



**BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
November 14, 2017 - 5:30 p.m.
BOARD MEETING AGENDA**

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Regular Board Meeting Minutes of September 26, 2017

4. 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.*

5. Communications

Electronic Mail regarding the proposed rate adjustments from:

- a. Diana Grinwis
- b. Ryan, No last name provided
- c. Marcella Reynolds
- d. Thomas Eldred
- e. Linda Riley
- f. Tam R. Arend

6. Committee Reports

- a. Finance Committee Meeting (November 7, 2017) – Ken Ross, Chair
- b. Trustee Meeting (November 14, 2017) – David Price, Chair

7. Manager's Recommendations

- a. Capital Budget Exceedance Resolution-Canal Substation Distribution
- b. Capital Budget Exceedance Resolution-Enterprise Service Bus

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. Appointment of Chair as Signatory for Trustees Designations

11. Manager's Remarks

12. Commissioners' Remarks

13. Motion of Excused Absence

14. Public Comment

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Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment.*

15. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

September 26, 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, September 26, 2017.

Chairperson David Price called the meeting to order at 5:31 p.m.

Present: Commissioners Beth Graham, Anthony McCloud, Anthony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: William Long (Delta Township), Robert Nelson (East Lansing), and Rod Taylor (DeWitt Township).

Absent: Commissioner Dennis Louney

The Corporate Secretary declared a quorum.

Commissioner Rod Taylor led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Mullen, Seconded by Commissioner Graham, to approve the Regular Board Meeting minutes of July 25, 2017.

Action: Motion Carried

PUBLIC COMMENTS

Marilyn Plummer, Juneteenth Committee Chair and former BWL Commissioner, read and presented the Board of Commissioner a letter expressing gratitude for supporting Juneteenth on celebrating their 24th year.

Gwen Coney, Lansing, MI, spoke in support of PA95.

COMMUNICATIONS

Electronic Mail received From or Re:

- a. Jeff Phillips regarding Joint-Use of BWL Utility Poles-*Referred to Management. Received and Placed on File*
- b. Ebony Chapman regarding her Recent BWL Statement-*Referred to Management. Received and Placed on File*
- c. Tammy Weiss from the City of E. Lansing regarding the Resignation of E. Lansing's BWL Commissioner Representative Bob Nelson-*Referred to Management. Received and Placed on File*

Commissioner Nelson spoke about PA95 and recommended that the BWL opt into the PA 95 program in the future.

COMMITTEE REPORTS

HUMAN RESOURCES COMMITTEE
Meeting Minutes

September 12, 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 5:00 p.m. on Tuesday, September 12, 2017.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Anthony McCloud, Tony Mullen, and Sandra Zerkle. Also present: Commissioner David Price; and Non-Voting Commissioners William Long and Robert Nelson.

Public Comments

None

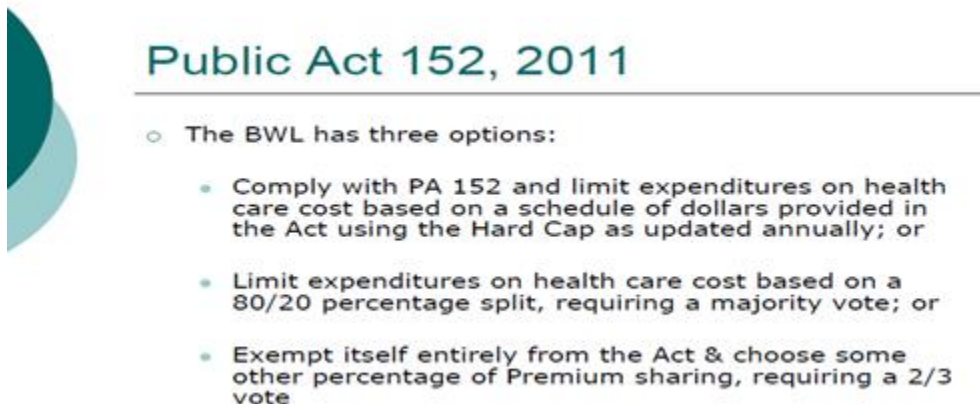
Approval of Minutes

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen, to approve the Human Resources Committee meeting minutes of June 29, 2017.

Action: Motion Carried.

PA152 Health Care Premium Sharing Resolution

HR 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.



The infographic features a teal circular graphic on the left side. The title "Public Act 152, 2011" is centered at the top in a teal font. Below the title, a horizontal line separates it from a list of three options, each preceded by a small teal circle. The options are: 1. 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 2. Limit expenditures on health care cost based on a 80/20 percentage split, requiring a majority vote; or 3. 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, 2018 with an increase from 14% to 16% in premium sharing contribution. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

**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 majority vote of its governing body, a public employer may opt-out of the hard cap and into an 80% cap option where the public employer may not pay more than 80% of the total annual costs of all the medical benefit plans for its employees, and;

WHEREAS, by a 2/3 vote of its governing body each year, a local unit of government may exempt itself from the requirements of Public Act 152 of 2011 for the next year, and;

WHEREAS, the Board of Commissioners met on July 24, 2012 and passed a resolution (#2012-07-01) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 10% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 23, 2013 and passed a resolution (#2013-07-02) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on September 23, 2014 and passed a resolution (#2014-09-03) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 28, 2015 and passed a resolution (#2015-07-12) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2015, and;

WHEREAS, the Board of Commissioners met on November 17, 2015 and passed a resolution (#2015-11-02) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2016 for Union employees and implemented a 14% premium sharing for Non-Union employees effective July 1, 2016, and;

WHEREAS, the Board of Commissioners met on November 15, 2016 and passed a resolution (#2016-11-06) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 14% premium sharing effective July 1, 2016, and;

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, 2018 through December 31, 2018.

FURTHER RESOLVE that the Board desires to increase premium sharing from 14% to 16% for all active employees for medical benefits effective January 1, 2018.

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

Action: Motion Carried.

Other

None

Adjourn

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

Action: Motion Carried

Meeting adjourned at 5:11 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
September 12, 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, September 12, 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, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: William Long (Delta Township), Robert Nelson (East Lansing), and Rod Taylor (DeWitt Township).

Absent: Commissioner Ken Ross

The Corporate Secretary declared a quorum.

Public Comments

None.

Amendments and Restatements of Retirement Plan Trust Agreements

Commissioner Mullen shared information regarding the tabled agenda item. Ron Byrnes of the IBEW is still reviewing the Trust Agreement for retirement plans with his legal team. Amendments may be sent in the next two weeks to be addressed at the upcoming Board meeting.

Motion by Commissioner Price, **Seconded** by Commissioner McCloud to take the Amendments and Restatements of Retirement Plan Trust Agreements from the table.

Action: Motion Carried.

Scott Taylor, Finance Manager reviewed two revised retirement plan documents, the Post-Retirement Benefit (VEBA) Plan (Retiree Health Care Plan) Trust Agreement and the Defined Benefit (DB) Plan Trust Agreement. Each of the plans contain a plan document and a trust agreement. The plan document governs the specific benefits being provided and the eligibility requirements and the trust agreement was established to accumulate the funds necessary to fund the benefits. The changes were targeted at bringing the agreements up-to-date and in alignment with regulatory changes, practice changes, and changes that have been made over time to the plan documents. None of the changes affect the benefits from the plan.

Discussion: Commissioner Mullen requested an explanation of the difference between the commissioners acting as trustees and as a Board member. Mr. Taylor responded that when the Board members convene to change plan documents or plan design, they are acting as the plan sponsor. The Board, as the sponsor of the plan document, sets the benefits and eligibility requirements. When the Board members convene annually in November at the trustees meeting to review the performance of the investment portfolio and the performance of the investment managers, to carry out or execute the terms of the trust agreements, the commissioners are acting as trustees.

Commissioner Nelson questioned the definition of trustees being removed from the Trust Agreement for the Post-Retirement Benefit Plan on page 2. General Counsel Brandie Ekren responded that the definition was placed above in the same section of the document with additional clarity. Commissioner Nelson also questioned the process of removal of a Trustee and selecting a replacement Trustee. Ms. Ekren responded that the removal of a trustee would be for ethical concerns or for not honoring the trust and the replacement trustee would be a Board Commissioner.

Motion by Commissioner Thomas, **Seconded** by Commissioner Price to accept the Amendment and Restatement of Trust Agreement for the Post-Retirement Benefit Plan (VEBA) with the proposed edits and forward to the Board for consideration.

Action: Motion Carried

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to accept the Amendment and Restatement of Trust Agreement for the Defined Benefit Plan (DB) with the proposed edits and forward to the Board for consideration

Action: Motion Carried.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Price, to approve the Committee of the Whole meeting minutes of July 11, 2017.

Action: Motion Carried.

2018 Regular Board Meeting Dates Resolution

Committee of the Whole Chair Mullen presented a proposed Resolution setting the BWL Board of Commissioners 2018 Regular Board Meeting Dates as directed by Section 1.1.2 of the BWL's Rules of Procedure.

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to approve the 2018 Regular Board Meeting Dates Resolution.

Action: Motion Carried.

Strategic Plan Update 2017

General Manager Dick Peffley introduced George Stojic, Executive Director of Strategic Planning, who reviewed the updates to the 2017 Strategic Plan which was adopted in September 2016. Mr. Stojic indicated that the Plan's objectives and tasks were composed of two types; those that are project oriented and composed of a specific scope, budget and schedule a and those that are reoccurring or ongoing. He introduced an update spreadsheet and explained the color coding that was designed to show progress in meeting the Plan's objectives.

Mr. Stojic reviewed progress on selected objectives within the seven Strategic Plan strategies: Customer Experience, Community Involvement, Effectively Acquire and Manage Resources, Implement New Technologies, Workforce, Financial Stability, and BWL Leadership. Mr. Peffley commented that the first GM Roundtable, as part of the Community Involvement strategy, was well attended and was designed to be educational about the BWL. He also indicated that some of the objectives would be the subject of Committee of the Whole presentations in coming months.

According to Mr. Stojic, the BWL staff was on schedule for completing or had completed most of the tasks included in the Strategic Plan. The only exception noted by Mr. Stojic was Task 1.2a, in Customer Experience. He stated that Task 1.2a, a technology survey, was coded orange for caution because there was some miscommunication within the company. However, the survey should be completed by the end of the year. He also addressed advanced metering infrastructure (AMI) technologies and related technology projects. Under Effectively Acquiring and managing resources, Mr. Stojic spoke about upgrading the electric transmission and distribution system, completing the central substation in

order to close the Eckert facility, and implementing an asset management program. With respect to new technologies, Mr. Stojic noted the IT deep dive and that it would be the subject of a future Committee of the Whole meeting.

Under the workforce strategy Mr. Stojic discussed attracting potential applicants and succession planning along with the re-placement, moving and training of workers from the Eckert Power Plant to new positions in the BWL. Mr. Stojic reported that the items listed under the Financial Stability Strategy will be covered in the Finance Meeting on September 19, 2017. He also indicated that Strategy 7 organizational efficiency would be the subject of a future Committee of the Whole meeting.

A Commissioner asked about energy efficiency. Mr. Stojic responded that energy efficiency meetings would be held in 2017 and 2018. He also indicated that an energy efficiency plan expansion proposal would be submitted to the Board in 2019. A question was also asked about the development of a cost-effective demand response program being completed in 2017 rather than 2018. Mr. Stojic responded that the AMI needs to be deployed before the demand response program can be completed. Commissioner Taylor asked what is being done to implement this plan within the organization and what is being done to ensure economic development investments. Mr. Stojic and Mr. Peffley responded that BWL reaches out to all planning commissions in the area and develop business relationships with organizations. Various incentives can be offered to these entities.

Commissioner Price commended and thanked Mr. Stojic for the thorough update on the Strategic Plan.

Sierra Club Settlement

General Manager Dick Peffley spoke briefly about the Sierra Club settlement and expressed satisfaction that the settlement supports the BWL's strategic plan.

New Plant Update

General Manager Dick Peffley spoke about the changes in the economics to the new plant site and pipeline plans. An increase in Consumers Energy distribution rate has caused an extra cost of one million dollars per year at the REO plant and the new plant will be considerably larger than REO.

Public Comment

None.

Other

Motion by Commissioner Price, Seconded by Commissioner McCloud, to excuse Commissioner Ken Ross from tonight's meeting.

Action: Motion Carried

Adjourn

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

Meeting adjourned at 6:35 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

FINANCE COMMITTEE
Meeting Minutes
September 19, 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, September 19, 2017.

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

Present: Commissioners Ken Ross, David Price, and Sandra Zerkle serving as an alternate. Also present: Non-Voting Commissioners William Long and Robert Nelson.

Absent: Commissioners Beth Graham and Dennis Louney

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to approve the Finance Committee meeting minutes of July 11, 2017.

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

Chief Financial Officer Heather Shawa introduced external auditor Bethany Ryers, CPA and Senior Manager at Baker Tilly Virchow Krause, LLP. Ms. Ryers presented and highlighted the external audit report which included an audit overview, observations and recommendations, and the ICPA audit standards. BWL received an unmodified or clean opinion which is the highest level of assurance provided. No material weaknesses or significant deficiencies were noted.

Ms. Ryers' presentation was as follows:

LANESING BWL
Hometown People. Hometown Power.

Finance Committee Meeting -
September 19, 2017
2017 Audit Presentation

Agenda

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

BAKER TILLY
Creditor Insight. Results.

Board of Water and Light - City of Lansing
Audit overview

BAKER TILLY
Creditor 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

LANESING BWL
Hometown People. Hometown Power.

Board of Water and Light - City of Lansing
Audit overview

BAKER TILLY
Creditor Insight. Results.

- Audit assesses internal controls
- "...a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources"
- Controls must meet the goal and objectives of Operations, Reporting and Compliance

LANESING BWL
Hometown People. Hometown Power.

Board of Water and Light - City of Lansing
Audit overview

BAKER TILLY
Creditor Insight. Results.

Controls reviewed in key transaction areas

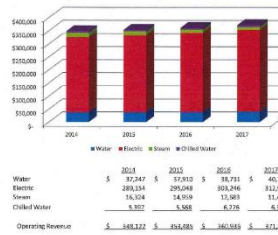
- Disbursements
- Payroll
- Billings
- Cash and investments
- Capital assets
- Information technology
- Financial reporting

LANESING BWL
Hometown People. Hometown Power.

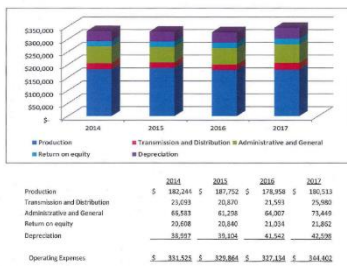
- > Reported net income of \$4,329,000 after impairment on Erickson Power Station of \$9,337,000
- > Bond coverage was met in 2017
- > There were no material weaknesses reported
- > The combined deficiencies in control related to information technology that were reported as part of the 2016 audit have been properly addressed to resolve this issue going forward



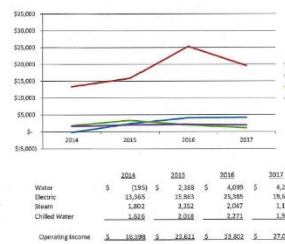
Operating Revenues – Four-year Comparison (in thousands)



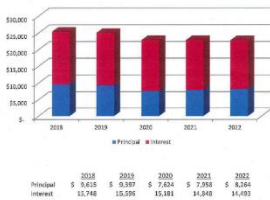
Operating Expenses – Four-year Comparison (in thousands)



Operating Income – Four-year Comparison (in thousands)



Future Debt Service Requirements (in thousands)



Debt service after 2022 includes remaining principal payments of \$281,800,000 and interest payments of \$175,326,000.

- > Separate financial statements issued for each pension plan
- > GASB Statement No. 74 was implemented for the Retiree Benefit Plan and Trust
- > All three plans received unmodified audit opinions



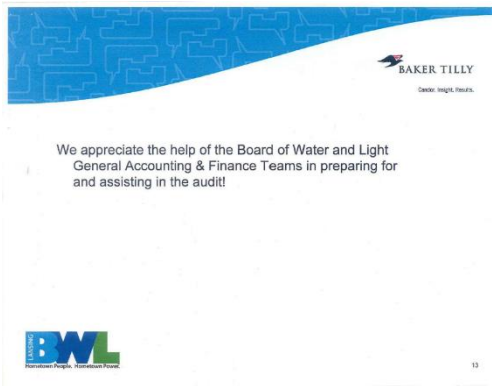
Future accounting standards

- > GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – effective for fiscal year 2018
- > GASB Statement No. 83 Certain Asset Retirement Obligations – effective for fiscal year 2019



| 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 |





Commissioner Nelson inquired about the IT issue from 2016 and Ms. Ryers responded that the deficiency was from the prior year and had been resolved.

Commissioner Ross commented about the GASB Statement No. 74 for retirement benefits being a new schedule, net position vs liability, how well funded the plan is and asked for an explanation for net liability as a percentage of covered employee payroll. Ms. Ryers responded that the information is required supplementary information based on the new GASB No. 74 standard and net liability as a percentage of covered employee payroll informs where the funding stands.

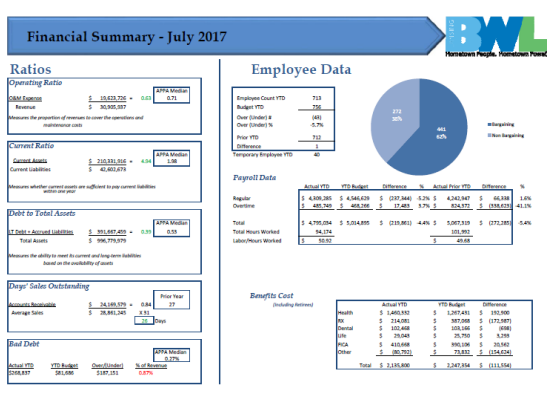
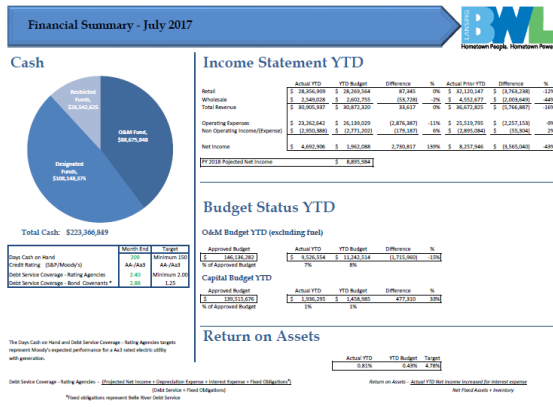
Commissioner Long inquired about the promissory note to the City of Lansing in the amount of \$13.2 million. Ms. Shawa responded that this note was for a CSO project and that annual payments of \$800,000 to \$900,000 are made and there will be a catch-up payment in fiscal year 2018 for 2017.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to forward to the Board Meeting the Acceptance of the 2017 Audited Financial Statements Resolution.

Action: Motion Carried.

July YTD Financial Summary

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



CFO Heather Shawa presented the July 2017 Year-to-date Financial Summary which indicated that the total Cash is over \$223M, Days Cash on hand is \$209M, and debt service coverage ratio is 2.40. The Year-to-date income statement as of July YTD is meeting budget by \$2.7M. The projected fiscal-year-end net income has not been changed from the FY18 budget and the revenue for the first month is at break even. Ms. Shawa also mentioned that four out of the five ratios are being met.

FY2018-2023 Financial Forecast Plan and Resolution

Ms. Shawa presented the FY2018-2023 Financial Plan.

FY 2018 – 2023 Financial Plan

Finance Committee Meeting
September 19, 2017

Overview

- Six Year Operating Forecast
 - Financial Goals
 - Return on Assets
 - Financial Assumptions
 - Financial Forecast
 - Financial Metrics by Utility
- Six Year Capital Forecast
 - Total Capital Forecast
 - Major Capital Projects
- Next Steps

FY 2018 – 2023 Financial Plan

The BWL has established the following financial goals.

- Maintain High Credit Quality
 - The BWL is currently rated AA- by S&P and A3 by Moody's
- Ensure Adequate Liquidity
 - The BWL should have the ability to meet near term obligations when due
 - The BWL has targeted the following financial metrics
 - Days Cash on Hand Minimum Target: 150 Days
 - Debt Service Coverage Minimum Target: 2.00
 - Board Approved Return on Assets: 4.78%
- Maintain Rate Competitiveness

FY 2018 – 2023 Financial Plan

Return on Assets

- An adequate return on assets is essential to municipal utilities.
- It ensures that current rate payers are not "kicking the can down the road" or deferring cost recovery to future generations.
- A proper return on assets recovers two main items:
 - Interest Expense
 - Inflationary increase of infrastructure replacement costs
- The BWL has established a return on assets of 4.78% beginning in FY 2018, as approved by the board of commissioners.

FY 2018 – 2023 Financial Plan

The following assumptions have been considered for the forecast.

- Projected Sales
 - Electric – Retail sales remain nearly flat due to energy efficiency offsetting underlying growth. Wholesale sales experience an increase beginning in FY 2021 due to added capacity from the new combined cycle plant.
 - Water – Retail sales decrease slightly due to efficiency. Wholesale sales increase slightly as a result of development in surrounding areas.
 - Steam – Sales are held constant.
 - Chilled Water – Sales are held constant.
- Operating expenses have been forecasted to increase at an annual 2.4% inflationary rate from FY 2018 – FY 2023.

*Source – The Budget and Economic Outlook 2017-2022 – Congress of the United States Congressional Budget Office

FY 2018 – 2023 Financial Plan

FY 2018 - 2023 Financial Forecast

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operating Revenue | \$ 355,444,270 | \$ 359,740,080 | \$ 387,002,461 | \$ 432,261,855 | \$ 446,976,202 | \$ 457,550,200 |
| Operating Expenses | \$ 121,390,990 | \$ 115,463,923 | \$ 121,183,777 | \$ 151,798,302 | \$ 154,855,799 | \$ 154,843,420 |
| Depreciation | \$ 45,719,292 | \$ 46,217,203 | \$ 50,024,573 | \$ 57,207,266 | \$ 57,683,803 | \$ 70,837,862 |
| Other Operating Expenses | \$ 146,136,282 | \$ 148,448,586 | \$ 150,817,299 | \$ 152,951,269 | \$ 154,029,307 | \$ 156,487,534 |
| Total Operating Expenses | \$ 313,206,064 | \$ 312,177,509 | \$ 322,093,443 | \$ 362,027,267 | \$ 376,567,866 | \$ 381,766,476 |
| Total Operating Income | \$ 42,238,206 | \$ 47,572,571 | \$ 64,908,918 | \$ 71,034,588 | \$ 70,408,426 | \$ 75,783,724 |
| Non-Operating Expenses | \$ 13,556,618 | \$ 13,342,155 | \$ 13,442,725 | \$ 24,075,724 | \$ 34,644,653 | \$ 36,179,421 |
| Other Non-Operating Expenses | \$ 19,785,624 | \$ 19,189,076 | \$ 20,173,657 | \$ 21,569,685 | \$ 21,776,655 | \$ 22,019,868 |
| Total Non-Operating Expenses | \$ 33,342,232 | \$ 32,531,231 | \$ 33,616,382 | \$ 45,645,409 | \$ 56,321,308 | \$ 58,199,289 |
| Total Net Income | \$ 8,895,974 | \$ 15,041,340 | \$ 31,292,536 | \$ 25,389,179 | \$ 14,087,118 | \$ 17,584,435 |

| FY 2018 - 2023 Cash Flow Forecast | | | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Beginning Operating Cash | \$ 90,920,058 | \$ 84,473,120 | \$ 82,676,429 | \$ 84,877,434 | \$ 83,829,246 | \$ 87,379,963 |
| Sources of Cash | | | | | | |
| Net Income | \$ 4,895,984 | \$ 23,046,340 | \$ 33,234,636 | \$ 29,389,389 | \$ 34,087,119 | \$ 37,590,444 |
| Depreciation | \$ 45,879,982 | \$ 48,287,000 | \$ 50,674,377 | \$ 52,207,266 | \$ 47,668,800 | \$ 70,979,462 |
| Loss on Disposal of Assets | \$ 1,014,053 | \$ 1,146,223 | \$ 1,150,223 | \$ 1,140,223 | \$ 1,140,223 | \$ 1,140,223 |
| Recovery | \$ 50,000,000 | \$ 24,476,250 | \$ 22,800,000 | \$ 22,800,000 | \$ 22,800,000 | \$ 22,800,000 |
| Withdrawal from Reserve | \$ 34,000,000 | \$ (4,000,000) | \$ (5,000,000) | \$ (6,000,000) | \$ (7,000,000) | \$ (13,000,000) |
| Asset Cost Undercollection | \$ 2,027,083 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Environmental | \$ 4,403,072 | \$ 77,877 | \$ (169,446) | \$ (467,643) | \$ (551,250) | \$ (518,200) |
| Pipeline Refund | \$ 4,845,000 | \$ 4,845,000 | \$ - | \$ - | \$ - | \$ - |
| Total Sources of Cash | \$ 150,252,144 | \$ 147,878,485 | \$ 149,868,334 | \$ 146,538,263 | \$ 149,779,951 | \$ 176,669,879 |
| Uses of Cash | | | | | | |
| Debt Principal | \$ (6,354,009) | \$ (7,406,231) | \$ (7,744,100) | \$ (11,678,026) | \$ (12,427,871) | \$ (12,960,414) |
| Capital Expenditures | \$ (139,533,376) | \$ (122,824,439) | \$ (126,800,800) | \$ (99,413,877) | \$ (106,423,717) | \$ (100,060,808) |
| Renewable Energy & IO Plants | \$ (684,939) | \$ (1,369,740) | \$ (1,474,290) | \$ (1,474,290) | \$ (1,474,290) | \$ (1,474,290) |
| Other Uses of Cash | \$ (20,349,616) | \$ (20,349,616) | \$ (20,349,616) | \$ (20,349,616) | \$ (20,349,616) | \$ (20,349,616) |
| Total Uses of Cash | \$ (166,928,540) | \$ (152,950,026) | \$ (156,368,106) | \$ (132,826,003) | \$ (141,725,474) | \$ (134,845,128) |
| Net Cash Increase/Decrease | \$ 83,323,604 | \$ 94,928,459 | \$ 93,500,228 | \$ 132,712,260 | \$ 108,054,477 | \$ 141,824,751 |
| Ending Operating Cash | \$ 174,243,662 | \$ 179,401,579 | \$ 183,176,657 | \$ 196,888,917 | \$ 204,943,424 | \$ 246,268,205 |

*This forecast is PRELIMINARY. Site studies and plant design are still underway.



| FY 2018 - FY 2023 Financial Metrics by Utility | | | | | | |
|------------------------------------------------|-------|-------|-------|-------|-------|-------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | 3.07% | 3.12% | 3.07% | 3.07% | 3.07% | 3.07% |
| Water | 2.25% | 2.60% | 2.25% | 2.25% | 2.25% | 2.25% |
| Steam | 5.75% | 5.25% | 4.40% | 3.40% | 3.40% | 3.40% |
| Gas | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Waste | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Other | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Weighted Average | 2.24% | 2.38% | 2.24% | 2.24% | 2.24% | 2.24% |

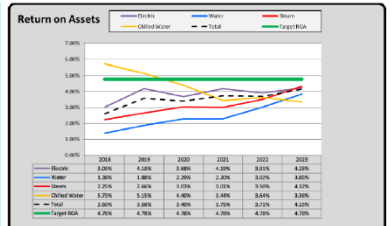
| FY 2018 - FY 2023 Financial Metrics by Utility | | | | | | |
|------------------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Net Income (\$ mil) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | \$ 4,895,984 | \$ 23,046,340 | \$ 33,234,636 | \$ 29,389,389 | \$ 34,087,119 | \$ 37,590,444 |
| Water | \$ 1,014,053 | \$ 1,146,223 | \$ 1,150,223 | \$ 1,140,223 | \$ 1,140,223 | \$ 1,140,223 |
| Steam | \$ 50,000,000 | \$ 24,476,250 | \$ 22,800,000 | \$ 22,800,000 | \$ 22,800,000 | \$ 22,800,000 |
| Gas | \$ 2,027,083 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Waste | \$ 4,403,072 | \$ 77,877 | \$ (169,446) | \$ (467,643) | \$ (551,250) | \$ (518,200) |
| Other | \$ 4,845,000 | \$ 4,845,000 | \$ - | \$ - | \$ - | \$ - |
| Net Income Total | \$ 83,323,604 | \$ 94,928,459 | \$ 93,500,228 | \$ 132,712,260 | \$ 108,054,477 | \$ 141,824,751 |



| Annual Net Income | | | | | | |
|-------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | \$ 4,895,984 | \$ 23,046,340 | \$ 33,234,636 | \$ 29,389,389 | \$ 34,087,119 | \$ 37,590,444 |
| Water | \$ 1,014,053 | \$ 1,146,223 | \$ 1,150,223 | \$ 1,140,223 | \$ 1,140,223 | \$ 1,140,223 |
| Steam | \$ 50,000,000 | \$ 24,476,250 | \$ 22,800,000 | \$ 22,800,000 | \$ 22,800,000 | \$ 22,800,000 |
| Gas | \$ 2,027,083 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Waste | \$ 4,403,072 | \$ 77,877 | \$ (169,446) | \$ (467,643) | \$ (551,250) | \$ (518,200) |
| Other | \$ 4,845,000 | \$ 4,845,000 | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 83,323,604 | \$ 94,928,459 | \$ 93,500,228 | \$ 132,712,260 | \$ 108,054,477 | \$ 141,824,751 |



| Return on Assets | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | 3.07% | 3.12% | 3.07% | 3.07% | 3.07% | 3.07% |
| Water | 2.25% | 2.60% | 2.25% | 2.25% | 2.25% | 2.25% |
| Steam | 5.75% | 5.25% | 4.40% | 3.40% | 3.40% | 3.40% |
| Gas | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Waste | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Other | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Weighted Average | 2.24% | 2.38% | 2.24% | 2.24% | 2.24% | 2.24% |



| FY 2018 - 2023 Capital Budget | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | \$ 149,533,376 | \$ 122,824,439 | \$ 126,800,800 | \$ 99,413,877 | \$ 106,423,717 | \$ 100,060,808 |
| Water | \$ 684,939 | \$ 1,369,740 | \$ 1,474,290 | \$ 1,474,290 | \$ 1,474,290 | \$ 1,474,290 |
| Steam | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 |
| Gas | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Waste | \$ 4,403,072 | \$ 77,877 | \$ (169,446) | \$ (467,643) | \$ (551,250) | \$ (518,200) |
| Other | \$ 4,845,000 | \$ 4,845,000 | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 179,401,579 | \$ 149,466,672 | \$ 149,365,062 | \$ 121,661,116 | \$ 130,277,263 | \$ 122,352,614 |

*This total DOES NOT include the New NCC Plant
** This forecast is PRELIMINARY. Site studies and plant design are still underway.



| FY 2018 - 2023 Capital Budget - Major Projects/Programs | | | | | | |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | \$ 149,533,376 | \$ 122,824,439 | \$ 126,800,800 | \$ 99,413,877 | \$ 106,423,717 | \$ 100,060,808 |
| Water | \$ 684,939 | \$ 1,369,740 | \$ 1,474,290 | \$ 1,474,290 | \$ 1,474,290 | \$ 1,474,290 |
| Steam | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 |
| Gas | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Waste | \$ 4,403,072 | \$ 77,877 | \$ (169,446) | \$ (467,643) | \$ (551,250) | \$ (518,200) |
| Other | \$ 4,845,000 | \$ 4,845,000 | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 179,401,579 | \$ 149,466,672 | \$ 149,365,062 | \$ 121,661,116 | \$ 130,277,263 | \$ 122,352,614 |

| FY 2018 - 2023 Capital Budget - Major Projects/Programs | | | | | | |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Electric | \$ 149,533,376 | \$ 122,824,439 | \$ 126,800,800 | \$ 99,413,877 | \$ 106,423,717 | \$ 100,060,808 |
| Water | \$ 684,939 | \$ 1,369,740 | \$ 1,474,290 | \$ 1,474,290 | \$ 1,474,290 | \$ 1,474,290 |
| Steam | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 | \$ 20,349,616 |
| Gas | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Waste | \$ 4,403,072 | \$ 77,877 | \$ (169,446) | \$ (467,643) | \$ (551,250) | \$ (518,200) |
| Other | \$ 4,845,000 | \$ 4,845,000 | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 179,401,579 | \$ 149,466,672 | \$ 149,365,062 | \$ 121,661,116 | \$ 130,277,263 | \$ 122,352,614 |



| FY 2018 - 2023 Financial Plan | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating | \$ 83,323,604 | \$ 94,928,459 | \$ 93,500,228 | \$ 132,712,260 | \$ 108,054,477 | \$ 141,824,751 |
| Capital | \$ 179,401,579 | \$ 149,466,672 | \$ 149,365,062 | \$ 121,661,116 | \$ 130,277,263 | \$ 122,352,614 |
| Total | \$ 262,725,183 | \$ 244,395,131 | \$ 242,865,290 | \$ 254,373,376 | \$ 238,331,740 | \$ 264,177,365 |

Ms. Shawa noted that there is an assumption built into the forecast—that GM will renew its steam contract which expires October 1, 2022. Updates will be provided as the date approaches. In addition, an attrition factor of retirements and resignations plus possible increases in health care costs are built into the forecast.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to accept as presented the Operating and Capital Forecasts for FY 2018-2023 and to forward to the Board Meeting for consideration.

Action: Motion Carried.

Rate Strategy Recommendations FY 2018-2023

Chief Financial Officer Heather Shawa presented the Rate Strategy Recommendations for FY 2018-2023.

Ms. Shawa noted the Rate Strategy Timeline and a key date for a Special Board meeting on December 5, 2017.

Rate Strategy Timeline

- City clerk filing of proposed tariffs by October 16, 2017
 - The city clerk filing is due 45 days prior to public hearing.
- Publication of Notice by November 15, 2017
 - The publication of notice must be at least 14 days prior to the public hearing.
- Public hearing on November 30, 2017
 - The public hearing must be at least 30 days prior to rate implementation.
- Proposed Special Board meeting for final tariff approval on December 5, 2017
- Rate Strategy Implementation on February 1, 2018



Ms. Shawa reviewed the following highlighted BWL Rate Making Principles, Financial Stewardship, and Proposed Rate Strategy Impacts:

BWL Rate Making Principles

- In accordance with Resolution 2004-03, the board has established the following rate-making principles:
 - Rates shall be established at a level that will enable the Board of Water and Light (BWL) to meet its mission of serving the Greater Lansing area by providing high quality utility services, reliably, at the lowest reasonable cost.
 - The BWL shall recover the costs of serving its customers through its rates. Rates and charges should be sufficient to cover all O&M expenses, payment to the City, depreciation expense, and a reasonable return on the BWL's capital investment.
 - The return on the BWL's capital investment shall be sufficient to provide cash flow for debt service, bond coverage, and capital improvements.
 - Those who benefit from the BWL's services should pay for those services.
 - Rates for each class of customer should, as nearly as practicable, reflect the cost of providing service to that class.
 - Each utility managed by the BWL should be self-supporting. No utility should subsidize any other utility.
 - Rates should be reviewed annually and adjusted as deemed necessary to maintain the financial integrity of the BWL and minimize the financial impact on our customers.
 - Rates shall be established and implemented according to Lansing City Charter, Section 5-205 refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

Financial Stewardship

Maintain Above Average Bond Rating

Key Metrics with No Rate Increases

| Six Year Forecast: FY 2018 - FY 2023 | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Net Income and Strategic Metrics Without Proposed Rate Increases | | | | | | |
| Electric | \$ 4,961,479 | \$ 4,943,706 | \$ 4,926,032 | \$ 4,908,357 | \$ 4,890,682 | \$ 4,873,007 |
| Water | \$ 862,373 | \$ 862,349 | \$ 862,325 | \$ 862,301 | \$ 862,277 | \$ 862,253 |
| Steam | \$ 834,468 | \$ 834,370 | \$ 834,272 | \$ 834,174 | \$ 834,076 | \$ 833,978 |
| Chilled Water | \$ 625,913 | \$ 625,899 | \$ 625,884 | \$ 625,869 | \$ 625,854 | \$ 625,839 |
| All Utilities Total | \$ 5,744,071 | \$ 5,730,424 | \$ 5,716,773 | \$ 5,703,122 | \$ 5,689,476 | \$ 5,675,827 |
| Key Cash on Hand Minimum Target: 100 Days Debt Service Coverage Minimum Target: 2.00 Board Approval Return on Assets as of FY 2018: 4.76% | | | | | | |
| Cash on Hand | 170 | 164 | 158 | 152 | 146 | 140 |
| Debt Service Coverage | 2.32 | 2.40 | 2.47 | 2.54 | 2.61 | 2.68 |
| Return On Assets | 4.96% | 4.88% | 4.80% | 4.72% | 4.64% | 4.56% |

Impact of Proposed Rate Strategy

Reflects February 1st Implementation each Fiscal Year

| Utility | Proposed Rate Increase | FY 2018 Impact of Proposed Rate Increases | | FY 2019 Impact of Proposed Rate Increases | | FY 2020 Impact of Proposed Rate Increases | |
|---------------------|------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
| | | Net Income | Return On Assets | Net Income | Return On Assets | Net Income | Return On Assets |
| Electric | 3.9% | 4,961,479 | 4.96% | 4,943,706 | 4.88% | 4,926,032 | 4.80% |
| Water | 5.0% | 862,373 | 1.00% | 862,349 | 1.00% | 862,325 | 1.00% |
| Steam | 5.0% | 834,468 | 1.76% | 834,370 | 1.76% | 834,272 | 1.76% |
| Chilled Water | 0.9% | 625,913 | 0.76% | 625,899 | 0.76% | 625,884 | 0.76% |
| All Utilities Total | 4.1% | 5,744,071 | 2.24% | 5,730,424 | 2.24% | 5,716,773 | 2.24% |

| Utility | Proposed Rate Increase | FY 2019 Impact of Proposed Rate Increases | | FY 2020 Impact of Proposed Rate Increases | | FY 2021 Impact of Proposed Rate Increases | |
|---------------------|------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
| | | Net Income | Return On Assets | Net Income | Return On Assets | Net Income | Return On Assets |
| Electric | 3.9% | 4,943,706 | 4.88% | 4,926,032 | 4.80% | 4,908,357 | 4.72% |
| Water | 5.0% | 862,349 | 1.00% | 862,325 | 1.00% | 862,301 | 1.00% |
| Steam | 5.0% | 834,370 | 1.76% | 834,272 | 1.76% | 834,174 | 1.76% |
| Chilled Water | 0.9% | 625,899 | 0.76% | 625,884 | 0.76% | 625,869 | 0.76% |
| All Utilities Total | 4.1% | 5,730,424 | 2.24% | 5,716,773 | 2.24% | 5,703,122 | 2.24% |

| Utility | Proposed Rate Increase | FY 2020 Impact of Proposed Rate Increases | | FY 2021 Impact of Proposed Rate Increases | | FY 2022 Impact of Proposed Rate Increases | |
|---------------------|------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
| | | Net Income | Return On Assets | Net Income | Return On Assets | Net Income | Return On Assets |
| Electric | 3.9% | 4,926,032 | 4.80% | 4,908,357 | 4.72% | 4,890,682 | 4.64% |
| Water | 5.0% | 862,349 | 1.00% | 862,325 | 1.00% | 862,301 | 1.00% |
| Steam | 5.0% | 834,370 | 1.76% | 834,272 | 1.76% | 834,174 | 1.76% |
| Chilled Water | 0.9% | 625,899 | 0.76% | 625,884 | 0.76% | 625,869 | 0.76% |
| All Utilities Total | 4.1% | 5,716,773 | 2.24% | 5,703,122 | 2.24% | 5,689,476 | 2.24% |

Commissioner Ross asked Ms. Shawa if she was able to monetize and estimate how much of savings there was and Ms. Shawa responded that we are not able to now but are able to looking forward.

Ms. Shawa introduced Mark Beauchamp, President of Utility Financial Solutions (UFS), BWL's Cost of Service Study Consultant, who talked about industry trends nationally and reviewed the following electric, water, steam and chilled water rate strategies:

Electric Cost of Service Process: Overview

- Annually, BWL completes a cost of service (COS) study
 - Historically, the results were not used to guide rate design for our general rate classes; rather, BWL applied the same percentage increase to each rate class
 - In 2014, BWL started the process to move street lights to cost of service
- To better match the cost recovery with cost causation and remain competitive, BWL recommends to move rates towards cost of service for the first time
 - This is consistent with State of Michigan policy of establishing rates consistent with cost of service
- BWL contracted with Utility Financial Solutions (UFS) to update our cost of service model
 - Cost of service studies compare revenues from each class of customers with the cost to provide service to each class
- Financial forecast called for a 3% overall increase; so BWL determined that all rate classes would receive at least 1.5% annual increases, but no more than 4.5%, to move rates towards cost of service
 - This will cause a gradual movement towards cost of service

Electric Strategy:

Overview
Annual Net Income Impact
Changes by Rate

- Staff reviewed and updated the cost of service model with the help of Utility Financial Solutions (UFS)
 - UFS is a well-established consultant for utilities
 - Frequently present at American Public Power Association (APPA) conferences and works with many municipal utilities
- Summary of Recommendations from Study:
 - 3% overall increase each fiscal year
 - Move rates towards cost of service
 - Increase customer charges and demand charges
 - Add High Load Factor Rate
 - Add LED rates for street lighting and outdoor protective lighting
 - Update voluntary renewable program (Green Wise)
 - Update Rate 13 to all Unmetered Services
- Other Recommendations
 - Reduce Renewable Energy Plan (REP) surcharge to 50
 - Increase Energy Optimization (EO) surcharge
 - Update Modified Net Metering Language
 - Pole Attachments to move from Rules & Regulations to a tariff
 - Energy Cost Adjustment (ECA) baseline adjustment
 - Change name to Power Supply Cost Recovery (PSCR)

Electric Strategy:

Overview
Annual Net Income Impact
Changes by Rate

| Utility | Proposed Rate Increase | FY 2018 Impact of Proposed Rate Increases | | FY 2019 Impact of Proposed Rate Increases | | FY 2020 Impact of Proposed Rate Increases | |
|---------------------|------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
| | | Net Income | Return On Assets | Net Income | Return On Assets | Net Income | Return On Assets |
| Electric | 3.9% | 4,961,479 | 4.96% | 4,943,706 | 4.88% | 4,926,032 | 4.80% |
| Water | 5.0% | 862,373 | 1.00% | 862,349 | 1.00% | 862,325 | 1.00% |
| Steam | 5.0% | 834,468 | 1.76% | 834,370 | 1.76% | 834,272 | 1.76% |
| Chilled Water | 0.9% | 625,913 | 0.76% | 625,899 | 0.76% | 625,884 | 0.76% |
| All Utilities Total | 4.1% | 5,744,071 | 2.24% | 5,730,424 | 2.24% | 5,716,773 | 2.24% |

| Utility | Proposed Rate Increase | FY 2019 Impact of Proposed Rate Increases | | FY 2020 Impact of Proposed Rate Increases | | FY 2021 Impact of Proposed Rate Increases | |
|---------------------|------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
| | | Net Income | Return On Assets | Net Income | Return On Assets | Net Income | Return On Assets |
| Electric | 3.9% | 4,943,706 | 4.88% | 4,926,032 | 4.80% | 4,908,357 | 4.72% |
| Water | 5.0% | 862,349 | 1.00% | 862,325 | 1.00% | 862,301 | 1.00% |
| Steam | 5.0% | 834,370 | 1.76% | 834,272 | 1.76% | 834,174 | 1.76% |
| Chilled Water | 0.9% | 625,899 | 0.76% | 625,884 | 0.76% | 625,869 | 0.76% |
| All Utilities Total | 4.1% | 5,730,424 | 2.24% | 5,716,773 | 2.24% | 5,703,122 | 2.24% |

| Utility | Proposed Rate Increase | FY 2020 Impact of Proposed Rate Increases | | FY 2021 Impact of Proposed Rate Increases | | FY 2022 Impact of Proposed Rate Increases | |
|---------------------|------------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|-------------------------------------------|------------------|
| | | Net Income | Return On Assets | Net Income | Return On Assets | Net Income | Return On Assets |
| Electric | 3.9% | 4,926,032 | 4.80% | 4,908,357 | 4.72% | 4,890,682 | 4.64% |
| Water | 5.0% | 862,349 | 1.00% | 862,325 | 1.00% | 862,301 | 1.00% |
| Steam | 5.0% | 834,370 | 1.76% | 834,272 | 1.76% | 834,174 | 1.76% |
| Chilled Water | 0.9% | 625,899 | 0.76% | 625,884 | 0.76% | 625,869 | 0.76% |
| All Utilities Total | 4.1% | 5,716,773 | 2.24% | 5,703,122 | 2.24% | 5,689,476 | 2.24% |

Electric Strategy:

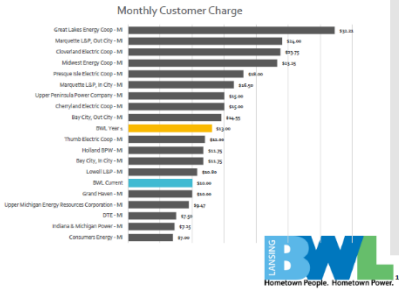
Overview
Annual Net Income Impact
Changes by Rate

| Rate | COS | Feb-18 | Feb-19 | Feb-20 |
|---------------------------------------|--------|--------|--------|--------|
| Rate 1, Residential | 12.4% | 3.90% | 3.90% | 3.90% |
| Rate 11, Senior Citizen Residential | 45.4% | 3.90% | 3.90% | 3.90% |
| Rate 12, Electric Vehicles | -14.3% | 2.00% | 2.00% | 2.00% |
| Rate 3, General Service | 1.9% | 3.25% | 3.25% | 3.25% |
| Rate 7, Municipal Pumping | 15.9% | 4.50% | 4.50% | 4.50% |
| Rate 12, Space and Water Heating | -8.1% | 2.00% | 2.00% | 2.00% |
| Rate 4, Large General Service | -1.7% | 3.90% | 3.90% | 3.90% |
| Rate 5, Primary Service | -5.5% | 1.55% | 1.55% | 1.55% |
| Rate 85, High Load Factor | NEW | NEW | NEW | 3.00% |
| Rate 6, Large Capacity Service | 3.2% | 3.25% | 3.25% | 3.25% |
| Rate 11, Unmetered Services | 130.1% | 9.00% | 9.00% | 9.00% |
| Rate 9, Outdoor Protective Lighting | -5.3% | 2.90% | 2.90% | 2.90% |
| Rate 11, Company Owned Street Lights | 35.4% | 5.20% | 5.20% | 5.20% |
| Rate 13a, Company Owned Street Lights | 89.2% | 5.20% | 5.20% | 5.20% |
| Rate 32, Customer Owned Street Lights | -3.0% | 2.90% | 2.90% | 2.90% |
| Total Electric Increase | | 3.00% | 3.00% | 3.00% |



Rate 1, Residential:

- Overview
- Billing Determinants
- Customer Charge Survey
- Comparison of Residential Electric Bills 5¢/kWh Customer
- Comparison to Consumers Energy, Rate Case U-18322



Water Rates:

- Overview
- Annual Net Income Impact
- Comparison of Residential Water Bills 6 ccf Customer

- Rate Strategy
 - 5.5% Increase FY 2018
 - 7.5% Increase FY 2019
 - 7.5% Increase FY 2020
- Combining basic service charge for 5/8" and 3/4" meters in Rates 1 & 2 to conform to BWL standards
- BWL to review and update cost of service model in next three years

Water Rates:

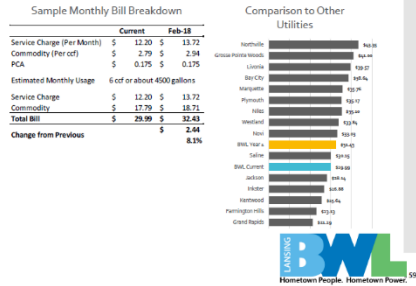
- Overview
- Annual Net Income Impact
- Comparison of Residential Water Bills 6 ccf Customer

| Utility | Proposed Rate Increase | Net Income Without Increases | Return On Assets Without Increases | Net Income With Increases | Return On Assets With Increases |
|----------------------------|------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|
| Electric | 3.0% | \$ 4,883,479 | 3.99% | \$ 4,883,479 | 4.18% |
| Water | 5.5% | \$ 927,673 | 1.95% | \$ 927,673 | 3.38% |
| Steam | 5.5% | \$ 853,868 | 1.79% | \$ 853,868 | 2.25% |
| Chilled Water | 0.0% | \$ 928,333 | 5.73% | \$ 928,333 | 5.73% |
| All Utilities Total | | \$ 5,744,811 | 2.20% | \$ 5,744,811 | 2.60% |

| Utility | Proposed Rate Increase | Net Income Without Increases | Return On Assets Without Increases | Net Income With Increases | Return On Assets With Increases |
|----------------------------|------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|
| Electric | 3.0% | \$ 13,927,046 | 3.99% | \$ 13,927,046 | 4.18% |
| Water | 7.5% | \$ 884,234 | 6.62% | \$ 884,234 | 1.83% |
| Steam | 7.5% | \$ 1,013,950 | 1.99% | \$ 1,013,950 | 2.66% |
| Chilled Water | 0.0% | \$ 975,998 | 5.15% | \$ 975,998 | 5.15% |
| All Utilities Total | | \$ 15,805,440 | 2.46% | \$ 15,805,440 | 3.84% |

Water Rates:

- Overview
- Annual Net Income Impact
- Comparison of Residential Water Bills 6 ccf Customer



Steam Rates:

- Overview
- Annual Net Income Impact
- Comparison of Commercial Steam Bills 100 Mlbs Customer

- Rates 1,2,5
 - 5.5% Increase FY 2018
 - 7.5% Increase FY 2019
 - 7.5% Increase FY 2020
- BWL to review and update cost of service model in next three years

Steam Rates:

- Overview
- Annual Net Income Impact
- Comparison of Commercial Steam Bills 100 Mlbs Customer

| Utility | Proposed Rate Increase | Net Income Without Increases | Return On Assets Without Increases | Net Income With Increases | Return On Assets With Increases |
|----------------------------|------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|
| Electric | 3.0% | \$ 4,883,479 | 3.99% | \$ 4,883,479 | 4.18% |
| Water | 5.5% | \$ 927,673 | 1.95% | \$ 927,673 | 3.38% |
| Steam | 5.5% | \$ 853,868 | 1.79% | \$ 853,868 | 2.25% |
| Chilled Water | 0.0% | \$ 928,333 | 5.73% | \$ 928,333 | 5.73% |
| All Utilities Total | | \$ 5,744,811 | 2.20% | \$ 5,744,811 | 2.60% |

| Utility | Proposed Rate Increase | Net Income Without Increases | Return On Assets Without Increases | Net Income With Increases | Return On Assets With Increases |
|----------------------------|------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|
| Electric | 3.0% | \$ 13,927,046 | 3.99% | \$ 13,927,046 | 4.18% |
| Water | 7.5% | \$ 884,234 | 6.62% | \$ 884,234 | 1.83% |
| Steam | 7.5% | \$ 1,013,950 | 1.99% | \$ 1,013,950 | 2.66% |
| Chilled Water | 0.0% | \$ 975,998 | 5.15% | \$ 975,998 | 5.15% |
| All Utilities Total | | \$ 15,805,440 | 2.46% | \$ 15,805,440 | 3.84% |

Chilled Water Rates:

- Overview
- Annual Net Income Impact

- No General Increase
- Temperature Factor Adjustment
 - Update language

Chilled Water Rates:

- Overview
- Annual Net Income Impact

| Utility | Proposed Rate Increase | Net Income Without Increases | Return On Assets Without Increases | Net Income With Increases | Return On Assets With Increases |
|----------------------------|------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|
| Electric | 3.0% | \$ 4,883,479 | 3.99% | \$ 4,883,479 | 4.18% |
| Water | 5.5% | \$ 927,673 | 1.95% | \$ 927,673 | 3.38% |
| Steam | 5.5% | \$ 853,868 | 1.79% | \$ 853,868 | 2.25% |
| Chilled Water | 0.0% | \$ 928,333 | 5.73% | \$ 928,333 | 5.73% |
| All Utilities Total | | \$ 5,744,811 | 2.20% | \$ 5,744,811 | 2.60% |

| Utility | Proposed Rate Increase | Net Income Without Increases | Return On Assets Without Increases | Net Income With Increases | Return On Assets With Increases |
|----------------------------|------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|
| Electric | 3.0% | \$ 13,927,046 | 3.99% | \$ 13,927,046 | 4.18% |
| Water | 7.5% | \$ 884,234 | 6.62% | \$ 884,234 | 1.83% |
| Steam | 7.5% | \$ 1,013,950 | 1.99% | \$ 1,013,950 | 2.66% |
| Chilled Water | 0.0% | \$ 975,998 | 5.15% | \$ 975,998 | 5.15% |
| All Utilities Total | | \$ 15,805,440 | 2.46% | \$ 15,805,440 | 3.84% |

Mr. Beauchamp stated that industry trends include having a power cost adjustment mechanism in place and that this is one of the most important financial policies of a foreign electric utility when it comes to bond ratings. Other policies to have in place are a cash reserve policy and a capital improvement program. Also, because of the economy, more utilities are putting economic development rights in place in a manner that doesn't harm existing repairs.

Mr. Beauchamp noted that current rates are based on pattern of usage rather than amount of usage and the industry is moving toward rates based on cost of usage. Recovery of fixed costs will be from increases in customer charges and demand charges. A new class of rates will be created for high load factor customers. Mr. Beauchamp defined demand ratchets as the minimum that is billed in order to properly recover the investment or fixed costs in the distribution infrastructure when a customer's peak load volumes have significant variance at different times of the year.

Commissioner Nelson inquired if there was a way to give the low-income customer a separate rate. Mr. Beauchamp responded that most electric utilities do not consider themselves a social service organization. If they do provide lower rates it is at a discount based on a poverty percentage.

Commissioner Nelson inquired about the different rate increases related to cost of service and Ms. Shawa responded that those services with the larger gap will take longer to achieve cost of service so their rate increases are larger than 4.50%.

Finance Committee Chair Ken Ross recessed the meeting at 7:50 p.m. and reconvened the meeting at 7:54 p.m.

Commissioner Long inquired in reference to low income energy assistance whether it is considered a rate change or not. He suggested that some kind of language be included to leave an option for the board to opt in or opt out and to give the consumer or rate payer notice of rate changes. GM Peffley responded that if language isn't placed into the strategy then any changes are prohibited. Ms. Shawa responded that if PA95 is factored into the rate change, the residential rate increase would go to 5.1% when implemented.

Motion by Commissioner Price to include the PA95 opt in rate increase into the rate strategy.

Action: There was no second. Motion died.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to forward to the Board Meeting the FY 2018-2020 Rate Strategy Resolution to set the public hearing.

Commissioner Price offered a **Friendly Amendment** to change from whom the directive is coming in the resolution.

Action: Motion Carried.

Internal Auditor Charter and Resolution

**Lansing Board of Water and Light
Internal Audit Charter - 2015 Revision**

Mission:
The mission of internal audit is to provide independent, objective auditing and consulting services to the Board of Commissioners, enabling the Board to better serve customers, employees, and the community.

Purpose:
Internal audit's purpose is to add value and improve operations. It helps BWL accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Independence:
The Internal Auditor is appointed annually by the Board of Commissioners, and reports to them through the Chair of the Finance Committee. For administrative purposes, the Internal Auditor also reports to the General Manager. To ensure independence, the internal audit function shall have no direct responsibility or any authority over any of the activities or operations of the BWL.

Authority:
Internal Audit shall have unrestricted access to all activities, records, properties, and personnel. All processes, activities, and responsibility areas are subject to audit.

Responsibility and Scope:
Management is responsible for establishing and maintaining risk management, control, and governance processes. Internal Audit is responsible to determine whether management's processes are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Resources are acquired economically, used efficiently, and adequately accounted for and protected.
- Employees' actions are in compliance with policies, procedures, standards, laws, regulations and contracts.
- Programs, plans and objectives are achieved.

Regarding the scope of requested consulting activities, Internal Audit shall perform consulting and advisory services related to governance, risk management and control as appropriate for the organization.

**Lansing Board of Water and Light
Internal Audit Charter - 2015 Revision**

Standards:
The internal audit activity will govern itself by adherence to "The Institute of Internal Auditors' mandatory guidance including the Code of Internal Auditing (as shown in the guidance supplement titled, "The Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (SIAC) (2011)". This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

As supplemental guidance for the performance of audits, the Internal Auditor shall consider and, where appropriate, comply with Generally Accepted Government Auditing Standards promulgated by the Government Accountability Office.

Internal Audit Plan:
At least annually, the Director of Internal Audit will submit to the General Manager and the Board an internal audit plan for review and Board approval. The internal audit plan will be developed using a risk based methodology, including input of the General Manager and the Board. Any significant deviations from the approved internal audit plan will be communicated to the General Manager and the Board through periodic activity reports.

Periodic Assessment:
The Director of Internal Audit will communicate annually to the General Manager and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to forward to the Board Meeting the Resolution for Acceptance of Internal Auditor Charter.

Action: Motion Carried.

Other

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, for the excused absences of Commissioners Beth Graham and Dennis Louney.

Action: Motion Carried.

Adjourn

Chair Ken Ross adjourned the meeting at 8:36 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

MANAGER’S RECOMMENDATIONS

None

UNFINISHED BUSINESS

None

NEW BUSINESS

None.

RESOLUTIONS

RESOLUTION 2017-09-01

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 majority vote of its governing body, a public employer may opt-out of the hard cap and into an 80% cap option where the public employer may not pay more than 80% of the total annual costs of all the medical benefit plans for its employees, and;

WHEREAS, by a 2/3 vote of its governing body each year, a local unit of government may exempt itself from the requirements of Public Act 152 of 2011 for the next year, and;

WHEREAS, the Board of Commissioners met on July 24, 2012 and passed a resolution (#2012-07-01) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 10% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 23, 2013 and passed a resolution (#2013-07-02) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on September 23, 2014 and passed a resolution (#2014-09-03) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 28, 2015 and passed a resolution (#2015-07-12) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2015, and;

WHEREAS, the Board of Commissioners met on November 17, 2015 and passed a resolution (#2015-11-02) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2016 for Union employees and implemented a 14% premium sharing for Non-Union employees effective July 1, 2016, and;

WHEREAS, the Board of Commissioners met on November 15, 2016 and passed a resolution (#2016-11-06) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 14% premium sharing effective July 1, 2016, and;

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, 2018 through December 31, 2018.

FURTHER RESOLVE that the Board desires to increase premium sharing from 14% to 16% for all active employees for medical benefits effective January 1, 2018.

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

Action: Motion Carried

RESOLUTION 2017-09-02

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

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

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

WHEREAS, the Sponsor wants to amend the VEBA Trust to reflect current governance procedures and for other purposes.

THEREFORE, it is:

RESOLVED, that, after its review, and based on a recommendation from management, the Sponsor adopts and approves the attached amended and restated Trust Agreement for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

Motion by Commissioner Mullen, Seconded by Commissioner Graham, to approve the Amendment and Restatement of Trust Agreement for the Post-Retirement Benefit Plan (VEBA).

Action: Motion Carried

RESOLUTION 2017-09-03

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

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 Plan for Employees' Pensions (the "Pension Trust Agreement"); and

WHEREAS, the Sponsor wants to amend the Pension Trust Agreement to reflect current governance procedures and for other purposes.

THEREFORE, it is:

RESOLVED, that, after its review, and based on a recommendation from management, the Sponsor adopts and approves the attached amended and restated Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions.

Motion by Commissioner Mullen, Seconded by Commissioner Thomas to approve the Amendment and Restatement of Trust Agreement for the Defined Benefit Plan (DB).

Action: Motion Carried

RESOLUTION 2017-09-04

2018 Regular Board Meeting Schedule

In accordance with the Lansing Board of Water & Light's Rules of Administrative Procedure, a schedule of dates, places, and times for each regular meeting of the Board of Commissioners for the calendar year shall be adopted in November.

RESOLVED, that regular meetings of the Lansing Board of Water & Light's Board of Commissioners are hereby set for calendar year 2018 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2018

**Lansing Board of Water & Light Board of Commissioners
Regular Board Meeting Schedule**

| | |
|---------|--------------|
| Tuesday | January 23 |
| Tuesday | March 27 |
| Tuesday | May 22 |
| Tuesday | July 24 |
| Tuesday | September 25 |
| Tuesday | November 13 |

Meetings will be held in the Lansing Board of Water & Light REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:30 p.m.

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in a newspaper of general circulation in Ingham County the week of January 1, 2018.

Motion by Commissioner Graham, Seconded by Commissioner Zerkle to approve the 2018 Regular Board Meeting Dates.

Action: Motion Carried

RESOLUTION 2017-09-05

**Fiscal Year 2017 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds**

RESOLVED, that the fiscal year 2017 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 2017 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, 2017.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2017 Audited Financial Statements of the Board of Water and Light with the City of Lansing.

Motion by Commissioner Ross, Seconded by Commissioner Zerkle to accept the Resolution for the 2017 Audited Financial Statements.

Action: Motion Carried

Chair Price noted that BWL received an unqualified opinion from the external auditor which is the highest opinion to be received.

RESOLUTION 2017-09-06

Fiscal Year 2018-2023 Capital Forecast

RESOLVED, that the forecast for capital expenditures for the Fiscal Years 2018-2023 is hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to submit a copy of the Fiscal Year 2018-2023 Capital Forecast of the Board of Water and Light to the Mayor of the City of Lansing prior to October 1, 2017 in accordance with the Lansing City Charter.

Motion by Commissioner Ross, Seconded by Commissioner Graham to accept the Resolution for the Capital Forecast for Fiscal Years 2018-2023.

Action: Motion Carried

RESOLUTION 2017-09-07

Public Hearing for 2018-2020 Rate Adjustments

WHEREAS, rates shall be established at a level that will enable the Board of Water and Light (BWL) to meet its mission of serving the Greater Lansing area by providing high quality utility services, reliably, at the lowest reasonable cost; and

WHEREAS, in accordance with the BWL's Rate Making Principles, BWL management has reviewed the electric rates relative to its financial plan and recommends an overall increase of 3%, comprised of varying individual rate class increases, to electric billings on February 1, 2018, February 1, 2019, and February 1, 2020; and

WHEREAS, in accordance with the BWL's Rate Making Principles, BWL management has reviewed the water relative to its financial plan and recommends a 5.5% increase to water billings on February 1, 2018 and a 7.5% increase to water billings on February 1, 2019 and February 1, 2020; and

WHEREAS, in accordance with the BWL's Rate Making Principles, BWL management has reviewed the steam rates relative to its financial plan and recommends a 5.5% increase to steam billings on February 1, 2018 and a 7.5% increase to steam billings on February 1, 2019 and February 1, 2020;

RESOLVED, the Board of Commissioners accepts BWL management's recommendations as proposed rate adjustments.

FURTHER RESOLVED, the proposed rate adjustments will be subject to further consideration after a public hearing is held.

FURTHER RESOLVED, that the Board of Commissioners hereby sets the date of November 30, 2017 at 5:30 p.m. for a public hearing to solicit public input on the proposed rate adjustments. The hearing will be held in the Board of Water and Light offices, 1201 S. Washington Avenue, in the Depot facility. The Corporate Secretary is directed to file with the City Clerk no later than October 16, 2017 information regarding proposed rate adjustments with effective dates of February 1, 2018, February 1, 2019, and February 1, 2020.

Motion by Commissioner Thomas, Seconded by Commissioner Mullen to approve Setting a Public Hearing for November 30, 2017 in consideration of 2018-2020 Rate Strategy.

Action: Motion Carried

RESOLUTION 2017-09-08
Internal Auditor Charter Approval

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Charter, appended as is, to which conforms to the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors.

Motion by Commissioner Thomas, Seconded by Commissioner Mullen to accept the Internal Auditor Charter.

Action: Motion Carried

MANAGER'S REMARKS

General Manager Dick Peffley announced the following:

1. The MMEA Conference is being hosted by the BWL and will be held October 4-6, 2017.
2. The Huron wind project was overturned by voters and another project, the Pegasus project, has been approved and will be in construction in the thumb area; this will bring the BWL to 18% in.
3. BWL participated in Rock the Block in the Eastside neighborhood to make existing homes safer and more affordable; 17 energy audits were performed and over 200 LED's were replaced in addition to 7 refrigerators were replaced.

4. The BWL Chili Cook-Off is being held Friday September 29, 2017.
5. BWL utility crews have returned from Florida.
6. The Maximum Generation for the year was hit the first day of fall.

Commissioner Ross inquired about the expected amount of megawatts from the Huron Project and its comparison to the Pegasus Project. Mr. Peffley responded that the amount of megawatts was around 80 for both.

Commissioner's Long inquired about the projected operation date of the Pegasus project and Mr. Peffley responded that it would be late 2018.

Commissioner Price commented about the number of people in attendance at the 1st S.T.E.P. orientation meeting that was attended by himself, Commissioner Thomas, and Commissioner Zerkle. Mr. Peffley responded that an announcement was sent out on social media and about 200 people were in attendance. Commissioner Price suggested expanding the program in the future due to the demand.

COMMISSIONERS' REMARKS

Commissioner Nelson thanked the Board for the work they have done during his term and tendered his resignation with the reason being his appointment as the vice chairperson of the CACS and the unlikelihood of PA 95 being approved.

Commissioner Price and Zerkle thanked Commissioner Nelson for his service on the Board.

Commissioner Ross commended Commissioner Nelson for his perspectives in the energy and regulation area and his willingness to work through issues.

Motion by Commissioner Ross, Seconded by Commissioner Zerkle to accept, receive and place on File the resignation from Commissioner Bob Nelson.

Action: Motion Carried

MOTION OF EXCUSED ABSENCE

Excused Absence

Motion by Commissioner Ross, Seconded by Commissioner Thomas, to excuse Commissioner Louney from tonight's meeting.

Action: Motion Carried

PUBLIC COMMENTS

None

ADJOURNMENT

Chair Price adjourned the meeting at 6:05 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 9- 29-17

Official Minutes filed (electronically) with Lansing City Clerk:

| Field | Value |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To | All Commissioners |
| Name | Diana Grinwis |
| Address | 2017 Sunnyside Ave., 1812 & 1816 S. Rundle Ave. |
| email | d_grinwis@yahoo.com |
| E-mail Subject | Rate increases. |
| Message | <p>I do not support increase of utility rates. I'm doing everything in my power to use as little water and electricity as possible as it is. Some of use are still dealing with the huge losses incurred over the December 2013 power outage that completely ruined one residence I was working to sell and now have to raze. NO INCREASES!</p> |

| Field | Value |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To | All Commissioners |
| Name | Ryan |
| Address | 1219 McCullough |
| email | Maximusmarsh51@gmail.com |
| E-mail Subject | Increased rates |
| Message | WHY,we all are already paying you guys lots of money for your services know,I wish I could find a service that provides the same services because I would QUIT u your services,the rate increase is RIDICULOUS 🤬🤬🤬 |

| Field | Value |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To | All Commissioners |
| Name | Marcella Reynolds |
| Address | 941 McCullough St |
| email | marcelovelady@yahoo.com |
| E-mail Subject | proposed rate hike |
| Message | <p>To whom it may Concern: I am pleading with you to reduce or remove the amount of the proposed rate increase of 3% monthly for residential customers. I currently receive \$743 a month to pay rent and utilities and to live on for the month and with my BWL bill being \$150 a month for lights,water& sewage and rent \$500 I have very little left to survive on and this proposed increase will reduce that amount even more. Perhaps you should impose larger increase on businesses and lower increase for residents and even with payment plan this increase will create a hardship for those who cannot handle their utility needs now . Thank you for you time and reading this.</p> |

| Field | Value |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To | All Commissioners |
| Name | Thomas Eldred |
| Address | 531 hylewood |
| email | Tom.eldred@comcast.net |
| E-mail Subject | Rate increase proposal |
| Message | <p>I strongly oppose your effort to increase rates. Simply looking at your recent fleet upgraded suggests you have saved money on fuel usage, as well as the lower overall cost of fuel. Your recent expansion and replacement projects were said to be more efficient and economical. If you can not support your operations on the budget, perhaps you should reconsider the lavish offices and foolish teller machines in your lot...return to human based customer service for the in person transactions.</p> |

| Field | Value |
|----------------|-----------------------------------|
| To | Select |
| Name | Linda Riley |
| Address | 3809 Glenwood |
| email | |
| E-mail Subject | |
| Message | Bills are high enough stop it!!!! |

| Field | Value |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To | All Commissioners |
| Name | Tam R Arend |
| Address | 1128 Dakin |
| email | hobokrisko@yahoo.com |
| E-mail Subject | rate increase. |
| Message | <p>This rate is going to cause big hardships for many people. I ask that you review how many people get notices of late payments and how many people are low income and how have no way to make that extra dollar to pay their bills. We suffer as it is and with this it's going to cause a lot of issues. Do you realize many people live on less than 700.00 a month. Then look at the cost of living from rent, to house payments, house insurance, property taxes, gas, water sewer, and lights, medical costs and ask yourself how is one to going to be able to pay for these increases. Then lets discuss with times being very hard you have never addressed the issue of the winter months, IF a person get behind on their light bill you will shut off their water to punish them for being behind and in turn this can cause their home to be red tagged. You will not accept payments towards the water bill and we are told we have to pay the light bill in order to get our water back on, so basically the non shut off for electric during the winter months does no good for disabled, and elderly on limited income. Water is essential for hygiene, cooking, bathroom, etc. Do you realize that DHS will most likely deny help with a water shut off and their are not many options to get help for this? To take advantage of the less fortunate is a shame, yes we know we have bills and we fight every day to pay them and most of us have to rotate bills each month mainly in the winter just to have heat and lights. LBW&L is the only company who will not break down the bills " separate them" do you no how helpful this would be for the people who depend on have the necessities to live or do you not care? You need to look at the bigger picture and realize there are more people who live below the poverty level who will suffer with the increase you are proposing. We all have discussed that no matter what we say at meeting is never taken into account because you already have your mind made up and by speaking you are trying to make us feel like our voices matter. But to be honest a persons opinion has never made any difference when speaking out. We are being kicked when we are already down, do you think we asked to be disabled, elderly , handicap, heck no we did not and then to end up being a victim to our utility company makes it even worse, it makes people just want to give up on everything. It's time you really listen to the people and REALLY LISTEN to what they are saying along with investigating the hardships this will cause and to change your policies.</p> |

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 at 5:30 pm 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

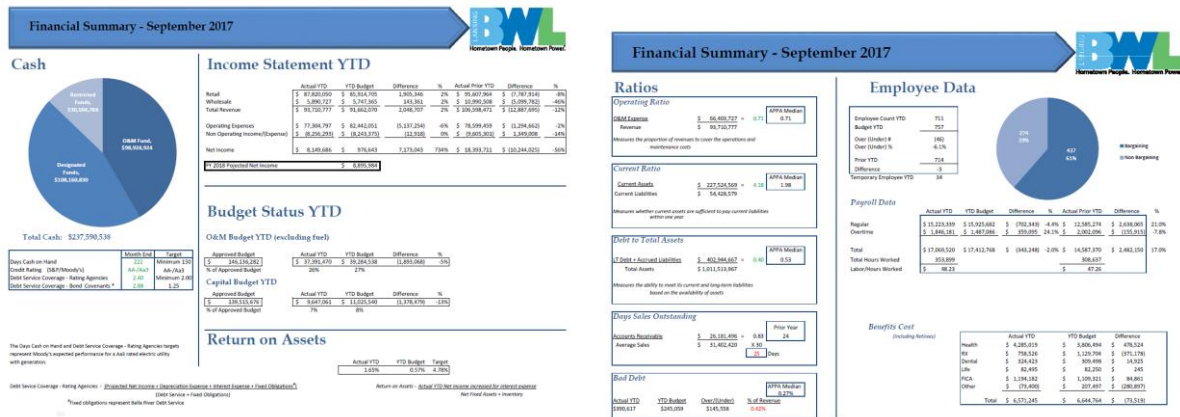
Approval of Minutes

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-business employees is underway, including additional participation throughout the year and goals and objectives in line with the new BSW 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 9/30/19. |
| 47 | Performance Evaluation & Compensation | Internal Audit recommended increasing flexibility with remedial action measures. | Jan 2017 | Human Resources | Decompling 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 3/31/18 and use of LMS will continue to be reemphasized. Five scenarios 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 completion 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 completion to LMS, will be developed and delivered by 3/31/18. 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 expeditiously as possible to reach full compliance with the adopted IT governance framework. | June 2017 | Information Technology | Multiple actions and completion dates are underway, including higher-risk, on-site completion items #2 (Quality Management System) and #3 (Risk Management Plan) by 12/31/17, #2.4.5, #2, and #1 (all) to be provided via the new governance framework by 12/31/18, and #4 (replace Cyber Governance Framework with CMDB), by 6/30/19. Progress to date on the higher risk items includes completion of a Three Year Technology Roadmap, which has been used to address items 1-6. |

| Issue # | Audit Name | Issue Description | Date | Responsible Area | Status |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 54 | Payroll Management | NEW 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 Auditor | NEW Enhance password requirements for systems that do not meet best practices (CS, 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 relocked after 3-5 invalid login attempts. | July 2017 | Information Technology | Our needed enhancement remains to be accomplished. CS password issue, with an expected completion date of 10/31/17. Password length and reuse for Sage have been set at the maximum amount 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, being performed by the call processing vendor, development of test script, 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, being performed by the call processing vendor, development of test script, 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 BVI, Rules and Regulations. In addition, BVI, in complying with the City of Lansing's Home Occupancy Ordinance. |
| 48 | Collectors | Internal Audit supports adding a requirement to check customer credit prior to opening a new account. | March 2017 | Customer Service | A new tool has been implemented, to help ensure deposits are consistently and appropriately applied to new customers. |
| 53 | New Water Service Order Management | NEW The Internal Auditor asks that the process for entering meter on-site dates in CS be standardized and the practice of auto-closing outstanding fee service installations be formalized. | July 2017 | Water Distribution | 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. |

Internal Audit Status Report

Internal Auditor Phil Perkins presented the following status report:



Internal Audit Status Report

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

- FY 2018 Audit Plan Progress Report
- Status of External Peer Review Open Recommendations
- Other Items



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)



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



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 | |



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.



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, AMI, 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.



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.



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.



Other

None

Adjourn

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

Respectfully submitted
Ken Ross, Chair
Finance Committee

Trustee Meeting (November 14, 2017)

The Committee Report/Minutes are not available due to the meeting being held immediately prior to the current Board Meeting.

PROPOSED RESOLUTION

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.

PROPOSED RESOLUTION

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.

PROPOSED RESOLUTION 2017

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.