



AGENDA

HUMAN RESOURCES COMMITTEE MEETING

November 5, 2019

5:00 P.M. – 1201 S. Washington Ave.

REO Town Depot

Call to Order

Roll Call

Public Comments on Agenda Items

1. Human Resources Committee Meeting Minutes of September 10, 2019TAB 1
2. Delegation of Authority: Retirement Plan Design and Admin. Decisions-ResolutionTAB 2
3. Payment for Eligible Defined Benefit Plan Participants-ResolutionTAB 3

Other

Adjourn

HUMAN RESOURCES COMMITTEE

Meeting Minutes

September 10, 2019

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, September 10, 2019.

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

Present: Commissioners Tracy Thomas, Beth Graham, Joseph Graves Jr. and Sandra Zerkle. Also present: Commissioners Anthony Mullen, David Price, and Ken Ross; and Non-Voting Commissioners Michael Froh (Meridian Township) and Larry Merrill (Delta Township.)

Absent: None

Public Comments

None

Approval of Minutes

Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to approve the Human Resources Committee meeting minutes of June 25, 2019.

Action: Motion Carried.

PA152 Health Care Premium Sharing Resolution

Human Resource Committee Chairperson Tracy Thomas introduced Michael Flowers, Executive Director of Human Resources. Mr. Flowers reviewed and discussed BWL's options regarding Public Act 152's requirements associated with capping the amount a public employer may pay for health care insurance.

Public Act 152, 2011

- The BWL has three options:
 - Comply with PA 152 and limit expenditures on health care cost based on a schedule of dollars provided in the Act using the Hard Cap as updated annually; or
 - Limit expenditures on health care cost based on a 80/20 percentage split, requiring a majority vote; or
 - Exempt itself entirely from the Act & choose some other percentage of Premium sharing, requiring a 2/3 vote

Alternatives Utilizing Option 3 to Opt-Out of Act 152, 2011 – Various Premium Sharing Options

Benefit Plan	2020 PA 152 Cap	1/1/20 Annual Employer Portion Only	Difference	1/1/20 Employee Per Pay Period Premium
Single	\$8,818.87	\$5,107.85	\$481.22	54%
Emp+1	\$14,286.37	\$14,209.85	\$8.52	99%
Family	\$18,586.96	\$17,745.53	\$851.43	94%

The Union contract states that effective November 1, 2012 premium sharing for applicable insurance premium for hospital, medical and surgical, and prescription drug insurance plans will be approved and directed by the Board of Commissioners as prescribed by Public Act 152 of 2011.

Affordable Care Act (ACA)

Affordability provision for 1-1-20 in the Act stipulates Health Insurance premiums cannot exceed 9.78% of the employees income. This chart shows the maximum safe Premium sharing while still complying with the Affordability provision of the ACA. In 2020, entities must add Opt Out/ Waiver pay in affordability calculations. Under ACA guidelines, it is required that entities count dollars paid for waivers as a lost cost to employees. Therefore the Opt Out/ Waiver amount must be added to any premiums being paid by the employees to calculate affordability.

Lowest Paying Positions	Monthly Salary Rate	Annual Salary	Monthly Salary	Monthly Premiums Sharing Allowed (9.78% of)	Monthly Opt Out/ Waiver (CO)	Maximum CO not monthly Premium Sharing @ 20% (E)
Coal Cleaner	\$21.69	\$45,115	\$3759.60	\$3679.86	\$108.00	\$132.00
Collection Clerk	\$22.04	\$45,843	\$3820.27	\$3740.51	\$108.00	\$132.00
Admin, IT Security	\$23.52	\$48,922	\$4076.80	\$3997.01	\$108.00	\$132.00
Developer I	\$23.96	\$49,093	\$4107.75	\$4027.96	\$108.00	\$132.00

*PA 152 State Hard Cap Numbers for 2020 finalized and reflected in chart above.

The recommendation is that the Board select option 3 and exempt itself from the requirements of PA 152 of 2011 for all active employees' medical benefits, effective January 1, 2020 with an increase from 18% to 20% in premium sharing contribution. Mr. Flowers noted that the plan needs to meet the Affordable Care Act (ACA) affordability provision for 1/1/20 where health insurance premiums cannot exceed 9.78% of the employee's income, which it does. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

Commissioner Zerkle inquired if exempting is necessary and if there won't be an increase beyond 20% as long as the Affordable Care Act is met. Mr. Flowers responded that exempting was necessary for the proposed benefits plan and affirmed the latter.

Commissioner Price inquired whether there will be a further need to vote on the plan after the board adopts the increase to 20%. Mr. Flowers responded that it will need to be brought to the board next year also after the contract negotiations with the union to ensure that the affordability under the ACA is met.

Proposed Resolution

To Amend Employee Contribution to Medical Benefit Plans

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

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

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

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;

WHEREAS, the Board of Commissioners have met each year and passed a resolution exempting the Lansing Board of Water & Light from the “hard cap” of Public 152 of 2011 and established premium sharing amounts for the applicable benefit plan years, as follows:

Date	Resolution No.	Premium Sharing	Effective Date
July 24, 2012	(#2012-07-01)	10% All Active Employees	January 1, 2013
July 23, 2013	(#2013-07-02)	12% All Active Employees	January 1, 2014
September 23, 2014	(#2014-09-03)	12% All Active Employees	January 1, 2015
July 28, 2015	(#2015-07-12)	12% All Active Employees	January 1, 2015
November 17, 2015	(#2015-11-02)	12% - Union Employees 14% - Non-Union Employees	January 1, 2016 - 12% Union July 1, 2016 – 14% Non-Union
November 15, 2016	(#2016-11-06)	14% All Active Employees	January 1, 2017
September 26, 2017	(#2017-09-01)	16% All Active Employees	January 1, 2018
September 25, 2018	(#2018-09-01)	18% All Active Employees	January 1, 2019

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2020 through December 31, 2020.

Green Option

Coinurance

Your share of the costs of a covered health care service calculated as a percent (for example, 10%, 20%, 30%) of the allowed amount for the service after a deductible is met.

The Green Option has 10% coinsurance.

Blue Option

Pharmacy Copays

The fixed amount you pay per prescription drug at the point of sale, typically at the pharmacy or via mail order provider. Different flat dollar copays apply to different types of medications.

Green Option

Pharmacy Copays

The fixed amount you pay per prescription drug at the point of sale, typically at the pharmacy or via mail order provider. Different flat dollar copays apply to different types of medications.

ESTIMATING COSTS

Plan	Service	Approved Amount	Blue Option	Green Option	Employee Responsibility	Employer Responsibility	Blue Option	Green Option	Employee Responsibility	Employer Responsibility
1. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
2. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
3. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
4. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
5. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
6. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
7. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
8. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
9. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
10. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
11. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
12. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
13. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
14. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
15. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
16. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
17. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
18. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
19. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
20. 100mg Metoprolol ER tablet	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
	Copay	\$10	\$10	\$10	\$0	\$10	\$0	\$10	\$0	\$10
TOTAL	TOTAL	\$1,000	\$1,000	\$1,000	\$0	\$1,000	\$0	\$1,000	\$0	\$1,000
	Family Premium Sharing	\$4,000	\$4,000	\$4,000	\$0	\$4,000	\$0	\$4,000	\$0	\$4,000
	Total Cost	\$5,000	\$5,000	\$5,000	\$0	\$5,000	\$0	\$5,000	\$0	\$5,000

Commissioner Thomas asked whether the selection of a plan could be changed after the initial choice. Mr. Flowers responded that changes could be made during the open enrollment period.

Commissioner Mullen asked whether advice was provided to employees as to which option would be better for their situation. Mr. Flowers responded that information would be provided according to each individual situation and the individual could put their information into the calculator provided to determine which plan would be the most beneficial for them. Mr. Flowers also responded that this plan is not coupled with a health service plan or HSA, but it is eligible for an FSA.

Commissioner Zerkle asked whether there are some medications that aren't covered under the plan. Mr. Flowers responded that he wasn't aware of any that weren't available under the plan.

Commissioner Ross commented that this plan is a step toward HSAs and commended the chair and management.

GM Peffley commented that this a beneficial plan for employees. He commented that a possible 80% of employees are over-insured and this may save customers a million dollars when it is completely implemented. Mr. Peffley introduced General Counsel Mark Matus to explain the resolution for this plan. Mr. Matus recommended that a resolution be prepared as a precaution that clearly and unequivocally delegates authority as plan sponsor to the board. Management will also be required to keep the board informed of decisions to attract and maintain employment.

Motion by Commissioner Price, Seconded by Commissioner Zerkle, to amend the resolution to allow for a late item which is the resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions

Action: Motion Carried.

Motion by Commissioner Graves, Seconded by Commissioner Zerkle, to amend the proposed resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions to include when the benefit design changes will be communicated to the Board.

Action: Motion Carried.

Proposed Resolution

Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Lansing City Charter, Article 5, Chapter 2, delegates to the Board administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, the Lansing City Charter states the Board shall appoint three individuals who report directly to the Board and serve at the Board’s pleasure; being a Director (also known as the General Manager), an Internal Auditor (also known as the Director of Internal Audit) and a Secretary (also known as the Corporate Secretary),. The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but are not limited to the operation and management of the BWL.

WHEREAS, the Lansing City Charter further outlines the responsibilities and authority of the Board, which includes the compensation and benefits of BWL employees, and by virtue of this responsibility and authority the Board is the Plan Sponsor of the Lansing Board of Water and Light Health Care Plan (the “Plan”).

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL for the benefit of its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary have adequate support and resources to effectuate their roles.

WHEREAS, in July of 2017, the Board approved a Governance policy which, among other things, adopted and established the General Manager’s principal role to manage and operate the BWL and establish administrative and operational directives, standards guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.

WHEREAS, management of the Plan’s benefit design and administration are necessary for the General Manager to manage and operate the BWL by maintaining a qualified workforce.

WHEREAS, The Board as Plan Sponsor of the Plan desires to further clarify and delegate authority to the General Manager to oversee and manage the Plan's benefit design and administration on its behalf.

RESOLVED, the General Manager is authorized to oversee and manage the Plan's benefit design and administration on behalf of the Board.

FURTHER RESOLVED, the General Manager may further delegate this authority for operational efficiency.

FURTHER RESOLVED, all benefit plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board.

Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to forward the amended proposed resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions to full Board for consideration.

Action: Motion Carried.

Other

None

Adjourn

Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 5:42 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

Proposed Resolution

Delegation of Authority: Retirement Plan Design and Administrative Decisions

WHEREAS, the Board of Water and Light is the “Sponsor” of the (a) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (b) Lansing Board of Water and Light Defined Contribution Plan and Trust 2; (c) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust; (d) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions; and (e) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (collectively the “Plans”); and

WHEREAS, the Sponsor wishes to delegate certain administrative and plan design authority over the Plans to the General Manager who may further delegate to the Retirement Plan Committee or any successor of the Committee performing the same duties (the “Committee”).

THEREFORE, it is:

RESOLVED, that the Sponsor expressly delegates to the General Manager, and at the discretion of the General Manager the Committee, authority to perform administrative functions such as the authority to appoint and remove the Plan Administrators; facilitate administration of the Plans and communications to participants and Plan Administrators; engage consultants and services; alter the Plans’ design to address changes in business needs and industry practices and take all actions necessary to carry out the terms of the Plans. To the extent the General Manager or Committee has performed such functions prior to this express delegation, those actions are hereby approved. The Sponsor does not delegate to the General Manager or the Committee authority to freeze or terminate the Plans, and all Plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board.

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

Proposed Resolution
Payment for Eligible Defined Benefit Plan Participants

RESOLVED, that a lump sum payment be made to Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions ("Defined Benefit Plan") participants eligible to receive plan payments as of November 19, 2019, equal to \$65 for each year retired prior to July 1, 2019, rounded up to the nearest whole year.

Staff Comments: This resolution is intended to exclude participants not currently receiving pension payments such as active participants and terminated vested participants.