, and also a 150 MW wind project outside of the BWL territory is being considered. GM Peffley added that \$.014 per kw will be saved on transmission charges by building the service territory.

Commissioner Zerkle asked how the battery storage would operate. GM Peffley responded that battery storage would be charged when there was surplus renewables or during idling times, and at peak load times the batteries would be discharged. The battery time on a charge is 4 hours but there is degradation when the battery is charged and discharged, and the life of the battery is unknown at this time.

Commissioner Thomas asked about the locations of the wind farm. GM Peffley confirmed that there was a wind farm in Ithaca.

Leah Bucio, Planning Business Analyst, presented the FY 2026 Strategic Plan which included a roadmap that outlined the organization's goals, objectives and strategies to achieve long-term

success; analyzing the current landscape and anticipation of future challenges, threats and opportunities; and guidance for decision-making and ensuring that the organization is moving in the direction toward achieving its desired outcomes. BWL is working with strategic consultant Aether Advisors, LLC. The new strategic plan is currently in the Strategic Plan Development phase, plan approval is scheduled for fall of 2024, and the plan will take effect July 1, 2025. Individual participation for BWL employees will be conducted in a electronic survey with a March 1 closing date. Individual participation for public stakeholders will be conducted with a form through a link on the BWL Strategic Plan website that will be available Monday, February 26, 2024 through Friday, March 8, 2024.

Commissioner Zerkle asked if the questions for the public were the same as for the Commissioners and Ms. Bucio affirmed that they would be similar.

Commissioner James asked who were the community partners that were interviewed. Ms. Bucio responded that the Lansing Mayor, Deputy Mayor, the Director of Public Works, LEDC and LEAP were interviewed.

Commissioner Mullen suggested that Lansing City Council Members Ryan Kost and Brian Jackson be interviewed for their input as they often ask questions about renewable resources. GM Peffley responded input could be requested of all City Council members. Commissioner Mullen also asked what kind of advertising would be provided for the public to be made aware of the Strategic Plan questions on the BWL website. Ms. Bucio responded that notice of the questions will be on the BWL website and on LinkedIn. Commissioner Mullen asked if other advertising methods could be used. GM Peffley responded that the Communications Department would advertise the Strategic Plan with additional methods.

Commissioner Pillar asked if the area townships would be provided information about Strategic Plan questions.

Commissioner James asked if input would be requested from state of Michigan agencies (i.e., EGLE, MEDC, LARA) and GM Peffley responded that BWL is focusing on its customers and input hasn't been solicited as of yet, but if information is requested it will be provided. Commissioner James asked if BWL collaborated with other utility providers in the area and GM responded that BWL staff networks with their peers and they share ideas. Carbon Neutrality Manager, Anna Munie, responded that the process for other utility providing businesses is different from the BWL as they are regulated by the Michigan Public Service Commission and are required to submit filings.

Ms. Bucio, Strategy Supervisor Tony Heriford, and Director of Strategic Planning and Development Kellee Christensen asked the Commissioners the interview questions.

The following responses were given to the strategic plan interview questions:

1. What do you see as BWL's recent achievements in the last three years?

Commissioner Mullen responded that the two greatest achievements were the Delta Energy Park, and that the BWL system was so resilient during the August storm.

Commissioner Graham responded the greatest achievement was the fast recovery for the train track incident.

Chairperson Price responded that BWL's part in attracting the Ultium Battery Plant to the local community and being seen as an economic engine in the community were the greatest achievements.

Commissioner James responded that the decommissioning of Erickson was considered a great achievement as well as the solar array installations and the Resource Fairs which help our community.

Commissioner Thomas responded that in addition to the other achievements mentioned, the payment kiosks, the Energy Assistance Guide, the co-op and internship programs, and the tree-trimming program are BWL's recent achievements.

Commissioner Zerkle responded that the GM's Roundtable program which is very helpful in keeping customers informed is a recent achievement.

Commissioner Leek responded that response time to the major events of weather and the train, and community engagement in which BWL goes above and beyond to help are recent achievements.

Commissioner Pillar responded that the tremendous focus on employee safety which also trickles down to public safety is a recent achievement.

Chairperson Price responded that Diversity, Equity and Inclusion has been a superb effort.

Commissioner Thomas responded that the mutual aid responses were a recent achievement.

Commissioner Worthy – comments were inaudible

Commissioner Schrader write-in comment:

- 1 Response for a major power loss event was excellent.
- 2 Bring in the GM/Ultium battery plant to the BWL grid area
- 3 Completion of the natural gas power plant at Erickson
- 4 Continuing to build toward the goal of renewable energy

2. How is BWL viewed in the Greater Lansing community?

Commissioner Mullen responded that BWL is only recognized when something bad happens and would like BWL to be kept out of the newspaper.

Commissioner Zerkle responded that BWL is recognized with a large sign at the ballpark as a cosponsor, recognized at Silver Bells, and most customers are satisfied with BWL service and how they are treated.

Commissioner Graham responded that in Facebook communications there is disapproval regarding shut offs and suggested more information be provided on payment assistance.

Chairperson Price responded that negativity does appear in Facebook communications but the surveys conducted express incredible approval from a majority of the customers.

Commissioner Zerkle responded that in polling, customers that believe errors have been are the ones that are expressing that in their communications.

Commissioner James responded that when there is an unhappy segment of ratepayers due to reconnection fees and the shut offs of seniors, a system that identifies customers that are approaching delinquency in payments would be helpful, along with the resource fair and proactively working with folks. GM Peffley responded that rates are based on income rather than age and uncollectable debt standards have been set, but in the spring the assistance received from opting into PA95 will be shown to be beneficial. GM Peffley added that 3 to 5 notifications are sent with options that are available before there is a shutoff.

Commissioner Pillar responded that people that don't understand the opportunities in the available programs are the ones from whom the most feedback is received and more opportunities to get the communication out is the best program.

Commissioner Worthy responded that PA95 is a beneficial opportunity and negative feedback on the security deposits seems to be the content of most comments even though the security deposits are returned after a year of on time payments. He added the recent rate changes are affecting the people that are making the negative comments and additional communication would be helpful. GM Peffley responded that information is being provided and that has reduced the negative comments.

Commissioner Thomas responded that most customers are happy and want to be a part of the Board.

Commissioner Schrader write-in comment: With all the good going on I don't think it BWL viewed all that well. There is a common viewpoint that BWL is not transparent enough.

3a. What are BWL's gaps or challenges?

Commissioner James asked how AI was going to be utilized? GM Peffley responded there hasn't been any discussion yet. Commissioner Graham responded that the SmartMeters are a form of AI. GM responded that the SmartMeters determine the best energy use for the customers.

Commissioner James commented that solar and wind are a huge challenge for renewable energy. GM Peffley responded that intermittence in power supply due to weather changes and trying to keep

the grid balanced without brownouts is a challenge, although batteries will provide part of the backup power, RICE engines another part and combined cycles another part. Commissioner James commented on the use of hydrogen as a source of energy being clean but expensive. GM Peffley responded that China has made advances in hydrogen in the auto industry and BWL has a small hydrogen fuel cell and future energy technology may be different than it is now.

Chairperson Price responded that the issue is how to reduce the carbon footprint as quickly as possible as climate change is becoming more extreme.

Commissioner Zerkle responded that battery storage has been discussed to backup solar and wind and it would take a battery the size of 3 or 4 blocks to service Lansing. GM Peffley responded that solar technology is advancing with panels that were originally 130 MW and are now 700 MW. He added that reliability, affordability, and clean energy is for what BWL is striving.

Commissioner Worthy responded battery storage and additional emerging technology and research is being conducted with energy capacity increasing and costs being reduced. Technology must be selected that will not become obsolete.

Commissioner Schrader write-in comment: Dealing with the above-mentioned viewpoint. Bringing in new business to the Greater Lansing area while pursuing the challenge of renewable energy goals.

3b. What emerging opportunities do you see for BWL?

Commissioner Leek responded an emerging opportunity would be obtaining more commercial customers.

Commissioner Worthy responded that space based solar technology is a future opportunity. Chairperson Price responded that making electric vehicles and charging available, reliable and affordable for customers is an emerging opportunity. He added distributive energy generation education to help people create their own energy.

Commissioner Leek inquired whether BWL could be part of the technology where Detroit created an electric road that could charge cars while being driven on it. GM Peffley responded that it was from a Department of Energy state grant with the city of Detroit, was very expensive and is being used for their bus line. He added BWL would participate but it would need to be led by a larger entity.

Commissioner James inquired about renewable with electrolysis. GM Peffley responded that it is hydrogen from electricity and water. Commissioner James asked if a natural gas with hydrogen technology was being considered. GM Peffley responded that the new generators can burn hydrogen instead of natural gas to be cleaner. Commissioner James asked if any businesses have asked BWL to produce hydrogen. Ms. Christiansen responded that production of hydrogen hasn't been requested but discussions have been held regarding alternative fuels and hydrogen technology. Commissioner James commented that there are hydrogen cars that are unable to obtain fuel in California as Shell has closed the majority of their retail hydrogen fillings stations due to the expense of hydrogen. GM Peffley responded that hybrid vehicles have zero emissions but a person wants to be able to return if

they go out of town and currently the costs of electric battery replacement is more than the cost of the car.

Commissioner Worthy inquired whether there are steam and hot water alternatives to geothermal heating and cooling. GM Peffley responded that geothermal needs to be backed up with electric due to Lansing's geographic location and is more expensive to replace.

Commissioner Dale Schrader write-in comment: Using the BWL to bring in large company investment to the area by offering guaranteed rates and uninterrupted power.

4. In BWL's current Strategic Plan, the core Strategic Priorities are:

Priority 1: Customer and Community

Goal: Enhance the customer utility experience and enrich the community we serve

Commissioner Worthy – increase customer interest

Priority 2: Workforce Engagement and Diversity

Goal: Maintain a workforce that embraces safety, is agile, diverse, engaged and prepared to support BWL's success

Priority 3: Climate and Environment

Goal: Maintain a leadership role in providing energy solutions that support a sustainable planet

Priority 4: Operational Resiliency and Continuous Improvement

Goal: Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people, and knowledge

Priority 5: Financial Stability

Goal: Maintain a financially viable organization

Discussion about rewording of priorities

4a. For the next Strategic Plan, do you think these are still appropriate areas of focus?

Commissioner Worthy suggested keeping what is said in the priorities but changing how it is said. He also suggested adding water solutions to Climate and Environment.

Commissioner Zerkle responded to use Commissioner Worthy's wording provided for the priorities.

Chairperson Price responded to wait to edit any wording of the priorities until all feedback and input was received on the strategic plan.

Commissioner James responded to have the BWL staff select the wording of the priorities.

Commissioner Mullen responded that the content of the priorities is more important than how it is said. Commissioner Zerkle responded that the different wording sounded better. Ms. Christensen responded that the wording was received and did make the priorities more dynamic.

Commissioners responded that the priorities selected were appropriate.

Commissioner Dale Schrader write-in comment: Yes. These are worthy goals and in the right prioritization order. BWL is owned by the City of Lansing so it is important to be responsive to the City and the customers.

4b. As you review Strategic Priorities, are there any new areas of focus you think should be included?

Commissioners responded that the priorities selected were appropriate.

Commissioner Dale Schrader write-in comment: Transparency. More promotion of BWL. I'm not talking about advertising. Explain that the BWL customer charges are less than customers would pay than with investor-owned utilities like DTE, and that BWL response is better than investor-owned utilities. Explain things in the bill such as the City of Lansing charges the sewer bill and BWL does not get this money. Most customers do not understand this and do not understand many parts of the bill.

5. Are there any services BWL should expand to better meet customers' expectations?

Commissioner Mullen responded that he supported distributive generation and questioned whether it could be financed to make it easier for customers to put solar on their roofs, such as adding an amount monthly to bills. GM Peffley asked whether financing another solar garden would be of interest to the Board. Chairperson Price commented that adding on-bill financing for solar energy improvements had been discussed a couple years ago. Ms. Christensen responded that the system is set up to do on-bill financing but there are some legal issues with doing on-bill financing. She added that currently there are rebates for distributive generation and are actively looking at what else can be done.

Commissioner Zerkle inquired whether the solar financing could be similar to how rate structure was changed for certain hours of the day.

Commissioner Thomas inquired whether solar panels could be shared between two adjacent houses. Ms. Christensen responded that code compliance doesn't allow a single solar service for two different houses.

Commissioner Graham inquired whether an event to educate customers on the benefits of different types of energy available could be conducted. GM Peffley responded that different technologies are covered by BWL departments going into the community.

Commissioner Pillar responded inquired whether data internet services would be an opportunity for BWL to provide to customers. Mr. Matus responded that it will be taken under consideration. Ms. Christensen responded that the area is saturated with cable services but the topic is reviewed every few years.

Commissioner Leek responded that he would like BWL to invest in smart thermostats or smart panels to control lights. Ms. Christensen responded there are rebates for smart thermostats and BWL is continually watch the market for rebates for customers to control their energy consumption.

Commissioner Mullen – comment was inaudible. Ms. Christensen responded that they are keeping it on their list to move forward on.

Commissioner James inquired whether the home energy rebate program in the inflation reduction act guidebook was being capitalized on. Ms. Christensen responded that available grant searches were being made. Mr. Matus responded that BWL just received an Energy Star Award from the Department of Energy for its marketing efforts.

Commissioner Worthy commented that induction cooking is more energy efficient than an electric range and BWL should be commended.

Commissioner James inquired what BWL was doing to take advantage of the Infrastructure Investment and Jobs Act. Inaudible response.

Commissioner Dale Schrader write-in comment: Explaining the customer bills. Transparency. This will be discussed in a future COW meeting, I am told.

6. Who do you think BWL's major external stakeholders are? What might they look for BWL to consider in its strategic plan?

Chairperson Price responded with city government.

Commissioner James responded with the ratepayers and large businesses that have energy as a component of their business processes.

Inaudible discussion.

Commissioner Worthy responded that external stakeholders would be suppliers, vendors, creditors, local communities and, with carbon neutrality expected by 2050, every person on the planet.

Commissioner Dale Schrader write-in comment: City of Lansing. Customers.

7. Are there any other thoughts you'd like to share or questions you'd like to pose?

Commissioner Graham inquired whether there is advertising for cleaner utilities, a cleaner environment, a cleaner city, cleaner energy, cleaner waters and recycling. GM Peffley responded that it has become a top priority for the Mayor and has requested to improve the aesthetics of the city and to cleanup signs and postings.

Commissioner Mullen inquired about hydroelectric power and the dam. (Inaudible on recording) Mark Matus responded that it is expensive and a 50 to 60 year return on investment and it won't run that long.

Chairperson Price thanked Commissioner James for the suggestion of a collective board-style interview meeting to collect input from the Commissioners, and also thanked the strategic planning team for putting the process together. GM Peffley commented that the process was very valuable.

Commissioner James thanked GM Peffley for the update on the All Source RFP and requested a brief email summary on the information.

Other

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham for an excused absence for Commissioners Dale Schrader and J. R. Beauboeuf.

Action: Motion Carried.

Adjourn

Chairperson Price adjourned the meeting at 7:17 p.m.

Respectfully Submitted
David Price, Chairperson
Committee of the Whole

COMMITTEE OF THE WHOLE

Meeting Minutes

March 19, 2024

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, March 19, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader (arrived @6:04 p.m.), and Sandra Zerkle; and Non-Voting Members J. R. Beauboeuf (East Lansing), Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioners Beth Graham and Tracy Thomas

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the Committee of the Whole Meeting minutes of January 16, 2024.

Action: Motion carried. The minutes were approved.

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the Special Committee of the Whole Meeting minutes of February 20, 2024.

Action: Motion carried. The minutes were approved.

Strategic Plan Update and Timeline

Kellee Christensen, Director of Strategic Planning and Development introduced Leah Bucio, Planning Business Analyst who presented the July 1, 2021-June 30, 2025 Strategic Plan update with an overview; priorities, goals, and strategies; strategic accomplishments report for FY 2021 to Fall 2023; awards; and FY2026 strategic plan development.

Commissioner Mullen inquired how it was determined which strategies are involved with each project; and what happens when there are two strategies in conflict. Tony Heriford, Strategy Supervisor, responded the projects are coded according to strategy by a manager or business owner. GM Peffley responded that the Asset Management Department assesses and evaluates all assets, and then meets with the departments to review projects and budgets to attain reliable and affordable utility services.

Commissioner Zerkle inquired about reasonable and reliable energy for financial stability and whether every project has to meet 95% of the conditions of the strategic plan. GM Peffley responded that the

strategic plan drives the capital budget and the projects meet multiple strategies. Ms. Christensen added that the update being presented indicates the tracking of the budgeting and strategic plan.

Chairperson Price inquired about the survey results from the participation of the public. Ms. Bucio responded that 145 people participated in the survey.

Board Self-Evaluation Survey Results

Commissioner Semone James opened the floor for the discussion of the results of the governing Board self-evaluation survey. Human Resources Executive Director Michael Flowers presented the data collected from the survey and provided it to the Commissioners. A discussion followed on the survey questions of succession planning for the CEO, the orientation of new Commissioners, and whether the Board spends appropriate amount of time on policy issues and operational issues.

Chairperson Price spoke on the succession planning of CEO and stated that it needs to be addressed in the near future.

Commissioner James spoke on the orientation of new Commissioners, recommended the APPA 15 module course on governance be included in the onboarding of a new Commissioner, and also recommended that attending Commissioners report on information presented at the APPA National Conference.

Commissioner Zerkle spoke on the orientation of new Commissioners and the amount of information with which to become familiar. Chairperson Price added that the Board governance also has to be in compliance with the city.

Mr. Flowers recommended further dialogue on the survey results among the Commissioners.

GM Peffley commented that BWL can provide the information in house or the resources for the information that is presented at the APPA conferences if Commissioners are unable to attend.

Chairperson Price commented that APPA presented a governance training at BWL and suggested considering another presentation.

Commissioner James asked the new Commissioners if they thought there was anything the Board could do better upon participation in the survey.

Commissioner Pillar asked if a previous version of the survey had been conducted. Chairperson Price responded it was the first APPA version of the survey conducted.

Commissioner Schrader inquired about the balance of governance for the city and governance of the BWL.

Commissioner James commented that an oath is taken as an officer of the city and governing for the BWL and for the constituents.

Chairperson Price commented that the governance for the city and of the BWL aren't separate from each other.

Commissioner Zerkle commented that the city gave the Commissioners the responsibility to follow the city rules and are advised by both BWL's legal counsel and the city attorney.

Chairperson Price commented that the tree trimming policy is an example of balancing governance and service with the city.

Mr. Flowers commented that the Board spends an appropriate amount of time on policy issues versus operational issues which a Board should do. Chairperson Price responded that the Board's role is to delve into policy and the three appointed employees are to work on operational issues.

Commissioner James thanked all Commissioners for participating in the survey.

Review of Board of Commissioners' Roles & Responsibilities Handbook

Commissioner Semone James led the discussion on the Board of Commissioners' Roles & Responsibilities Handbook. Commissioner James thanked Commissioner Pillar, and BWL staff, General Counsel Mark Matus, Associate Attorney II Marie Mireles, Corporate Secretary LaVella Todd, and Administrative Assistant Maria Koutsoukos, for the input in preparing the handbook.

Commissioner James commented that the handbook will be a tool for the Commissioners to use and to become knowledgeable of the Commissioners' roles and responsibilities.

Chairperson Price suggested colorful Powerpoint slides with bullet points and a narrative be made of the handbook and provided to the Commissioners. Commissioner Beauboeuf stated that he appreciated the redlined document that indicated the train of thought for progressive changes made in the handbook.

Other

GM Peffley gave three announcements. The 18 inch steam line failure that caused a disruption of service is back on-line. BWL staff addressed 400 feet of line, up to 25 feet down, in a quick amount of time. City Attorney Jim Smiertka is retiring and City Attorney Greg Venker will be the Interim City Attorney. GM Peffley will be out of the office for the March Board Meeting and CFO Shawa will preside in his stead.

Commissioner Leek thanked GM Peffley for participating and being a keynote speaker at the Michigan Building Trades 62nd Annual Legislative Conference.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Semone James for excused absences for Commissioners Beth Graham and Tracy Thomas.

Action: Motion Carried.

Adjourn

Chairperson Price adjourned the meeting at 6:22 p.m.

Respectfully Submitted
David Price, Chairperson
Committee of the Whole

FINANCE COMMITTEE
Meeting Minutes
March 19, 2024

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone Jame, Tracy Thomas; Non-Voting: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, March 19, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:40 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners David Price, Dale Schrader, and Sandra Zerkle; Alternate: Semone James

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Schrader, to approve the Finance Committee Meeting minutes of January 16, 2024.

Action: Motion Carried.

Financial Summary YTD

CFO Heather Shawa presented the Financial Summary YTD. Days Cash on Hand is below target due to about \$7.7 million of unanticipated costs from the August storm and prepayment of some contracts in the clean energy program. As the BWL reimburses itself for the clean energy program costs, this will trend back up. CFO Shawa reported that the FY2024 budgeted net income was \$17.5 million but three items impacted the amount and an adjusted new projected net income was presented. The three variances were the August storm costs of \$7.7 million, bond issuance costs of \$2 million, and continued higher material costs as indicated in the O&M Budget YTD 11% difference.

Chairperson Zerkle asked if the day-to-day operations were being affected by the Days Cash on Hand. CFO Shawa responded that no operational spending has been cut as sufficient funding is available to continue planned operations. GM Peffley responded that FEMA denied the storm reimbursement claim.

Commissioner James inquired whether the storm area was considered a federal disaster area and the reason why there would be student loan forbearance and not storm reimbursement. CFO Shawa responded that mostly individual claims received support, but not public assistance entities. CFO Shawa added that a further meeting is being held with the city of Lansing and a maximum of \$1 million can be requested for reimbursement through local and state funds.

GM Peffley commented that the budget has not exceeded targets in 8 or 9 years and doesn't see the projected net income dropping any lower. The wholesale side of the O&M budget is being closely managed and if the warmer weather trend continues, some costs will be returned through sales.

Chairperson Zerkle inquired whether the Capital Budget amounts were due to some major projects that are just beginning to get started that were behind production. CFO Shawa responded affirmed.

CFO Shawa reported that the Debt to Total Assets is red due to Delta Energy Park, new debt issuance and clean energy program. Days Sales Outstanding is red due to increased accounts receivable.

Chairperson Zerkle inquired whether the bad debt decrease is attributed to PA 95. CFO Shawa affirmed. GM Peffley added that the report states that customers have collected more than \$1 million and there are less customers in the shut off cue. GM Peffley added that there is proposed bill to increase the PA95 amount from \$0.88 to \$2.50 and believes that is too much.

Capital Project Report

CFO Heather Shawa presented the Capital Project Report.

GM Peffley commented that exceedance requests are made for projects that are \$200,000 and/or 15% over the budgeted amount. GM Peffley added that prior to the current exceedance request procedure, capital project amounts were budgeted above projected costs and tied up resources.

Capital Project Exceedance Request – Dye Filter Controls Resolution

CFO Shawa requested approval of the Capital Project Request for the Dye Filter Controls project. The exceedance is for replacement of the outdated system at Dye Water Plant. The project includes replacing the control system hardware and software; integration of the filter operations to one system and integrate it with the rest of the plant's control system; elimination of a single point of failure; reduce repair and filter down time; increase safety; and reduce manual labor. The request is for a \$899,921 worst case scenario with an expected completion date of Fall 2024.

Chairperson Zerkle inquired whether the project was first approved in 2013. CFO Shawa responded that the project was approved in 2021 and the project exceedance policy was

approved in 2013. GM Peffley added that design issues contributed to the exceedance in the project.

Commissioner Schrader requested the original budget amount of the project. CFO Shawa responded that the original approved amount was \$2,165,755 and with the additions the amount is \$3,065,675.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Capital Exceedance Request Dye Filter Controls to the full Board for consideration.

Action: Motion Carried.

Chairperson Zerkle inquired about the brown water complaint. GM Peffley responded that the Lansing Fire Department (LFD) was on the site putting out a fire in the customer's neighborhood. When LFD fills a fire truck, it stirs up the main. We contacted the customer and let him know to run the faucet for 20 minutes and the water cleared up. Water Operations Director Sanjeev Mungarwadi answered Commissioner Price's question on whether the color was from rust and added that the rust is in the older cast iron water mains and there is not at much in the new ductile iron water mains. Commissioner James commented that the incident was on the news and that the customer didn't appear happy.

Retirement Plan Committee (RPC) Updates

CFO Shawa presented the RPC Investment Activity and Administrative Activity updates. Transition from Lazard Int'l Equity Fund to Marathon EAFE Equity Fund for the DB and VEBA plans is expected to occur in the 3rd quarter; VEBA portfolio rebalancing of real assets is in process; total assets increased for the quarter in the DC plans; compliance assessment in the DB and VEBA plans is proceeding; a reimbursement of \$4,586,358.03 for benefits paid has been approved for the VEBA plan; the IBEW Local 352 Business Manager Ron Byrnes is retiring and a replacement will be made. GM Peffley responded that Water Station Operator Steve Perry will be the Interim Business Manager.

May 2024 BWL Budget Presentation Summary

CFO Shawa presented the FY 25-30 Budget and Forecast Process.

Commissioner Beauboeuf thanked CFO Shawa and Finance & Planning Accounting Director Scott Taylor for the Budget 101 Meeting that he and Commissioner Schrader attended.

Board of Commissioners Fiscal Year Budget Process Summary

Corporate Secretary LaVella Todd presented the Board of Commissioners Fiscal Year Budget Process Summary.

Board of Commissioners Quarterly Budget and Expense Report Process Summary

Corporate Secretary LaVella Todd presented the Board of Commissioners Quarterly Budget and Expense Report Process Summary. The process of the orientation process will be revamped to adjust to changes in the information to be provided.

Internal Audit Status Report

Director of Internal Audit Elisha Franco presented the Internal Audit Status Report and provided the audit progress report; the remaining FY 2024 Audit Plan; Internal Auditor professional development information; and Internal Auditor Department items of: a request for proposal for internal audit software, acquiring a staff member to assist with audits, resolutions review for the Board of Commissioners Roles & Responsibilities Handbook, and a review and update of the Internal Audit Charter; and annual planning and risk assessment for the FY2025 Audit Plan. Ms. Franco will obtain input before it is presented to the Board of Commissioners in July 2024.

Commissioner James inquired whether the resolution review went back to 2007 and if an additional review would be made on resolutions prior to 2007. Ms. Franco responded that a review of resolutions prior to 2007 would be conducted as soon as the resolutions were made available by the Department of the Corporate Secretary.

Ms. Franco affirmed that an update of the internal audit charter is completed every two years in response to Chairperson Zerkle's question.

Other

Chairperson Zerkle stated that the Purchasing Card Reports for all three appointed employees have been received and reviewed by the two Commissioners as required by resolution and would be forwarded to the full Board for approval.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader for an excused absence for Commissioner Beth Graham.

Action: Motion Carried.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 7:29 p.m.

Respectfully submitted,
Sandra Zerkle, Chairperson
Finance Committee

RESOLUTION 2024-03-XX
Capital Project Exceedance: PW-10080 Dye Filter Controls Upgrade

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for capital projects that are expected to exceed their previously approved designed budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project PW-10080 Dye Filter Controls Upgrade was \$2,165,755; and

WHEREAS, the projected final total cost for Capital Project PW-10080 Dye Filter Controls Upgrade is \$3,065,675, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project PW-10080 Dye Filter Controls Upgrade projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project PW-10080 Dye Filter Controls Upgrade with a projected final total cost of \$3,065,675.

Motion by Commissioner _____, Seconded by Commissioner _____, to approve the Resolution for the Capital Project Exceedance: PW-10080 Dye Filter Controls Upgrade at a Board meeting held on _____.