



**LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
FINANCE COMMITTEE MEETING
Tuesday, May 9, 2023 – 6:00 P.M.
Board of Water & Light Headquarters – REO Town Depot
1201 S. Washington Ave., Lansing, MI 48910**

Finance Committee: Dusty Horwitt, Committee Chairperson; Semone James; David Price; and Sandra Zerkle; Alternates: Anthony Mullen, Tracy Thomas; Non-Voting: Douglas Jester, Larry Merrill, Maggie Sanders

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

AGENDA

Call to Order

Roll Call

Public Comments on Agenda Items

- 1. Finance Committee Meeting Minutes of March 16, 2023..... **TAB 1**
- 2. March YTD Financial Summary **TAB 2**
- 3. Retirement Plan Committee (RPC) Updates **TAB 3**
- 4. Drinking Water State Revolving Fund (DWSRF) Bond Resolution **TAB 4**
- 5. FY24 Operating Budget and FY24-29 Forecast Presentation..... **TAB 5**
 - a. FY2024-2029 Budget and Forecast Resolution **TAB 5a**
- 6. Removal of the Designation on Funds for Coal Inventory Fluctuation and Release for Unrestricted Use Resolution **TAB 6**
- 7. P-Card Administration..... **INFO ONLY**

Other

Adjourn

FINANCE COMMITTEE
Meeting Minutes
March 16, 2023

Finance Committee: Dusty Horwitt, Committee Chairperson; Semone James; David Price; and Sandra Zerkle; Alternates: Anthony Mullen, Tracy Thomas; Non-Voting: Douglas Jester, Larry Merrill, Maggie Sanders

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Thursday, March 16, 2023.

Finance Committee Chairperson Dusty Horwitt called the meeting to order at 6:22 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dusty Horwitt, Semone James, David Price, and Sandra Zerkle
Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner James, to approve the Finance Committee Meeting minutes of January 10, 2023.

Action: Motion Carried. The minutes were approved.

January YTD Financial Summary

CFO Heather Shawa presented the January YTD Financial Summary.

Capital Project Report

CFO Heather Shawa presented the Capital Project Report. Under the Annual Project List, the projected cost for Electric is \$3,000,000 over budget which is mainly due to the pole replacement program. Any updated projections and costs will be placed on the agenda of the May Finance Committee Meeting. GM Peffley added that an assessment was made of pole replacements needed and there were more poles needing replaced than anticipated.

In response to Chairperson Horwitt, GM Peffley stated that the process to evaluate pole replacement starts with a device that measures the density of the pole starting at the base and at a certain density percentage the pole needs to be replaced. The process can be provided at a future COW meeting if required.

Capital Project Exceedance – Water Annuals Resolution

CFO Shawa requested approval by resolution for a Capital Project Exceedance on Water Annuals. The exceedance is due to supply chain lead times and inflation in accordance with CSO projects with the City, and also increasing meter inventory ahead of time to avoid supply issues. GM Peffley added that the three major CSO projects of the City of Lansing have amounts 75% over budget due to supply chain costs and inflation for their projects.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to forward the Resolution for the Capital Project Exceedance: AW – Water Annuals to the full Board for consideration.

Action: Motion Carried.

Capital Project Exceedance – Common Annuals Resolution

CFO Shawa requested approval by resolution for a Capital Project Exceedance on Common Annuals. The exceedance is due to expansion of the fleet for the water distribution department to complete the goal of 8 miles of water main replacement.

Motion by Commissioner James, **Seconded** by Commissioner Price, to forward the Resolution for the Capital Project Exceedance: AW – Common Annuals to the full Board for consideration.

Action: Motion Carried.

Retirement Plan Committee (RPC) Updates

CFO Shawa presented the Retirement Plan Committee updates. In response to Commissioner Zerkle, CFO Shawa responded that for the 17 participants for which the DB and VEBA documentation is needed for payment, the deadline was extended to March 10, 2023. Human Resources is continuing to work with the participants.

Drinking Water State Revolving Fund (DWSRF) Update

CFO Shawa presented the DWSRF update. The BWL was awarded \$32 million in loan funding specific to water infrastructure with a loan forgiveness portion of up to \$20 million in the award. The funding is expected to be received within the next year. The funding will be used for the water tower, for water main replacement, and for a piece of equipment for the water treatment plant on Wise Road. Two resolutions will be presented for approval. One at the May Finance Committee meeting and the other at the July Finance Committee meeting. The first resolution will be a notice of intent to issue revenue bonds with a 45-day public comment period, and the second will be a resolution allowing the CFO to issue the bonds.

Internal Auditor RPC Audit Report

Internal Auditor Macciocca reported that he had completed the draft audit of the Retirement Plan Committee (RPC), provided a draft conclusion and stated that management would respond within 30 days. In developing the report, it was found that the RPC is highly functioning and competent in the performance of its duties, and its activities as a fiduciary are in the best interest of its stakeholders.

In response to Commissioner Merrill inquiring about a recommendation to remove the protections for negligent behavior in the draft report, Mr. Macciocca stated that there are protections for the fiduciaries as long as the fiduciaries hold to the standard of being competent and not negligent.

Other

Commissioner David Price invited the meeting attendees to attend the St. Patrick's Day event Breakfast with Bagpipes at 9:00 am at the Lansing Brewing Company at which the Glen Erin Pipe Band will be playing.

Commissioner Jester expressed appreciation for the continuing high reliability of the distribution system.

GM Peffley stated that he would put a package together regarding a praise letter placed in the City Pulse, a meeting about the outage with the State Journal Editorial Board and the Detroit Free Press. No primary wires were downed during the outage and BWL sent crews to help other utilities.

Commissioner Leek congratulated the staff on the new BWL commercial.

Adjourn

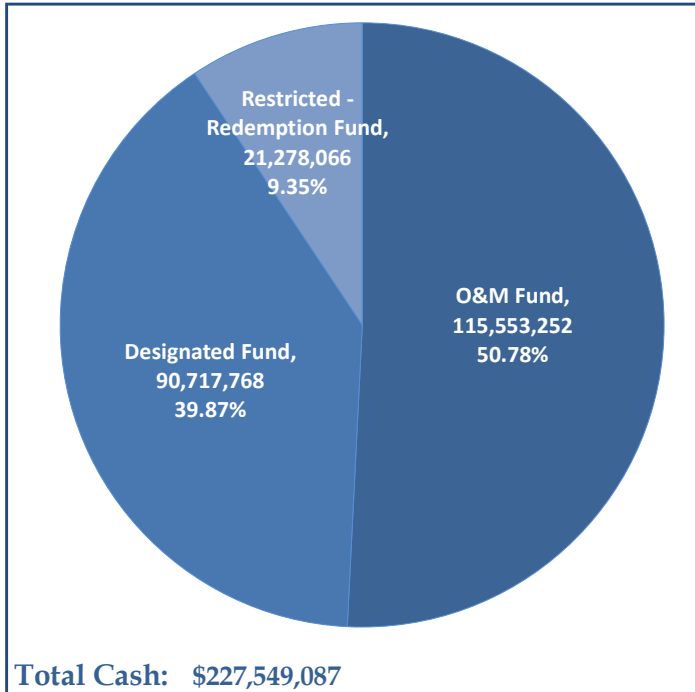
Chairperson Dusty Horwitt adjourned the meeting at 6:54 p.m.

Respectfully submitted,
Dusty Horwitt, Chairperson
Finance Committee

Financial Summary - March 2023 - FY23



Cash



Income Statement YTD

	Actual YTD	Budget YTD	Difference	%
Retail	\$ 277,380,208	\$ 248,500,337	28,879,871	12%
Wholesale	\$ 60,785,788	\$ 76,270,003	(15,484,215)	-20%
Total Revenue	\$ 338,165,996	\$ 324,770,340	13,395,656	4%
Operating Expenses	\$ 285,601,526	\$ 280,549,955	5,051,571	2%
Non Operating Income/(Exp)	\$ (35,643,962)	\$ (38,175,630)	2,531,668	-7%
Net Income	\$ 16,920,509	\$ 6,044,755	10,875,753	180%
FY 2023 Budgeted Net Income		\$ 5,867,605		

Budget Status YTD

O&M Budget YTD (excluding fuel)

FY 2023 Approved Budget	Actual YTD	Budget YTD	Difference	%
\$ 162,258,289	\$ 125,003,438	\$ 125,302,980	\$ (299,542)	0%
% of Approved Budget	77%	77%		

Capital Budget YTD

FY 2023 Approved Budget	Actual YTD	Budget YTD	Difference	%
\$ 71,804,326	\$ 51,762,945	\$ 46,634,273	\$ 5,128,672	11%
% of Approved Budget	72%	65%		

	Month End	Target
Days Cash on Hand	200	166
Credit Rating (S&P/Moody's)	AA-/Aa3	AA-/Aa3
Debt Service Coverage	2.41	2.00

Days Cash on Hand:

$$\frac{\text{O\&M Fund - Portion Restricted By Bond Covenants + Designated Funds}}{(\text{Budgeted Operating Expenses - Depreciation + RoE to City}) / 365}$$

Debt Service Coverage:

$$\frac{\text{Projected Net Income + Depreciation Expense + Interest Expense}}{\text{Debt Principal + Debt Interest}}$$

Return on Assets

Actual YTD	Budget YTD	Target
2.83%	2.16%	4.01%
Return on Assets = $\frac{\text{YTD Net Income} + \text{YTD Interest Expense}}{\text{Net Fixed Assets} + \text{Inventory}}$		

Financial Summary - March 2023 - FY23



Ratios

Operating Ratio

O&M Expense	\$ 233,129,214	=	0.69	APPA Median 0.68
Revenue	\$ 338,165,996			

Measures the proportion of revenues to cover the operations and maintenance costs

Current Ratio

Current Assets	\$ 241,650,132	=	2.86	APPA Median 1.47
Current Liabilities	\$ 84,501,510			

Measures whether current assets are sufficient to pay current liabilities within one year

Debt to Total Assets

LT Debt + Accrued Liabilities	\$ 969,283,255	=	0.58	APPA Median 0.54
Total Assets	\$ 1,683,108,690			

Measures the ability to meet its current and long-term liabilities based on the availability of assets

Days Sales Outstanding

Average Accounts Receivable	\$ 33,041,487	x 31 =	30	Prior Year 40
Sales	\$ 34,688,654			

Measures the average number of days it takes to collect payment after a sale is made

Bad Debt

12 Month Rolling Bad Debt Exp	\$ 2,089,553	=	0.48%	Prior Year 0.72%
12 Month Rolling Revenue	\$ 435,997,174			

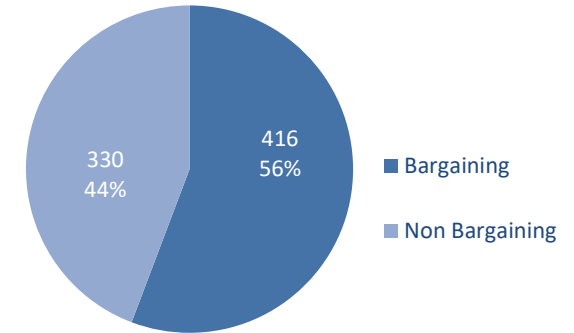
Measures the portion of each revenue dollar that will not be collected

Employee Data

Employee Count

Employee Count YTD	746
Budget YTD	756
Over/(Under) #	(10)

Full Time Equivalent	23
Temporary Employees	



Payroll Data

	Actual YTD	Budget YTD	Difference	%	Prior Year
Regular	\$ 53,707,628	\$ 55,033,145	\$ (1,325,517)	-2.4%	\$ 56.96
Overtime	\$ 5,773,772	\$ 6,110,136	\$ (336,364)	-5.5%	
Total	\$ 59,481,400	\$ 61,143,281	\$ (1,661,881)	-2.7%	
Total Hours Worked	1,019,513				
Labor \$/Hours Worked	\$ 58.34				

Benefits Cost

(Including Retirees)	Actual YTD	Budget YTD	Difference
Health	\$ 11,525,695	\$ 14,600,905	\$ (3,075,210)
Rx	\$ 2,255,704	\$ 2,527,846	\$ (272,141)
Dental	\$ 969,629	\$ 1,070,076	\$ (100,447)
Life	\$ 318,090	\$ 426,753	\$ (108,663)
FICA	\$ 4,384,373	\$ 4,310,976	\$ 73,397
Other	\$ 860,026	\$ 1,530,257	\$ (670,231)
Total	\$ 20,313,518	\$ 24,466,813	\$ (4,153,295)



RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Finance Committee: 5/9/2023

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - DB & VEBA Investment Advisor Contract Renewed
 - New ACG contract expires March 31, 2028
 - DB & VEBA Investment Manager Changes
 - Loomis, Sayles & Company and Vanguard Russell 1000 Value to be replaced with Northern Trust S&P 500 Index Fund.
 - Completed April 19th
- VEBA - Portfolio Rebalancing – Real Assets
 - Market value changes have brought the real assets back within the target range however due to the extended time requirements from liquidity constraints associated with rebalancing real assets, RPC will continue forward with the rebalancing until the target value of 15% has been reached.

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - No significant new activity.



RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Finance Committee: 5/9/2023

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - DB & VEBA Participant Communications
 - As a reminder, changes have been made for administrative compliance; changes relate to how payments will appear in participant's accounts, how payments will be reported for tax purposes, and what forms and substantiation will be required for payment.
 - Human Resources continues to work with participants to ensure collection of all necessary documentation.
 - As of 5/1/23, the necessary documentation has been collected from all but 5 participants.
- Defined Contribution & Deferred Compensation Plans
 - No significant new activity.

Glossary

- **DB** Defined Benefit Plan - The plan is a noncontributory single-employer defined benefit pension plan for employees of the BWL. The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan.
- **VEBA** Voluntary Employee Benefit Administration - The Post-Retirement Benefit Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL.
- **DC 401(a)** Defined Contribution Plan - The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997. The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time. For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.
- **DC 457(b)** Deferred Compensation Plan - The Deferred Compensation Plan covers substantially all full-time employees. The BWL contributes \$1,000 on behalf of each participant as of the first pay period of each year. Additionally, the BWL will provide a 100% match for each participant's contributions annually, up to \$1,500.
- **ASA** Administrative Services Agreement – The administrative services agreement is an agreement between the BWL and the VEBA trust regarding the payment of VEBA plan benefits. The agreement calls for the BWL to handle the processing of benefit payments and allows for the reimbursement for payment from the VEBA trust if certain conditions are satisfied. These conditions include both funding status and investment performance measures.

Lansing Board of Water and Light

RESOLUTION AUTHORIZING NOTICE OF INTENT TO ISSUE REVENUE BONDS FOR WATER SUPPLY SYSTEM IMPROVEMENTS

- Notice of Intent to Issue Revenue Bonds in an amount not-to-exceed \$32,220,000 to finance water supply system improvements.
- Declaration of intent to reimburse expenditures from Revenue Bond proceeds.

WHEREAS, the City of Lansing (the “City”) provides in its City Charter that the Lansing Board of Water and Light (the “Board”) has general management over water, heat, steam and electric services and certain additional utility services of the City, and the Board operates facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (the “System”); and

WHEREAS, the Revenue Bond Act, Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”) permits the Board to issue revenue bonds payable solely from the net revenues derived from the operation of the System (the “Revenue Bonds”) in order to finance plants, works, instrumentalities, and properties used or useful in connection with utility systems such as the System; and

WHEREAS, the Board has determined that it is necessary for the public health, safety and welfare of the City and the users of the System to acquire and construct System improvements including, but not limited to, construction, improvement, and renovation of transmission and distribution lines, storage, treatment and related utility system facilities for water supply, together with any appurtenances and attachments thereto and any related site acquisition or improvements (collectively, the “Project”) at a total estimated cost of Thirty-Two Million Two Hundred Twenty Thousand Dollars (\$32,220,000); and

WHEREAS, the issuance of revenue bonds as permitted by Act 94 in an amount not-to-exceed Thirty-Two Million Two Hundred Twenty Thousand Dollars (\$32,220,000) (the “Revenue Bonds”) appears to be the most practical means to finance the Project; and

WHEREAS, the Board has been advised by the Michigan Department of Environment, Great Lakes and Energy that financial assistance to accomplish the acquisition and construction of the Project is available through the Drinking Water State Revolving Fund (“DWSRF”) loan program administered by the Michigan Finance Authority (the “MFA”), pursuant to which the MFA would purchase the Revenue Bonds from the Board; and

WHEREAS, the City has made application for participation in the DWSRF loan program; and

WHEREAS, a notice of intent to issue revenue bonds must be published before the issuance of the Revenue Bonds in order to comply with the requirements of Section 33 of Act 94; and

WHEREAS, the Internal Revenue Service has issued Treasury Regulation § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, governing proceeds of debt used for reimbursement, pursuant to which the Board must declare official intent to reimburse expenditures with proceeds of such debt before making the expenditures.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Publication of Notice of Intent. The Board shall publish a notice of intent to issue the Revenue Bonds once as a display advertisement at least one-quarter (1/4) page in size in substantially the following form:

NOTICE TO ELECTORS OF THE CITY OF LANSING
OF INTENT TO ISSUE REVENUE BONDS FOR WATER SUPPLY SYSTEM IMPROVEMENTS
AND RIGHT TO PETITION FOR REFERENDUM

PLEASE TAKE NOTICE that the Lansing Board of Water and Light (the “Board”) intends to authorize the issuance and sale of Revenue Bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, payable solely from revenues received by the Board from the operations of the City of Lansing’s water supply, steam, chilled water and electric utility system (the “System”).

The Revenue Bonds would be authorized in the maximum aggregate principal amount of not-to-exceed Thirty-Two Million Two Hundred Twenty Thousand Dollars (\$32,220,000), for the purpose of paying costs of System improvements including, but not limited to, construction, improvement, and renovation of transmission and distribution lines, storage, treatment and related utility system facilities for the water supply, together with any appurtenances and attachments thereto and any related site acquisition or improvements. Costs financed with proceeds of the Revenue Bonds may include funding of required bond reserve funds, capitalized interest and costs of issuance.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON THE REVENUE BONDS SHALL BE PAYABLE solely from the net revenues received by the Board from the operations of the System. The revenues will consist of rates, fees and charges billed to the users of the System, a schedule of which is presently on file at www.lbwl.com. The rates, fees and charges may from time to time be revised to provide sufficient net revenues to provide for the expenses of operating and maintaining the System, to pay the principal of and interest on the Revenue Bonds and any other bonds of the System, and to pay other obligations of the System. **The Revenue Bonds will not pledge the full faith and credit of the City. The Revenue Bonds will not be a general obligation of the City.**

The Board expects that all or a portion of the Revenue Bonds will be sold to the Michigan Finance Authority in connection with the Michigan Department of Environment, Great Lakes and Energy Drinking Water State Revolving Fund loan program.

The Revenue Bonds may be issued in one or more series and may be combined with bonds issued for other purposes, and each series will mature in not to exceed thirty (30) annual installments with interest at such interest rate or rates to be determined at public or negotiated sale but in no event to exceed such rates as may be permitted by law.

RIGHT OF REFERENDUM

THE REVENUE BONDS WILL BE ISSUED WITHOUT VOTE OF THE ELECTORS UNLESS A VALID PETITION REQUESTING AN ELECTION ON THE QUESTION OF ISSUING THE REVENUE BONDS, SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS OF THE CITY, IS FILED WITH THE CITY CLERK OF THE CITY OF LANSING WITHIN FORTY-FIVE (45) DAYS AFTER THE DATE OF PUBLICATION OF THIS NOTICE. If a valid petition is filed, the Revenue Bonds cannot be issued unless approved by a majority vote of the electors of the City voting on the question of their issuance. This notice is given pursuant to the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended.

ADDITIONAL INFORMATION may be obtained at the administrative offices of the Lansing Board of Water and Light, 1201 S. Washington Ave., Lansing, Michigan 48910.

LaVella J. Todd, Corporate Secretary
Lansing Board of Water and Light

2. Sufficiency of Notice. The Corporate Secretary is hereby directed to publish the notice of intent in The Lansing State Journal, a newspaper of general circulation in the City qualified under State law to publish legal notices, which is hereby determined to be the newspaper that will reach the largest number of persons to whom the notice is directed. The Board hereby determines that the notice of intent and the manner of publication directed is the method best calculated to give notice to the electors of the City and the users of the System of the Board's intent to issue the Revenue Bonds, the purposes of the Revenue Bonds, the source of payment of the Revenue Bonds, and the right of referendum relating thereto.

3. Declaration of Intent to Reimburse under Treas. Reg. § 1.150-2. The Board hereby makes the following declaration of intent for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(1) The Board reasonably expects to reimburse itself for the expenditures described in (2) below with proceeds of debt to be incurred by the Board.

(2) The expenditures described in this paragraph (2) are to pay certain costs associated with the Project which were or will be paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the debt from the funds of the System.

(3) As of the date hereof, the maximum principal amount of debt expected to be issued for reimbursement purposes, including reimbursement of debt issuance costs, is \$32,220,000, which debt may be issued in one or more series and/or together with debt for other purposes.

(4) A reimbursement allocation of the expenditures described in paragraph (2) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the Board's use of the proceeds of the debt to be issued for the Project to reimburse the Board for a capital expenditure made pursuant to this Resolution.

(5) The expenditures for the Project are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

(6) No proceeds of the borrowing paid to the Board in reimbursement pursuant to this Resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in paragraph (4) above.

4. Bond Counsel. The Board hereby requests that Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan, continue to serve the Board as bond counsel for the Revenue Bonds, including any bond anticipation notes which the Board might authorize in a future resolution. The Board acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. has represented from time to time, and currently represents various underwriters, financial institutions, the MFA and other potential participants in the bond financing process, in matters not related to the issuance and sale of the Revenue Bonds.

5. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Commissioners of the Lansing Board of Water and Light, at a regular meeting held on Tuesday, May 23, 2023, at 5:30 p.m., Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

I further certify that the following Members were present at said meeting: _____
_____ and that the following Members were absent:
_____.

I further certify that Member _____ moved for adoption of said resolution and that Member _____ supported said motion.

I further certify that the following Members voted for adoption of said resolution: _____
_____ and that the following Members voted against adoption of said resolution: _____.

Corporate Secretary

Budget & Forecast

FY 2024 – 2029

Finance Committee Meeting
May 9, 2023

Board Meeting
May 23, 2023



Hometown People. Hometown Power.

Overview

- Strategic Objectives
- Key Budget & Forecast Assumptions
- Sales Volume History & Forecast by Utility
- Operating Budget & Forecast
- Capital Budget & Forecast
- Next Steps

- Strategic Objectives

- BWL Year in Review
- Target Metrics
- Budget & Forecast Cycle Focus

FY 2023 Accomplishments

Customer & Community

- Ultium plant LTSA fully executed (P1:S2)
- United Way Corporate Partner of the Year (P1:S4)
- Community Resource Fairs (P1:S3)

Workforce Engagement & Diversity

- DEP – Zero Injury Safety Award (P2:S1)
- FTEs added to support growth and vacancy rate down to 2% from 10% (P2:S2)

Climate & Environment

- Erickson Power Station Retired November 2022 (P3:S1)

Operational Resiliency & Continuous Improvement

- APPA RP3 Diamond (P4:S2)
- DEP – ENR Midwest Regional Best Project for Energy/Industrial:(P4:S1)

Financial Stability

- Implemented Time-of-Use rate strategy for Residential and Commercial/Industrial customers (P5:S1)
- Grant position and framework implemented, \$55m funding awarded to date, additional \$93m being requested. (P5:S2)

Note: (P#:S#) identifies the priority and strategy numbers the accomplishment is associated within the Strategic Plan.

- Strategic Objectives

- BWL Year in Review
- Target Metrics
- Budget & Forecast Cycle Focus

- Maintain high **credit rating**
 - BWL is currently rated AA- (S&P) and Aa3 (Moody's) with stable outlooks
- Generate adequate **return on assets (RoA)**
 - Adequate RoA is essential to municipal utilities
 - Ensures current rate payers are not deferring costs to future generations and infrastructure is invested in to maintain exceptional levels of service
 - An appropriate RoA recovers two main items:
 - Interest expense
 - Inflationary increase of infrastructure replacement costs
 - Regular calculations required by the Board of Commissioners (Resolution 2016-07-08)
 - Return on Assets FY 2024-2029 Target: **4.65%**
 - **We are forecasted to reach this target for all utilities by FY2028**
- Ensure adequate **liquidity**
 - BWL must be able to pay current obligations
 - Minimum cash reserve requirement per policy: **157 days**
 - Debt service coverage minimum target: **2.00 x**

- Strategic Objectives

- BWL Year in Review
- Target Metrics

- Budget & Forecast Cycle Focus

FY2024 – FY2029

- **Operational Efficiencies**

- Distribution automation
- Plant control system standardization and integration
- 8 miles of water main replacement by FY28
- Coal Plant Decommissioning

- **Lansing Energy Tomorrow**

- These new T&D assets will decentralize load and minimize failure risk
- Provide operational flexibility and growth potential

- **Developing Plan to Achieve Carbon Neutrality with Known Load Growth**

- **Rate Structure Refinement**

- Competitiveness and economic development

- **Generative Safety Culture**

- **Workforce Engagement**

- Gallup employee engagement surveys and action plans
- New DEI Specialist role and training organization-wide

- **Pursue Infrastructure Grants**

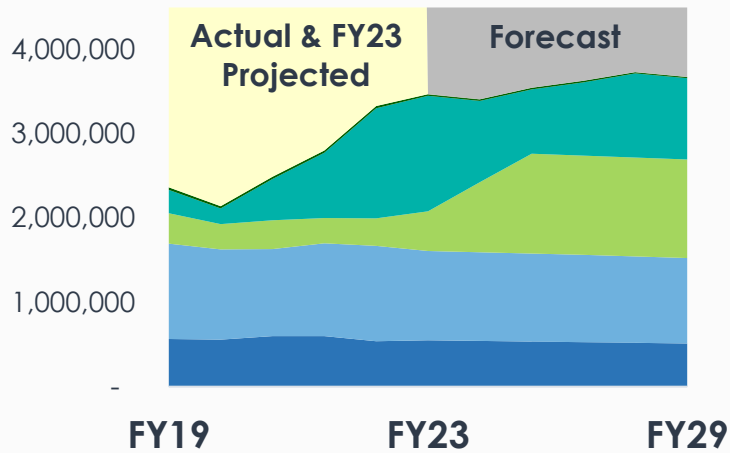
- Partnerships with local organizations to seek infrastructure bill funding
- Water infrastructure, EV charging, cyber security

Key Budget & Forecast Assumptions

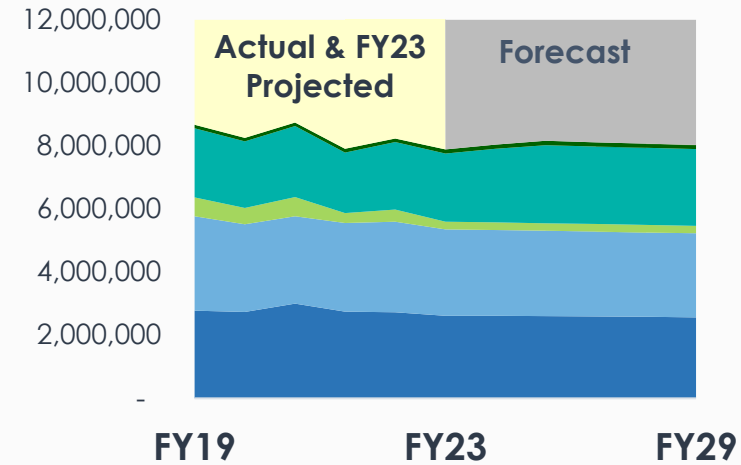
- Current strategic plan is supported by this budget & forecast.
- Water main replacements achieve 8 miles per year in FY2028.
- Ultium ramps up to full capacity for FY 2026.
- Erickson decommissioning costs currently include only CCR impoundment closure and redevelopment.
- Eckert decommissioning costs currently include only flume isolation and site maintenance.
- Defined Benefit Plan and Post-Retirement Benefits Plan (DB & VEBA) achieve target investment return.
- Return on Equity assumes 6% of total operational revenue, less inter-utility sales.
- 2.4% inflation rate.
- Does not include new generation from All Source RFP.
- Does not include funding from pending grant applications.

Sales Volume History and Forecast

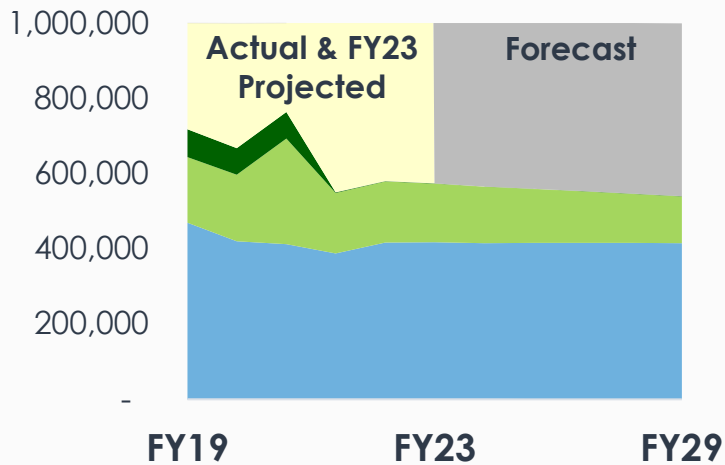
Electric - Consumption Volume (MWH)



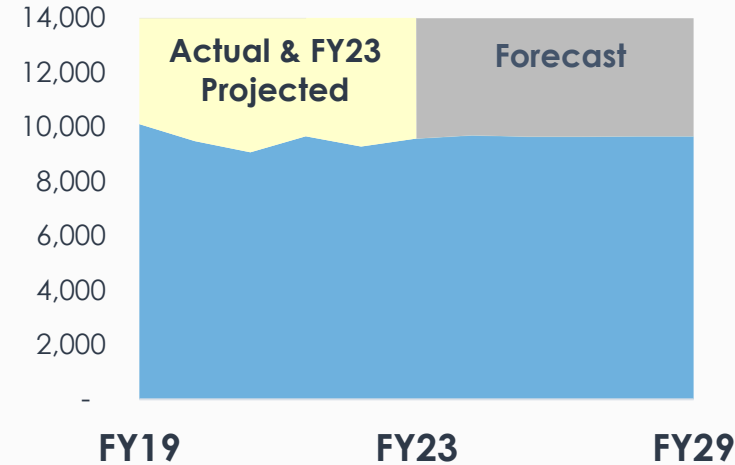
Water - Consumption Volume (CCF)



Steam - Consumption Volume (M.LB)



Chilled Water - Consumption Volume (M.THR)



■ Residential ■ Commercial ■ Industrial ■ Wholesale ■ Other

- Operating Budget & Forecast

- FY 2024 Income Statement

- FY 2024 Operating Expenses by Category

- 6-Year Income Statement

- 6-Year Return on Assets

- 6-Year Cash Flow

- 6-Year Bonded Debt Service

FY 2024 Income Statement	Electric	Water	Steam	Chilled Water	Total
Sales (MWh, CCF, MLB, MTHR)	3,472,865	7,892,444	573,393	9,582	
Operating Revenue					
Residential	\$ 90,816,682	\$ 21,731,757	\$ 17,424	\$ -	\$ 112,565,863
Commercial	\$ 134,268,727	\$ 19,016,186	\$ 10,716,646	\$ 6,268,824	\$ 170,270,383
Industrial	\$ 45,700,019	\$ 1,430,797	\$ 2,647,812	\$ -	\$ 49,778,628
Wholesale	\$ 79,171,258	\$ 4,423,817	\$ -	\$ -	\$ 83,595,075
Other	\$ 19,889,415	\$ 4,798,852	\$ 63,839	\$ -	\$ 24,752,106
Total Operating Revenue	\$ 369,846,101	\$ 51,401,408	\$ 13,445,722	\$ 6,268,824	\$ 440,962,055
Operating Expenses					
Fuel & Purchased Power	\$ (138,159,770)	\$ (6,459,525)	\$ (3,251,761)	\$ (2,055,412)	\$ (149,926,468)
Depreciation	\$ (49,285,022)	\$ (9,682,626)	\$ (3,006,539)	\$ (1,669,118)	\$ (63,643,305)
Other Operating Expenses	\$ (125,993,197)	\$ (32,009,963)	\$ (4,902,264)	\$ (1,914,280)	\$ (164,819,703)
Total Operating Expenses	\$ (313,437,989)	\$ (48,152,115)	\$ (11,160,564)	\$ (5,638,810)	\$ (378,389,477)
Total Operating Income	\$ 56,408,113	\$ 3,249,294	\$ 2,285,158	\$ 630,014	\$ 62,572,579
Non Operating Income/(Expenses)					
Return on Equity to City	\$ (21,813,340)	\$ (3,031,630)	\$ (793,022)	\$ (369,732)	\$ (26,007,723)
Interest Expense	\$ (22,635,474)	\$ (1,516,293)	\$ (1,737,475)	\$ (152,815)	\$ (26,042,056)
Other Non Operating Income/(Expenses)	\$ 5,158,248	\$ 1,528,764	\$ 288,866	\$ 71,856	\$ 7,047,734
Total Non Operating Income/(Expenses)	\$ (39,290,565)	\$ (3,019,159)	\$ (2,241,631)	\$ (450,691)	\$ (45,002,046)
Total Net Income	\$ 17,117,547	\$ 230,135	\$ 43,527	\$ 179,323	\$ 17,570,533
Approved Rate Increase	2.05%	9.50%	9.95%	4.00%	
Return on Assets	3.81%	0.27%	1.93%	0.21%	2.88%
Target Return on Assets	4.65%	4.65%	4.65%	4.65%	4.65%

- Operating Budget & Forecast

- FY 2024 Income Statement

- **FY 2024 Operating Expenses by Category**

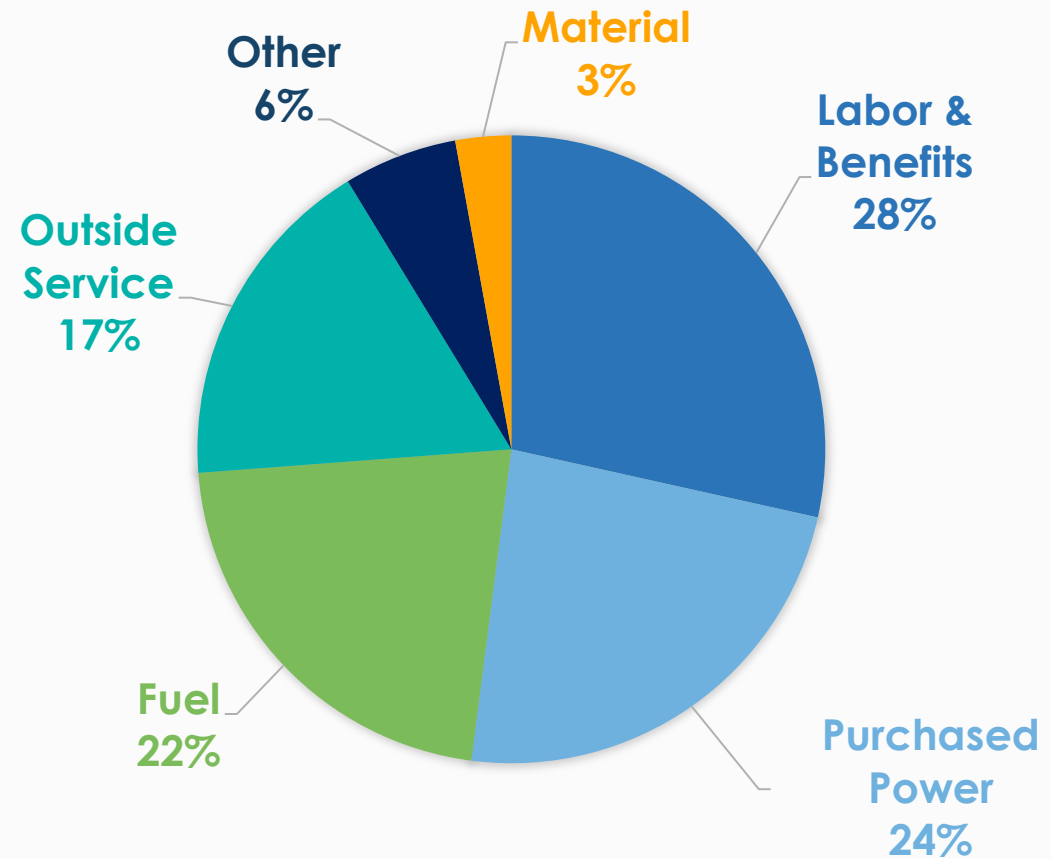
- 6-Year Income Statement

- 6-Year Return on Assets

- 6-Year Cash Flow

- 6-Year Bonded Debt Service

FY 2024 Operating Expenses by Category



- Operating Budget & Forecast

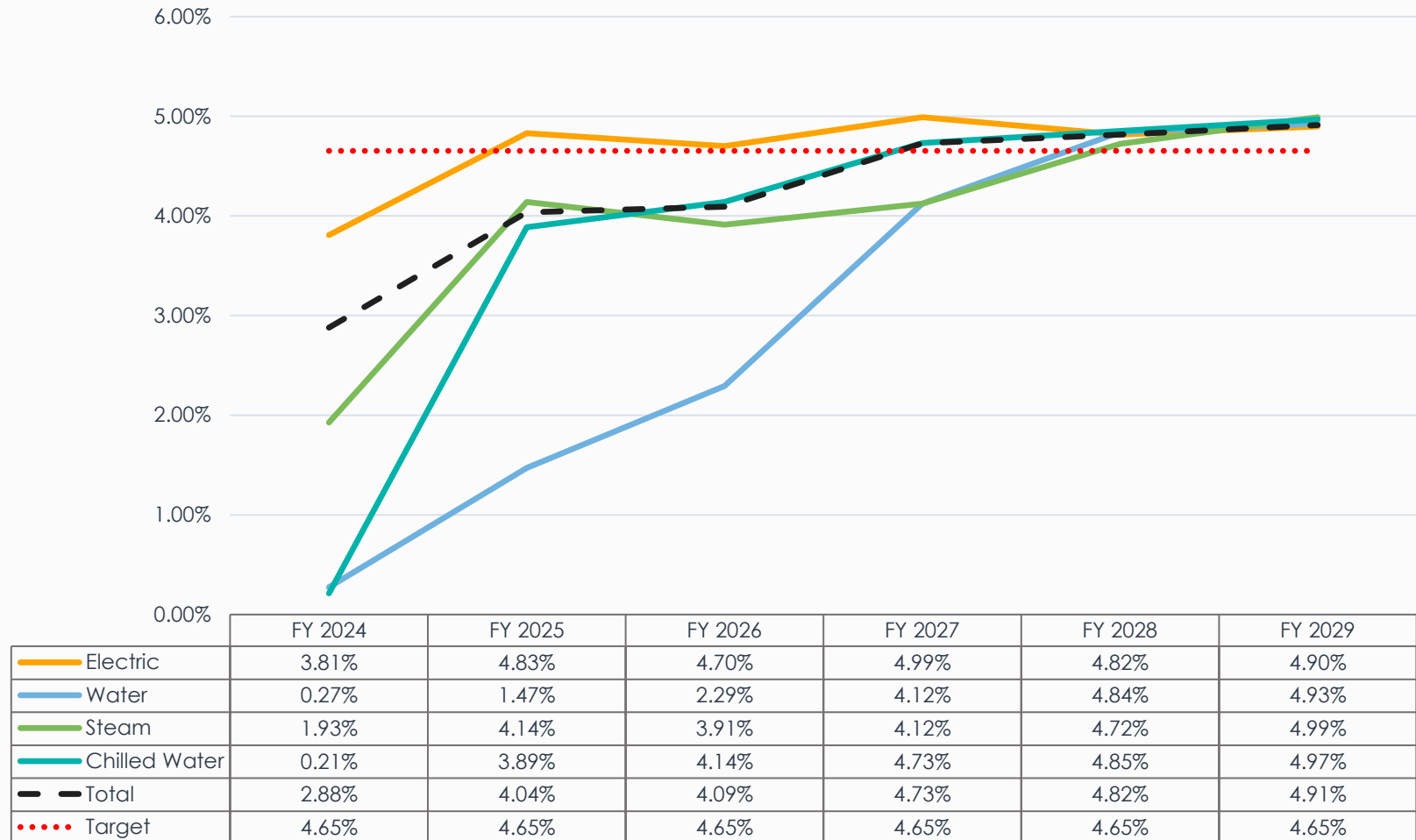
- FY 2024 Income Statement
- FY 2024 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Income Statement	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Revenue						
Electric	\$ 369,846,101	\$ 388,384,538	\$ 397,112,624	\$ 396,740,604	\$ 402,311,553	\$ 411,093,481
Water	\$ 51,401,408	\$ 57,052,064	\$ 62,643,933	\$ 68,334,007	\$ 74,063,693	\$ 77,218,220
Steam	\$ 13,445,722	\$ 14,648,636	\$ 15,979,594	\$ 17,251,310	\$ 18,269,102	\$ 18,746,803
Chilled Water	\$ 6,268,824	\$ 6,502,450	\$ 6,698,541	\$ 6,874,222	\$ 7,019,483	\$ 7,140,412
Total Operating Revenue	\$ 440,962,055	\$ 466,587,688	\$ 482,434,691	\$ 489,200,142	\$ 501,663,831	\$ 514,198,916
Operating Expenses						
Fuel & Purchased Power	\$ (149,926,468)	\$ (159,730,745)	\$ (163,935,683)	\$ (160,543,977)	\$ (161,385,755)	\$ (165,193,436)
Depreciation	\$ (63,643,305)	\$ (60,432,148)	\$ (61,132,819)	\$ (62,166,548)	\$ (63,269,739)	\$ (62,944,245)
Other Operating Expenses	\$ (164,819,703)	\$ (167,218,540)	\$ (175,709,083)	\$ (175,539,007)	\$ (183,836,309)	\$ (190,054,940)
Total Operating Expenses	\$ (378,389,477)	\$ (387,381,433)	\$ (400,777,584)	\$ (398,249,532)	\$ (408,491,803)	\$ (418,192,621)
Total Operating Income	\$ 62,572,579	\$ 79,206,255	\$ 81,657,107	\$ 90,950,610	\$ 93,172,028	\$ 96,006,295
Non Operating Income/(Expenses)						
Return on Equity to City	\$ (26,007,723)	\$ (27,545,261)	\$ (28,496,081)	\$ (28,902,009)	\$ (29,649,830)	\$ (30,401,935)
Interest Expense	\$ (26,042,056)	\$ (25,617,842)	\$ (25,122,755)	\$ (25,900,911)	\$ (25,466,462)	\$ (23,893,924)
Other Non Operating Income/(Expenses)	\$ 7,047,734	\$ 7,269,936	\$ 6,722,893	\$ 5,548,117	\$ 5,750,706	\$ 5,869,776
Total Non Operating Income/(Expenses)	\$ (45,002,046)	\$ (45,893,167)	\$ (46,895,944)	\$ (49,254,803)	\$ (49,365,585)	\$ (48,426,083)
Total Net Income	\$ 17,570,533	\$ 33,313,088	\$ 34,761,164	\$ 41,695,807	\$ 43,806,443	\$ 47,580,211
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Return on Assets	2.88%	4.04%	4.09%	4.73%	4.82%	4.91%
Target Return on Assets	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%
Debt Service Coverage Ratio	2.51	2.79	2.83	2.96	3.02	3.14
Days Cash on Hand	161	164	174	199	229	240
Minimum Cash Reserve Requirement	157	162	159	161	159	157
Full Time Employees	813	813	813	809	809	809
Rate Increases	Approved	Forecast				
Electric	2.05%	2.50%	2.25%	2.00%	2.00%	2.00%
Water	9.50%	9.50%	9.50%	9.50%	8.50%	3.00%
Steam	9.95%	9.75%	9.00%	7.50%	6.00%	2.00%
Chilled Water	4.00%	2.50%	2.00%	1.50%	1.25%	1.25%

- Operating Budget & Forecast

- FY 2024 Income Statement
- FY 2024 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Return on Assets (%)



- Operating Budget & Forecast

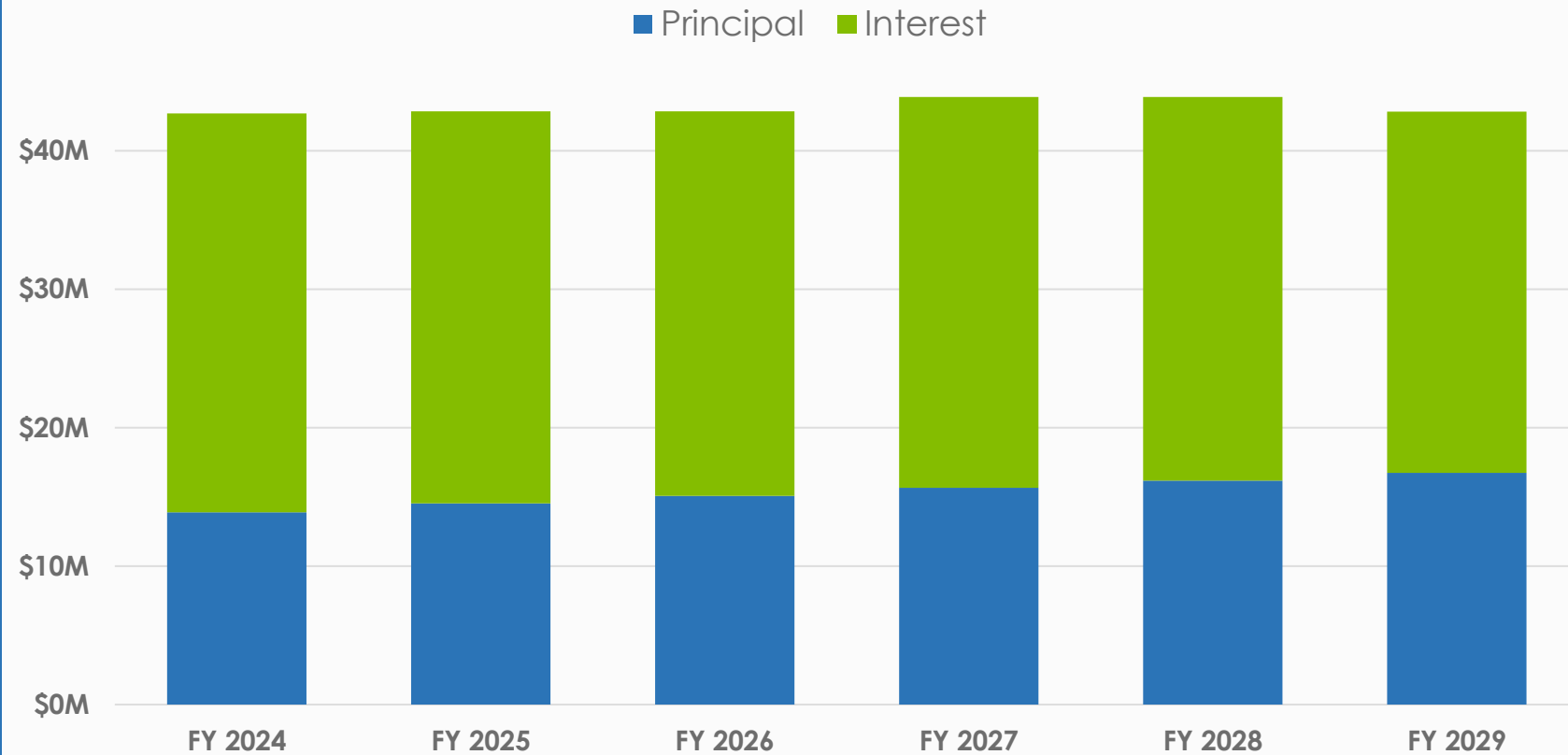
- FY 2024 Income Statement
- FY 2024 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Cash Flow	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Cash (O&M & Receiving Fund)	\$ 103,317,938	\$ 95,145,526	\$ 106,542,070	\$ 123,128,603	\$ 145,428,300	\$ 182,408,536
Net Income	\$ 17,570,533	\$ 33,313,088	\$ 34,761,164	\$ 41,695,807	\$ 43,806,443	\$ 47,580,211
Depreciation	\$ 63,643,305	\$ 60,432,148	\$ 61,132,819	\$ 62,166,548	\$ 63,269,739	\$ 62,944,245
Loss on Disposal of Assets	\$ 2,357,512	\$ 2,047,185	\$ 2,088,052	\$ 2,127,920	\$ 2,169,816	\$ 2,213,876
DB and VEBA	\$ (8,602,788)	\$ (7,725,224)	\$ 810,638	\$ (3,018,738)	\$ (2,159,773)	\$ (1,943,501)
Borrowing	\$ 8,873,767	\$ 8,246,233	\$ 6,300,000	\$ 6,800,000	\$ 3,600,000	\$ 3,550,000
Commodity Cost Adjustment	\$ 939,472	\$ 5,170,092	\$ (1,125,012)	\$ (2,575,643)	\$ 1,023,078	\$ (3,946,816)
Environmental	\$ (6,324,962)	\$ 3,756,753	\$ 1,103,552	\$ 811,667	\$ 841,079	\$ 824,835
Gas Pipeline Payment Refunds	\$ 5,562,903	\$ 5,562,903	\$ 5,563,903	\$ 5,562,903	\$ 10,005,088	\$ -
Total Sources of Cash	\$ 84,019,742	\$ 110,803,178	\$ 110,635,115	\$ 113,570,464	\$ 122,555,469	\$ 111,222,850
Principal Payments on Bonds	\$ (13,890,000)	\$ (14,545,000)	\$ (15,085,000)	\$ (15,655,000)	\$ (16,185,000)	\$ (16,740,000)
Principal Payments on Other Debt (CSO)	\$ (819,636)	\$ (934,327)	\$ (1,007,111)	\$ (1,051,646)	\$ (1,222,011)	\$ (1,259,478)
Capital Expenditures	\$ (77,007,442)	\$ (84,111,510)	\$ (77,731,671)	\$ (74,162,358)	\$ (67,656,211)	\$ (73,244,426)
Other	\$ (475,077)	\$ 184,203	\$ (224,800)	\$ (401,765)	\$ (512,011)	\$ (605,571)
Total Uses of Cash	\$ (92,192,155)	\$ (99,406,633)	\$ (94,048,581)	\$ (91,270,768)	\$ (85,575,233)	\$ (91,849,475)
Net Cash Increase (Decrease)	\$ (8,172,413)	\$ 11,396,544	\$ 16,586,534	\$ 22,299,696	\$ 36,980,236	\$ 19,373,375
Ending Cash (O&M & Receiving Fund)	\$ 95,145,526	\$ 106,542,070	\$ 123,128,603	\$ 145,428,300	\$ 182,408,536	\$ 201,781,911
Days Cash on Hand	161	164	174	199	229	240
Minimum Cash Reserve Requirement	157	162	159	161	159	157

- Operating Budget & Forecast

- FY 2024 Income Statement
- FY 2024 Operating Expenses by Category
- 6-Year Income Statement
- 6-Year Return on Assets
- 6-Year Cash Flow
- 6-Year Bonded Debt Service

6-Year Bonded Debt Service



- Capital Portfolio Budget & Forecast

- Capital Portfolio Spending by Utility and Location

- Capital Portfolio Major Projects and Annuals

- Capital Portfolio Designed Budget Amounts

6-Year Capital by Utility and Location							
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Forecast Total
Utility							
Electric	\$ 46,759,615	\$ 54,127,573	\$ 45,714,365	\$ 49,020,494	\$ 39,040,608	\$ 44,287,542	\$ 278,950,197
Water	\$ 22,787,739	\$ 16,672,861	\$ 22,133,586	\$ 19,301,586	\$ 19,851,586	\$ 22,005,586	\$ 122,752,944
Steam	\$ 4,680,365	\$ 10,919,007	\$ 5,336,713	\$ 2,632,478	\$ 2,646,689	\$ 3,611,645	\$ 29,826,897
Chilled Water	\$ 953,045	\$ 674,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494	\$ 1,863,116
Common	\$ 8,889,521	\$ 7,372,830	\$ 6,397,717	\$ 6,620,632	\$ 7,854,434	\$ 9,235,431	\$ 46,370,563
Total Capital Portfolio	\$ 84,070,285	\$ 89,766,907	\$ 79,638,656	\$ 77,633,154	\$ 69,453,019	\$ 79,201,697	\$ 479,763,717
Location							
REO Plant	\$ 3,500,000	\$ 2,000,000	\$ 3,791,416	\$ 2,000,000	\$ 3,562,918	\$ 2,050,000	\$ 16,904,334
Delta Energy Park	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 10,000,000
Water Production	\$ 10,022,160	\$ 3,010,055	\$ 4,533,586	\$ 3,321,586	\$ 2,071,586	\$ 1,835,586	\$ 24,794,558
Electric T&D	\$ 41,717,900	\$ 49,426,096	\$ 38,978,079	\$ 44,670,494	\$ 32,096,921	\$ 39,682,542	\$ 246,572,032
Water T&D	\$ 12,304,325	\$ 13,662,807	\$ 17,600,000	\$ 15,980,000	\$ 17,780,000	\$ 20,170,000	\$ 97,497,132
Steam T&D	\$ 3,755,805	\$ 2,599,643	\$ 2,952,959	\$ 2,632,478	\$ 2,646,689	\$ 3,611,645	\$ 18,199,219
Chilled Water T&D	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494	\$ 343,116
Other	\$ 12,717,050	\$ 17,013,671	\$ 9,726,341	\$ 6,970,632	\$ 9,235,203	\$ 9,790,431	\$ 65,453,326
Total Capital Portfolio	\$ 84,070,285	\$ 89,766,907	\$ 79,638,656	\$ 77,633,154	\$ 69,453,019	\$ 79,201,697	\$ 479,763,717
* Ultium is included net of \$33M in grant funding							
* Total Capital Expenditures are shown net of \$20M in grant funding to be received as principal forgiveness through the DWSRF program							

- Capital Portfolio Budget & Forecast

- Capital Portfolio Spending by Utility and Location

- Capital Portfolio Major Projects and Annuals

- Capital Portfolio Designed Budget Amounts

6-Year Major Capital Projects and Annuals							
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Forecast Total ³
Planned Projects							
South Reinforcement - Transmission Line ¹	\$ 5,000,000	\$ 22,471,212	\$ 378,000	\$ -	\$ -	\$ -	\$ 27,849,212
Rundle Substation ¹	\$ -	\$ -	\$ 2,528,300	\$ 6,130,608	\$ 9,195,912	\$ 5,608,192	\$ 23,463,012
138kV Critical Line Rating Increase	\$ -	\$ -	\$ 4,019,229	\$ 17,124,615	\$ -	\$ -	\$ 21,143,844
Stanley Substation ¹	\$ -	\$ -	\$ 603,686	\$ 3,779,742	\$ 1,192,838	\$ 14,343,327	\$ 19,919,593
Wise Substation ¹	\$ 16,300,000	\$ 1,404,099	\$ -	\$ -	\$ -	\$ -	\$ 17,704,099
LGR Substation ¹	\$ 1,600,600	\$ 7,947,894	\$ 8,047,637	\$ -	\$ -	\$ -	\$ 17,596,131
GM Hot Water Service	\$ 924,560	\$ 8,319,364	\$ 2,383,754	\$ -	\$ -	\$ -	\$ 11,627,678
Elevated Water Storage Tank	\$ 6,327,000	\$ 4,218,000	\$ -	\$ -	\$ -	\$ -	\$ 10,545,000
CIS Continuous Improvement	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 2,400,000
Canal Substation - Transformer #1 Install	\$ -	\$ -	\$ 1,571,149	\$ 715,529	\$ -	\$ -	\$ 2,286,678
Total Major Planned Projects	\$ 30,552,160	\$ 44,760,569	\$ 19,931,755	\$ 28,150,494	\$ 10,788,750	\$ 20,351,519	\$ 154,535,247
Annual Projects²							
Electric	\$ 17,900,000	\$ 20,408,000	\$ 20,508,000	\$ 20,700,000	\$ 20,700,000	\$ 20,300,000	\$ 120,516,000
Water	\$ 15,630,911	\$ 15,577,393	\$ 19,362,586	\$ 17,771,586	\$ 19,596,586	\$ 22,005,586	\$ 109,944,648
Steam	\$ 3,755,805	\$ 2,599,643	\$ 2,952,959	\$ 2,632,478	\$ 2,646,689	\$ 3,611,645	\$ 18,199,219
Chilled Water	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494	\$ 343,116
Common	\$ 6,953,976	\$ 6,972,830	\$ 5,997,717	\$ 6,220,632	\$ 7,454,434	\$ 8,835,431	\$ 42,435,018
Total Annual Projects	\$ 44,293,737	\$ 45,612,502	\$ 48,877,537	\$ 47,382,660	\$ 50,457,411	\$ 54,814,155	\$ 291,438,001
¹ These projects support the Lansing Energy Tomorrow initiative ² Annual projects have some level of spending each year ³ The forecast total represents 6-year spending. Spending before or after the 6-year period is not reflected in this total							

10 Largest Planned Projects make up 82% of Total Planned Capital

- Capital Portfolio Budget & Forecast

- Capital Portfolio Spending by Utility and Location
- Capital Portfolio Major Projects and Annuals

Capital Portfolio Designed Budget Amounts

Designed Budget Amounts by Latest Estimate			
Project Name	Designed Budget	Latest Estimate	Current Phase
Ultium ¹	\$ 34,186,068	\$ 34,420,594	Construction
Wise Substation	\$ 31,520,194	\$ 29,324,699	Construction
REO CTG	\$ 14,600,000	\$ 15,300,000	Construction
Dye-Cedar Dry Chemical Handling	\$ 13,707,307	\$ 5,101,155	Construction
Magnolia Ave - 4160V Sub Cutover and Retirement	\$ 4,262,000	\$ 4,249,440	Construction
Dye Filter Controls Upgrade	\$ 2,165,755	\$ 2,299,688	Construction
Eckert 13 & 15 Cutover	\$ 1,882,818	\$ 1,683,365	Close Out
Lab HVAC	\$ 803,257	\$ 779,907	Construction
Cedar Street - 4160V Sub Cutover Circuit 24	\$ 702,495	\$ 711,470	Construction
ESRI Release 4	\$ 696,365	\$ 696,365	Construction
Dye Exterior Upgrades	\$ 767,457	\$ 617,277	Close Out
Moores Park Dam Gate Automation	\$ 666,692	\$ 592,442	Construction
T&D Training Center	\$ 559,852	\$ 571,510	Construction
Moores Park Steam Header Bypass	\$ 295,528	\$ 353,169	Close Out
Eckert 13.2kV Compressor Project	\$ 164,169	\$ 202,632	Close Out
Davis Substation Hydrogen Sensor	\$ 98,538	\$ 67,398	Construction

¹Ultium to receive \$33M in grant funding
 *Latest estimates and current phase information are as of March 2023
 *Projects exceeding the designed budget amount by \$200k and 15% are subject to Board reporting

Next Steps



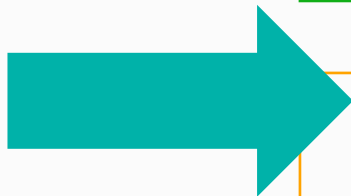
November 2022 – February 2023

- Budget Process Start
- Set Financial Targets
- Prepare Capital Budget
- Request Department Budgets
- Revenue Projections



March 2023 – April 2023

- Compile Budget & Forecast
- Internal Review and Approval



May 2023

- Finance Committee to approve the Operating and Capital Budget & Forecast for FY 2024 – 2029 and recommend it for the Board of Commissioners' approval on May 23, 2023.
- Board of Commissioners to approve, Corporate Secretary to file FY24 budget with the City Clerk within 10 days of approval and submit the Capital Improvement Plans for FY 2024 – 2029 to the Mayor prior to October 1, 2023.

Proposed Resolution
Fiscal Year 2024-2029 Budget and Forecast

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2024 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2025-2029 is hereby accepted as presented; and

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

Staff Comments:

Staff recommends an operating and maintenance budget of \$378.4M and a capital budget of \$84.1M for Fiscal Year 2024.

The Operating and Capital Budget and Forecast for Fiscal Years 2024-2029 includes forecasted rate increases. The forecast rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 23, 2023 board meeting.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for the Fiscal Year 2024-2029 Budget and Forecast at a Board meeting held on _____, 2023.

Proposed Resolution
Removal of the Designation on Funds for Coal Inventory Fluctuation
and Release for Unrestricted Use

WHEREAS, the Lansing Board of Water & Light (“BWL”) previously operated facilities that required coal as a fuel for generation; and

WHEREAS, the BWL has maintained a fund for the designated purpose of meeting needs associated with coal inventory fluctuation which, as of March 31, 2023, had a balance of \$4,960,694; and

WHEREAS, the BWL, as of November 2022, no longer operates any facilities that require coal as a fuel for generation; and

WHEREAS, the BWL no longer has a need to purchase coal and no longer has an operational need for the designation of funds for coal inventory fluctuation.

NOW THEREFORE BE IT RESOLVED, that the designation on the funds maintained for coal inventory fluctuation is removed and the assets are released for unrestricted use.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for Removal of the Designation on Funds for Coal Inventory Fluctuation and Release for Unrestricted Use at a Board meeting held on _____, 2023.