



## MINUTES OF THE BOARD OF COMMISSIONERS MEETING

### LANSING BOARD OF WATER AND LIGHT

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**September 25, 2018**

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The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 25, 2018.

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

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

Absent: Commissioners Beth Graham, Anthony McCloud and Non-Voting Commissioner Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Commissioner Long led the Pledge of Allegiance.

#### APPROVAL OF MINUTES

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas, to approve the Regular Board Meeting minutes of July 24, 2018.

**Action:** Motion Carried

#### PUBLIC COMMENTS

None.

#### COMMUNICATIONS

Electronic Mail received From or Re:

- Mike Harrington of Michigan Forge regarding Electricity Cost per kWh-*Referred to Management. Received and Placed on File*
- Resignation Statement from BWL Commissioner Dennis M. Louney

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas to accept, receive and place on File the letter of resignation from Commissioner Dennis M. Louney.

**Action:** Motion Carried

- Ann Nieratko regarding Tree Trimming Concern -*Referred to Management. Received and Placed on File*

## COMMITTEE REPORTS

### HUMAN RESOURCES COMMITTEE

#### Meeting Minutes

September 18, 2018

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, September 18, 2018.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tracy Thomas, Anthony McCloud and Sandra Zerkle. Also present: Commissioners Beth Graham, Anthony Mullen, David Price, and Ken Ross; and Non-Voting Commissioner William Long (Delta Township).

Absent: None

*As the Chair of the HR Committee, Commissioner Thomas took the liberty to remove items #3 regarding the High Deductible Health Plan from the agenda.*

#### Public Comments

None

#### Approval of Minutes

**Motion** by Commissioner Zerkle, Seconded by Commissioner Graham, to approve the Human Resources Committee meeting minutes of June 28, 2018.

**Action:** Motion Carried.

#### PA152 Health Care Premium Sharing Resolution

Human Resource Committee Chairperson Tracy Thomas introduced Michael Flowers, Executive Director of Human Resources. Mr. Flowers reviewed and discussed BWL's options regarding Public Act 152's requirements associated with capping the amount a public employer may pay for health care insurance.



### Public Act 152, 2011

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- The BWL has three options:
  - Comply with PA 152 and limit expenditures on health care cost based on a schedule of dollars provided in the Act using the Hard Cap as updated annually; or
  - Limit expenditures on health care cost based on a 80/20 percentage split, requiring a majority vote; or
  - Exempt itself entirely from the Act & choose some other percentage of Premium sharing, requiring a 2/3 vote

In conclusion, the recommendation is that the Board select option 3 and exempt itself from the requirements of PA 152 of 2011 for all active employees' medical benefits, effective January 1, 2019 with an increase from

16% to 18% in premium sharing contribution. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

Commissioner Zerkle inquired as to whether the hard cap of \$93.79 for the employee per pay period premium could be increased slightly every year and Mr. Flowers responded that it could.

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**PROPOSED RESOLUTION**

To Amend Employee Contribution to Medical Benefit Plans

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the “Public Funded Health Insurance Contribution Act”, Public Act 152 of 2011 limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a “hard cap” for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;

WHEREAS, the Board of Commissioners have met each year and passed a resolution exempting the Lansing Board of Water & Light from the “hard cap” of Public 152 of 2011 and established premium sharing amounts for the applicable benefit plan years, as follows:

<b>Date</b>	<b>Resolution No.</b>	<b>Premium Sharing</b>	<b>Effective Date</b>
July 24, 2012	(#2012-07-01)	10% All Active Employees	January 1, 2013
July 23, 2013	(#2013-07-02)	12% All Active Employees	January 1, 2014
September 23, 2014	(#2014-09-03)	12% All Active Employees	January 1, 2015
July 28, 2015	(#2015-07-12)	12% All Active Employees	January 1, 2015
November 17, 2015	(#2015-11-02)	12% - Union Employees 14% - Non-Union Employees	January 1, 2016- 12% Union Effective July 1, 216 – 14% Non-Union
November 15, 2016	(#2016-11-06)	14% All Active Employees	January 1, 2017
September 26, 2017	(#2017-09-01)	16% All Active Employees	January 1, 2018

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2019 through December 31, 2019.

FURTHER RESOLVE that the Board desires to increase premium sharing from 16% to 18% for all active employees for medical benefits effective January 1, 2019.

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**Motion** by Commissioner McCloud, Seconded by Commissioner Zerkle, to forward the proposed resolution for PA 152 Health Care Premium Sharing to full Board for consideration.

**Action:** Motion Carried.

**High Deductible Health Plan-PULLED FROM AGENDA**

**Other**

None

**Adjourn**

**Motion** by Commissioner Graham, Seconded by Commissioner Zerkle, to adjourn the meeting.

**Action:** Motion Carried

Meeting adjourned at 5:10 p.m.

Respectfully Submitted,  
Tracy Thomas, Chair  
Human Resources Committee

**COMMITTEE OF THE WHOLE  
Meeting Minutes  
September 18, 2018**

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 18, 2018.

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

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

Absent: Commissioners Dion'trae Hayes (Lansing Township) and Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Commissioner Price, **Seconded** by Commissioner McCloud, to approve the Committee of the Whole meeting minutes of July 10, 2018.

**Action:** Motion Carried.

**Safety Report Update**

General Manager Dick Peffley reported that an OSHA investigation was conducted at the Eckert station and a clean bill of health was received. Also, a MIOSHA investigation was conducted at the Erickson station and GM Peffley introduced Oscar Rodriguez-Franco, Industrial Health and Safety Manager, who provided information from the Safety Report Update. Mr. Rodriguez-Franco stated that an award was received for best practices in natural gas leak testing at the combined cycle co-generation plant due to the leadership in Electric Production, Director Roberto Hodge. Mr. Rodriguez-Franco also stated that BWL has been working with Marsh Risk Consulting to improve safety and with MIOSHA to improve compliance. Several items were found where improvement was needed. Mr. Rodriguez-Franco recognized Erickson station leadership Manager, Lucinda

Lehmkuhle; Operating Supervisor, Scott Mills; and Station Shift Supervisor, Dave Klemish for stepping forward and working as a team to address the safety items.

Commissioner Zerkle commended Oscar Rodriguez-Franco on his dedication to safety and employees.

GM Peffley stated that even though the plant is closing employees are still making the necessary corrections to comply with safety.

### **Strategic Plan Update 2018**

General Manager Dick Peffley introduced George Stojic, Executive Director of Planning and Development, who reviewed the updates to the 2018 Strategic Plan which was adopted in September 2016. Mr. Stojic introduced an updated spreadsheet and explained the color coding that was designed to show changes and additions in the Plan's milestones. Mr. Stojic stated that there were no strategy changes to the seven Strategic Plan strategies: Customer Experience, Community Involvement, Effectively Acquire and Manage Resources, Implement New Technologies, Workforce, Financial Stability, and BWL Leadership.

Commissioner Long inquired whether the SmartMeters that are being installed would all be activated at the same time. GM Peffley responded that SmartMeters are currently being installed and tested and would all be activated at the same time in 2021.

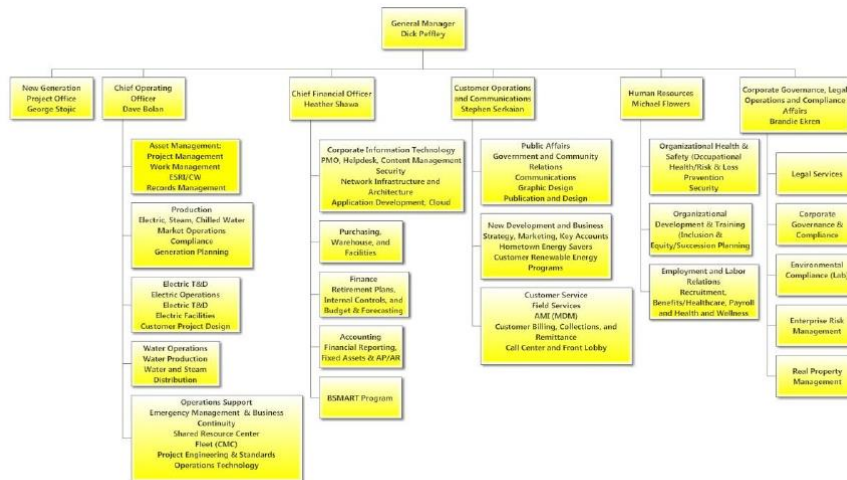
Mr. Stojic stated that the BWL is on track to successfully implement the Plan and gave the Board a high-level overview of the Staff's progress with the Plan's Objectives and tasks.

Commissioner Long asked where the responsibility lies organizationally with emergency planning. Mr. Stojic responded that question would be answered in the next presentation.

Commissioner Zerkle asked if there was an incentive package for new business customers. GM Peffley responded that there a couple different levels for smaller and larger customers. Commissioner Zerkle also stated that she appreciated the updates to the strategic plan.

### **Organizational Structure Update**

Mr. George Stojic reported that the BWL had undertaken six major initiatives including: closing Eckert Power Plant, buildout of the Transmission and Distribution System, the transition of the workforce, the Strategic Plan, adopting five new technology projects, and an asset management plan. To help ensure success implementing the initiatives, BWL staff hired a consulting firm to review the BWL's process and organizational structure for alignment with the initiatives. The consulting firm, UMS Group, made several business process recommendations and recommended changes to the BWL's organizational structure. The BWL staff made a few modifications to the UMS proposal and is in the process of implementing the new organizational structure (shown below).



Commissioner Long commented on the lack of departments under Executive Director George Stojic and GM Peffley responded that Mr. Stojic is transitioning into retirement. Commissioner Long also restated his earlier question regarding emergency planning. GM Peffley responded that there is an Emergency Manager that reports to Chief Operating Officer, Dave Bolan, plus new policies and procedures were put into place. Commissioner Long stated the Mayor was decreed as the authority during emergencies and GM Peffley stated that BWL has worked with the city administration on recent emergencies.

### **Capital Project Update**

GM Peffley reported that approximately 100 Capital Projects are now in progress and that the following 10 projects make up 60% of the budget:

1. The new plant has a budget of \$500 million. Combustion turbines have been ordered at a good price, an owner's representative and a design engineering company have been hired, and construction bids were due this week. Ground breaking will be in the spring of 2019 and the plant will go online first quarter 2021.
2. Westside reinforcement project has a budget of \$33 million and was completed this summer on time and under budget.
3. Central substation has a budget of \$28 million. Some equipment is being powered up and circuits are being pulled in. The project is overbudget right now but is being evaluated.
4. AMI, Smartmeters, has a budget of \$31 million. One third of the electric meters have been installed and the project will be completed in June of 2020.
5. CIS has a placeholder budget of \$14 million. This project is in the procurement stages and is scheduled to be completed in December 2021. No schedule or budget issue at this time.
6. Wise Road substation upgrade has a budget of \$13 million. Engineering is just beginning and the project in within budget and schedule.
7. Lansing Grand River substation for GM has a budget of \$12.5 million. It will go live in 2022. No schedule or budget issues at this time.
8. Electric distribution automation has a budget of \$7 million. If there are faults on a line, outages will be located quicker and restored faster. The first phase is scheduled for summer of 2019.
9. REO hot section rebuild has a budget of \$5 million. Two turbines costing \$2.5 million each will be rebuilt. The first turbine was completed this week. The second turbine will be rebuilt in April 2019. The turbines have approximately a five-year life.
10. Erickson turbine rebuild has a budget of \$4 million. This will be the last rebuild for the station.

### **Customer Payment Audit Follow-Up**

GM Peffley introduced Customer Service Manager, Bob Perialas, who spoke about the customer payment arrangements and third-party payments. The audit found that in general arrangements are successful and are positively impacting customers; and although there is a 60% success rate, this average could be higher. Reaching out to counterparts to find out what payment arrangements are available and what analytics are available is being used to determine what that average should be.

Secondly, the audit found that the appropriate approval for a special arrangement didn't make a difference for the success of payment arrangements.

Commissioner Price asked if there was a commonality among the customers that were successful in making payments. Mr. Perialas responded that there a number of customers and a review hasn't been done to determine if there is any commonality.

Commissioner Zerkle asked if there were any community dynamics that affected whether customers had difficulty meeting the payment arrangements. Mr. Perialas responded that there a number of customers and they wouldn't want to not offer a customer an arrangement based on geographic location.

Commissioner Long asked if there was any pattern to how quickly a response is given to a customer. GM Peffley responded that up until a couple of years ago shutoffs were done without working with customers. Now customers need to minimize use of power to keep their bill down. BWL is looking toward a system that will keep track of the criteria in customer payments.

Commissioner Zerkle asked if it was correct that once the Smartmeters were in use it would be easier to keep track of the criteria needed to determine the successfulness of meeting payment arrangements and Mr. Perialas responded that it would be.

### **Other**

Commissioner Price congratulated the BWL Team that received the gold medal in the Capital City Dragon Boat Race.

Commissioner McCloud inquired whether emergency services were being provided for hurricane Florence communities. GM Peffley responded that BWL has not been asked to provide service yet but teams are on call and ready to go if needed.

Committee of the Whole Chair Zerkle congratulated Corporate Secretary Denise Griffin on a milestone of 10 years worked at BWL and presented Ms. Griffin with a certificate of appreciation.

**Motion** by Commissioner McCloud, Seconded by Commissioner Mullen, to excuse Commissioners Dion'trae Hayes and Douglas Jester from tonight's meeting.

**Action:** Motion Carried

### **Adjourn**

**Motion** by Commissioner McCloud , **Seconded** by Commissioner Mullen to adjourn the meeting.

Meeting adjourned at 6:47 p.m.

Respectfully Submitted  
Sandra Zerkle, Chair  
Committee of the Whole

**FINANCE COMMITTEE**

## Meeting Minutes September 18, 2018

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, September 18, 2018.

Finance Committee Chair Ken Ross called the meeting to order at 7:14 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Ken Ross, Beth Graham, David Price, and Tony Mullen. Also present: Anthony McCloud, Tracy Thomas, and Sandra Zerkle; Non-Voting Commissioner William Long (East Lansing).

Absent: None

The Corporate Secretary declared a quorum.

### Public Comments

None.

### Approval of Minutes

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Finance Committee meeting minutes of July 10, 2018.

**Action:** Motion Carried.

### Baker Tilly External Audit Report and Resolution

Committee Chair Ross introduced external auditor Jodi Dobson, Partner at Baker Tilly Virchow Krause, LLP. Ms. Dobson presented and highlighted the external audit report which included an audit overview, observations and recommendations, and required government communications. BWL received an unmodified or clean opinion which is the highest level of assurance provided.

Ms. Dobson's presentation was as follows:

**LANSGING BWL**  
Hometown People. Hometown Power.

**Finance Committee Meeting -  
September 18, 2018  
2018 Audit Presentation**

**Agenda**

- > Audit Overview
- > Observations and Recommendations
- > Required Communication to Governing Body

**BAKER TILLY**  
Center. Insight. Results.

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**Board of Water and Light - City of Lansing**  
*Audit overview*

**BAKER TILLY**  
Center. Insight. Results.

- Audit performed in accordance with *Generally Accepted Auditing Standards*
- Audit objective - reasonable assurance that financial statements are free from material misstatement
- Financial statements of BWL received an *Unmodified Opinion*

Financial Statements Include	Auditors' report
	Management discussion and analysis
	Enterprise fund statements
	Consolidated pension trust statements
	Notes
	Required supplemental information
	Additional information

**LANSGING BWL**  
Hometown People. Hometown Power.

2



**Board of Water and Light - City of Lansing**  
Audit overview



Center Insight Results



**Board of Water and Light - City of Lansing**  
Audit overview



Center Insight Results

- Controls reviewed in key transaction areas
- Disbursements
- Payroll
- Billings
- Cash and investments
- Capital assets
- Information technology
- Financial reporting



**Board of Water and Light - City of Lansing**  
Observations and recommendations  
Enterprise Fund



Center Insight Results

- > Reported net income of \$14,116,000
- > Bond coverage was met in 2018
- > There were no material weaknesses reported
- > Restated 2017 due to the implementation of GASB 75

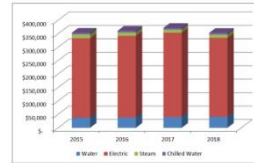


**Board of Water and Light - City of Lansing**  
Observations and recommendations  
Enterprise Fund



Center Insight Results

Operating Revenues – Four-year Comparison (in thousands)



	2015	2016	2017	2018
Water	\$ 32,930	\$ 38,711	\$ 40,788	\$ 42,534
Electric	295,048	303,246	312,925	298,202
Steam	14,059	12,683	11,404	12,072
Chilled Water	5,568	8,276	8,903	6,270
Operating Revenue	\$ 357,605	\$ 363,916	\$ 374,020	\$ 359,082

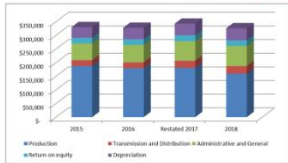


**Board of Water and Light - City of Lansing**  
Observations and recommendations  
Enterprise Fund



Center Insight Results

Operating Expenses – Four-year Comparison (in thousands)



	2015	2016	2017	2018
Production	\$ 187,702	\$ 176,056	\$ 180,523	\$ 195,154
Transmission and Distribution	20,805	21,583	20,961	22,915
Administrative and General	61,298	64,007	71,418	73,639
Return on equity	20,865	21,034	21,862	20,562
Depreciation	39,354	43,542	42,358	44,255
Operating Expenses	\$ 329,024	\$ 326,222	\$ 347,122	\$ 376,525

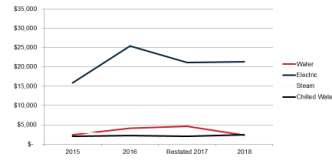


**Board of Water and Light - City of Lansing**  
Observations and recommendations  
Enterprise Fund



Center Insight Results

Operating Income – Four-year Comparison (in thousands)



	2015	2016	2017	2018
Water	\$ 2,388	\$ 4,099	\$ 4,608	\$ 2,321
Electric	15,860	20,345	21,359	21,295
Steam	3,352	2,047	1,386	1,479
Chilled Water	2,018	2,271	2,005	2,465
Operating Income	\$ 23,621	\$ 33,802	\$ 29,058	\$ 27,560

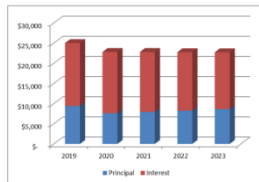


**Board of Water and Light - City of Lansing**  
Observations and recommendations  
Enterprise Fund



Center Insight Results

Future Debt Service Requirements (in thousands)



	2019	2020	2021	2022	2023
Principal	\$ 9,410	\$ 7,609	\$ 7,942	\$ 8,247	\$ 8,624
Interest	15,598	15,183	14,848	14,496	14,094



Debt service after 2023 includes remaining principal payments of \$273,000,000 and interest payments of \$161,284,000.

**Board of Water and Light - City of Lansing**  
Observations and recommendations  
Pension Plans



Center Insight Results

- > Separate financial statements issued for each pension plan
- > All three plans received unmodified audit opinions



Future accounting standards

- > GASB Statement No. 83, *Certain Asset Retirement Obligations* – effective for fiscal year 2019
- > GASB Statement No. 87, *Leases* – effective for fiscal year 2021
- > GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct borrowings and Direct Placements* – effective for fiscal year 2019
- > GASB Statement No. 89, *Accounting for Interest Cost during the Period of Construction* – effective for fiscal year 2021

Area to be Communicated	Area to be Communicated
Our responsibility under Auditing Standards Generally Accepted in the United States	Other Information in Documents Containing Audited Financial Statements
Planned Scope and Timing of the Audit	Accounting Policies
Accounting Estimates	Financial Statement Disclosures
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Disagreements with Management	Consultations with Other Independent Accountants
Management Representations	Auditor Independence



Contact Info



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**David DeBano, Senior Accountant**  
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Commissioner Long inquired about the sewerage collection fees and receivables. General Accounting Manager Lori Pung responded that these fees are charged to the City of Lansing to provide the collection services for them and the receivables are what is received from the customers.

Commissioner Ross asked if the BWL was responsible for the uncollectables and Ms. Pung responded that BWL is not. Commissioner Ross commended the accounting department for the work they did with Baker Tilly.

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to forward to the Board Meeting the Acceptance of the Resolution for the 2018 Audited Financial Statements.

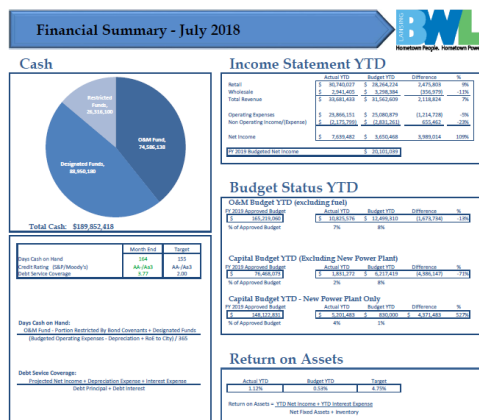
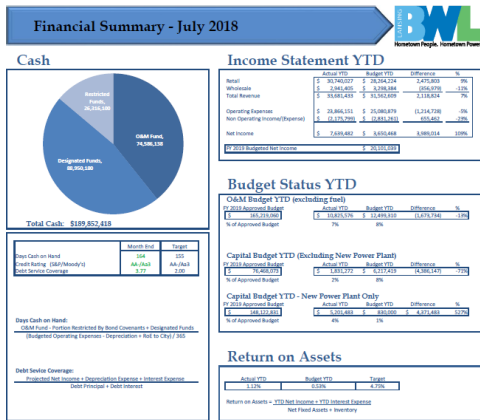
**Action:** Motion Carried.

Chief Financial Officer (CFO), Heather Shawa, introduced Ms. Lori Pung who spoke about the external audit. Ms. Pung stated that the audit was started in April which included prep work and onsite work by Baker Tilly. Ms. Pung thanked the Executive Staff and the accounting staff, including Josh Irving Scott Taylor, and Paul Eory, for their work and extra hours. Ms. Pung also noted that there were some challenges due to GASB 75 but they got through it.

Commissioner Price requested that a brief overview of the Baker Tilly audit be presented at the joint City of Lansing/BWL meeting in October 2018.

**July YTD Financial Summary**

CFO Heather Shawa presented the July 2018 Year-to-date Financial Summary which indicated that the total Cash is over \$189M, Days Cash on hand is 164, and debt service coverage ratio is 3.77. Restricted funds decreased slightly due to annual debt service payment. Ms. Shawa stated that revenue was \$2 million over budget and the operating expenses were under budget, which resulted in net income of \$7.6 million compared to \$3.6 million budget. Ms. Shawa mentioned that four out of the five ratios are being met. Under employee data a full time equivalent factor has been added for contractors.



Commissioner Zerkle asked whether new tree trimmers would be added in 2018 or 2019. GM Peffley responded that one of two teams would be added as soon as they can be onboarded.

**Capital Project Exceedance Electric Annual Account – Resolution**

CFO Shawa presented the following information on the Capital Project Exceedance Electric Annual Account and requested approval of the resolution.

- The projected final budget is \$2 million more than the approved budget.
- There was an increase in the cable fault replacements for system restoration.
- Other areas in need include five additional projects and outdoor city LED lighting

GM Peffley commented that there are 200 miles of service cable in the city and there is an increase in blue sky outages. Apprentices will be trained and the cable replacements will be a 30-year project. A plan is being constructed and it will be an annual project.

Commissioner Long asked whether the cable that needed repaired was underground and GM Peffley responded that 1800 miles of cable were underground, 600 miles of which is called URBS direct variable and is located in townships.

Commissioner Price inquired about the rate at which the cable will be replaced and GM Peffley responded that 100 feet of cable will be replaced per week and cable would be replaced first where there are the most faults.

Commissioner Long asked whether other municipalities in the city had projects and which projects had priority. GM Peffley responded that the projects are evaluated for priority in conjunction with the city and are completed accordingly.

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to accept as presented the Capital Project Exceedance Electric Annual Account Resolution and to forward to the Board Meeting for consideration.

**Action:** Motion Carried.

**Internal Auditor’s Revised Audit Plan for FY 2019**

Finance Committee Chair Ken Ross presented the revised audit plan for FY 2019 on behalf of Internal Auditor Phil Perkins who was not in attendance this evening. Finance Chair Ross ask the Committee to approve the revised Audit Plan by motion. The revised audit plan was requested by the CFO as a follow up to the 2017 COBIT audit.

Proposed FY 2019 Audit Plan – Revised Sep 2018

Planned Audits:	Estimated Hours
Follow-up – IT Change Management (incl OT)	300
IT Cybersecurity	300
COBIT Compliance Follow-up	200
Asset Management Program	300
Metering Services	300
Accounts Payable	300
Vegetation Management	300
Procurement	300
Project Engineering – Planned Projects	300
<b>Other Engagements:</b>	
Consulting – BSMART & Other Org Change Mgt	200
Consulting – Other (TBD)	200
Surprise Cash Count (2)/Time Rpt Rev (2)	200
Total Required Hours	3,200



**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, that the Committee approve the Revised Audit Plan for FY 2019.

**Action:** Motion Carried.

**Other**

None.

**Adjourn**

Chair Ken Ross adjourned the meeting at 7:35 p.m.

Respectfully submitted  
Ken Ross, Chair  
Finance Committee

**MANAGER’S RECOMMENDATIONS**

None.

**UNFINISHED BUSINESS**

None.

**NEW BUSINESS**

None.

**RESOLUTIONS**

**RESOLUTION 2018-09-01**

**PA 152 Health Care Premium Sharing**

To Amend Employee Contribution to Medical Benefit Plans

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the “Public Funded Health Insurance Contribution Act”, Public Act 152 of 2011 limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a “hard cap” for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;

WHEREAS, the Board of Commissioners have met each year and passed a resolution exempting the Lansing Board of Water & Light from the “hard cap” of Public 152 of 2011 and established premium sharing amounts for the applicable benefit plan years, as follows:

<b>Date</b>	<b>Resolution No.</b>	<b>Premium Sharing</b>	<b>Effective Date</b>
July 24, 2012	(#2012-07-01)	10% All Active Employees	January 1, 2013
July 23, 2013	(#2013-07-02)	12% All Active Employees	January 1, 2014
September 23, 2014	(#2014-09-03)	12% All Active Employees	January 1, 2015
July 28, 2015	(#2015-07-12)	12% All Active Employees	January 1, 2015
November 17, 2015	(#2015-11-02)	12% - Union Employees 14% - Non-Union Employees	January 1, 2016- 12% Union Effective July 1, 2016 – 14% Non-Union
November 15, 2016	(#2016-11-06)	14% All Active Employees	January 1, 2017
September 26, 2017	(#2017-09-01)	16% All Active Employees	January 1, 2018

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2019 through December 31, 2019.

FURTHER RESOLVE that the Board desires to increase premium sharing from 16% to 18% for all active employees for medical benefits effective January 1, 2019.

**Motion** by Commissioner Thomas, Seconded by Commissioner Zerkle, to approve the PA 152 Health Care Premium Sharing Resolution.

**Action:** Motion Carried

**RESOLUTION 2018-09-02**

**Fiscal Year 2018 Audited Financial Statements  
of the Enterprise Fund and Pension Fiduciary Funds**

RESOLVED, that the fiscal year 2018 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2018 Audited Financial Statements of the Board of Water and Light and the report on auditing procedures with the State Treasurer as required by the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended) no later than December 31, 2018.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2018 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 15, 2018.

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas, to accept the Resolution for the FY 2018 Audited Financial Statements.

**Action:** Motion Carried

**RESOLUTION 2018-09-03**

**Capital Project Budget Exceedance Approval:**  
**AE – Electric Annual Account**

WHEREAS, Lansing Board of Water & Light's (BWL) Policy 15-02, entitled Capital Project Budget Exceedance Approval necessitates BWL Board of Commission approval for aggregate total budget amounts for electric, water, steam and chilled water "annual" capital projects that are expected to exceed their previously approved budget by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project AE - Electric Annual Account was \$8,448,400; and

WHEREAS, the projected final total cost for Capital Project AE - Electric Annual Account is \$10,402,004, should the projects be completed; and

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

WHEREAS, BWL staff and management recommends that the Capital Project AE – Electric Annual Account be completed despite the projected increased cost; and

WHEREAS, BWL staff and management recommends that the BWL Board of Commissioners approve the Capital Project AE – Electric Annual Account to be completed as projected.

RESOLVED, the BWL Board of Commissioners approve completion of Capital Project AE – Electric Annual Account with a projected final total cost of \$10,402,004.

**Motion** by Commissioner Thomas, Seconded by Commissioner Mullen to approve the Capital Project Budget Exceedance for Capital Project AE – Electric Annual Account.

**Action:** Motion Carried

**MANAGER'S REMARKS**

General Manager Dick Peffley announced the following:

- GM Peffley informed the Board that Mr. Dan Ebert of Hometown Connections addressed the BWL Directors and Managers on September 21<sup>st</sup> on the topic of "Industry Trends Impacting Public Power". Mr. Peffley stated this presentation provided excellent information and is available on video.
- A 1<sup>st</sup> S.T.E.P. orientation was held September 12, 2018. There were 85 applicants, 54 of which were from Lansing, and of which 22 were from Waverly High School. This is the 11<sup>th</sup> year for the 1<sup>st</sup> S.T.E.P. program and 110 students have graduated of which 30 have been hired by BWL. Other companies have noticed the success of the program and would like to implement it in their companies.
- BWL conducted an employee survey two and a half years ago and participation was 55%. On average 35%-40% is considered good. Another employee survey is being conducted with responses due Friday, September 28, 2018. GM Peffley asked that the employees be encouraged to complete the survey.
- The BWL Chili Cook-Off will be held in the Lansing Lugnuts stadium Friday, October 12, 2018. The stadium was selected as the new location as it is easier to handle the long lines for chili in the stadium.

- GM Peffley and Executive Staff attended the annual MMEA conference that was held September 12-14, 2018 in Escanaba, MI.

### **COMMISSIONERS' REMARKS**

Commissioner Thomas noted that BWL was the sponsor of the 2018 Capital City River Run Half Marathon that was held this past weekend. GM Peffley stated that BWL also sponsored the Jazz Festival that was held August 3-4, 2018.

Commissioner Price reported that the Commissioners are working with HR Executive Director, Michael Flowers, Corporate Secretary, Denise Griffin, and Executive Assistant, Smiljana Lazic to adhere to Governance Policy to evaluate themselves every year. An anonymous survey will be conducted through Survey Monkey.

Commissioner Price also reported that General Counsel Brandie Ekren, Corporate Secretary Denise Griffin, and staff are developing a portal for the Board of Commissioners and staff for access to BWL policies, resolutions, and other necessary information.

### **MOTION OF EXCUSED ABSENCE**

#### **Excused Absence**

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

**Action:** Motion Carried

### **PUBLIC COMMENTS**

None

### **ADJOURNMENT**

Chair Price adjourned the meeting at 5:48 p.m.

M. Denise Griffin, Corporate Secretary  
Preliminary Minutes filed (electronically) with Lansing City Clerk 9-27-18  
Approved by the Board of Commissioners: 11-13-18  
Official Minutes filed (electronically) with Lansing City Clerk: 11-16-18