



**BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
July 25, 2017 - 5:30 p.m.
BOARD MEETING AGENDA**

1. Roll Call

2. Pledge of Allegiance

3. Election of Officers FY 2017-2018

4. Approval of Minutes

- a. Regular Board Meeting Minutes of May 23, 2017

5. Public Comment

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

6. Communications

Electronic Mail from:

- a. Daniel J. Dekker regarding Tree Trimming Services
- b. Daniel J. Dekker regarding Damage to his property

7. Committee Reports

- a. Nominating Committee Meeting (June 29, 2017)-Anthony McCloud, Chair
- b. Human Resources Meeting (June 29, 2017)-Sandra Zerkle, Chair
- c. Committee of the Whole Meeting (July 11, 2017)-Tony Mullen, Chair
- d. Finance Committee Meeting (July 11, 2017)-Ken Ross, Chair

8. Manager's Recommendations

- a. Resolution: Easement Grant to Consumers Energy Company
- b. Resolution: FY 18 Rules & Regulations Electric/Water/Steam/Chilled Water Utility Services

9. Unfinished Business

10. New Business

11. Resolutions/Action Items

- a. Corporate Secretary Reappointment Fiscal Year 2018
- b. Internal Auditor Reappointment Fiscal Year 2018

- c. General Manager Reappointment Fiscal Year 2018
- d. Governance Policy Resolution
- e. Internal Auditor Fiscal Year 2018 Audit Plan
- f. Revised DB and VEBA Investment Policy Statements

12. Manager's Remarks

13. Commissioners' Remarks

14. Motion of Excused Absence

15. Public Comment

Members of the public are welcome to speak to the Board on any Board of Water and Light subject. Is there anyone who would care to speak? If so, please step to the podium and state your name for the record?

16. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

May 23, 2017

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, May 23, 2017.

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

Present: Commissioners Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, and Sandra Zerkle. Non-Voting Commissioners present: Stuart Goodrich (arrived @5:53 p.m.) (Delhi Township), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Absent: Commissioner Tracy Thomas

The Corporate Secretary declared a quorum.

Commissioner Graham led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to approve the Regular Board Meeting minutes of March 28, 2017.

Action: Motion Carried

PUBLIC COMMENTS

None.

COMMUNICATIONS

Electronic Mail received From or Re:

- a. LaSandra Jones regarding Outside Personal Protection Light-Referred to Management-Received and Placed on File
- b. The 24th Annual Adopt A River Event-Received and Placed on File
- c. Michael VanLeeuwenn regarding BWL's E-Payment System -Referred to Management-Received and Placed on File

COMMITTEE REPORTS

HUMAN RESOURCES COMMITTEE

Meeting Minutes

May 23, 2017

The Human Resources Committee (HR) of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, May 23, 2017.

Human Resources Committee Chairperson Sandra Zerkle called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Anthony McCloud, Tony Mullen. Also, present: Commissioners Beth Graham; and Non-Voting Commissioners Stuart Goodrich and Robert Nelson.

Public Comments

None

Approval of Minutes

Motion by Commissioner Mullen, Seconded by Commissioner McCloud, to approve the Human Resources Committee meeting minutes of January 10, 2017.

Action: Motion Carried.

Discussion re: Charter Appointed Employees Evaluation Process

Human Resources (HR) Chair Sandra Zerkle led the discussion on the evaluation process for the three employees. The HR and Board Chair agreed to be charged with the task of working with the appointed employees, on behalf of the Board of Commissioners, on their respective annual merit considerations.

HR Chair Zerkle explained that although the evaluations are easier to do electronically, this year they were printed and handed out as some words were omitted in the electronic preparation process. She informed the Committee that the next HR meeting would take place on June 27, 2017 to review the appointees' evaluations.

Other

None

Public Comments

None

Excused Absence

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to excuse Commissioner Thomas from tonight's meeting.

Adjourn

With **Motion** by Commissioner McCloud, Seconded by Commissioner Mullen, the meeting adjourned at 5:16 p.m.

Respectfully Submitted,
Sandra Zerkle, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
May 9, 2017

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 9, 2017.

Committee of the Whole Chair Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Tony Mullen, Dennis M. Louney, David Price and Sandra Zerkle and Non-Voting Members: Stuart Goodrich (Delhi), William Long (Delta Township) and Robert Nelson (East Lansing).

Absent: Commissioners Anthony McCloud, Ken Ross and Tracy Thomas.

The Corporate Secretary declared a quorum.

Committee of the Whole Chair Mullen welcomed new Commissioner Beth Graham representing the 2nd Ward.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Zerkle to approve the Committee of the Whole meeting minutes of March 14, 2017.

Action: Motion Carried

Governance Policy Resolution

Board Chair David Price thanked Legal Counsel Ekren for her assistance with the Resolution for the Governance Policy that is being presented today. Chair Price stated that it is a concern of volunteer organizations that are governed by Board members that Board members know the parameters of what is required of a Board member and a job description helps to ensure the success of Boards. The proposed Governance Policy provides specifics about the role of the Board and the relationship to the three employees and members of the Board of Water and Light.

Following a discussion regarding the proposed Resolution the following motion was made:

Motion by Commissioner Price to forward the proposed Resolution for the Governance Policy to the full board for consideration.

Motion by Commissioner Zerkle to lay on the table the discussed motion, **Seconded** by Commissioner Mullen.

Discussion: In summary, it was determined that further clarification was needed and that the proposed Resolution will be forwarded to Commissioners in Word format to allow for changes and suggestions to be incorporated (redlined) into the document. The document would then be returned to the Committee Chair who will bring the recommendations/suggestions back to the Committee for review and consideration.

Committee of the Whole Chair Mullen stated for the record *“This is an answer to a problem. This is not an answer in search of a problem. I know of circumstances where this was needed to be written down. We may want to rewrite some of these with the help of our Legal Counsel, but something like this Governance memo or a revision of our rules—which would have to be approved by the City Council, and which would be difficult—needs to be put in writing. We have a problem which we need to resolve. I would like to continue on something not discussed so far, and that is the problem could be construed as respect.”* Commissioner Price added that one of the things that he has noticed about this organization and its employees is the incredible respect the employees have toward commissioners.

Action: Motion Carried

Energy Optimization and Renewable Portfolio Annual Report

Sue Warren, Manager of the Energy and Eco Strategies Department, provided the Committee with the Annual Renewable Energy and Energy Optimization Update. This report is a Public Act requirement imposed by the State of Michigan’s Public Service Commission (MPSC).

Ms. Warren stated that according to Public Act 295, the BWL is required to provide an annual report to its governing body, MPSC and the BWL Customers. The said report will be provided to customers in the July Connections.

Energy Optimization 2016 Programs

- Services for Low Income Customers
- Residential Programs
 - High Efficiency Lighting
 - Appliance Turn-in & Recycling
 - Multi-Family Services
 - Energy Star Products/Equipment
- Business Programs
 - Prescriptive & Custom Incentives
 - Energy Education Services
 - Pilot programs

Program Highlights

- Education in the Community
 - Attended 48 local events
 - Staff did 17 presentations to community groups
 - Think! Energy (school program with Consumers Energy)
- Pilot Programs
 - Non Profit Grant
 - 14 Nonprofit organizations participated
 - Smart Thermostat Program
 - Installed 71 thermostats in 2016
 - Michigan Saves Low Interest Financing (with CE)
 - Residential— 0% for \$1,000-\$30,000 loans for up to 4 years
 - Funded 12 loans in 2016

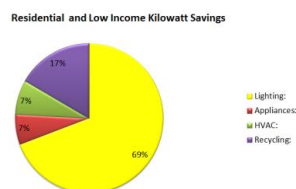
Ms. Warren reviewed the Energy Optimization Summary. Blue is the 2016 goals, the kilowatt hours savings are on the left hand side, and the program budget is on the right. The actual is in the orange color. She stated that we met or exceeded our goals and were at 118% of our kilowatt goals and used only 92% of budgeted money.

Energy Optimization Summary

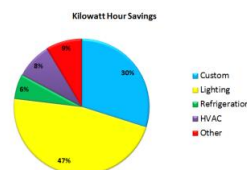
Program Portfolio	2016 Goals		2016 Actual	
	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	425,815	\$213,875	649,543	\$218,940
Residential Programs	5,606,248	\$1,250,209	5,615,631	\$1,154,983
Business Services	16,151,740	\$2,517,342	19,901,755	\$2,312,594
Total Program Portfolio	22,183,803	\$3,981,426	26,166,929	\$3,686,517
Program Administration		\$374,639		\$355,912
Evaluation (EM&V)		\$320,564		\$249,611
ANNUAL TOTALS	22,183,803	\$4,676,629	26,166,929	\$4,292,040

The pie chart below indicates what kind of measures the residential and Business customers have chosen to do to achieve the kilowatt hours savings that have been attained from 2009 to 2016.

Residential Summary 2009-2016

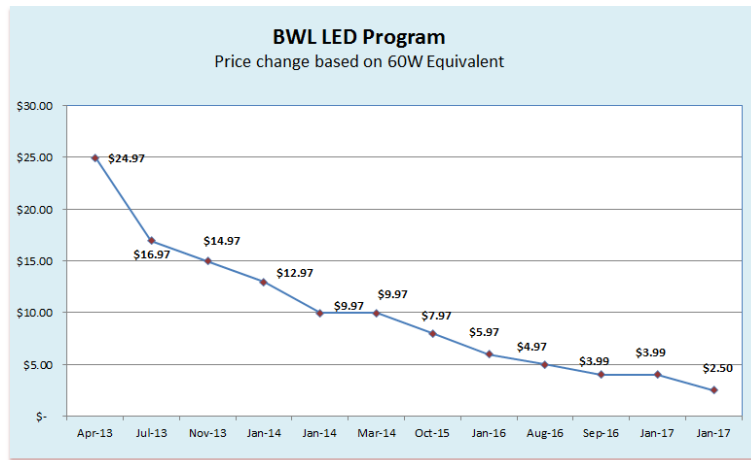


Business Summary 2009-2016



Ms. Warren stated that the majority of the energy savings comes from lighting. A lot of that is due to the pricing of LED's. The slide below shows LED price reduction, which have come into the market and become very affordable, and to which customers can transition.

LED Price Reductions



Ms. Warren indicated that some changes will need to be made due to the energy savings being based on incandescents vs LED's, and savings between a compact fluorescent bulb and a LED bulb are not as large as they used to be. BWL has hired Morgan Marketing Partners, who does most of the energy optimization plans for all the utilities in the state of Michigan, to help implement a new cost saving plan to be effective for 2018-2020.

Annual Renewable Energy Update

Under Public Act 295 all utilities had to have 10% renewable energy in their portfolio by 2015. The Board of Water and Light is in compliance with both the renewable energy and its inventory Earned Renewable Energy Credits (EREC's.) New legislation does change slightly. The renewable energy number is increased to 12.5% in 2019 and 2020 and then increases to 15% in 2021. With our plan developments, and due to the ability to carry forward renewable energy credits, the BWL will not need any additional renewable energy to meet compliance with Public Act 342.

BWL's current energy portfolio consists of the purchase of energy and Renewable Energy Credits for landfill gas from Granger, Tower Kleber Hydro, and wind from Exelon. In addition, the BWL owns a solar array on Cedar Street and a small array located on the roof of the BWL's REO Headquarters facility. BWL does have a hydro plant which is not operating right now but is under review.

At the conclusion of Ms. Warren's presentation, General Manager Peffley provided additional information on the progress of the BWL's renewable energy program. He indicated that the BWL's Purchase Power Agreement (PPA) for 85 Mw of wind energy in Huron County, while receiving initial permits, was defeated in an early May County referendum. He also indicated that the wind developer was working on another site in the Thumb area of Michigan to replace the 85 Mw defeated by the referendum.

Mr. Peffley included that the next renewable project will be a solar installation. According to the General Manager, solar and the energy efficiency program will help reduce peak load and assist in the design of a smaller generating plant. He stated that the BWL had multiple options to meet its renewable goals of 30% clean energy by 2020 and 40% clean energy by 2030.

Smart Meter Communications ToolKit

Executive Director Stephen Serkaian introduced Communications Coordinator Amy Adamy and Community Relations Coordinator Annie Rzepecki who presented a brief overview of the new smart meter program and the communication

toolkit available for distribution to the public. The presentation covered what are smart meters, future benefits of the program, and possible concerns from customers. The BSmart FAQ Booklet, brochure and business card were handed out to each commissioner to provide further details about the smart metering program. Following the discussion, it was suggested to include closed captioning on the smart meter video.

What is a Smart Grid?

As technology advances, new tools and techniques can be implemented to help electric and water grids run more efficiently. A smart grid is a way to monitor electric and water distribution networks.

Previous meter-reading solutions only allowed "one-way" communication. The new Smart Grid allows for "two-way" communication by creating a network between the meters and the BWL's information systems. Data flowing both ways allows for the BWL to monitor and diagnose problems in the electric and water system. Information gathered through our smart grid will allow for more efficient outage restorations, integration with energy efficiency program, as well as customer visibility and control over individual electricity and water usage.



Other

General Manager Peffley informed the Committee:

The 24th Annual Adopt A River is this weekend.

The Board of Water and Light just completed its three year NERC audit and there were no problems found.

Attorney Client Memorandum Discussion-Closed Session [MCL 15.268(h); MCL 15.243(g)]

Committee of the Whole Chair Tony Mullen stated that the Board has been provided an Attorney Client memorandum and discussion concerning this memo is permitted to occur in closed session as allowed by the open meetings act, specifically mcl 15.268(h) and mcl 15.243(g).

Motion by Commissioner Zerkle, Seconded by Commissioner Price, to go into closed session.

Roll Call Vote:

Yeas: Commissioners Stuart Goodrich (Delhi Township), Bill Long (Delta Township), Dennis Louney, Tony Mullen, Bob Nelson (E. Lansing), David Price, Ken Ross, and Sandra Zerkle

Nays: None.

Action: Motion Carried.

The Committee of the Whole went into closed session at 7:08 p.m. and reconvened to open session at 7:27 p.m.

Adjourn

Meeting adjourned at 7:28 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

FINANCE COMMITTEE
Meeting Minutes
May 16, 2017

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, May 16, 2017.

Finance Committee Chair Ken Ross called the meeting to order and requested a roll call.

Present: Commissioners Ken Ross, David Price, Dennis M. Louney and Anthony McCloud. Also present: Commissioners Tony Mullen, Sandra Zerkle and Non-Voting Commissioners Stuart Goodrich, William Long and Robert Nelson.

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner McCloud, to approve the Finance Committee meeting minutes of March 14, 2017.

Action: Motion Carried.

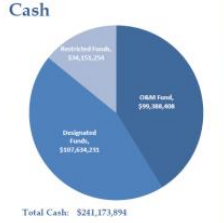
External Review of Internal Audits at BWL

Internal Auditor Phil Perkins informed the Finance Committee that the required 5-year review conducted by the Professional Standards of the Institute of Internal Auditors (IIA) is complete and is pleased to announce that our internal audit activity passed the recent review by receiving a rating of “generally conforms” to the IIA Standards which is the highest rating that can be attained. The review was performed by an independent external party with expertise in performing such reviews, and the reviewer spent three days on-site interviewing key personnel and reviewing Internal Audit’s process, procedures, reports, and supporting documentation. Mr. Perkins stated that there will be more details regarding the results of this independent review presented at a future Finance Committee meeting.

March YTD Financial Summary

Chief Financial Officer (CFO), Heather Shawa presented the following:

Financial Summary - March 2017



Cash

Total Cash: \$241,173,894

Month End	Target
Days Cash on Hand	200-240
Credit Rating	AA-
Debt Service Coverage - Rating Agencies	2.00
Debt Service Coverage - Bond Covenants	1.50

The Days Cash on Hand and Debt Service Coverage - Rating Agencies target ranges are provided to identify an expected performance for a AA- rated electric utility with generation.

Debt Service Coverage - Rating Agencies = (Projected Net Income + Depreciation Expense + Interest Expense + Fixed Obligations) / (Debt Service + Fixed Obligations)

*Fixed obligations represent Beta River Debt Service

Income Statement YTD

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Retail	\$ 300,947,232	\$ 254,693,613	46,253,619	7%	\$ 252,504,882	\$ 8,442,228	3%
Wholesale	\$ 27,450,872	\$ 29,442,880	(1,991,988)	(20%)	\$ 29,893,782	\$ (4,542,910)	(20%)
Total Revenue	\$ 328,398,102	\$ 284,136,502	\$ 44,261,600	16%	\$ 282,398,664	\$ 13,009,399	5%
Operating Expenses	\$ 240,244,049	\$ 239,798,229	\$ 445,820	0%	\$ 238,525,875	\$ 11,578,124	5%
Non Operating	\$ (26,845,472)	\$ (25,745,600)	\$ (1,099,872)	(4%)	\$ (24,405,779)	\$ (2,439,692)	(20%)
Net Income	\$ 21,448,542	\$ 12,792,772	\$ 8,655,770	68%	\$ 22,457,023	\$ (1,008,473)	(4%)

Projected FY 2017 Net Income: \$ 13,587,700

Budget Status YTD

O&M Budget YTD (excluding fuel)

	Approved Budget	Actual YTD	YTD Budget	Difference	%
Approved Budget	\$ 129,241,533	\$ 109,023,249	\$ 108,424,479	\$ 600,670	(5%)
% of Approved Budget	79%	79%			

Capital Budget YTD

	Approved Budget	Actual YTD	YTD Budget	Difference	%
Approved Budget	\$5,817,451	\$ 2,244,529	\$ 44,191,949	(\$1,244,420)	(27%)
% of Approved Budget	58%	73%			

Adjusted Net Income Return

	Actual YTD	YTD Budget	Target
Adjusted Net Income Return	4.20%	3.20%	4.00%

Adjusted Net Income Return = Actual YTD Net Income / Adjusted Net Assets + Inventory

Financial Summary - March 2017



Ratios

Operating Ratio

O&M Expense: \$ 238,525,875 + 0.72 (APPA Median 0.71)

Revenue: \$ 288,398,102

Measures the proportion of revenue to cover the operations and maintenance costs.

Current Ratio

Current Assets: \$ 234,971,394 + 0.31 (APPA Median 1.08)

Current Liabilities: \$ 47,225,236

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

Debt to Total Assets

Debt + Accrued Liabilities: \$ 455,679,285 + 0.61 (APPA Median 0.53)

Total Assets: \$ 1,023,218,301

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

Days' Sales Outstanding

Accounts Receivable: \$ 23,372,081 + 0.74 (Prior Year 21)

Average Sales: \$ 31,652,472

Average Sales: \$ 31,652,472

Bad Debt

Actual YTD: \$1,006,374

YTD Budget: \$81,124

Over/Under: \$118,400

% of Revenue: 0.30%

(APPA Median 0.42%)

Employee Data

Employee Count YTD: 739

Budget YTD: 766

Over/Under: 27

Over/Under %: 3.5%

Hour YTD: 756

Difference: -17

Temporary Employees YTD: 25

Payroll Data

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	%
Regular	\$ 40,430,087	\$ 41,364,446	\$ (934,359)	(2.3%)	\$ 39,376,119	\$ 1,053,968	2.6%
Overtime	\$ 3,205,244	\$ 4,542,293	\$ (1,337,049)	(49.4%)	\$ 3,455,452	\$ (248,208)	(7.2%)
Total	\$ 43,635,331	\$ 45,906,739	\$ (2,271,408)	(5.0%)	\$ 42,831,571	\$ 804,760	1.9%
Total Hours Worked	985,120	1,002,216	(17,096)	(1.7%)	978,400	6,720	0.7%
Labor/Hours Worked	\$ 47.47	\$ 45.28	\$ 2.19	4.8%	\$ 46.37	\$ 1.10	2.4%

APPA Median: \$ 46.73

APPA Median ratio is based on BEI numbers and does not reflect subsequent labor inflation.

Benefits Cost (Including Incentive)

	Actual YTD	YTD Budget	Difference
Health	\$ 2,929,248	\$ 4,920,138	\$ (1,990,890)
IR	\$ 2,446,720	\$ 3,061,998	\$ (615,278)
General	\$ 662,271	\$ 886,550	\$ (224,279)
Life	\$ 244,671	\$ 275,148	\$ (30,477)
PCA	\$ 8,476,880	\$ 8,388,421	\$ 88,459
Other	\$ 377,969	\$ 1,049,671	\$ (671,702)
Total	\$ 15,537,759	\$ 18,682,926	\$ (3,145,167)

CFO Heather Shawa presented the March Year-to-date Financial Summary which indicated that the Cash target is on track, Days cash on hand is 218, and debt service coverage is 2.15, both slightly improved from the prior month. The Year-to-date net income as of March is \$8.6 million better than budget and the projected fiscal-year-end net income is approximately \$13 million.

April Year-to-date revenues are just over \$317 million, which is \$10 million better than budget. As far as our net income, April Year-to-date we are just shy of \$19 million for net income, which is \$8.2 million better than budget. April is forecasted to be a low sales revenue month and we did have a budget loss of \$2 million; we have \$2.5 million in actual loss, some of which is part of our O&M budget. Year-to-date we are still strong and still project about a \$13 million net income for the fiscal year end.

Commissioner Mullen questioned what was included in the "Other" category of the Benefits Cost. In response, Chief Financial Officer Heather Shawa-DeCook stated that she believed that was the VEBA adjustment. Chair Ross requested CFO Shawa-DeCook provide information on Commissioner Mullen's question.

Commissioner Sandra Zerkle commented that at this time of year the summary shows that we have a lot of money left over in Capital Expenses and suggested that we include a line in the budget that indicates that we still have so many millions of dollars' worth of projects to be completed during the rest of the year. General Manager Peffley agreed with Commissioner Sandra Zerkle's comments and will look into flagging those expenses in the budget.

FY 18 Budget Presentation/Resolution

General Manager Peffley stated that he is very proud of staff. Last year he asked for a 5% cut and this year staff was asked to hold the line. They have answered the call, although it was very tough, and BWL has not sacrificed availability, reliability or safety. He said that we are about to embark on a multiyear rate strategy and he wanted to show that the company has tightened its belt. He said that we can accomplish all the set goals and meet the strategic plan requirements with the presented budget. This budget is 5% lower than it was 2 years ago.

CFO Heather Shawa presented and reviewed the FY 18 Financial Plan as follows:

Sales Volume Forecast

Utility	FY 18 Budget	FY 17 Budget	FY 18 Budget to FY 17 Budget	FY 17 Projected
Electric-Retail (MWh)	2,131,850	2,137,145	(0.25%)	2,174,799
Electric-Wholesale (MWh)	715,840	767,770	(6.8%)	785,756
Electric-Total (MWh)	2,847,690	2,904,915	(2.0%)	2,960,556
Water (ccf)	8,794,943	8,534,134	3.1%	9,022,337
Steam (mlb)	734,136	744,469	(1.4%)	714,802
Chilled Water (tnhrs)	11,134,000	10,288,000	8%	11,952,000

- Electric:**
- Retail sales volume is relatively unchanged due to our underlying growth rate of approximately 1% being offset by our continued ability to generate 1% energy savings annually through our energy optimization programs.
 - Wholesale sales volume is expected to decrease due to reductions in generation at our Eckert plant.
- Water:**
- Retail sales volume is expected to decline slightly due to continued water conservation efforts. This decrease is offset by increases in wholesale water sales. Delta Township, in particular, is anticipating increased demand in its service territory.
- Steam:**
- Steam sales volume expectations have been reduced slightly from the prior year to reflect recent, actual experience.
- Chilled Water:**
- Chilled water sales volume expectations have been increased to reflect recent, actual experience.



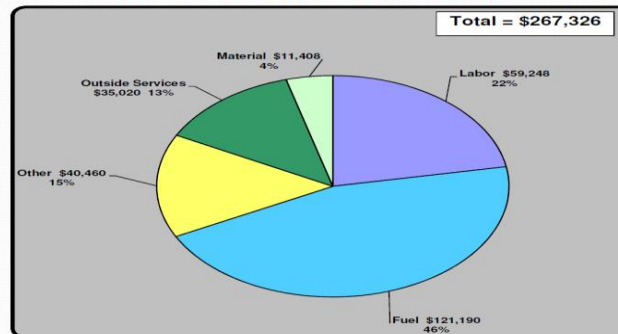
3

General Manager Peffley commented that wholesale revenue denotes a reduction in the revenue forecast due to a one unit operation at the Eckert plant, and this is included in the planning for the future.

Commissioner Ross stated in summary that the lack of reliance on the Eckert facility results in less power being sent out into the wholesale market, which ultimately results in less revenue for the BWL over the next couple of years.

FY 2018 O&M Budget by Category

-in \$000's, excludes depreciation



5

Chief Financial Officer Heather Shawa stated The FY 2018 O&M expenses (excluding fuel) increased by 5% compared to FY 2017 budgeted O&M expenses; the total FY 2018 O&M expenses decreased by 4% when including an \$18 million decrease in fuel cost. The Forecasted CPI Index is a 2.4% Inflation rate that has been factored in. The FY 2018 budget assumes 756 employees, an increase of 2 from FY 2017 budgeted employees. The FY 2018 budget assumes 18 temporary employees.

General Manager Peffley said it is important to note that this is the first budget that includes succession planning, which is a very expensive process but can no longer be delayed.

CFO Shawa continued the review with the following:

FY 2018 Income Statement by Utility

\$(000)	ELECTRIC	WATER	STEAM	CHILLED WATER	TOTAL
SALES (MWh, ccf, Mlb, ton-hrs)	2,847,690	8,794,943	734,136	11,134,000	
Retail	\$ 269,569	\$ 36,669	\$ 12,159	\$ 6,037	\$ 324,434
Wholesale	\$ 26,977	\$ 4,033	\$ -	\$ -	\$ 31,010
OPERATING REVENUE	\$ 296,546	\$ 40,702	\$ 12,159	\$ 6,037	\$ 355,444
Operation & Maintenance Expense	\$ (228,749)	\$ (28,737)	\$ (7,120)	\$ (2,720)	\$ (267,326)
Depreciation Expense	\$ (34,224)	\$ (7,340)	\$ (2,826)	\$ (1,489)	\$ (45,879)
OPERATING EXPENSE	\$ (262,973)	\$ (36,077)	\$ (9,946)	\$ (4,209)	\$ (313,205)
OPERATING INCOME	\$ 33,573	\$ 4,625	\$ 2,213	\$ 1,828	\$ 42,239
Return on Equity	\$ (17,498)	\$ (2,376)	\$ (729)	\$ (364)	\$ (20,967)
Other Non-Operating Income	\$ 1,746	\$ 1,219	\$ 76	\$ 51	\$ 3,092
Other Non-Operating Expense	\$ (10,839)	\$ (2,157)	\$ (1,886)	\$ (586)	\$ (15,468)
NET INCOME (LOSS)	\$ 6,982	\$ 1,311	\$ (326)	\$ 929	\$ 8,896
RATE OF RETURN	3.03%	1.38%	2.25%	5.73%	2.60%
BUDGETED RATE INCREASE EFFECTIVE 2/1/18	3.00%	5.50%	5.50%	0.00%	



6

The next two slides are comparative income statements based on initial requests from Management and after our strategic alignment and review.

Comparative Income Statement

Based on Initial Requests Prior to Strategic Alignment and Review

in \$000's	FY 2018 Budget	FY 2017 Budget	Increase/Decrease
OPERATING REVENUE	\$ 355,444	\$ 366,415	(8%)
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR	67,387	62,507	8%
LABOR TO CAPITAL	(6,000)	(7,250)	(17%)
NET LABOR	61,387	55,257	11%
MATERIAL	11,445	12,357	(7%)
OTHER - Including Benefits	38,430	44,131	(13%)
OUTSIDE SERVICE	39,226	27,502	43%
FUELS, WATER CHEMICALS & AMINE	121,190	139,089	(13%)
OPERATIONS AND MAINTENANCE EXPENSE	\$ 278,672	\$ 278,331	(2%)
Depreciation Expense	45,879	43,153	6%
TOTAL OPERATING EXPENSE	\$ 317,551	\$ 321,484	(1%)
OPERATING INCOME	\$ 37,893	\$ 44,931	(16%)
Return on Equity	(20,967)	(22,007)	(5%)
Other Non-Operating Income/(Expense)	(12,376)	(12,810)	(3%)
NET INCOME	\$ 4,550	\$ 10,113	(55%)



7

Comparative Income Statement

After Strategic Alignment and Review

in \$000's	FY 2018 Budget	FY 2017 Budget	Increase/Decrease
OPERATING REVENUE	\$ 355,444	\$ 366,415	(8%)
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR	66,750	62,507	7%
LABOR TO CAPITAL	(6,500)	(7,250)	(10%)
NET LABOR	60,250	55,257	9%
MATERIAL	11,408	12,357	(8%)
OTHER - Including Benefits	40,400	44,131	(9%)
OUTSIDE SERVICE	39,200	27,502	42%
FUELS, WATER CHEMICALS & AMINE	121,190	139,089	(13%)
OPERATIONS AND MAINTENANCE EXPENSE	\$ 267,326	\$ 278,331	(4%)
Depreciation Expense	45,879	43,153	6%
TOTAL OPERATING EXPENSE	\$ 313,205	\$ 321,484	(3%)
OPERATING INCOME	\$ 42,239	\$ 44,931	(6%)
Return on Equity	(20,967)	(22,007)	(5%)
Other Non-Operating Income/(Expense)	(12,376)	(12,810)	(3%)
NET INCOME	\$ 8,896	\$ 10,113	(12%)



8

FY 2018 Cash Flow by Utility

\$(000)	ELECTRIC	WATER	STEAM	CHILLED WATER	TOTAL
BEGINNING OPERATING CASH	58,671	13,061	5,438	3,756	80,926
Sources of Cash					
Net Income	\$ 6,983	\$ 1,311	\$ (326)	\$ 928	\$ 8,896
Depreciation	\$ 34,224	\$ 7,340	\$ 2,826	\$ 1,489	\$ 45,879
Loss on Sale of Assets	\$ 1,547	\$ 266	\$ 101	\$ -	\$ 1,914
Borrowing	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Withdrawal from Construction Reserve	\$ 24,652	\$ 5,490	\$ 2,283	\$ 1,575	\$ 34,000
Fuel Cost Undercollection	\$ 2,663	\$ (141)	\$ (464)	\$ -	\$ 2,058
Net Environmental	\$ 4,444	\$ -	\$ 166	\$ -	\$ 4,610
Pipeline Refund	\$ 2,390	\$ -	\$ 455	\$ -	\$ 2,845
SOURCES OF CASH	\$ 126,903	\$ 14,266	\$ 5,041	\$ 3,992	\$ 150,202
Uses of Cash					
Debt Principal	\$ (5,069)	\$ (2,510)	\$ (1)	\$ (1,525)	\$ (9,105)
Net Capital Expenditures	\$ (115,633)	\$ (12,987)	\$ (9,484)	\$ (1,415)	\$ (139,519)
Renewable Energy & EO Plans	\$ (834)	\$ -	\$ -	\$ -	\$ (834)
Other Uses of Cash	\$ (164)	\$ (41)	\$ (17)	\$ (11)	\$ (233)
USES OF CASH	\$ (121,720)	\$ (15,538)	\$ (9,502)	\$ (2,951)	\$ (149,711)
Net Cash Increase/(Decrease)	\$ 5,183	\$ (1,272)	\$ (4,461)	\$ 1,041	\$ 491
ENDING OPERATING CASH	63,854	11,789	977	4,797	81,417



Beginning Operating Cash includes O & M Fund and Receiving Fund only. Designated funds and Restricted Bond Funds not included (\$107.6 and \$34.2 million respectively as of March 31, 2017)

9

CFO Shawa pointed out that the \$50 million under Borrowing represents a preliminary estimation of spending for the new gas plant.

CFO Shawa reviewed the budget summary by utility and location:

FY 2018 Capital Budget Summary

Dollars in (000's)

UTILITY		LOCATION	
ELECTRIC	\$ 54,331	ECKERT	\$ 185
WATER	\$ 7,547	ERICKSON	\$ 199
STEAM	\$ 8,730	REG PLANT	\$ 3,000
CHILLED WATER	\$ 450	T&D	\$ 64,583
COMMON	<u>\$ 18,457</u>	DYE/CEDAR	\$ 2,327
*INTERNALLY FUNDED CAPITAL BUDGET	\$ 89,516	CHILLER PLANT	\$ 440
NEW NGCC PLANT	<u>\$ 50,000</u>	MOORE'S PARK	\$ 463
TOTAL CAPITAL BUDGET	\$ 139,516	NEW NGCC PLANT	\$ 50,000
		OTHER	<u>\$ 18,319</u>
		TOTAL CAPITAL BUDGET	\$ 139,516

* This total DOES NOT include the New NGCC (Natural Gas Combined Cycle) Plant

CFO Shawa reviewed the FY 2018 Capital Budget and projects:

FY 2018 Capital Budget – Major Projects/Program

Project Title	Project Total	FY 2018
Planned Projects		
-- New NGCC Plant	TBD	50,000,000
-- Smart Grid Implementation (AMI/MDM)	30,950,000	9,400,000
-- Central Substation	25,000,000	14,335,000
-- Erickson to Willow 138KV Line Extension	22,683,676	18,286,810
-- High Pressure Steam Parallel Supply	5,175,000	5,175,000
-- REG - Rental Standby Steam Boilers	5,040,000	3,000,000
-- EBR Implementation	5,994,000	1,106,711
-- Willow Yard Expansion	4,471,000	3,713,058
-- Erickson Yard Expansion	3,702,000	2,759,508
-- Grosolar Interconnection Project	3,596,675	1,783,365
-- ADMS	3,353,000	868,000
-- Burham 4160V Sub Cutover and Retirement	2,235,000	1,500,000
-- Central Sub - Distribution	1,600,000	30,000
-- Infrastructure Deep Dive Execution	1,500,000	1,500,000
-- Asset Mgmt - CityWorks Implementation	1,500,000	250,000
-- Caliner Bldg. Unit Sub. Replacement	1,006,800	1,806,800
-- RP - Tanker Gate Trunnion Pin Replacement	1,098,000	163,300
-- IT - Enterprise Service Bus	1,055,000	1,055,000
-- IT - Mainframe Migration and Transition	1,000,000	500,000
Capital Spending - Major Planned Projects	110,760,642	84%
% of \$139.5M Requested Capital Budget		
Annual Projects		
--- Electric - Services & Line Extensions	15,711,526	2,000,000
--- Electric - I & O Systems	16,127,938	2,349,000
--- Electric - Street, Building & Outdoor Protective Lighting	11,662,827	1,835,000
--- Water - System Improvement	13,098,000	2,364,000
--- Common - Fleet Vehicles & Equipment	10,186,289	1,603,000
--- Water - Street Reconstruction	6,370,000	922,628
Capital Spending - Annual Projects	11,293,678	8%
% of \$139.5M Requested Capital Budget		
FY 2018 Capital Spending - Major Projects	128,054,270	
% of \$139.5M Requested Capital Budget		92%
<small> --- These projects support the retirement of Eckert. --- These represent the major EIT projects. --- Annual projects have some level of spending each year. --- The project total represents 6 year spending. </small>		

In conclusion, Ms. Shawa requested that the Board approve the FY18 budget and forward it to the full Board for consideration at the May 23, 2017 Regular Board meeting. She stated that the Charter calls for the budget adoption by June 1, 2017. Once the budget is approved it will be filed with the City Clerk within 10 days upon approval.

Motion by Commissioner Price, Seconded by Commissioner McCloud to forward the FY 2018 Financial Plan to the full Board for consideration.

Action: Motion Carried

Other
None

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Louney, the meeting adjourned at 5:44 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

MANAGER'S RECOMMENDATIONS

RESOLUTION 2017-05-01

East Lansing Electric Franchise

WHEREAS, The Lansing Board of Water and Light (BWL) or its predecessor has served the City of East Lansing before and since its incorporation; and

WHEREAS, in May of 2016, the City of East Lansing asked the BWL to collect and remit a Franchise Fee equivalent to 5% of utility sales within the City of East Lansing; and

WHEREAS, The City of East Lansing desired to have the same Franchise Fee arrangement as any other municipality served by the BWL; and

WHEREAS, the Franchise Fee for other municipalities is collected directly and solely from each municipality's BWL customers and passed onto the respective municipality; and

WHEREAS, the BWL desires to honor the City of East Lansing's request without forgoing any other rights it has as a matter of law; and

WHEREAS, representatives from both the City of East Lansing and BWL have negotiated in good faith a mutually acceptable East Lansing Franchise Agreement as memorialized in an Ordinance to be approved by East Lansing City Council, attached hereto as Attachment 1; and

NOW, THEREFORE, BE IT RESOLVED, that the BWL Board of Commissioners hereby authorizes the BWL to implement the East Lansing Franchise Agreement as specifically memorialized in the Ordinance as attached hereto as Attachment 1.

Motion by Commissioner Ross, Seconded by Commissioner Mullen, to approve Resolution for the E. Lansing Franchise Agreement.

Discussion:

East Lansing Mayor Mark Meadows thanked the Board of Water and Light for their work with East Lansing on Resolution for the Franchise.

GM Peffley stated that at the November 8, 2016 Finance Committee a request was brought forth that was made by East Lansing to implement a franchise agreement. Four items emerged that needed to be accomplished: (1) East Lansing would provide the BWL with a legal opinion confirming a franchise fee can be assessed; (2) BWL

will need an agreement with East Lansing to reimburse the BWL for all costs for defending against a third party claim associated with the franchise fee; (3) East Lansing will be requesting a franchise fee from Consumers Energy and requests that both agreements should start concurrently; (4) BWL will require an opportunity to review the legal opinion confirming a franchise fee can be assessed before they will enter into a franchise agreement with East Lansing. East Lansing has met (1), (2), and (4). Mr. Peffley said that he would like to offer an amendment. Through negotiations with the East Lansing manager, George Lahanas, and his staff, in lieu of a Consumers Energy franchise fee, East Lansing has granted BWL an exclusive franchise fee for all future development in the BWL service territory.

Action: Motion Carried.

Additional Comments regarding the East Lansing Franchise Agreement:

There was discussion regarding the service territory map that was provided by General Manager Peffley.

Commissioner Ross commended the strong indemnification language provided by Legal Counsel Brandie Ekren that is in the interests of the BWL. Commissioner Ross asked for confirmation on whether the area of tree trimming is expanded or contracted in East Lansing.

In response BWL Legal Counsel Brandie Ekren responded that it neither expands nor contracts the amount of tree trimming. It underlines and outlines in a city ordinance the BWL's right to trim for the purposes of maintaining its business.

Commissioner Ross also asked about the section that deals with liability and whether new wires will be run, or new poles; and will it expand or contract BWL's liability, or will it be the same liability as for our current infrastructure.

In response Ms. Ekren responded that the liability would be the ordinary liability assumed and is limited to construction and maintenance activity which improve infrastructure and major construction projects.

Attachment 1- East Lansing Electric Franchise

CITY OF EAST LANSING

ORDINANCE NO. _____

LANSING BOARD OF WATER AND LIGHT ELECTRIC FRANCHISE
ORDINANCE

AN ORDINANCE, granting to LANSING BOARD OF WATER AND LIGHT, its successors and assigns, the right, power and authority to, in the defined service area, construct, maintain and commercially use electric lines consisting of towers, masts, poles, crossarms, guys, braces, feeders, transmission and distribution wires, transformers and other electrical appliances on, under, along and across the highways, streets, alleys, bridges, waterways, and other public places, and to do a local electric business in the defined service area in the CITY OF EAST LANSING, INGHAM AND CLINTON COUNTIES, MICHIGAN, for a period of thirty years.

THE CITY OF EAST LANSING ORDAINS:

SECTION 1. GRANT, TERM. The CITY OF EAST LANSING, INGHAM AND CLINTON COUNTIES, MICHIGAN, hereinafter City, hereby affirms the right, power and authority to the Lansing Board of Water and Light, a municipally owned utility, its successors and assigns, hereinafter called the "Grantee," to, in the defined service area, construct, maintain and commercially use electric lines consisting of towers, masts, poles, crossarms, guys, braces, feeders, transmission and distribution wires, transformers and other electrical appliances, hereinafter referred to collectively as electric lines, for the purpose of, in the defined service area, transmitting, transforming and distributing electricity on, under, along and across the highways, streets, alleys, bridges, waterways, and other public places, and to do a local electric business and have an exclusive franchise to provide electricity and electric service in the defined service area only, in the CITY OF EAST LANSING, INGHAM AND CLINTON COUNTIES, MICHIGAN, for a period of thirty years, with said defined service area being shown and depicted on Exhibit A, which is attached hereto and incorporated herein by reference.

SECTION 2. FRANCHISE FEE. During the term of this franchise, or the operation of the electric system pursuant to this franchise, and to the extent allowable as a matter of law, the Grantee shall, upon acceptance of the City, collect and remit to the City a franchise fee in an amount of five percent (5%) of the revenue, excluding sales tax from the retail sale of electric energy by the Grantee within the City, for the use of its streets, public places and other facilities, as well as the maintenance, improvements and supervision thereof. Such fee will appear on the corresponding energy bills.

The fiscal year for purposes of determining the annual franchise fee to commence on July 1, 2017, with the new fiscal years commencing on July 1st for each year thereafter, with the first franchise fee to be paid by the Grantee to the City of East Lansing on October 1, 2017, with the Grantee to pay the franchise fees to the City of East Lansing on a quarterly basis thereafter.

The City shall at all times keep and save the Grantee harmless from and against all loss, costs, expense and claims associated with the collection and remittance of this franchise fee.

Either party, upon sixty (60) days written notice by the party may terminate this Ordinance granted franchise, franchise fee collection and remittance. However, to the extent the Grantee is precluded from collecting such franchise fees remittance to City will cease.

SECTION 3. CONSIDERATION. In consideration of the rights, power and authority hereby affirmed, said Grantee shall faithfully perform all things required by the terms hereof.

SECTION 4. CONDITIONS. All of Grantee's towers, masts, and poles shall be so placed on either side of the highways, streets, alleys and bridges as not to unnecessarily interfere with the use thereof for highway, street, alley and bridge purposes. All of Grantee's wires carrying electricity shall be securely fastened so as not to endanger or injure persons or property in said highways, streets, alleys, and bridges. All work performed by said Grantee in said highways, street[s], alleys, and bridges shall be done so as to minimize interference with the use thereof, and when completed, the same shall be left in as good condition as when work was commenced. The Grantee shall have the right to cut or trim trees if necessary in the conducting of such business.

Said lines and appurtenances shall be constructed so as to interfere as little as possible with the proper lawful use of the streets, alleys, and public places. The installation of all poles, conduits, and appurtenances shall be according to industry standards and shall be subject to such reasonable regulations as shall be prescribed by said City from time to time.

SECTION 5. HOLD HARMLESS. Said Grantee shall at all times keep and save the City free and harmless from all loss, costs and expense to which it may be subject by reason of construction or maintenance. Provided, however, that Grantee's obligations under this Section 5 shall not apply to any loss, cost, damage or claims arising out of the negligence of the City, its employees or its contractors. Grantor shall indemnify, hold harmless and defend the Grantee from any and all claims, losses or litigation which result from the Grantee's compliance with this Ordinance. However, Grantor is not responsible for Grantee's negligent or intentional misconduct associated with the provision of utility services.

SECTION 6. EXTENSIONS. Said Grantee shall construct and extend its electric distribution system within the defined service area of said City, and shall furnish electric service to applicants residing in the defined service area in accordance with applicable laws, rules and regulations.

SECTION 7. NONEXCLUSIVE FRANCHISE. Certain rights, power and authority herein granted, are exclusive as to providing electricity and electric service in certain areas of the City of East Lansing as described in Exhibit A. Otherwise, with respect to jurisdiction of East Lansing, this remains a nonexclusive franchise.

The exclusive right to service certain areas of the City of East Lansing as described in Exhibit A is a condition concurrent to the collection and remittance of the Franchise Fee described in Section 2. As such either party may terminate the exclusive right to serve upon 60 days prior written notice. Therefore, to the extent either shall cease, both ceases.

SECTION 8. RATES. The rates and Rules and Regulations governing the supply and use of electricity shall be the same as in the City of Lansing except that the rates shall be increased within the boundaries of the City by the amount of any taxes, license fees, franchise fees, or any other charges against the Grantee's property or its operations, or the production and/or sale of electrical energy, levied or imposed by the City or otherwise incurred by Grantee as a result of this Ordinance.

Section 10. SERVICE AREA. To the extent permitted by law, Grantee shall furnish electric service to all customers requesting such service within Grantee's service area or the non-exclusive area.

Section 11. FOOTE ACT FRANCHISE. Nothing herein shall be construed as either party rendering an opinion or position of the Grantee's vested franchise rights under the Foote Act, 1905 PA 264. The City does not waive any right to contest, and the Grantee does not relinquish any right to assert.

Section 12. GRANTEE RULES. The Grantee shall have authority to promulgate such rules, regulations, terms and conditions governing the conduct of its business as shall be reasonably necessary to enable the Grantee to exercise its rights and perform its obligations under this franchise, and to assure uninterrupted service to each and all of its customers. Provided, however, that such rules, regulations, terms and conditions shall not be in conflict with the provisions hereof or of laws of the State of Michigan.

SECTION 13. EFFECTIVE DATE. This ordinance shall take effect upon the day after the date of publication thereof; provided, however, it shall cease and be of no effect after thirty days from its adoption unless within said period the Grantee shall accept the same in writing filed with the City Clerk. Upon acceptance and publication hereof, this ordinance shall constitute a contract between said City and said Grantee.

Section 14. PUBLICATION AND ADMINISTRATIVE COSTS. The City shall assume the cost of publication of this franchise. A BWL administrative charge of ½ percent (0.5%) of collected franchise fees for the quarterly billing will apply.

Section 15. SEVERABILITY. If any provision of this franchise is to any extent illegal, otherwise invalid, or incapable of being enforced, such provision shall be excluded to the extent of such invalidity or unenforceability; all other provisions hereof shall remain in full force and effect.

We certify that the foregoing Franchise Ordinance was duly enacted by the City Council on the ____ day of _____, 2017.

Mark S. Meadows, Mayor

Marie Wicks, City Clerk

ACCEPTANCE

TO THE CITY COUNCIL OF THE CITY OF EAST LANSING, INGHAM COUNTY, MICHIGAN:

The LANSING BOARD OF WATER AND LIGHT hereby accepts the franchise granted to it by your City Council on the ____ day of _____, 2017, which said franchise is entitled as follows:

AN ORDINANCE, granting to LANSING BOARD OF WATER AND LIGHT, its successors and assigns, the right, power and authority to in the defined service area construct, maintain and commercially use electric lines consisting of towers, masts, poles, crossarms, guys, braces, feeders, transmission and distribution wires, transformers and other electrical appliances on, under, along and across the highways, streets, alleys, bridges, waterways, and other public places, and to do a local electric business in the defined service area in the CITY OF EAST LANSING, INGHAM COUNTY, MICHIGAN, for a period of thirty years.

LANSING BOARD OF WATER AND LIGHT

By: _____

Dated: _____, 2017

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

None.

RESOLUTIONS
RESOLUTION 2017-05-02
Fiscal Year 2018 Operating and Capital Budget

RESOLVED, that the annual Operating Budget covering Fiscal Year 2018 is hereby approved as presented; and

RESOLVED, that the annual Operating Budget has been presented with a potential and estimated rate increase. The potential and estimated rate increase is a projection and has not been approved through a public rate hearing process. The potential and estimated rate increase will be reviewed and adjusted as necessary during a formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL authority to set just and reasonable rates and defines the public hearing process; and

RESOLVED, that the Fiscal Year 2018 Capital Budget is hereby approved as presented; and

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

Staff Comments: In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5, staff recommends an operating and maintenance budget of \$267.3 million and a capital budget of \$139.5 million for Fiscal Year 2018. The capital budget includes \$50 million exclusively attributable to the new natural gas plant and the remainder provides for on-going services to our utility customers and to sustain our plant facilities for future operations. Staff recommends that the Finance Committee approve these budgets and resolution for presentation and adoption by the Board at its May 23, 2017 board meeting.

Motion by Commissioner Ross, Seconded by Commissioner McCloud to approve the Resolution for the FY18 Operating and Capital Budget

Action: Motion Carried

MANAGER'S REMARKS

General Manager Peffley informed of the following:

Awards Received

- The Board of Water and Light (BWL) received and accepted an award from the Mid-Michigan Environmental Action Council for its work in lead service.

- The BWL received the APPA RP3 Designation Diamond Award scoring 100 out of 100 and the designation of Diamond for the second consecutive year. The level of designation represents the quality of a utility and is based on industrial recognized leading practices in four leading disciplines – reliability, safety, workforce development, and system improvement.

BWL in the Community

BWL is striving to get information about BWL into the community.

- TV campaign in January through March with ads about BWL's renewable portfolio and where the Board was going.

- A booklet was made which tells a little bit about the Board and BWL history that can be handed out at events.
- A general manager's roundtable will be started. BWL sent out 40 requests for people to sit on this round table and is hoping to get 30 responses returned. The people will commit to three meetings over the next year. The purpose of the round table is to present the BWL's programs and future to get feedback and obtain ambassadors for the community. The makeup of this group are community leaders, business, labor, educators and certain community groups. Some requests have already been returned.

BWL as the Utility of the Future

BWL is striving to become the utility of the future and is there in many ways with BWL's renewable portfolio, the million-dollar transmission project, the new cogeneration plant, strategic plan, and IRP. Now the BWL needs to focus on the workforce and how to get the workforce there. The executives and UMS, which is a contractor that BWL has used in the past, have been working for six months to figure out how to transition this organization to the utility future—the size, the process, and how things are aligned. Tomorrow morning this will be unveiled to the managers and directors. This is just the first crack at this. Input will be sought from the managers as to whether this was the correct way to organize a company. Mr. Peffley acknowledged the IT Depart for implementing two major programs over the last weekend (new main frame and converted the entire company to Office 365).

Saturday, June 3rd is Be a Tourist in Your Own Town

The water department will be open and have tours of the water plants. Volunteers are welcome.

COMMISSIONERS' REMARKS

Board Chair Price acknowledged and praised General Manger Peffley on all the things that are being done that are a part of delivering water, steam, electricity and steam water. This is living up to our motto "Hometown People, Hometown Power".

Commissioner Ross acknowledged the General Manager for his measures taken with the IT Department. His concern was that there has been a very critical breach in security and this has put a focus on the IT operations. It is a commitment of Mr. Peffley's Administration to have that be the first part of going from good to great.

Board Chair Price recognized departing Commissioner Stuart Goodrich from Delhi Township for service to the Board and invited everyone to join the Board of Commissioner for cupcakes and punch at the conclusion of today's meeting in honor of Mr. Goodrich.

Commissioner Goodrich stated that his time of service has been interesting. He acknowledged GM Peffley and Corporate Secretary Griffin for their work with the Board of Commissioners.

Commissioner Zerkle commended the Board for their First Step program.

Commissioner Louney commended Commissioner Goodrich for his professionalism and insight. He also acknowledged the BWL staff on receiving the mentioned awards. Also, he invited everyone to help volunteer with the SWAT team and help sign people up for the energy efficiency program.

MOTION OF EXCUSED ABSENCE

Excused Absence

Motion by Commissioner McCloud, Seconded by Commissioner Graham, to excuse Commissioner Thomas from tonight's meeting.

PUBLIC COMMENTS

None

ADJOURNMENT

Chair Price adjourned the meeting at 6:08 p.m.

M. Denise Griffin, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 6-1-17
Official Minutes filed (electronically) with Lansing City Clerk:

DRAFT

Communications

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 7/6/2017 7:54:13 PM.

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

Field	Value
To	Dennis Louney
Name	Daniel J Dekker
Address	1110 Shelter Ln
email	dandekker@att.net
E-mail Subject	Tree Trimming at 1110 Shelter Ln
Message	<p>Daniel J. Dekker, Ed.D. (517) 203-4267 1110 Shelter Lane dandekker@att.net Lansing, MI 48912 SUMMARY OF TREE TRIMMING DONE BY WRIGHT TREE SERVICE on 6/21/17 Dekker has a solid row of 40 White Cedar Trees that extend along the rear of his 85 foot wide lot. The trees were planted in a staggered formation at a distance of 2 to 10 feet from the rear property line. Prior to 6/21/17 their heights ranged from 20 to 25 feet and their widths ranged from 1/2 foot at the top to 4-8 feet at the bottom. The Cedar Trees were professionally designed landscaping (by a previous owner) that added significant market value to the Dekker property. Every visitor remarked about their beauty and uniqueness. They provided both an attractive solid privacy barrier and a noise shield from the traffic on nearby Collidge Rd. Many neighbors envied Dekker's park-like backyard that was created by the beautiful Cedar Trees. Prior to 6/21/17 twenty-one of Dekker's 40 Cedar Trees were marked by a Planner with a blue dot for trimming. On 6/21 Wright Tree Service trimmed 25 of the trees, including 4 which were NOT marked for trimming. These 4 trees presented no danger to the power line and should not have been trimmed. On 6/21 Wright trimmed 9 trees that were not in the Utility Easement and therefore should not have been trimmed. These 9 trees were on Dekker's private property and Wright had no legal authority to trim these trees. They were located too far away from the power line to present any danger. Accessing these trees was a violation of the legal provisions of the Utility Easement. The Restrictive Covenants of the Frandra Hills No. 1 Subdivision, which are recorded in Liber 873, Page 1162 of Ingham County Records, and are incorporated into Dekker's Property Deed, state in Paragraph 7., Easements: "Easements are reserved along and within 5 feet of the rear line...of all lots in this subdivision...to trim trees which at any time may interfere or threaten to interfere with the maintenance of such (electric) lines, together with right of ingress and egress from said premises to employees of ..utility companies. The BWL Community Review Team noted that trees outside of BWL's right of way are homeowner responsibility and should not be accessed by BWL trimmers. CRT recommended that the homeowner be notified and the issue noted. This standard was not followed by Wright Tree Service. Page 2. The height of the secondary power line across the Dekker lot ranges from approximately 20'6" to 27'. The heights of the trimmed trees ranges from 12'9" to 16'6". Therefore several of the trees were trimmed considerably more than necessary to meet the industry standard of 10' clearance from the secondary power wire. This is particularly true for the 4 trees trimmed to the 12' range in the area where the secondary line is 26' to 27'. These trees were trimmed approximately 5 feet lower than necessary. Complaints: 1. Trees that were not marked for trimming and presented no danger to the power wires should not have been trimmed. 2. Wright had no legal right to trim trees outside of the Utility Easement. Wright violated the Utility Easement and Dekker's property rights. 3. Some trees were trimmed significantly more than was necessary or required. 4. Dekker's backyard has been left with a zig-zag pattern of trees with widely varying heights, large see-through holes in the landscaping privacy barrier, and unsightly butchered trees. The poor performance by Wright Tree Service was due to failure to adequately train employees, failure to adequately supervise employees, failure to determine the utility easement, failure to communicate to the bucket trimmer what trees were marked, and failure to coordinate the work of the different trimmers.</p>

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 6/30/2017 12:52:25 AM.

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

Field	Value
To	Dennis Louney
Name	Daniel J Dekker
Address	1110 Shelter Ln
email	dandekker@att.net
E-mail Subject	Wright Tree Service damage to my property
Message	<p>Dear Mr. Louney, I would like to email to you a report of the damage caused to my property recently by Wright Tree Service. I intend to file a claim for this damage. Can you please send me your email address? Thank you, Daniel Dekker, Ed.D.</p>

Email "Wright Tree Service damage to my property" originally sent to mdg@bwl.com from noreply@bwl.com on 6/30/2017 12:52:25 AM.

NOMINATING COMMITTEE MINUTES
June 29, 2017

The Nominating Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:15 p.m. on Thursday, June 29, 2016.

Nominating Committee Chair, Anthony McCloud, called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Anthony McCloud, Dennis Louney, Ken Ross and Tracy Thomas.

Absent: None

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Ross, Seconded by Commissioner Louney to approve the Nominating Committee meeting minutes of June 21, 2016.

Action: Motion Carried

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Committee Chair Anthony McCloud stated that the Officer Committee Survey Results Forms and Committee Survey Memorandum were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents. There were no questions.

Nomination of Board Officer Candidates for Fiscal Year 2017-2018

Chairperson

Nominating Committee Chair McCloud opened the floor for the Officer position of Chairperson. The following motion was offered:

Motion by Commissioner Ross, Seconded by Commissioner Thomas to nominate Commissioner David Price to serve as the Chairperson for the 2017-2018 fiscal year.

Action: Motion Carried (3/1 Louney dissenting)

Vice Chairperson

Nominating Committee Chair McCloud opened the floor for the Officer position of Vice Chairperson Nominations and the following motion was offered:

Motion by Commissioner Thomas, Seconded by Commissioner Louney to nominate Commissioner Sandra Zerkle to serve in the Officer position of Vice Chairperson.

Action: Motion Carried (3/1 Ross dissenting)

Motion by Commissioner Ross, Seconded by Commissioner Thomas to present the slate of Officers for 2017-2018 to the full Board for consideration is as follows:

Chair:	David Price
Vice Chair:	Sandra Zerkle

Action: Carried Unanimously

Nominating Committee Chair McCloud stated that the recommended slate will be presented to the full Board for consideration and nominations will be taken from the floor at the July 25th Regular Board/Annual Organizational meeting.

Excused Absence

None

There being no further business, the meeting adjourned at 5:19 p.m.

Respectfully submitted,
Anthony McCloud, Chair
Nominating Committee

HUMAN RESOURCES COMMITTEE
Meeting Minutes
June 29, 2017

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Thursday, June 29, 2017.

Human Resources (HR) Committee Chairperson Sandra Zerkle called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Sandra Zerkle, Anthony McCloud, Tony Mullen, and Tracy Thomas. Also present: Commissioners Dennis M. Louney, David Price and Ken Ross.

Absent: None

Ms. Griffin notified the committee that Internal Auditor, Phil Perkins, is on vacation.

Public Comments

None

Approval of Minutes

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to approve the Human Resources Committee meeting minutes of May 23, 2017.

Action: Motion Carried.

FY 2018 Board Appointee Performance Reviews

Chair Zerkle passed out the employees' survey results, the employees' self-evaluation results, a copy of comments, and a copy of each employee's goals and accomplishments for the year. Chair Zerkle proposed that these items be given to Human Resources Director, Michael Flowers, and placed into the personnel files of each of the three employees. Chair Zerkle also informed the Committee that Commissioner Graham and Commissioner Goodrich did not participate in the evaluation process.

Commissioner Thomas stated that new Commissioners should be informed immediately of their charge to evaluate the Board of Commissioners' three appointed employees.

Commissioner Ross questioned if the appointees had access to the individual evaluation scores to provide more detailed insight to individual questions. After a discussion regarding the essentials of providing a compilation of aggregate numbers to allow appointees to focus on strength and weakness, HR Chair Zerkle stated she would provide the Commissioner's with the individual numbers.

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 Mullen, Seconded by Commissioner McCloud, to enter into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary M. Denise Griffin.

Roll Call Vote:

Yeas: Commissioners Sandra Zerkle, Anthony McCloud, Tony Mullen, Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:45 p.m.

The Human Resources Committee reconvened to open session at 6:04 p.m.

Internal Auditor

Internal Auditor, Phil Perkins, was absent from the meeting.

The Committee chose to discuss the contractual year-end performance evaluation of Internal Auditor, Phil Perkins, at a later date, if requested.

Motion by Commissioner McCloud, Seconded by Commissioner Mullen, to forward a resolution reappointing Phil Perkins to the Charter position of Internal Auditor for FY18 to the full Board for consideration.

Action: Motion Carried.

General Manager

General Manager Richard Peffley 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 Mullen, Seconded by Commissioner Thomas, to enter into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard Peffley.

Roll Call Vote:

Yeas: Commissioners Sandra Zerkle, Anthony McCloud, Tony Mullen, Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 6:06 p.m.

The Human Resources Committee reconvened to open session at 6:36 p.m.

Upon conclusion of the Closed Sessions, the following motions were offered:

Motion by Commissioner Mullen, Seconded by Commissioner Thomas, to forward a resolution reappointing Richard (Dick) Peffley to the Charter position of General Manager for FY18 to the full Board for consideration.

Action: Motion Carried.

HR Chair Zerkle stated that the reappointment resolutions will be taken under consideration at the July regular Board meeting.

Subsequent Steps for Board Appointed Employees Contracts

The Board Chair, David Price, will work with the appointed employees, on behalf of the Board of Commissioners, on their respective contracts and annual merit considerations.

Excused Absence

None

Other

HR Chair Zerkle said that she recommends changes in the evaluation process to help simplify it.

Public Comments

None

Adjourn

Motion by Commissioner McCloud, Seconded by Commissioner Thomas, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 6:40 p.m.

Respectfully Submitted,
Sandra Zerkle, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
July 11, 2017

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, July 11, 2017.

Committee of the Whole Chair Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Beth Graham, Dennis M. Louney, Anthony McCloud, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: William Long (Delta Township) and Robert Nelson (East Lansing).

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Governance Policy Resolution

Commissioner Mullen shared information regarding the tabled agenda item.

Motion by Commissioner Price, **Seconded** by Commissioner Graham to take the Governance Policy Resolution and the edited draft Governance Policy from the table.

Discussion: None.

Action: Motion Carried.

Motion by Commissioner Louney to amend item 5), now item 6), to add the sentence *This policy is not intended to prevent a commissioner from fulfilling their appointed duties in representing the rate payers of the Lansing Board of Water and Light.* **Motion, was not supported.**

After some discussion, it was determined that the additional sentence did not add to or take away from the policy and was unnecessary to amend.

Motion withdrawn.

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to accept the Governance Policy Resolution with the proposed edits.

Discussion: Discussion transpired regarding edits for the following sections:

- Edit Section 1) d by removing the General Manager wording after “monitor organizational performance” as there are other sources from which communication is received.
- Section 2) a by removing “at all times,” due to the broadness of the wording, and replacing it with “in capacity as a board member;” and also, removing the second sentence as all issues that are in reference to the Board of Water and Light require this loyalty and responsibility.
- Edit Section 2) b ii by adding “or other Designee” for times when the Chair is not available to speak; by removing the third sentence as unnecessary or redundant.
- Edit Section 2) b iii and 2) b v by removing as unnecessary or redundant.
- Edit Section 4) a by removing the Board’s only formal connections to the BWL wording as the Board is formally connected to the BWL as the governing body.
- Edit policy by adding an additional section to provide for conducting Commissioner self-evaluations.

Action: Motion Carried.

Committee of the Whole Chair Tony Mullen recessed the meeting at 7:01 p.m. and reconvened the meeting at 7:12 pm.

Approval of Minutes

Motion by Commissioner McCloud, **Seconded** by Commissioner Thomas to approve the Committee of the Whole meeting minutes of May 9, 2017.

Action: Motion Carried.

North American Electric Reliability Corporation (NERC) Update

General Manager, Dick Peffley, introduced Robert Lalonde, Manager of Bulk Power, who provided the Commissioners with a North American Electric Reliability Corporation (NERC) update. Mr. Lalonde provided historical information on the formation of NERC and how it led to mandatory compliance with developed standards approved by the Federal Energy Regulatory Commission (FERC). He stated that NERC is an authority assigned with ensuring the reliability of the bulk electric system.

Mr. Lalonde’s presentation included information on the responsibilities developed for the Internal Compliance Program to measure and maintain compliance to standards applicable to the Board of Water & Light, as well as information on self-reporting standards, Critical Infrastructure Protection standards for the BWL and self-reports.

Easement Grant Board of Water and Light to Consumers Energy Resolution

General Manager Peffley introduced General Counsel Brandie Ekren, who provided information on the grant request for an easement to Consumers Energy Company to allow construction of gas lines and pipelines. The said easement grant request will be effective upon Lansing City

Council's approval. After a short discussion regarding additional language to the resolution the following motion was offered:

Motion by Commissioner Ross, **Seconded** by Commissioner Zerkle to forward the two proposed resolutions with the additional wording of "*Please see the attached documents*" to identify the properties for the easement grants to the full Board for consideration.

Action: Motion Carried.

Rules and Regulations FY 2018

General Manager, Dick Peffley, introduced Ray Moore, Manager of Customer Projects, who reviewed the 2018 Fiscal Year Rules and Regulations. Ray Moore also stated that, under the current electric vehicle program, the BWL will pay \$1,000 toward the installation of a Level II electric car charging station if you are an AP owner and the BWL has installed 22 charging stations.

RULES AND REGULATIONS UPDATE For Fiscal Year 2018

Electric, Water, Steam and Chilled Water

- Revision of Rule 2, **General Provisions**
 - 2.1.E - Added language to clarify that ownership does not pass to Customer for paying a deposit or contribution and the deposit is not refundable unless stated in these Rules.
 - 2.1.F - Added language to provide notice that multiple reconnect fees may be charged when multiple services require reconnection.
- Revision of Rule 3.1.B, **Characteristics of Service, Character of Service**
 - Added language to clarify, based on the BWL's claims experience, the BWL is not liable for damage caused by conditions beyond its control.
- Revision of Rule 4.1.A, **Use of Service, General**
 - Language added to include a statement to prohibit actions by the customer that are dangerous or disruptive to service.
- Revision of Rule 4.2.A, **Use of Service, Access and Damages**
 - Added definition of maintenance.
 - Added language to expressly include removal of anything, including trees, that may interfere with maintenance of BWL facilities.
- Revision of Rule 4.2.C&D **Use of Service, Access and Damages**
 - Added language to include a prohibition against intentional interference by a customer with BWL access, and notice of the resulting fee and Customer responsibility for any losses or damage associated with failure to provide access.
- Revision of Rule 4.3.A, **Use of Service, Customer Equipment/Customer Piping and Equipment**

- Added language to state the BWL may deny or terminate service to protect the public health and welfare.
- Added language to expand upon and clarify that the BWL is not responsible for installing, inspecting, repairing, maintaining, testing, or removing customer equipment.
- Revision of Rule 4.3.B, **Use of Service, Customer Equipment/Customer Piping and Equipment**
 - Added language to account for damages to wiring or equipment caused by BWL planned or emergency work and states that the BWL will repair customer wiring or equipment.
- Revision of Rule 4.5.B&C (Water, Steam, & CW) /4.6.B&C (Electric), **Use of Service, Improper Use and Tampering**
 - Revisions to impose responsibility upon non-Customers for improper use of or tampering with service.
- Revision of Rule 4.6.B (Water, Steam, CW) 4.7. B (Electric), **Use of Service, Disconnection of Service**
 - Added language to encourage customers to be present at the time of service disconnections while also recognizing being present may not always be possible and informs customers they may be responsible for any consumption that takes place if the disconnection is ineffective.
- Revision of Rule 4.6.B.1.a (Water, Steam) 4.7.B.1.a (Electric), **Use of Service, Disconnection of Service, Customer Request**
 - Added language to account for non-owners, such as tenants, requesting disconnection of service.
- Revision of Rule 4.6.B.3 (Water, Steam, CW) 4.7.B.3 (Electric), **Use of Service, Disconnection of Service, Other**
 - Added language to account for disconnection when the BWL no longer serves a territory or customer choice is an alternative.
- Revision of Revision of Rule 7.1.D, **Bills and Payments, Responsibility for Payment of Bills**
 - Added language to align with industry standard practice that requires a deposit from a new customer if a delinquent customer account holder resides at the same service location as the new customer.
- Revision of Rule 9.7.A (CW), 9.12.A (Steam)10.7.A (Electric), 10.12.A (Water), **Distribution System Extensions, Easements**
 - Added language to further clarify that maintenance includes, among other things, tree trimming or removal, restoration, replacement, construction, and relocation.
- Revision of Rule 16/12, **Schedule of Fees and Charges, Connect (turn-on/turn-off) Fee**
 - Changed language to reflect actual hours of operation of the BWL Customer Service Department.

Electric

- Revision of Rule 3.3.A, **Service Conditions, Dual Voltage Transformers**

- Changed language to alleviate situations where existing 4160 volt customers who either own the distribution transformers, or the electric rate requires them to provide the transformers and where their financial responsibility of replacement is an impediment to the BWL expeditiously completing the conversion to 13.2kV operation.
- Revision of Rule 10.14.A.1, **Distribution System Extensions, General, Outdoor Protective Lighting**
 - Added language to clarify the existence of BWL facilities on utility grade poles and so customers understand BWL OPL's are not allowed on customer owned poles.
- Revision of Rule 11.2.B **Services, For Electric Service Upgrade**
 - Added language to inform customer to contact BWL utility Services for service upgrades and that the customer is responsible for complying with BWL requirements.
- Revision of Rule 11.8.B **Services, Multi-Dwelling Structure Services**
 - Added language to bring rule in line with current practice for installing secondary service conductors.
- Revision of Rule 11.9.A **Services, Conversion of Existing Overhead Electric Service**
 - Added language to clarify times the BWL must consider other projects and operational needs. While it is possible to honor Customer's request, it may be a burden on the rate payers.

Water

- Revision of Rule 4.3.C **Use of Service, Customer Piping and Equipment**
 - Revision to state the Customer is responsible for the condition of their own building and core holes because there are instances where we patched the core hole but it doesn't mean maintenance is retained by the BWL.
- Revision of Rule 5.6.D **Metering, Damaged Metering Equipment**
 - Revision to give examples of damage beyond the Customer's control.

Steam

- Revision of Rule 4.3.C **Use of Service, Customer Piping and Equipment**
 - Revision to state the Customer is responsible for the condition of their own building and core holes because there are instances where we patched the core hole but it doesn't mean maintenance is retained by the BWL.
- Revision of Rule 5.5.C **Metering, Damaged Metering Equipment**
 - Revision to give examples of damage beyond the Customer's control.

Chilled Water

- Revision of Rule 4.3.C **Use of Service, Customer Piping and Equipment**
 - Revision to state the Customer is responsible for the condition of their own building and core holes because there are instances where we patched the core hole but it doesn't mean maintenance is retained by the BWL.

Motion by Commissioner Ross, **Seconded** by Commissioner McCloud to present the resolution for the acceptance of the proposed changes to the FY 2018 Rules and Regulations to full Board for consideration.

Action: Motion Carried.

Amendments and Restatements of Retirement Plans

After a discussion with General Manager Peffley and CFO Heather Shawa, Committee of the Whole Chair Mullen pulled from the agenda item #6, Amendments and Restatements of Retirement Plans, due to time constraints. (These items will be addressed at a later date.)

Public Comment

None.

Other

General Manager Peffley provided the Committee with a copy of a letter that commended the BWL on tree trimming services that were provided in East Lansing. This letter was submitted by the president of an East Lansing Neighborhood Association.

Commissioners acknowledged the efforts for the “Under the Bridge” project that kicked off last week.

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to adjourn the meeting.

Meeting adjourned at 8:15 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

FINANCE COMMITTEE Meeting Minutes July 11, 2017

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, at 8:20 p.m. on Tuesday, July 11, 2017.

Finance Committee Chair Ken Ross called the meeting to order and requested a roll call.

Present: Commissioners Ken Ross, Dennis M. Louney, Anthony McCloud, and David Price. Also present: Commissioners Beth Graham, Tony Mullen, Tracy Thomas, and Sandra Zerkle, and Non-Voting Commissioners William Long, and Robert Nelson.

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

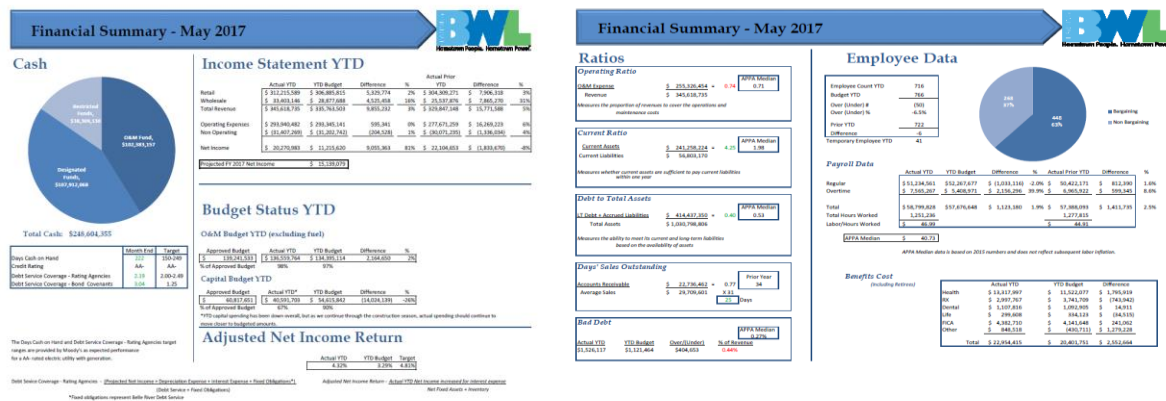
Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner McCloud, to approve the Finance Committee meeting minutes of May 16, 2017.

Action: Motion Carried.

May YTD Financial Summary

Chief Financial Officer (CFO), Heather Shawa, presented the following:



CFO Heather Shawa presented the May 2017 Year-to-date Financial Summary which indicated that the total Cash is over \$248M, Days cash on hand is \$222M, and debt service coverage ratio

is 2.19. The latter two are up from last month. The Year-to-date income statement as of May YTD shows revenues to budget are up 3%, comparative to this time last year at which they were up 5%. The projected fiscal-year-end net income is approximately \$15 million and is pending any year end audit adjustments. Ms. Shawa indicated that the capital budget is predicting to be underspent but construction projects that were delayed are getting caught up now that construction season started in June. BWL's adjusted net income return indicates the actual net rate of return is ahead of budget and slightly under target.

Ms. Shawa also mentioned that three out of the five ratios are being met. Bad debt and uncollectible continue to be watched. Commissioner Nelson commented that if BWL had opted into Act 95, the Michigan Energy Assistance Program, the bad debt could be reduced as some customers have to choose between electricity and putting food on the table. Commissioner Mullen asked whether BWL had an outside debt collector and after what length of time the outside debt collector is contacted. Chair Ross requested CFO Shawa bring information to the next meeting for the response to Commissioner Mullen's question.

Ms. Shawa also reviewed the employee data and the employee headcount compared to budget and benefit cost. Although the data indicates being under budget, the temporary employee headcount is 41 and there are recruiting efforts to fill about 27 vacancies.

Revised Investment Policy Statements/Resolution

Heather Shawa introduced Scott Taylor, Finance Manager, who presented two revised investment policy plans, the Defined Benefit (DB) Plan which is the traditional pension plan, and the VEBA Plan which covers the investments associated with providing health care benefits. Asset Consulting Group was retained last March as the consultant for these plans. The consultants' feedback was that the statements were well constructed and consistent with the plan objectives. Overall the changes in both plans are consistent and have similar strategies. Refinement in asset allocation, clearly defining manager objectives, and evaluation of plan performance were the main changes targeted.

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to forward the proposed Resolution for the Adoption of the Revised Investment Policy Statements to the full Board for consideration.

Action: Motion Carried.

Internal Audit Quarterly Management Response Report-Out

CFO Heather Shawa reviewed the Internal Audit Quarterly Management Response Report-Out and reported that the Management Responses are sent out quarterly. Internal Auditor Phil

Perkins and his team perform various internal audits throughout the year and provide recommendations or findings to the management, who are then responsible to submit corrective actions within 30 days of the final audit report to Mr. Perkins. This Report-Out is the tracking tool to monitor the recommendations or findings and the corrective actions submitted.

Updates in red

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
Open Issues:					
33	Outage Management System	The audit recommended more specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results.	Oct 2015	Information Technology	Results provided as part of November 2016 stress test included: development of specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results. Based on cost/benefit analysis, the remaining recommendations from the stress test will be incorporated into the new OMS solution, scheduled for implementation in 2018.
44	Billing	To address safety concerns associated with high consumption residential customers, management is discussing possible revisions to existing Rules and Regulations and coordination of public safety initiatives with other public agencies.	Nov 2016	Planning & Development	Applicable language has been incorporated into proposed changes to BWL Rules and Regulations. In addition, BWL is complying with the City of Lansing's Home Occupation Ordinance.
45	Performance Evaluation & Compensation	Internal Audit recommended additional standardization of performance evaluation procedures.	Jan 2017	Human Resources	Further development of the BWL performance management process for non-bargaining employees is underway, including additional participation throughout the year and goals and objectives in line with the new BWL Strategic Plan. The SMART concept already in use will be expanded upon (i.e., employee performance goals are SMART, which stands for Specific, Measurable, Action-oriented, Realistic and Time bound). Estimated completion date is 7/1/18.
46	Performance Evaluation & Compensation	Internal Audit recommended job descriptions be updated.	Jan 2017	Human Resources	Human Resources will coordinate an update of job descriptions, in collaboration with each area throughout the organization. This project will incorporate multiple phases, beginning with planning and identifying needed resources. Estimated project completion is 6/30/19.
47	Performance Evaluation & Compensation	Internal Audit recommended increasing flexibility with awarding merit increases.	Jan 2017	Human Resources	Decoupling of base and merit increases is already underway, including budgeting of the two separate categories of increases for fiscal 2018 and development of corresponding instructional information. Project completion is expected by 7/1/18.
48	Collections <i>NEW</i>	Internal Audit supports adding a requirement to check customer credit prior to opening a new account.	March 2017	Customer Service	A new tool will be implemented, by 8/1/17, to help ensure deposits are consistently and appropriately applied to new customers.
50	Follow-Up of Training & Development Audit <i>NEW</i>	Internal Audit noted the need to reemphasize use of LMS and continue with refresher training.	May 2017	Training & Development	Refresher training in LMS will be provided by 9/30/17 and use of LMS will continue to be reemphasized.
51	Follow-Up of Training & Development Audit <i>NEW</i>	Internal Audit recommended Training & Development coordinate with department trainers to better ensure training completions are entered into LMS, along with considering the eventual use of LMS as the primary source for Balanced Scorecard Reporting of training time.	May 2017	Training & Development	Workshops for departmental trainers, including an online procedure for entering training completions to LMS, will be developed and delivered by 9/30/17. The workshops will be followed by management's assessment of the accuracy and completeness of training documentation in LMS, concluding with a recommendation, by 3/31/18, regarding use of LMS data in Balanced Scorecard reporting.
52	COBIT Compliance <i>NEW</i>	Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework.	June 2017	Information Technology	Multiple actions and completion dates are involved, including higher-risk, as-yet-incomplete items 1.6 (an implementation plan for the IT Strategic Plan, expected by 7/1/17); 8.2 (Quality Management System) and 9.3 (Risk Management Plan), by 12/31/17; 3.2, 4.5, 6.2, and 8.1 (all to be provided via the new governance framework), by 12/31/18; and 4.1 (replace Cobit governance framework with CMMI), by 6/30/19.

**STATUS OF MANAGEMENT RESPONSES TO AUDITS
JUNE 2017**



In Accordance with Board Resolution #2014-07-05

Updates in red

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
17	Close the Books	The Internal Auditor recommended that consideration be given to the use of a general accounting manual.	Aug 2014	General Accounting	A General Accounting Procedure Manual was finalized in May 2017.
27	Management of Mobile Devices	The Internal Auditor recommended encrypting data on all remaining laptops and smart phones.	Sept 2015	Information Technology	IT has encrypted the laptops used by field personnel and established user guidelines. Guidelines instruct BWL users to encrypt sensitive data on their own mobile devices. Software with remote management capabilities has been procured, installed, and deployed.
29	Management of Mobile Devices	Internal Audit recommended further consideration of procuring software with remote cleaning capabilities.	Sept 2015	Information Technology	Software with remote management capabilities has been procured, installed, and deployed.
37	Hiring Process	Internal Audit has requested that an all-encompassing hiring policy be documented.	May 2016	Human Resources	Human Resources developed an operational policy which addresses BWL hiring standards in their entirety.
49	Collections <i>NEW</i>	Internal Audit suggests continued monitoring of the appropriateness of the dollar threshold for Final Notice to customers prior to an unpaid account becoming eligible for shut-off of services.	March 2017	Customer Service	Management continues to monitor the appropriateness of the dollar threshold for Final Notice.
E-2	IT Risk Assessment by External Auditors	It was noted that network and financial application password settings need strengthening, including establishing requirements that passwords be changed every 90 days, be a minimum length of 8 characters, and include special characters. In addition, 8 prior passwords should be remembered and user accounts should be locked after 3-5 failed login attempts.	Sept 2016	Information Technology	Enhancement of network, mainframe, and application password settings has been completed.
E-3	IT Risk Assessment by External Auditors	Management letter indicated that user account access should be reviewed annually by management for appropriateness, following the least privilege principle, with documentation of reviews retained.	Sept 2016	Information Technology	IT's review of user access to CIS and SAP with management has been completed.
E-5	IT Risk Assessment by External Auditors	Baker-Tilly noted that the Windows 2003 operating system on which the DP250 database runs needs upgrading.	Sept 2016	Information Technology	The DP250 database is now running on an updated operating system.

Internal Auditor Status Report

Internal Auditor Phil Perkins presented an overview of the following information:

- External 5-Year Independent Review Results
- FY 2017 Audit Plan Progress Report
- Proposed FY 2018 Audit Plan
- Other Items

External 5-Year Independent Review

- Overall – Internal Audit at BWL was assessed as “generally conforming” to the Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing.
- 5 non-binding recommendations for enhancements:
 1. Change weightings on individual risk assessments to better quantify risk ratings for each activity in the audit universe. Internal Audit response: Concur and adopted the recommendation. Completed for FY 2018 risk assessment and will use the updated model going forward.

2. Include a separate “risk” category in audit reports for all issues presented. Internal Audit response: Partially concur and will adopt the recommendation as needed (an effect or impact statement is now included with each issue).
3. The CEO Hotline should be an auditable area. Internal Audit response: Concur. Internal Audit will work with management to gain access to hotline complaints that involve potentially fraudulent or otherwise illegal or unethical behavior, with the objective being to address control or procedural improvements to prevent similar incidents in the future. Estimate completion of a working approach by July 31, 2017.
4. Audit planning should include consulting during System Development Life Cycle for major system development and acquisition. Internal Audit Response: Concur. Internal Audit is working with management to provide both informal and formal advice and consulting on current BWL major projects such as the ADMS, AMI, new plant construction, and replacement CI system, as well as any future such projects.
5. Risk assessment discussions between the Internal Auditor and the Finance Committee should be documented so that the approval of the annual audit plan and accompanying resources reflect the results of such discussions. Internal Audit Response: Concur. The Internal Auditor will include in his recommended audit plan why the number and type of audits and resources needed are optimal based on assessed risks, and this will be documented in Finance Committee meeting minutes accordingly.

FY 2017 Audit Plan Progress Report

Engagements Completed:

1. Follow-up Training & Development Audit
2. Collections Audit
3. COBIT Compliance Audit
4. New Service Order Management – Water Audit
5. Performance Evaluation/Compensation/Merit Pay Audit
6. Surprise Cash Counts (2)
7. Employee Time Reporting Reviews (2)
8. Vehicle Time Reporting Reviews (1)

Basis for plan:

1. Meetings with Executives and Staff to discuss risks and potential audit topics.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Identified at least 19 potential audits to perform in FY 2018 and beyond.

Engagements in Progress:

1. Payroll Management Audit (estimated 75% complete)
2. Identity and Access Management Audit (estimated 50% complete)
3. Follow-up Hiring Process Audit (estimated 67% complete)

Proposed FY 2017 Audit Plan – Background

Top 10 audits for FY 2017 (as discussed and agreed with senior management):

1. *Cash Receipts*
 2. *IT – Help/Service Desk*
 3. *Succession Planning*
 4. *Customer Payment Arrangements & Third Party Payments*
 5. *Contract Authorization/Approval Process*
 6. *Physical Access Security Management*
 7. *Water Production Plant Audit*

 8. *Power Purchase Agreements*
 9. *Accounts Payable Below the line will be deferred*
 10. *Cash Management/Treasury beyond FY 2018.*
- (Audits below the line will be deferred beyond FY 2018)

Proposed FY 2018 Audit Plan		Available Resource		
Planned Audits:	Estimated Hours	Resource	Position	Available Hours
Cash Receipts	300	Phil Perkins	Director of Internal Audit	1,500
IT Help/Service Desk Management	300	C. L. Moore & Associates	Augmented IA Services	800
Succession Planning	300	Internal or External IT Audit Assistance	IT Audit Services	200
Customer Payment Arrangements	300	Total Hours		2,500
Contract Authorization/Approval Process	300			
Physical Access Security Management	300			
Water Production Plant Reporting	300			
Other Engagements:				
Surprise Cash Counts (2)	50			
Time Reporting Reviews (2)	150			
Consulting – Project Development/Acquisition	200			
Total Estimated Hours	2,500			

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to approve the FY 2018 Audit Plan.

Action: Motion Carried.

Internal Auditor Perkins requested that the Committee approve the Internal Auditor’s Charter as is, as there were no changes to the document. In response to Mr. Perkins request Finance Chair Ross suggested that the Charter be provided at the next Finance Committee meeting for review.

Other

A request was made by Commissioner Long to have management provide a rate hearing schedule/timeline review for 2017-2018. CFO Shawa provided an overview of the rate hearing schedule. The tentative schedule has the Finance Committee Meeting in September 2017 as the kickoff. This meeting is currently scheduled for September 12, 2017 but there is discussion

to move it to September 19, 2017. The Finance Committee is hoping to move the rate hearing schedule to the full Board at the Board Meeting scheduled September 26, 2017. The rate hearing schedule has to be filed with the Lansing City Clerk by October 16, 2017 and publication is required by November 15, 2017. A public hearing is tentatively scheduled for November 30, 2017. Approval of the rate strategy would be at the January 23, 2018 Board Meeting and the rate implementation would be in effect February 1, 2018.

Ms. Shawa reported that rate projections are included in the long-term forecast. Cost of service has been reviewed, plus cost and rate structures, for a multi-year rate strategy. Any additional items that the Commissioners would like considered, besides those noted, are to be submitted to the Finance Committee before July 23, 2017 for analysis and recommendations.

Adjourn

Chair Ken Ross adjourned the meeting at 9:14 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

PROPOSED RESOLUTION:

EASEMENT GRANT TO CONSUMER'S ENERGY COMPANY

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

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

Staff Comments: Consumers Energy Company ("Consumers") desires and requested an easement across property currently owned by the City of Lansing by and for the Board of Water and Light ("BWL") for a gas pipeline. Upon Consumers' request, the BWL performed an operational feasibility assessment and negotiated the terms, which includes monetary consideration in the amount of \$107,500, that were mutually agreeable.

NON-EXCLUSIVE EASEMENT FOR PIPELINES

SAP# 23164843
Lansing Pipeline #1027 DAPP 6803
Agreement# MI00000021750

CITY OF LANSING BY ITS BOARD OF WATER AND LIGHT, a Michigan Municipal Utility, PO Box13007, Lansing, MI 48901-3007 (hereinafter "Owner")

for one dollar and other good and valuable consideration [*exempt from real estate transfer tax pursuant to MCLA 207.505(g) and (h) and from State real estate transfer tax pursuant to MCLA 207.526(g)and (h)(i)*] grants and warrants to

CONSUMERS ENERGY COMPANY, a Michigan corporation, One Energy Plaza, Jackson, Michigan 49201 (hereinafter "Consumers")

a permanent non-exclusive easement to enter certain real property owned by Owner located in the City of Lansing, County of Ingham, and State of Michigan as more particularly described in the attached Exhibit A (hereinafter "Owner's Land") to construct, operate, maintain (specifically excluding cathodic protection systems, except where approved in advance by Owner), inspect (including aerial patrol), repair, survey, replace, reconstruct, improve, remove, relocate, change the size of, enlarge only within the Easement Area as herein defined and protect in place a pipeline or pipelines in, on, under, over, across, and through a portion of Owner's Land (hereinafter "Easement Area") as more fully described in the attached Exhibit B, together with any required associated valves, fittings, location markers and signs, communication systems, utility lines, protective apparatus and all other equipment, appurtenances, and facilities, below grade or as reasonably necessary above grade, ("Facilities") and reasonably necessary except cathodic protection controls (whether below or aboveground) will be permitted only where approved in advance by Owner but in no event are such cathodic protection controls permitted within 50 feet of wells, useful or incidental for the operation or protection thereof, for the purpose of transmitting and distributing natural gas and for no other purpose. Consumers may not conduct any other activity, even as may be convenient in connection therewith as determined by Consumers for the purpose of transmitting and distributing natural gas, without the prior written consent of Owner. Owner reserves the right to use and allow others to use the Easement Area, provided such use does not interfere with Consumer's use of the Easement Area as provided herein.

Additional Work Space: In addition to the Easement rights granted herein, Owner further grants to Consumers, during initial construction and installation only, which shall in no event be more than 10 (ten) months, the right to temporarily use such additional work space reasonably required to construct said Facilities, excluding restoration. Restoration will be completed as soon as practical after construction. Said temporary work space shall abut the Easement Area, on either side, as required by construction as shown on Exhibit C.

Acceptance of the Property: Consumers has examined the Easement Area prior to the execution of this agreement and accepts same in the condition as it exists at the execution of this agreement and waives any and all claims Consumers may at any time have against Owner related to the condition of the Easement Area, except where provided in the Section titled Environment below or required by law. Owners shall have no obligation to make any repairs to the Easement Area.

Access: Consumers shall have the right to access said Facilities, and the right of ingress and egress on, over, and through Owner's Land for any and all purposes necessary to the exercise by Consumers of the rights granted hereunder. Consumers shall provide advance notice to Owner of any significant work on the Easement Area, except in the event of an emergency, when advance notice shall not be required.

Trees and Other Vegetation: Owner and Consumers shall not plant any trees within the Easement Area. Consumers shall have the right to trim, cut down, and otherwise remove and control any trees, brush, roots, and other vegetation within the Easement Area that interferes or threatens to interfere with Consumers' use of the Easement or the Facilities upon advance notice via regular mail to Owner whenever reasonably practical except in the event of an emergency or service restoration.

Buildings/Structures: Absent anything to the contrary herein, Owner agrees not to build, create, construct, or permit to be built, created, or constructed, any permanent obstruction, building, septic system, drain field, fuel tank, pond, swimming pool, lake, pit, well, foundation, engineering works, installation or any other type of structure over, under, or on said Easement Area that would impair Consumers' rights under this agreement or any temporary obstruction that would impair Consumers' rights under this agreement.

Unobstructed Use: Consumers' use of the Easement Area shall at all times be subject to Owner's use provided such use does not unreasonably interfere with Consumer's permitted use as provided herein. Without limiting the foregoing, Consumers' use of the Easement Area shall be at all times subject to the right of Owner to construct, operate, maintain, repair, enlarge, change, relocate, substitute for, remove, and replace electric lines, gas pipelines, towers, poles, or other structures for the transmission and distribution of water, electricity, gas, and other utilities, in, on, under, over, or across the Easement Area, and to cut, trim, remove, destroy, or otherwise control any trees, brush, and other vegetation now or hereinafter standing or growing on the Easement Area as Owner, in Owner's sole judgment, deems necessary or advisable for the protection of Owner's water, electric, gas, or other facilities. Consumers assumes the risk of damage to the Facilities, Consumers' property, or Consumers' improvements on the Easement Area resulting from Owner's use of the Easement Area, except in the event of Owner's negligent or willful misconduct, on Owner's Land, and waives all claims against Owner for any such damage. Owner shall accept no responsibility or liability in connection with the safety of the work performed by Consumers under this Easement.

Performance of Work: Construction, operation, maintenance, alterations, improvements, additions, repair, inspection, and removal of the Facilities shall comply with all of the following conditions, limitations, and requirements:

(a) At Owner's expense, Owner may have an inspector present at all times during the initial construction of said Facilities. It is expressly agreed that the making of such inspections or the failure to inspect shall not impose any liability on Owner for the adequacy of safety of the work of Consumers and shall not relieve Consumers from any responsibility, obligation, or liability assumed by Consumers under this agreement or otherwise. Consumers shall give Owner seven (7) days' notice prior to construction of said Facilities.

(b) The Facilities shall not be located within

(i) fifty (50) feet of any well head,

(ii) ten (10) feet horizontally and eighteen (18) inches vertically of any other water facilities, and

(iii) ten (10) feet from electric distribution or transmission lines, poles, or structures located in, on, under, over, or across the Easement Area, unless otherwise approved by Owner in writing. Any trench work in the vicinity of a tower or pole, will be done such that the slope of the angle formed by the floor of the trench to the base of the structure at grade shall have a slope of less than 1 foot of rise per 1 foot of distance (a slope of less than 45 degrees). Said 1 foot of rise per 1 foot of distance requirement will apply for the distance between the trench and the pole; the bottom of the trench must be an equal distance from any pole and no deeper than the butt of the pole and in the event a deeper trench is required, the pole must be supported.

(c) Consumers, by exercising the rights herein granted, agrees that during all excavation the topsoil shall be placed on one side of the trench and the subsoil on the other side. Any of Owner's pipelines or water facilities that are exposed during excavation or construction shall have 100% sand backfill to at least within one (1) foot of grade, rather than subsoil. After the trench is dug and the Facilities are placed, the site shall be restored by putting the subsoil back first and then the topsoil, except in the event sand backfill is required as provided herein. Restoration shall be completed so that the ground elevation and grade, preconstruction and post-construction, remain the same, and Consumers shall grade and reseed all disturbed areas with warm summer grasses upon the completion of construction or near thereafter as practical.

(d) Prior to commencing any excavation or digging on the Easement Area, Consumers shall contact the Utility Communications System (Miss Dig), prior to performing any excavation or similar activity in accordance with Michigan Compiled Law 460.721 et seq., as amended by Public Act 174 of 2013 and any future amendments.

Heavy Equipment Use on Property: The design of the Facilities shall incorporate the expectation that Owner, including its agents and/or contractors, will be using heavy equipment on the Easement Area and/or Owner's Land, and therefore, the Facilities shall be capable of withstanding such loading. Regardless of the forgoing, in no event shall Owner, including its agents and/or contractors, exceed 24,000 pounds per axle when crossing the Easement Area with heavy equipment. Equipment shall be operated at no more than 5 miles per hour when crossing the Easement Area to minimize impact loading. In the event Owner, including its agents and/or contractors, exceeds 24,000 pounds per axel, Owner, or its agents and/or contractors, shall submit weight to Consumers for further evaluation and Owner, or its agents and/or contractors, may be required to install protective bridging. Consumers will provide drawings showing accepted bridging practices.

Ground Elevation and Grade: Should Owner desire to change the grade within the Easement Area by more than six (6) inches, Owner shall notify Consumers to determine appropriate measures to protect the Facilities. Consumers shall not change the ground elevation or grade of the Easement Area or Owner's Land.

Alterations: Consumers shall not make any significant alterations, improvements, or additions in, on, under, over, or across the Easement Area or its Facilities located on the Easement Area except as provided herein or without first supplying Owner with such plans and details for any proposed alteration, improvement, or addition as may be reasonably required by Owner. Nor shall Consumers make any surface alterations, improvements, or additions, in, on, over, or across the Easement Area or its Facilities after the initial construction that may significantly

interfere with Owner's right to and use of the Easement Area without Owner's advance written consent, which shall not be unreasonably withheld.

Removal of Facilities and Alterations: Upon the expiration or any termination of this easement, Consumers shall, at Consumers' sole cost and expense, promptly remove all aboveground Facilities and all alterations, improvements, or additions in, on, under, over, across, or to the Easement Area, made by Consumers or on Consumers' behalf, including but not limited to those contemplated herein, whether performed with or without Owner's consent as provided herein. Further, Consumers shall yield and deliver the Easement Area unless otherwise approved of Owner, in a like condition as when taken subject to normal wear and tear, provided however, Owner may designate by written notice to Consumers those alterations, improvements, or additions which Consumers shall not remove but shall remain and be stabilized in a condition that conforms with industry standards; said designated alterations, additions, or improvements that are not to be removed shall then attach to the real estate and become property of Owner and shall be transferred from Consumers to Owner by a bill of sale. If Consumers fails to do so, Owner may, at its option, have such work performed, in which event Consumers shall reimburse Owner for the cost thereof, including attorney fees, due and payable within sixty (60) days' of notice.

Property Restoration: Upon completion of any work performed or caused to be performed by Consumers permitted herein, Consumers shall be responsible to clean up and return Owner's Land, including the Easement Area, to a similar condition that existed prior to said work including to and not limited to ground elevation and grade. If Consumers fails to do so, Owner may, at its option, have such cleanup work performed, in which event Consumers shall reimburse Owner for the cost thereof, due and payable within sixty (60) days of notice. Consumers shall reimburse Owner for all damage to Easement Area, Owner's Land, or other property whether real or personal related to any work performed by Consumers, or caused to be performed on Consumers' behalf, or related in any way to this agreement. Consumers shall immediately report the occurrence of any such personal property damage to Owner.

Spoil: Notwithstanding any requirement to backfill herein, spoil generated in connection with the exercise of Consumers' use of the Easement Area or the exercise of the rights granted in this agreement shall remain on Owner's Land and shall not be transported off Owner's Land without Owner's prior written consent. No spoils shall be stockpiled within fifty (50) feet of any well head or directly under any electric transmission or distribution lines, now or in the future located in, on, under, over, or across the Easement Area unless otherwise approved by Owner. Consumers shall, as soon as reasonably practical, notify Owner of the presence of contaminated spoil upon becoming aware of it at the Easement Area or Owner's Land and transport any such spoil from the Easement Area and/or Owner's Land, in accordance with all applicable laws, rules, and regulations.

Protection of Owner's Facilities: Consumers must maintain the Facilities, Easement Area, and appurtenances in safe and good repair at all times and take reasonable precautions to prevent damage to Owner's Land. Consumers hereby agrees to protect any wells, poles, and/or other structures and facilities now or hereafter located in, on, over, under, or across the Easement Area or Owner's Land by the erection and maintenance of suitable means of protection as may reasonably be deemed to be required by the engineers of Owner, and Consumers agrees that the erection and maintenance thereof shall be at its sole cost and expense. Consumers shall ensure that its use of the Easement Area does not interfere with the operations or maintenance of, or in any way affect the continuity of service provided by

Owner's utility facilities now or hereafter located in, on, under, over, or across the Easement Area or in the vicinity of the Easement Area unless otherwise approved in writing in advance by Owner.

Relocation of Facilities: If Owner finds it necessary to change or relocate its facilities located in, on, under, over, or across the Easement Area, Owner's Land, or adjoining property in order to accommodate Consumers' use of the Easement Area as herein provided, Owner shall be responsible for the actual costs and expenses for such relocation.

Drawings As-Built Survey and Markers: Upon completion of the construction of said Facilities, Consumers shall provide Owner with as-built drawings of the Facilities, indicating the surveyed location and depth of the Facilities within the Easement Area. Consumers shall mark the location of all underground Facilities with permanent markers. Said markers shall be maintained by Consumers, at Consumers' sole expense, at all times.

Compliance with Laws: Consumers, its agents, invitees, visitors, employees, contractors, and subcontractors shall comply with all laws, ordinances, and regulations of all federal, state, or local governmental authorities that are now or hereafter in any manner affecting the Easement Area and the use and occupancy thereof; provided however, that nothing herein shall be construed as a waiver by Consumers of any of its existing or future rights under state or Federal law. Consumers shall be responsible for obtaining and following any and all environmental or other permits that may be necessary to support the Facilities' construction, operation, or maintenance activities upon the Easement Area and shall provide to Owner copies of all such permits associated with initial construction or as reasonably requested by Owner.

Environmental: Consumers acknowledges that remediation of the Owner's Land is in process and shall not interfere with any remediation efforts, whether by Owner or a third party. Without limiting any other provision of this agreement, Consumers shall comply in all material respects with all applicable constitutional provisions, laws, ordinances, orders, requirements, rules, and regulations made by any governmental entity, body, or authority relating to its property and operations under this Lease. If Consumers' use of the Easement Area results in the presence on, in, or under the Easement Area (which includes but is not limited to the groundwater underlying the Easement Area) of contaminants, hazardous waste, hazardous substances or constituents, or toxic substances, as currently or hereafter defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USCA 9601 et seq; the Resource Conservation and Recovery Act (RCRA), 42 USCA 6901 et seq; the Toxic Substances Control Act (TSCA), 15 USCA 2601 et seq; the Michigan Natural Resources and Environmental Protection Act, MCL 324.101 et seq; or any other similar existing or future statutes, Consumers will to the extent caused by Consumers, its employees, agents, contractors, and subcontractors or anyone authorized by or on behalf of Consumers at no cost to Owner, immediately notify Owner and promptly take: 1) all actions that are required by any federal, state, or local governmental agency or political subdivision, and 2) all actions that are necessary to restore the Easement Area to the condition existing prior to the release or introduction of such contaminants, hazardous waste, hazardous substances or constituents, or toxic substances, notwithstanding any lesser standard of remediation allowable under applicable law or governmental policies. The actions required by Consumers pursuant to this paragraph include, but are not limited to: a) the investigation of the environmental condition of the Easement Area; b) the preparation of any feasibility studies, reports, or remedial plans required by law or governmental policy, and c) the performance of cleanup, remediation,

containment, operation, maintenance, monitoring, or restoration work, whether on or off the Easement Area. Consumers will proceed continuously and diligently with such investigatory and remedial actions. The parties will provide to each other free of cost to the other copies of all test results and reports generated in connection with the above activities and copies of all reports submitted to any governmental entity. No cleanup, remediation, restoration, or other work required to be performed pursuant to this paragraph will require or result in the imposition of any limitation or restriction on the use of the Easement Area without prior notification and approval, which shall not be unreasonably withheld, to the other. The provisions of this paragraph will survive the term or any termination of this agreement.

Exercise of Easement: If Consumers shall discontinue use of the Easement Area for any period of two (2) or more years, this agreement shall be terminated and Consumers, at its sole cost and expense, shall perform work necessary to stabilize the abandoned Facilities, including, but not limited to purging the pipes with nitrogen or as is standard in the industry and subsequently restore the surface of such Easement Area, subject to normal wear and tear. Except as otherwise provided in this section, Consumers' nonuse or limited use of this Easement Area shall not preclude Consumers' later use of this agreement to its full extent.

Consumers' Covenants: Consumers covenants that it will enter onto and use the Owner's Land only for the purpose set forth herein (or for other purposes for which Consumers has existing or future rights, if any) and for no other purpose without the express prior consent of Owner and that it will use all reasonable efforts not cause any debris or anything that would create a hazard or undue interference with Owner's ability to access, maintain, repair, enlarge, change, relocate, substitute for, remove, and replace electric lines, towers, poles, or other structures for the transmission and distribution of water, electricity, and other utilities, in, on, under, over, or across Owner's Land to be left on Owner's Land, except as permitted herein, and will remove any such hazard or undue interference within 24 hours' notice from Owner, and if not removed by Consumers within 24 hours or in the event of an emergency, Owner may remove the hazard or undue interference at Consumers' cost and expense. Consumers agrees that, at its own expense, it will do the following: i) repair any damage to Owner's Land caused by its acts or omission, and ii) as soon as practical following the completion of any construction or maintenance activities within the Easement Area, remove all of its and its agents' personal property from the Owner's Land, except as permitted within the Easement Area herein, and clean-up, level, and reseed the Easement Area and any portion of Owner's Land disturbed by Consumers in a good and workmanlike manner to the condition consistent with the surrounding area on Owner's Land.

Indemnification: Consumers shall at all times assume all liability for and protect, indemnify and save Owner, its successors and assigns, harmless from and against all actions, judgments, losses, orders, decrees, costs, and expenses brought or recovered against or incurred by Owner by reason of any death, bodily injury, personal injury, and loss or damage to Owner's Land but only to the extent caused by and proportionate to Consumers negligent actions or omissions on Owner's Land. To the fullest extent allowable by law, Owner shall at all times assume all liability for and protect, indemnify and save Consumers, its successors and assigns, harmless from and against all actions, judgments, losses, orders, decrees, costs, and expenses brought or recovered against or incurred by Consumers by reason of any death, bodily injury, personal injury, and loss or damage to Owner's Land but only to the extent caused solely by and proportionate to Owner's negligent actions or omissions in the Easement Area, to the fullest extent provided by law. With respect to 3rd party claims, and only with respect to 3rd party claims, nothing herein shall be construed as a waiver by Owner of available

defenses as a matter of law due to its governmental status, such as governmental tort liability. Consumers shall not permit any liens on the Owner's Land for any labor or material furnished to Consumers in connection with its use of the Easement Area.

Choice of Law: This License shall be governed in all respects, by the laws of the State of Michigan, including as to interpretation, enforceability, validity and construction. Venue shall be deemed proper in Ingham County, Michigan.

Disclaimer of Warranties: Owner has not and does not make any express, implied, or statutory representations or warranties of any kind to Consumers concerning the Owner's Land or Easement Area; the status of Owner's title with respect to the Owner's Land, the condition or usability of the Easement Area; or the parties' use of the Easement Area being in compliance with any statute, ordinance, or regulation, including, but not limited to those relating to the environment. The provisions of this section shall survive any termination of this agreement.

Damage: Owner shall have no liability for any loss or damage caused to Consumers' Facilities that may be occasioned by or through the acts or omissions of others.

Property Taxes: To the extent allowed or required by law, Consumers shall be responsible for all taxes or assessments levied upon the value of structures, facilities, and improvements owned, installed, and/or under the control of Consumers on the Easement Area pursuant to this agreement ("Consumers' Improvements"), except as provided herein. Owner and Consumers agree that the easement does not negate that the primary use of Owner's Land is for a public purpose. If any notice of assessment is issued to Owner's Corporate Secretary that purports to assess tax on the value of structures, facilities, and improvements owned, installed and/or under the control of Consumers on the Easement Area, Owner will strive to provide a copy to Consumers before the applicable board of review's first meeting. Owner will grant Consumers standing to challenge any assessment on Consumers' improvements, to the extent possible.

Successors: This easement shall bind and benefit Owner's and Consumers' respective heirs, successors, lessees, licensees, and assigns. Consumers' interest under this agreement shall be further subject to any and all existing leases, licenses, easements, and other interests in the Easement Area as are a matter of public record as the date of this agreement, provided in writing by Owner, or as reasonably apparent through a survey or inspection of the Easement Area. Consumers is solely responsible for complying with any and all applicable requirements, including notice, consent, and permit requirements, of such prior leases, licenses, easements, and other interests, and further Consumers shall abide by any and all terms, conditions, and provisions of said requirements, notices, consents, or permits of record or as otherwise provided to Consumers by Owner. Further, Consumers may not assign, convey, or otherwise transfer its rights under this agreement and any such assignment or conveyance is void without the advance written approval of Owner, which shall not be unreasonably withheld.

Notice: Any notices required or permitted to be given under the terms of this agreement shall be in writing and mailed by registered or certified U.S. mail, return receipt requested, postage prepaid, and in any case duly and properly addressed to the party indicated below or such other address or recipient as the party to whom such notice is to be given may specify from time to time by notice to the other party in accordance with this paragraph:

To Consumers: Consumers Energy Company
Business Services - Real Estate
One Energy Plaza
Jackson, Michigan 49201

To Owner: Lansing Board of Water and Light
1201 S. Washington Avenue
Lansing, Michigan 48901

Each such notice shall be deemed to have been given and effective when mailed, as evidenced by the receipt of said mailing.

Authority: Owners and Consumers each acknowledge and represent that it is duly organized, validly existing and in good standing and has the right, power, and authority to enter into this agreement and bind itself through the party set forth as signatory for the party below.

Counterparts: This agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. It is not necessary that all parties execute any single counterpart if each party executes at least one counterpart.

Entire Agreement: This agreement constitutes the entire agreement and understanding between the parties and supersedes any prior discussions, negotiations, agreements and understandings. This agreement may only be amended or modified except in writing signed by both parties.

Date: _____

Owner: City of Lansing by its Board of
Water and Light

By: _____ Its: _____

By: _____ Its: _____

Acknowledgment

The foregoing instrument was acknowledged before me in Ingham County, Michigan, on _____ by _____ Its: _____ and by _____ Its: _____ on behalf of City of Lansing by its Board of Water and Light.

Notary Public
_____ County, Michigan

Acting in _____ County

My Commission expires:

Date: _____

Consumers: Consumers Energy Company, a Michigan corporation

By: _____ Its: _____

By: _____ Its: _____

Acknowledgment

The foregoing instrument was acknowledged before me in _____ County, Michigan, on _____ by _____ Its _____ and by _____ Its _____ on behalf of Consumers Energy Company, a Michigan corporation.

Notary Public

County, Michigan
Acting in _____ County
My Commission expires: _____

Prepared by: CL Heckaman
Consumers Energy Company
One Energy Plaza
Jackson, Michigan 49201

Return recorded instrument to:
Consumers Energy Company
Business Services – Real Estate
Attn: Debra Dennis, EP7- 473
One Energy Plaza
Jackson, MI 49201

EXHIBIT A

Owner's Land

Land situated in the City of Lansing, County of Ingham, State of Michigan, described as:

Parcel # 33-01-01-05-351-001, being located in Section 5, T4N, R2W

Commencing at the South 1/8 post Southwest 1/4 Section 5, Thence North 224.58 feet, West 50 feet, North 149.72 feet, West to the centerline Sunset Street, South 192.30 feet, West to the Easterly bank Grand River, Easterly along said bank to the Northerly Right of Way of the Lansing Manufacturers Railroad, Southwesterly along said right of way to the North and South 1/4 line, South to point 200 feet North of the Southerly 1/4 line, East 752.7 feet, North 111.30 to the Southerly Right of Way line Lansing Manufacturers Railroad spur, Southeasterly along said spur to the South Section line, West to point 660 feet west of the South 1/4 post, North 50 feet, West 183 feet, South 50 feet, West to Beginning, except Lansing Manufacturers Railroad right of way and Excepting Glenrose Street, SEC 5 T4N R2W.

Parcel # 33-01-01-08-102-031, being located in Section 8, T4N, R2W

Commencing at a point 650 feet South of the Northwest corner of Lot 380 of Assessor's Plat No. 11 on the Northwest 1/4 of Section 8, Town 4 North, Range 2 West, City of Lansing, Ingham County, Michigan, and running thence East 120 feet; thence South 50 feet, thence West 120 feet and North 50 feet to the place of beginning.

Parcel # 33-01-01-08-102-101, being located in Section 8, T4N, R2W

Commencing at a point 15.55 feet South of the Northwest corner of Lot 42 of Assessor's Plat No. 11 on the Northwest 1/4 of Section 8, Town 4 North, Range 2 West, City of Lansing, Ingham County, Michigan, and running thence East 124.5 feet; thence South 46 feet; thence West 124.5 feet; thence North 46 feet to the place of beginning.

Parcel # 33-21-01-19-230-026, being located in Section 19, T4N, R2W

Lots 51, 52, 53, 54, except 43 feet taken for road, and 55, Bella Vista Homesites, as recorded in Liber 7 of Plats, page 1, Ingham County Records.

EXHIBIT B

Easement Area

That part the South Half of Section 5, Town 04 North, Range 02 West, City of Lansing, Ingham County, described as: Commencing at the South 1/4 corner of said Section 5; thence North $00^{\circ}50'33''$ West 993.38' along the North and South 1/4 Line of said Section 5, to the **PLACE OF BEGINNING OF THIS DESCRIPTION:** thence South $62^{\circ}52'26''$ West, 599.81'; thence South $64^{\circ}05'16''$ West, 297.03'; thence South $50^{\circ}43'16''$ West, 638.61'; thence North $00^{\circ}18'51''$ East, 38.93'; thence North $50^{\circ}43'16''$ East, 617.32'; thence North $64^{\circ}05'16''$ East, 300.23'; thence North $62^{\circ}52'26''$ East, 614.31'; thence North $62^{\circ}52'26''$ East, 406.20' to the approximate centerline of the Grand River; thence South $27^{\circ}37'00''$ East, 30.00' along said approximate centerline; thence South $62^{\circ}52'26''$ West, 421.27' to the Place of Beginning.

AND That part of Lot 38 of Assessor's Plat No. 11, as recorded in Liber 10 of Plats, Page 14, at the Ingham County Register of Deeds described as: The West 15.00 feet of the following Parcel Description as recorded in Warranty Deed, Liber 524, Page 57, Ingham County Register of Deeds: Beginning at a point 650 feet South of the Northwest corner of Lot 38 of said Plat; thence East, 120 feet, thence South, 50 feet; thence West, 120 feet; thence North, 50 feet to the place of beginning.

AND That part of Lot 42 of Assessor's Plat No. 11, as recorded in Liber 10 of Plats, Page 14, at the Ingham County Register of Deeds described as: The West 15.00 feet of the following Parcel Description as recorded in Warranty Deed, Liber 524, Page 57, Ingham County Register of Deeds: Commencing at a point 15.55 feet South of the Northwest corner of Lot 42 of Assessor's Plat No. 11 in the Northwest 1/4 of Section 8, Town 04 North, Range 02 West, City of Lansing, Ingham County, Michigan, and running thence East, 124.5 feet; thence South, 46 feet; thence West, 124.5 feet; thence North, 46 feet to the place of beginning.

AND Lot 51, of Bella Vista Homesites Subdivision, as recorded in Liber 7 of Plats, Page 7, at the Ingham County Register of Deeds.

EXHIBIT C

Temporary Workspace Area

That part the South Half of Section 5, Town 04 North, Range 02 West, City of Lansing, Ingham County, described as: Commencing at the South 1/4 corner of said Section 5; thence North $00^{\circ}50'33''$ West 1026.84' along the North and South 1/4 Line of said Section 5, to the **PLACE OF BEGINNING OF THIS DESCRIPTION**: thence South $62^{\circ}52'26''$ West, 614.31'; thence South $64^{\circ}05'16''$ West, 300.23'; thence South $50^{\circ}43'16''$ West, 617.32'; thence North $00^{\circ}18'51''$ East, 6.36'; thence North $89^{\circ}41'09''$ West, 51.35'; thence North $00^{\circ}16'06''$ East, 16.04'; thence North $50^{\circ}43'16''$ East, 648.48'; thence North $64^{\circ}05'16''$ East, 305.56'; thence North $62^{\circ}52'26''$ East, 1019.55' to the approximate centerline of the Grand River; thence South $27^{\circ}37'00''$ East, 50.00' along said approximate centerline; thence South $62^{\circ}52'26''$ West, 406.20' to the Place of Beginning.

AND Lots 52, 53, 54 and 55, of Bella Vista Homesites Subdivision, as recorded in Liber 7 of Plats, Page 7, at the Ingham County Register of Deeds.

PROPOSED RESOLUTION

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

RESOLVED, that Fiscal Year 2017-2018 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented, to be effective September 1, 2017.

Proposed Resolution- Corporate Secretary Reappointment
Fiscal Year 2018

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary for fiscal year 2017-2018, or, until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2017's performance.

Proposed Resolution- Internal Auditor Reappointment
Fiscal Year 2018

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2017-2018, or, until a successor is appointed, whichever last occurs:

Philip Perkins, Internal Auditor

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2017's performance.

Proposed Resolution- Director and General Manager Reappointment
Fiscal Year 2018

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2017-2018, or, until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2017's performance.

Commissioner Governance Policy

Proposed Resolution 2017-__-__

Commissioner Governance

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

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

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL as owned by its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary are effective with adequate support and resources.

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

WHEREAS, the Board also desires to improve and clarify the general nature of its working relationship with the General Manager, Director of Internal Audit and Corporate Secretary; and distinguish its role as the governing body from the role of the General Manager, management and staff to ensure operational efficiency.

RESOLVED, the Board adopts the following policy which clarifies its role as the governing body, provides direction and priority focus for the General Manager, and interaction between the Board, General Manager, Director of Internal Audit, Corporate Secretary, management and staff:

COMMISSIONER GOVERNANCE POLICY

- 1) The Board’s objectives and goals for its effective governance of the BWL include the following:
 - a. Develop and adopt corporate policies for the governance of the BWL that are sufficient for the effective administrative and executive management of the BWL;

- b. Review and approve the corporate strategic plan that sets forth the mission, goals and broadly stated objectives and performance measures;
 - c. Review and approve major project plans and programs, capital and operating budgets proposed by the General Manager, or other policy matters as requested by the Board;
 - d. Monitor organizational performance;
 - e. Support the General Manager by engaging in collaborative performance planning and evaluation.
- 2) The Board commits itself and its individual members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate professional and personal behavior. More specifically:
- a. Commissioners must, in capacity as a board member, represent the interests of the BWL and their respective constituents.
 - b. Commissioners may not attempt to exercise individual authority over the BWL, except as explicitly set forth in Board policies.
 - i. Commissioners' interactions with the General Manager, management and staff must clearly reflect that there is no authority vested in individual Commissioners, except when explicitly authorized by action of the Board.
 - ii. Only the Chair or other Designee of the Board may speak on behalf of the Board. To that end, no individual Commissioner (other than the Chair) may speak for the Board except to repeat explicitly stated Board decisions.
 - iii. Commissioners will refrain from making individual public comments about the BWL unless such comments are supported by relevant, timely, accurate and objectively reported information.
 - iv. Commissioners will respect the confidentiality appropriate to personnel issues and information of a sensitive nature.
- 3) The Board adopts and establishes that the General Manager's principal role, with the support of management and staff employees, is to:
- a. Carry out the administrative and management duties assigned for the full and exclusive management of the utility services provided by the BWL;
 - b. Support the Board in its development of policies;
 - c. Carry out the Board policies;
 - d. Keep the Board informed about the outcomes of its policies, including achievement of results and the use of resources;
 - e. Prepare and present, for Board approval and consistent with Board policies, a strategic plan, major project plans and programs and capital and operating budgets;
 - f. Manage and operate the BWL, accepting accountability for the performance of the organization in relation to the Board's policies, as well as its approved strategic and business plans, major project plans and programs, and capital and operating budgets.
 - g. Establish administrative and operational directives, standards, guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.
- 4) The Board shall provide direction to the General Manager, Director of Internal Audit and Corporate Secretary collectively as a board through resolution or motion as adopted by the Board; which includes the understanding that:
- a. The General Manager, Director of Internal Audit and Corporate Secretary are the only persons directly accountable to the Board for the operational conduct that directly

impact their respective areas of responsibility. Additionally, the General Manager, Director of Internal Audit and Corporate Secretary are individually accountable only to the Board.

The authority and accountability of respective management and staff is inseparable from the authority and accountability of the General Manager, Director of Internal Audit and Corporate Secretary. To that end:

- i. The Board shall not give orders directly or implied to anyone other than the General Manager, Director of Internal Audit or Corporate Secretary based on the areas of respective authority and accountability.
 - ii. To the extent that the Board's written policies do not give specific direction, and the General Manager, Director of Internal Audit or Corporate Secretary deem it necessary to act, the General Manager, Director of Internal Audit or Corporate Secretary will respectively use a reasonable interpretation of its current policies, to make all decisions, develop all processes and procedures, take all actions and establish all practices necessary and will report to the Board actions taken and any recommendations for additional, or amendments to existing Board written policies.
 - b. Unless the Board has specifically authorized an individual Commissioner or Board committee to do so, an individual Commissioner cannot make decisions or recommendations, nor issue directives that are binding on the General Manager, Director of Internal Audit and Corporate Secretary
 - c. When individual Commissioners request information or assistance from management without formal Board authorization, the General Manager, Director of Internal Audit and Corporate Secretary can either respond to the request accordingly or refer the request to the Board.
 - i. **Respond as requested.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may notify all other Commissioners of the request and the response provided.
 - ii. **Refer the request.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may refer the request to the Board for consideration and direction before taking any action. This is especially appropriate where the General Manager, Director of Internal Audit and Corporate Secretary believe responding to the request for information or assistance would be disruptive or require a material amount of staff time or funds that were not previously budgeted or scheduled for that purpose.
- 5) Each year the Board will conduct a self-evaluation, soliciting the views of Board Members and other stakeholders as to the ways in which efficiency and effectiveness can be improved.
- 6) This Commissioner Governance policy is not intended to and shall not be construed as supplanting the Administrative Rules of Procedures as approved by the Lansing City Council in accordance with the Lansing City Charter Section 5-105 in whole or part. This Governance Policy is an understanding amongst the Board of Commissioners of how it will effectuate its executive and policymaking responsibilities with the utilization of its three appointees: General Manager, Director of Internal Audit and Corporate Secretary.

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

Resolution #

INTERNAL AUDIT PLAN FOR FY 2018

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Plan for FY 2018.

RESOLUTION 2017-_____

Revised DB and VEBA Investment Policy Statements

WHEREAS, the Board of Water and Light (the “Sponsor”) sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees’ Pensions (the “Defined Benefit Plan”) and the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the “Retiree Medical Benefit Plan”); and

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

WHEREAS, the Retirement Plan Committee recommends the Sponsor adopt the revisions reflected in the attached (i) Lansing Board of Water & Light Defined Benefit Plan for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor wants to adopt the revisions reflected in the attached (i) Lansing Board of Water & Light Defined Benefit Plan for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light 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, the Sponsor adopts and approves: (i) the attached Lansing Board of Water & Light Defined Benefit Plan for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives; and (ii) the attached Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives.