



**BOARD OF WATER AND LIGHT**  
**July 28, 2020 - 5:30 p.m. via WebEx Meetings**  
**REO Town Depot, 1201 S. Washington Ave., Lansing, Michigan**  
**REGULAR BOARD MEETING AGENDA**

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbw.com/about-bwl/governance>.

Due to public safety concerns resulting from the COVID-19 Pandemic, this meeting will be conducted via WebEx Conferencing. Instructional options to be in attendance are as follows:

**1. Event Address for Attendees for Regular Board Meeting:**

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e5db88d522110a4f289c6b3789c526109>

**Event Number for Attendees for Regular Board Meeting: 132 821 4310**

**Event Password for Regular Board Meeting: pnKSZJpc397**

**2. Audio Conference for Regular Board Meeting:**

United States Toll +1-408-418-9388

**Access Code: 132 821 4310**

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**1. Roll Call**

**2. Pledge of Allegiance**

**3. Election of Officers FY 2020-2021**


**4. Approval of Minutes**

- a. Regular Board Meeting Minutes of May 26, 2020

**5. Public Comment on Agenda Items**

*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.*

Options for Public Comment (PC) participation include:

- Raising your hand by clicking on the hand icon button  in the Participants panel
- Submitting written comments by email to [mdenise.griffin@lbwl.com](mailto:mdenise.griffin@lbwl.com) (By the End of PC)
- Submitting written comments to 1201 S. Washington Ave., Lansing, 48911

**6. Communications**

- a. Electronic mail from Steve Harry re: A FOIA Request

**7. Committee Reports**

- a. Nominating Committee Meeting (June 23, 2020) – Beth Graham, Chairperson
- b. Human Resources Committee Meeting (June 23, 2020) – Tracy Thomas, Chairperson

- c. Committee of the Whole Meeting (June 30, 2020) – Tony Mullen, Chairperson
- d. Human Resources Committee Meeting (July 16, 2020) – Tracy Thomas, Chairperson
- e. Finance Committee Meeting (July 21, 2020) – Ken Ross, Chairperson

## 8. Manager's Recommendations

## 9. Unfinished Business

## 10. New Business

## 11. Resolutions/Action Items

- a. Memorandum of Understanding (MOU) Labor Agreement
- b. Corporate Secretary Reappointment Fiscal Year 2020/2021
- c. General Manager Reappointment Fiscal Year 2020/2021
- d. Internal Auditor Reappointment Fiscal Year 2020/2021

## 12. Manager's Remarks


## 13. Commissioners' Remarks

## 14. Motion of Excused Absence

## 15. Public Comment

*Members of the public are welcome to speak to the Board on any BWL matter.*

Options for Public Comment (PC) participation include:

- Raising your hand by clicking on the hand icon button  in the Participants panel
- Submitting written comments by email to [mdenise.griffin@lbwl.com](mailto:mdenise.griffin@lbwl.com) (By the End of PC)
- Submitting written comments to 1201 S. Washington Ave., Lansing, 48911

## 16. Adjournment

Persons with disabilities who need an accommodation to fully participate in this meeting should contact the Office of the BWL Corporate Secretary at (517) 702-6033 or [mdenise.griffin@lbwl.com](mailto:mdenise.griffin@lbwl.com) or utilize TTY by dialing 7-1-1 (a statewide **telephone** relay number that connects deaf, deaf-blind, hard of hearing, and/or speech impaired people who use text telephones (**TTYs**) with standard (voice) **telephone** users). A 24-hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

STATE OF MICHIGAN EXECUTIVE ORDER #2020-4: Declaration of a statewide State of Emergency due to the spread of the novel coronavirus (COVID-19).

STATE OF MICHIGAN EXECUTIVE ORDER 2020-75 - Temporary authorization of remote participation in public meetings and hearings, public bodies subject to the Open Meetings Act, including boards, commissions, committees, subcommittees, authorities, councils and nonprofit boards, can use telephone- or video- conferencing methods to continue meeting and conducting business during the coronavirus (COVID-19) public health crisis, so long as they follow certain procedures to ensure meaningful access and participation by members of the public body and the general public. (**Rescission of Executive Order 2020-48**)

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Posted: July 23, 2020

M. Denise Griffin

BWL Corporate Secretary (517) 702-6033



## MINUTES OF THE BOARD OF COMMISSIONERS MEETING

### LANSING BOARD OF WATER AND LIGHT

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May 26, 2020

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Due to public safety concerns resulting from the COVID-19 Pandemic, the Regular Board of Commissioners meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, on Tuesday, May 26, 2020. This meeting was publicly notice for 5:30 p.m.

Chairperson David Price called the meeting to order at 5:54 p.m.

Present: Commissioners Beth Graham, Deshon Leek, David Lenz, Anthony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Mike Froh (Meridian Township), Douglas Jester (East Lansing), and Larry Merrill (Delta Township).

Absent: None.

The Corporate Secretary declared a quorum.

Commissioner Price led the Pledge of Allegiance.

### APPROVAL OF MINUTES

**Motion** by Commissioner Thomas, Seconded by Commissioner Mullen, to approve the Regular Board Meeting minutes of January 28, 2020.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

### PUBLIC COMMENTS

None.

### COMMUNICATIONS

Electronic Mail received From or Re:

- a. Mail from BWL retiree Jerry Burns re: Defined Benefit Pensioners lump sum payment - *Referred to Management. Received and Placed on File*
- b. Electronic mail from Mark Lawrence of Mayor Schor's Office re: Street Lighting Style - *Referred to Management. Received and Placed on File*

## **COMMITTEE REPORTS**

Commissioner Tony Mullen presented the Committee of the Whole Report:

### **COMMITTEE OF THE WHOLE Meeting Minutes April 28, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 3:00 p.m. on Tuesday, April 28, 2020.

Committee of the Whole Chair Tony Mullen called the meeting to order at 3:00 p.m.

Present via WebEx: Commissioners Tony Mullen, Beth Graham, Deshon Leek, David Lenz, David Price, Ken Ross, Tracy Thomas, Sandra Zerkle, and Non-Voting Members: Mike Froh (Meridian Township), Doug Jester (East Lansing) and Larry Merrill (Delta Township).

Absent: None.

A quorum was declared.

General Manager Dick Peffley introduced the Board of Water and Light's new Human Resources Executive Director, Lynnette Keller. Ms. Keller provided Commissioners with a quick acquaint of herself.

On behalf of the Board of Commissioners, Vice Chair Mullen welcomed Ms. Keller as well as the sign language interpreter, Ms. Rebekah Heinze.

#### **Public Comments**

There was a communication received via email from Mark Lawrence regarding LED and acorn style streetlights. There were no public comments.

#### **Approval of Minutes**

**Motion** by Commissioner Thomas, Seconded by Commissioner Ross, to approve the Committee of the Whole Meeting minutes of November 5, 2019, February 20, 2020 and February 25, 2020.

**Motion** Carried by the following Roll Call Vote:

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

# LED Light Replacement Plan

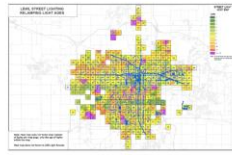
General Manager Peffley introduced BWL Electric System Integrity Engineers, Alex Porter and Brian Coots, who presented the LED Light Replacement Plan.

Lansing Board of Water & Light LED Conversion



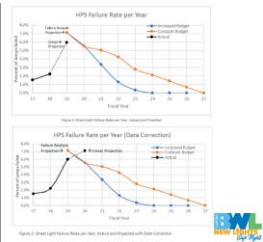
**Current System**

| Fixture Type         | Quantity      |
|----------------------|---------------|
| High Pressure Sodium | 26,545        |
| Incandescent         | 103           |
| Induction            | 27            |
| LED                  | 6,173         |
| Mercury Vapor        | 637           |
| Metal Halide         | 317           |
| <b>Grand Total</b>   | <b>34,687</b> |



**Asset Management**

- Light failure projections from 2018-2019 were very accurate, allowing us to plan this upgrade project.
- The 2020 projection for lamp failure continues to grow from the previous year.
- An increased budget for upgrades will drastically lower our failure rate over the next four years.
- Thanks to Asset Management for the accurate projection of lamp failure.



**Public Relations**

- Any Adams will be the public affairs representative.
- Highlight the benefits an LED upgrade has for our rate payers.
- Give a clear line of communication with the public about our intentions and plans for completing the project.
- Communication will be very similar to the vegetation management plan.
- Shows how BWL is investing into the greater Lansing community.

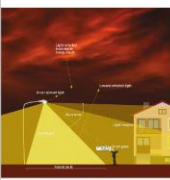
**Public Relations**

Public relations is a critical component of any project. The success of this project will depend on the ability to communicate the benefits of the project to the public. This includes highlighting the benefits of the project to rate payers and the community as a whole. Public relations will be a key component of the project's success.



**Dark-Sky Compliance**

- The International Dark-Sky Association (IDA) is the recognized authority on light pollution and is the leading organization combating light pollution worldwide.
- All fixtures used in the project comply with current IDA standards, and have been approved by the IDA.



**Dark-Sky Benefit**

- Benefits of the Dark-Sky initiative would be to reduce our environmental light pollution and save energy on the streetlighting system.
- Glare from aging and poorly aimed streetlights can be harmful to people in the immediate area.



**Project Scope**

| Plan Year               | FY21           | FY22           | FY23           |
|-------------------------|----------------|----------------|----------------|
| Lights Upgraded         | 27,100         | 8,072          | 8,893          |
| Energy Improvement (%)  | 2.0%           | 7%             | 8%             |
| Energy Improvement (\$) | \$7,680        | \$67,476       | \$68,076       |
| LABOR COST              | \$1,470,202.00 | \$1,500,000.00 | \$1,500,000.00 |
| TOTAL COST              | \$1,477,882.00 | \$1,567,476.00 | \$1,568,076.00 |

**Additional Considerations**

- Current system has over 10,000 concrete poles with varying age. This project would allow inspection of this asset.
- Investigating if a 480V conversion to 240V would be feasible, and the impact it would have on our system.
- Sections of "Smart Lights" can be installed in our downtown markets to better serve the capital's events.
- Keep BWL up to date with current utility lighting standards.



Commissioner Lenz asked the presenters to provide information regarding the amount of light that is emitted under the new street lamps with the LED lights which cause a high lumen output directly under the lamp. Mr. Porter responded that there is an increase of lumen output with the LED lamps, but the acorn design of the new light fixtures reduces the glare in the area around the lamps.

Commissioner Leek asked if both the light fixtures and light bulbs are being replaced and if both are in the budget. Mr. Coots responded that just the fixtures are being replaced and he will follow up for the Commissioners on the budgeting that will be needed for the light bulbs.

Commissioner Jester inquired about the controls on the lamps. Mr. Porter responded that most lamps have a three-pin connector for the lamps to be on or off, but the acorn light fixture replacements have seven-pin receptacles which will allow for adjusting the amount of light emitted.

Commissioner Froh asked for the source of the LED bulbs that would be placed in the lamps. Mr. Porter responded that most of the fixtures are produced in Ohio and nearby states, and that bids will be reviewed from local distributors.

Commissioner Ross inquired about the differences between the several types of lights currently in use. Mr. Porter responded that in the past, most lights installed were mercury vapor lights but in the 1970's, high pressure sodium lights were put into use as those lights were more efficient. After 2012, LED's were put into use, and now BWL is moving toward white light.

Commissioner Merrill asked whether the \$5 million transition cost incurred per year for the new lighting would be spread across the board for rate payers or would it also include municipalities and special assessment districts. Mr. Porter responded that the rates will be at a reduced cost for customers. Chief Financial Officer (CFO) Heather Shawa responded that a cost to service rate for the street lighting customers was implemented and will be updated with the \$5 million transition cost at the time of the cost.

Commissioner Zerkle commented that the corridors that recently had new light fixtures installed appeared safer for pedestrians and asked at what locations lights would be shut off at night. Mr. Porter responded that lights would remain on at night unless there was an event, such as the Silver Bells parade, that warranted a dimming of the lights.

### **Return on Equity (ROE) Renewal Agreement**

GM Peffley and CFO Heather Shawa presented and reviewed the Return on Equity (ROE) Renewal Agreement which is expiring June 30, 2020 and asked for approval of the resolution for the ROE Amendment No. 5. CFO Shawa reported that the amendment asks for a two-year extension of the agreement, including specific dollar amounts for 2021-2022 and a recommended fixed dollar amount for this fiscal year based on what was initially forecasted and budgeted. If forecasted revenues are met and exceeded, the amendment allows for an upward adjustment of 3% of excess revenues.

Commissioner Mullen asked whether the 3% adjustment was the 6.2% to 9.2 % change or 3% of the total dollar value. CFO Shawa responded the 3% related to any revenues that would have resulted in a calculated amount in excess of the fixed budgeted amount.

Commissioner Price commented that he would support the amendment but would support it cautiously as the recommendations were arrived before the full effect of COVID-19 was known. The agreement provides the city with a certain amount but income from residential and business customers is uncertain.

Commissioner Zerkle asked why a straight dollar amount was recommended rather than a percentage and why a two-year rather than one-year extension was requested. CFO Shawa responded that economic development and new industry materializing with an unknown amount supported a two-year agreement with a fixed base amount for both parties.

Commissioner Ross commented that the amendment was trading vacillation for certainty and was made based on the scenario that if BWL had a shortfall then the city budget would have a shortfall. GM Peffley responded that negotiations took place regarding the benefits of a flat rate rather than a higher percentage.

**Motion** by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Return on Equity Agreement Renewal Amendment No. 5 dated April 28, 2020 to the full Board for consideration.

**Motion Carried** by the following Roll Call Vote:

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

### **Revised IT Communications Policy**

Corporate Secretary Griffin noted that a revised redlined version of the Revised IT Communications Policy was received after the posting of the packet.

**Motion** by Commissioner Price, Seconded by Commissioner Thomas to accept the late item redlined IT Policy amendment.

**Action:** Motion Carried

CFO Shawa reported that the IT Communications Policy was revised based on recommendations from the IT internal audit performed and asked for acceptance of the resolution for the Revised IT Communications Policy. The intent of the revision is to clarify the purpose of the operational policy and mission of the BWL cyber security steering committee and to promote safe and secure use of all communication for all employees, contractors and clients which access BWL non-public systems.

Commissioner Zerkle asked if the duplication in the policy of the phrase “assets include but are not limited to...” was intended. CFO Shawa responded that the late item revised redlined version corrected the duplication. Commissioner Zerkle asked what was considered incidental personal use that would be allowed. GM Peffley responded that incidental use of BWL technology was considered answering a limited phone call or email. Commissioner Zerkle asked if the policy complies with what was requested from the audit review and Internal Auditor Wesley Lewis affirmed.

Commissioner Mullen asked if the audits performed by BWL CIO also look for seemingly simple violations. CFO Shawa responded that security system tools scan daily and continuously, and patches are made weekly/monthly or based on a planned schedule.

**Motion** by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Revised IT Communications Policy to the full Board for consideration.

**Motion Carried** by the following Roll Call Vote:

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

### **Human Resources Committee Business**

Human Resources Committee Chair Tracy Thomas conducted the Human Resources business portion of the committee meeting and introduced CFO Shawa and BWL General Counsel Mark Matus who presented the Retirement Plan Committee Updates.

### **Retirement Plan Committee Updates**

CFO Shawa reported that there were three information updates from prior delegations to the General Manager and the Retirement Plan Committee (RPC). The new Executive Director of HR, Lynette Keller, has been added to the RPC which consists of the CFO, the Executive Director of HR,

and the Manager of Finance. Operating procedures which have been reviewed by the BWL legal department and executives were officially adopted by the RPC. In the Defined Contribution(DC) Plan there is a Plan Coordinator Change that makes the administrative and investment changes on behalf of the DC Plan and who is the person on record with ICMA, the DC Plan administrator. Historically that position was held by an employee in the BWL Payroll and Benefits department but has now been assigned by delegation of the General Manager to the RPC.

General Counsel Mark Matus reported that the Trust 2 is a plan that was transitioned out of the Defined Benefit Program and consists of about 25 people who have been in the plan since the 80's. The purpose of the resolution is to remove the potential conflict of the General Manager having authority over the plan with the two board appointed employees in it and give authority to the Commissioners.

Commissioner Thomas commented that the implementation of the authority three months ago was to except the three employees. Mr. Matus responded that this resolution is to correct that.

Commissioner Zerkle asked whether the HR Committee negotiates with the employee regarding the plan or if the employee is automatically part of the plan if wanted. Mr. Matus responded that the employee is assigned to the plan and the HR Committee has influence on what the terms are.

**Motion** by Commissioner Graham, Seconded by Commissioner Leek to forward the proposed Resolution for Delegation of Authority to the General Manager Retraction and Amendment to Defined Contribution Plan and Trust 2 to the full Board for consideration.

**Motion Carried** by the following Roll Call Vote:

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

Mr. Matus stated that the purpose of the resolution to amend plans for compliance was to clarify the administrative duties for compliance.

**Motion** by Commissioner Price, Seconded by Commissioner Graham to forward the proposed Resolution for Delegation of Authority to the General Manager to Amend Plans for Compliance to the full Board for consideration.

**Motion Carried** by the following Roll Call Vote:

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

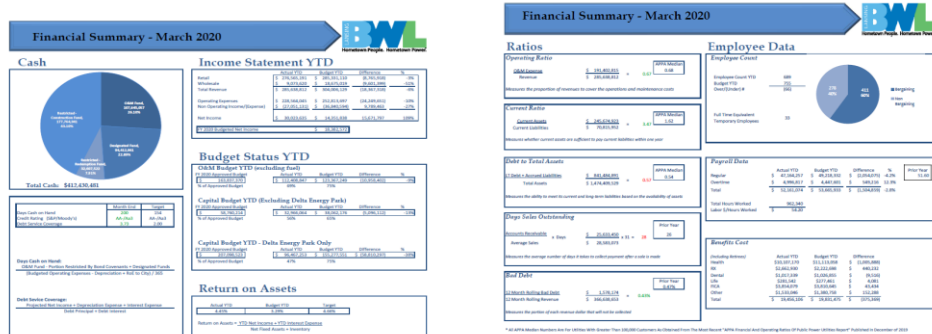
### **Finance Committee Business**

Finance Committee Chair Ken Ross conducted the Finance business portion of the committee meeting.

### **March YTD Financial Summary**

CFO Shawa presented the March YTD Financial Summary.





The financial summary is based on financials going into the COVID-19 pandemic. The impact of the pandemic will be provided in the April and May financial summary. CFO Shawa reported the following: Cash remained steady; Days Cash on hand was at a strong 200; YTD actual revenues was \$285.6 million under the budget of \$304 million, a majority of which is from wholesale and relates to recent planned and unplanned Belle River outages and the Pegasus Wind project; Net Income YTD was \$30 million compared to \$14 million budget YTD; the FY 2020 budget of \$18 million may be adjusted due to COVID-19; some scheduled projects will be deferred and some will be worked on as planned, and the Return on Assets is expected to be on track. Day sales Outstanding and Bad Debt are expected to be below average due to COVID-19. Employee data, payroll data and benefits cost are consistent with budget.

Commissioner Froh asked what models are being used to identify and categorize the potential losses from commercial revenues. CFO Shawa responded that the models are internal financial models and the finance department is looking for decreases in load and is working with Key Account representatives who are keeping in contact with large customers. The modeling involves sensitivity analysis using forecasts of customer load. The current plan is to develop a one-year to two-year best case/worst case scenarios. CFO Shawa stated that continuous updates will be provided to commissioners.

Commissioner Jester asked if a change in residential consumption was seen. CFO Shawa replied that a change hasn't been seen in residential, however a 15-20% Commercial and Industrial impact is anticipated. GM Peffley responded that there are plans from history where the budget can be reduced from 5% to 10%. CFO Shawa responded that budget and six-year forecasts will be presented in the May meeting.

Commissioner Zerkle inquired about the daily budget regarding residential and commercial income. GM Peffley responded that the BWL will be looking at the revenue that is received when shelter in place restrictions are lifted for businesses, as that is 80% of revenue.

Commissioner Ross commented that he asked the General Manager and CFO to look at the financial impact of the pandemic on the BWL and the challenges right now, as the data is evolving. He stated there might be commodity opportunities as the price of oil is decreasing.

**Capital Project Exceedance**

Commissioner Ross stated the reason for Capital Project Exceedances is for projects that have an estimate for funding that has an issue requiring an increase in funds. Management is to keep the board aware and discloses to the board any authorizations needed for funding. GM Peffley added

that in the past some capital budgets were over-estimated and they didn't hit the threshold to be brought before the board.

Chief Financial Officer Heather Shawa provided information on the Capital Project Exceedances.

#### AE- Electric Annual Account Resolution

CFO Shawa requested approval of a resolution to increase the funding for the Electric Annual Account from \$11.6 million to \$14.2 million which is a 22% increase. Two specific line items make up 95% of the request, \$1.7 million for increase for extra businesses, and \$700,000 for street light replacement which has been accelerated.

**Motion** by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Capital Project Exceedance AE – Electric Annual Account to the full Board for consideration.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

#### Tainter Gate Trunnion Pin Replacement Resolution

Legal Counsel Matus gave a description of the Trunnion Pin. CFO Shawa provided information on the requested increase in the budget for the trunnion pin replacement on the Tainter gate. The length of construction time was under estimated and additional safety measures are being undertaken.

Commissioner Zerkle asked for the percentage amount of renewables that were received from the dam. GM Peffley responded that about .1-.2% would be received from the dam if power was being generated from it.

Commissioner Lenz asked whether there is an error in budgeting when capital project budgets go over budget and what is the average or percentage of projects that are over budget. Commissioner Ross responded that the information would be brought to a later Finance meeting.

**Motion** by Commissioner Price, Seconded by Commissioner Leek to forward the proposed Resolution for Capital Project Exceedance Tainter Gate Trunnion Pin Replacement to the full Board for consideration.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

#### Revised Investment Policy Statements

Finance Manager, Mr. Scott Taylor, presented the Revised Investment Policy Statements. The primary purpose for the investment policy statements are to establish the investment objectives, the asset allocation policy, the investment performance standards and the procedures for managing

the plan assets. Mr. Taylor reviewed both plans together as they are nearly identical. Changes to the DB and VEBA plans include administrative and language changes, updates to the RPC, a change to the target rate of return, addition of real estate investments, and policies become effective upon approval by the Board. The VEBA plan includes investing a higher percentage in real estate investments.

Commissioner Ross commented that the Board of Trustees are responsible for periodic decision making for the plans and authority was delegated to the RPC, for the day to day management of the plans. The resolutions are to update the policies so that the RPC can manage the plans.

**Motion** by Commissioner Ross, Seconded by Commissioner Zerkle to consider and vote on the proposed Resolutions for Statement of Investment Policies, Procedures and Objectives Defined Benefit (DB) and VEBA Plans together and forward both Resolutions to the full Board for consideration.





**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

**Internal Audit Update**

Internal Auditor, Mr. Wesley Lewis, provided the internal audit update.

|   |  |  |   |
|---|--|--|---|
| <br><b>Internal Audit Status Report</b> | <p><b>Overview</b></p> <ul style="list-style-type: none"> <li>• Revised FY 2020 Audit Plan and Progress Report</li> <li>• Other Items</li> </ul> | <p><b>Revised FY 2020 Audit Plan and Progress Report</b></p> <ol style="list-style-type: none"> <li>1. <u>Cash Management and Treasury Audit</u> – Fieldwork has wrapped up and the audit is in the reporting stage.</li> <li>2. <u>Fixed Assets</u> – Fieldwork is wrapping up and the audit is entering the reporting stage.</li> <li>3. <u>Energy Risk Management</u> – The audit was kicked off and is in progress.</li> </ol> <p><small>* As previously reported, this plan is subject to change.</small></p> | <p><b>Other Items</b></p> <ol style="list-style-type: none"> <li>1. FY 2021 Risk Assessment Process</li> <li>2. Progress Report on New Audit Tools</li> <li>3. CISA Certification (Now Official)</li> <li>4. Update on Ongoing Education and Certification of IA Staff</li> </ol> |
| <p>Presented by:<br/>Wesley Lewis, Director of Internal Audit<br/>Finance Committee Meeting<br/>April 28, 2020</p>        |  Finance Committee Meeting 4/28/2020                          |  Finance Committee Meeting 4/28/2020  |  Finance Committee Meeting 4/28/2020   |

Commissioners Zerkle and Thomas congratulated Mr. Lewis for obtaining CISA certification.

**Other**

Commissioner Mullen stated that an email was received from Mark Lawrence regarding the LED and acorn style streetlights. The correspondence was sent to GM Peffley for a response.

Commissioners Price, Zerkle, and Mullen thanked Corporate Secretary, Denise Griffin; IT Analyst, Ben McDonald; and Commissioners Mullen, Thomas, and Ross for a well-run online meeting.

Commissioner Ross asked about the scheduling for the next Board meeting and the Return on Equity agreements that are to be sent to City Council. The Corporate Secretary responded that the Board Meeting would be held on Tuesday, May 26, 2020 as set by resolution; the Committee meetings will be scheduled as needed and or requested by the chair of a committee.

Commissioner Leek commended GM Peffley on his response to COVID-19, by stopping shutoffs, and donating \$5,000 to United Way. Commissioner Leek asked if there was any way to assist low income rate payers during this pandemic by giving them credits. GM Peffley responded that longer times are being allowed to pay amounts due for both residential and commercial rate payers and

the Executive Director of Customer Operations and Communications is looking into ways that the BWL can assist customers.

Commissioner Jester commended the BWL on their response to the COVID-19 pandemic.

GM Peffley expressed his appreciation to the Board, Ron Byrnes, and the BWL employees for working together and for helping to develop a return to work strategy. At the request of a commissioner the following information was provided by General Manager Peffley.

**BWL FTE**

|   |     |
|---|-----|
| Total employees (includes 25 contractors)   | 700 |
| Employees working remote                    | 320 |
| Employees on stand down (paid to stay home) | 115 |
| Employees working on site or in the field   | 260 |
| Employees on FLMA                           | 5   |

(Next week, employees who are currently on stand down will begin to return to work)

**Delta Energy Park Contractors**

|  |         |
|--|---------|
| Pre-COVID-19 workers onsite                  | 260     |
| Post-COVID-19 workers onsite                 | 50*     |
| Normal staffing at this stage of the project | 300-350 |

\*Staffing over time has increased to 150 as of 4/30/20.

**Adjourn**

**Motion** by Commissioner Price to adjourn the meeting. The meeting was adjourned at 5:32 p.m.

Respectfully Submitted  
Anthony Mullen, Chair  
Committee of the Whole

Commissioner Ken Ross presented the Finance Committee Report:

**FINANCE COMMITTEE  
Meeting Minutes  
May 26, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Finance Committee meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 4:00 p.m. on Tuesday, May 26, 2020.

Finance Committee Chair Ken Ross, called the meeting to order at 4:00 p.m. and asked Corporate Secretary Griffin for the roll call.

Present: Commissioners Ken Ross, Beth Graham, David Lenz, and Tony Mullen. Also, present: Commissioners Deshon Leek, David Price, Tracy Thomas, and Sandra Zerkle, and Non-Voting Commissioners Mike Froh (Meridian Township), Douglas Jester (East Lansing) and Larry Merrill (Delta Township).

Absent: None

The Corporate Secretary declared a quorum.

On behalf of the Board of Commissioners, Chair Ross welcomed the sign language interpreter, Ms. Bonnie Schulz.

**Public Comments**

None.

**Approval of Minutes**

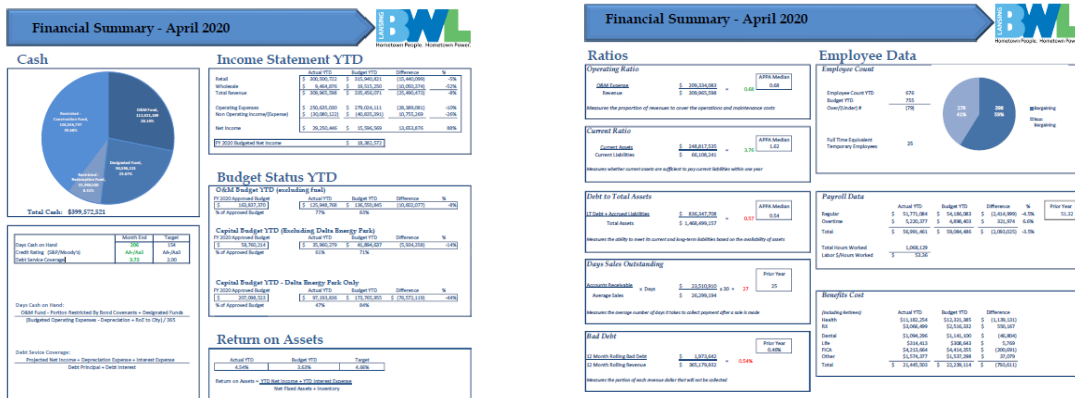
**Motion** by Commissioner Price, Seconded by Commissioner Mullen, to approve the Finance Committee meeting minutes of January 14, 2020.

**Motion** Carried by the following Roll Call Vote:

Yeas: Commissioners Ross, Graham, Leek, Lenz, Mullen, Price, Thomas and Zerkle  
 Nays: None

**April YTD Financial Summary**

Chief Financial Officer (CFO), Ms. Heather Shawa, presented the following Year to Date Financial Review:



Cash on hand is strong at 206 days and this is a key contributor that will help during the COVID-19 pandemic. The Days Cash on Hand is discussed in the COVID-19 Scenario at the end of the FY21 Budget and Forecast Presentation. The projections due to the pandemic for the FY budgeted net income was a decrease in electric load between 15-17% and a decrease in water of about 10% and that has been validated. O&M Budget YTD is tracking underspend, and Capital Project YTD and Delta Energy spend have been somewhat impacted by the pandemic. Construction season is just

beginning for the Capital Projects which is where the spend would be realized and the budget is expected to be at under spend in the next few months. The Return on Assets of 4.5% currently exceeds budgeted and it will be reviewed in May. Budgeted net income has not been adjusted as the strong financial position prior to the pandemic is expected to be attained. Of the three ratios that are below target, days sales outstanding and bad debt are expected to continue to be off target due to the pandemic. Employee count, payroll data and benefits remain the same as past months.

## FY21 Operating Budget and Forecast Presentation

General Manager Richard Peffley introduced the FY21 Operating Budget and Forecast. Prior to COVID-19 stringent guidelines were put into place to reach competitive rates. CFO Shawa provided information regarding COVID-19 and the FY21-26 Budget and Forecast. Ms. Shawa reviewed BWL Strategic Objectives, Key Budget and Forecast Assumptions, Sales Volume History and Forecast by Utility, Operating Budget and Forecast, Capital Budget and Forecast, and Next Steps.

**Budget and Forecast**  
FY 2021 – 2026  
Finance Committee Meeting May 26, 2020  
Board Meeting May 26, 2020

**COVID-19 Disclaimer**  
The COVID-19 pandemic has created significant uncertainty in economic forecasting. To the extent impacts were known and quantified during development of the FY 21-26 Budget and Forecast, they have been included.  
All COVID impacts further decrease responsive action will be taken in order to maintain operational and financial targets.  
Included in this presentation is a scenario analysis related to COVID-19.

**Overview**  
BWL Strategic Objectives – Year in Review  
Key Budget and Forecast Assumptions  
Sales Volume History and Forecast by Utility  
Operating Budget and Forecast  
Capital Budget and Forecast  
Next Steps

**BWL Strategic Objectives**  
Year in Review  
Full & Present Budget and Forecast Cycle Focus  
Strategy 6: Financial Stability  
Target Metrics  
Minimum Cash Reserve Requirement Policy

**Key Budget and Forecast Assumptions**  
Year in Review  
Full & Present Budget and Forecast Cycle Focus  
Strategy 6: Financial Stability  
Target Metrics  
Minimum Cash Reserve Requirement Policy

**Sales Volume History and Forecast by Utility, FY 16-24**  
Electric - Consumption Volume (Billion) vs. Forecast  
Water - Consumption Volume (CCF) vs. Forecast  
Steam - Consumption Volume (M Tons) vs. Forecast  
Chilled Water - Consumption Volume (M Tons) vs. Forecast

**Operating Budget and Forecast**  
FY 2021 Income Statement  
FY 2021 Operating Expenses by Category  
6-Year Income Statement  
6-Year Return on Assets  
6-Year Cash Flow

**6-Year Return on Assets (%)**  
Line chart showing Return on Assets (%) from FY 2016 to FY 2026. The chart shows a general upward trend, with a notable dip in FY 2020 due to the pandemic, followed by a recovery in FY 2021 and a projected peak in FY 2026.

**Operating Budget and Forecast**  
FY 2021 Income Statement  
FY 2021 Operating Expenses by Category  
6-Year Income Statement  
6-Year Return on Assets  
6-Year Cash Flow

The collage consists of 12 slides from a presentation. The slides are organized into three rows and four columns. The top row includes slides on 'Capital Portfolio Budget and Forecast', 'Capital Planning Level Estimating Accuracy', 'Capital Portfolio Budget and Forecast', and 'Capital Portfolio Spending by Project's Current Phase'. The middle row includes slides on 'Capital Portfolio Budget and Forecast', a financial overview with charts for Revenue, Net Income, Return on Assets, and Debt Service Coverage, 'COVID-19 Scenario', and 'COVID-19 Sensitivity'. The bottom row includes a 'COVID-19 Impact & Response' slide with sub-sections for Economic Impact, Customer Protection, Employee Protection, and Employee Contribution, a 'Next Steps' slide, and a 'COVID-19 Sensitivity' slide with a 'Days Cash on Hand' chart.

Commissioner Ross asked for additional information about City Works and what cost strategies will be implemented to improve competitiveness in the next rate strategy. Ms. Shawa stated that City Works is part of the asset management platform and database. Executive Director of Operations, Mr. Dave Bolan, added that it is a computerized maintenance management system which includes asset management information and the work order system. The system is also used by the city of Lansing. Ms. Shawa stated cost strategies being implemented include a recommendation to pool fleet vehicles and consolidation of departments.

Commissioner Lenz asked how GIS was being utilized and was the development of the software being done by BWL staff or an outside vendor. Ms. Shawa responded that an outside vendor, SSP, was developing the software and is working with BWL BSmart employees. Commissioner Lenz asked if the software was being utilized to identify assets in the field from the operations and maintenance area. Mr. Bolan responded that there is an application that is on top of the GIS system. When the work orders are cut from the asset information in City Works, the information is sent out to the field. There are horizontal assets which are geographically placed process such as wires.

Commissioner Zerkle asked when the vendor has completed the software will BWL be totally responsible for the program. Mr. Bolan responded that BWL's GIS department will be responsible for maintaining the data. Commissioner Zerkle asked about a public relations presentation regarding rates not changing for a year. GM Peffley responded that the competitiveness of the rates would be evaluated and that there are plans in place for more efficiencies.

Commissioner Merrill asked if there are any established external benchmarks for what an adequate return on assets should be for a municipal utility. Finance Manager Scott Taylor responded that metrics provided by APPA do not include return on assets. He said this is partly due to the

requirements being unique for each utility based on their cost of borrowing, expected inflation rate, and debt ratio.

Commissioner Ross asked for the difference between the previous and current targets. CFO Shawa responded that the previous target for the current fiscal year was 4.66% and the current target for the next fiscal year and forecast period is 4.14%. Commissioner Ross asked if the cash reserve policy identifies the key items on which money is spent in order that there is money on hand in reserve in case of stress. CFO Shawa affirmed. Commissioner Ross also asked about the downward trending items and the upward trending items. CFO Shawa responded that downward and upward trending items were indicated on the slide to signify downside and upside potential in the budget and the remaining items were stated as facts.

Commissioner Jester asked for additional information on the performance expectation of the Erickson plant over the next few years considering lower wholesale market prices. GM Peffley responded that the Erickson plant's official retirement date is 2025 but it will not be generating electricity entirely throughout that time due to the market.

Commissioner Leek asked if the Delta Energy Park June 2021 date is not expected to be met how far away is the goal date. GM Peffley responded that commercial operations original target was June 2021 and there could be a minimum of a two-month delay. Commissioner Ross asked what the cost difference would be between the target dates. GM Peffley responded that the capacity has to be purchased for a whole year and the cost difference is \$13 million.

Commissioner Lenz asked about the difference in the net income for 2026 of \$20 million and the net income of \$1.5 million for this year. CFO Shawa responded that the net income is impacted in FY2021-2022 due to depreciation of the Delta Energy Plant.

Commissioner Merrill asked about the cost of service model for water indicating that there would be an expected increase of 7.25% per year over a three-year period. CFO Shawa responded that there is a cost of service model completed every year and the rate strategy for this year includes, along with electric, a detailed study by rate class for water and updated steam study as well. The rate increase is approximately \$0-\$3 per month based on an average customer's consumption.

Commissioner Zerkle asked how competitive the 21.75% rate increase was. GM Peffley responded that there is a wide variation in water cost due to the quality of treatment and he would follow up and provide the commissioners with the information.

Finance Manager, Mr. Scott Taylor, spoke about the Capital Portfolio Budget and Forecast.

Commissioner Lenz inquired about the project estimated cost and whether the project is being attuned to meet the first initial cost in the projected capital budget. Mr. Taylor responded that most of the capital budget projects are in the project intake phase. Several multi-year projects will have updated revised numbers due to the phase of the project and each progressive phase is expected to have less variation. GM Peffley responded that the orange line on slide 17 represents



the project cost which is brought to the Commissioners for approval and if there is a deviation by 15% the Commissioners will be provided the reasons.

Commissioner Zerkle inquired whether a Capital Exceedance approval would be requested every year if there is a multiple year project in which costs go up every year. GM Peffley responded that an updated budget is made to be brought back to the Commissioners one time.

CFO Shawa spoke about the scenario that was created for the potential impact of COVID-19 highlighting reduced retail electric lode and water sales for commercial and industrial customers, reducing fuel and purchased power expense for reduced sales to retail customers, increasing bad debt expense, and reducing delayed payment charge (DPC) revenue from waived DPCs. Days cash on hand is the metric most affected by the COVID-19 pandemic economics. Temporary shutdown of the Erickson plant, suspending non-essential travel and training, adjusting fleet and vehicles practices, and detailed cost tracking for future reimbursement have been put into action.

Commissioner Zerkle asked if there was an expected date for water shut off for unpaying customers after the stay safe order is lifted. GM Peffley responded that will be decided after the order is lifted.

GM Peffley spoke about the COVID-19 economic impact and response, employee protection, customer protection, and employee contribution. He reported that approximately 15% of commercial customers aren't expected to return but some businesses have been restarting operation. Increased bad debt and waived delayed payment charges have brought about the need for the creation of a new policy. The turnoff pool is usually around 600 but has increased to 6,000 and it will take about three weeks for notifications to be sent out after the stay at home order is lifted. GM Peffley reported that a campaign for employees to donate to Pennies for Power will be implemented on June 1, 2020. No BWL employees have tested positive for COVID-19, and there have been no furloughs or layoffs. GM Peffley also stated that all out of state travel, conferences and training have been suspended.

Commissioner Price recommended that Commissioners abide by the travel restrictions.

**Motion** by Commissioner Thomas, Seconded by Commissioner Mullen, to forward the Resolution for the FY21 Operating Budget and Forecast to the full Board for consideration.

**Motion** Carried by the following Roll Call Vote:

Yeas: Commissioners Ross, Graham, Leek, Lenz, Mullen, Price, Thomas and Zerkle

Nays: None

**Other**

None.

**Adjourn**

Commissioner Ross adjourned the meeting at 5:48 p.m.

Respectfully submitted

Ken Ross, Chair  
Finance Committee

### **MANAGER'S RECOMMENDATIONS**

General Manager Peffley recommended that the Board approve the Resolution for the IT Communications Policy.

#### **RESOLUTION #2020-05-01** **IT Communications Policy**

WHEREAS, Internal Audit performed an audit of Cybersecurity Policies and recommended enhancements to the Communications Technologies Policy of 2016; and

WHEREAS, management has developed additional operating policies supporting the use of communications technologies and has created a Cyber Security Steering Committee to monitor and maintain those policies since the establishment of the Communications Technologies Policy in November 2016; and

WHEREAS, management has proposed a revised Communications Technologies Policy to incorporate these changes in operations as well as recommended enhancements;

RESOLVED, that the Board of Commissioners hereby adopts the revised Communications Technologies Policy as recommended by Staff.

**Motion** by Commissioner Mullen, Seconded by Commissioner Thomas, to approve the IT Communications Policy Resolution.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

### **UNFINISHED BUSINESS**

There was no Unfinished Business.

### **NEW BUSINESS**

There was no New Business.

### **RESOLUTIONS/ACTION ITEMS**

#### **RESOLUTION #2020-05-02** **Return on Equity (ROE) Renewal**

WHEREAS, the City of Lansing has expressed a desire to continue the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 (the Agreement), which has been

subsequently extended by means of four Amendments thereto in 2001, 2012, 2013 and 2018, respectively;

WHEREAS, the Board of Commissioners Committee of the Whole (COW) considered the City of Lansing's request on April 28, 2020;

WHEREAS, the General Manager recommended the Agreement be extended by two (2) years at a specific dollar amount for Fiscal Years 2020, 2021, and 2022, with some limited upward adjustment for FY 2021 and 2022 if the BWL's revenues significantly exceed its forecast, which would be memorialized as Amendment No. 5;

WHEREAS, the COW has considered the proposed Amendment #5, agreed with the General Manager's recommendation and approved the Amendment, including authorization for the General Manager to execute the Amendment, and the Amendment shall be forwarded to the Board of Commissioners for approval at the May 2020 meeting.

RESOLVED, the proposed Amendment 5 to the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 is approved by the COW, including authorization for the General Manager to execute the Amendment, and shall be forwarded to the Board of Commissioners for approval at the May 2020 meeting.

**Motion** by Commissioner Ross, Seconded by Commissioner Leek, to approve the Return on Equity (ROE) Renewal for FY 20.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-03**

**Delegation of Authority to General Manager Retraction and Amendment to Defined Contribution Plan & Trust 2**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water and Light Defined Contribution Plan and Trust 2 (the "Plan");

WHEREAS, in Resolution #2019-11-01, the Sponsor delegated authority to the General Manager ("GM") and the Retirement Plan Committee (the "Committee") that permitted the GM and Committee to alter the plan design to address business needs and industry practices for the Plan (the "Delegation") as well as for other plans maintained by the Sponsor; and

WHEREAS, the Sponsor wishes to retract the Delegation as it relates to the Plan only and not to any other plans maintained by the Sponsor; and

WHEREAS, the Sponsor intends to reserve its authority to amend the Plan, to freeze the Plan, or to terminate the Plan; and

WHEREAS, the Sponsor wishes to restate the Plan's Adoption Agreement to alter the Plan's eligibility provisions.

THEREFORE, it is:

RESOLVED, that the Sponsor hereby retracts the Delegation as it relates to the Plan only and retains its authority to amend the Plan, to freeze the Plan, or to terminate the Plan, unless and until otherwise resolved; and

FURTHER RESOLVED, that, after its review, the Sponsor adopts and approves the attached restated Adoption Agreement, effective as stated therein; and

FURTHER RESOLVED, that the Chair of the Board is hereby authorized to execute the restated Adoption Agreement and related documents on behalf of the Sponsor; and

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless the GM and each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the GM's or the Committee's discharge of its duties relating to the Plan; provided, however, that this indemnification shall not apply with regard to any proceeding in which the GM or a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas, to approve the Delegation of Authority to General Manager Retraction and Amendment to Defined Contribution Plan & Trust 2 Resolution.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-04**

**Delegation of Authority to the General Manager to Amend Plans for Compliance**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the (a) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (b) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust; (c) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions; and (d) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (collectively the "Plans"); and

WHEREAS, in Resolution #2019-11-01, the Sponsor delegated authority to the General Manager (“GM”) and the Retirement Plan Committee (the “Committee”) that permitted the GM and Committee to alter the plan design to address business needs and industry practices for the Plans; and

WHEREAS, the Sponsor wishes to delegate authority to amend the Plans for compliance purposes due to changes in the law (“Compliance Amendments”) to the GM who may further delegate such authority to the Committee or any successor of the Committee performing the same duties; and

WHEREAS, the Sponsor intends to reserve its authority to freeze the Plans or to terminate the Plans.

THEREFORE, it is:

RESOLVED, that the Sponsor expressly delegates to the GM authority to adopt Compliance Amendments for the Plans; and

FURTHER RESOLVED, that the Sponsor expressly delegates to the GM the authority to further delegate to the Committee the authority to adopt Compliance Amendments for the Plans; and

FURTHER RESOLVED that the Sponsor requires all Compliance Amendments to be communicated to the Board at the next regularly scheduled meeting of the Board; and

FURTHER RESOLVED that the Sponsor ratifies all adopted Compliance Amendments that have been adopted by the GM or Committee prior to this delegation; and

FURTHER RESOLVED that the Sponsor reserves its authority to freeze the Plans or to terminate the Plans; and

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless the GM and each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys’ fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the GM’s or the Committee’s discharge of its duties relating to the Plans; provided, however, that this indemnification shall not apply with regard to any proceeding in which the GM or a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Commissioner Ross, Seconded by Commissioner Thomas, to approve the Delegation of Authority to the General Manager to Amend Plans for Compliance Resolution.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-05**

## **Defined Benefit (DB) Investment Policy Statement**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the (a) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (b) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust; (c) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions; and (d) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (collectively the "Plans"); and

WHEREAS, in Resolution #2019-11-01, the Sponsor delegated authority to the General Manager ("GM") and the Retirement Plan Committee (the "Committee") that permitted the GM and Committee to alter the plan design to address business needs and industry practices for the Plans; and

WHEREAS, the Sponsor wishes to delegate authority to amend the Plans for compliance purposes due to changes in the law ("Compliance Amendments") to the GM who may further delegate such authority to the Committee or any successor of the Committee performing the same duties; and

WHEREAS, the Sponsor intends to reserve its authority to freeze the Plans or to terminate the Plans.

THEREFORE, it is:

RESOLVED, that the Sponsor expressly delegates to the GM authority to adopt Compliance Amendments for the Plans; and

FURTHER RESOLVED, that the Sponsor expressly delegates to the GM the authority to further delegate to the Committee the authority to adopt Compliance Amendments for the Plans; and

FURTHER RESOLVED that the Sponsor requires all Compliance Amendments to be communicated to the Board at the next regularly scheduled meeting of the Board; and

FURTHER RESOLVED that the Sponsor ratifies all adopted Compliance Amendments that have been adopted by the GM or Committee prior to this delegation; and

FURTHER RESOLVED that the Sponsor reserves its authority to freeze the Plans or to terminate the Plans; and

FURTHER RESOLVED, that the Sponsor indemnifies and holds harmless the GM and each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the GM's or the Committee's discharge of its duties relating to the Plans; provided, however, that this indemnification shall not apply with regard to any proceeding in which the GM or a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

**Motion** by Commissioner Ross, Seconded by Commissioner Mullen, to approve the Resolution for the Defined Benefit (DB) Investment Policy Statement.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-06**

**Voluntary Employees Beneficiary Association (VEBA) Investment Policy Statement**

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

WHEREAS, the Retirement Plan Committee, established by the Sponsor and delegated certain duties by the Trustees related to the investment of VEBA assets, periodically reviews the target rate of return for each plan and, as the result of its most recent review, recommends the target rate of return for the VEBA be reduced from 7.5% to 7.0%; and

WHEREAS, the Retirement Plan Committee also periodically reviews the investment policy statement, formally known as the Statement of Investment Policies, Procedures and Objectives, for the VEBA and, as the result of its most recent review, recommends revisions to language within the VEBA’s investment policy statement; and

WHEREAS, the Retirement Plan Committee along with the General Manager recommends the Sponsor adopt the revisions which reflect these recommendations in the attached Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor wants to adopt the revisions reflected in the attached Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that, after its review, and based on the recommendation from the Retirement Plan Committee along with the General Manager, the Sponsor adopts and approves the attached Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light Statement of Investment Policies, Procedures and Objectives.

**Motion** by Commissioner Thomas, Seconded by Commissioner Ross, to approve the Resolution for the Voluntary Employees Beneficiary Association (VEBA) Investment Policy Statement.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-07**

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

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

WHEREAS, the previously approved budget for Capital Project AE – Electric Annual Account was \$11,633,349; and

WHEREAS, the projected final total cost for Capital Project AE – Electric Annual Account is \$14,200,000, should the projects be completed; and

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

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

RESOLVED, the BWL Board of Commissioners approve completion of Capital Project AE – Electric Annual Account with a projected final total cost of \$14,200,000.

**Motion** by Commissioner Ross, Seconded by Commissioner Graham, to approve the Resolution for the Capital Project Exceedance – AE - Electric Annual Account.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-08**

**Capital Project Exceedance – Tainter Gate Trunnion Pin Replacement**

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-20203 MP – Tainter Gate Trunnion Pin Replacement was \$1,653,565; and

WHEREAS, the projected final total cost for Capital Project PE-20203 MP – Tainter Gate Trunnion Pin Replacement is \$2,011,000, 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-20203 MP – Tainter Gate Trunnion Pin Replacement be completed despite the projected increased cost; and  
RESOLVED, the BWL Board of Commissioners approve completion of Capital Project PE-20203 MP – Tainter Gate Trunnion Pin Replacement with a projected final total cost of \$2,011,000.

**Motion** by Commissioner Thomas, Seconded by Commissioner Mullen, to approve the Resolution for the Capital Project Exceedance – Tainter Gate Trunnion Pin Replacement.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

**RESOLUTION #2020-05-09**  
**Fiscal Year 2021-2026 Budget and Forecast**

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2021 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2022-2026 is hereby accepted as presented; and

FURTHER RESOLVED, 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.

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**Staff Comments:**

Staff recommends an operating and maintenance budget of \$329.4M and a capital budget of \$198.9M for Fiscal Year 2021.

The Operating and Capital Forecast for Fiscal Years 2022-2026 includes potential rate increases in Fiscal Years 2022-2026. The potential rate increases are for forecast purposes only and have not been approved through a public rate hearing process. The forecast rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 26, 2020 board meeting.

**Motion** by Commissioner Ross, Seconded by Commissioner Zerkle, to approve the Resolution for the Fiscal Year 2021-2026 Budget and Forecast.

**Motion Carried** by the following Roll Call Vote

Yeas: Commissioners Price, Graham, Leek, Lenz, Mullen, Ross, Thomas and Zerkle

Nays: None

#### **MANAGER'S REMARKS**

General Manager Peffley informed of the following:

1. GM Peffley provided an update on the Delta Energy Plant with drone footage of construction of the plant.
2. BWL employees are starting to return to work. Field workers, maintenance, Erickson station employees and the line department will have started back to work by next week. Office staff will return within two months.
3. BWL's commercial with the 40+ year seniority employees was nominated for a state Emmy. The commercial was rated in the top five commercials in 2019.

#### **COMMISSIONER'S REMARKS**

Commissioner Ross commended GM Peffley and the Financial Team for the extensive financial review of the impacts of COVID-19 on BWL and asked for additional information to be provided at the next Board meeting on how the BWL as employer will transition office-based employees back in. GM Peffley responded that he will provide information at the next Board meeting.

Commissioner Price commended how well BWL has dealt with the COVID-19 challenge and that no employees have contracted COVID-19.

Commissioner Leek and Commissioner Price commended GM Peffley on Delta Energy Park and the drone footage.

Commissioner Thomas commented about the transition time between the meetings and thanked the sign language interpreter for her work.

#### **MOTION OF EXCUSED ABSENCE**

None.

#### **PUBLIC COMMENT**

None.

#### **ADJOURNMENT**

Chair Price adjourned the meeting at 6:29 p.m.

M. Denise Griffin, Corporate Secretary  
Preliminary Minutes filed (electronically) with Lansing City Clerk: June 3, 2020  
Official Minutes filed (electronically) with Lansing City Clerk: ---- -, 2020

UNOFFICIAL

Submitted on Wed, 07/01/2020 - 3:01 PM

**Select a Commissioner:**

All Commissioners

**Name**

Steven R Harry

**Street Address**

3125 Tecumseh River Rd  
Lansing, Michigan. 48906

**Email Address**

[stevenrharry@gmail.com](mailto:stevenrharry@gmail.com)

**Message**

The following is from a letter I sent to Chairman Price on June 5:

Dear Mr. Price,

I would like to appeal the denial of a FOIA request.

My initial request was sent by email on January 14, 2020 to [foiarequests@lbwl.com](mailto:foiarequests@lbwl.com). I asked for the following information for all BWL employees who were employed during the 2019 calendar year:

- Name
- Position
- Department
- Hire date
- Termination date
- Salary/hourly rate
- Total earnings for 2019
- Regular earnings
- Overtime earnings
- Any other available components of total earnings other than regular and overtime

I asked that the information be provided in a digital file.

I got no response. I sent two follow-up email requests, one January 27 with a copy to Communications Director Stephen Serkaian and the other February 6 directly to General Counsel Mark Matus, and still got no response. Thinking my emails were not getting through, I put my request in a letter mailed February 17. No response. On March 3, I used the contact form on the BWL website to repeat my request, asking that it be forwarded to the BWL FOIA coordinator. That finally got a response in a March 11 email from Assistant FOIA Coordinator Elissa McDaniels. It said

Your request is denied because your request asks for a report in a specific format that does not exist. Furthermore, pursuant to MCL 15.233 (4), FOIA does not require a public body to make a report of information. Pursuant to MCL 15.235(5)(b), this response constitutes a certification that the public record(s) requested do not exist.

On March 12, I emailed Elissa saying "This is a follow-up to my previous FOIA request, but you may consider it a new request" and I listed the same set of information in the original request. I added

Previously, I asked for the information in a digital file. That is the media I prefer, but if that is not possible, I would accept part of the information in a digital file and part in a paper document. Or if none is available in a digital file, I will accept all of the information in a paper file or files. And if any item of information on the list is not available at all, I will accept the remaining items. In other words, I will accept whatever is available in any form, but I prefer digital files. If provided in multiple files, please include employee name in each file.

On May 14, I emailed Elissa with a copy to Mark Matus saying "Elissa, you have not responded to this FOIA request and it has been over 2 months. Please explain." I got no response.

Mr. Price, I am asking that the information be provided in whatever form is available, preferably in a digital file.

## **NOMINATING COMMITTEE MINUTES**

**June 23, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Nominating Committee meeting of the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 4:00 p.m. on Tuesday, June 23, 2020.

Nominating Committee Chair, Beth Graham, called the meeting to order at 4:00 p.m. and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Beth Graham, Deshon Leek, David Lenz, and Sandra Zerkle. The following Commissioners were also present: Commissioners David Price and Ken Ross (arrived @4:02 p.m.)

Absent: None

### **Public Comments**

There were no public comments.

### **Approval of Minutes**

**Motion** by Commissioner Zerkle, Seconded by Commissioner Leek to approve the Nominating Committee meeting minutes of June 20, 2019.

**Action:** Motion Carried

### **Officer & Committee Survey Memorandum and Officer & Committee Survey Results**

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

### **Nomination of Board Officer Candidates for Fiscal Year 2020-2021**

#### **Chairperson and Vice Chairperson**

Nominating Committee Chair Graham opened the floor for nominations for the Chairperson for the 2020-2021 fiscal year and for the Vice Chairperson for the 2020-2021 fiscal year.

Commissioner Leek inquired about the Administrative Rules of Procedure and questioned if the process was being followed regarding the Commissioners rotating the Officer positions. Nominating Chair Graham asked Corporate Secretary Griffin to respond to the inquiry. Corporate Secretary Griffin stated that the role of the Nominating Committee according to the Rules of Procedure is that the "Board" shall endeavor to rotate the officer positions annually. Upon conclusion of dialogue the following motion was offered:

**Motion** by Commissioner Leek, Seconded by Commissioner Lenz to nominate Commissioner David Price to serve as the Chairperson for the 2020-2021 fiscal year.

**Action:** Motion Carried

#### **Roll Call Vote:**

**Yeas:** Commissioners Beth Graham, Deshon Leek, David Lenz, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**Motion** by Commissioner Zerkle, Seconded by Commissioner Leek to nominate Commissioner Tracy Thomas as the Vice Chairperson for the 2020-2021 fiscal year

**Roll Call Vote:**

**Yeas:** Commissioners Beth Graham, Deshon Leek, David Lenz, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**Motion** by Commissioner Zerkle, Seconded by Commissioner Lenz to present the slate of Officers for 2020-2021 to the full Board for consideration as follows:

|             |              |
|-------------|--------------|
| Chair:      | David Price  |
| Vice Chair: | Tracy Thomas |

**Roll Call Vote:**

**Yeas:** Commissioners Beth Graham, Deshon Leek, David Lenz, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

Nominating Committee Chair Graham stated that the recommended slate of officers will be presented to the full Board for consideration at the July 28<sup>th</sup> Board/Annual Organizational meeting. Nominations will also be taken from the floor for the Officer positions at the July Board/Annual Organizational meeting.

**Excused Absence**

None

**Adjourn**

There being no further business, the meeting adjourned at 4:13 p.m.

Respectfully submitted,  
Beth Graham, Chair  
Nominating Committee

**HUMAN RESOURCES COMMITTEE**  
**Meeting Minutes**  
**June 23, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Human Resources Committee meeting of the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 4:45 p.m. on Tuesday, June 23, 2020.

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

Present: Commissioners Tracy Thomas, Beth Graham, Deshon Leek, and Sandra Zerkle. Also present: Commissioners David Lenz, Anthony Mullen, David Price, Ken Ross, and Non-Voting Commissioner Larry Merrill (Delta Township)

Absent: None

**Public Comments**

None

**Approval of Minutes**

**Motion** by Commissioner Zerkle, Seconded by Commissioner Leek, to approve the Human Resources Committee meeting minutes of November 5, 2019.

**Action:** Motion Carried.

**Memorandum of Understanding (MOU) for Labor Agreement**

General Manager Peffley spoke about the Labor Agreement MOU which requests, due to COVID 19 budget issues, a one-year extension of the contract from October 31, 2020 to October 31, 2021 to offset labor increases. Bargaining employees will receive a lump sum payment of \$641.00 for extending the contract. BWL will save \$1.1 million with this agreement. Additionally, bargaining employees will be able to sign up for the Green Plan during the September 2020 open enrollment. It is optional but the more employees that sign up for the Green Plan the lower health costs will be for BWL. GM Peffley recommended forwarding the resolution for the labor agreement to the full board for approval.

Commissioner Thomas asked if the lump sum payment would be compounded on the salary of bargaining employees. GM Peffley responded that it is a one-time payment that doesn't go into the employees' base pay.

Commissioner Leek asked for a description of the Green Plan. Human Resources Executive Director Lynette Keller described the Green Plan design change. The Green Plan has the same benefits of the Blue Plan but with a different cost structure. The Blue Plan deductible is \$250 per individual and \$500 per family and there is no co-insurance. The Green Plan deductible is \$1000



per individual and \$2000 per family and the co-insurance is \$1000 per individual and \$2000 per family. There is a difference of 90% and 100% coverage in the plans where the 10% difference goes toward the co-insurance. The total out of pocket maximum and prescription program are the same for both plans. The major difference is the cost to the employee which is lower for the Green Plan.

Commissioner Ross asked if the Green Plan is an HSA Plan. Ms. Keller responded that it isn't and are standard PPO plans with a very high level of coverage for the employees. The deductible and co-insurance are the major differences. Commissioner Ross also asked about the plan for non-bargaining employees and an HSA for bargaining units. Chief Financial Officer Heather Shawa responded that an HSA plan such as the Green Plan for the bargaining employees is under consideration and currently an FSA plan is in effect.

Commissioner Zerkle commented that all employees pay 20% of the premiums and asked if a copy of the Green Plan information can be provided to Commissioner Leek. Corporate Secretary Griffin will send the information to Commissioner Leek.

**Motion** by Commissioner Zerkle, Second by Commissioner Leek to forward the Resolution for the Memorandum of Understanding Extending the 2016-2020 Collective Bargaining Agreement between LBWL and the IBEW, AFL-CIO, Local 352 to the full board for consideration.

**Roll Call Vote:**

**Yeas:** Commissioners Tracy Thomas, Beth Graham, Deshon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**FY 2021 Charter Appointed Reappointments**

Human Resources Chair Tracy Thomas said, "In Accordance with Section 8.1 of our Administrative Rules of Procedure and the City Charter, the Board must appoint or reappoint its 3 Charter Appointed Employees each fiscal year". Chair Thomas explained that usually the reappointment resolutions are considered upon completion of the annual performance reviews, however due to public safety concerns resulting from the COVID-19 Pandemic and the social distancing requirements, the Committee will move forward with the reappointment resolutions today, and reserve the opportunity to conduct in-person performance reviews at a later date.

**Motion** by Commissioner Thomas, **Seconded** by Commissioner Graham to forward the resolution reappointing M. Denise Griffin to the Charter position of Corporate Secretary, Wesley Lewis to the Charter position of Internal Auditor, and Richard R. Peffley to the Charter position of General Manager for FY21 to the full Board for consideration.

**Action:** Motion Carried by the following Roll Call Vote:

**Roll Call Vote:**

**Yeas:** Commissioners Tracy Thomas, Beth Graham, Deshon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**Subsequent Steps for Board Appointed Employees Contracts**

**Motion** by Commissioner Thomas, Seconded by Commissioner Zerkle to charge the HR Chair and the Board Chair with the task of working with the appointed employees on their respective annual merit considerations after the performance reviews have taken place, on behalf of the Board of Commissioners.

**Roll Call Vote:**

**Yeas:** Commissioners Tracy Thomas, Beth Graham, Deshon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**Excused Absence**

None

**Other**

**Adjourn**

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

**Action:** Motion Carried

Meeting adjourned at 5:06 p.m.

Respectfully Submitted,  
Tracy Thomas, Chair  
Human Resources Committee

**COMMITTEE OF THE WHOLE**  
**Meeting Minutes**  
**June 30, 2020**

Due to public safety concerns resulting from the COVID-19 Pandemic, the Committee of the Whole meeting for the Lansing Board of Water and Light (BWL) was conducted via WebEx Conferencing in Lansing, MI, at 5:30 p.m. on Tuesday, June 30, 2020.

Committee of the Whole Chair Tony Mullen called the meeting to order at 5:30 p.m.

Present via WebEx: Commissioners Tony Mullen, Beth Graham (arrived @ 6:12 p.m.), Deshon Leek, David Lenz, David Price, Ken Ross, Tracy Thomas, Sandra Zerkle, and Non-Voting Members: Michael Froh (arrived @ 5:51 p.m.), Doug Jester (East Lansing), and Larry Merrill (Delta Township).

Absent: None.

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Commissioner Price, Seconded by Commissioner Zerkle, to approve the Committee of the Whole Meeting minutes of April 28, 2020.

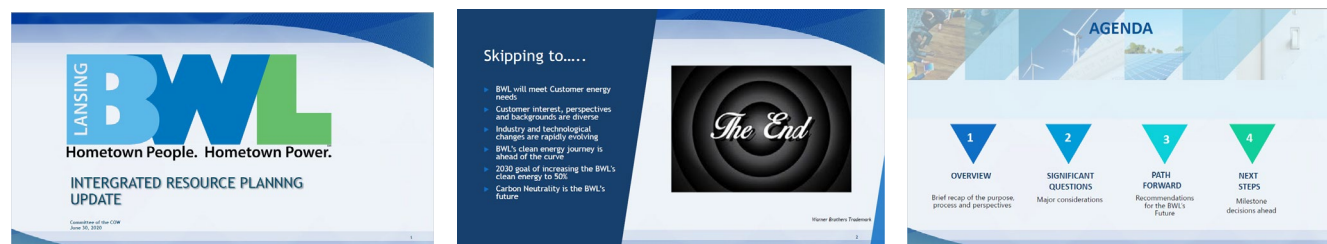
**Motion** Carried by the following Roll Call Vote:

Yeas: Commissioners Mullen, Graham, Leek, Lenz, Price, Ross, Thomas and Zerkle

Nays: None

**Integrated Resource Plan (IRP) Update**

Executive Director of Strategic Planning and Development, Ms. Brandie Ekren, presented the Integrated Resource Planning (IRP) Update. Ms. Ekren introduced Mr. Steve Brennan, Planning and Development Manager, who would be available to answer questions. Ms. Ekren stated a formal report has been made, in addition to the presentation, which includes all the studies, all the modeling results, and all the stakeholder feedback comments.



### OVERVIEW

Purpose, Process & Perspectives

**Purpose of an Integrated Resource Plan (IRP)**  
Meeting the energy needs of customers in a manner that is affordable, reliable and environmentally responsible.

**IRP Process**  
Stakeholder engagement, industry research, modeling, public open house

**Make-up of BWL Customer Base**  
Residential and commercial customers, located within the Lansing Community, diversity of backgrounds, income, and interest

**Perspectives**  
Forecast of future needs, technology and industry changes, increased need for climate response strategies

### IRP STAKEHOLDER ENGAGEMENT

Our on-site meetings with various organizations within the Lansing Community

A third-party survey firm randomly polled 600 residential customers and 300 commercial customers on a variety of topics related to the IRP planning goals. Customers' input priorities related to clean energy, reliability and affordability.

Five public meetings or sessions throughout the service territory

100 customers to receive feedback and information to allow conversations from members of the public on business outcomes and learning opportunities

Social media, email and web links informing community of opportunities to participate and provide input

### SIGNIFICANT QUESTIONS

Major Considerations

- CUSTOMER INTEREST**  
How can the BWL address increased customer interest in renewables & climate?
- BENEFICIAL ELECTRIFICATION**  
What is the impact of Electric Transportation and space conditioning?
- ENERGY WASTE REDUCTION**  
What are the BWL's energy waste reduction opportunities?
- CLIMATE**  
How should the BWL address environmental impacts?
- AFFORDABILITY**  
How should the BWL take into account the affordability of cleaner power?
- TECHNOLOGY**  
What will be the impact of technology, especially on the utility business model?

### BALANCING PERSPECTIVES

**Financial**  
 > Net Present Value  
 > Rate Impact  
 > Financial Risk

**Operational Flexibility**  
 > Percentage of Dispatchable Generation to Total Generation  
 > Generation Diversity

**Environmental**  
 > CO<sub>2</sub> Emissions Reduction  
 > NO<sub>x</sub> Emissions Reduction  
 > SO<sub>2</sub> Emissions Reduction

### CLEAN ENERGY & CARBON

How the BWL compares to its competitors - Before recommendations

Eliminate Lansing Coal/ 80% Carbon Reduction

Goal: 25% Renewable

Goal: Eliminate Coal 90% Carbon Reduction - 22% EE, 12% Storage, 56% Renewable

2022: 25% Renewable Energy

2025: Goal: 40% Carbon Reduction & 30% Renewable

2030

2040

2050: Goal: Net Zero Carbon

### PATH FORWARD

Recommendations for BWL

**Coal Free Lansing**

A pilot step to reduce carbon emissions involves replacing coal-based generation with cleaner and affordable solutions.

**Continuing the Clean Energy Journey**

To join the many pioneers that have adopted clean energy goals, increasing incrementally our clean energy goal to 50% by 2030 will allow us to make progress as we transition to an evolved climate response strategy.

**Carbon Neutrality**

This will eventually lead to the goal for 100% carbon reduction as technology such as battery storage become economically viable.

### 50% Clean Energy Strategy

**Current Strategy (Base)**

- Current plan 30% clean energy in 2020, 40% in 2030, Erickson retirement 2025, 1% energy waste reduction, all other options optimized
- 2030 resource mix relies on battery storage and demand response programs

**Recommended Strategy (3.0)**

- 30% clean energy in 2020, 50% in 2030, Erickson retirement 2025, 1% energy waste reduction, all other options optimized
- 2030 resource mix relies on projected and increased solar investment opportunities
- Solar investments with a behind the meter and customer off-peak strategy
- Technology enhancements of storage and demand response programs would be upping

### METRIC IMPACT

50% Clean Energy Compared to current Clean Energy Goal

**Net Present Value**  
\$1,466,070,688 compared to \$1,468,954,993

**Operational Flexibility**  
38% compared to 56%

**Rate Impact**  
\$49.46 compared to \$49.55

**Financial Risk**  
\$289,347,912 compared to \$295,795,481

**Generation Diversity**  
0.537 compared to 0.526

**CO<sub>2</sub> Reduction**  
83.0% compared to 81%

**SO<sub>2</sub> Reduction**  
99.9%

**NO<sub>x</sub> Reduction**  
97.0%

### BALANCED JOURNEY

2011: Offer customers opportunity to invest in renewable energy options

2017: Adopted first solar in renewable energy installed with plans for energy efficiency

2018: Established future clean energy goals of 50% by 2030 & 80% by 2050

2018: Assumed that it will be the 1st Meter utility to enter the coal-free power plans by 2025

### BALANCED JOURNEY

2007: BWL contracted for 100 MW of landfill gas energy

2008: BWL contracted for approximately 20 MW of solar energy and expanded its solar program to 150 MW

2014: BWL led development of 200 MW community solar project allowing customers to directly invest

2015: BWL led development of 200 MW community solar project allowing customers to directly invest

### BALANCED JOURNEY

2016: BWL contracted for 34 MW of solar in Delta Trip, the state's largest tracking solar array

2017: BWL contracted for an additional 10 MW of solar in Calhoun County and 80 MW in Shiawassee County

2018 & 2019: BWL contracted for 89 MW of wind in Tuscola County (which was subsequently renegotiated to 68 MW in 2020)

### 50% CLEAN ENERGY & CARBON NEUTRALITY

**Strategies**

- Financial
- Operational Flexibility
- Environmental
- Risk
- Resource Development
- Financial Risk
- Percentage of Dispatchable Generation
- Resource Diversity
- CO<sub>2</sub>
- NO<sub>x</sub>
- SO<sub>2</sub>

### WHAT IS CARBON NEUTRALITY?

**Next Steps**

- Establishing a net zero carbon footprint, either generation related or other corporate wide actions

**Renewable Electric Resources**

- Increasing renewable generation as a global solution
- Although technology will eventually reduce reliability of renewable solution, Carbon Neutrality strategy is an integrated approach

**Beyond Generation**

- Mitigate or offset the remaining emissions
- Participate in a program like cap and trade
- Understand programs that absorb carbon from the atmosphere
- Further develop Energy Waste Reduction programs to reduce customer electrical consumption

### CARBON NEUTRALITY

**US States, 65 Countries, And Over 100 Cities**

**Investor-owned and Municipal Utilities**

- Consumer's Energy
- DTE Energy
- Austin Energy
- EverSource
- Seattle City Light
- Madison Gas & Electric
- PSEG
- Xcel
- Duke Energy
- Dominion
- NRG

**Corporations**

- Microsoft
- Google
- General Motors
- IBM
- Facebook
- Apple
- Amazon

### GROWING COMMITMENT

**US States, 65 Countries, And Over 100 Cities**

**Investor-owned and Municipal Utilities**

- Consumer's Energy
- DTE Energy
- Austin Energy
- EverSource
- Seattle City Light
- Madison Gas & Electric
- PSEG
- Xcel
- Duke Energy
- Dominion
- NRG

**Corporations**

- Microsoft
- Google
- General Motors
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### GROWING COMMITMENT

**US States, 65 Countries, And Over 100 Cities**

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- Xcel
- Duke Energy
- Dominion
- NRG

**Corporations**

- Microsoft
- Google
- General Motors
- IBM
- Facebook
- Apple
- Amazon

### NEXT STEPS

**Evaluate BWL's Coal Portfolio**  
Initiate energy coal-based generation closure

**Carbon Reduction Targets in Strategic Plan**  
Climate mitigation strategy

**Develop Carbon Reduction & Offset Program**  
Address remaining emissions and offsets that do not meet net-zero

**Refuel Goals to be Renewed**  
Address remaining emissions and offsets that do not meet net-zero

### NEXT STEPS CONT...

**Evolve Business Model**  
Continue to research industry changes and opportunity for the BWL to evolve its business model and customer experience

**Belle River**  
Monitor the status of DTE's Belle River and update modeling accordingly

**Grid Modernization and Resilience**  
Integrate T&D planning to traditional generation planning

**Evaluate Transmission**  
Review transmission configuration in the MSO market



Ms. Ekren stated that the main purpose of the IRP Plan is to meet the energy needs of its customers in a manner that is affordable, reliable and environmentally responsible. Ms. Ekren reported on the six main goals of the Board of Water and Light of meeting the energy needs of its customers, focusing on customer interest and perspectives, keeping up with rapidly evolving industry and technological changes, keeping ahead of clean energy goals, increasing clean energy goals, and carbon neutrality as soon as 2040.

Commissioner Zerkle asked if the percentage of income was the same as the 87% revenue received from electricity from residential customers and 13% revenue from industrial customers. Ms. Ekren responded that the 87% refers to the number of customers and revenue refers to the two thirds received from industrial customers. Commissioner Zerkle also asked about BWL not being the hub for electrical energy in a few years. Ms. Ekren responded that as more customers express an interest to generate their own energy those customers will be considered energy providers as they will be producing enough energy to serve others. This is called distributed generation by the BWL.

Commissioner Ross commended Ms. Ekren for setting specific clean energy and carbon goals, commented about new terms being clearly defined, and asked at what point BWL would be at 100% renewables. Ms. Ekren responded that clean energy is a combination of renewable energy and energy efficiency and gave as an example the 2020 goal of 30% clean energy which includes 20% renewable and 10% energy efficiency. The BWL's goal is to be at 100% renewables but doesn't have a set date yet.

Commissioner Price asked whether BWL was proposing using credits. Ms. Ekren responded that energy consists of the energy itself, capacity value and renewable credits, and both energy and renewable credits will be used. Ms. Ekren also responded that carbon offset credits can be used to offset carbon emissions

Commissioner Lenz inquired about forecasting that customers will be contributing to the BWL energy portfolio by their own energy production in the future and whether the BWL has a way to offset lost revenue or generate revenue through those customers. Ms. Ekren responded that there a number of different options being pursued including offering customers that want to participate in the renewable contracts with a longer contract so that they don't have to build their own infrastructure.

Commissioner Zerkle asked about the IRP Plan being a 10 to 15-year goal adjustment from the last IRP. Ms. Ekren responded that 20-year projections and re-evaluations are conducted periodically. Commissioner Zerkle asked if the financial impact on customers was a consideration in the plan

projections. Ms. Ekren responded that there is a balance between renewable energy goals, economic needs and financial impacts on customers.

Commissioner Ross inquired whether the IRP projections included current generation capacity with no additions. Ms. Ekren affirmed.

Commissioner Zerkle asked what consideration had been given to being the supplier and repairer of solar and wind equipment and if it was financially feasible. Mr. Brennan responded that there are a lot of common skill sets with current services provided and although tax incentives aren't in BWL's favor right, it is something that will be checked into.

Commissioner Thomas and Commissioner Zerkle commended Ms. Ekren and her team for the strategic plan presentation and new solar program that saved BWL a lot of money.

Commissioner Ross asked when the IRP report will be provided to the Commissioners for review. Ms. Ekren responded that additional work is being completed and the goal for publishing the report is after the holiday. Ms. Ekren is planning to provide all data that was reviewed to the stakeholders. The Corporate Secretary Ms. Griffin responded that the information will be provided on the Commissioners' portal.

Commissioner Price commented that a way to access the information that is easily accessible to the general public should be provided. Ms. Ekren responded that the information will be provided to the general public on the website by Ms. Griffin and Ms. Amy Adamy. A link can be provided through an email as with the stakeholders.

#### **Other**

There was no other business.

#### **Adjourn**

**Motion** by Commissioner Price, Second by Commissioner Thomas to adjourn the meeting. The meeting was adjourned at 6:43 p.m.

Respectfully Submitted  
Anthony Mullen, Chair  
Committee of the Whole

## HUMAN RESOURCES COMMITTEE

### Meeting Minutes

July 16, 2020

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met via WebEx (BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 4:00 p.m. on Thursday, July 16, 2020.

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, Beth Graham, Deshon Leek, Sandra Zerkle. Also present Commissioners David Lenz, Tony Mullen, David Price, Ken Ross, and Non-Voting Commissioner Larry Merrill.

Absent: None

#### **Public Comments**

None

#### **Approval of Minutes**

**Motion** by Commissioner Zerkle, **Seconded** by Commissioner Leek, to approve the Human Resources Committee meeting minutes of May 21, 2019.

**Action:** Motion Carried.

#### **Board Appointee Performance Reviews**

HR Committee Chair Thomas opened the floor for the Board Appointee Performance Reviews.

#### ***Corporate Secretary***

Corporate Secretary M. Denise Griffin requested a closed session via MS Teams 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 Thomas, **Seconded** by Commissioner Leek, to enter into closed session MS Teams to discuss the contractual year-end performance evaluation of Corporate Secretary M. Denise Griffin.

*The Human Resources Committee went into MS Teams closed session at 4:05 p.m.*

#### **Roll Call Vote:**

**Yeas:** Commissioners Thomas, Graham, Deshon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

**Motion** by Commissioner Graham, **Seconded** by Commissioner Leek, to reconvene into open session via WebEx.

**Action:** Motion Carried.

*The Human Resources Committee reconvened to WebEx open session at 4:30 p.m.*

**General Manager**

General Manager Richard Peffley requested a MS Teams 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 Thomas, **Seconded** by Commissioner Graham, to enter into a MS Teams closed session to discuss the contractual year-end performance evaluation of General Manager, Richard Peffley.

**Roll Call Vote:**

**Yeas:** Commissioners Thomas, Graham, Deshon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

*The Human Resources Committee went into MS Teams closed session at 4:32 p.m.*

**Motion** by Commissioner Zerkle, **Seconded** by Commissioner Graham, to reconvene into WebEx open session.

**Action:** Motion Carried.

*The Human Resources Committee reconvened to WebEx open session at 5:17 p.m.*

**Internal Auditor**

Internal Auditor, Wesley Lewis, requested a MS Teams 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 Thomas, **Seconded** by Commissioner Graham, to enter into MS Teams closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Wesley Lewis.

**Roll Call Vote:**

**Yeas:** Commissioners Thomas, Graham, Deshon Leek, and Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

*The Human Resources Committee went into MS Teams closed session at 5:18 p.m.*

**Motion** by Commissioner Graham, **Seconded** by Commissioner Zerkle, to reconvene into WebEx open session.

**Action:** Motion Carried.

*The Human Resources Committee reconvened to WebEx open session at 6:28 p.m.*



**Other**

None

**Adjourn**

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

**Action:** Motion Carried

Meeting adjourned at 6:32 p.m.

Respectfully Submitted,  
Tracy Thomas, Chair  
Human Resources Committee

**Finance Committee Meeting Report**  
**July 21, 2020**  
**Ken Ross, Chair**

The Finance Committee met on **July 21, 2020**.

The Administration presented updates and/or information on:

- The May YTD Financials
- The Internal Audit Open Management Responses
- The Internal Audit Status Report & Internal Audit Work Plan
- The Internal Audit Charter

There was discussion regarding the proposed Internal Audit Charter and the charter was tabled until the next Finance Committee meeting for further discussion.

Thank you and that concludes my Report,  
Ken Ross, Finance Chair

7-28-20

Proposed Resolution

MOU Extending 2016 – 2020 Collective Bargaining Agreement between the Lansing Board of Water & Light and the International Brotherhood of Electrical Workers, AFL-CIO, Local 352

WHEREAS, on October 31, 2016 the Lansing Board of Water & Light and the International Brotherhood of Electrical Workers, AFL-CIO, Local 352, the “Parties,” executed a Collective Bargaining Agreement effective November 1, 2016 through October 31, 2020, the “2016-2020 Labor Agreement.”

WHEREAS, having considered the unprecedented circumstances of the COVID-19 pandemic the Parties have agreed to extend, with two amendments, all provisions of the 2016-2020 Labor Agreement until midnight October 31, 2021;

RESOLVED, that the Board of Commissioners approve the 2020 Labor Agreement MOU extending the 2016-2020 Labor Agreement effective November 1, 2020 through October 31, 2021, and authorize the General Manager to execute same.

Proposed Resolution  
Appointment of the Charter Position of Corporate Secretary

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2020-2021 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

**FURTHER RESOLVED**, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2020's performance.

Proposed Resolution  
Appointment of the Charter Position of Director and General Manager

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2020-2021 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

**FURTHER RESOLVED**, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2020's performance.

Proposed Resolution  
Appointment of the Charter Position of Internal Auditor

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2020-2021 or until a successor is appointed, whichever last occurs.

Wesley Lewis, Internal Auditor

**FURTHER RESOLVED,** That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2020's performance.