

BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave. - Lansing, Michigan
September 22, 2015 - 5:30 p.m.
BOARD MEETING AGENDA

- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Special Ceremony Check Presentations:**
 - 1. American Red Cross**
 - 2. Chili Cook Off Proceeds**
- 4. Approval of Minutes**
 - a. Regular Board Meeting - July 28, 2015
- 5. Public Comments**

Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter not on the agenda may do so immediately prior to adjournment.
- 6. Communications**
 - a. Email from Bill Conner Re: Assessment of Convenience Fee
 - b. Email from William Zimmerlee Re: Timeline for Pole Usage Permit
- 7. Committee Reports**
 - a. Finance Committee Meeting (September 8, 2015) – Ken Ross, Chair
 - b. Committee of the Whole (September 8, 2015) – Dennis M. Louney, Chair
 - c. Human Resources Committee (September 15, 2015) – Tony Mullen, Chair
- 8. Manager Recommendations**
- 9. Unfinished Business**
- 10. New Business**
- 11. Resolutions/Action Items**
 - a. Resolution: Joint Work Meeting – BWL and Lansing City Council
 - b. Resolution: Acceptance of FY 15 Audited Financial Statements
 - c. Resolution: Charter Position Appointment of General Manager
- 12. Manager's Remarks**
- 13. Commissioners' Remarks**
- 14. Motion of Excused Absence**
- 15. Public Comments**

Members of the public are welcome to speak to the Board on any Board of Water and Light subject.
- 16. Adjournment**



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

July 28, 2015

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on July 28, 2015.

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

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Michael Froh, William Long and Robert Nelson.

Absent: None

The Corporate Secretary declared a quorum present.

Commissioner Louney led the Pledge of Allegiance.

Special Ceremony-Tribute to Former BWL Commissioner Cynthia Ward

Chairperson David Price presented Cynthia Ward with a Resolution of Tribute on behalf of her service to the BWL Commission.

ELECTION OF OFFICERS FY 2015-2016

Commissioner Chair David Price recognized Commissioner Mullen, who chaired the Nominating Committee.

Commissioner Mullen read the Nominating Committee Report, in which the proposed slate of officers for Fiscal Year 2015-2016 is as such: Commissioner David Price serving as Chairperson; and Dennis M. Louney serving as Vice Chairperson. There were no nominations from the floor for the office of Chairperson or Vice Chairperson.

Motion by Commissioner Thomas, Seconded by Commissioner McCloud to approve the presented slate of officers for 2015-2016.

Action: Motion Carried

APPROVAL OF MINUTES

Motion by Commissioner Bossenbery, Seconded by Commissioner McCloud to approve the Regular Meeting Minutes of May 26, 2015.

Action: Motion Carried

LATE ITEMS

- Proposed Resolution to Amend Employee Contribution to Medical Benefit Plan
- Letter from Darnell Early of Delta Township re: The Sale of the Board of Water & Light
- Letter from the Sierra Club re: The Integrated Resource Planning (IRP) Process

PUBLIC COMMENT

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

Ann Woiwode, of the Sierra Club spoke about the planning process for the Integrated Resource Planning (IRP). She expressed that it was important to spell out the process and to have public participation and transparency to help shape the direction of the utility moving forward.

Chuck Hallman, Vice President of the Genesee Neighborhood Association, spoke about the resolution up for consideration regarding the Lansing Board of Water and Light. Mr. Hallman stated that he wanted to emphasize the importance of the Commission's support to maintain the BWL as a publicly owned utility.

Elaine Wambo, Facilitator for Rejuvenating South Lansing and Coordinator for Neighborhood Watch, spoke about the sale of the BWL. She stated her concerns with the proposed amendments to the resolution "*Directing Interim General Manager to Prepare a Business Case.*" She stated that it is time for the Board of Commissioners to show their belief in the BWL.

Phil Hassler, Former Commissioner of the Lansing Board of Water and Light, and Chair Person for 11 years stated that the Commission's most important responsibility is to the ratepayers, therefore the Commission's decision making should be based on that responsibility alone. He stated that ratepayers have voiced their opinion via the survey, administered by the IBEW, which indicated that 85% of those that responded did not want the BWL sold.

Claude Beavers, Lansing Resident, urged the Board of Commissioners to consider the first resolution that was initially proposed at the last Committee of the Whole meeting, opposed to the amended resolution being proposed tonight because he believes it is a better deal for everyone including the company and the environment.

Emily Heart, Lansing Resident, asked that the Commissioners endorse the original resolution that supported keeping the BWL as a public utility.

Lansing City Councilmember Jody Washington stated her disappointment with the proposed amended resolution being presented this evening regarding the BWL. She stated that citizens

are looking for a Board to fight for the utility and a Board who will find a way to support what the citizens want.

COMMUNICATIONS

a. Email from Thomas Melton RE: Information Requirements for Starting Service
Received and Placed on File

b. Dennis Williams RE: Damage to Trailer
Received and Placed on File

c. Email from Suellen Hozman RE: Proposed Sale of Board of Water & Light
Received and Placed on File

d. Email from Lisa Crumley RE: Retaining the Board of Water & Light
Received and Placed on File

Late Item Communications

1. Letter from: Darnell Early re: Sale of the Board of Water & Light
Received and Placed on File

2. Email/Paper Communication submitted from the Sierra Club re: The Integrated Resource Planning (IRP) Process
Received and Placed on File

COMMITTEE REPORTS

NOMINATING COMMITTEE

June 23, 2015

The Nominating Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Thursday, June 23, 2015.

Committee Chair, Cynthia Ward called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Tony Mullen, Anthony McCloud and Cynthia Ward.

Absent: Tracy Thomas

Approval of Minutes

Motion by Commissioner McCloud, seconded by Commissioner Mullen to approve the Nominating Committee meeting minutes of June 26, 2014.

Action: Motion Carried

Public Comment

There were no public comments.

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Chair Ward stated that the Officer and Committee Survey Results Forms and Committee Survey Memorandum were included in the meeting packet for review.

Nominating Committee Chair Cynthia Ward stated the following:

“Before I ask whether there is any discussion, I did receive an email from a Board member who had expressed some concerns, I believe that everyone was copied on the email from Commissioner Bossenbery, and I would like to include her email as part of the record please. There are a couple of questions that Commissioner Bossenbery has for the Nominating Committee to consider. But I think she was really asking the Board to consider in addition to. The two questions being asked are, one, why are there deadlines in place if the Board does not intend to adhere to, and two, should a Board member be considered a candidate if their materials are not submitted by the deadline. I responded to Commissioner Bossenbery yesterday by thanking her for her emails, for expressing her concern and told her that I would respond in the context of this open meeting. Commissioner Bossenbery is not here to receive the response but I will share my thoughts with the Nominating Committee members. With respect to deadlines, we have deadlines imposed by law and deadlines imposed by administrative role, and we also have deadlines that are courtesy and convenient deadlines. The deadlines that are referenced here is the Survey form, which has the deadline date of May 29th, by when those materials should be submitted to the Corporate Secretary. I deemed this date as a courtesy deadline; it is not a deadline that was imposed by law. I checked our Administrative procedures, and our Rules of Procedure; there was not a deadline imposed relative to that. The reason why it is viewed in my opinion as a courtesy deadline, and I asked the Corporate Secretary the same question, is because I wanted to be guided by facts. I said ‘is this deadline imposed, what is the purpose of this deadline? Is this a deadline so that you can compile the information that you need to send to the Commissioners?’ And the response that I received from the Corporate Secretary was ‘yes.’ That is the deadline that allows her to receive the information in such a way to compile the information; the information that we received, reviews all of the surveys, and compile it in a way that’s easy for us to read. But it also allows the Chair to appoint the Nominating Committee. As you know, the Chair appoints the Nominating Committee from those members who are not seeking, or interested in any position. So this is in my opinion, strictly a courtesy/convenient deadline. Please do not take my comments to suggest that courtesy or convenience of our Corporate Secretary is not of paramount importance. Having to serve 8 individuals and soon to be 11 individuals is a very significant undertaking and having just completed some evaluations where I needed to receive 7 times 3 forms from individuals and also considering my own, I understand how it can be a little frustrating not to receive the information in a timely way. But, I will just add that we are a volunteer community service, and I have been impressed by quite frankly, the attendance rate of very busy people. We attend meetings; we miss them for work commitments very few and far in between. Things come up as it did for Commissioner Thomas today, in traveling and

trying to get back. Sometimes we are out of town for work commitments. We are a volunteer board comprised of members who are juggling full time employment, other community involvement, personal interests, and family interest and quite frankly, if a board member of mine fails to meet a courtesy deadline that is the least of my worries. If they are present in all other ways in all other aspects, that is the least of my worries and I will extend to that board member a professional courtesy. Those are my comments on the first part of the question. I will hear from colleagues.”

Commissioner Tony Mullen stated the following:

“My only issue is that we need to be fair. If we extend the courtesy to one Commissioner who happens to be a few days late, as long as we extend that same courtesy to all Commissioners who may happen to be a few days late, that is the most important thing. It is not, we don’t want to be slaves to be perfect. We are not ever going to be perfect. It is more important that we are fair and I think that any one of us, if we were late, then the Corporate Secretary would still allow us to turn our paperwork in a little bit late. I think that she has been treating us fairly. And like you said, we are trying to make it as easy as we can on her but at the same time things happen. I really do believe that the most important thing here is fairness and I think all of us would have been able to turn in our paperwork in late if necessity forced us to be late. Thank you.”

Commissioner McCloud stated that he is in agreement with the comments of Commissioners Ward and Mullen.

Commissioner Ward stated the following:

“I am glad that you raised the question of fairness, I also did consider, was anyone advantaged or disadvantaged by submission, and as far as I can tell there was no one advantaged by it or disadvantaged by it. Was someone inconvenienced by it? I am certain, our Corporate Secretary. However, the information got out and in compliance with the Open Meetings Act in a timely manner. We all received the information at the same time. So as far as I am concerned, no one was advantaged or disadvantaged by the submission.”

“The second question is should Board members be considered as a candidate if their materials are not submitted by the deadline. I think that question is moot, given that we discussed it but I will say this, I view the surveys as informational; it is just a way for us to know as a Nominating Committee, when we look to try to identify whom the best candidate to put forth for Chair, and the best candidate to put forth for Vice Chair. Whether they would be willing to serve or whether we have to do some arm-twisting because we deem them the best candidate. Those forms are informational, so that is all that I have on the second question.”

Commissioner McCloud stated that he had nothing additional to add.

Commissioner Mullen stated that he was in agreement with Nominating Chair Ward.

Commissioner Ward thanked Commissioner Mullen and stated that she was glad that she and Commissioner Mullen we were able to agree on something at least for once, as it relates to the Nominating Committee.

There were no additional comments or discussion regarding documents received.

Nominate Board Officer Candidates for Fiscal Year 2015-2016

Nominating Committee Chair Ward stated that she believes the task of the Nominating Committee is to propose a slate of officers, one Chair and one Vice Chair and that is what she would like to accomplish this evening.

Nominating Committee Chair Ward opened the floor for nominations and the following motion was offered:

Motion by Commissioner Mullen, Seconded by Commissioner McCloud that the Nominating Committee forward a slate of officers to the full Board for consideration of David Price to serve as the Chairperson and Dennis M. Louney to serve as the Vice Chairperson for 2015-2016 FY.

Action: Motion Carried

The recommended slate of officer candidates for FY 2015-2016 will consist of:

Chair:	David Price
Vice Chair:	Dennis M. Louney

Excused Absence

Motion by Commissioner McCloud, seconded by Commissioner Mullen, to excuse Commissioner Thomas from tonight's meeting.

Action: Motion Carried

There being no further business, the meeting adjourned at 5:46 p.m.

Respectfully submitted,
Cynthia Ward, Chair
Nominating Committee

COMMITTEE OF THE WHOLE
July 14, 2015

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

Committee of the Whole Chair, Margaret Bossenbery, called the meeting to order and asked that roll be taken.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle.

Absent: Commissioner Anthony McCloud

Non-Voting Members Present: Commissioners Mike Froh (Meridian Township), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Committee of the Whole Chair Bossenbery welcomed newly appointed member Ken Ross and Commissioners Mike Froh, representing Meridian Township; Robert Nelson, representing East Lansing, and William Long, representing Delta Township, to their first official meeting.

Additional Agenda Item

At the request of Board Chair David Price, a resolution directing the Interim General Manager to prepare a business case for keeping the Board of Water and Light as a community asset, owned by the City of Lansing was added to the Agenda for consideration.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Zerkle to approve the Minutes of May 12, 2015 with grammatical amendments.

Action: Motion Carried

Resolution FRIB Agreement

George Stojic, Executive Director of Strategic Planning and Development, provided the Committee with a proposed agreement between the Board of Water and Light and Consumers Energy, intended to resolve issues related to electric service to the facility for isotope beams, or FRIB, on the campus of MSU, as well as resolve issues related to the rights to serve on the campus. The Committee of Whole received a resolution in which the Board of Water and Light seeking approval of the agreement. Mr. Stojic stated that this agreement is the product of about five years of solicitations, proposals, negotiations, research and hard work from many people at the Board of Water and Light. He stated that two additional sentences will be added to the final agreement to define “net margin” and grant BWL the right to review calculations and supporting data.

Mr. Stojic explained that there are two major components to this agreement; economic and legal. The economic one entitles the BWL to 50% of the net revenue from sales of electricity to

the facility for rare isotope beams; the second component is the right to serve on campus. Mr. Stojic stated that from the very beginning of this project Consumers has asserted an exclusive right to serve on campus and asserted that the Board of Water and Light did not have the right to serve. That was a point of contention that required a lot of research on the BWL's part to rebut.

Mr. Stojic and attorney Pete Ellsworth, from Dickinson and Wright, briefly explained that the agreement states that both the BWL and Consumers Energy are providing consent to the other to serve if, and when, called upon by Michigan State University. Mr. Ellsworth informed the Committee that pursuant to the agreement, the campus is a customer choice zone, only the campus, and no other parts of East Lansing or the townships, are involved.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Price, seconded by Commissioner Mullen to forward the resolution for the approval of the agreement to resolve electric service to MSU, entered into between the Board of Water & Light and Consumers Energy to the full Board for consideration.

Action: Motion Carried

Employee Survey/EPIC MRA Presentation

Human Resources Director, Michael Flowers, and Bernie Porn, of Epic MRA, presented the Committee of the Whole with the results of the Employee Satisfaction Survey that was recently conducted with the BWL employees. This survey was based on overall attitudes, opinions, concerns, and employee satisfaction regarding their jobs, management teams, organizational diversity, hiring practices and communications. About 395 employees participate in the survey, a 54% participation rate, which is very good, and 69% responding online and 31% responding by mail. The survey was anonymous and confidential.

The following results from the employee satisfaction survey were presented to the Committee in a PowerPoint presentation:

Employee Rate their Specific Work Area as 'Positive'

- 77% offered "positive rating";
- 23% offered "negative rating"

Employees Rate BWL Programs and Services as 'Positive'

- 84% offered "positive rating"
- 14% offered "negative rating"

BWL Employees Satisfaction with Leadership Somewhat Mixed

- 68% "satisfied" with Executive Team;
- 51% "satisfied" with Intermediate Level Management/Supervisors;
- 30% "dissatisfied"

Employees Feel Comfortable Asking Questions of their Immediate Supervisors/Directors

- 78% feel “comfortable” asking questions of immediate Supervisor/Director
- 21% DO NOT feel “comfortable” asking questions of immediate Supervisor/Director

Employees Feel Comfortable Receiving Feedback from their Immediate Supervisors/Directors

- 79% feel “comfortable” receiving feedback from their immediate Supervisor/Director
- 21% DO NOT feel “comfortable” receiving feedback from their immediate Supervisor/Director

Employees Frequently Receive Feedback from their Immediate Supervisors/Directors

- 64% “frequently” receive feedback from their immediate Supervisor/Director
- 35% DO NOT “frequently” receive feedback from their immediate Supervisor/Director

Employees Feel They are a Partner in the BWL’s Vision

- 59% feel they are “made a partner” in BWL Vision;
- 19% DO NOT feel they are “made a partner” in the BWL Vision

Employees Rank Aspects of the BWL’s Vision Statement

- **Safe** – 32% Agreed Somewhat; 59% Agreed Strongly
- **Cultural Activities** – 32% Agreed Somewhat; 59% Agreed Strongly
- **Economic Initiatives** – 36% Agreed Somewhat; 54% Agreed Strongly
- **Environmental Steward** – 40% Agreed Somewhat; 49% Agreed Strongly
- **Affordable** – 32% Agreed Somewhat; 53% Agreed Strongly
- **Reliable** – 33% Agreed Somewhat; 48% Agreed Strongly
- **Planning Future Growth** – 38% Agreed Somewhat; 40% Agreed Strongly

Employees Rank Statements About Common Principles on a 0 to 10 Scale – by Mean Score of Importance

- **Safety** – 7.706
- **Community Leadership** – 7.511
- **Environmental Stewardship** – 7.358
- **Superior Service** – 7.286
- **Competitive Rates** – 7.256
- **Integrity** – 6.761
- **Diversity** – 6.755

Employees Rate Work Environment as ‘Positive’

- 67% offered “positive rating”
- 31% offered “negative rating”

Communication within BWL as a Whole Could Improve

- 49% offered “positive rating”
- 47% offered “negative rating”

Communication within Employee’s Work Area at BWL Considered Comparatively Better

- 62% offered “positive rating”
- 35% offered “negative rating”

BWL Employees' Overall Job Satisfaction High

- 75% "satisfied" with their jobs;
- 14% say they are "not satisfied" with their jobs

Feelings Toward Opportunities for Advancement are Mixed Among BWL Employees

- 53% "satisfied" with opportunities for advancement;
- 28% "not satisfied" with opportunities

Feelings toward 'Diversity' Mixed Among Employees

- **Doing Too Little** – 11% (8% Somewhat; 3% Much)
- **Doing Enough** – 46%
- **Doing Too Much** – 39%

Top Areas within BWL that Employees Feel Need the Most Improvement

- 13% "Communication"
- 9% "Better Management"
- 8% "Hire/Promote Qualified Employees"

51% Report Using Social Media at Least Once a Week

- Facebook – 65%
- Instagram – 4%
- Twitter – 2%
- None – 27%

In conclusion, Mr. Flowers stated that recently, employee performance evaluations have been performed on an annualized basis and the Administration's thought is that evaluations should be done on a more frequent basis because, the younger generation desire more feedback on a regular basis.

CRT/MPSC Communications to Community

Board Chair David Price stated that the BWL is over a year and a half past the ice storm, and a little over a year past receiving the Community Review Team (CRT) report. It seems that with all the progress that has been made implementing the CRT's suggestions, that it might be time for closure on the report. He reported that most of the suggestions and changes have become part of the infrastructure of the organizations.

Commissioner Bill Long stated that there has been a lot of progress made relative to work that has been done by the BWL on the recommendations received from the CRT, the Michigan Public Service Commission (MPSC), as well as the Internal Report. He suggests that the actions taken on the recommendations, be compiled so that the Commission and the Board could use that document as a presentation tool to report to the community and the government officials to say, this is what we have done, this is what we have learned and this is how we have responded. Mr. Long mentioned that after a discussion with Chair Price, he had extended an invitation to General McDaniel, the Chairperson of the CRT, to be involved in a presentation if the Board sees fit.

There was a lengthy conversation regarding this matter and in conclusion, it was suggested that Board Chair Price and Commissioner Long meet to discuss a course of action to bring this before the community, but would first bring it to the board for their consideration.

Resolution Directing Interim GM to Prepare a Business Case

Proposed Resolution Directing Interim GM to Prepare a Business Case

Whereas, the Lansing Board of Water and Light has been a publicly owned utility since 1885; Whereas, the vision of the Lansing Board of Water and Light is to partner with our customers, community, and employees to make Lansing the most attractive community in Michigan in which to live, raise a family, work, and operate a business;

Whereas, the mission of the Lansing Board of Water and Light is to provide safe, reliable, and affordable utility products and services and to plan for future growth, be responsible environmental stewards, and be active participants in the Lansing Community's cultural and economic initiatives;

Whereas, the Lansing Board of Water and Light customers have enjoyed significant savings on their utility bills in comparison to their neighbors that are served by privately owned utility companies;

Whereas, should the Lansing Board of Water and Light be sold to a private utility company customers will likely see an increase in their monthly utility bills and;

Whereas, the employees of the Lansing Board of Water and Light are among the best and the most highly skilled utility workers in the nation and a sale of the utility would lead to internal reorganization and unknown layoffs of BWL employees;

Whereas, the Lansing Board of Water and Light plays a significant role in our region's business development efforts providing guaranteed savings to companies looking to locate or expand in this area;

Whereas, the Lansing Board of Water and Light works to make our community a great place to live supporting programs like *Pennies for Power* and *Adopt-a-River* and helping to sponsor the *BWL Chili Cook Off*, *Silver Bells in the City*, the *Common Ground Festival*, and our own home town professional sports franchise the *Lansing Lugnuts*;

Whereas, the Lansing Board of Water and Light employees contribute many hours volunteering at community events, greatly enhancing the quality of life in the Lansing region; and

Whereas, if the Lansing Board of Water and Light were sold to a private company, many of these community assets and benefits would be lost; and now therefore, be it

Resolved, that the commission of the Lansing Board of Water and Light directs the Interim General Manager to prepare a business case for keeping the Lansing Board of Water and Light a community asset owned by the City of Lansing.

Discussion:

Board Chair Price stated that procedurally, if the Committee approves to forward the proposed resolution at tonight's Committee of the Whole meeting, there are two weeks until the full board meeting for its passage, at which time it can be explained further, and amended.

Motion by Commissioner Price, Seconded by Commissioner Mullen, to forward the proposed resolution to the full Board for consideration.

Action: Motion Carried (6 - 1 Vote, Ross dissenting)

Open Meetings Act Update

Brandie Ekren, General Counsel, provided an Open Meetings Act (OMA) reminder for the new Commissioners to refrain from group emailing, to avoid potential violation of the OMA.

FOIA Update

Brandie Ekren, General Counsel, provided a Freedom of Information (FOIA) status update that the Board of Water and Light (BWL) has an outstanding question to the Lansing City Attorney regarding whether or not the Commissioners must still approve their own FOIA Policies and Procedures. In the meantime, Ms. Ekren advised that the BWL will continue to follow guidelines as approved by the City Council until further direction from the Lansing City Attorney is given.

Commissioners Report from APPA Conference

Board Chair David Price stated that this was his first time attending the American Public Power Association (APPA) National Conference and that he was grateful to go. One of the things of particular interest to him was the whole idea of community value. A public utility from Wisconsin did a presentation that attached a dollar value to the community investment of their employees in volunteering, and doing many of the things mentioned in the resolution brought forward today. His thought was that the same could be something to look at as we talk more about the idea of selling the BWL utility; with emphasis on what else would be given up, besides the tangible assets. He stated all of the general sessions at the conference were good and thinks that every Commissioner should attend, so to take the pulse of the whole public power, and it's a significant industry.

Commissioner Dennis M. Louney distributed information that he brought back from the conference. He stated that excellent information was provided in the reports.

Commissioner Tony Mullen stated that one of the things that was interesting to him about the APPA Conference, which ties into the conversation about selling the BWL, is the information

that he received after sitting in on a couple of presentations from various bonding agencies. It is astounding how much the new Environmental Protection Agency (EPA) regulations coming down the pike are going to affect the worth of this company because the BWL has coal-fired plants.

groSolar Update

George Stojic, Executive Director of Strategic Planning and Development, updated the Board on the status of the BWL's solar programs. Mr. Stojic indicated that a Power Purchase Agreement with groSolar has been completed and that the power generated would fulfill the BWL's PA 295 compliance requirement. Additionally, Mr. Stojic stated that the price would be \$59.00 per megawatt hour, which is a very good price for this part of the country, and that it would be the only utility scale solar project in Michigan. According to Mr. Stojic, a site has not yet been selected, however, once it is selected, it will determine the project size, between 15 and 30 megawatts. Mr. Stojic also stated that the BWL was previously working with a developer on a smaller, 300 kilowatt, community solar project. This would allow the BWL customers to buy into the project and receive a credit on their bills. Mr. Stojic also mentioned the BWL's distributed solar program provides incentives to businesses and residential customers to place solar energy on their facilities and homes with the option of participating in the BWL's net metering program. He stated that collectively, these projects constitute Michigan's most extensive solar program, which is particularly appropriate based on the BWL's summer demand and transmission configuration.

Chili Cook-Off update

Steve Serkaian, Director of Communications provided an update of this year's Chili Cook Off. Mr. Serkaian said this year was the 20th anniversary of the BWL Chili Cook Off. The event was held at Adado Riverfront Park on June 5, 2015. This year's presenting sponsor was Tripp's Auto Shop and Collision Centers. More than one hundred BWL employees volunteered thousands of hours of their own time to put on this community event. There were 40 chili vendors, giving away nearly all of their chili to 4,000 attendees. This year's honorary chair was TV 6 news' anchor, Sheri Jones. For the first time, a used car donated by University Motor Mall, was raffled off.

After collecting sponsor checks, the BWL will be able to contribute approximately \$5,000 dollars to each of our three designated charities, *Impression 5 Science Center*, *Sparrow Foundation* and the *Lansing Promise Hope Scholarship* fund. For next year's event, the BWL is exploring the possibility of holding the Chili Cook off at another location.

Public Comment

Anne Woiwode, Conservation Director for the Sierra Club, spoke about the BWL solar program as well her eagerness to learn more about the BWL's Integrated Resource planning process.

Brad Van Guilder, Ph.D., Organizing Representative Beyond Coal Campaign, spoke about preparing for the closure of coal-powered plants. He questioned the difference between a strategic plan and an IRP.

Elaine Wambo, of South Lansing, stated that she was the facilitator of a group called Rejuvenating South Lansing. She asked that the Board Water and Light Commissioners do everything in their power to prevent the selling of the Board Water and Light. She stated that the Board Water and Light is the public facility that supports our residents and our neighborhoods.

Ron Byrnes, representing IBEW, spoke in support of the resolution that was presented and voted on tonight. He stated that it is important for the city residents and employees to know where the Board of Commissioners stands on this issue.

Other

Interim General Manager Peffley welcomed the new commissioners and said that he is looking forward to working with them, announced that BWL's Director of Public Relations, Calvin Jones, received the Rotarian of the year award from the Delta Waverley Rotary, and reminded everyone about the State of the BWL Address that is being held Tuesday, July 21st at the Line Garage in Building G. He stated that the speech will begin at 11:00 a.m. and lunch will immediately follow.

Excused Absence

Motion by Commissioner Price, seconded by Commissioner Mullen, to excuse Commissioner McCloud from tonight's meeting.

Action: Motion Carried

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Mullen, the meeting adjourned at 7:59 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

FINANCE COMMITTEE

July 14, 2015

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:08 p.m. on Tuesday, July 14, 2015.

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked that roll be taken.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle. Also, present Commissioners David Price and Ken Ross. Non-Voting Members Present: Commissioners Mike Froh (Meridian Township), Bill Long (Delta Township) and Bob Nelson (East Lansing)

Absent: None.

The Corporate Secretary's Executive Assistant declared a quorum.

Public Comments

None

Approval of Minutes

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

Action: Motion Carried.

External Audit Communication to the Board – Presented by Plante & Moran

Heather Shawa-DeCook, Chief Financial Officer (CFO) introduced external auditor Doug Rober, Partner with Plante Moran (P&M) and Marie Stiegel, CPA with P&M, who reviewed and presented the Auditing Process.

Mr. Rober said this is the beginning of the annual audit process for the various BWL pension trust funds. Part of that process is to meet and present governance with a projected audit process summary and have dialogue regarding any concerns.

Marie Stiegel reviewed Management's responsibility in the Audit process as well as the following:

- Audit Process
- Auditor Responsibility
- Management Responsibility
- Testing Phases
- Required Discussion Points
- Significant Risk Misstatement
- Responses to Significant Risk Misstatement
- Additional Required Discussion Points
- Communication to those Charged with Governance

Board Chair David Price was indicated as the appropriate contact person for questions or concerns.

Mr. Rober asked the Board of Commissioners if there were any areas of concern that warrant attention or additional procedures. There were no responses.

Internal Audit Update

Internal Auditor Phil Perkins, presented an overview of the following information:

Internal Auditor Status Update

- FY 2015 Audit Plan Progress Report
- Proposed FY 2016 Audit Plan
- Other Items

FY 2015 Audit Plan Progress Report

Engagements Completed:

1. Materials Inventory Audit
2. BOC Independent Audit
3. IT – PCI Compliance Audit
4. Health and Prescription Drugs Plan Management Audit
5. Surprise Cash Counts (2)
6. Time Reporting Reviews (2)

Engagements in Progress:

1. Engineering – Annual Projects Audit—fieldwork complete; final report to be issued in July 2015.
2. Outage Management System Audit—fieldwork about complete; report to be issued in August.
3. IT – Management of Non-PC Devices Audit—fieldwork about complete; report to be issued in August or September.

Proposed FY2016 Audit Plan - Background

Basis for plan:

1. Meetings with Executives and Staff to discuss risks and potential audit topics.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Identified over 20 potential audits to perform in FY 2016 and beyond.

Proposed FY2016 Audit Plan – Background

Top 10 audits for FY 2016 (as discussed with senior management):

1. Follow-up of Selected CRT/MPSC/BWL Recommended Actions
2. Billing
3. IT – Information Security Policies
4. Training & Development
5. Safety Management
6. IT – Manage Changes
7. Hiring Process
8. Performance Evaluation/Compensation
9. Payroll
10. Facility Security

Proposed FY2016 Audit Plan

Planned Audits:	Estimated Hours
Follow-up of Selected CRT/MPSC/BWL Recs.	300
Billing	500
IT – Information Security Policies	300
Training & Development	300
Safety Management	400
IT – Manage Changes	400
Other Engagements:	
Surprise Cash Counts (2)	40
Time Reporting Reviews (2)	160
Central Maintenance & Fleet Time/Resource Reporting	100
Other Consulting (NERC/CIP Compliance, IRP/Strat Plan)	100
Total Estimated Hours	2,600



7

Proposed FY2016 Audit Plan, Cont'd

Available Resources:

Resource	Position	Available Hours
Phil Perkins	Director of Internal Audit	1,500
C. L. Moore & Associates	Augmented IA Services	900
Internal or External IT Audit Assistance	IT Audit Services	200
Total Hours		2,600



8

Motion by Commissioner Bossenbery, Seconded by Zerkle, to forward the Internal Auditor's Audit Plan to the full board for consideration.

Action: Motion Carried

Internal Auditor, Phil Perkins presented two proposed changes to the Internal Audit Charter: (1) language changes to emphasize the mandatory nature of complying with the definition of Internal Auditing, Code of Ethics, and Institute of Internal Auditors' Standards, and (2) addition of requirements to present to the Board the annual audit plan for approval and other periodic updates to inform the Board of Internal Audit's efforts on quality assurance, continuous improvement, and the results of internal and external peer reviews.

Motion by Commissioner Bossenbery, Seconded by Mullen, to forward the Internal Audit Charter to the full board for consideration.

Motion by Commissioner Bossenbery, Seconded by Commissioner Zerkle, to forward the Internal Auditor Charter with amendments to clarify the presented plan to the full Board for consideration. Amended by inserting the text highlighted in yellow:

INTERNAL AUDIT PLAN:

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

PERIODIC ASSESSMENT:

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

Motion Carried on the amendment by unanimous consent.

The question being the motion to forward the Internal Auditor's Audit Charter as amended to the full board for consideration.

Action: Motion Carried

Charles L. Moore, CPA of Charles Moore and Associates provided an overview of his firm that performs augmented internal auditing services for BWL, including his contracted responsibilities in assisting the BWL Internal Auditor with audit planning and execution.

April and May 2015 Financial Highlights

Heather Shawa-DeCook, Chief Financial Officer (CFO), provided an update to the Committee on the Board of Water and Light's (BWL) credit rating. The Board of Water & Light's credit rating

since August of 2003 is 'AA-'. This rating is in the top third of S&P investment-grade for public utilities and is deemed a very solid rating.

Ms. Shawa-DeCook provided the Committee with a brief overview of the BWL's April and May month-end financials by reporting the following information:

Ms. Shawa-DeCook noted that BWL's April cash flow was slightly over target of 80 million for cash on hand, and May's financial summary in month-end reported 10 million over target, due to [BWL's] bi-annual obligation for return on equity payment. Additionally, Ms. Shawa-DeCook stated that [BWL's] June year-end is expected to be more in line with our target of 80 million. Moreover, Ms. Shawa-DeCook stated that [BWL's] revenue is still tracking under budget, to wit: May reported at 15 million, or 4% under budget. However, she stated that the [BWL] did gain a percent between April and May; in February, the [BWL] had a variance of 7%, the same has reported at 4% in May. Ms. Shawa-DeCook expressed that she expects June year-end to be around 4% variance overall. According to Ms. Shawa-DeCook, in lieu of the variance of revenue, the [BWL] is tracking positive variance from net income, which directly contributes to [BWL's] O&M budget, which was set to be reduced by 3%. The [BWL] has exceeded that number and is now tracking at approximately 7% under O&M budget. Ms. Shawa-DeCook stated that this has not been an easy task for the management team, and that they all have done a great job at having full oversight on their budget and managing it. Additionally, Ms. Shawa-DeCook has stated that this has not been at an expense of safety, storm preparedness and operational needs. She applauded the management team for doing a great job.

In closing, Ms. Shawa-DeCook stated that we are still finalizing preliminary unaudited June fiscal year-end statements and have to perform due-diligence and reviews of our estimates, reserves and accruals. The same unaudited June financials will be provided to the Board at the next meeting.

Six Year Forecast Overview/Resolution

Heather Shawa-DeCook, Chief Financial Officer (CFO), reviewed the Six Year Financial Plan, including the following information:

- Financial Goals
- Financial Assumptions
- Rate of Return
 - Annual Net Income by Utility
 - Without Forecast Rate Increases
 - Annual Net Income by Utility Without Forecast Rate Increases
- Capital Forecast
- Capital Budget – Major Projects/Programs
- Already Completed and Next Steps

Ms. Shawa-DeCook stated that BWL's financial goals, in addition to maintain an AA- credit rating is to ensure adequate liquidity so that the BWL can meet near-term obligations when due. According to Ms. Shawa-DeCook, BWL's cash on hand for fiscal year 2016 is forecasted at 135 days, however, Ms. Shawa-DeCook noted that the BWL is keeping an eye on this matter

because the median day's cash for AA- rating is 180 days. Another financial key goal for [BWL] is to maintain rate competitiveness, and this Six Year Forecast Overview has factored in the 6.18% rate of return.

Ms. Shawa-DeCook stated that [BWL] projects a modest increase in residential and industrial sales, and a conservative decline in wholesale sales. As Eckert nears the end of its useful life, [BWL] projects slight decline in water sale and slight increase in wholesale. With respect to steam and chilled water, the [BWL] is not assuming any significant growth.

Ms. Shawa-DeCook noted that in terms of operating expenses, 2.3% inflationary rate is forecasted, including general cost and 5% for employee benefit. Ms. Shawa-DeCook further noted that in August of 2008, the Board approved a target rate of return of 6.18% and that the Board's approach was to allow for flexibility to adjust the calculated return upward for large construction projects and other unusual circumstances. As such, Ms. Shawa-DeCook noted that the Six Year Forecast is being presented for acceptance based on achieving previously calculated rate of 6.18% by the end of the 6th year. Additionally, Ms. Shawa-DeCook noted that it may be best to update the return in conjunction with the IRP process to ensure the calculated return target considers the direction dictated by the findings of the IRP.

Ms. Shawa-DeCook presented BWL's total budget over the next 6 years as well as high-level summary of BWL's major projects and programs.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Louney, Seconded by Commissioner Mullen, to accept the capital expenditures forecast for fiscal year 2017 through 2012.

Action: Motion Carried

Credit Card Policy Resolution

Heather Shawa-DeCook, Chief Financial Officer (CFO), stated that per the request of the Commissioners, Internal Auditor, Phil Perkins' special internal audit findings recommendation was to have the P-cards, receipts and reconciliation of the three Board-appointed employees, be reviewed and approved by the Board of Commissioners. Ms. Shawa-DeCook reiterated the Resolution with emphasis that the Board-appointed employees shall sign, date and present their reconciliation report to the Chair of the Finance Committee at the close of each cycle and thereafter, the Chair of the Finance Committee shall review, sign, date and return the reconciliation report to the employee.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Bossenbery, Seconded by Commissioner Zerkle, to forward the Resolution for the approval of the Credit card Policy.

Action: Motion Carried

Capital Project Exceedance Approval

Heather Shawa-DeCook, Chief Financial Officer (CFO), stated that per the request of the Commissioners, Internal Auditor, Phil Perkins' special internal audit findings, the recommendation was that any approved capital project that is expected to exceed its total budget amount by both 15% and \$200,000 must have the exceedance approved by the Commissioners prior to the completion of the project.

Commissioner Ross suggested amending the Resolution so it says '\$200,000 or more.'

Motion by Commissioner Bossenbery, Seconded by Commissioner Zerkle, to move the resolution with amendment.

Action: Motion Carried

Other

Interim General Manager Peffley thanked Internal Auditor, Phil Perkins for his work. Mr. Peffley furthermore assured the Commissioners that the technical issues that were experienced during the meeting regarding the microphones will be rectified, hopefully prior to the next meeting.

Adjourn

On Motion by Commissioner Louney, Seconded by Commissioner Bossenbery, the meeting adjourned at 9:38 p.m

Respectfully submitted
Dennis M. Louney, Chair
Finance Committee

HUMAN RESOURCES COMMITTEE

July 28, 2015

The Human Resources Committee of the Lansing Board of Water and Light met at the Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 4:30 p.m. on Tuesday, July 28 2015.

The Human Resources Ex-Officio Chair, David Price, called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners

Anthony McCloud, Tony Mullen and David Price. Also present: Commissioners Ken Ross and Sandra Zerkle. Non-Voting Commissioners Present: Commissioners Mike Froh and Bill Long.

Absent: None.

Public Comments

None.

Approval of Minutes

Motion by Commissioner McCloud, seconded by Commissioner Mullen, to approve the Human Resources Committee meeting minutes of May 19, 2015.

Action: Motion Carried.

PA 152/Amend Employee Contribution to Medical Benefit Plans/Resolution

Michael Flowers, Executive Director of Human Resources, presented the Commission with the Public Employer Contributions to Medical Benefits Plan, which included the following information:

- Public Act 152 – Publicly Funded Health Insurance Contribution Act
- Public Act 152, 2011
- Board Resolution #2012-07-01
- Board Resolution #2013-7-02 and Board Resolution #2014-9-03
- Increase Employee Cost Per Pay Period if Hard Cap Requirement of Act is Implemented
- Increase Employee Cost Per Pay Period if 80/20 Cap is Implemented
- Alternatives Utilizing Option 3 to Opt-Out of Act 152, 2011 – Various Premium Sharing Options
- Affordable Care Act (ACA)

Salary Adjustments for Contract/Appointed Employees

- a) Corporate Secretary, Denise Griffin

Motion by Commissioner Mullen, seconded by McCloud to recommend a five percent base salary increase.

Action: Motion Carried

- a) Internal Auditor, Phil Perkins

Motion by Commissioner Price, seconded by Commissioner McCloud to recommend a two percent base salary increase and two additional vacation days.

Action: Motion Carried

Excused Absence

None.

Public Comments

None.

Adjourn

On Motion by Commissioner Price, seconded by Commissioner McCloud, the meeting adjourned at 5:00 p.m.

Respectfully Submitted
David Price, Ex-Officio Chair
Human Resources Committee

MANAGER’S RECOMMENDATIONS

RESOLUTION 2015-07-02

APPROVING THE AGREEMENT TO RESOLVE ELECTRIC SERVICE TO MICHIGAN STATE UNIVERSITY ENTERED INTO BY THE LANSING BOARD OF WATER AND LIGHT AND CONSUMERS ENERGY COMPANY

WHEREAS, Michigan State University (“MSU”) is seeking an outside source of electric power for its new Facility for Rare Isotope Beams (“FRIB”);

WHEREAS, both the Lansing Board of Water and Light (“”) and Consumers Energy Company (“Consumers Energy”) assert the right to supply electric power to the FRIB;

WHEREAS, and Consumers Energy have agreed to resolve this dispute by entering into an Agreement to Resolve Electric Service (“Agreement”) under which Consumers Energy will construct facilities and provide service to the FRIB with the net margin from this service (less a 10% administrative fee charged by Consumers Energy) to be divided equally between the two utilities for a 20 year period commencing with the initiation of service to the FRIB and further providing that after the effective date of the Agreement neither utility will assert that it has the exclusive right to provide electric service to the MSU campus;

WHEREAS, it is the intention of and Consumers Energy to seek approval of the Agreement from the Michigan Public Service Commission (“MPSC”) pursuant to MCL 460.10y (4) and MCL 460.54; and

WHEREAS, pursuant to MCL 460.10y (4) the Agreement may not become effective unless approved by the MPSC and the governing body of ;

NOW, THEREFORE BE IT RESOLVED that the Board of Water and Light of the City of Lansing, Michigan hereby approves the Agreement.

Motion by Commissioner McCloud, Seconded by Commissioner Mullen to approve the resolution for the agreement to resolve electric service to Michigan State University entered into by the Lansing Board of Water & Light and Consumers Energy Company for the new Facility for Rare Isotope Beams (“FRIB”).

Action: Motion Carried (7-1, Bossenbery dissenting)

RESOLUTION 2015-07-03

FISCAL YEAR 2017-2021 CAPITAL FORECAST

RESOLVED, that the forecast for capital expenditures for the Fiscal Years 2017-2021 is hereby accepted as presented.

Motion by Commissioner Mullen, Seconded by Commissioner Louney, to approve the FY 2017-2021 Six Year Capital Forecast.

Action: Motion Carried

RESOLUTION 2015-07-04

CREDIT CARD POLICY

RESOLVED, that Board of Water and Light Policy 7-05 “Credit Card” is hereby amended to add the following:

RESOLVED, that all Board appointed employees, including the General Manager, Corporate Secretary, and Internal Auditor shall complete, sign, and date a reconciliation report for their credit card also referred to as procurement card or P-card, after each cycle.

RESOLVED, that the reconciliation report shall include itemized receipts and a description of the business purpose of the transaction. Transaction description of meal expenses shall include the name and organization of the meal guest(s).

RESOLVED, that the Board appointed employee shall sign, date, and present their reconciliation report to the Chairperson of the Finance Committee after the close of each cycle. The Chairperson of the Finance Committee shall review, sign, date, and return the reconciliation report to the employee. The Board appointed employee shall retain the signed reconciliation report as directed by the Record Retention Policy.

FURTHER RESOLVED, that this policy may not be waived or overridden, except by Board resolution.

This resolution supersedes resolution 2001-1-3.

Motion by Commissioner Bossenbery, Seconded by Commissioner Mullen to approve the resolution for the Credit Card Policy.

Action: Motion Carried

RESOLUTION 2015-07-05

CAPITAL PROJECT EXCEEDANCE APPROVAL

RESOLVED, that Board of Water and Light Policy 15-02 "Capital Project Approval" is hereby amended as follows:

RESOLVED, that Board of Water and Light Policy 15-02 "Capital Project Approval" is renamed "Capital Project Exceedance Approval"; and

RESOLVED, that any approved capital project that is expected to exceed its total budget amount by both 15% and \$200,000 or more must have the exceedance approved by the Commissioners prior to completion of the project; and

RESOLVED, the General Manager shall report the expected exceedance to the Commissioners as soon as reasonably possible; and

RESOLVED, this policy applies to the aggregate total budget amounts for electric, water, steam, and chilled water "annual" capital projects and to the individual total budget amounts for "planned" capital projects; and

RESOLVED, the General Manager shall establish and implement procedures overseeing capital project costs consistent with this policy; and

FURTHER RESOLVED, item 5 under the Board of Commissioners' Responsibility as part of Policy 19-08 "Line Extensions and Service Territory Expansion" shall be removed from this Policy to eliminate redundant information as contained within Policy 15-02.

This resolution supersedes resolutions 2000-3-2 and 2001-6-16.

Staff Comments: This change to capital project approval is needed to provide clarity regarding Board approval and reporting requirements for capital budget variances.

Motion by Commissioner McClould, Seconded by Commissioner Ross to approve the resolution for the Capital Project Exceedance.

Action: Motion Carried (7, 1 Mullen dissenting)

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

ELECTION OF THE EXECUTIVE COMMITTEE

Motion by Commissioner David Price, Seconded by Commissioner Zerkle to elect Tracy Thomas as the fourth member of the Executive Committee.

Action: Motion Carried.

RESOLUTION/ACTION ITEMS

RESOLUTION 2015-07-01

**LANSING BOARD OF WATER AND LIGHT
RESOLUTION HONORING CYNTHIA WARD**

WHEREAS, it is indeed a pleasure to extend this expression of our thanks and best wishes to Cynthia Ward for the time, energy, and talent she contributed as a Commissioner of the Lansing Board of Water and Light; and

WHEREAS, Cynthia was appointed to the Board of Commissioners in October of 2010, as an At-Large Commissioner. Cynthia's dedication and commitment allowed her to become an invaluable and highly respected member of the Board of Commissioners; and

WHEREAS, Cynthia was appointed Chair of the Human Resources Committee for Fiscal Year 2014 through July 2015 and also served as the Chair of the Nominating Committee for 2015; and

WHEREAS, On behalf of her colleagues, employees of the Lansing Board of Water and Light and the citizens of Lansing, we offer our sincere gratitude for the knowledge, skills and abilities she utilized and contributed as a Commissioner of the Lansing Board of Water and Light.

RESOLVED, That the members of this Board hereby honor and commend Cynthia Ward for her years of distinguished service in the Regular Board Meeting on this 28th day of July 2015. We wish Cynthia enormous success in all her future endeavors.

David Price , Chair

Margaret Bossenbery , Vice Chair

Dennis M. Louney

Anthony McCloud

Tony Mullen

Ken Ross

Tracy Thomas

Sandra Zerkle

Motion by Commissioner McCloud, Seconded by Commissioner Bossenbery to approve the resolution of tribute honoring former Commissioner Cynthia Ward.

Action: Motion Carried

RESOLUTION 2015-07-06

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, respectively at its first regular meeting following July 1st of each year or as soon thereafter as may be appropriate.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary for fiscal year 2015-2016, or, until a successor is appointed, whichever last occurs with a five percent salary adjustment:

M. Denise Griffin, Corporate Secretary

Motion by Commissioner McCloud, Seconded by Commissioner Mullen to amend the resolution to include a five percent salary adjustment and approve the resolution as amended.

Action: Motion Carried

RESOLUTION 2015-07-07

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, respectively at its first regular meeting following July 1st of each year or as soon thereafter as may be appropriate.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2015-2016, or, until a successor is appointed, whichever last occurs with a two percent salary adjustment and two additional vacation days:

Philip Perkins, Internal Auditor

Motion by Commissioner Mullen, Seconded by Commissioner McCloud to amend the resolution to include a two percent salary adjustment and two additional vacations days and approve the resolution as amended.

Action: Motion Carried

RESOLUTION 2015-07-08

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, respectively at its first regular meeting following July 1st of each year or as soon thereafter as may be appropriate.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2015-2016, or, until a successor is appointed, whichever last occurs:

Richard R. Peffley, Interim Director and General Manager

Motion by Commissioner Mullen, Seconded by Commissioner McCloud to reappoint Richard Peffley as the Interim Director and General Manager.

Action: Motion Carried

RESOLUTION 2015-07-09

INTERNAL AUDITOR CHARTER APPROVAL

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

Motion by Commissioner Louney, Seconded by Commissioner Bossenbery to approve the resolution for the Internal Audit Charter.

Action: Carried Unanimously

RESOLUTION 2015-07-10

INTERNAL AUDIT PLAN FOR FY 2016

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Plan for FY 2016.

Motion by Commissioner Zerkle, Seconded by Commissioner Bossenbery to adopt the Internal Audit Plan for FY 16.

Action: Carried Unanimously

RESOLUTION 2015-07-11

SUPPORTING THE BWL A PUBLIC UTILITY

Whereas the Lansing Board of Water and Light has been a publicly owned utility since 1885;

Whereas the vision of the Lansing Board of Water and Light is to partner with our customers, community, and employees to make Lansing the most attractive community in Michigan in which to live, raise a family, work, and operate a business;

Whereas the mission of the Lansing Board of Water and Light is to provide safe, reliable, and affordable utility products and services and to plan for future growth, be responsible environmental stewards, and be active participants in the Lansing Community's cultural and economic initiatives;

Whereas the Lansing Board of Water and Light Customers have enjoyed significant savings on their utility bills in comparison to their neighbors that are served by privately owned utility companies;

Whereas should the Lansing Board of Water and Light be sold to a private utility company customers will likely see an increase in their monthly utility bills and;

Whereas the employees of the Lansing Board of Water and Light are among the best and the most highly skilled utility workers in the nation and a sale of the utility would lead to internal reorganization and unknown layoffs of employees;

Whereas the Lansing Board of Water and Light plays a significant role in our region's business development efforts providing guaranteed savings to companies looking to locate or expand in this area;

Whereas the Lansing Board of Water and Light works to make our community a great place to live supporting programs like Pennies for Power and Adopt a River and helping to support helping to sponsor the Chili Cook-Offs, Silver Bells in the City, Common Ground music festival, and our own home town professional sports franchise the Lansing Lugnuts;

Whereas the Lansing Board of Water and Light employees contribute many hours volunteering at community events, greatly enhancing the quality of life in the Lansing region; and

Whereas if the Lansing Board of Water and Light were sold to a private company, many of these community assets and benefits would be lost; and now therefore, be it Resolved that the commission of the Lansing Board of Water and Light support keeping the a community asset owned by the City of Lansing.

Motion by Commissioner Bossenbery, Seconded by Commissioner McCloud to approve the resolution directing the Interim General Manager to Prepare a Business Case for keeping the Lansing Board of Water & Light a community owned asset owned by the City of Lansing.

Motion to amend the proposed resolution by Commissioner Louney, Seconded by Commissioner Mullen to Amend the proposed resolution as follows:

“Resolved, that the Commissioners of the Lansing Board of Water & Light (striking out ‘directs the Interim General Manager to prepare a Business Case for keeping the Lansing Board of Water and Light a community based asset owned by the City of Lansing’), (inserting) **‘SUPPORTS KEEPING THE LANSING BOARD OF WATER AND LIGHT A COMMUNITY ASSET, OWNED BY THE CITY OF LANSING, AND BE IT FURTHER “RESOLVED THAT THE COMMISSION DIRECTS THE INTERIM GENERAL MANAGER TO WORK COOPERATIVELY WITH THE LANSING FINANCIAL HEALTH TEAM TO EXPLORE AND DETERMINE THE VALUE AND COSTS OF PUBLIC POWER TO THE RATE PAYERS AND CITIZENS OF THE GREATER LANSING AREA.”**”

Action: Motion Defeated (2 Louney, Mullen, 6 dissenting)

Motion to amend the resolution by Commissioner Bossenbery, Seconded by Commissioner Ross to support the resolution with the first Resolved clause ending at:

“SUPPORT KEEPING THE BOARD OF WATER AND LIGHT A COMMUNITY ASSET OWNED BY THE CITY OF LANSING” and striking the last Resolved paragraph and changing the title of resolution to state, **“RESOLUTION SUPPORTING THE A PUBLIC UTILITY”**.

Action: Motion Carried (6, 2 Louney, Mullen dissenting)

RESOLUTION 2015-07-12

Amend Employee Contribution to Medical Benefit Plans

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

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

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

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

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

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

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

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

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act of 2011 for the upcoming benefit plan year, effective September 1, 2015 through December 31, 2015.

FURTHER RESOLVE that the Board desires to continue the 12% premium sharing for all active employees for medical benefits effective September 1, 2015.

Motion by Commissioner Mullen, Seconded by Commissioner McCloud to approve the resolution for the 12% premium sharing for employees.

Action: Carried Unanimously

MANAGER'S REMARKS

Interim General Manager Peffley, spoke about the success of employee appreciation night that was held July 23rd at Cooley Law School (Lugnuts) Stadium and thanked everyone for attending.

COMMISSIONERS' REMARKS

Chair Price announced that committee assignment would be forthcoming.

Commissioner Bossenbery declared her resignation from the Board of Commissioners.

Chair Price stated his respect for BWL resigning Commissioner Bossenbery.

Commissioner Nelson stated the following: "I want to thank the Chair for the concerns of the three non-noting members regarding the now stricken, second 'resolve' clause because, initially it was written to say that it would affect the rate payers of the citizens of Lansing. That was amended to include the citizens of Greater Lansing Area. This would have a significant impact on all communities within the service territory, and we thank you for that now, stricken amendment."

Commissioner Zerkle stated that she respects Commissioner Bossenbery's decision to resign; she also respects her honesty and integrity.

Commissioner Thomas thanked Cynthia Ward for her presidential like service to the Board. He also congratulated Vice-Chair Louney and Chair Price on their leadership roles. Commissioner Thomas also gave Interim General Manager Peffley accolades on his State of the BWL Address.

Commissioner Louney thanked both Commissioner Ward and Commissioner Bossenbery for their service to the BWL Commission.

Commissioner Ross requested a briefing of the status of the Strategic Plan and the Integrated Resource Process (IRP).

Interim General Peffley stated that an RFP has been issued to hire a firm to assist direction and to set a plan and once that has been accomplished, that information will be brought before the Commission. The chosen company will be charged with helping the BWL answer the questions that the Sierra Club has submitted. This process will be receptive to what the ratepayers, owners and regional partners have to say.

Commissioner Louney stated that the Commission definitely plans to engage the public in the IRP process, not just in commenting but being a part of the planning process.

PUBLIC COMMENTS

Councilmember Jessica Yorke thanked the Board of Commissioners and the Executive Staff for the IRP process. She stated that it is very important to engage the community as the BWL moves into the phase of what will replace the generation at the Eckert station. Councilmember Yorke presented the Commission with information on community engagements in similar IRP planning processes around the state, specifically the P-21 decision in Holland.

Brad Van Guilder, Sierra Club Organizing Representative, spoke to the Commission regarding the retirement of the Eckert power plant. Mr. Van Guilder also expressed the importance of the Commission engaging the public with the IRP process.

ADJOURNMENT

On motion by Commissioner Mullen, Seconded by Commissioner McCloud the meeting adjourned at 7:02 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: August 10, 2015
Official Minutes filed (electronically) with Lansing City Clerk:

Data from form "E-mail BWL Commissioners" was received on 9/15/2015 3:08:50 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	All Commissioners
Name	Bill Connor
Address	
email	
E-mail Subject	convenience fee of \$22.00
Message	Changed credit card info for autopay. No where does it indicate it will take 30 days for new card to be effective. I received a late payment notice and then was told via phone it takes 30 days to become effective. Wanting to stay current I went online and paid late amount via credit card and was charged a hefty \$22 convenience fee. I called BWL and asked for it to be removed and was told they couldn't remove fee bc it was from a third party vendor. I have two accounts w BWL and have a great payment history and believe I should receive a \$22 credit. I don't have any other vendors that would charge me any fee especially considering my longevity and payment performance. This is exactly why we need competition in the utility area. Bill Connor [REDACTED] [REDACTED] [REDACTED] [REDACTED] Thank you for your consideration.

Data from form "E-mail BWL Commissioners" was received on 9/3/2015 5:58:26 PM.

This message was received from the external Commissioner web page

Field	Value
To	All Commissioners
Name	William Zimmerlee
Address	
email	
E-mail Subject	Pole usage permit timelines
Message	<p>I am a BWL customer and I would like to be a customer of Lightspeed internet service, They are building out Fiber internet in the lansing area. For the past year I have been told that they are waiting on BWL pole permits, to build out the Groesbeck Neighborhood. This is where I live. I understand it can take some time to process and approve permits. But to me a year seems a bit long. I'm sure BWL would like to increase it's revenue via the pole fees that would be collected from Lightspeed, Just as the people in the Groesbeck neighborhood would like an alternative internet provider. As I cannot get a timeline from Lightspeed, is there a possibility of getting the timeline of when the permits will be issued? Thank You William Zimmerlee - Groesbeck neighborhood Resident BWL Customer</p>

FINANCE COMMITTEE

September 8, 2015

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:10 p.m. on Tuesday, September 8, 2015.

Finance Committee Chairperson Ken Ross called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Ken Ross, Dennis M. Louney, Tracy Thomas and David Price. Also, present Commissioners Tony Mullen and Non-Voting Member: Bill Long (Delta Township).

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Thomas, Seconded by Commissioner Price, to approve the Finance Committee meeting minutes of July 14, 2015.

Action: Motion Carried

External Audit Communication Presented by Plante & Moran

Heather Shawa-DeCook, Chief Financial Officer (CFO) introduced external auditor Doug Rober, Partner with Plante Moran (P&M) and Marie Stiegel, CPA with P&M, who reviewed and presented the External Auditing Communication.

Mr. Rober said that Plante Moran audited the enterprise fund and the three pension trust funds, which make up the Defined Contribution Plan (DC Plan), Defined Benefit Plan (DB Plan), and the VEBA Benefit Trust. In each of the audits, P&M's opinion of the audits is Unqualified.

Marie Stiegel reviewed Audit PowerPoint Presentation that including the following:

- Operating Revenue – Four Year Comparison
- Operating Expenses – Four Year Comparison
- Operating Income
- Sales of Kilowatt Hours – Five Year Trend
- Kilowatt Hours Generated Versus Produced – Five Year Trend
- Significant Power Cost
- Projected Principal and Interest Payments – Five year Projection
- Revenues, Expense and Net Income by Utility
- Enterprise fund Balance sheet

Ms. Stiegel covered the required communication for those charged with governance, the end-out-audit letter, which outlines best practices, recommendations and upcoming accounting standards and

recommendations. Ms. Stiegel noted that there were no significant changes to the audit plan from what was previously communicated.

Concluding the Auditors report there was a questions and answers session with the auditors responding to a series of questions concerning the audit findings as well as confirmation of complete cooperation exemplified by Board of Water & Light's management.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed resolution for the acceptance of the FY 2015 audited financial statements, to the full Board for consideration.

Action: Motion Carried

July Preliminary Financial Highlights

Heather Shawa-DeCook, Chief Financial Officer (CFO) presented preliminary financial numbers to the Board as such: revenue 31.6 million; net income, 5 million; cash at hand, 82.7 million; cash position at 8/28, 87.6 million.

Review of Audit Quarterly Open Issues List

Heather Shawa-DeCook, Chief Financial Officer (CFO) reported the open issues list from BWL's internal audits to the Board.

STATUS OF MANAGEMENT RESPONSES TO AUDIT REPORTS AS OF 7/31/15

Open Issues

- #12 Records Retention Management Audit (March 2014) - Internal Audit found that records on hand did not always correspond with the Record Retention Schedule; namely, a portion of I-9 forms and some asbestos bills of lading.
- Status: Regarding I-9 forms, the Human Resources Department is in the process of ensuring that they are on file for all active employees. This project is ongoing with an expected completion date of 12/31/15. During July, 44% of needed I-9 forms were collected. Concerning the appropriate retention schedule for the asbestos bills of lading (a.k.a. asbestos manifests), it will be reviewed and updated as part of the overall review of the Record Retention Schedule. Enterprise Content Management anticipates an updated master document will be sent for executive management review by October 2015. Approval by the State of Michigan is expected in early 2016.
- #13 Records Retention Management Audit (March 2014) - The Internal Auditor determined that records on hand in departments did not always correspond with the Record Retention Schedule.
- Status: Enterprise Content Management is reviewing the existing Record Retention Schedule with the appropriate departments and cataloging all proposed revisions. Enterprise Content Management anticipates an updated master document will be sent for executive management review by October 2015. Approval by the State of Michigan is expected in early 2016.
- #15 Accounts Payable Audit (April 2014) - The audit revealed the existence of more than 14,000 vendor master entries. Within these entries are duplicates and vendors that have been blocked. Further review and analysis was recommended.
- Status: Accounts Payable (AP) is focusing their efforts on confirming information for current payees (including W-9 forms) and working jointly with Purchasing in identifying new vendors to set up as new payees only when warranted. AP is also working jointly with the IT Department in determining which vendor entries should be retained or blocked on SAP due to inactivity.
- #16 Accounts Payable Audit (April 2014) - The Goods Receipt/Invoice Receipt account balance is higher than previous years. Internal Audit recommends that management focus on resolving mismatched items in this account and clear unresolved documents older than a particular age.
- Status: To reduce the recurrence of these types of issues, Accounts Payable (AP) has developed a refresher training course on the system receiving function for presentation to all users and, also, anticipates automated email notification becoming available in FY16. Also, to address the current account balance and clear older items, AP is working with departments to resolve goods and invoice receipts older than 15 months and on reducing the occurrence of invoices 45 days or older. By their nature, the occurrence of these events and the resulting efforts to address them will be ongoing with no specific, final completion date, although it is anticipated that any increase in frequency or amount will be related to normal seasonal activity and not to a lack of oversight and effort to resolve them.
- #17 Close the Books Audit (August 2014) - The Internal Auditor determined that accounting procedures should be updated and stored in a central location, with consideration given to the use of a general accounting manual.
- Status: General Accounting is continuing to work on centralizing and updating all current procedures. Updates to the general accounting manual are approximately 50% complete, however, General Accounting's work efforts on these projects have been delayed due to fiscal year end work demands, along with unanticipated staffing changes. Changes are expected to be complete by 3/31/16.
- #20 Materials Inventory Management Audit (January 2015) - The Internal Auditor found access to two inventory related SAP system transaction types to be excessive.

Status: The removal of unnecessary access has been requested of the IT Department by Purchasing & Warehousing (PW). PW has also taken it upon themselves to develop an additional control, in the form of a periodic report run to monitor a particular situation where duties cannot always be adequately segregated due to limited availability of backup personnel in non-routine instances. In addition, PW, with the assistance from Internal Control, is developing a process to ensure that outdated and inappropriate user access is identified and corrected on an ongoing basis. To date, a draft report has been developed by Internal Control and is being reviewed by PW. Once finalized, this review will be conducted semi-annually.

- #23 Annual Projects Management Audit (July 2015) *NEW* - Internal Audit determined that the project close-out process did not always include a documented narrative explaining why actual costs exceeded estimates.

Status: The project close-out process is being enhanced by consistently providing a narrative explanation when project costs exceed estimates by a threshold of 15% and \$50,000. Implementation by the Customer Projects and Electrical System Integrity areas is complete. The Water Distribution area estimates an implementation date of 10/1/15.

- #24 Annual Projects Management Audit (July 2015) *NEW* - Internal Audit determined that the project close-out process did not always identify use of contingency amounts.

Status: The project close-out process is being enhanced by consistently identifying use of contingency amounts when project costs exceed estimates by a threshold of 15% and \$50,000. Implementation by the Customer Projects and Electrical System Integrity areas is complete. The Water Distribution area estimates an implementation date of 10/1/15.

Closed Issues (since last report of 5/31/15)

- #18 Materials Inventory Management Audit (January 2015) - Internal Audit's physical inventory counts at the main warehouse revealed some differences from book balances.

Status: Purchasing & Warehousing (PW) has, and continues to, emphasize to PW staff and user departments the importance and criticality in completing the proper paperwork and forms. PW has also initiated relationship-building efforts with their user departments, to enhance communications and accountability, and explored and implemented other options to enhance control over inventory. PW continues to count high-dollar, fast moving inventory items more frequently than once a year and will begin to count yard items on a monthly basis. Within the past year, some yard items, such as transformers, have been moved to a secured offsite warehouse. Possible future technology enhancements to further improve the process will be supported with a business justification and subject to the capital project approval process.

- #19 Materials Inventory Management Audit (January 2015) - Internal Audit noted issues at two satellite inventory locations and recommended tighter controls at satellite inventory locations in general, citing the alternative of consolidation of inventories at the central warehouse.

Status: Satellite inventory is no longer being maintained at the REO and Eckert locations. Inventory at the Dye and Erickson plants has been reduced to a few critical items.

- #21 Special BOC Requested Audit (April 2015) - The Internal Auditor found that more clarity is needed in Board policy regarding the reporting of capital budget variances. Specifically, with regard to a clarification from the Board of Commissioners as to when, for a multi-year project in particular, a budget variance exceeding the defined threshold should be reported to and approved by the Board.

Status: Board Policy 15-02 was amended by Board Resolution 2015-07-05, which provides the necessary clarification.

- #22 Special BOC Requested Audit (April 2015) - The Internal Auditor found that the former General Manager's procurement card expenses were not adequately reviewed or supported and that requirements could be clarified.

Status: Board Policy 7-05 was amended by Board Resolution 2015-07-04, which provides the necessary clarification.

There was a lengthy discussion after each reported open issue.

Internal Audit Process/2015-16 Audit Plan Modification

Internal Auditor Phil Perkins, presented an overview of the following information:

- Process Events/Milestones,
 - Preliminary Risk Assessment and Scoping
 - Audit Announcement/Opening Conference
 - Field work Phase
 - Pre-closing Meeting
 - Closing Conference
 - Audit Reporting
 - Audit Follow-up
- FY 2016 Audit Plan – Request for Change Approval

FY2016 Audit Plan- Request for Change Approval

Planned Audits:	Estimated Hours
Follow-up of Selected CRT/MPSC/BWL Recs.	300
Billing	500
IT – Information Security Policies	300
Training & Development	300
Safety Management Hiring Process	400
IT – Manage Changes	400
Other Engagements:	
Surprise Cash Counts (2)	40
Time Reporting Reviews (2)	160
Central Maintenance & Fleet Time/Resource Reporting	100
Other Consulting (NERC/CIP Compliance, IRP/Strat Plan)	100
Total Estimated Hours	<u>2,600</u>

Motion by Commissioner Price, Seconded by Commissioner Louney to accept the change the Internal Auditor’s FY 2016 Audit Plan to include the Hiring Process.

Action: Motion Carried

Public Comment

None

Other

Commissioner Louney congratulated Commissioner Ross on doing a good job as a new Finance Chair

Adjourn

On Motion by Commissioner Price, Seconded by Louney, the meeting adjourned at 8:53 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

COMMITTEE OF THE WHOLE
September 8, 2015

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 8, 2015.

Committee of the Whole Chair Dennis M. Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Ken Ross and Tracy Thomas and Non-Voting Member: Bill Long (Delta Township)

Absent: Commissioner Sandra Zerkle, Non-Voting Commissioners Michael Froh (Meridian Township) and Robert Nelson (East Lansing).

Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

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

Action: Motion Carried

North American Electric Reliability Corporation (NERC) Update

Interim General Manager, Dick Peffley, introduced Robert Lalonde, Manager of Bulk Power, who provided the Commissioners with a North American Electric Reliability Corporation (NERC) update. Mr. Lalonde provided historical information on the formation of NERC and how it led to mandatory compliance with developed standards approved by the Federal Energy Regulatory Commission (FERC). He stated that NERC is an authority assigned with ensuring the reliability of the bulk electric system.

Mr. Lalonde's presentation included information on the responsibilities for the Internal Compliance Program, developed to measure and maintain compliance to standards applicable to the Board of Water & Light, as well as information on upcoming changes to the Critical Infrastructure Protection standards that require greater adherence on the part of the BWL.

Air Regulation Update

Interim General Manager, Dick Peffley, introduced Mark Matus, Manager of Environmental Services, who provided the Committee with an Air Regulation update. Mr. Matus explained that Mercury and Air Toxics Standards (MATS) is a 2011 rule from Environmental Protection Agency (EPA), in which the BWL has been working to become compliant by the deadline of April 2016.

Mr. Matus stated that in June of 2015, the U.S. Supreme Court ruled that the EPA has missed a critical step in the promulgation process of the MATS rule and as such, it has been remanded

back to the Circuit Court of Appeals, who will decide whether to vacate the rule. In the meantime, Mr. Matus stated that BWL would use this time to complete the installation of equipment needed to comply with the MATS rule. Erickson station already has an activated carbon injection (ACI) system, which is a major component for mercury compliance, and the BWL is in the process of installing an ACI system at Eckert station to become MATS compliant with testing of the system expected to begin in January of 2016.

There was a lengthy discussion regarding whether the installation of the said system is reasonable considering Eckert station is nearing its useful life. Mr. Matus stated that it is reasonable to install the system because the Eckert station is needed to manage the BWL's distribution for the next 5 years. Commissioner Ross noted that the outcome of installing the equipment needed for compliance, whether the BWL is actually required to install it by the MATS rule, or not, is that we have cleaner air. Additionally, Mr. Matus explained that with the said system in place, the BWL will achieve 90% removal of mercury when the system is operating.

Community Review Team (CRT) Update

Interim General Manager Dick Peffley stated that he, Chair Price, Commissioner Long and George Stojic, Executive Director of Strategic Planning and Development, met to form a plan of how to wrap up the Community Review Team's (CRT) Recommendations. Mr. Peffley stated that his team suggested to hold a special board meeting in October; and to extend an invitation to the media, customers, General McDaniel and his review team, to attend the meeting with the intent of the BWL highlighting what has been accomplished since the ice storm and how the CRT's recommendations have been implemented with the intent of, or a way to officially conclude the CRT matter.

There was lengthy discussion regarding the CRT matter, with Commissioner Chair Price concluding by stating that the suggested meeting is a great idea and is a very good way to get closure on the CRT matter, that the BWL has done a good job with implementing the CRT recommendations and is the BWL is a different organization today because of it.

Educational training for the Board of Commissioners

Committee of the Whole Chair Louney discussed the subject of exploring different educational options for the Board of Commissioners. He presented the Commissioners with a brochure containing information on Janice Beecher, a professor at Michigan State University (MSU), and a nationally noted authority, who teaches the "Basics of Utility Regulation and Ratemaking" onsite.

Commissioner Chair Price stated that he finds the presented information to be a great idea and stated that this would be something to explore and consider for future educational training.

Community Strategy for outside governmental agencies

Interim General Manager, Dick Peffley, introduced Calvin Jones, Director of Governmental Affairs, and Community Services, who informed the Board of his daily roles and responsibilities with communicating with county, local, state and federal officials. Mr. Jones said that he is aware of their (governmental entities) concerns, and works hard to keep lines of communications open on the latest developments of what the BWL does and vice versa. Mr.

Jones stated that it is his pleasure to stay proactive in his communication with other governmental agencies so that good working relationships are established.

There was a lengthy discussion regarding Commissioner's communication with other respected surrounding government entities. It was suggested the BWL Board visit and rotate meeting in surrounding communities and invite all entities to attend the rotating meetings, as this would provide a platform for them to discuss matters and issues affecting their specific areas.

Committee of the Whole Chair Louney stated that he would discuss this matter with Regional Representatives and draft proposed procedures for communicating. The proposed procedures would then be presented to the entire Board at a future Committee of the Whole meeting.

Joint Work Meeting Resolution BWL/Lansing City Council

Board Chair Price stated that recently the Board of Water & Light Board of Commissioners and Lansing City Council had a great joint meeting. Presented at the joint meeting was a resolution establishing yearly meetings between the two entities. Board Chair Price asked that the Committee of the Whole forward the resolution to the full Board for consideration.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed resolution to the full Board for consideration.

Action: Motion Carried

Public Comment

None

Other

Interim General Manager Dick Peffley discussed an email that was sent to the Commissioners regarding the Groesbeck area, where a new light speed is being installed. A customer questioned why the process takes 6 months to complete. Mr. Peffley explained that BWL's procedures require 90 days to design and another 90 days to implement.

Excused Absence

Motion by Commissioner Mullen, Seconded by Commissioner Price, to excuse Commissioners Froh, Nelson and Zerkle from tonight's meeting.

Action: Motion Carried

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Thomas, the meeting adjourned at 6:58 p.m.

Respectfully Submitted
Denis. M. Louney, Chair
Committee of the Whole

HUMAN RESOURCESS COMMITTEE

September 15, 2015

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 15, 2015.

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tony Mullen, Anthony McCloud, Alternate Member Dennis M. Louney and Alternate Member Tracy Thomas. Also present: Commissioners David Price, Non-Voting Commissioners Mike Froh (Meridian Township), Bill Long (Delta Township) and Robert Nelson (E. Lansing).

Absent: Commissioner Sandra Zerkle.

Public Comments

None

Approval of Minutes

Motion by Commissioner McCloud, Seconded by Commissioner Louney, to approve the Human Resources Committee meeting minutes of July 28, 2015.

Action: Motion Carried.

Charter Position Appointment for General Manager – Resolution

HR Committee Chair Mullen introduced the resolution for the appointment of Richard R. Peffley as the BWL General Manager, removing Interim from his current title.

Motion by Commissioner McCloud, Seconded by Commissioner Louney, to forward the proposed resolution appointing Richard Peffley (Dick) to the Charter Appointed Position of General Manager to the full Board for consideration.

There was a lengthy discussion regarding the hiring and appointment process for the General Manager.

Action: Motion Carried.

Commissioner Price disseminated a proposed employment contract agreement for the General Manager to the Commissioners and introduced Attorney Melissa Jackson, of Foster Swift, who reviewed the details of the proposed employment contract.

Motion by Commissioner McCloud, Seconded by Commissioner Louney, to forward the proposed/draft employment contract of the General Manger to full Board for consideration.

Action: Motion Carried.

Excused Absence

Motion by Commissioner McCloud, Seconded by Commissioner Louney, to excuse Commissioner Zerkle from tonight's meeting.

Action: Motion Carried

Public Comments

None

Adjourn

Motion by Commissioner McCloud, Seconded by Commissioner Thomas, the meeting adjourned at 6:33 p.m.

Action: Motion Carried

Respectfully Submitted
Tony Mullen, Chair
Human Resources Committee

**JOINT WORK RESOLUTION OF THE LANSING CITY COUNCIL
AND THE BOARD OF WATER AND LIGHT COMMISSIONERS**

WHEREAS, the Lansing City Charter delegates to the Board of Commissioners (Board) of the Board of Water and Light (BWL) the responsibility for the administrative, executive, and policy-making authority over the operation of those City utility services assigned to it, and

WHEREAS, the Lansing City Charter recognizes that the Board is responsible to the Mayor and to the City Council for the provisions of those City Utility services in a manner consistent with best practices, and

WHEREAS, the City Council and the Board desire to develop a more formal cooperative relationship between each other, and

WHEREAS, the cooperation between the City Council and the Board would lead to better communication and more beneficial coordination between the City Council and the Board.

BE IT RESOLVED, that the City Council and the Board shall hold two joint work meetings per year. The President of the Council and the Chair of the Board shall schedule the meetings. The first meeting will be held after January following the election of Council Leadership, the second meeting will be held after July following the election of the Board of Water & Light's Officers (with additional meetings scheduled as necessary).

FURTHER RESOLVED, that the agenda of each of the aforementioned meetings shall include recommendations from both entities.

FURTHER RESOLVED, that the Chair of the Board and the President of the Council shall, on a regular basis, communicate to each other issues that are beneficial for the Council members and the Board members to discuss with their respective counterparts in their one-to-one interaction.

PROPOSED RESOLUTION

Fiscal Year 2015 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds

RESOLVED, that the fiscal year 2015 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2015 Audited Financial Statements of the Board of Water and Light and the report on auditing procedures with the State Treasurer as required by the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended) no later than December 31, 2015.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2015 Audited Finance Statements of the Board of Water and Light with the City of Lansing.

Proposed Resolution

Appointment of Richard R. Peffley to the Charter Appointed Position of General Manager

WHEREAS, on January 13, 2015 the Lansing Board of Water & Light's (BWL) Board of Commissioners appointed Richard R. Peffley to serve as the BWL's Interim General Manager;

WHEREAS, the current Employment Agreement between Interim General Manager Richard R. Peffley and the BWL will terminate automatically once a permanent General Manager has been hired.

WHEREAS, the BWL Board of Commissioners desire to retain Mr. Peffley as the BWL's General Manager until otherwise determined by the BWL Board of Commissioners, effectively removing the "interim" title.

RESOLVED, Richard R. Peffley is hereby appointed to serve as the BWL's General Manager.

FURTHER RESOLVED, the term of the Employment Agreement between Mr. Peffley and the BWL shall begin September 22, 2015 and expire on July 31, 2016.

DIRECTOR AND GENERAL MANAGER EMPLOYMENT AGREEMENT

This Director and General Manager Employment Agreement (Agreement) is effective September 22, 2015 between the Board of Commissioners (Employer) of the Lansing Board of Water and Light (LBWL), and Richard R. Peffley (Employee). It is pursuant to the power and duty under the City Charter of the City of Lansing (City Charter), article 5, chapter 2, to "appoint a Director who shall be responsible to the Board for carrying out the duties assigned by the Board and shall serve at its pleasure." On September 22, 2015, the Board affirmatively voted to appoint Richard R. Peffley as the LBWL's Director and General Manager. This Employment Agreement delineates the employment terms between the parties:

I. EMPLOYMENT

The Employee has most recently been appointed and employed as Interim General Manager of the LBWL, pursuant to an Agreement which provided that it would terminate automatically when a General Manager is hired. The Interim General Manager Agreement is terminating automatically because the Employer and the Employee are entering into this Agreement, which employs the Employee as Director and General Manager. The Employer and the Employee agree that the employment relationship will be at-will. The Employee will perform the duties described in Article III of this Agreement, as well as any other duties that may be assigned to him by the Employer and/or LBWL. The Employee accepts such employment upon all of the terms and conditions set forth in this Agreement.

II. TERM

The term of employment under this Agreement shall begin on September 22, 2015, and shall continue until July 31, 2016, subject to the provisions for annual reappointment, as provided in the Lansing City Charter and section 8.1 of the Board's Rules of Administrative Procedure (Rule 8.1), and unless terminated sooner in accordance with Article VI. If the Employee is reappointed, this Agreement will renew on August 1 of each year that Employee is reappointed, for an additional twelve (12) months. If the Employee is not reappointed, or if the term of employment is terminated pursuant to Article VI of this Agreement, the Agreement and Employee's employment will be terminated, and the date that this occurs will be referred to as the "Date of Termination." Any and all compensation and benefits will cease effective on the Date of Termination, except as otherwise specifically provided by this Agreement or by law. The period between September 22, 2015 and Date of Termination shall be referred to as the "Contract Period." The period between September 22, 2015 and July 31, 2016, and each 12-month period beginning on August 1 after July 31, 2016, shall be referred to in this Agreement as the "Contract Year."

III. DUTIES AND OBLIGATIONS

- A. The Employee, as the Director and General Manager of the LBWL, agrees and promises to perform and discharge, well and faithfully, the duties assigned to him by the Employer for the conduct of the LBWL's business. Those duties shall include those generally assigned to the Director and General Manager of a municipal utility under the general supervision, direction and advice of the Employer and the Employee's job description, as it may be amended from time to time in the absolute discretion of the Employer, with notice to the Employee. The Employee agrees to perform those duties necessary to meet the expectations and goals of the Employer as established from time to time by the Employer. The Employee shall report directly to the Board of Commissioners.
- B. During his employment as Director and General Manager, the Employee shall be subject to, uphold and enforce all rules, policies, and procedures applicable to the non-bargaining employees of the LBWL, except to the extent there is a separate policy or procedure that applies only to Board of Commissioner employees.
- C. The Employee shall devote such time, attention, and energies to the business of the LBWL as is necessary for the Employee to satisfactorily perform his duties as Director and General Manager, and it is intended that the Employee work on a full-time basis. Except as otherwise provided in this Agreement or the LBWL's policies as adopted by its Board of Commissioners, the Employee shall not during the Term of this Agreement be engaged in any other business activity or accept any other employment that conflicts in timing or substance with the Employee's duties for Employer or which would negatively impact the LBWL or the Employer, without prior approval of the Employer. During his employment as Director and General Manager, the Employee shall not serve on the board of directors or hold an office in a company or organization that presents any conflict of interest with the LBWL that materially affects the performance of the Employee's duties. However, the Employee shall not be prevented from becoming a director of a corporation, if the directorship has been previously approved by the Employer. If the Employee becomes the director of a corporation with the approval of the Employer, the Employee shall not be indemnified or held harmless by the Employer from any liability or damages arising from such service or activities.
- D. The Employer should review and evaluate the performance of the Employee at least once each Contract Year. During each Contract Year, the Employee shall provide to the Employer specific and prioritized goals and objectives, and the Employer may add to, modify, delete and/or re-prioritize those goals and objectives, at the Employer's sole discretion. The goals and objectives should generally be attainable within the time limitations as specified, and the annual

operating and construction forecasts and appropriations provided.

IV. COMPENSATION

The Employee shall receive a Salary equivalent to an annualized gross amount of Two Hundred Fifty-Five Thousand Dollars and Zero Cents (\$255,000.00), payable bi-weekly or in other installments that are consistent with the LBWL's regular payroll practices and procedures. This Salary is subject to review by the Employer, which typically shall be on an annual basis, at which time the Salary may be adjusted.

V. BENEFITS AND EXPENSES

The LBWL shall provide the Employee with those fringe benefits that the LBWL provides to non-bargaining employees of the LBWL. All benefits may be amended, augmented or discontinued from time to time at the absolute discretion of the LBWL and/or the Employer. Except insofar as this provision may be contrary to applicable law, no sale, transfer, alienation, assignment, pledge, collateralization or attachment of any benefits under this Agreement shall be valid or recognized by the LBWL. The value of benefits will be subject to tax as required by law.

- A. The Employee shall be entitled to vacation and free choice days, based on his service time with the LBWL and as set forth in the Employee Policies and Benefits Reference Handbook, as modified or amended.
- B. To allow for immediate response to system emergency situations, the Employee shall be provided a vehicle allowance in the amount of Five Hundred Dollars (\$500.00) per month for the use of an automobile during the Contract Period.
- C. The Employee shall be reimbursed for reasonable, necessary and authorized expenses incurred in the course of performing his duties, in accordance with the LBWL policy and procedure. The Employee shall submit a quarterly report to the LBWL detailing all expenses incurred.

VI. TERMINATION

The Employee serves at the pleasure of the Employer pursuant to the City Charter and, as such, the parties are in an at-will employment relationship. The at-will employment relationship cannot be modified, except in conjunction with the City Charter, and except pursuant to an express written agreement, specifically modifying such "at will" employment status that is signed by both the Employee and the Chairperson of the Board and that is approved by a majority of the confirmed Board of Commissioners. The Employee's employment and this Agreement and all rights to wages and benefits, except as otherwise specifically provided by law or this Agreement, may be terminated, effective immediately, as follows:

- A. Voluntary Termination by Employee: Pursuant to the at-will employment relationship, the Employee may terminate his employment and this Agreement at any time, for any or no reason. Notice of voluntary termination shall be by certified mail, return receipt requested, or by hand delivery, to the Chairperson of the Board of Commissioners at the registered office of the LBWL. When the Employer receives the Employee's notice of voluntary termination, the Employer may, at its sole discretion, immediately, or at any time during the notice period, place the Employee on an administrative leave of absence until the effective date of the Employee's voluntary termination.
- B. Termination At Will: This Agreement and the employment relationship may be terminated by the Employer, with or without cause, at any time, with or without notice from the Employer. There is no fixed or minimum term to this Agreement, although the Employee's employment as Director and General Manager is subject to the reappointment provisions, explained in Article II and paragraph (C) below. Termination of this Agreement must be effectuated by a vote taken by the Employer, and a majority of the sitting and confirmed Board of Commissioners must vote to terminate. Termination will be effective upon the vote to terminate.
- C. Termination for Failure to Re-Appoint: If a majority of the sitting and confirmed Board of Commissioners fails to affirmatively vote to re-appoint the Employee in accordance with its Rules of Administrative Procedure, this Agreement and the employment relationship shall terminate, effective on the date of the vote.

- D. Termination Upon Death or Disability: This Agreement and the employment relationship may terminate upon the Employee's death, or due to the Employee's "Total Disability." "Disability" is defined, for purposes of this Agreement, as a condition (or conditions) resulting from injury or illness, physical or mental, experienced by the Employee that commences or occurs during the Contract Period and that prevents the Employee from performing the ordinary and regular duties required by his employment, with or without reasonable accommodation. A Total Disability is a Disability that continues for at least One Hundred Eighty-Two (182) consecutive calendar days or for at least One Hundred Twenty (120) working days in the aggregate, during a rolling 12-month period. If the Employee is absent from active, full-time active employment with the Employer for at least ninety (90) calendar days (Initial Period of Disability) due to a Disability, any subsequent absence during the rolling 12-month period, due to a Disability, shall be considered a continuation of the Initial Period of Disability for purposes of this Agreement. If there is any disagreement between the Employer and the Employee regarding whether the Employee has a Disability, the determination shall be made through a written opinion of a physician selected by the Employer. The Employer shall be required to give the Employee at least fifteen (15) calendar days' written notice of the Employer's intent to terminate the employment of the Employee based upon Total Disability.
- E. Mutual Agreement: The employment relationship and this Agreement may be terminated upon written mutual agreement signed by both the Employee and the Employer.
- F. Rights to Wages and Benefits upon Termination: As noted, the Employee's entitlement to all wages and benefits ceases upon termination of employment, but the Employee would be eligible to receive all rights and benefits typically available to non-bargaining unit employees based on his cumulative years of service, including his years of service accrued with the LBWL before becoming the Director and General Manager. These rights and benefits may include retirement funds or benefits.

VII. RESTRICTIVE COVENANTS

- A. The Employee acknowledges that in the course of his employment with the LBWL, the Employee will be exposed to and will obtain access to materials and information of the LBWL that constitute confidential and/or proprietary information of the LBWL. The Employee agrees that he shall not use or disclose, during or after his employment with the LBWL, such information for any purpose other than in connection with his employment and shall not disclose any such information to any person outside of the LBWL. The Employee shall, upon

request by the Employer or LBWL, return or destroy, as directed by the Employer or LBWL, any media in/on which such information is recorded. By entering into this Agreement, the Employee represents and warrants that he is able to perform the contemplated duties of employment without breach of confidentiality or disclosure of proprietary information of any third party.

- B. The Employee agrees that, during and after his employment with the LBWL, the Employee will fully and voluntarily cooperate and assist in defending any actions against the LBWL in which the Employee is named as a defendant or witness or about which he has knowledge.
- C. The Employee agrees that during the term of his employment with the LBWL and for a period of two (2) years after the termination of his employment relationship with the LBWL, the Employee will not directly or indirectly, either individually, or on behalf of, or in conjunction with another person, organization, or entity, contact any employee, who was an employee of the LBWL at the time of the Employee's Date of Termination or within the two-year period prior to the Date of Termination, for the purpose of soliciting such employee for work or employment with a person, organization or entity other than the LBWL.
- D. This Article shall survive termination of the Employment Agreement and employment.

VIII. LBWL RESOURCES

The Employee recognizes that all LBWL resources of any kind and nature including, but not limited to, equipment, files and documentation are the sole property of the LBWL and shall not be used for personal or any other reasons that are not for the benefit of the LBWL. In the event that this Agreement is terminated, the Employee agrees to return all LBWL materials, documents and equipment acquired during his term of employment, and all materials, documents, passwords, and equipment requested by the Employer or LBWL. Specifically, this is to include without limitation, documents, computer discs, software, computers, work papers, notes, articles, phone lists, correspondence, reports, phone cards, office keys, pass codes, and any and all materials related to employment with the Employer and LBWL. This Article shall survive termination of the Employment Agreement and employment.

IX. DISPUTE RESOLUTION

Both parties agree that this Agreement will be enforced through alternative dispute resolution as described below. This Article is not to be construed as modifying the at-will employment relationship, and therefore the Employee, the Employer, or the LBWL has the right to terminate the employment relationship for any or no reason, as long as it is not for unlawful reason. Also, notwithstanding anything to the contrary in this Article, but without limiting the power of the arbitrator to grant similar remedies that may be requested by a party in a dispute, the parties have the right to proceed in any court of proper jurisdiction to obtain injunctive relief.

- A. All disputes, controversies, or claims arising out of, in connection with, or relating to this Agreement or any breach or alleged breach of the Agreement, and any claim that the Employer or LBWL violated any state or federal statute (including discrimination/civil rights claims) or Michigan common law doctrine or committed any tort regarding the Employee in relation to his employment shall be submitted to and settled by final and binding arbitration in Ingham County, Michigan under the rules then in effect of the Employment Dispute Resolution Rules of the American Arbitration Association or at any other place or under any other form of arbitration mutually acceptable to the parties involved (Arbitration Service).
- B. The parties agree that the demand for arbitration will be made in writing to the Arbitration Service, and copied to the other party, within one hundred eighty-two (182) calendar days of when the party making the demand knew or should have known about the event precipitating the demand, or before expiration of the applicable statute of limitations, whichever period is shorter. The parties specifically agree to arbitration with the other party in a joint proceeding for all common issues and disputes. This Agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law and by a court of competent jurisdiction. The arbitration and any litigation will be held in Ingham County, Michigan.
- C. The parties may be represented by an attorney or other representative of their choice. Each party shall have the right to prehearing discovery in the time and manner provided by the then-applicable Michigan Court Rules. Each party will have the right to subpoena witnesses and documents for the arbitration hearing.
- D. The arbitrator will have no power to add to, subtract from, or alter the terms of this Agreement, nor may the arbitrator modify the at-will employment relationship. The arbitrator will render a written decision setting forth the facts, findings and conclusions only about the claims or disputes at issue. The arbitrator has full authority to award any and all relief provided for by the applicable statute. If the party fails to prevail on the cause of action, the arbitrator will issue an

award of no cause of action.

- E. The expenses of any arbitration shall be borne by the Employer, except that portion that is equal to the current civil filing fee in federal court shall be payable by the Employee if the Employee demanded the arbitration. Each party will pay for and bear the costs of its own experts, evidence, and counsel fees. However, if any party prevails on a statutory claim, the arbitrator may award reasonable costs and fees, including attorney fees and the portion of the arbitrator's fees paid by the party, to the prevailing party in accordance with such statute.
- F. Any award by the arbitrator will be in writing, will contain findings of fact and conclusions of law, will be final and conclusive upon the parties and a judgment may be entered in the highest court for the forum, state or federal, having jurisdiction. After the entry of an arbitral award in favor of the Employee, the Employer and LBWL will have up to thirty (30) calendar days after it receives notice of the award to fully comply with the award; a judgment may not be entered to enforce the award until the Employer and LBWL have had an opportunity to comply with the arbitral award according to this provision. Any arbitral award regarding compensation due to the Employee because of an involuntary termination shall be limited to an amount equal to the salary that the Employee would have received between the effective date of the involuntary termination and the end of that Contract Year.

X. MISCELLANEOUS

- A. This Agreement contains all of the terms and conditions of the contractual relationship between the parties, and no amendments or additions to this Agreement shall be binding unless they are in writing for that purpose and signed by both parties.
- B. This Agreement shall be binding upon the parties, their legal representatives, successors, and assigns. The Employee agrees that this Agreement shall not be assigned, hypothecated, or transferred in any way by the Employee, the Employee's personal representatives, heirs, or legatees, or any other person.
- C. This Agreement supersedes, abrogates and takes the place of all prior employment contracts and/or understandings that may have been made between the Employee and the Employer or the LBWL.
- D. The captions or headings of this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of this Agreement or any of its sections, nor do they in any way affect this Employment Agreement.

- E. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Michigan.
- F. The invalidity of all or any part of any articles or paragraphs of this Agreement shall not invalidate the remainder of this Agreement or the remainder of any article or paragraph not invalidated unless the elimination of such article or paragraph shall substantially defeat the intents and purposes of the parties.
- G. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- H. The Employee affirms that he is competent to sign this Agreement and is hereby advised to consult with an attorney of his choosing before executing this Employment Agreement. The Employee further acknowledges that no representations have been made with respect to the income or estate tax or other consequences of this Agreement to him and that he has been advised of the importance of seeking independent advice of counsel with respect to such consequences.

The parties have executed this Agreement on the date listed on the first page of this Agreement.

WITNESSES

EMPLOYEE

(Signature)

Richard R. Peffley

(Printed or Typed Name of Witness)

EMPLOYER
**Board of Commissioners,
Lansing Board of Water and Light**

(Signature)

By: _____
David J. Price, Chairperson

(Printed or Typed Name of Witness)