



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

November 14, 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, November 14, 2017.

Chairperson David Price called the meeting to order at 5:46 p.m.

Present: Commissioners David Price, Beth Graham, Dennis Louney, Anthony Mullen, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Douglas Jester (East Lansing), William Long (Delta Township) and Rod Taylor (DeWitt Township).

Absent: Commissioner(s) Anthony McCloud and Ken Ross.

The Corporate Secretary declared a quorum.

Commissioner Beth Graham led the Pledge of Allegiance.

Commissioner Price recognized and welcomed the newest Commissioner, Doug Jester, representing the city of East Lansing.

APPROVAL OF MINUTES

Motion by Commissioner Graham, Seconded by Commissioner Thomas, to approve the Regular Board Meeting minutes of September 26, 2017.

Action: Motion Carried

PUBLIC COMMENTS

None.

COMMUNICATIONS

Electronic Mail received regarding the rate adjustments from:

- a. Diana Grinwis - *Referred to Management. Received and Placed on File*
- b. Ryan, No last name provided - *Referred to Management. Received and Placed on File*
- c. Marcella Reynolds - *Referred to Management. Received and Placed on File*
- d. Thomas Eldred - *Referred to Management. Received and Placed on File*
- e. Linda Riley - *Referred to Management. Received and Placed on File*

f. Tam R. Arend - Referred to Management. Received and Placed on File

Commissioner Price presented the Finance Committee Report:

**FINANCE COMMITTEE
Meeting Minutes
November 7, 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 5:30 p.m. on Tuesday, November 7, 2017.

Finance Committee Chair Ken Ross called the meeting to order and asked that roll be taken.

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

The Corporate Secretary declared a quorum.

Public Comments

None

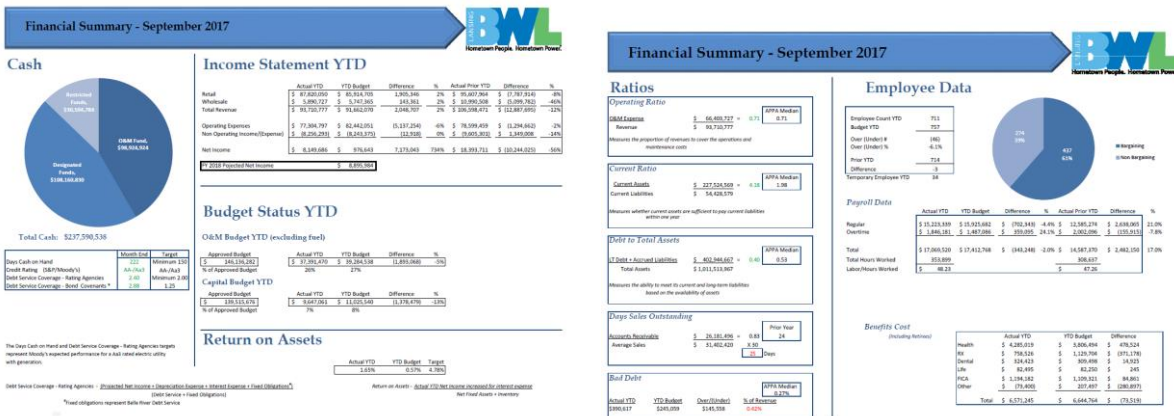
Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Graham, to approve the Finance Committee meeting minutes of September 19, 2017.

Action: Motion Carried.

September YTD Financial Summary

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



Cash targets are green and continue to be on track. The Income Statement indicates that the quarter ended slightly beating the revenue budget and spending is down. The primary difference from actual YTD from this year compared to last year is due to the first quarter last year being hot and dry, along with additional units at Eckert. The projected fiscal-year-end net income has not been changed from the FY18 budget and based on the first quarter review expectations are to be at or slightly under budget. Ms. Shawa explained the differences between retail and wholesale in revenue. Retail includes residential, commercial, and industrial customers; and wholesale includes excess that can be sold into the market. Residential customer quantity is

about 80% of total quantity of customers and 20% of revenue. Ms. Shawa also mentioned that three out of the five ratios are above or at benchmark, Days Sales Outstanding is one day different, and Bad Debt is typical for first quarter review.

Commissioner Mullen inquired whether there was any significant difference between the Board's practices in writing off bad debt and the APPA. Ms. Shawa responded that there wasn't any difference in process and the APPA Median is the closest benchmark comparison available even though BWL is a large municipal utility and the comparison is with smaller municipal utilities.

Commissioner Ross asked whether the APPA Median is the actual median or average. Ms. Shawa stated that she will confirm and follow up that the number provided is intended to be the median rather than the average.

Commissioner Ross also inquired about the number of temporary employees and both Ms. Shawa and General Manager Dick Peffley responded that some temporary employees will roll into full time positions. Since meter readings will be discontinued with AMI, temporary employees were hired specifically for that length of time.

Commissioner Long inquired about wholesale being down this year and whether there was a surplus on the market. GM Peffley responded that only one of the three substations, the Eckert station, was run and staffed last year.

Commissioner Mullen asked whether the wholesale was reflected in the budget this year and GM Peffley responded that it was and is on target.

Capital Project Exceedance Approvals

Finance Committee Chair Ross explained the Capital Project Exceedance Policy stating that a budget was set and approved and it was exceeded by 15% or \$200,000, therefore requiring management to come back to the Board of Commissioners and get approval for the excess amount.

CFO Heather Shawa introduced the Canal Substation Distribution Resolution, Project PE-20196, by briefly explaining that the project described in the resolution originally included two distribution feeders or circuits and also a direct tie-in service to a key customer. Part of the increase is to add a third feeder circuit which will accommodate expected growth and is required for the groSolar Project.

Commissioner Ross stated that an amendment to the proposed resolution for the Canal Substation Distribution was provided which corrected the budget amount of \$433,000 to \$443,000.

Motion by Commissioner Price, Seconded by Commissioner Graham, to substitute the amended resolution for the Canal Substation Distribution and to accept the resolution as presented.

Action: Motion Carried

Discussion

Commissioner Mullen asked what differences and changes were made in this project and Ms. Shawa responded that in addition to the increased load and the third circuit, there were a couple vendor issues involving design and testing, and to complete the project at the time stated costs were incurred.

Motion by Commissioner Price, Seconded by Commissioner Graham, to approve the resolution for the Canal Substation Distribution and to forward to the full Board for approval.

Action: Motion Carried.

CFO Heather Shaw introduced the Capital Project Exceedance Enterprise Service Bus (ESB) Resolution, Project PG-40044, by briefly explaining that the project described in the resolution is part of the BSmart technology projects. ESB collects and communicates data to and from BWL's new technology projects in the BSmart portfolio and future technologies. Originally ESB had four testing, development, and live production environments and after review it was recommended and supported that there be ten environments. The cost increase is for the additional licenses and the additional environments to support an efficient and secure system, and also for labor.

Commissioner Long asked if there is an anticipated addition of more environments and Ms. Shawa stated that there is not at this time.

Motion by Commissioner Price, Seconded by Commissioner Graham, to forward the Resolution for the Capital Exceedance Project Enterprise Service Bus to the full Board for consideration.

Action: Motion Carried.

Internal Audit Open Management Response Quarterly Report

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

STATUS OF MANAGEMENT RESPONSES TO AUDITS

OCTOBER 2017

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
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-based). 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.
50	Follow-Up of Training & Development Audit	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 1/31/18 and use of LMS will continue to be reemphasized. Four sessions have been held to date, with the completion date being extended in order to provide more alternatives for required attendees with scheduling issues.
51	Follow-Up of Training & Development Audit	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 1/31/18. The date has been extended in order to provide more alternatives for required attendees with scheduling issues. 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	Internal Audit noted that actions should continue on as expeditious 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 B.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 ChMD), by 6/30/19. Progress to-date on the higher risk items includes completion of a Three-Year Technology Roadmap, which has served to address item 1.6.



In Accordance with Board Resolution #2014-07-05

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
54	Payroll Management <i>NEW</i>	The Internal Auditor would like the Internal Control section to coordinate an effort by the business areas to update the payroll internal control documentation used by Internal Audit for audit testing.	Oct 2017	General Accounting, Finance, & Human Resources	Documentation is in the process of being updated, with completion expected by 11/30/17.
E-6	IT Risk Assessment by External Auditors <i>NEW</i>	Enhance password requirements for systems that do not meet best practices (CIS, Sage, and the network): password length at least 8-10 characters, expiration at least every 90 days, last 8-24 passwords disallowed, and account disabled and required to be unlocked after 3-5 invalid login attempts.	July 2017	Information Technology	One needed enhancement remains to be accomplished: CIS password reuse, with an expected completion date of 10/31/17. Password length and reuse for Sage have been set at the maximum amounts possible, as the standards used by the external auditors are not achievable with the product.
Closed Issues (since June 2017 report):					
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. Applicable language has been incorporated into BWL Rules and Regulations. In addition, BWL is complying with the City of Lansing's Home Occupation Ordinance.
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	A new tool has been implemented, to help ensure deposits are consistently and appropriately applied to new customers.
48	Collections	Internal Audit supports adding a requirement to check customer credit prior to opening a new account.	March 2017	Customer Service	Standardization and formalization of procedures have been achieved. In addition, a new locking device has been implemented on valves which supply water to fire service installations.
53	New Water Service Order Management <i>NEW</i>	The Internal Auditor asks that the process for entering meter set-on dates in CIS be standardized and the practice of monitoring outstanding fire service installations be formalized.	July 2017	Water Distribution	

Internal Audit Status Report

Internal Auditor Phil Perkins presented the following status report:

Overview



Internal Audit Status Report

Presented by:
Phil Perkins, Director of Internal Audit
Finance Committee Meeting
November 2017



FY 2018 Audit Plan Progress Report

Engagements Completed:

1. Water Production Data Reporting Audit (FY 18)
2. Time Reporting Review #1
3. Surprise Cash Count #1
4. Payroll Management Audit (FY 17 carryover)

Engagements in Progress:

1. Identity and Access Management Audit (FY 17 - estimated 90% complete)
2. Follow-up Hiring Process Audit (FY 17 – estimated 90% complete)
3. Succession Planning Audit (FY 18 – 25% complete)



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FY 2018 Audit Plan Progress Report (2)

Remaining Engagements:

1. Cash Receipts Audit
2. Customer Payment Arrangements/Third Party Payments Audit
3. Contract Authorization & Approval Process Audit
4. Physical Access Management Audit
5. Time Reporting Review #2
6. Surprise Cash Count #2
7. Consulting - Various



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FY 2018 Audit Plan

Planned Audits:	Estimated Hours	Progress to Date
Cash Receipts	400	Start Jan 2018
IT Help/Service Desk Management	300	Probable deferral to FY19
Succession Planning	300	In progress
Customer Payment Arrangements	300	Start Feb 2018
Contract Authorization/Approval Process	300	Start Mar 2018
Physical Access Security Management	300	Start May 2018
Water Production Data Reporting	300	Completed
Other Engagements:		
Surprise Cash Counts (2)	50	1 count completed
Time Reporting Reviews (2)	150	1 review completed
Consulting – Various	350	One or more engagements in Winter-Spring 2018
Total Estimated Hours	2,450	



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External 5-Year Independent Review

- Status of Open Recommendations:
- 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.
- Action: A working approach was agreed upon prior to July 31, 2017. It was agreed that when IA performs the annual risk assessment and audit planning, general information about the hotline activity over the past year should be provided, including any potential fraud cases and resolution. Internal Audit may request general or detailed hotline information at any time.



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External 5-Year Independent Review

- Status of Open Recommendations (cont'd):
- 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, AML, new plant construction, and replacement CI system, as well as any future such projects.
- Action: The Internal Auditor is now invited to monthly project status meetings on major system developments and the CFO is requesting Internal Audit consulting support as-needed for the major and other system development projects.



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External 5-Year Independent Review

- Status of Open Recommendations (cont'd):
- 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.
- Action: In the July 2017 Finance Committee meeting, the Internal Auditor provided explanations based on risk assessment for the number and types of audits recommended in the proposed FY 2018 audit plan, along with presentation of estimated resources needed to perform the plan. This approach will continue going forward.



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Other Items

Internal Auditor Continuing Professional Education/ Certification Status:

- Completed all CPE requirements for CPA, CIA and CISA designations this year to maintain current certification/licensing status.
- CPE includes a 24-hour course on SAP Security and Audit which will be valuable in future audit planning and performance.



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Other

None

Adjourn

Commissioner Ross adjourned the meeting at 6:16 p.m.

Respectfully submitted
Ken Ross, Chair

Finance Committee

Commissioner Price presented the following Trustee Meeting Report that was held prior to this Board Meeting:

**SUMMARY REPORT
LANSING BOARD OF WATER & LIGHT
PENSION FUND TRUSTEES ANNUAL MEETING
November 14, 2017**

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, November 14, 2017. Chairperson David Price called the meeting to order at 5:09 p.m. and asked the Corporate Secretary to call the roll.

Present: Trustees David Price, Beth Graham, Dennis M. Louney (arrived @5:18 p.m.), Tony Mullen, Tracy Thomas, and Sandra Zerkle.

Absent: Trustees Anthony McCloud and Ken Ross

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Trustee Thomas and Seconded by Trustee Mullen to approve the Minutes from the November 15, 2016 Pension Fund Trustees' Annual Meeting.

Action: Motion Carried

FY 2017 Financial Information

FY 2017 Financial Information Relative to DB, VEBA, and DC Plan, and Proposed Resolutions

General Manager Peffley introduced Chief Financial Officer Heather Shawa to provide an overview of Board of Water & Light's (BWL) Pension Plans and the Resolutions that were being considered for approval or acceptance.

Ms. Shawa stated that the resolutions in the packet were previously vetted through the appropriate committee meetings and approved by the full board. The trustees are being asked to acknowledge through resolution the investment policy statements for the DB and VEBA Plans and for acceptance of the Trust Agreements for both of these plans.

Ms. Shawa introduced Nathan Burke, VP, Senior Consultant at Asset Consulting Group who provided information on the DB and VEBA Plans. Ms. Shawa also introduced Lisa Burks-Wilson and Sandra Rouse-Thames from ICMA who are financial advisors for the Defined Contribution Plan.

Mr. Burke reviewed the Defined Benefit (DB) and VEBA Plan for the period ending June 30, 2017 and gave a global economic update. Mr. Burke stated that the returns are reflective of solid corporate growth and highlighted asset allocation.

Ms. Shawa reviewed the performances of the Defined Benefit Plan, the Retirement Pension Plan and the Defined Contribution Plan for FY 2017. Ms. Shaw noted that the enterprise statements, which include the pension plan statements, all received a clean audit report in September 2017.

Defined Benefit Plan

Ms. Shawa stated that Defined Benefit (DB) Plan currently has 382 participants of which 8 are active. As of the valuation date of June 30, 2017, the Plan had \$65.9 million in plan assets and \$56.9 million in plan liabilities. The BWL was over-funded by \$9 million. This results in a Funded Ratio of just under 116% - up approximately 9% from the prior year. For FY 2017, the BWL had \$8 million in net investment income, which equates to an 13.75% return. Ms. Shawa stated that these results were due to some changes in investment policy statements and to the market. In comparison in FY 2016 BWL had a 0.5% return. For FY 2017 administrative fees were \$339,000 and this is 0.51% of plan assets.

RESOLUTION 2017-11-01

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

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

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

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

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

THEREFORE, it is:

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

RESOLUTION 2017-11-02

**Amendment and Restatement of Trust Agreement for the Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions**

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

WHEREAS, the cost of Defined Benefit Plan benefits is funded through the Trust Agreement for the Lansing Board of Water and Light Defined Benefit for Employee's Pensions (the "Pension Trust Agreement"); and

WHEREAS, to reflect current governance procedures and for other purposes, the Sponsor adopted and approved the attached amendment and restatement of the Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions.

THEREFORE, it is:

RESOLVED, that the Trustees accept the terms and conditions of the attached Amendment and Restatement of the Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions, both individually and collectively.

Motion by Trustee Zerkle, Seconded by Trustee Mullen, to acknowledge the Revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives Resolution, and to accept the Amendment and Restatement of the Trust Agreement for the Defined Benefit Plan Resolution.

Action: Motion Carried

Retirement Pension Plan – VEBA

Ms. Shawa stated that the VEBA Trust as of the actuarial valuation date of June 30, 2017 has 1,448 participants of which 727 are active. The VEBA plan had \$174 million in plan assets and \$206 million in plan liabilities. The BWL was 84.4% funded which is up 13.7% from the prior year. For FY 2017, the BWL had \$17 million in net investment income, equaling a 11.65% return. For the prior FY, the BWL had a 0.6% return. The administrative fees were \$766,000 which is 0.44% of total plan assets.

Ms. Shawa noted that Nyhardt, BWL's actuarial consultant, was asked to perform a projection and currently the BWL's VEBA Plan is projected to be fully funded by June 30, 2023. Ms. Shawa also noted that an experience study was performed and three recommendations were given and implemented. An increase of 2.3% in liability resulted from the implementation.

RESOLUTION 2017-11-03

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

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

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

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

THEREFORE, it is:

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

RESOLUTION 2017-11-04

Amendment and Restatement of Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light

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

WHEREAS, the cost of VEBA benefits is funded partially through the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light (the "VEBA Trust"); and

WHEREAS, to reflect current governance procedures and for other purposes, the Sponsor adopted and approved the attached amendment and restatement of the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

THEREFORE, it is:

RESOLVED, that the Trustees accept the terms and conditions of the attached Amendment and Restatement of the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light, both individually and collectively.

Motion by Trustee Thomas, Seconded by Trustee Graham, to acknowledge the Revised VEBA Statement of Investment Policies, Procedures, and Objectives, and to accept the Amendment and Restatement of the VEBA Trust Agreement.

Action: Motion Carried

Commissioner Price commended Ms. Shawa on the financial dashboard provided as the information is readily accessible.

Defined Contribution (DC) Plan

Ms. Shawa gave a brief explanation of the Defined Contribution Plan. The plan consists of a 401 and a 457 component. The 401 plan is an employer contribution plan to which contributions begin after six-months of employment. The 457 plan is an employee contribution plan with an employer match. At the first pay of every year, BWL contributes \$1,000 to the employee 457 plan and employee contributions are matched up to \$1,500. Employees are responsible for making their own investment decisions in the plan. ICMA retirement plan specialists were on site 39 days in FY 2017 and met with participants and an ICMA certified financial planner was on site for 12 days during FY 2017. Two onsite seminars were held at which about 50 participants attended and additional educational opportunities will occur. For FY 2017 the DC Plan had total expenses of \$1.1 million which is 0.6% of plan assets. The BWL contributed \$6.1 million to the plan.

Commissioner Jester asked if any evaluations had been performed regarding the fees related to the DC Plan for which entities have to be more transparent in respect to ICMA and other alternatives. Ms. Shawa responded that evaluations have been done for marketing and best practice, and also for advisory and administration, and ICMA was retained. In the next 30 days the next RFP will be sent out for advisory services.

Supplemental Information

Ms. Shawa asked the Board for acceptance of the 2017 Audited Financial Statements which combined three separate policies and had been previously approved at the March 28, 2017 Board Meeting.

RESOLUTION 2017-11-05

**Acceptance of 2017 Audited Financial Statements for Defined Benefit Pension Plan,
Defined Contribution Pension Plan, and Retiree Benefit Plan (VEBA)**

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

Staff comments: All three Plans received clean audit reports.

Motion by Trustee Zerkle, Seconded by Trustee Thomas, to accept the 2017 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan (VEBA).

Action: Motion Carried

RESOLUTION 2017-11-06

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

WHEREAS, the attached Travel & Reimbursement Policy for the Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries (formerly known as Retirement System Representatives) will replace the existing Policies and Resolutions listed below:

- 1) Policy 0004 – Travel Expense (Board Appointees)
- 2) Policy 0007 – Travel Expense for Commissioners Only
- 3) Policy 0056 – Travel & Reimbursement – Employees
- 4) Resolution #2007-05-14 – Amendment to Travel Policy for the Board of Commissioners
- 5) Resolution #2014-11-02 – Retirement System Education & Travel Policy

WHEREAS, the Board of Commissioners adopted the attached, combined and updated Travel & Reimbursement Policy as presented;

THEREFORE, it is:

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

Staff Comments: The purpose of this Resolution is to consolidate the existing policies and resolutions listed above into 1 policy and apply uniform requirements throughout. The following significant changes were made:

Board of Commissioners

- Policy covers 4 Year Term Commissioners
- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Board Appointees

- Advance Approval by the Board Chair

- Reimbursement Approval by the Board Chair
- Eliminated the \$50/day per diem rate
- Meal Reimbursement will be at actual cost with a 20% gratuity cap
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Employees

- Meal reimbursement increased (from \$50) to \$70 per day with a 20% gratuity cap
- Miscellaneous Expense increased (from \$25) to \$50 per day

Investment Fiduciaries

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminate \$500 per day cash travel advance
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Motion by Trustee Thomas, Seconded by Trustee Mullen, to accept the Travel & Reimbursement Policy for Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries.

Action: Motion Carried

Excused Absences

Motion by Trustee Graham, Seconded by Trustee Mullen, to excuse Trustees Anthony McCloud and Ken Ross from tonight’s meeting.

Action: Motion Carried

Adjourn

There being no further business, the Pension Fund Trustees meeting adjourned at 5:37 p.m.

MANAGER’S RECOMMENDATIONS

General Manager Peffley recommended that the Board approve the Capital Project Budget Exceedance Approval for Project PE-20196 Canal Substation Distribution and Project PG-40044 Enterprise Service Bus before the Board that evening.

RESOLUTION 2017-11-07

Capital Project Budget Exceedance Approval:
Project PE-20196 Canal Substation Distribution

WHEREAS, Lansing Board of Water & Light’s (BWL) Policy 15-02, entitled Capital Project Exceedance Approval necessitates BWL Board of Commission approval for specific 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 PE-20196 Canal Substation Distribution was \$443,000; and

WHEREAS, the projected final total cost for Capital Project PE-20196 Canal Substation Distribution is \$943,000, should the project be completed; and

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

WHEREAS, BWL staff and management recommends that the Capital Project PE-20196 Canal Substation Distribution be completed despite the projected increased cost; and

WHEREAS, BWL staff and management recommends that the BWL Board of Commissioners approved the Capital Project PE-20196 Canal Substation Distribution to be completed as projected.

RESOLVED, the BWL Board of Commissioners approve completion of Capital Project PE- 20196 Canal Substation Distribution with a projected final total cost of \$943,000.

Motion by Commissioner Mullen, Seconded by Commissioner Grahams, to approve the Capital Project Budget Exceedance Project PE-20196 Canal Substation Distribution Resolution.

Action: Motion Carried.

RESOLUTION 2017-11-08

Capital Project Budget Exceedance Approval:
Project PG-40044 Enterprise Service Bus

WHEREAS, Lansing Board of Water & Light's (BWL) Policy 15-02, entitled Capital Project Exceedance Approval necessitates BWL Board of Commission approval for specific 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 PG-40044 Enterprise Service Bus was \$1,055,000; and

WHEREAS, the projected final total cost for Capital Project PG-40044 Enterprise Service Bus is \$1,681,000, should the project be completed; and

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

WHEREAS, BWL staff and management recommends that the Capital Project PG-40044 Enterprise Service Bus be completed despite the projected increased cost; and

WHEREAS, BWL staff and management recommends that the BWL Board of Commissioners approved the Capital Project PG-40044 Enterprise Service Bus to be completed as projected.

RESOLVED, the BWL Board of Commissioners approve completion of Capital Project PG- 40044 Enterprise Service Bus with a projected final total cost of \$1,681,000.

Motion by Commissioner Thomas, Seconded by Commissioner Mullen, to approve the Capital Project Budget Exceedance Project PG-40044 Enterprise Service Bus Resolution.

Action: Motion Carried.

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

There was no New Business.

RESOLUTIONS/ACTION ITEMS

RESOLUTION 2017-11-09

Appointment of Chair as Signatory for Trustee Designations

RESOLVED, That the Board of Commissioners hereby appoints the following individual as signatory for appointments and/or removal of Co-Trustees.

David Price, Chairman of the Board

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual documents which reflect appointment or removal of an individual Co-Trustee.

Motion by Commissioner Thomas, Seconded by Commissioner Graham, to approve the Appointment of Chair as Signatory for Trustees Designations.

Discussion: Commissioner Long asked for clarification of the responsibility of the Chair as a signatory for appointments and/or removal of Co-Trustees. Legal Counsel, Brandie Ekren, responded that the Trust Agreement states that the voting Board members are appointed as Trustees and the Board meets and decides on appointments and/or removals. However, the Trust Agreement doesn't state the authority for the signing of documents or carrying out decisions.

Action: There being no further discussion the Motion Carried.

MANAGER'S REMARKS

General Manager Peffley informed of the following:

BWL's Public Affairs group, under Steve Serkaian, received two national awards at the APPA conference in San Francisco, CA. The first award was received for the Lansing Energy Tomorrow TV spots that were run last year and which will be run again this year. The second award was received for the printed material designs that are produced for community programs.

The East Lansing mayor's office lauded BWL for the fast response to the recent power outage at the end of the Michigan State game. Traffic lights and district power were restored quickly so that there were no problems.

Critical negotiations are being held with a large customer on the west side of BWL's service territory. BWL's nearest competitor is also interested. BWL should have the results within a month as this customer would like to break ground quickly.

BWL is a presenting sponsor for Silver Bells in the City which is being held November 17, 2017. BWL is hoping to have 100,000 attend this year.

Commissioner Louney expressed appreciation for the expedience of staff on restoring the power that went out on the east side of town last Friday. The power was brought back within an hour.

COMMISSIONERS' REMARKS

Commissioner Thomas thanked the finance team for the dashboard and its ready visibility.

Commissioner Jester extended his greetings to the Board and thanked the Corporate Secretary, Denise Griffin, for the extremely efficient onboarding process.

Commissioner Taylor congratulated the Board regarding the Pension and VEBA Plans.

Commissioner Price informed that he plays drums in a bagpipe band and the band will be playing in City Hall from 7:15 p.m. to 8:00 p.m. during the Silver Bells event and he invited people to stop by.

Commissioner Price reminded the Board about the upcoming Public Rate Hearing on Thursday, November 30, 2017 at 5:30 p.m. and the Special Board Meeting to consider the rate increases on Tuesday, December 5, 2017 at 5:00 p.m.

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Thomas, Seconded by Commissioner Mullen, to excuse Commissioners Anthony McCloud and Ken Ross from this meeting.

Action: Motion Carried.

PUBLIC COMMENTS

None.

ADJOURNMENT

Chair Price adjourned the meeting at 6:11 p.m.

M. Denise Griffin, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk: 12-12-17
Official Minutes filed (electronically) with Lansing City Clerk: 1-29-18