



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

May 26, 2015

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 26, 2015.

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

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

Absent: None

The Corporate Secretary declared a quorum present.

Commissioner Cynthia Ward led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner McCloud, seconded by Commissioner Ward to approve the Special Board Meeting minutes of February 17, 2015.

Action: Motion Carried

Motion by Commissioner Mullen, seconded by Commissioner McCloud to approve the Regular Board Meeting minutes of March 31, 2015.

Action: Motion Carried

Motion by Commissioner Ward, seconded by Commissioner McCloud to approve the Special Board Meeting minutes of May 19, 2015.

Action: Motion Carried

PUBLIC COMMENTS

MEMBERS OF THE PUBLIC ARE WELCOME TO SPEAK TO THE BOARD ON ANY AGENDA SUBJECT. ANYONE WISHING TO COMMENT ON ANY MATTER NOT ON THE AGENDA MAY DO SO IMMEDIATELY PRIOR TO ADJOURNMENT.

None

COMMUNICATIONS

None

COMMITTEE REPORTS
COMMITTEE OF THE WHOLE
April 14, 2015

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:00 p.m. on Tuesday, April 14, 2015.

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

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

Absent: None

Public Comments

None

Regional Customer Input

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner McCloud to approve the Committee of the Whole meeting minutes of March 10, 2015.

Action: Motion Carried

FRIB Update

George Stojic, Executive Director of Strategic Planning and Development, provided the Committee with a brief history on the Facility for Rare Isotope Beams (FRIB), a nuclear accelerator that is being built on the campus of MSU in E. Lansing, MI. On three occasions, the Board of Water & Light submitted requested bids to service the FRIB area. After the third solicitation, MSU decided not to accept any bids, however since then the BWL has been negotiating with Consumers Energy to have a 50/50 FRIB net revenue split. Mr. Stojic stated that the BWL currently does not have an agreement for the split, but does have framework for a proposal for service to the FRIB.

CRT Update

George Stojic, Executive Director of Strategic Planning and Development, stated that the Administration is currently reviewing the Community Review Team's Report (CRT) and is conducting a quality assurance check to identify tasks that have and have not been completed.

Interim General Manager Peffley stated that a report was sent to the Commissioners providing an update on the Outage Management System (OMS), and that a more detailed report would be provided at the May Committee of the Whole meeting, which will indicate what tasks have been addressed and completed, as well as a list of tasks that need to be completed. This report will make it easy for the Commissioners to see exactly what changes have been incorporated.

Committee of the Whole Chair Bossenbery stated that the Committee should review the suggested recommendations from the CRT Report for the Board of Commissioners.

PA95 Update

CFO Heather Shawa-DeCook provided an update on Public Act 95 (PA95), which is an Act that creates a low-income energy assistance fund. The Board of Water & Light has the option to opt into or out of the fund on an annual basis. CFO Shawa-Decook stated that the BWL's staff is recommending exempting out of this Act for the upcoming period. Ms. Shawa-DeCook stated that the BWL currently has several projects that are in progress and it may not be cost effective to implement this Act in the middle of changing and implementing a new billing system.

CFO Shawa-Decook stated that the BWL is reconciling and reviewing the funds currently paid to the Department of Human Services (DHS) and St. Vincent via Capital Area Community Services (CACS) and comparing data from previous year's to better understand the impact of opting out versus not opting out.

The Board of Commissioners and Executive Staff participated in a lengthy conversation regarding PA95 and agencies that the BWL donates to, how the money is distributed and if it is beneficial for the BWL to participate in the Act. That conversation included comments from Robert Nelson of E. Lansing who provided information regarding the Act and grants that were issued during the last cycle. He informed the Board that the Public Service Commissioner (PSC) may no longer be handling this account because of a new Energy Agency being created by the Governor. Mr. Nelson reiterated to the Board that if they do not opt in, that a shut off policy is mandatory. He stated he believes the best thing to do is to look to next year for applying and to prepare for the 2016 cycle.

Board Chair Price stated as part of the analysis, it should be taken in to consideration that if there is no grant and we are not being reimbursed for the no shut offs, that considered with what it would cost us to opt in, obviously, if those numbers are fairly equal then it makes sense to opt in. If there is a large gap and it costs significantly more to opt in, then the Board has to make other decisions.

Electric Transmission and Generator Plan

Interim General Manager Peffley presented and reviewed the following Electric Transmission and Generation Plans PowerPoint presentation, which included:

- Historic Perspective • Role of the Eckert Generating Station • Reliability Standards
- Recommended Changes to the BWL System • Implementations Issues

Historic Perspective

- Beginning in the 1920's, the BWL Electric System was primarily built around and supported by the Ottawa and Eckert Power Plants
- In the 1950s through the mid 1970s more generation was added to Eckert, in 1973 Erickson was completed and in the late 1970's the 138 kV transmission system was constructed
- Since the 1970's, one interconnection has been added to the ITC system, the BWL contracted for power and transmission from the Belle River power plant and the REO Town plant was placed in service

- The majority of our electric assets have been in operation for more than 45 years, some for up to 60 years
- Major portions of the BWL's service territory are still supported by the Eckert generating plant

Issues Driving Development of Transmission Plan

- Eventual retirement of Eckert plant
 - Air/Water regulations
 - Mandatory federal electric reliability standards
 - Age and condition of facilities
- Eckert generation is needed to support electric reliability for a major portion of the BWL's load
- Eckert cannot be removed from service without additional generation or transmission infrastructure
- Since a major, new generation plant cannot be built where Eckert now stands, transmission needs to be constructed to meet electric reliability requirements

Role of the Eckert Generating Station

Eckert is a Major Generating Station

- Eckert has been the site of a power plant since the early 1920's
 - Until recently, it was capable of producing 420 Mw's of electric generating capacity
 - It is currently capable of producing 290 Mw's
 - Because of its strategic location, Eckert is very important to maintaining and meeting electric reliability standards
 - As the plant ages, operations and maintenance costs have been increasing while generation reliability has been decreasing
 - Compliance with stricter air and water regulations will add to the cost of maintaining Eckert:
 - Pending greenhouse gas regulations may limit the amount of CO2 emitted by BWL facilities
 - The recently released Mercury and Air Toxics rule will result in Eckert units 1 and 3 being retired March, 2016
 - Additional regulations are pending or will be implemented within the next 10 years

Eckert is the Site of Major Transmission and Distribution Facilities

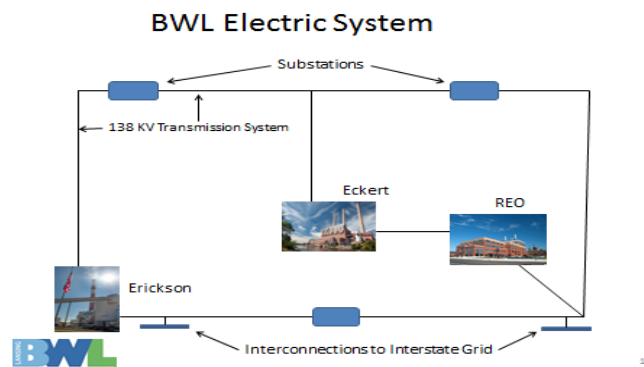
- The Eckert electric distribution plant feeds 68 circuits and nearly 1/3 of the BWL's peak load including critical parts of the BWL's service territory
- Without electric generation at Eckert, electric service to downtown Lansing is one contingency from failure
- Distribution circuits originating at Eckert are in need of replacement
 - Circuits feeding downtown are located in duct banks that are failing
 - Transmission and distribution facilities at Eckert are located in the 100 year flood plain

Reliability Standards

NERC Contingency Planning Requirements

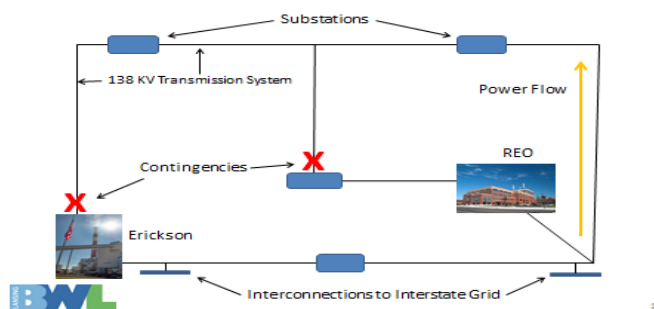
- System planning requirements (N-1-1 Criteria) – The system must be designed to be able to sustain its operation when two elements (e.g. transmission line, breaker, bus, generator) are simultaneously out of service; commonly called the N-1-1 criteria.
- Operations (N-1) - Preparing System for the next contingency
 - The T&D Supervisor is to operate (in real-time) the system such that if a contingency were to occur, the system would continue to deliver power to the remaining load centers; commonly called the N-1 criteria. If no options are available, the T&D Supervisor is authorized to shed load (i.e. cut service to some customers) until the contingency is relieved.
 - Without the Eckert generating plant, the BWL cannot meet these NERC contingency requirements with its current transmission configuration and it would violate these standards.
 - This would jeopardize reliability to the BWL's system
 - It would also expose the BWL to substantial fines or other penalties

BWL Electric System



Recommended changes to BWL System

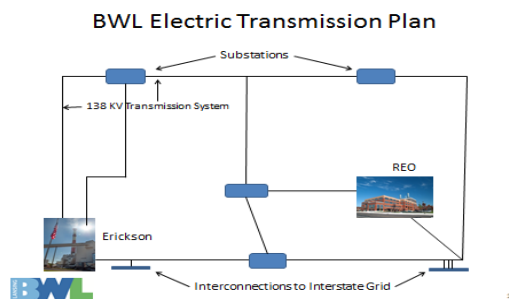
BWL Electric System with N-1-1 Contingencies



Transmission Plan Investments

- Construct new transmission lines
- Construct or rebuild six substations
- Reduce number of circuits and the amount of customer demand at the Eckert distribution facility
- Add capacitor banks at Erickson and Northeast substations

BWL Electric Transmission Plan



Summary of Issues

- Aging Infrastructure
 - Failing duct lines under railroad
 - Facilities at Eckert are over 50 yrs. old
 - Regulation Compliance
 - EPA Clean Air Act (*Unit retirements*)
 - NERC reliability compliance requirements (*Design T&D system for contingencies*)
 - Diversify substations serving downtown and GM-LGR. (*Eckert substation serves 30% of BWL customers*)
- Limited capability of cables to serve new customers and no room in duct banks for new cables
- Removal of infrastructure from the flood plain exposure (*Eckert facility is in the 100 yr. flood zone*)

Implementation Issues

Work load Issues

- Unprecedented level of work for the next 7 to 10 years
- Challenge to human resources, for existing work load and managing consultants and contractors
- Prepare and train technical resources to replace retiring employees
- Coordination of work while maintaining system reliability

Other Significant Issues

- Ability to get the property
- Availability and timeliness of equipment / contractors Funding
- 4.160 voltage level customers' ability to be moved to 13.2 kV
- Modify transmission service to increase import capability

Project Conceptual Costs

Project Conceptual Costs : Capital Budget
 (\$1000)

Major Projects	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FYs 16-21
West-side Reinforcement	\$ 4,100	\$13,200	\$ 6,800	\$ -	\$ -	\$ -	\$24,100
GM138 Substation	\$ 560	\$ 2,500	\$ 7,440	\$ 7,900	\$ 2,000	\$ -	\$20,400
Wise (Double-End)	\$ 3,050	\$ 3,100	\$ 3,510	\$ 300	\$ -	\$ -	\$10,160
South Reinforcement	\$ 500	\$ 800	\$ 700	\$ 4,000	\$ 1,900	\$ 800	\$ 8,700
GM-LGR Substation	\$ 100	\$ 500	\$ 4,100	\$ 2,300	\$ 4,000	\$ 1,540	\$12,540
Eckert Sub Modification	\$ 749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 749
138 KV Cap Bank	\$ 2,400	\$ 50	\$ 2,600	\$ 7,000	\$ -	\$ -	\$12,050
South Substation	\$ 150	\$ -	\$ -	\$ 200	\$ 2,600	\$ 7,000	\$11,350
Central Substation	\$ 50	\$ 1,000	\$ 50	\$ 50	\$ 50	\$ -	\$ 1,250
Total (Major Projects only)	\$11,659	\$21,150	\$25,200	\$21,950	\$11,950	\$9,390	101,299

Generation Plan

- Eckert supplies both electric energy and capacity to meet BWL's requirements
- Additional generation will be needed when Eckert is removed from service
- The BWL can acquire the electric energy and capacity from a number of sources
 - Construct additional generation
 - Acquire more renewable energy
 - Implement demand-side measures
 - Invest in smart grid options
 - Rely on market purchases
- The BWL is beginning an IRP process that will involve the community on the best way to acquire additional electric energy and capacity

Following the PowerPoint presentation Interim General Manager Peffley concluded by stating more information will be brought forward regarding the transmission regulations but wanted to make sure that the Board understood that the transmission matters as stated in the PowerPoint are necessary and mandated. Mr. Peffley stated as Eckert nears the end of its life, the reliability of the three units that are left 4, 5, and 6 is basically down in the 75% range, which means 25% of the time, the plant is down. Mr. Peffley stated that money is being put into the plant now, and is trying to balance with how much to spend keeping in mind the plant will be shut down in the future.

Construction Plans for Dais

There was a lengthy discussion amongst Commissioners regarding the cost of extending the dais and other accommodations for the incoming Advisory Board members. Upon conclusion of the discussion, the following motion was offered.

Motion by Commissioner Price, Seconded by Commissioner Zerkle, to bring the seating accommodations subject back to the May Regular Board meeting for consideration.

Action: Motion Carried (6/2 Mullen, Ward dissenting)

Upcoming APPA Conference

Committee of the Whole Chair Bossenbery spoke about the upcoming American Public Power Association (APPA) National Conference that is taking place in June. Ms. Bossenbery stated that she finds the conference to be very beneficial and a good opportunity for Commissioners to learn about best practices in the utility industry. She encouraged anyone who is interested in attending this year to contact Corporate Secretary as soon as possible.

Public Comment

None

Other

Commissioner Cynthia Ward, Human Resources Chair, stated that at the last Human Resources (HR) Committee meeting she had suggested that the HR Committee get a Gmail account specifically for the HR Committee and as part of that discussion, Commissioner Mullen asked the HR Committee to also consider individual email addresses for the Commissioners. Ms. Ward stated that she believes that matters warrants some discussion

and should be agenda item for the Committee of the Whole or the Executive Committee. Ms. Ward stated concerns regarding the responsibilities of multiple email accounts.

After some discussion regarding email addresses for the Commissioners, Chair Price suggested that the matter be addressed at a future Committee of the Whole meeting.

Commissioner Dennis M. Louney said after meeting with the new Advisory Commissioners, it was suggested that some sort of check list of ideas, suggestions, task or assignments that are discussed at meetings be created and put together in one document versus reviewing minutes to see what has been requested or suggested. Mr. Louney said this check list would also make it easier for Commissioner to see if task has been addressed and followed through on.

Board Chair Price suggested a tracking system, something below the level of a Resolution that would be presented to the Board. After some discussion regarding this matter it was determined that Ms. Griffin would create a tracking system/action Items document.

Closed Session discussion(Attorney-Client Memo)[MCL 15.268(h);MCL 15.243 (g)]

Committee of the Whole Chair Bossenbery stated that attorneys have provided the Board of Commissioners with an Attorney Client Privilege memorandum and it is appropriate to discuss the contents of that memorandum in closed session.

Motion by Commissioner Price, Seconded by Commissioner Ward to go into close session for the purpose of consulting with Legal Counsel on the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 7:07 p.m.

On **Motion** by Committee Price, Seconded by Commissioner Mullen and supported by all Commissioners, the Committee of the Whole returned to Open Session at 8:08 p.m.

Excused Absence

None

Adjourn

On Motion by Commissioner McCloud, Seconded by Commissioner Louney, the meeting adjourned at 8:09 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:00 p.m. on Tuesday, May 12, 2015.

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

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

Absent: None

Public Comments

None

Regional Customer Input

Bob Nelson of East Lansing spoke about the possibility of including in the future Rules and Regulations a credit for outages like the Public Service Commission offers. Also, this credit suggestion was recommended by the Public Service Commission last year as part of their review.

After a brief conversation regarding outage credit, it was determined that this matter would be brought back to a Committee for further conversations.

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner McCloud to approve the Committee of the Whole meeting minutes of April 14, 2015.

Action: Motion Carried

CRT Update

George Stojic, Executive Director of Strategic Planning and Development, provided a Community Review Team (CRT) update. Mr. Stojic stated that there were about 187 recommendations all together from the CRT, the Public Service Commission (PSC) and the Board of Water and Light's own recommendations, and of the recommendations, 173 of those were assigned to the BWL staff and of those there are 16 remaining. Most of the remaining

recommendations are scheduled for completion by mid-June. Mr. Stojic stated that he has undertaken a quality assurance program that will review what recommendations and implementations have been completed and are working. This program is simply to confirm the completion of those items that the Administration said were complete.

After some discussion regarding the completion of the recommendations from the CRT and PSC it was suggested that a matrix be availed to the public and that it be presented to the City Council and the PSC, to show a finalization, or a summary of the tasks that have been implemented and completed. This matrix would also be recognition of the efforts of the BWL's Management.

Review of the CRT's Recommendations the Board of Commissioners

There was discussion regarding CRT's recommendation #71 which states "Recommend to the City a "Best Practice" for recruiting new board members. Not only those that may represent certain areas that they serve, but recruit to needs of expertise, including, as examples only, an engineering background, business background or security background". Board Chair Price stated that it makes sense to have this conversation with the Mayor's office, because those appointments begin in the Mayor's office. Commissioner Ward stated that she felt the Board should represent the diversity of the City of Lansing as far as background and socioeconomic status.

The Board had a lengthy discussion regarding the CRT recommendations. Committee of the Whole Chair Bossenbery, suggested that maybe the Board's Internal Auditor could share his thoughts from the research that he did regarding an Operational Auditor with the City Council and the Mayor's Office, to give them a variety of options and maybe suggest where and how they could conduct the audit that the Council recently approved. Committee of the Whole Chair Bossenbery stated that Recommendation #71 would be marked as pending.

Rules and Regulations

Nick Burwell, Director of Customer Projects, Planning & Development reviewed the 2016 Fiscal Year Rules and Regulations.

RULES AND REGULATIONS UPDATE For Fiscal Year 2016

Electric, Water, Steam and Chilled Water

- Revision of Rule 2, **General Provisions, General Provisions**
 - o Address change to current location at Haco Drive
- Revision of Rule 8.2, **Dispute and Hearing Procedure, Hearings**
 - o Address change to current corporate location at S. Washington Ave.
- Revision of Rule 10.2 (Chilled Water & Steam) & 11.2 (Electric & Water), **Services, Application for Service**
 - o Address change to current location at Haco Drive
- Revision of Rule 12 (Chilled Water & Steam) & 15 (Electric & Water), **Schedule of Fees & Charges**

Electric

- Revision of Rule 7.1, **Responsibility for Payment of Bills, General**
 - o Date change to coincide with PA95 dates
- Revision of Rule 11.3, **Services, Temporary Service**
 - o Temp service can be included in construction costs
- Revision of Rule 11.7, **Services, Commercial and Industrial Underground Services**
 - o Clarify who provides terminal lugs for underground service
- Revision of Rule 13.2, **Use of Board Equipment, Authorized Attachments**
 - o Pole attachment process to be outlined in new 3rd party joint use permit policy

Water

- Revision of Rule 5.5, **Metering**, *Meter Calibration Request*
 - o Clarification of existing rule

Steam

- Revision to Rule 5.2, **Metering**, *Sizing/Installation/Ownership*
 - o Deleted *and master trap* to eliminate conflict with previous sentence
 - o Addition of language allows BWL to continue to provide accurate steam metering

Chilled Water

- Revision of Rule 3.2, **Service Conditions**, *Description of Service*
 - o Service parameters are variable, depending on location and loads. Each new service must be engineered individually, and the existing rule restricts the BWL's ability to do so.

Motion by Commissioner Price, seconded by Commissioner Ward to present a resolution for the acceptance of the proposed changes to the FY 2016 Rules and Regulations to full Board for consideration.

Action: Motion Carried

Energy Optimization and Renewable Energy Annual Update

Aileen Gow, Senior Analyst of Energy Optimization program, presented the Committee of the Whole with an Energy Optimization and Renewable Energy Update. Ms. Gow stated that the State of Michigan Public Service Commission (MPSC) under PA 295 requires the Board of Water & Light to provide the Governing Board an annual update on their Renewable Energy Plans. PA 295 also requires the Board of Water & Light to report to customers annually.

Ms. Gow presented the following PowerPoint presentation: Energy Optimization Program for 2014.

Energy Optimization 2014 Programs

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

Program Highlights

- Education in the Community
 - Attended 26 local events with 3,391 attendees
 - Did 20 presentations to community groups with 500 customers
 - Conducted 1 Solar Array tour for an LCC class of 20 students
- Pilot Programs
 - Think! Energy (school program with Consumers Energy)
 - Michigan Saves Low Interest Financing
 - o Partnership with Consumers Energy and Michigan Saves
 - o Residential- 2.99% for \$1,000-\$30,000 loans for up to 10 years
 - o Business – 2.99% for \$2000-\$250,000 for 2-5 years

Ms. Gow stated that the Million Kilowatt Hour Club is businesses who exceed in savings as a result of participating in the BWL efficiency programs.

Million Kilowatt Hour Club

Peckham Vocational Ind.	1,206,316
Demmer Properties LLC	1,007,592
State of Michigan DMB	2,787,976
General Motors	7,171,042
Quality Dairy	1,387,195
Lansing School District	2,243,169
Ashley/Ryder	4,011,057

George Stojic, Executive Director of Strategic Planning and Development reviewed the Energy Optimization Summary, Renewable Energy 2014, Results 2014 Updates and the Current Renewable Energy Portfolio as well as other options that the BWL is continuing to evaluate.

Renewable Energy 2014 Results

- We are on track to meet the RPS standards
- RPS standards (based on percent of retail sales) are:
 - 2012 2%
 - 2013 3.3%
 - 2014 5.0%
 - 2015 10%
- The BWL has about 5.2% on an annual basis as of December 2014
- The BWL is in compliance with both renewable energy generation and its inventory of RECs
- Due to the ability to carry-forward renewable energy credits the BWL will not need any additional renewable energy until 2020 for compliance with PA 295

Energy Optimization Summary

Program Portfolio	2014 Goals		2014 Actual	
	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	1,015,814	\$280,898	802,794	\$187,713
Residential Programs	4,972,787	\$1,352,689	7,055,625	\$959,936
Business Services	12,022,697	\$2,483,508	15,235,950	\$1,930,250
Total Program Portfolio	18,011,298	\$4,117,095	23,094,369	\$3,077,899
Program Administration		\$257,501		\$255,795
Evaluation (EM&V)		\$306,019		\$203,800
ANNUAL TOTALS	18,011,298	\$4,680,615	23,094,369	\$3,537,494

2014 Updates

- Began commercial operation of solar at REO in June
- Added 104 kWh to the Cedar Street array in July
- Started receiving wind energy from the 8 turbines in Gratiot County in December
- Issued and awarded RFP for up to 20 MW of solar
- Started development of a community solar project
- Launched an incentive program for customers who install solar at their home or business
- Reduced RE surcharges for all customer classes

Current Renewable Energy Portfolio

- Purchase Energy and RECs
 - Granger landfill gas
 - Tower Kleber Hydro
 - Wind from Exelon Wind in Gratiot County
- BWL Owned
 - Solar
 - Hydro

Continue to evaluate RE options

- Wind
 - Exploring additional wind resources
- Biomass
 - Continue to look for biomass products that can be co-fired with coal in our existing generating plants or as stand-alone projects
- Renewable energy will be included in IRP

Haco Update

Interim General Manager Peffley provided a brief update on the newly renovated Haco Facility. Mr. Peffley stated that this update is a wrap-up of Haco. He said the facility opened on time, and was slightly under budget. The 120 plus employees that moved over to the facility are settling in. Mr. Peffley stated the big success is the customer service center, which was tested on the busiest day of the week, a Friday and the first of the month and all went well.

Table Top Exercise Update

Trent Adkins, Director, Emergency Management, Risk Management and Safety, presented an update on the Table Top Exercise that was held on April 30th. Mr. Atkins stated that this was the third time an Exercise has been presented at the BWL. Mr. Atkins stated that the 54 participants were broken up into tables, representing different areas of the Board's organization that would be functioning during an emergency or during a disaster of some type. The exercise itself was about 2 hours long and consisted of a simulated tornado that came through the City of Lansing's 496 corridor. The participants walked through the simulations and thought about continuity of operations. He stated this Table Top Exercise was well received.

Board Chair Price and Commissioner Zerkel stated how impressive and effective the Table Top Exercise was.

Crisis Communication Plan Update

Steve Serkaian, Executive Director of Public Affairs, provided the Committee with an updated Crisis Communications Plan. Mr. Serkaian said this update is to reflect the new reorganization plan implemented by Interim General Manager Peffley. Mr. Serkaian read the following from the document's preamble page, "The purpose of a crisis communications plan is to ensure a constant and consistent line of reliable information from the LBWL to its customers. This includes instances of crises and non-crises events. This document will continue to evolve and grow and is meant to be updated and improved as team members of the BWL evaluate its effectiveness." Mr. Serkaian stated, this is a living, breathing document that will continue to evolve. He said this document included the expansion of the Nixel emergency communications contract. This expansion is important because the Nixel emergency communications contract will provide the ability to communicate with all customers in a crisis via email, text, social media, and phone.

Commissioner Email Account

Commissioner Cynthia Ward stated during the last HR Committee meeting she suggested that there be a designated Gmail account to facilitate the newly developed employee evaluation process, and at that time Commissioner Mullen stated that he would like to see the commissioners have an BWL personal email account. Commissioner Ward stated that she felt that suggestion or idea warranted a discussion for the Committee of the Whole.

Commissioner Mullen stated his support for the establishment of personal email accounts for the Board of Commissioners. He said that he believes it would be a much easier way for customers to contact the Commissioners directly. Commissioner Mullen said having a personal email account during the ice storm would have been very helpful.

There was a lengthy discussion stating concerns about the Commissioners having a personal email accounts at the BWL. In conclusion, it was stated that the Board of Water & Light has things that are in place now that were not in place prior to the ice storm that may suffice regarding this email proposal.

There was some questions regarding the Commissioners email page site and it was suggested that Corporate Secretary Griffin and the IT Department review the site and maybe make some improvement or changes to the area.

Public Comment

Rosemary Sullivan, no address give, expressed her appreciation for the Board of Water & Light Board of Commissioners professionalism.

Other

Bill Long of Delta Township commended the staff and the Board of Commissioners on their efforts in regards to the CRT Report.

Chair Price stated that he would like to invite the members of the CRT to have a conversation regarding the Report and the implementations and changes that have taken place since the ice storm.

Excused Absence

None

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner McCloud, the meeting adjourned at 7:07 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

**FINANCE COMMITTEE
APRIL 14, 2015**

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, April 14, 2015.

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle. Also, present Commissioners McCloud, Thomas, Price and Ward.

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There was no Public Comment

Approval of Minutes

Motion by Commissioner Mullen, Seconded by Commissioner Bossenbery to approve the Finance Committee meeting minutes of March 10, 2015 with a motion correction to include the seconded motion on page #4 of the minutes.

Action: Motion Carried

February 2015 Financial Highlights

Chief Financial Officer (CFO) Heather Shawa-DeCook provided the Committee with a brief overview of the BWL's February financials based on current or year to date information. CFO Heather Shawa-DeCook reported the following information:

- Cash balance days on hands, at the end of February is under our target, however as of April 10th, we are above target.
- Revenue year to date is 6% under budget; however, that is a 1% improvement over January.
- Net Income and Return on Assets year to date, is exceeding the budget even with revenues being under.

FY15 Update Year End Projections

CFO Heather Shawa-DeCook provided highlights from the recent review of the BWL's Fiscal Year End Projections. The highlighted information reported included:

- Cash balance days on hands is projected to be under target by the end of the fiscal year primarily due to Quarter 4 being heavy with annual projects and capital projects cash outflow.
- Revenue is projected at year end to be at a 5% shortfall from the original budget and as a result, the revenue is projected to be \$350 million versus an original revenue budget projection of \$369 million.
- Net Income Return on Assets is looking to exceed the initial budget and are projected currently at a \$4.8 million net income versus an initial budget net income of \$2.5 million. These numbers are based on key assumptions of 8 months of actual revenue and expenses and the remaining 4 months, factoring in a 3% reduction to the revenues that were budgeted originally and then the reductions that were put in place 2nd quarter from across the board from a management stance.

There was discussion regarding the goal set of a 6.18% return on assets and if it was reasonable. Commissioner Ward questioned if this subject could be revisited. After a conversation regarding the set return rate, Finance Committee Chair Louney stated that the Finance Committee could bring this issue up for discussion at a future Finance Committee meeting and take a comprehensive look and review the policy to explore and examine a better proposal to see what percentage amount the Board could establish and actually achieve.

IPS Amendment Resolution

Chief Financial Officer (CFO) Heather Shawa-DeCook presented the Committee with a proposed Resolution for the Investment Policy Statement for Operating Funds (IPS). Ms. Shawa-DeCook stated that this Resolution is being proposed due to organizational and title changes as well as to reflect updated industry practices.

Motion by Commissioner Mullen, Seconded by Commissioner Zerkle to forward the proposed Resolution to the full Board for consideration.

Action: Motion Carried

Other

Commissioner Mullen spoke about the staffing needs of the Board's appointed employees. He stated that he has had discussions with various people as to how to accomplish fulfilling the appointed employee's needs under the City of Lansing Charter confines. Commissioner Mullen stated that this can be accomplished by authorizing money specifically in the Corporate Secretary's and Internal Auditor's budget and they can hire the help they need, as they know best what is needed. This need can be accomplished and implemented through the budget process and the Board can vote, as to whether or not to accept this action when voting on the budget. Board Chair Price stated that, as part of this dialogue there needs to be discussion as to whether or not there is internal capacity that is currently underutilized within the BWL that can be inserted to assist the employees, as an option.

Adjourn

On **Motion** by Commissioner Mullen, seconded by Commissioner Zerkle, the meeting adjourned at 5:49 p.m.

Respectfully submitted
Dennis M. Louney, Chair
Finance Committee

FINANCE COMMITTEE May 12, 2015

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:08 p.m. on Tuesday, May 12, 2015.

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle. Also, present Commissioners Price and Ward.

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Bossenbery, Seconded by Commissioner Mullen to approve the Finance Committee meeting minutes of April 4, 2015.

Action: Motion Carried.

March 2015 Financial Highlights

Chief Financial Officer (CFO) Heather Shawa-DeCook provided the Committee with a brief overview of the BWL's March financials month end. CFO Heather Shawa-DeCook reported the following information:

- o Operating and Maintenance Cash Fund on hand, is above our target goal and as of May 8th we are well above our goal at Just under \$90 million, our target goal is \$80 million for our operating fund.
- o Hit revenue budget for March (first time this fiscal year).
- o Year to date variance to budget is -5% (gaining another percent this past month).
- o As reported last month from a net income stance, we are projecting well above budget as of March month-end. However, by the end of the fiscal year for 4th quarter, we will beat our budget, which is still projecting about \$4.5M for net income.

FY16 O&M and Capital Budget Resolution

CFO Heather Shawa-DeCook presented a PowerPoint presentation and reviewed the FY 16 O&M Capital Budget that included:

- FY 2016 Financial Plan

—Sales forecast —Operating expense assumptions —FY 2016 O&M Budget by Category

—FY 2016 Budgeted Net Income & Cash Flow —Comparative Financials (FY 2016 vs. FY 2015)

Sales Volume Forecast

Utility	FY16 Budget	FY15 Budget	'16 Budget to '15 Budget
Electric-Retail (mvh)	2,141,490	2,189,661	-2.2%
Electric-Wholesale (mvh)	1,024,306	871,399	17.5%
Electric - Total (mvh)	3,165,796	3,061,060	3.4%
Water (ccf)	9,098,538	9,460,006	-3.8%
Steam (mlb)	764,969	730,936	4.7%
Chilled Water (thrs)	10,098,000	10,307,100	-2.0%

Electric:
 *Retail sales volumes by customer class are expected to decrease slightly compared to FY 2015 Budget but increase slightly above actuals for FY 2015.
 *Wholesale sales volumes are expected to increase as a result of fewer generation outages planned in FY 2016.

Water:
 *Retail sales volumes are expected to decrease slightly in FY 2016 as a result of increased conservation and efficiency. Wholesale sales to East Lansing-Meridian are expected to decline due to loss of sales to State Road Interconnect.

Steam:
 *Steam sales volumes have been increased slightly to better reflect actual experience over the last five years.

Chilled Water:
 *Chilled water sales volumes have been decreased slightly to better reflect recent actual experience.



Operating Expense Assumptions

- Overall FY 2016 O&M increase of 2.2% compared to FY 2015 Budget. This increase is primarily attributable to inflationary pressure.
- Forecasted CPI Index 2.3% inflation*
- Budget assumes 754 FTEs – an increase of 1.1% over the FY 2015 budget



*The Budget and Economic Outlook 2015 is ©2015 Copyright of the United States Congressional Budget Office

FY 2016 O&M Budget by Category
 -in \$000's, excludes depreciation



FY 2016
 Income Statement by Utility

(\$000)	FY 2016		CHIELED		TOTAL
	FY 2016	VARIANCE	FY 2016	VARIANCE	
SALES (Retail, Wholesale, Steam)	1,127,275	9,265,538	784,888	10,266,000	
REVENUE	\$ 277,182	\$ 38,918	\$ 13,187	\$ 3,782	\$ 322,867
OPERATING REVENUE	\$ 277,688	\$ 40,888	\$ 13,587	\$ 3,782	\$ 332,855
OPERATING EXPENSES	\$ (284,386)	\$ (28,762)	\$ (9,151)	\$ (2,371)	\$ (313,822)
OPERATING EXPENSES	\$ (284,386)	\$ (28,762)	\$ (9,151)	\$ (2,371)	\$ (313,822)
TOTAL OPERATING EXPENSES	\$ (284,386)	\$ (28,762)	\$ (9,151)	\$ (2,371)	\$ (313,822)
OPERATING INCOME (LOSS)	\$ 29,292	\$ 6,256	\$ 1,236	\$ 1,237	\$ 32,033
REPAIRS & MAINTENANCE	\$ 78,144	\$ 2,128	\$ (754)	\$ (332)	\$ 82,186
OPERATING EXPENSES	\$ 282	\$ 778	\$ (172)	\$ 43	\$ 912
OPERATING INCOME (LOSS)	\$ 29,292	\$ 6,256	\$ 1,236	\$ 1,237	\$ 32,033
NET INCOME (LOSS)	\$ 88	\$ 2,888	\$ (882)	\$ 1,818	\$ 2,888
PERCENT OF NET INCOME	0.2%	2.0%	0.6%	0.7%	2.0%



Comparative Income Statement

Based on Initial Requests Prior
to Strategic Alignment and Review

FY 2016 Cash Flow by Utility

BUDGET	COMPLETED		TOTAL
	ELECTRIC	WATER	
REVENUES OPERATING CASH	\$ 88,899	\$ 10,302	\$ 99,201
Income of Cash			
Net Income	\$ 88	\$ 2,892	\$ 2,980
Depreciation	\$ 28,000	\$ 7,500	\$ 35,500
Loss on Sale of Assets	\$ 711	\$ 271	\$ 982
Revenue for Public Construction	\$ 18,575	\$ 1,188	\$ 19,763
Net Increase/Decrease	\$ 3,774	\$ 114	\$ 3,888
Beginning Balance	\$ 2,282	\$ 2,282	\$ 4,564
END OF YEAR BALANCE	\$ 6,056	\$ 3,426	\$ 9,482
USE OF CASH			
Net Increase/Decrease	\$ 3,774	\$ 114	\$ 3,888
Net Change in Operating Assets	\$ 1,000	\$ 0	\$ 1,000
Other Items of Cash	\$ 2,774	\$ 114	\$ 2,888
USE OF CASH	\$ 1,000	\$ 114	\$ 1,114
NET CHANGE IN OPERATING ASSETS	\$ 2,774	\$ 114	\$ 2,888
ENDING OPERATING CASH	\$ 6,056	\$ 3,426	\$ 9,482

BWL Beginning Operating Cash Includes C & H Fund and Heating Fund (plus Depreciated Assets and Restricted Bond Fund Not Included) (2013-2014) (2014-2015) as of March 31, 2015

	FY 2016		Increase or Decrease
	Budget	Budget	
OPERATING REVENUE	\$376,675	\$369,652	7.0%
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR			
TOTAL GROSS LABOR	61,201	60,308	1.4%
MATERIAL	13,516	12,047	12.2%
OTHER - Includes Benefits	34,101	32,070	7.9%
OUTSIDE SERVICES	180,107	240,061	-27.7%
FUELS, WATER, CHEMICALS & AMINE	149,710	149,950	-0.2%
Cost transferred to Capital Budget	(13,967)	(12,990)	7.3%
OPERATION AND MAINTENANCE EXPENSE	\$ 304,653	\$ 289,396	5.3%
Depreciation Expense	43,212	41,813	3.2%
TOTAL OPERATING EXPENSE	\$ 347,865	\$ 331,209	4.7%
OPERATING INCOME	\$ 38,810	\$ 38,443	0.9%
Return on Equity	(21,659)	(22,271)	2.8%
Other Non-Operating Income/Expense	(13,367)	(14,613)	-9.3%
NET INCOME	\$ 3,784	\$ 3,559	6.3%

Comparative Income Statement

After Strategic Alignment and Review

	FY 2016		Increase or Decrease
	Budget	Budget	
OPERATING REVENUE	\$376,675	\$369,652	7.0%
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR			
TOTAL GROSS LABOR	61,201	60,308	1.4%
MATERIAL	13,516	12,047	12.2%
OTHER - Includes Benefits	34,101	32,070	7.9%
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NET INCOME	\$ 3,784	\$ 3,559	6.3%



- FY 2016 Capital Budget

FY 2016 Capital Budget Summary

Dollars in (000's)

UTILITY		LOCATION	
ELECTRIC	\$ 38,962	ECKERT	\$ 8,026
WATER	\$ 8,106	ERICK SON	\$ 1,600
STEAM	\$ 4,506	T & D	\$ 40,009
CHILLED WATER	\$ 300	DYE/CEDAR	\$ 1,355
COMMON	\$ 13,197	OTHER	\$ 14,081
TOTAL BUDGET	\$ 65,072		\$ 65,072



FY 2016 Capital Budget – Major Projects/Programs

Project Title	Project Total	FY 2016
SA P CRB (CARE)	14,828,000	6,307,000
- Erickson to Willow 138kV Line Extension	20,100,000	3,500,000
Moore's Park Dam Gate Hoist and Phase 2 Dam Repairs	4,160,000	3,010,000
ESI Annual Rebuild T&D Systems	19,175,384	3,002,000
FY 2016 Lead Service Replacement	42,812,000	2,700,000
Smart Grid Implementation	30,950,000	2,500,000
Street, Building and Outdoor Protective Lighting	16,258,250	2,260,000
Services and Line Extensions	15,927,844	2,200,000
- Wise Substation double Ending	7,160,000	2,050,000
- North East Static VAR compensator	10,000,000	2,000,000
Eckert Unit 4, 5, and 6 Mercury Capture ACI System	2,249,441	1,967,441
Annual Purchase/Scrap Transformers/Regulators	8,847,913	1,385,000
Frandon Overhead 4160V Sub Cutover and Retirement	1,375,000	1,350,000
Michigan Ave Strm from Washtn to Alley 6	1,326,600	1,326,600
Substation Modernization - EOP 8	1,894,500	1,294,500
Forbes 4160V Substation Retirement	2,823,900	1,230,000
FY 2016, Budget Line 31: Annual Manhole Rplmt	7,874,223	1,186,416
Eckert Steam Send-Out	1,090,000	1,030,000
- Wise Bus 2 Distribution	3,000,000	1,000,000
- Miller 8320 Cutover	1,500,000	1,000,000
ADMS	2,000,000	1,000,000



* These projects are part of the Electric Transmission & Distribution Plan

Interim General Manager Peffley presented and reviewed a list of requested Capital Projects that would not be funded, as well as a list of Capital Projects planned for FY16. Interim General Manager Peffley stated that these two lists were well thought out and prioritized and it was a struggle to get this point. However, it is important to him that the BWL revenue is built on bringing businesses and residents to this region, not on the backs of the people.

Finance Chair Louney said this current budget would not be based on any rate increases.

Motion by Commissioner Bossenbery, Seconded by Commissioner Mullen to forward a Resolution for the approval of the FY 2016 Operating and Capital Budget.

Action: Motion Carried.

Other

None.

Adjourn

On **Motion** by Commissioner Bossenbery, seconded by Commissioner Mullen, the meeting adjourned at 7:53 p.m.

Respectfully submitted
 Dennis M. Louney, Chair
 Finance Committee

HUMAN RESOURCES COMMITTEE

May 19, 2015

The Human Resources Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 19, 2015.

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

Absent: None.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Mullen, seconded by Commissioner McCloud to approve the Human Resources Committee meeting minutes of March 17, 2015.

Action: Motion Carried.

FY 15 Board Appointee Performance Reviews

a) Corporate Secretary

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

Motion by Commissioner Price, seconded by Commissioner Mullen to go into closed session.

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen, David Price.

Nays: None.

Action: Motion Carried.

The Human Resources Committee into closed session at 5:33 p.m.

The Human Resources Committee reconvened to open session at 5:51 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner McCloud, seconded by Commissioner Mullen to reappoint M. Denise Griffin to the Charter position of Corporate Secretary for FY16.

Action: Motion Carried.

Human Resources Chair Ward stated that a resolution for Ms. Griffin's reappointment will be presented at the July regular Board meeting. The goals that were reflected in Ms. Griffin's evaluation will be the goals that the Board will identify going forward for the next evaluation period.

b) Internal Auditor

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

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

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen, David Price

Nays: None.

Action: Motion Carried.

The Human Resources Committee into closed session at 5:52 p.m.

The Human Resources Committee reconvened to open session at 6:14 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Price, seconded by Commissioner McCloud to reappoint Phil Perkins to the Charter position of Internal Auditor for FY16.

Action: Motion Carried.

Human Resources Chair Ward stated that a resolution for Mr. Perkins's reappointment will be presented at the July regular Board meeting. The goals that were reflected in Mr. Perkin's evaluation will be the goals that the Board will identify going forward for the next evaluation period.

c) Interim General Manager

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

Motion by Commissioner Price, seconded by Commissioner Mullen to go into closed session.

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen, David Price.

Nays: None.

Action: Motion Carried.

The Human Resources went into closed session at 6:16 p.m.

The Human Resources Committee reconvened to open session at 6:31p.m.

Upon conclusion of the Closed session, the following motion was offered:

Motion by Commissioner McCloud, seconded by Commissioner Mullen to reappoint Richard Peffley to the Charter position of General Manager for FY16.

Action: Motion Carried.

A resolution for Mr. Peffley's reappointment will be presented at the July regular Board meeting. The goals that were reflected in Mr. Peffley's evaluation will be the goals that the Board will identify going forward for the next evaluation period.

Feedback on New Performance Evaluation Forms/Process

Board Chair David Price stated that he thought the evaluation process went very well. The form was succinct and it was nice to have it done online. He said his one concern is that there is not an area to indicate "I don't know or I don't have enough information", which was particularly true when evaluating the Interim General Manager, who has been on the job a short period of time.

Commissioner Zerkle questioned how the score is affected if there is a no response from a Commissioner and if the score would be based on seven answers. In response, HR Chair

Ward stated the score would be based on seven answers or based on the number of Commissions who responded.

Commissioner Mullen thanked Commissioner Ward for the idea of having the electronic version of the evaluation. Commissioner Mullen suggested having a read only access as an option, to make it easier to read finished reviews online.

Commissioner Bossenbery thanked Commissioner Ward for all of her efforts on the evaluation process. Commissioner Bossenbery questioned if there might be an easier way to compile all of the comments to identify who made which comment, because it does not seem to flow across. She suggested that this may be a formatting issue.

HR Chair Ward stated one question that was on the Internal Auditor's form but was not on the Corporate Secretary's and Interim General Manager's form was regarding goals. HR Chair Ward stated that she would make the next HR Chair aware that the question regarding goals should be included in all of the Appointed Employees evaluation forms moving forward.

Board Chair Price mentioned that goals should be stated on the evaluation and the goals rated. (Incomplete, Progress made, Completed, etc.)

The three Board Appointees agreed that this was a nice form and is relevant to evaluate job responsibilities and duties.

In conclusion, HR Chair Ward stated that she would try to incorporate suggested changes and pass it along to the next HR Chair.

Next Steps Regarding Contracts

After a discussion regarding the next steps for preparing the Appointed Employees contract for the next fiscal year, the following motion was offered:

Motion by Commissioner Price, Seconded by Commissioner Mullen to allow HR Chair Ward the opportunity to prepare the contracts in a way that is consistent with the BWL work force.

Action: Motion Carried.

HR Chair Ward stated that the contracts would be presented to the full Board for review and to vote on in July.

Excused Absence

None.

Public Comments

None.

Adjourn

On Motion by Commissioner Price, seconded by Commissioner McCloud, the meeting adjourned at 6:49 p.m.

Respectfully Submitted
Cynthia Ward, Chair
Human Resources Committee

MANAGER'S RECOMMENDATIONS

RESOLUTION 2015-05-02

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

RESOLVED, that Fiscal Year 2015-2016 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented, to be effective July 1, 2015.

Motion by Commissioner Ward seconded by Commissioner Zerkle, to approve the Resolution for the FY 16 Rules and Regulations.

Action: Carried Unanimously

RESOLUTION 2015-05-03

ADOPTION OF INVESTMENT POLICY STATEMENT FOR OPERATING FUNDS

WHEREAS, the BWL's Investment Policy Statement for Operating Funds was last approved by the Board in July 2009 (Resolution 2009-07-1); and

WHEREAS, the Investment Policy Statement should be reviewed periodically to revise as needed and in accordance with industry practices; and

WHEREAS, the Investment Policy Statement delegates authority by specific title, including a title no longer held by any BWL staff;

RESOLVED, that the Finance Committee approve the proposed attached Investment Policy Statement for Operating Funds and forward the policy to the Board for adoption.

Motion by Commissioner Louney, Seconded by Commissioner McCloud to approve the Resolution for adoption of the Investment Policy Statement for Operating Funds.

Action: Carried Unanimously

RESOLUTION 2015-05-04

Fiscal Year 2016 Operating and Capital Budget

RESOLVED, that the annual Operating Budget covering Fiscal Year 2016 is hereby approved as presented; and

RESOLVED, that the Fiscal Year 2016 Capital Budget is hereby approved as presented; and

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

Motion by Commissioner Louney, Seconded by Commissioner Mullen to approve the Resolution for the FY 16 Operating and Capital Budget.

Action: Carried Unanimously

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

There was no New Business

RESOLUTIONS

RESOLUTION 2015-05-05

Advisory Non-Voting Commissioners Seating Accommodations

RESOLVED, that the General Manager is directed to implement necessary construction and/or remodeling actions that will address the seating needs for the three additional commissioners, who will serve as Advisory Non-Voting Representative Members.

Motion by Commissioner Zerkle, Seconded by Commissioner McCloud to approve the Resolution directing Interim General Manager to implement construction for seating arrangement for incoming Commissioners.

Action: Motion Carried (5/3 Vote-Dissenting Commissioners Mullen, Thomas and Ward)

RESOLUTION 2015-05-06

RULES OF PROCEDURES – TECHNICAL AMENDMENT TO ADDRESS NON-VOTING ADVISORY MEMBERS OF THE BOARD

WHEREAS, in 2014, the Lansing City Charter was amended to add Subsection 12 to Article 15, Section 5-103, which reads as follows:

5-103.12 The Board of Water and Light Board Members shall include three non-voting advisory members representing utility customer communities outside the City of Lansing. Each non-voting advisory member shall be a Board of Water and Light customer, shall reside in and be appointed by the governing body of the municipality. One member shall represent the City of East Lansing and shall serve a term of four (4) years commencing July 1. One member shall represent Delta Township and shall serve a term of four (4) years commencing July 1. One member shall be at-large and shall represent the remaining municipalities and shall serve a term of one (1) year commencing July 1. The at-large representative shall serve on a rotating annual basis and be appointed by the governing body of the following municipalities in succession: Meridian Township, Delhi Township, DeWitt Township and Lansing Township. Except as provided herein, Section 2-103, Section 5-105, or State law, the provisions of this charter shall not apply to the non-voting advisory members of the Board of Water & Light.

WHEREAS, in consideration of the addition of three (3) non-voting advisory members to the Lansing Board of Water & Light Commissioners (“Board”) desires to clarify their Rules of Administrative Procedure to distinguish between Members of the Board and non-voting advisory members of the Board.

NOW, THEREFORE, BE IT RESOLVED, the Rules of Administrative Procedure are amended as set forth in Attachment A.

Motion by Commissioner Mullen, Seconded by Commissioner McCloud to approve the Resolution for the Technical Amendment the Administrative Rules of Procedures.

Action: Motion Carried

MANAGER'S REMARKS

Interim General Manager Peffley informed the Board of the following:

- Be a Tourist in your own Town is this Saturday and the BWL Headquarters and Cedar Dye Water plant will be open to the public.
- Friday, June 5th is the BWL Chili Cook-Off and hopes to see everyone there.
- The BWL hosted a crisis Manager Seminar on May 21st, under the leadership of Trent Adkins, BWL's Emergency Manager.

Trent Adkins, Director of Emergency Management provided information on the Regional Crisis leadership seminars that was hosted by the BWL and facilitated by Texas A&M Engineering Extension Service (TEEX). The seminars were well attended by public, political and private sector representative. TEEX brought in a Harvard case study on the 2001 Baltimore train tunnel fire and talked about lessons learned from the incident as well as action plans that can be implemented and useful in this region in the case of an emergency crisis.

COMMISSIONERS' REMARKS

Members of the Board of Commissioners thanked Commissioner Ward for her time served on the Board and said that she will be missed.

Commissioner Thomas thanked Commissioner Ward for her service on the Board and appreciated that she was always presidential. Commissioner Thomas also thanked Interim General Manager Peffley for expeditiously handling some customer concerns. Commissioner Thomas thanked BWL employees (Michael Flowers, Dallas Burdick, Tansay Carter) for their work on the 1st Step recognition event that took place last week.

Commissioner Dennis M. Louney thanked CFO Heather Shawa-DeCook and her staff for the outstanding job they did to put a tough and fair budget together, with no rate increase as insisted by Interim General Manager Peffley. Commissioner Louney also thanked Commissioner Ward for her honesty and work on the Board, as it was outstanding. He said it was a pleasure to work with her.

Chair Price said this concludes his first term as Chair of this Board and could not be more proud of his colleagues that sit at the dais with him. He said it has been an unusual and stressful year at times and it has also been a potentially divisive year at times, but we have gotten through it and we have moved forward.

Chair Price stated that he thinks the BWL is stronger today than ever before, it is more stable. He said that Interim General Manager Peffley brings sense of stability and calmness in spite of what could happen with weather and emergencies. He said that there is a good feeling with his colleagues about the organization and the strength of the organization and what it has been able to survive, and now we have to go forth and flourish.

Chair Price stated that we have a budget that does not increase the rates. We will bring in new customers and that is how we will increase revenue, not on the backs of our current customers. He thanked Interim General Manager Peffley for the fine job that he and his staff

is doing and he also thanked his fellow Commissioners for getting the company and Board through a tough year and moving on to what he thinks will be a great year.

EXCUSED ABSENCE

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

PUBLIC COMMENTS

Brad Van-Gilder of the Sierra Club, spoke about the Board of Water & Light's budget and said that he is encouraged by what he has seen over the last few months. He stated that he noticed in the budget the possibility of a activated carbon injection system being planned for units 4, 5 and 6 at Eckert and suggest that if it technically feasible, to only install that system for two out of the three units being considered for this installment and bring the other unit offline. Mr. Van-Gilder stated also mentioned in the budget was the possibility of having two additional transmission lines in which he believes is a smart move, to improve the stability of the entire system. Mr. Van-Gilder also spoke about public planning and transparency of municipal utilities, a subject addressed at a previous Board meeting. In response, Chair Price and Interim General Manager Peffley indicated that a formal strategic planning process that includes public representatives in actively being work on.

ADJOURNMENT

On motion by Commissioner Ward, seconded by Commissioner McCloud the meeting adjourned at 6:03 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: June 16, 2015
Official Minutes filed (electronically) with Lansing City Clerk: August 7, 2015