



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

May 28, 2013

CORRECTED

The Board of Commissioners met in the Boardroom of the Administrative Offices, 1232 Haco Drive, Lansing, Michigan.

Chairperson Sandra Zerkle called the meeting to order at 5:30 p.m.

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: Commissioner Anthony McCloud

The Corporate Secretary declared a quorum present.

Commissioner Price led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Thomas, seconded by Commissioner Ward to approve the Regular Board Meeting minutes of March 26, 2013.

Action: Carried Unanimously

PUBLIC COMMENTS

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.

There was no Public Comments

COMMUNICATIONS

- a. Letter from L.W. Morrow of Lansing, MI regarding alternative fuel.
Received and Place on File

COMMITTEE REPORTS COMMITTEE OF THE WHOLE

April 9, 2013

The Committee of the Whole of the Lansing Board of Water and Light met at the Executive Offices located at 1232 Haco Dr., Lansing, MI, at 5:30 p.m. on Tuesday, April 9, 2013.

Committee of the Whole Chair Dennis M. Louney called the Committee of the Whole meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery (arrived at 5:35), Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

There was no public comment.

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Ward to approve the Committee of the Whole meeting minutes of March 12, 2013.

Action: Motion Carried

General Manager Lark respectfully requested that the agenda items be taken out of order.

Personal Protective Safety Equipment Fashion Show

General Manager J. Peter Lark introduced Administrative Assistant Jean Gannon who organized the safety equipment fashion show. Ms. Gannon stated that it had been a few years since the fashion show was presented to the Board of Commissioners and was pleased to have the opportunity to do it again and to share some new equipment as well as entertain.

David Douglas, Human Resource Advisor, was the Master of Ceremony. Larry Shields, Safety & Process Trainer, was the moderator. Rebecca Rostar, Customer Service, was the Sound Technician.

The models for the Fashion Show included the following BWL employees: Gennie Eva, Jeff Burnham, Roger Zverina, Anne Peffers, Wayne Lynn, Rob Hodge, George Podany and Bob Perialas.

Ingham County Animal Control Presentation

General Manager Lark introduced Jim Dravenstatt-Moceri, BWL Field Service Leader. Mr. Dravenstatt-Moceri thanked Vice Chair Louney for allowing this matter to be put on the Agenda. He stated that as a result of the City Council reviewing their Dog Ordinance and the issue of vicious dog bites this subject has been an important topic of discussion and with the BWL employees having to deal with stray dogs, he felt that it was important to talk about this issue.

Ingham County Animal Control Deputies, Klauka and Delatorre presented the Committee with information on animal welfare, dog bite prevention and emergency tips.

Oil Spill Update

General Manager Lark introduced Mark Williams, Director of Electric Production, Mark Matus, Manager of Environmental Services and Doug Wood, Executive Director of Electric Operations, who were the key employees who dealt with the recent oil spill. Mr. Lark stated these employees will address three questions regarding the spill. The questions are:

1. What happened?
 2. What did we do to take care of the river?
 3. How are we making sure this cannot happen again?
- ❖ What happened?

Mark Williams, Director of Electric Production, explained that there was a malfunction at Eckert Unit #4 with the Generator Hydrogen Seal Oil System. Mr. Williams stated that on Easter at approximately 10:30 in the evening, the turbine operator received an alarm on Unit #4. The turbine operator went to acknowledge and respond and during his investigation he noticed that there was oil leaking from a piece of equipment. The turbine operator notified the pump room operator who immediately came to the area of concern and investigated. It was determined that there was a mechanical failure within the pipe coupling system to this particular piece of equipment. Unfortunately, the containment for this piece of equipment was exceeded and the oil escaped through a floor drain into the river. The root cause of the investigation has determined that the mechanical failure was caused by a defective gasket installed in 2004.

Commissioners and Staff then undertook in a question and answer period.

- ❖ What did we do to take care of the river?

Mark Matus, Manager of Environmental Services, stated once his technicians arrived at the scene, they quickly deployed absorbent booms into the river to collect oil. Where oil collected and pooled, vacuum trucks were used to skim the oil off the river surface.

Commissioners and Staff undertook in a question and answer period.

- ❖ How are we making sure this cannot happen again?

Doug Wood, Executive Director of Electric Operations stated that steps have been taken to prevent something like this oil spill from happening again. Some of the steps taken include:

- Rerouting all of the hoses that drain water back to the river
- Plugging all the floor drains in the plant
- Hiring an environmental consultant to do a targeted environmental assessment of any potential passages to the river
- Evaluating and testing other plant containment integrity

Mr. Wood stated that this incident has heightened awareness and believes this issue has been resolved and is looking beyond this incident for possible solutions in other areas.

Facilities Update

General Manager Lark stated that it has been his goal to remove materials from the floodplain. Mr. Lark stated that once we get REO Town up and running, we will move personnel from this building (1232 Haco), and then begin to refurbish it. Once refurbished, we will bring people from across the street (Pennsylvania and Hazel) whose offices are presently in the floodplain over to Haco. Also an important item in the floodplain across the street is the Water Lab which we plan to move over here as well. Mr. Lark said the plan is to accomplish the renovations over the next two years. REO Town is the lynch pin and when we get that facility going, we will follow with Haco renovations. Ultimately, we will relocate our operations at Pennsylvania to a new site out of the floodplain.

Other

Commissioner Dennis M. Louney inquired about updating one of the BWL's hydro-electric facilities.

General Manager Lark stated that there has been a contract undertaken to bring the Hydro Electric Plant at Moores Park Dam into working order.

General Manager Lark provided an update on a request for him to testify before the City Council on the street light and fire hydrant fees. We have about 30,000 street lights in the city and about 3000 plus fire hydrants in the city and we, under the Mayor's proposed budget, would bill individual Lansing residents, rather than the City of Lansing, for those services. The City Council wanted some thoughts on what and how that could be done. Mr. Lark presented the Committee with the two scenarios that he discussed with to the City Council on how customers would pay for lights and hydrants. The scenarios included a percentage fee and the other a flat fee.

There was a conversation regarding the fee details of the methodology of the billing process.

Commissioner Louney said that he and Peter met with people from the Chamber of Commerce Economic Club and they are looking at doing an economic club meeting during the day of the BWL's REO Town grand opening on July 1st and he would pass along more information regarding the event as he receives it.

General Manager Lark said July 1st we are going to "go commercial" with the new plant and there will be a ribbon cutting ceremony. The Economic Club of the Chambers of Commerce would like to be a part of this event with a luncheon celebration meeting. The BWL's opening ceremony would take place in the morning with the Chambers of Commerce event to follow.

Excused Absence

None

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Thomas, the meeting adjourned at 7:35 p.m.

Respectfully Submitted
Dennis M. Louney, Chair
Committee of the Whole

FINANCE COMMITTEE

April 9, 2013

The Finance Committee of the Board of Water and Light met in the Executive Offices located at 1232 Haco Dr., Lansing, MI, at 7:45 p.m. on Tuesday, April 8, 2013.

Finance Committee Chairperson Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Margaret Bossenbery, Dennis M. Louney, Tony Mullen, David Price and Alternate Committee Members Tracy Thomas and Cynthia Ward were present. Also present were Board Members Anthony McCloud and Sandra Zerkle.

Absent: None

Public Comments

There was no Public Comment

Approval of Minutes

Motion by Commissioner Price, seconded by Commissioner Louney to approve the Finance Committee meeting minutes of February 12, 2013.

Action: Carried Unanimously

457 Roth IRA Option

Finance Chair Bossenbery, said there were some questions regarding which Committee this particular issue or matter should be discussed in, either Human Resource (HR) or Finance. With that in mind she stated that she would like to hear the proposal and adopt the Resolution because the business is on the Finance Committee meeting agenda and if any of the Commissioners feel that this business should be discussed at an HR Committee meeting, it can be discussed there as well.

Bill Aldrich, Manager of Finance & Planning, said before you tonight is the proposed amendment to the BWL's current 457 Retirement plan and trust. A 457 Plan is a deferred compensation retirement plan that allows employees to defer a portion of their salary and reduce their taxable income in the current year. The proposed IRA Roth option plan would allow employees to make after tax contributions, so any contribution made under the proposed IRA Roth Provision plan would be taxable in current year. The benefit of participating in the new plan is ultimately when you retire and want to pull money from the 457 Roth IRA, taxes will have already been paid. This is an additional

option that the BWL can provide to employees at no additional cost and it will be useful in tax planning.

General Manager Lark asked that the Committee approve the Resolution to be forwarded to the full board for consideration.

Motion by Commissioner Price, seconded by Commissioner Louney to forward the proposed resolution to the full Board for consideration.

Action: Carried Unanimously

Internal Audit Update

Internal Auditor Phil Perkins provided the Finance Committee with an Internal Audit Status Update. The following was reviewed:

Internal Auditor Status Update

- FY 2013 Audit Plan Progress Report
- Plan/Forecast for Remainder of Year
- Other Upcoming Items

FY 2013 Audit Plan Progress Report

Audits Completed or in Progress:

1. Reo Town Contracting and Payments Review
 - Complete; report issued.
2. Cash Receipts & Collections
 - Complete; report issued.
3. Company Insurance & Claims
 - Complete; report issued.
4. Energy Risk Management
 - In-progress; about 60% Complete.
5. Materials Issues and Returns
 - In-progress; about 60% Complete.

Other Engagements:

1. Time Reporting Reviews #1 & 2-complete.
2. Surprise Cash Counts #1 & 2-complete.
3. IT Preliminary Risk Assessment – in progress throughout FY 2013

Plan for Remainder of FY 2013:

1. Complete remaining audits
2. FY2013-14 Audit Planning & Risk Assessment
 - Audit Universe – Risk Assessment Update
 - Refine Listing of Rotational Audits
 - Identify at least 10-12 potential audits with the objective of narrowing down to top 5 for the annual plan.
 - Align with management on list of recommended audits for presentation to Finance Committee in May or June 2013
3. IT Preliminary Risk Assessment (ongoing)

Other Upcoming Items

1. Renewal of contract for augmented internal auditing services for next fiscal year.
2. Annual Review of Internal Audit Charter.

Excused Absence

None

Other

General Manager Lark presented information regarding the savings of the recent Utility System Revenue Refunding Bonds that Chair Zerkle officially signed off on earlier today.

Adjourn

On Motion by Commissioner Price, seconded by Commissioner Louney, the meeting adjourned at 7:58 p.m.

Respectfully submitted
Margaret Bossenbery, Chair
Finance Committee

**EXECUTIVE COMMITTEE
April 16, 2013**

The Executive Committee of the Board of Water and Light met at the Board of Water & Light's Board Room, 1232 Haco Dr., Executive Conference Room, Lansing, MI, at 5:00 p.m. on Tuesday, April 16, 2013.

Executive Committee Chair Sandra Zerkle called the meeting to order. The following committee members were present: Commissioners Sandra Zerkle, Dennis Louney, Margaret Bossenbery and Tracy Thomas. Also present were Board Members Anthony McCloud, Tony Mullen, David Price and Cynthia Ward.

Absent: None.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Thomas, seconded by Commissioner Bossenbery to approve the minutes of the November 15, 2011 Executive Committee meeting.

Action: Carried unanimously.

Instituting a BWL Commissioner Monthly Per Diem

Chair Zerkle stated that there is approximately \$50.00 per Commissioner per month allotted in the budget if chosen to be used. She said some Commissioners have had conversations with her about receiving the money monthly as opposed to it being set aside in the budget.

After a lengthy conversation regarding the consideration of a monthly allowance for the Board of Commissioners the Committee determined that they would not support the Board receiving any type of stipend.

Chair Zerkle said that this matter can be closed with no action taken.

Chair Zerkle requested that order of business be changed on the agenda.

Establishing Guideline of Recognition for Departing Commissioners

Chair Zerkle stated that since she has been on the Board ways of recognition for departing Commissioners has been varied. She said that she would like the Committee to establish guidelines as to how departing Commissioners should be acknowledged. There was a lengthy discussion regarding establishing guidelines to acknowledge outgoing Board members in order to set some consistency; either a standard gift or a finite dollar amount.

The Committee requested the Corporate Secretary research how other Boards and Organizations acknowledge their outgoing members and forward that information to the Executive Committee. Chair Zerkle said that she would report back after information is gathered.

Reestablishment of Employee Evaluation Procedures for Appointed Employees:

- General Manager ● Internal Auditor ● Corporate Secretary

Human Resource Chair Tracy Thomas said the process that the BWL currently has in place for the three appointed employees is a good one, but the HR Committee wanted to have the process handled exclusively by Board Commissioners to ensure strict confidentiality.

HR Chair Thomas presented the following evaluation process:

Evaluation Process:

- Human Resource Committee Chair begins the Evaluation Process by requesting the Appointed Employees (Peter, Phil and Denise) to fill out evaluation forms for 2012 - 2013 period to be completed by a date specified.
- Appointed Employees will return their completed evaluation forms (electronically) to Human Resource Committee Chair or his designee on the HR Committee.
- HR Committee Chair or his designee on the HR Committee compiles the completed evaluations and forwards the completed evaluations and commissioners' evaluation forms for each Appointed Employee to the full Board of Commissioners. A timeline for the evaluation process will be provided.
- Commissioners will individually complete evaluation forms for each Appointed Employee and return forms to HR Committee Chair or his designee on the HR Committee by a date specified.
- HR Committee Chair or Designated HR Committee member compiles Confidential Evaluation Packets. The confidential evaluation packets will include all Appointees evaluations, and a compilation of Commissioners' evaluations including written remarks for each Appointed Employee.
- Compiled Confidential Evaluation Packets will be distributed to Commissioners, and Appointed Employee will receive his or her own packet.

- Human Resource Committee meeting packet will be prepared for the Human Resource meeting consistent with normal protocol. The meeting agenda, past minutes for approval, and any Resolutions (without specific dates) will be prepared by Corporate Secretary and distributed to the full Board, consistent with normal protocol.
- The compiled Confidential Evaluation Packets will be distributed electronically, separate from the meeting packet, to Commissioners by the HR Chair or his designee on the HR Committee.

HR Chair Thomas also presented the Committee with timelines for handling the Appointees evaluation process.

Commissioner Ward stated that the process is essentially the same but, it is just that now the process is being handled entirely by the Board of Commissioners or more specifically the HR Committee, to remove the possibility of evaluations' not being handled in the strictest of confidentiality. Ms. Ward stated that neither she nor Commissioner Thomas have received any information that this process has not been handled confidentially but felt as a collective body this should be something that is handle exclusively within the Board of Commissioner's body.

There was a lengthy conversation regarding the evaluation process and the identification of the evaluators. HR Chair Thomas stated that the evaluation process would be handled the same way that it was last year and the only change this year would be the handling process.

Review Process of Contract Negotiations for Appointed Employees

After a lengthy conversation regarding the negotiating process for the three Board Appointee Employees the following process was conveyed:

- Current contract/summary of changes for past three years sent to all Commissioners
- Comments/suggestions/specific changes submitted to HR Chair Thomas
- HR Chair Thomas will compile a list
- HR Chair Thomas and Board Chair Zerkle negotiate from parameters submitted
- The negotiated redlined contracts sent out to Board members
- Tentatively meet to decide if the Board approves contract

Other

HR Chair Thomas proposed the idea of bonuses for the Board's three appointed employees reflective of work that has been done in the 2012-2013 year.

After a lengthy discussion regarding the proposal it was determined that there was not support to move forward with the proposed bonuses.

Commissioner Louney spoke about meeting with the Lansing City Council and revisited the subject of draft minutes availability. Mr. Louney stated that there was another

organization questioning the timing of the BWL's "Dancing with the Starz" event because it conflicted with their scheduled dancing event.

Excused Absence

None

Adjourn

On Motion by Commissioner Bossenbery, Seconded by Commissioner Thomas, the meeting adjourned at 7:15 p.m.

Respectfully submitted,
Sandra Zerkle, Chair
Executive Committee

**COMMITTEE OF THE WHOLE
May 14, 2013**

The Committee of the Whole of the Lansing Board of Water and Light met at the Executive Offices located at 1232 Haco Dr., Lansing, MI, at 5:30 p.m. on Tuesday, May 14, 2013.

Committee of the Whole Chair Dennis M. Louney called the Committee of the Whole meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: Commissioner Anthony McCloud

Public Comments

Ron Byrnes Sr., Horsehead Lake, MI, Board of Water & Light Retiree and Chair of the Committee for the BWL Retirees and Pension, spoke about changes to the retirees' healthcare benefits. He stated that he would like to meet with the Board Chairperson to discuss some of the changes to the healthcare coverage as well as the newly implemented paperwork process.

Chair Sandra Zerkle stated that she and a representative appointed by General Manager Lark would be happy to meet with Mr. Byrnes to discuss any concerns or issues.

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Bossenbery to approve the Committee of the Whole meeting minutes of April 9, 2013.

Action: Motion Carried

Approval of Rules and Regulations

Ray Moore, Manager of Customer Projects and Development, reviewed the FY 2014 proposed changes to Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services. The proposed changes include:

RULES AND REGULATIONS UPDATE

Fiscal Year 2014

Electric, Water, Steam and Chilled Water

- Updated fees and charges for current actual or estimated cost and industry standards.
- Revision of Rule 4, **Use of Service**, *Discontinuation of Service*
 - Clarification of Customer's responsibility to ensure service is disconnected and non-assumption of Board responsibility for resulting property damage.
- Revision of Rule 7.A, **Responsibility for Payment of Bills**, *Account Security Deposits*
 - Clarified language which describes what constitutes unacceptable credit history.

Electric

- Revision of Rule 10.1.C, **Distribution System Extension**, *Nonrefundable Contribution for Underground Extensions*
 - Added language indicating that trench footage required exclusively for establishing or maintaining the Board's standard of a highly reliable looped underground system may be excluded from the contribution calculation.
- Revision of Rule 11.4 **Services**, *Residential, Commercial and Industrial Overhead Services*
 - Added language indicating a requirement that a drip loop shall be formed on individual conductors of not less than 36" exiting the weather head.
- Revision of Rule 13.4, **Use of Board Equipment**, *Temporary Transfer Fee*
 - Added language specifying that third party attachers shall be charged \$75 per pole when the Board must transfer attachments due to an emergency pole replacement.

Water

- Removal of Rule 11.8, **Lead Service Pull Ahead Program**
 - This process is no longer needed as we have fewer than 2300 lead services remaining to be changed out, and can easily accommodate that in our scheduling.

Steam and Chilled Water

- There were no substantive changes to these documents.

Motion by Commissioner Price, seconded by Commissioner Zerkle to forward the resolution for proposed changes to the FY 2014 Rules and Regulations to full Board for consideration.

Action: Motion Carried

Energy Optimization & Renewable Energy Plan & Report

General Manager Lark stated that the State of Michigan Public Service Commission (MPSC) under PA 295 requires the Board of Water & Light to provide the Governing Board an annual update on their Renewable Energy Plans. PA 295 also requires the Board of Water & Light to report to customers annually.

Sue Warren, Manager of Energy and Eco Strategies, presented a PowerPoint presentation that reviewed the "Hometown Energy Savers" portfolio program that BWL offers to customers. She also reviewed Energy Optimization, Renewable Energy 2011 Results and the Current Renewable Energy Portfolio. Ms. Warren stated that the Board of Water & Light is meeting goals for Renewable Energy and Energy Optimization as well as staying under budget. Ms. Warren stated that the BWL continues to look for and to evaluate Renewable Energy options such as Wind, Solar, Renewable Energy Credits and Biomass.

Ms. Warren stated that customers will receive their annual update in the Board of Water & Light's July edition of Connections.

Commissioner Ward stated that she is always impressed with the marketing material that she receives from the BWL's Hometown Energy Savers program. The material is new and fresh.

Update on New Fueling System

Dan MacLennan, Manager of Purchasing-Warehousing and Fleet, stated that the BWL has operated its own fueling station for almost 50 years, which is located at the Pennsylvania and Hazel St. complex. The underground tank system that the BWL has was installed in 1965(diesel) and 1975(unleaded). The system's equipment is aged and expensive to keep operational. Also very important, the fueling system is located in the 10 Year Flood Plain and presented a significant environmental liability to the BWL.

Mr. MacLennan provided an overview of the new process that was implemented at the beginning of the year for obtaining unleaded and diesel fuel. He said with all of the problems previously mentioned we sought to identify alternatives to maintain our own fuel system and found that the best option for the BWL was to partner with a 3rd party commercial fuel provider. The company that met all of our needs is a local company called Lansing Ice & Fuel, a franchisee of Pacific Pride Commercial Fueling. Some of the features of the Lansing Ice & Fuel Pacific Pride system is 24/7 accessibility nationwide and built in internal controls. By implementing this new process we are reducing the environmental liability to the BWL. We have a capital project request in the FY 14 budget that would remove the equipment at the Penn-Hazel St. location and also mitigate environmental issues. The new process is more efficient and a reliable source for fuel. We are avoiding cost, due to no longer having to maintain our own system, reducing maintenance expenses and reducing property insurance cost.

John Baumer of Lansing Ice & Fuel introduced himself and said that his company appreciates the opportunity to work with the BWL.

Update on Smart Grid

General Manager Lark stated that this subject was placed on the agenda because some Commissioners will be attending the APPA National Conference and the topic of Smart Grid may be presented. Smart grid is the application of information technology, tools and techniques that can make the grid (electric power infrastructure) run more

efficiently. Smart Grids, to many people means smart meters. The BWL has tried to concentrate on the distribution system as opposed to the actual swapping out for smart meters. Mr. Lark stated that we plan to get meters but want to see standardization from other utilities first. There have been some questions surrounding smart metering posing health risk as well as other problems and the Public Service Commission (PSC) is currently examining those issues.

Wayne Lynn, Manager of Electric System Integrity Group, said as far as Smart Grid technology, right now we are attempting to optimize and make our distribution system more efficient. There are several things that we are presently doing to improve the reliability of our system by way of keeping the lights on and addressing outages very quickly. He stated that currently devices are being installed on lines to help crews identify and locate outages faster. Once devices have been installed and communication links are in place there will be self-healing lines with the ability to re-energize appropriately. The BWL is currently working with consultants to build a business case and to make sure that we get the right benefit for the dollars that it is taking us to invest in this system. We want to make sure that the technology that we deploy has been proven and ready to go when put it on our system.

Other

Oil Spill Update

George Stojic, Executive Director of Strategic Planning & Development, said early in the oil spill incident there was a visit from the Environmental Protection Agency (EPA) and Department of Environmental Quality (DEQ) to inspect the cleanup and they were satisfied with what was being done. There was one recommendation from the EPA and that was to wait until the first good rain to pull the booms. A week later after a good rain, the booms were pulled and there was no detectable oil. The DEQ praised the BWL's rapid actions on this matter. Mr. Stojic we did a good job in responding and we had great crews out there working the booms.

Excused Absence

Motion by Commissioner Price seconded by Commissioner Ward to excuse Commissioner McCloud from tonight's meeting.

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Thomas, the meeting adjourned at 6:18 p.m.

Respectfully Submitted
Dennis M. Louney, Chair
Committee of the Whole

The Finance Committee of the Board of Water and Light met in the Executive Offices located at 1232 Haco Dr., Lansing, MI, at 6:30 p.m. on Tuesday, May 14, 2013.

Finance Committee Chairperson Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Margaret Bossenbery, Dennis M. Louney, Tony Mullen, David Price and Alternate Committee Members Tracy Thomas and Cynthia Ward. Also present was Board Member Sandra Zerkle.

Absent: None

Public Comments

There was no Public Comment.

Approval of Minutes

Motion by Commissioner Price, seconded by Commissioner Louney to approve the Finance Committee meeting minutes of April 9, 2013.

Action: Carried Unanimously

Quarterly Financial Update (Third Quarter FY 2013)

General Manager Lark provided a quarterly financial update that included information relative to Fiscal Year to date of March 31, 2013 for Electric, Water, Steam and Chilled Water services. Mr. Lark stated that our Actual Net Income is positive due mainly to the Labor, Material and Other line, which amounts to a reduction of operating expense of almost \$14 million. That makes up the bulk of the difference between the Budgeted Net Income and the end of 3rd quarter which is \$14 million and the Actual Net which is \$28 million. The savings came from two areas in Labor and Materials, one is healthcare, in which we have done very well with and have saved about \$4.5 million and the other is due to Susan Devon, Assistant General Manager and Chief Financial Officer, insisting every quarter that the managers operate lean and save money in their budgets.

Actual v. Budgeted Variance in Combined Utility Net Income
 Fiscal Year to Date March 31, 2013
 Compared to FY 2013 Budget

	(\$000)
Budgeted Net Income	14,435
Changes in Operating Income:	
<u>Revenue Changes (net of fuel)</u>	
Retail Electric	(2,601)
Wholesale Electric	(37)
Water Sales	636
Steam Sales	(136)
Chilled Water Sales	(122)
<u>Operating Expense Changes</u>	
Depreciation	2,082
Labor, Material, and Other	13,759
Other	<u>(1,232)</u>
Subtotal Changes in Operating Income	12,349
Changes in Other Income:	
Interest Earnings	357
Other Income	1,115
Increased PILOT	(198)
All Other - Non-Operating Variances	<u>596</u>
Subtotal Changes in Other Income	<u>1,870</u>
Actual Net Income	28,654

Mr. Lark said we are not going to finish with the \$28 million because there are expenses that come in at the end of the year which need to be accounted for. We will probably be closer to a little above budget at the end of the year. *(Combined Utility Financial Report is included in the Finance Committee packet of 5-14-2013 and is available for viewing in the Office of the Corporate Secretary.)*

Revised Combined Utility Net Income
 Projection Fiscal Year 2013
 Based on 3rd Quarter Operating Results

Net Income Projection - FY2013

	(000s)
Net Income - Original Budget - Annual	\$ 13,997
FYTD Favorable Income Variance <i>(\$28,654 actual minus \$14,435 budget)</i>	\$ 14,219
Temporary O&M Expense Timing Differences	\$ (6,473)
Temporary Non-Operating Income Timing Differences	\$ (2,068)
Write-off of Moores Park Steam Plant	\$ (1,082)
Eliminate March 2013 Rate Increases Assumed in Budget	\$ (1,862)
Projected Net Income	\$ 16,731

Fiscal Year 2014 O&M and Capital Budget Presentation

General Manager J. Peter Lark provided an overview of the proposed financial plan for fiscal year (FY) 2014 for the Lansing Board of Water and Light (BWL). The total proposed O&M budget for FY 2014 is \$268.9 million , with a capital budget of \$84.0 million for Fiscal Year 2014. \$55.3 million of the Fiscal Year 2014 capital budget is to provide for on-going services to our utility customers and to sustain our plant facilities for future operations. The remaining \$28.7 million will complete construction of the Reo Town Plant.

Sales Forecast

Utility	FY14 Forecast	FY13 Budget	% '14 Forecast to '13 Budget
Electric-Retail	2,171,061	2,240,180	-3.1%
Electric-Wholesale	639,394	280,352	128.1%
Electric (mwh)	2,810,455	2,520,532	11.5%
Water (ccf)	9,367,743	9,458,641	-1.0%
Steam (mlb)	687,979	698,275	-1.5%
Chilled Water (tnhrs)	10,276,000	10,038,000	2.4%

Electric:	<ul style="list-style-type: none"> Retail sales volumes by customer class are expected to decrease compared to FY 2013. Wholesale sales volumes are expected to increase as a result of more favorable market conditions in FY 2014.
Water:	<ul style="list-style-type: none"> Retail sales volumes are expected to decline slightly in FY 2014.
Steam:	

- Steam sales volumes are expected to decline slightly in FY 2014.
- Chilled Water:
- Chilled water sales volume increases are attributed to recent and expected customer additions.

There was discussion regarding the process and the time line by which the Budget is received by the Commissioners.

General Manager Lark stated that FY 14 is going to be one of our leaner years because we did not raise rates last year and the depreciation and interest expense on the REO Town loans will come into play in FY 14.

Mr. Lark respectfully requested that the Committee forward the proposed Resolution to the full Board for consideration.

Motion by Commissioner Price, seconded by Commissioner Louney to forward the proposed resolution for the FY 2014 Operating and Capital Budget to the Board for consideration.

Excused Absence

None

Other

None

Adjourn

On Motion by Commissioner Price, seconded by Commissioner Louney, the meeting adjourned at 6:52 p.m.

Respectfully submitted
Margaret Bossenbery, Chair
Finance Committee

HUMAN RESOURCE COMMITTEE REPORT PRESENTED BY COMMISSIONER WARD

HUMAN RESOURCE COMMITTEE

May 21, 2013

The Human Resource Committee of the Lansing Board of Water and Light met at the Executive Offices, Lansing beginning at 4:45 p.m. on Tuesday, May 21, 2013.

Human Resource Committee Chairperson Tracy Thomas called the meeting to order and asked the Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Anthony McCloud (arrived @4:50), Cynthia Ward and Sandra Zerkle. Also present Alternate Committee member Dennis M. Louney.

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Ward, seconded by Commissioner Zerkle to approve the Human Resource Committee meeting minutes of May 15, 2012.

Action: Carried unanimously.

FY 2013 Board Appointee Performance/Reappointment Resolution

a. Corporate Secretary

Corporate Secretary M. Denise Griffin, requested a closed session for the purpose of receiving her contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Ward, seconded by Commissioner Zerkle to go into closed session.

Action: Carried unanimously.

The Human Resource Committee meeting went in to closed session at 4:48 p.m.

Motion by Commissioner Ward, seconded by Commissioner McCloud that the Human Resource Committee return to open session.

Action: Carried unanimously

The Human Resource Committee meeting reconvened in open session at 5:12 p.m.

Upon conclusion of the closed sessions, the Human Resource Committee took the following action:

Motion by Commissioner McCloud and seconded by Commissioner Zerkle to forward the resolution for the reappointment of Ms. Griffin to the Charter position of Corporate Secretary for fiscal year 2013-2014 to the full Board for consideration.

Action: Carried Unanimously

b. Internal Auditor

Internal Auditor Phil Perkins requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Ward, seconded by Commissioner McCloud to go into closed session.

Action: Carried unanimously.

The Human Resource Committee meeting went into closed session at 5:15 p.m.

Motion by Commissioner Zerkle, seconded by Commissioner McCloud that the Human Resource Committee return to open session.

Action: Carried unanimously

The Human Resource Committee meeting reconvened in open session at 5:35 p.m.

Upon conclusion of the closed sessions, the Human Resource Committee took the following action:

Motion by Commissioner McCloud and seconded by Commissioner Zerkle to forward the resolution for the reappointment of Mr. Perkins to the Charter position of Internal Auditor for fiscal year 2013-2014 to the full Board for consideration.

c. General Manager

General Manager J. Peter Lark requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner McCloud, seconded by Commissioner Ward to go into closed session.

Action: Carried unanimously.

The Human Resource Committee meeting went into closed session at 5:40 p.m.

Motion by Commissioner McCloud, seconded by Commissioner Ward that the Human Resource Committee return to open session.

Action: Carried unanimously

The Human Resource Committee meeting reconvened in open session at 6:00 p.m.

Upon conclusion of the closed sessions, the Human Resource Committee took the following action:

Motion by Commissioner Zerkle and seconded by Commissioner McCloud to forward the resolution for the reappointment of Mr. Lark to the Charter position of General Manager for fiscal year 2013-2014 to the full Board for consideration.

Action: Motion Carried

Human Resource Committee Chair Tracy Thomas thanked the Commissioners who responded so promptly in getting information to Commissioner Ward so that she could do the work that she did. Mr. Thomas thanked Commissioner Ward for all of her effort and work on this evaluation method.

Motion by Commissioner Zerkle seconded by Commissioner McCloud to authorize the Human Resources Committee Chair and Board Chair to finalize the details of the Appointed Employees' contracts for the Board Chair's execution.

Action: Carried Unanimously

Human Resource Committee Chair Thomas stated that tentatively there could be a HR meeting in June. The Resolution for the reappointments will be presented at the July Regular Board meeting and the contracts will be prepared for an effective date of July 1, 2013.

Members of the Human Resources Committee were acclamatory of the procedure that was followed during this evaluation process.

Adjourn

There being no further business, the Human Resource Committee meeting adjourned at 6:45 p.m.

Respectfully submitted,
Tracy Thomas, Chair
Human Resource Committee

MANAGER'S RECOMMENDATIONS

General Manager Lark respectfully asked that the following Resolutions be considered for approval.

RESOLUTION #2013-05-01

WHEREAS, the Lansing Board of Water & Light sponsors a 457 Governmental Deferred Compensation Plan and Trust ("457 Plan") for the benefit of its employees;

WHEREAS, the Lansing Board of Water & Light desires to continue to maintain the 457 Plan in a form that provides a reasonable and attractive retirement security for its employees;

WHEREAS, in the spirit of increasing the attractiveness of the 457 Plan, the Lansing Board of Water & Light desires to make available to plan participants certain Roth options as permitted by the Internal Revenue Code; and

BE IT RESOLVED that the Lansing Board of Water & Light hereby amends the 457 Plan and Trust to include the associated Roth amendment.

Motion by Commissioner Bossenberg, seconded by Commissioner Price, to approve the resolution for the amendment to 457 Plan and Trust to include the associated Roth amendment.

Action: Carried Unanimously

RESOLUTION #2013-05-02

Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services

RESOLVED, THAT THE AMENDMENTS TO THE Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented, to be effective July 1, 2013.

Motion by Commissioner Louney, seconded by Commissioner Price, to approve the resolution for the Rules & Regulations for electric, water, steam and chilled water utility services for FY 2014.

Action: Carried Unanimously

*Due to Tornado Warning the meeting recessed at 5:41 p.m.
The meeting reconvened at 5:46 p.m.*

RESOLUTION #2013-05-03

Fiscal Year 2014 Operating and Capital Budget

RESOLVED, that the annual Operating Budget covering Fiscal Year 2014 is hereby approved as presented; and

RESOLVED, that the Fiscal Year 2014 Capital Budget is hereby approved as presented; and

RESOLVED, that the forecast for capital expenditures for the Fiscal Years 2014-2019 is hereby accepted as presented; and

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

Motion by Commissioner Price, seconded by Commissioner Bossenbery Price, to approve the resolution for the FY 2014 O& M and Capital Budget.

Action: Carried Unanimously

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

There was no New Business

RESOLUTIONS

There was no Resolution under this section of the Agenda.

MANAGER'S REMARKS

There were no Manager's Remarks

COMMISSIONERS' REMARKS

EXCUSED ABSENCE

On **motion** by Commissioner Price, seconded by Commissioner Ward to excuse Commissioner McCloud from tonight's meeting.

PUBLIC COMMENTS

Ron Byrnes, Board of Water & Light Retiree, stated concerns regarding retiree's health care and some of the changes that have taken place. He stated that the retirees are concerned and confused about changes. Mr. Byrnes stated that there has been a meeting scheduled and hopefully some issues to bear will change what is happening.

Chair Zerkle stated that Mr. Byrnes General Manager Lark has asked Susan Devon, Assistant General Manager and Chief Financial Officer to put together a meeting, which she will attend, to discuss concerns.

Liz Hassler, DeWitt, MI, spoke about issues and concerns with Cofinity Insurance. She said retirees are financially vulnerable and many are physically challenged and some lack the mental stamina needed to deal with the issue that have been presented due to the insurance coverage change. She said the coverage is not the same as what they are used to getting.

Jan Simpson, St. Johns, MI, President of the Board of Water & Light Retirees Association, stated that retirees sincerely appreciate the healthcare that they have received through the generosity of the BWL and is confident that the tradition will continue because of the many years of dedicated service that has been collectively given to the BWL, making it the impressive company it is today.

ADJOURNMENT

On motion by Commissioner Price, seconded by Commissioner Ward the meeting adjourned at 6:11 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: June 13, 2013
Official Minutes (Electronic) filed with Lansing City Clerk: July 24, 2013