



**COMMITTEE OF THE WHOLE MEETING via WEBEX  
AGENDA**

**April 28, 2020-UPDATED**

**3:00 P.M. – 1201 S. Washington Ave., Lansing, MI 48910**

Pursuant to Sections 5-105.4, 5-105.5, and 5-105.6 of the Lansing City Charter, and Lansing Board of Water and Light’s Rules of Administrative Procedure 1.3 and 1.5 and 11.1.1, Lansing Board of Water and Light Commissioners David Price and Tony Mullen have called a Lansing Board of Water and Light Committee of the Whole Meeting on Tuesday, April 28, 2020 at 3:00 p.m. BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

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

**1. Event address:**

<https://lbwlevents.webex.com/lbwlevents/onstage/g.php?MTID=e3fa0386e4e7ec1a6398687304ff17f8a>

**Event number:** 799 781 821 **Event Password:** FRrw2td3uU2


**2. Audio conference:** United States Toll +1-408-418-9388 **Access code:** 799 781 821

Call to Order

Roll Call

Public Comment

Those wishing to make public comment can do so by choice of:

- Raising your hand by clicking on the hand icon button  in the **Participants** panel
- Submitting written comments to [mdenise.griffin@lbwl.com](mailto:mdenise.griffin@lbwl.com) (By the End of Public Comment)
- Submitting written comments to 1201 S. Washington Ave., Lansing, 48910

1. Approval of Minutes .....**TAB 1**
  - a. Committee of the Whole Meeting Minutes of November 5, 2019
  - b. Special Committee of the Whole Meeting Minutes of February 20, 2020
  - c. Special Committee of the Whole Meeting Minutes of February 25, 2020
2. LED Light Replacement Plan.....**TAB 2**

- 3. Return on Equity Informational Documents.....**TAB 3**
  - a. Return on Equity (ROE) Agreement #5
  - b. Resolution - Return on Equity (ROE) Renewal

- 4. Revised IT Communications Policy.....**TAB 4**
  - a. Redlined IT Communications Policy
  - b. Resolution - IT Communications Policy

**HUMAN RESOURCES COMMITTEE BUSINESS**

- 5. Retirement Plan Committee Updates.....**TAB 5**
  - a. Resolution - Delegation of Authority to the General Manager Retraction and Amendment to Defined Contribution Plan and Trust 2
  - b. Resolution - Delegation of Authority to the General Manager to Amend Plans for Compliance

**FINANCE COMMITTEE BUSINESS**

- 6. March YTD Financial Summary ..... **INFO ONLY**
- 7. Capital Project Exceedance .....**TAB 6**
  - a. Resolution - AE – Electric Annual Account
  - b. Resolution - Tainter Gate Trunnion Pin Replacement
- 8. Revised Investment Policy Statements.....**TAB 7**
  - a. Statement of Investment Policies, Procedures and Objectives Defined Benefit (DB)
    - 1) DB Resolution
  - b. Statement of Investment Policies, Procedures and Objectives VEBA
    - 1) VEBA Resolution
- 9. Internal Audit Update FY2020 .....**TAB 8**

Other

Adjourn

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

EXECUTIVE ORDER No. 2020-48: “Temporary authorization of remote participation in public meetings and hearings and temporary relief from monthly meeting requirements for school boards.” Section 1.a “A meeting of a public body may be held electronically, including by telephonic conferencing or video conferencing, in a manner in which, both the general public and the members of the public body may participate by electronic means.”

# COMMITTEE OF THE WHOLE

## Meeting Minutes

### November 5, 2019

The Committee of the Whole 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, on Tuesday, November 5, 2019.

Committee of the Whole Chair Tony Mullen called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, David Lenz, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: Michael Froh (Meridian Township), Douglas Jester (East Lansing), and Larry Merrill (Delta Township)

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

### Public Comments

Commissioner Price introduced Mr. Deshon Leek the new anticipated 3<sup>rd</sup> Ward.

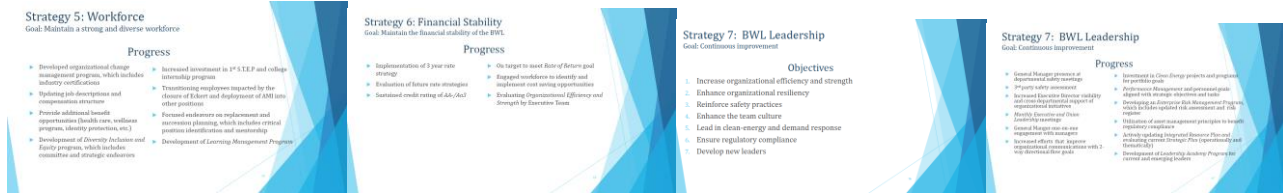
### Approval of Minutes

**Motion** by Commissioner Price, **Seconded** by Commissioner Thomas, to approve the Committee of the Whole meeting minutes of September 10, 2019.

**Action:** Motion Carried.

### Corporate Planning: Update on Approved 2016 Strategic Plan

General Manager Peffley introduced Strategic Planning & Development Executive Director, Ms. Brandie Ekren who presented an update on the approved 2016 Strategic Plan.



Ms. Ekren’s update included a refresher of the Strategic Plan’s strategies, goals and objectives that were designed to address the changing utility industry. For each strategy and goal, Ms. Ekren provided a list of high-level progress bullets.

There was brief discussion around the accomplishment of an 86% approval rating, which was in response to the objective of soliciting feedback from our customers. Commissioner Zerkle asked if the 86% customer approval rating was based on the last survey taken and GM Peffley affirmed and another opportunity to capture a customer approval rating will be obtained in the upcoming Integrated Resource Plan survey.

Commissioner Jester asked who was formalizing the survey questions. GM Peffley stated that it was a team effort which included Ms. Ekren’s division, Mr. Serkaian’s division, and a 3<sup>rd</sup> party consultant/implementer, Mr. Bernie Porn from EPIC MRA. GM Peffley advised that a copy of the questions would be shared with the Commission, following Commissioner Jester’s request to receive a copy.

There was brief discussion about the BWL’s investment in an updated customer information system. Commissioner Jester asked for the schedule for the customer information system. Ms. Ekren and GM Peffley responded that it will be the second quarter in 2021.

In response to the request for more details on the Hometown Leaders Campaign and the Greenwise Program, Ms. Ekren noted that the Hometown Leaders Campaign was put together by Communications. It consists of billboards, advertisements, and social media. The Greenwise Program is an opportunity for customers to invest directly into renewable energy. The Greenwise Program came into existence in 2001 and has been updated to be more attractive and marketable to customers. GM Peffley stated that the Hometown Leaders Campaign is one of BWL’s most successful campaigns.

Commissioner Jester asked Ms. Ekren to address organizational resilience. Ms. Ekren recommended that organizational resilience be presented as a future agenda topic given the depth of information associated with the endeavor. However, work associated with this endeavor involves training, investing in infrastructure, change management, industry trend alignment and updating policies.

Commissioner Zerkle inquired about new technology training for the Erickson plant employees transitioning from the Erickson plant to the new plant. GM Peffley responded that the transition will be from the Eckert station and the operating staff are working at REO. At the beginning of the year, the staff will start formal training for the Delta Energy plant.

**Corporate Planning: BWL’s Clean Energy Journey**

Strategic Planning & Development Executive Director, Ms. Brandie Ekren presented BWL’s Clean Energy Journey. Ms. Ekren highlighted three critical points: sustaining the environment and natural



resources is foundational to the BWL; the BWL Clean Energy Journey began before it was required by law; and the commitment to the planet and cleaner energy future will continue.

**Agenda**

- Sustaining the environment and natural resources is foundational to the BWL.
- The BWL's clean energy journey began long before it was required by law.
- The commitment to the planet and a cleaner energy future continues.

**Mission Statement**

The mission of the BWL is to provide safe, reliable, and affordable utility products and services while ensuring a secure future. Together, the BWL's Board, management, and employees will plan for sustainable growth, be socially responsible, and ensure the participation of the Lansing Community's economic and cultural activities.

**Vision Statement**

The future of the Lansing Board of Water & Light is to be a leading utility provider in Michigan, serving the needs of our customers and the community. We will be a leader in providing safe, reliable, and affordable utility products and services while ensuring a secure future. We will be a leader in providing safe, reliable, and affordable utility products and services while ensuring a secure future.

**Value Statements**

The BWL is committed to providing safe, reliable, and affordable utility products and services while ensuring a secure future. We will be a leader in providing safe, reliable, and affordable utility products and services while ensuring a secure future.

**Our History**

**Our Commitments**

**Our Commitments Cont...**

**Energy Waste Reduction/Energy Efficiency**

**A Cleaner Future**

Year	Actual Efficiency Savings as % of Retail Energy Sales
2006	0.54
2007	0.52
2008	0.56
2009	0.59
2010	0.60
2011	0.60
2012	0.60
2013	0.60
2014	0.60
2015	0.62
2016	0.62
2017	0.61
2018	0.61
2019	0.61

**Today**

**Integrated Resource Planning Public Open House**

Commissioner Froh asked where BWL stood with the 2016 goals for 20% renewables by 2020. Ms. Ekren responded that BWL is on pace to meet that goal. GM Peffley responded that 20% renewable energy and 10% energy efficiency are the parts of the 30% clean energy goal. GM Peffley added that wind development energy in Tuscola County is expected by the end of the year.

Commissioner Ross asked for a definition of the terms future clean energy goals of 20% and 40%, renewable components and efficiency components. Ms. Ekren responded that clean energy is a combination of energy fuel source and the consumption of energy, energy efficiency and waste reduction. The goal for 2020 is 20% renewable and 10% energy efficiency. Commissioner Ross asked if 100 Mega Watt (MW) of power was generated what would 20% entail. GM Peffley responded that 20 MW would be renewable which would be a combination of wind, solar, natural gas and a small piece of hydro. Commissioner Ross asked whether the 20% of generation in the renewable portfolio would be from BWL or purchased. GM Peffley responded that purchase power agreements are made only when the 30% tax credits can't be captured. GM Peffley also responded that Renewable Energy Credits (REC) are not being used, at this time. Ms. Ekren responded that the energy efficiency annual goal is set at investing 1% in qualified programs. GM Peffley responded that 40% in renewable energy by 2030 is scheduled and it will be a mix of renewables and energy efficiency. Commissioner Ross also asked about informing the customers about future intentions and the rate strategy, obtaining feedback, and to see if the BWL is on target for 100% renewable energy. GM Peffley responded that BWL is ahead of the target for 100% renewable energy and that goals are provided to the customers.

Commissioner Mullen asked if the BWL was considering insight from commercial customers during the IRP stakeholder engagement given that 80% of revenue is from commercial and residential customers. Ms. Ekren referred the commission to the May, July and September corporate planning updates, which included greater detail on the stakeholder engagement. She also reminded the commission that her team has been meeting with commercial industrial customers, as well as other categorical customers since March 2019. GM Peffley emphasized that the emphasis on commercial industrial customer opportunities are essential to maintaining reasonable residential rates.

Commissioner Lenz asked if the commercial industrial customers have the option to buy power from other utilities. GM Peffley responded that commercial industrial customers located within the city limits of Lansing and certain contiguous communities are limited to BWL electric service.

Commissioner Lenz asked if complementary energy assessments were offered to non-low-income customers and GM Peffley affirmed and stated that the assessments were offered to landlords and informed them of the benefits of investing in the program. Ms. Ekren stated that the energy assessments provide the benefit low income customers by increasing energy efficiency and making utility cost more affordable.

Commissioner Zerkle asked if energy assessments were offered to larger or commercial industrial customers. GM Peffley responded that BWL had a full-time engineer at General Motors whose responsibility was to find energy savings for them. Commissioner Zerkle asked if small non-profits could request an energy assessment and GM Peffley responded in the affirmative.

Commissioner Jester asked about “on-bill” financing options. Ms. Ekren and CFO, Heather Shaw affirmed that programs such as these are being evaluated.

Commissioner Ross asked if installation energy efficient windows would qualify for “on-bill” finance arrangements. Ms. Ekren noted that while “on-bill” financing options are being evaluated, customers are eligible for certain rebates or incentives that is currently available through the BWL. Ms. Ekren explained that on-bill financing is designed to enable customers to invest in renewable generation easier.

Commissioner Jester stated that important strategies of “on- bill” financing programs are a split incentive for landlords and tenants, the credit enhancement for people who don’t have the credit for a personal loan and the guarantee of a net savings after the energy efficiency benefits.

Commercial Zerkle commented that after the Smart meters are installed and customers are educated on how to review and evaluate the data, there will be increased benefits to customer driven energy management.

Commissioner Ross asked how feedback would be captured during the open house format, given the change from the formal presentation format. Ms. Ekren responded that the open house format designed for customers that do not have an opportunity or are not as comfortable presenting in front of a large audience during public meetings. It also the utility company lecturing to the public prior to all analytical and stakeholder data has been consider. It provides insight into our process as well as what we are consider. It also provides an opportunity to customer to engage in conversation. Each station will give instruction to they encounter to give feedback.

### **Regular Board Meeting Schedule for 2020**

Committee of the Whole Chair Mullen presented a proposed Resolution setting the BWL Board of Commissioners 2020 Regular Board Meeting Schedule as directed by Section 1.1.2 of the BWL’s Rules of Procedure.

**Motion** by Commissioner Price, **Seconded** by Commissioner Lenz to forward the 2020 Regular Board Meeting Schedule Resolution to the full board for consideration.

**Action:** Motion Carried

**Other**

**Motion** by Commissioner Price, **Seconded** by Commissioner Thomas to excuse Commissioner Graham from tonight's meeting.

**Action:** Motion Carried

**Adjourn**

Commissioner Mullen adjourned the meeting at 6:36 p.m.

Respectfully Submitted  
Tony Mullen, Chair  
Committee of the Whole



**LANSING BOARD OF WATER AND LIGHT  
BOARD OF COMMISSIONERS**

**SPECIAL MEETING MINUTES  
February 20, 2020**

The Committee of the Whole 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, on Thursday, February 20, 2020.

Chairperson Tony Mullen called the meeting to order at 5:30 p.m.

Acting Corporate Secretary Maria Koutsoukos called the roll.

Present: Commissioners Tony Mullen, Beth Graham, Deshon Leek, David Lenz (arrived at 5:37 p.m.), David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Mike Froh (Meridian Township), and Larry Merrill (Delta Township).

Absent: Douglas Jester (East Lansing)

The Acting Corporate Secretary declared a quorum.

**PUBLIC COMMENT**

None

**MEETING PURPOSE:**

Closed Session (Attorney – Client Memorandum)...MCL 15.268 (h) & MCL 15.243 (g).  
Personnel Issue

Chair Mullen stated that attorneys have provided the Committee of the Whole with an Attorney Client Privilege memorandum and they are present and available to discuss the contents of that memorandum with us.

**Motion** by Commissioner Price, Seconded by Commissioner Zerkle to go into closed session for the purpose of reviewing the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

**Action:** Motion Carried.

Roll Call Vote:

**Yeas:** Commissioners Tony Mullen, Mike Froh, Beth Graham, Deshon Leek, David Lenz, Larry Merrill, David Price, Ken Ross, Tracy Thomas, Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.

*The Special Committee of the Whole Meeting went into closed session at 5:33 p.m.*

**Motion** by Commissioner Price, Seconded by Commissioner Zerkle to return to open session.

**Action:** Motion Carried.

*The Special Committee of the Whole Meeting reconvened to open session at 8:03 p.m.*

#### **COMMISSIONERS' REMARKS/COMMENTS**

None.

#### **OTHER**

GM Peffley provided information on a work place accident that occurred earlier in the week.

#### **EXCUSED ABSENCE**

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham to excuse Commissioner Jester from tonight's meeting.

**Action:** Motion Carried

#### **ADJOURNMENT**

**Motion** by Commissioner Price, **Seconded** by Commissioner Zerkle to adjourn tonight's meeting.

Chair Mullen adjourned the meeting at 8:06 p.m.

Respectfully Submitted  
Tony Mullen, Chair  
Committee of the Whole



**LANSING BOARD OF WATER AND LIGHT  
BOARD OF COMMISSIONERS**

**SPECIAL MEETING MINUTES  
February 25, 2020**

The Committee of the Whole 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, on Thursday, February 25, 2020.

Chairperson Tony Mullen called the meeting to order at 5:30 p.m.

Corporate Secretary Denise Griffin called the roll.

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

Absent: Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

**PUBLIC COMMENT**

None.

**MEETING PURPOSE:**

Closed Session (Attorney – Client Memorandum)....MCL 15.268 (h) & MCL 15.243 (g).  
Personnel Issue

Chair Mullen stated that attorneys have provided the Committee of the Whole with an Attorney Client Privilege memorandum and they are present and available to discuss the contents of that memorandum with us.

**Motion** by Commissioner Price, Seconded by Commissioner Thomas to go into closed session for the purpose of reviewing the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

**Action:** Motion Carried.

Roll Call Vote:

**Yeas:** Commissioners Tony Mullen, Mike Froh, Beth Graham, Deshon Leek, David Lenz, Larry Merrill, David Price, Ken Ross, Tracy Thomas, Sandra Zerkle.

**Nays:** None.

**Action:** Motion Carried.



*The Special Committee of the Whole Meeting went into closed session at 5:35 p.m.*

**Motion** by Commissioner Price, **Seconded** by Commissioner Zerkle to return to open session.

**Action:** Motion Carried.

*The Special Committee of the Whole Meeting reconvened to open session at 6:47 p.m.*

#### **COMMISSIONERS' REMARKS/COMMENTS**

In a brief discussion, the Commissioners stated some of their concerns; and broached the concept of directing the General Manager to hire outside legal counsel on their behalf. Following the brief discussion, Commissioner Ross stated that he had faith in the General Manager when it comes to making the correct decision regarding this matter, he also spoke about an opportunity to restructure the Human Resource Department.

#### **EXCUSED ABSENCE**

**Motion** by Commissioner Price, **Seconded** by Commissioner Graham to excuse Commissioner Jester from tonight's meeting.

**Action:** Motion Carried

#### **ADJOURNMENT**

**Motion** by Commissioner Price, **Seconded** by Commissioner Zerkle to adjourn tonight's meeting.

Chair Mullen adjourned the meeting at 6:55 p.m.

Respectfully Submitted  
Tony Mullen, Chair  
Committee of the Whole

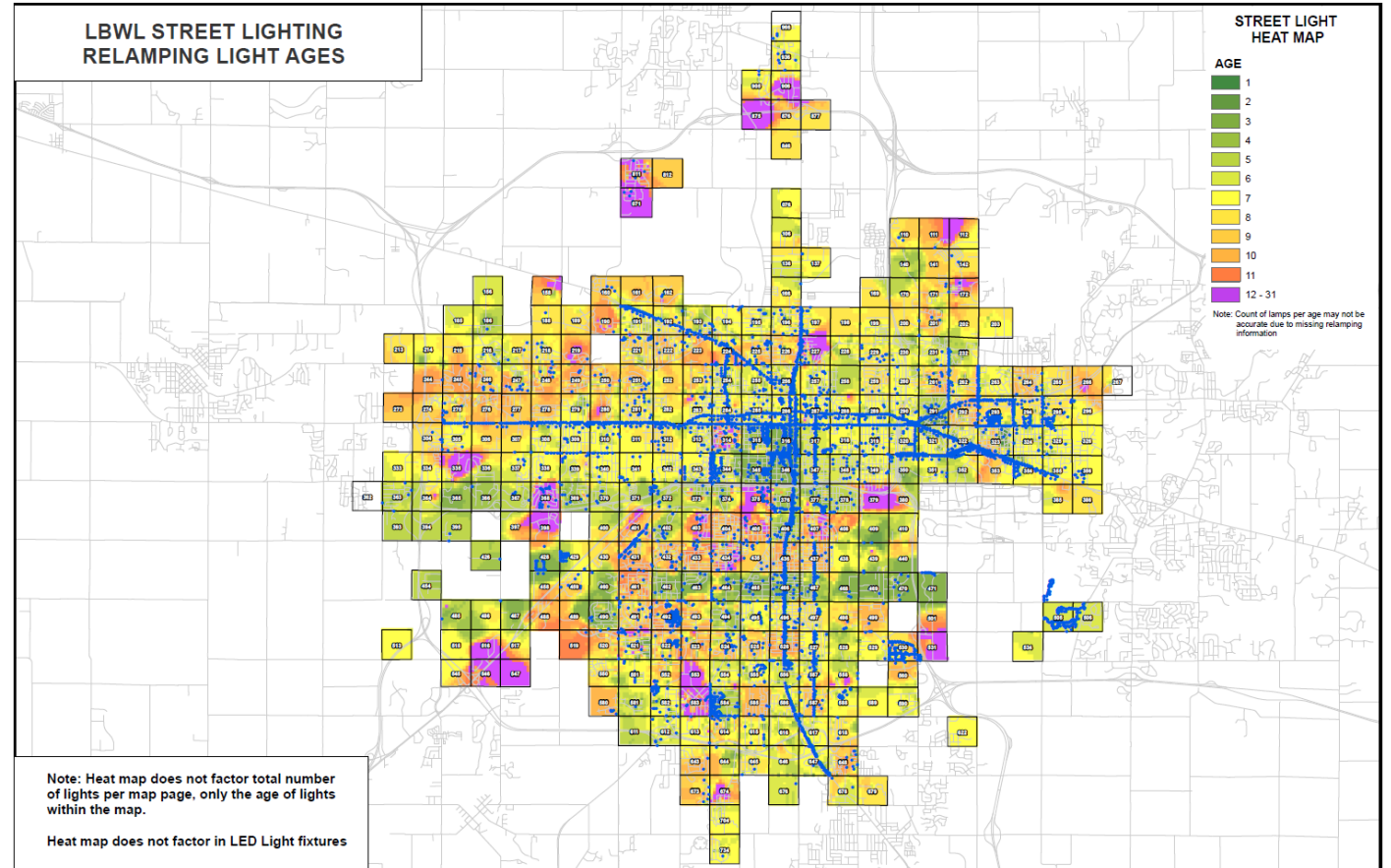
# Lansing Board of Water & Light LED Conversion

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# Current System

Fixture Type	Quantity
High Pressure Sodium	26,545
Incandescent	103
Induction	27
LED	6,173
Mercury Vapor	617
Metal Halide	317
<b>Grand Total</b>	<b>34,487</b>



\*Heatmap courtesy Tyler Livermore – LBWL Records Management 7/16/19

# Asset Management

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

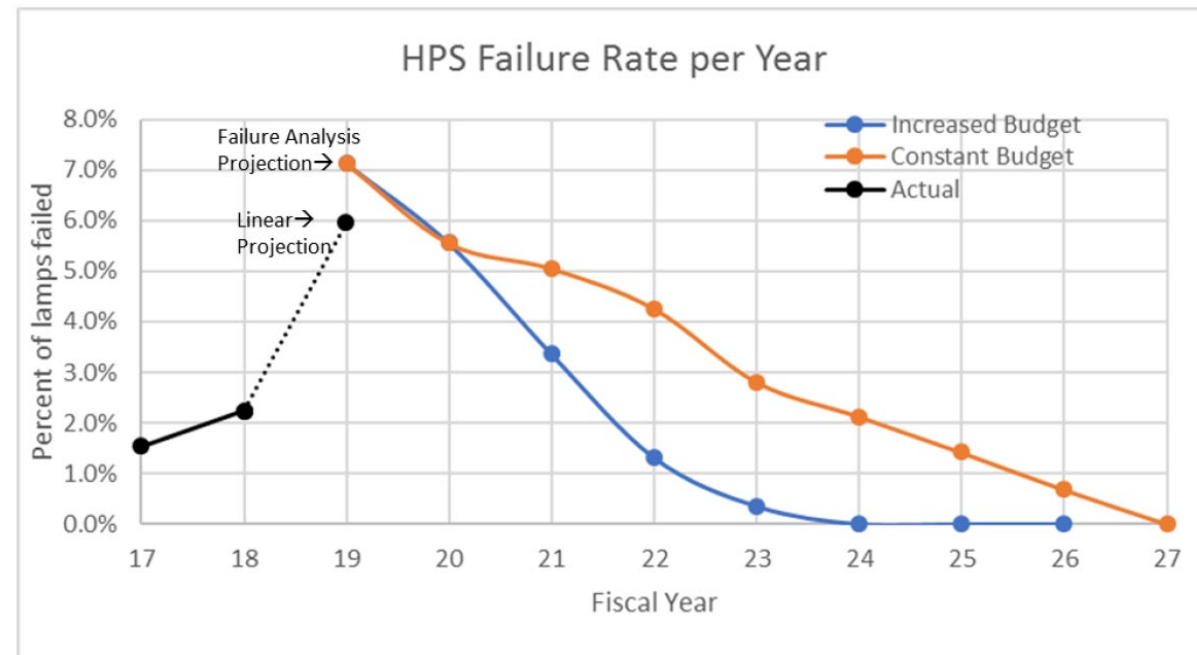


Figure 4: Street Light Failure Rates per Year; Actual and Projected

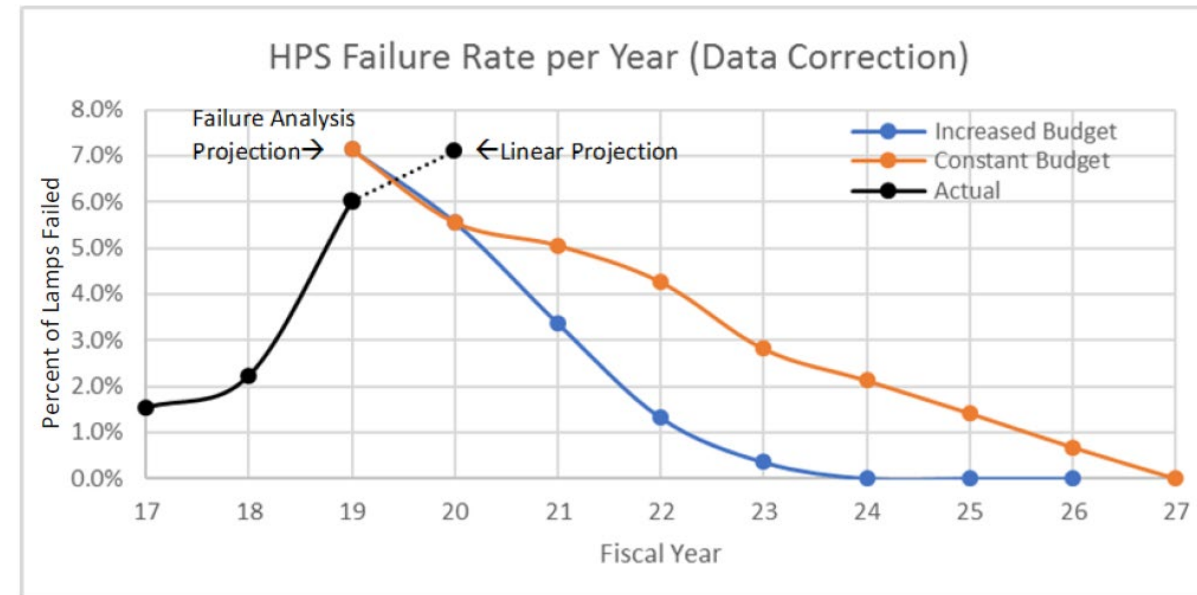


Figure 2: Street Light Failure Rates per Year; Actual and Projected with Data Correction



# Public Relations

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

## What are the advantages of LED Lighting?

White LED options are already available and are expected to increase in the future. The International Dark Sky Association (IDA) has developed a set of recommendations for those choosing lighting systems. These suggestions will help to select the lighting that's energy and cost efficient, but also ensures safety and security, protects wildlife and promotes the goal of dark night skies.

## What recommendations will BWL follow from the IDA?

The BWL will consider:

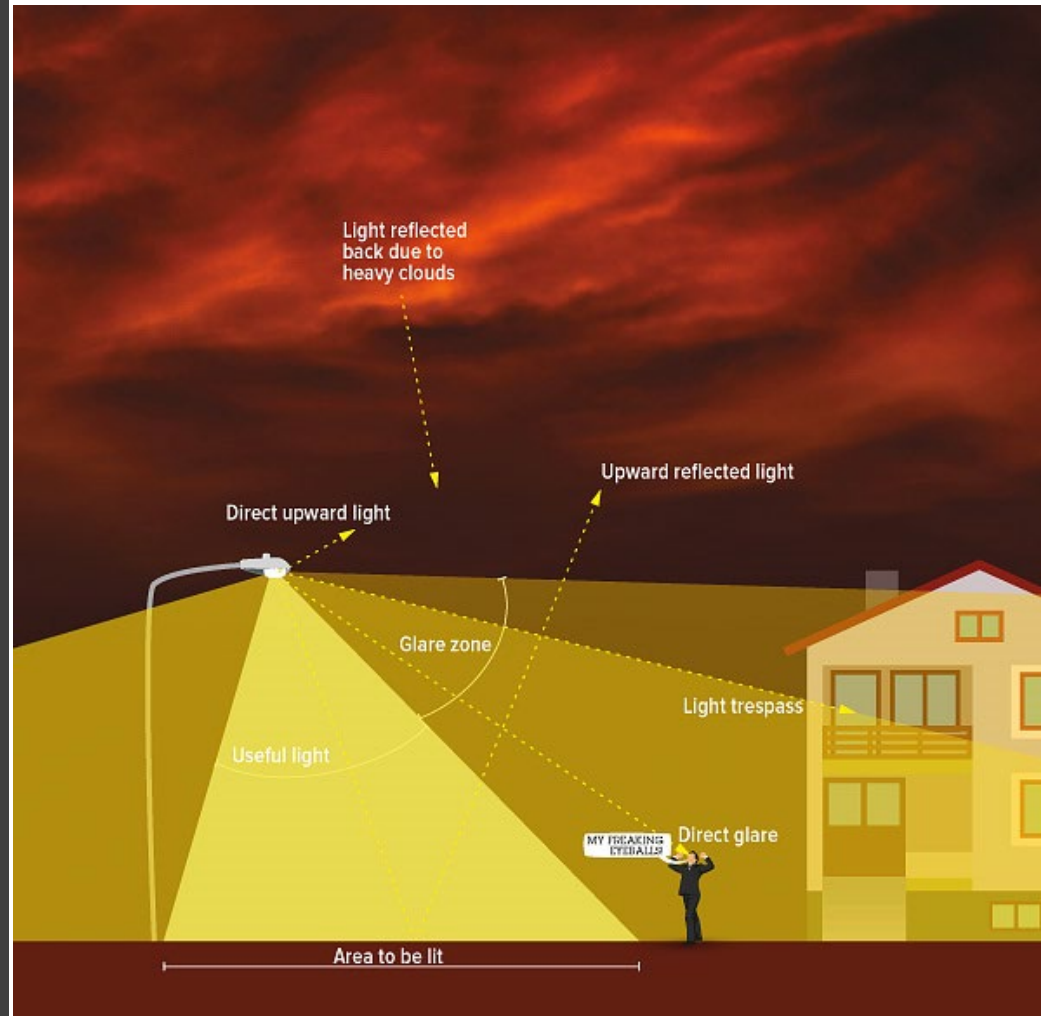
- Choosing fully shielded fixtures that emit no light upward
- Using "warm-white" or filtered LEDs (CCT < 3000 K; S/P ratio < 1.2) to minimize blue emission
- Looking for products with adaptive controls like dimmers, timers and motion sensors
- Dimming or turning off the lights during overnight hours
- Avoiding over-lighting because of the higher luminous efficiency of LEDs
- Only lighting the exact space and in the amount required for particular tasks

The BWL is moving to a standardized color temp of 3000K across all fixtures that it owns and operates. Utilizing International Dark Sky Association's recommendation, all fixtures will carry an IDA seal of approval. More information can be found on [www.darksky.org](http://www.darksky.org).



# Dark-Sky Compliance

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



<https://www.darksky.org/light-pollution/>





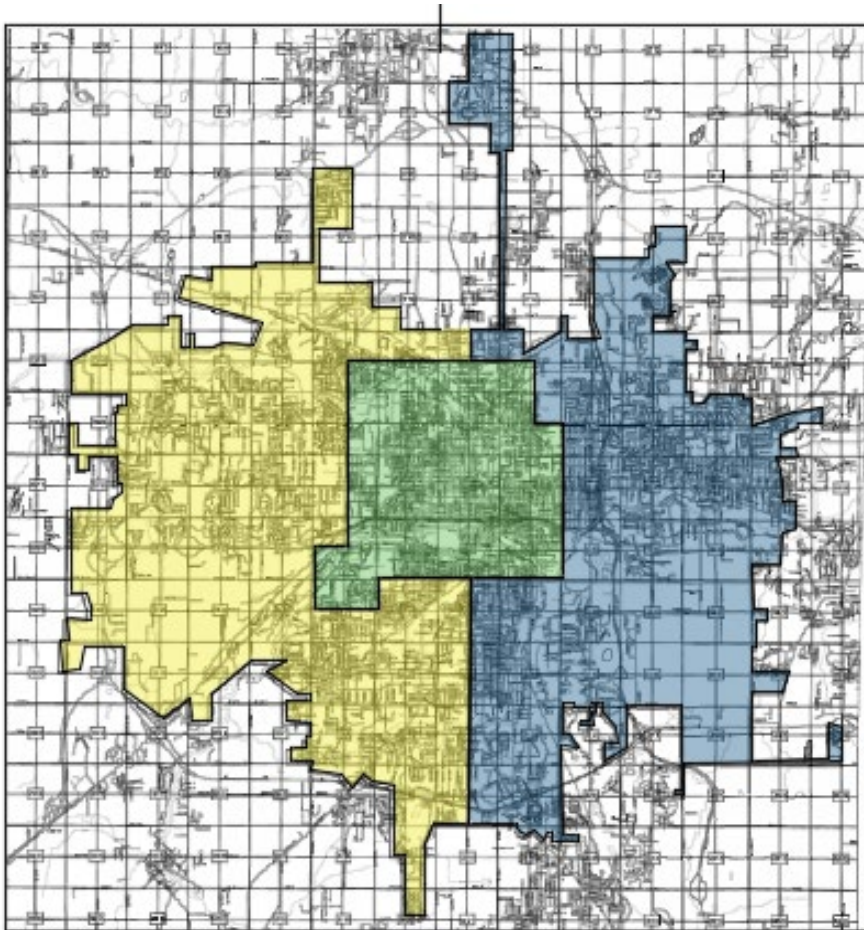
# Dark-Sky Benefit

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



Before and during the 2003 Northeast blackout, a massive power outage that affected 55 million people. Photo by of Todd Carlson

# Project Scope



 -FY21

 -FY22

 -FY23

Streetlighting LED Upgrade Plan				
Plan Totals		FY21	FY22	FY23
Lights Upgraded	27,159	9,377	8,889	8,893
Energy Savings (kW)	2,213	752	673	611
Energy Improvement (%)	47.95%	47.41%	48.07%	48.45%
MATERIAL COST	\$ 10,835,024.87	\$ 3,762,383.76	\$ 3,649,487.23	\$ 3,423,153.88
LABOR COST	\$ 4,752,825.00	\$ 1,640,975.00	\$ 1,555,575.00	\$ 1,556,275.00
TOTAL COST	\$ 15,587,849.87	\$ 5,403,358.76	\$ 5,205,062.23	\$ 4,979,428.88

## Additional Considerations

- Current system has over 16,000 concrete poles with varying age, this project would allow inspection of this asset.
- Investigating if a 480V conversion to 240V would be feasible, and the impact it would have on our system.
- Sections of “Smart Lights” can be installed in our downtown markets to better serve the capitol’s events.
- Keep BWL up to date with current utility lighting standards .



Questions?

*Lawrence C*

# EXHIBIT A

AGREEMENT  
BETWEEN THE CITY OF LANSING AND  
THE BOARD OF WATER & LIGHT

AGREEMENT dated the 3rd day of June, 1992, by and between the City of Lansing, hereinafter referred to as "City", and the Board of Water & Light, 123 West Ottawa, Lansing, Michigan 48933, hereinafter referred to as "Board".

WITNESSETH:

WHEREAS, pursuant to the 1978 City Charter, the Board and the City are encouraged to cooperate with each other; and

WHEREAS, Michigan law, specifically, Act 94, Public Acts of 1933, as amended, and various revenue bond covenants contained in revenue bonds issued by the Board provide that the Board shall not offer or furnish free utility service to any entity including the City; and

WHEREAS, pursuant to the 1978 City Charter the City provides to the Board, among other things, use of its streets, alleys, bridges and other public places of the City without compensation and the Board, as an agency of the City, is exempt from property taxation; and

WHEREAS, since 1972 the Board has contributed to the City an annual amount as a return on equity and City Council has now requested the Board to increase the amount it contributes to the City; and

WHEREAS, the Commissioners of the Board of Water & Light have agreed that the payment of a return on equity to the City is in the best interest of its ratepayers; and



WHEREAS, the Commissioners of the Board of Water & Light have offered to the City a proposal to modify the percentage used to calculate the Board's return on equity to the City and has requested the City to deed to the Board the parcel located at 123 W. Ottawa Street in a manner consistent with the City Charter; and

WHEREAS, the Mayor and his staff have reviewed the Board's proposal and recommend that the City Council approve of the Board's proposal;

**NOW, THEREFORE, IT IS AGREED:**

1. The Board's annual payment of a return on equity to the City for the next ten (10) years commencing on July 1, 1992 shall be 4.0 percent of net billed retail sales from its water, steam heat, and electric utilities for the preceding 12 month period ending May 31 of each year. Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the Board's various bond covenants this amount shall be payable to the City no later than June 30th of each year.
2. In addition to any sums mentioned in paragraphs 1 and 2 of this Agreement the Board shall pay to the City the total sum of \$1,850,000.00 as consideration for a quitclaim deed from the City for the parcel at 123 West Ottawa Street. The quitclaim deed shall be in a form consistent with the 1978 City Charter and the parcel shall be held by the Board for its purposes. The sum of \$1,850,000.00 shall be payable as follows:
  - a. \$1,600,000 shall be paid to the City by the Board no later than June 30, 1992; and
  - b. \$250,000 shall be payable to the City by the Board no later than July 15, 1992.



3. The initial payment of 4.0 percent of the net billed retail sales from the Board's water, steam heat and electric utilities shall be made to the City no later than June 30, 1993, and this initial payment shall be in addition to the sum of \$250,000 which shall be paid to the City no later than July 15, 1992.
4. The City shall convey to the Board by quitclaim deed the parcel at 123 West Ottawa Street no later than June 30, 1992 in a manner consistent with the 1978 City Charter and the parcel shall be held by the Board for its purposes.
5. This Agreement shall automatically terminate on June 30, 2002, unless extended in writing by the Commissioners of the Board and the City Council of the City of Lansing.
6. This Agreement contains the entire Agreement and any terms, conditions or provisions not contained in this Agreement are not binding on either party.
7. This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered unless in writing and executed by both parties to this Agreement.

IN WITNESS WHEREOF the parties have signed this Agreement on the date first above written.

WITNESS:

*Jessamine Kozicki*  
*Candyn Hartuff*

CITY OF LANSING  
 By: *Terry J. McKays*  
 Terry J. McKays, Mayor  
 By: *James D. Blair*  
 James D. Blair, City Clerk

WITNESS:

Beverly A. Bishop  
Rosemary Sullivan

BOARD OF WATER & LIGHT

By: Joseph Pandy, Jr.  
Joseph Pandy, Jr.,  
Director & General Manager  
By: Mary E. Sova  
Mary E. Sova,  
Corporate Secretary

Approved as to form only:

Alvan P. Knot  
Alvan P. Knot  
City Attorney

I hereby certify as to the availability of funds in Account  
# none required.

Stephen W. Duarte  
for STEPHEN W. DUARTE  
City Controller

APPROVED AS TO FORM  
Lawrence B. Wilhite  
BOARD OF WATER & LIGHT  
LEGAL COUNSEL

Resolution No. 92-8-2

**ADMINISTRATIVE**

WHEREAS, at the regular meeting of June 16, 1992, the Board adopted a resolution authorizing the General Manager and Corporate Secretary to enter into a Return on Equity Agreement with the City of Lansing subject to confirmation by a majority vote of the Board of Commissioners at the next regularly scheduled Board meeting, be it

RESOLVED, That the Agreement between the City of Lansing and the Board of Water and Light, dated June 30, 1992, governing the transfer of a parcel located at 123 W. Ottawa Street and a Return on Equity payment is hereby ratified, confirmed, and approved.

Recommended by Mary E. Sova 8/6/92  
Mary E. Sova, Secretary Date

Approved by: Joe Pardy 8/11/92  
Joseph Pardy, Jr., General Manager Date

Date Resolved by Board Action: August 25, 1992

**AMENDMENT NO. 1 TO AGREEMENT  
BETWEEN THE CITY OF LANSING AND  
THE BOARD OF WATER AND LIGHT**

This Amendment No. 1 is entered into as of this 17th day of December by and between the City of Lansing, 124 W. Michigan Avenue, Lansing, Michigan 48933, hereinafter referred to as "City", and the Board of Water and Light, 1232 Haco Drive, Lansing, Michigan 48912, hereinafter referred to as the "Board".

**STATEMENT OF PURPOSE**

The Parties have entered into an agreement (Agreement) dated June 30, 1992 which is set to expire June 30, 2002, a copy of which is attached as Exhibit A; and

Except as modified by this Amendment No. 1, the Parties desire to extend the terms and provisions of the Agreement (both this Amendment No. 1 and the Agreement are hereinafter referred to as Agreement); and

The Parties acknowledge that ownership of a utility entitles the City to receive certain benefits associated with that ownership; and

The Parties also acknowledge that it is generally accepted practice in the municipal utility industry for municipal utilities, being exempt from property taxes, to make payments to the state or local government.

**AGREEMENT**

The Parties therefore agree as follows:

- 1) The Board shall make an annual payment to the City for the next ten (10) years commencing on July 1, 2002, in the amount of 4.0 percent of its revenue from retail and wholesale sales of chilled water, electric, steam heat, and water utilities

for the preceding 12 month period ending May 31<sup>st</sup> of each year. Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the Board's various bond covenants this amount shall be payable to the City no later than June 30<sup>th</sup> of each year.

- 2) In further consideration of this Agreement, the Board shall additionally pay to the City 4% of its wholesale sales for electricity and water for March-April-May of 2002; such payment will be made before June 30, 2002.
- 3) This Agreement shall automatically terminate on June 30, 2012, unless extended in writing by the Commissioners of the Board and the City Council of the City of Lansing.
- 4) This Agreement contains the entire Agreement and any terms, conditions or provisions not contained in this Agreement are not binding on either party.
- 5) This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered unless in writing and executed by both parties to this Agreement.
- 6) This Agreement shall inure to the benefit of the Parties.
- 7) Except as modified by this Amendment No. 1, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties have signed this Agreement on the date first above written.

WITNESS:

Linda M. Sanchez

Robert K. Miner

CITY OF LANSING

By: David C. Hollister  
David Hollister, Mayor

By: Steve Dougan  
Steve Dougan, City Clerk

WITNESS:

Burley A. Bishop

Rosemary Sullivan

BOARD OF WATER & LIGHT

By: Joseph M. Pandey, Jr.  
Joseph Pandey, Jr.  
Director and General Manager

By: Mary E. Sova  
Mary E. Sova  
Corporate Secretary

Approved as to form only:

James Sniertka  
James Sniertka  
City Attorney

I hereby certify that funds are available  
Acct. No. none required  
Jeffery S. Busha  
Jeffery S. Busha, Principal Accountant  
for City Controller

Approved as to form:

Lawrence H. Wilhite  
Lawrence H. Wilhite  
Board of Water & Light  
Legal Counsel

(h:\bab\word\jplcity\city-bwlagmt-1a.doc)



**AMENDMENT NO. 2 TO AGREEMENT  
BETWEEN THE CITY OF LANSING AND  
THE BOARD OF WATER AND LIGHT**

This Amendment No. 2 is entered into as of this 30th day of June, 2012, by and between the City of Lansing, 124 W. Michigan Ave., Lansing, MI 48933, hereinafter referred to as "City", and the Board of Water and Light, 1232 Haco Drive, Lansing, Michigan 48912, hereinafter referred to as "Board".

STATEMENT OF PURPOSE

The Parties have entered into an agreement dated June 30, 1992, a copy of which is attached as **Exhibit A**; and

The Parties entered into Amendment No. 1 to the original agreement on December 17<sup>th</sup>, 2002, which is set to expire June 30, 2012, a copy of which is attached as **Exhibit B**; and

Except as modified by this Amendment No. 2, the parties desire to extend the terms and provisions of the Agreement (this Amendment No. 2, Amendment No. 1, and the original agreement are hereinafter referred to collectively as the "Agreement"); and

The parties acknowledge that ownership of a utility entitles the City to receive certain benefits associated with that ownership; and

The Parties acknowledge that it is generally accepted practice in the municipal utility industry for municipal utilities, being exempt from taxes, to make payments to the state or local government.

AGREEMENT

The Parties therefore agree as follows:

- 1) The Board shall make an annual payment to the City for five (5) years

commencing on July 1, 2012, in the amount of five (5.0%) percent of its revenue from retail and wholesale sales of chilled water, electric, steam heat, and water utilities for the preceding 12 month period ending May 31<sup>st</sup> of each year (the "Payment").

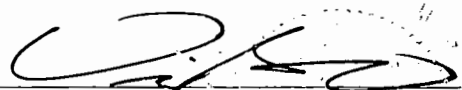
- 2) Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the Board's various bond covenants, the Payment shall be payable to the City no later than June 30<sup>th</sup> of each year.
- 3) This Agreement shall automatically terminate on June 30, 2017, unless extended in writing by the Commissioners of the Board and the City Council of the City of Lansing.
- 4) This Agreement contains the entire Agreement and any terms, conditions or provisions not contained in this Agreement are not binding on either party.
- 5) This Agreement shall inure to the benefit of the Parties.

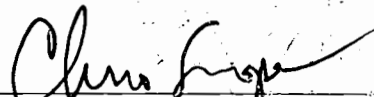
This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered unless in writing and executed by both parties to this agreement.

- 6) Except as modified in this Amendment No. 2, the original agreement and Amendment No. 2 shall remain in full force and effect. Nothing herein releases the Board from any payments it is obligated to make pursuant to the previously entered agreement and amendment.

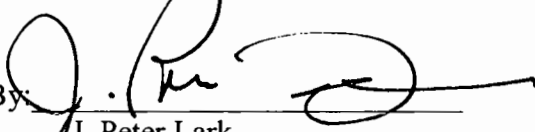
IN WITNESS WHEREOF the parties have signed this Agreement on the date first above written.

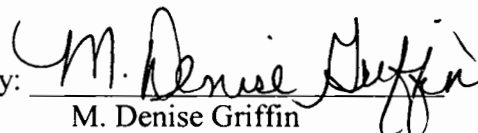
CITY OF LANSING

By:   
Virg Bernero, Mayor


By:   
Chris Swope, City Clerk

BOARD OF WATER AND LIGHT

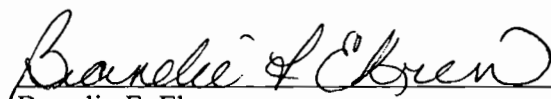
By:   
J. Peter Lark  
Director and General Manager

By:   
M. Denise Griffin  
Board Secretary

Approved as to form only:

  
City Attorney

Approved as to form:

  
Brandie F. Ekren  
Board of Water and Light  
Legal Counsel

**AMENDMENT NO. 3 TO AGREEMENT  
BETWEEN THE CITY OF LANSING AND  
THE BOARD OF WATER AND LIGHT**

This Amendment No. 3 ("Amendment #3") is entered into as of this 23<sup>rd</sup> day of December, 2013, by and between the City of Lansing, 124 W. Michigan Ave., Lansing, MI 48933, hereinafter referred to as "City", and the Board of Water and Light, 1232 Haco Drive, Lansing, Michigan 48912, hereinafter referred to as "Board".

**STATEMENT OF PURPOSE**

The Parties have entered into an agreement dated June 30, 1992, a copy of which is attached as **Exhibit A**; and

The Parties entered into Amendment No. 1 to the original agreement on December 17<sup>th</sup>, 2002, which was set to expire June 30, 2012, a copy of which is attached as **Exhibit B** ("Amendment #1"); and

The Parties entered into Amendment No. 2 to the original agreement on June 30, 2012, which was set to expire June 30, 2017, a copy of which is attached as **Exhibit C** ("Amendment #2"); and

Except as modified by this Amendment No. 3, the parties desire to extend the terms and provisions of the Agreement (this Amendment No. 3, Amendment No. 2, Amendment No. 1 and the original agreement are hereinafter referred to collectively as the "Agreement") by an additional year and increase the annual payment to the City for the remainder of the term; and

The parties acknowledge that ownership of a utility entitles the City to receive certain benefits associated with that ownership; and

The Parties acknowledge that it is generally accepted practice in the municipal utility industry for municipal utilities, being exempt from taxes, to make payments to the state or local government.

### AGREEMENT

The Parties therefore agree as follows:

- 1) The term of Amendment No. 2, which is currently set to expire June 30, 2017, is extended to June 30, 2018.
- 2) The Board shall make payments to the City for the remaining five (5) years commencing on July 1, 2013, in the amount of six point one (6.1%) percent of its revenue from retail and wholesale sales of chilled water, electric, steam heat, and water utilities for the preceding 12 month period ending May 31<sup>st</sup> of each year (the "Payment").
- 3) Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the Board's various bond covenants, the Payment shall be payable to the City in semi-annual installments due no later than thirty (30) days following each one-half (1/2) year this Agreement is in effect:  
  
December 1 (estimated)  
June 30 – to include reconciliation for entire fiscal year  
  
The June 1 payment shall constitute the difference between the estimated payment for the first one-half (1/2) year and the actual calculated amount for the entire fiscal year.
- 4) This Agreement shall automatically terminate on June 30, 2018, unless extended in writing by the Commissioners of the Board and the City Council of the City of Lansing.

5) This Agreement contains the entire Agreement and any terms, conditions or provisions not contained in this Agreement are not binding on either party.

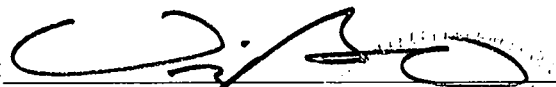
6) This Agreement shall inure to the benefit of the Parties.

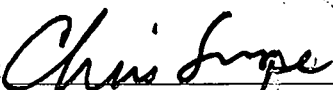
This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered unless in writing and executed by both parties to this agreement.

7) Except as modified in this Amendment No. 3, the original agreement and amendments shall remain in full force and effect. Nothing herein releases the Board from any payments it is obligated to make pursuant to the previously entered agreement and amendments.

IN WITNESS WHEREOF the parties have signed this Agreement on the date first above written.

CITY OF LANSING

By:   
Virg Bernero, Mayor

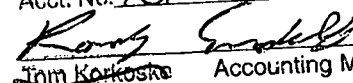
By:   
Chris Swope, City Clerk

Approved as to form only:

  
City Attorney

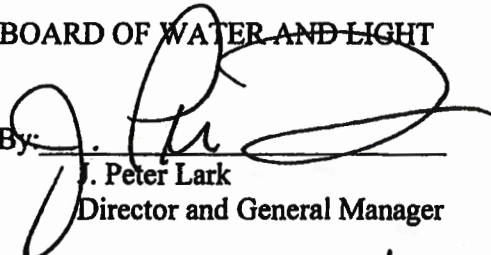
I hereby certify that funds are available

Acct. No. 101-674100


  
Tom Korikoska Accounting Manager

BOARD OF WATER AND LIGHT

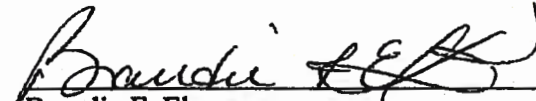
By:

  
J. Peter Lark  
Director and General Manager

By:

  
M. Denise Griffin  
Board Secretary

Approved as to form only:

  
Brandie F. Ekren  
Board of Water and Light Legal Counsel

**AMENDMENT NO. 4 TO AGREEMENT  
BETWEEN THE CITY OF LANSING AND  
THE BOARD OF WATER AND LIGHT**

This Amendment No. 4 ("Amendment No. 4") is entered into as of this 1<sup>ST</sup> day of JULY, 2018 by and between the City of Lansing, 124 W. Michigan Ave., Lansing, MI 48933, hereinafter referred to as "City", and the Board of Water and Light, 1232 Haco Drive, Lansing, Michigan 48912, hereinafter referred to as "Board".

**STATEMENT OF PURPOSE**

- A. The Parties entered into an original agreement, dated June 30, 1992, a copy of which is attached as **Exhibit A**.
- B. The Parties extended the original agreement by Amendment No. 1, dated December 17<sup>th</sup>, 2002, which expired June 30, 2012; by Amendment No. 2, dated June 30, 2012, which expired June 30, 2017; and by Amendment No. 3, dated December 23, 2013, which is set to expire June 30, 2018. A copy of Amendment No. 3 is attached as **Exhibit B**.
- C. As modified by this Amendment No. 4, the Parties desire to extend the terms and provisions of the original agreement, as extended and modified by Amendments No. 1, No. 2, and No. 3, by this Amendment No. 4 (collectively "this Agreement") through June 30, 2020 to and continue the annual 6.1% Payment to the City for the remainder of this term.
- D. The Parties acknowledge that ownership of a utility entitles the City to receive certain benefits associated with that ownership, and that it is generally acceptable practice in



the municipal utility industry for municipal utilities, being exempt from taxes, to make payments to the state or local government.

### AGREEMENT

The Parties, therefore, in acknowledgement and reliance on the Statement of Purpose and in consideration of the mutual covenants herein contained, agree as follows:

- 1) The term of Amendment No. 3, which is currently set to expire June 30, 2018, is extended to June 30, 2020.
- 2) The Board shall extend its payments to the City, under this Agreement, commencing on July 1, 2018 through June 30, 2020, in the continued amount equal to six point one (6.1%) percent of its revenue from retail and wholesale sales of chilled water, electric, steam heat, and water utilities for the proceeding 12 month period ending May 31<sup>st</sup> of each year (the "Payment").
- 3) Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the Board's various bond covenants, the Payment shall be payable to the City in semi-annual installments due no later than thirty (30) days following each one/half (1/2) year that this Agreement is in effect as follows:  
  
First ½ year – June 1 to December 1 of each Payment year – to be an estimated payment;  
  
Second ½ year – December 2 to May 31 of each Payment year – to include reconciliation payment for entire fiscal year.

The May 31 payment date calculation shall constitute the difference between the estimated payment for the first one-half (1/2) year and the actual calculated amount for the entire fiscal year.

- 4) This Agreement shall automatically terminate on June 30, 2020, unless extended in writing by the Commissioners of the Board and the City Council of the City of Lansing.
- 5) This Agreement contains the entire agreement and any terms, conditions or provisions not contained in this Agreement are not binding on either party.
- 6) This Agreement shall inure the benefit of the Parties. This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered unless in writing and executed by both parties to this Agreement.
- 7) Except as modified in this Amendment No. 4, the original agreement and Amendments No. 1, No. 2 and No. 3 shall remain in full force and effect. Nothing herein releases the Board from any payments it is obligated to make pursuant to the previously entered original agreement and Amendments No. 1, No. 2 and No. 3.

IN WITNESS WHEREOF the parties have signed this Agreement on the date first above written.

CITY OF LANSING

By: \_\_\_\_\_

  
Andy Schor, Mayor


By: \_\_\_\_\_

  
Chris Swope, City Clerk

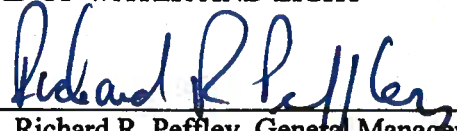
Approved as to form only:

  
James D. Smerka, City Attorney

I hereby certify that funds are available

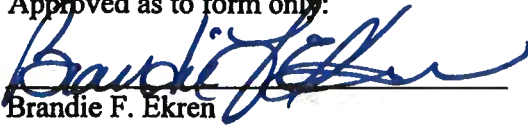
Acct. No. N/A  
  
Randy Endsley, Accounting Manager

BOARD OF WATER AND LIGHT

By:   
Richard R. Peffley, General Manager

By:   
M. Denise Griffin, Board Secretary

Approved as to form only:

  
Brandie F. Ekren  
Board of Water and Light Legal Counsel

**AMENDMENT NO. 5 TO AGREEMENT  
BETWEEN THE CITY OF LANSING AND  
THE BOARD OF WATER AND LIGHT**

This Amendment No. 5 is entered as of this \_\_\_day of \_\_\_\_, 2020, by and between the City of Lansing, 124 W. Michigan Ave., Lansing, MI 48933, hereinafter referred to as "City", and the Board of Water and Light, 1201 South Washington Ave., Lansing, Michigan 48910, hereinafter referred to as "Board". The City and the Board are each a "Party" and, collectively are the "Parties".

**STATEMENT OF PURPOSE**

- A. The Parties entered into an Agreement dated June 30, 1992 (the "Agreement"), a copy of which is attached as **Exhibit A**; and
- B. The Parties entered into Amendment No. 1 to the Agreement on December 17<sup>th</sup>, 2001, which expired June 30, 2012, a copy of which is attached as **Exhibit B**; and
- C. The Parties entered into Amendment No. 2 to the Agreement on June 30, 2012, which expired June 30, 2017, a copy of which is attached as **Exhibit C**;
- D. The Parties entered into Amendment No. 3 to the Agreement on December 23, 2013, which increased the Board's annual payment to the City to 6.1% of its revenue from retail and wholesale sales of chilled water, electric, steam, heat and water utilities for the preceding 12 months period ending May 31<sup>st</sup> of each year (the "Payment"). A copy of Amendment No. 3 is attached as **Exhibit D**, and
- E. Amendment No. 3 also extended the term of the Agreement for an additional year beyond that provided for in Amendment No.2, such that the Agreement expired June 30, 2018, unless extended in writing by the Board of Commissioners and the City Council of Lansing.
- F. The Parties entered into Amendment No. 4 to the Agreement on July 1, 2018. Amendment No. 4 extended the terms and provisions of the Agreement by an additional two years such that the Agreement expires June 20, 2020, unless extended in writing by the Commissioners of the Board and the City Council of Lansing. A copy of Amendment No. 4 is attached as **Exhibit E**.

Including as modified by this Amendment No. 5, and by the prior Amendments No.s 1 – 4, the Parties desire to extend the terms and provisions of the Agreement by an additional two (2) years. Further, the Parties agree that the Board will pay to the City a fixed dollar amount for each of the Fiscal Years 2020, 2021, and 2022 as follows: FY2020 \$23,100,000; FY2021 \$25,000,000; and FY2022 \$25,000,000.

In addition to the amounts described in the preceding paragraph, for each of FY2021 and FY2022, the Board shall pay to the City an amount determined as follows:

(the Board's revenue from retail and wholesale sales of chilled water, electric, steam, heat and water utilities for the preceding 12 months period ending May 31<sup>st</sup> minus \$409,836,066) multiplied by 3%.

**For purposes of illustration only:**

In FY 2021, the Board will pay to the City \$25,000,000.

In addition, assuming the Board's revenues for the prior year ending May 2021 are \$420,000,000, the additional revenue calculation payable to the City would be:

$$\$420,000,000 - \$409,836,066 = \$10,163,934.$$

$$\$10,163,934 \times 3\% = \$304,918 \text{ payable to the city, in addition to } \$25,000,000.$$

If this calculation results in a negative number or zero (0), no additional payment will be required.

**AGREEMENT**

The Parties therefore agree as follows:

- 1) The terms of the Agreement are extended by an additional two years, such that the Agreement shall automatically terminate on June 30, 2022, unless extended further by the Commissioners of the Board and the City Council of Lansing.
- 2) The Agreement as amended contains the entire Agreement and any terms, conditions or provisions not contained in this Agreement as amended are not binding on either Party.
- 3) This Agreement shall inure to the benefit of the Parties to the Agreement.
- 4) This Agreement, or any of its terms or provisions, shall not be waived, modified or otherwise altered except as agreed in writing and executed by both Parties.
- 5) Except as modified in this Amendment No. 5, the Agreement shall remain in full force and effect. Nothing herein releases the Board from any payments it is obligated to make pursuant to the previous amendments to the Agreement.

[Signature page follows]





IN WITNESS WHEREOF the parties have signed this Amendment No. 5, and it shall become effective on the date first above written.

**CITY OF LANSING**

By: \_\_\_\_\_  
Andy Schor, Mayor

By: \_\_\_\_\_  
Chris Swope, City Clerk

**BOARD OF WATER AND LIGHT**

By: \_\_\_\_\_  
Richard R. Peffley  
General Manager

By: \_\_\_\_\_  
M. Denise Griffin  
Corporate Secretary

Approved as to form only:

Approved as to form:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Board of Water and Light  
Legal Counsel

076492.000026 4822-8219-0010.3

Proposed Resolution  
Return on Equity/Payment in Lieu of Taxes

WHEREAS, the City of Lansing has expressed a desire to continue the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 (the Agreement), which has been subsequently extended by means of four Amendments thereto in 2001, 2012, 2013 and 2018, respectively;

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

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

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

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

	<b>Communications Technologies Policy</b>	Type	Policy
		Version	1.2
		Effective Date	March 24, 2020
		Page	1 of 2

## 1. OVERVIEW

This Communications Technologies Policy provides overall direction for the Lansing Board of Water & Light (LBWL) implementation of operational policies and procedures. The objective is to promote the safe and secure usage of all forms of communications technology while providing procedures designed to protect the security and integrity of BWL systems and establish privacy expectations for BWL employees.

The General Manager or their delegate(s) will prepare operational policies that apply to the following, based on the best-practices principles related to communication technologies. These policies apply to all users of all information systems that are the assets of the Lansing Board of Water & Light (LBWL). Specifically, it includes:

- All employees, whether employed on a full-time or part-time basis by LBWL.
- All contractors and third parties that work on behalf of and are paid directly by LBWL.
- All contractors and third parties that work on behalf of LBWL but are paid directly by an alternate employer.
- All employees of partners and clients of LBWL that access LBWL's non-public information systems.

Assets include, but are not limited to, physical equipment, such as desktop computers, servers, printers, laptops, telephones, mobile devices, and removable media (such as USB flash drives), as well as systems and services, such as the organizational network, internet, voicemail, and more. Organizational data is also considered to be an asset. All devices and systems are property of LBWL, and all use must be in accordance with policies, standards, and guidelines.

Those operational policies will be reviewed annually by the LBWL Cyber Security Steering Committee to ensure that they continue to meet the objective of maintaining safe and secure usage as the technology, legal and regulatory landscapes evolve. The Cyber Security Steering Committee will also serve as a point of escalation for significant cyber security incidents and provide high-level oversight of cyber security risks to the LBWL, communicating these and other IT-specific updates to the Board of Commissioners through a regularly schedule cadence.

## 2. Direction

Although the General Manager or their delegate(s) will draft and implement the specifics for the operational policies which cover the areas as directed above, the following represent core areas of interest with specific guidance:

### A. Communications Equipment Assignment and Examples

Assets include, but are not limited to, physical equipment, such as desktop computers, servers, printers, laptops, telephones, mobile devices, and removable media (such as USB flash drives), as well as systems and services, such as the organizational network, internet, voicemail, and more. Organizational data is also considered to be an asset. All devices and systems are property of LBWL, and all use must be in accordance with policies, standards, and guidelines.

### B. Permitted Uses

BWL communication technologies are to be used primarily for BWL business. Incidental personal use of BWL communication technologies is permitted, so long as there is no impact to the employee's productivity, there is no added cost to the BWL (such as long distance charges or roaming charges) associated with the personal use, and the employee follows all policies and procedures documented for the particular equipment. All charges incurred against the BWL for an employee's personal use must be reimbursed.

	<b>Communications Technologies Policy</b>	Type	Policy
		Version	1.2
		Effective Date	March 24, 2020
		Page	2 of 2

**C. Prohibited Uses**

LBWL assets and systems may not be used for illegal or unlawful purposes, including copyright infringement, obscenity, discriminatory conduct, pornographic content, furtherance of any illegal activity, libel, slander, fraud, defamation, plagiarism, intimidation, forgery, impersonation, illegal gambling, soliciting for pyramid schemes, and computer tampering (e.g. intentionally spreading computer viruses). All use of BWL communication technologies must comply with BWL policies, procedures, and the Employee Rules of Conduct.

**D. Monitoring**

The BWL may monitor or record communications on BWL communication technologies to ensure quality control, employee safety, security, and customer satisfaction. Monitoring or recording may not be used for any non-BWL purpose, or in a manner that violates state or federal law. Employees should have no expectation of privacy when using BWL communication technologies. Employees can request access to information gathered through monitoring or recording that may impact employment decisions. Access will be granted unless there is a legitimate business reason to protect confidentiality or an ongoing investigation. The BWL is a public body subject to the Freedom of Information Act. Therefore, employees should be aware that any documents created using BWL communication technologies may be subject to public disclosure.

The Internal Controls group will conduct reviews of processes to ensure that LBWL is achieving the desired levels of confidentiality, integrity, and availability of organizational data. The results of these reviews will be made available to Internal Audit as necessary to support their validation activities.

**E. Safety and Security**

Employees should always consider safety and security when using BWL communication technologies. BWL communication technologies may not be used to transfer BWL files outside of the BWL for non-work-related purposes without the express written permission of a Manager or Director.

The operational policies may cover areas of interest beyond A-E items noted above, as these items are not considered an exhaustive list of what is appropriate for effectuating the objective of this policy.



## Communications Technologies Policy

Type	Policy
Version	1.24
Effective Date	November 22, 2016 March 24, 2020
Page	1 of 2

### 1. OVERVIEW

This Communications Technologies Policy provides overall direction for the Lansing Board of Water & Light (LBWL) implementation of operational policies and procedures. The objective is to promote the safe and secure usage ~~by users~~ of all forms of communications technology while providing procedures designed to protect the security and integrity of BWL systems and establish privacy expectations for BWL employees.

The General Manager or their delegate(s) will prepare operational policies that apply to the following, based on the best-practices principles related to communication technologies. These policies apply to all users of all information systems that are the assets of the Lansing Board of Water & Light (LBWL). Specifically, it includes:

- All employees, whether employed on a full-time or part-time basis by LBWL.
- All contractors and third parties that work on behalf of and are paid directly by LBWL.
- All contractors and third parties that work on behalf of LBWL, but are paid directly by an alternate employer.
- All employees of partners and clients of LBWL that access LBWL's non-public information systems.

Assets include, but are not limited to, physical equipment, such as desktop computers, servers, printers, laptops, telephones, mobile devices, and removable media (such as USB flash drives), as well as systems and services, such as the organizational network, internet, voicemail, and more. Organizational data is also considered to be an asset. All devices and systems are property of LBWL, and all use must be in accordance with policies, standards, and guidelines.

The General Manager will prepare operational policies that apply to the following:

- ~~(wired, wireless, public, and private)~~  
All Users of the BWL's IT network
- BWL-owned devices using BWL's IT systems for which the BWL is the owner or has privileged access, including but not limited to, network devices, servers, desktops, laptops, tablets and phones.
- Non-BWL-owned devices using BWL's IT systems, including but not limited to desktops, laptops, smartphones, and tablets, which transmit and/or store data owned by the BWL.

Those operational policies may, from time to time, will be reviewed annually by the LBWL Cyber Security Steering Committee to ensure that they continue to meet the objective of maintaining safe and secure usage as the technology, legal and regulatory landscapes evolve. The Cyber Security Steering Committee will also serve as a point of escalation for significant cyber security incidents and provide high-level oversight of cyber security risks to the LBWL, communicating these and other IT-specific updates to the Board of Commissioners through a regularly schedule cadence. change to reflect the current legal landscape including international, federal, state and local regulations and laws.

### 2. Direction

Although the General Manager or their delegate(s) will draft and implement the specifics for the operational policies which cover the areas as directed above, the following represent core areas of interest with specific guidance:

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## Communications Technologies Policy

Type	Policy
Version	1. <del>21</del>
Effective Date	<del>November 22, 2016</del> <u>March 24, 2020</u>
Page	2 of 2

### A. Communications Equipment Assignment and Examples

~~Assets include, but are not limited to, physical equipment, such as desktop computers, servers, printers, laptops, telephones, mobile devices, and removable media (such as USB flash drives), as well as systems and services, such as the organizational network, internet, voicemail, and more. Organizational data is also considered to be an asset. All devices and systems are property of LBWL, and all use must be in accordance with policies, standards, and guidelines.~~

~~BWL employees may be required or may choose to use BWL communication technologies (which include software applications) for BWL business. All BWL communication technologies provided by the BWL are the property of the BWL. Examples of BWL communication technologies include, but are not limited to;~~

- ~~• Telephones (including cellular phones and Voice over IP)~~
- ~~• Email~~
- ~~• Internet~~
- ~~• Virtual Private Network (VPN)~~
- ~~• Radios~~
- ~~• Pagers~~
- ~~• Global Positioning devices~~
- ~~• Smartphones~~
- ~~• iPads and Tablets~~

### B. Permitted Uses

~~BWL communication technologies are to be used primarily for BWL business. Incidental personal use of BWL communication technologies is permitted, so long as there is no impact to the employee's productivity, there is no added cost to the BWL (such as long distance charges or roaming charges) associated with the personal use, and the employee follows all policies and procedures documented for the particular equipment. All charges incurred against the BWL for an employee's personal use must be reimbursed, of BWL communication technologies must be reimbursed to the BWL in a timely manner.~~



## Communications Technologies Policy

Type	Policy
Version	1.24
Effective Date	November 22, 2016 March 24, 2020
Page	3 of 2

### C. Prohibited Uses

C.

LBWL assets and systems may not be used for illegal or unlawful purposes, including copyright infringement, obscenity, discriminatory conduct, pornographic content, furtherance of any illegal activity, libel, slander, fraud, defamation, plagiarism, intimidation, forgery, impersonation, illegal gambling, soliciting for pyramid schemes, and computer tampering (e.g. intentionally spreading computer viruses). All communication technologies may not be used in furtherance of any illegal activity. Employees may not use BWL communication technologies to create, transmit, download, or store obscene, profane, threatening, fraudulent, sexist, racist, or discriminatory content. All use of BWL communication technologies must comply with BWL policies, procedures, and the Employee Rules of Conduct.

### D. Monitoring

The BWL may monitor or record communications on BWL communication technologies to ensure quality control, employee safety, security, and customer satisfaction. Monitoring or recording may not be used for any non-BWL purpose, or in a manner that violates state or federal law. Employees should have no expectation of privacy when using BWL communication technologies. Employees can request access to information gathered through monitoring or recording that may impact employment decisions. Access will be granted unless there is a legitimate business reason to protect confidentiality or an ongoing investigation. The BWL is a public body subject to the Freedom of Information Act. Therefore, employees should be aware that any documents created using BWL communication technologies may be subject to public disclosure.

The Internal Controls group will conduct reviews of processes to ensure that LBWL is achieving the desired levels of confidentiality, integrity, and availability of organizational data. The results of these reviews will be made available to Internal Audit as necessary to support their validation activities.

### E. Safety and Security

Employees should always consider safety and security when using BWL communication technologies. BWL communication technologies may not be used to transfer BWL files outside of the BWL for non-work-related purposes without the express written permission of a Manager or Director.

The operational policies may cover areas of interest beyond A-E items noted above, as these items are not considered an exhaustive list of what is appropriate for effectuating the objective of this policy.

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Proposed Resolution  
Communications Technologies Policy

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

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

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

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

Proposed Resolution  
Delegation of Authority to the General Manager Retraction and  
Amendment to Defined Contribution Plan and Trust 2

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

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

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

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

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

THEREFORE, it is:

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

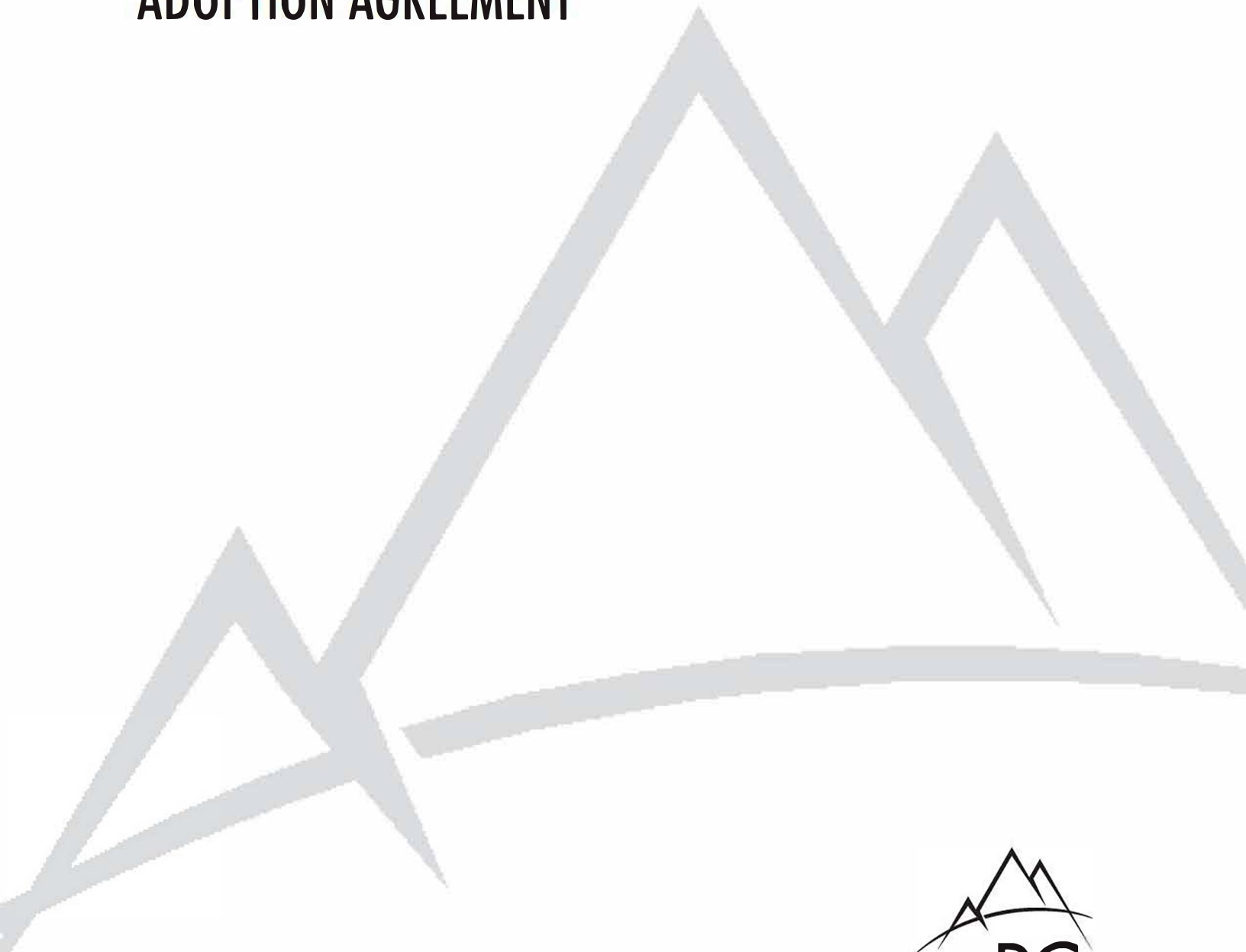
FURTHER RESOLVED, that, after its review, the Sponsor adopts and approves the attached restated Adoption Agreement, effective as stated therein; and

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

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

ICMA RETIREMENT CORPORATION

# GOVERNMENTAL MONEY PURCHASE PLAN & TRUST ADOPTION AGREEMENT



**ICMA RETIREMENT CORPORATION  
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST  
ADOPTION AGREEMENT**

Plan Number 10- 8824 \_\_\_\_\_

The Employer hereby establishes a Money Purchase Plan and Trust to be known as Lansing Board of Water and Light Defined Contribution Plan and Trust 2 (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust.

This Plan is an amendment and restatement of an existing defined contribution money purchase plan.

Yes                       No

If yes, please specify the name of the defined contribution money purchase plan which this Plan hereby amends and restates:

Lansing Board of Water and Light Defined Contribution Plan and Trust 2

**I. Employer:** Lansing Board of Water and Light

**II. Effective Dates**

1. **Effective Date of Restatement.** If this document is a restatement of an existing plan, the effective date of the Plan shall be January 1, 2007 unless an alternate effective date is hereby specified: July 1, 2020

(Note: An alternate effective date can be no earlier than January 1, 2007.)

2. **Effective Date of New Plan.** If this is a new Plan, the effective date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified:

\_\_\_\_\_

3. **Special Effective Dates.** Please note here any elections in the Adoption Agreement with an effective date that is different from that noted in 1. or 2. above.

(Note provision and effective date.)

**III. Plan Year will mean:**

The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.03(f) of the Plan.)

The twelve (12) consecutive month period commencing on 01/01 and each anniversary thereof.

**IV. Normal Retirement Age shall be age 55 (not to exceed age 65).**

*Important Note to Employers:* Normal Retirement Age is significant for determining the earliest date at which the Plan may allow for in-service distributions. Normal Retirement Age also defines the latest date at which a Participant must have a fully vested right to his/her Account. There are IRS rules that limit the age that may be specified as the Plan's Normal Retirement Age. The Normal Retirement Age cannot be earlier than what is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed. An age under 55 is presumed not to satisfy this requirement, unless the Commissioner of Internal Revenue determines that the facts and circumstances show otherwise.



Whether an age between 55 and 62 satisfies this requirement depends on the facts and circumstances, but an Employer's good faith, reasonable determination will generally be given deference. A special rule, however, applies in the case of a plan where substantially all of the participants in the plan are qualified public safety employees within the meaning of section 72(t)(10)(B) of the Code, in which case an age of 50 or later is deemed not to be earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed.

## V. ELIGIBILITY REQUIREMENTS

1. The following group or groups of Employees are eligible to participate in the Plan:

- All Employees
- All Full Time Employees
- Salaried Employees
- Non union Employees
- Management Employees
- Public Safety Employees
- General Employees
- Other Employees (Specify the group(s) of eligible employees below. Do not specify employees by name. Specific positions are acceptable.) See attached Addendum.

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer. The eligibility requirements cannot be such that an Employee becomes eligible only in the Plan Year in which the Employee terminates employment. **Note:** As stated in Sections 4.07 and 4.08, the Plan may, however, provide that Final Pay Contributions or Accrued Leave Contributions are the only contributions made under the Plan.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be (write N/A if an Employee is eligible to participate upon employment) N/A.

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

## VI. CONTRIBUTION PROVISIONS

1. **The Employer shall contribute as follows:** (Choose all that apply, but at least one of Options A or B. If Option A is not selected, Employer must pick up Participant Contributions under Option B.)

**Fixed Employer Contributions With or Without Mandatory Participant Contributions.** (If Option B is chosen, please complete section C.)

A. Employer Contributions. The Employer shall contribute on behalf of each Participant 8 % of Earnings or \$ \_\_\_\_\_ for the Plan Year (subject to the limitations of Article V of the Plan).

Mandatory Participant Contributions

are required  are not required

to be eligible for this Employer Contribution.

B. Mandatory Participant Contributions for Plan Participation.

Required Mandatory Contributions. A Participant is required to contribute (subject to the limitations of Article V of the Plan) the specified amounts designated in items (i) through (iii) of the Contribution Schedule below:

Yes  No

Employee Opt-In Mandatory Contributions. Each Employee eligible to participate in the Plan shall be given the opportunity to irrevocably elect to participate in the Mandatory Participant Contribution portion of the Plan by electing to contribute the specified amounts designated in items (i) through (iii) of the Contribution Schedule below for each Plan Year (subject to the limitations of Article V of the Plan):

Yes       No

Contribution Schedule.

- (i) \_\_\_\_\_% of Earnings,  
(ii) \$ \_\_\_\_\_, or  
(iii) a whole percentage of Earnings between the range of \_\_\_\_\_ (*insert range of percentages between 1% and 20% inclusive (e.g., 3%, 6%, or 20%; 5% to 7%)*), as designated by the Employee in accordance with guidelines and procedures established by the Employer for the Plan Year as a condition of participation in the Plan. A Participant must pick a single percentage and shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

Employer "Pick up". The Employer hereby elects to "pick up" the Mandatory Participant Contributions<sup>1</sup> (pick up is required if Option A is not selected).

Yes       No (*"Yes" is the default provision under the Plan if no selection is made.*)

C. Election Window (Complete if Option B is selected):

Newly eligible Employees shall be provided an election window of \_\_\_\_\_ days (no more than 60 calendar days) from the date of initial eligibility during which they may make the election to participate in the Mandatory Participant Contribution portion of the Plan. Participation in the Mandatory Participant Contribution portion of the Plan shall begin the first of the month following the end of the election window.

An Employee's election is irrevocable and shall remain in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. In the event of re-employment to an eligible position, the Employee's original election will resume. In no event does the Employee have the option of receiving the pick-up contribution amount directly.

2. The Employer may also elect to contribute as follows:

A. Fixed Employer Match of Voluntary After-Tax Participant Contributions. The Employer shall contribute on behalf of each Participant \_\_\_\_\_% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

B. Variable Employer Match of Voluntary After-Tax Participant Contributions. The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

\_\_\_\_\_ % of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_);

---

<sup>1</sup> Neither an IRS advisory letter nor a determination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are "picked up" by the Employer are not includable in the Participant's gross income for federal income tax purposes. Pick-up contributions are not mandated to receive private letter rulings; however, if an adopting employer wishes to receive a ruling on pick-up contributions they may request one in accordance with Revenue Procedure 2012-4 (or subsequent guidance).

PLUS \_\_\_\_\_% of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed \$ \_\_\_\_\_ or \_\_\_\_\_% of Earnings, whichever is \_\_\_\_\_ more or \_\_\_\_\_ less.

3. Each Participant may make a voluntary (unmatched), after tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan:

Yes       No (***"No" is the default provision under the Plan if no selection is made.***)

4. Employer contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

Bi-weekly with payroll processing cycle

5. Participant contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

N/A

6. In the case of a Participant performing qualified military service (as defined in Code section 414(u)) with respect to the Employer:

- A. Plan contributions will be made based on differential wage payments:

Yes       No (***"Yes" is the default provision under the Plan if no selection is made.***)

If yes is selected, this is effective beginning January 1, 2009 unless another later effective date is filled in here:

\_\_\_\_\_

- B. Participants who die or become disabled will receive Plan contributions with respect to such service:

Yes       No (***"No" is the default provision under the Plan if no selection is made.***)

If yes is selected, this is effective for participants who died or became disabled while performing qualified military service on or after January 1, 2007, unless another later effective date is filled in here:

\_\_\_\_\_



**VII. EARNINGS**

Earnings, as defined under Section 2.09 of the Plan, shall include:

- 1. Overtime  
 Yes                       No
- 2. Bonuses  
 Yes                       No
- 3. Other Pay (specifically describe any other types of pay to be included below)

**VIII. ROLLOVER PROVISIONS**

1. The Employer will permit rollover contributions in accordance with Section 4.12 of the Plan:

- Yes                       No (*“Yes” is the default provision under the Plan if no selection is made.*)

2. Direct rollovers by non-spouse beneficiaries are effective for distributions after 2006 unless the Plan delayed making them available. If the Plan delayed making such rollovers available, check the box below and indicate the later effective date in the space provided.

Effective Date is \_\_\_\_\_.

*(Note: Plans must offer direct rollovers by non-spouse beneficiaries no later than plan years beginning after December 31, 2009.)*

**IX. LIMITATION ON ALLOCATIONS**

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Section 5.02 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (e) of the Plan will apply unless another method has been indicated below.

Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

2. The Limitation Year is the following 12 consecutive month period: \_\_\_\_\_

3. Unless the Employer elects a delayed effective date below, Article 5 of the Plan will apply to limitations years beginning on or after July 1, 2007. \_\_\_\_\_

*(The effective date listed cannot be later than 90 days after the close of the first regular legislative session of the legislative body with authority to amend the plan that begins on or after July 1, 2007.)*

## X. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. (For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)

<b>Period of Service Completed</b>	<b>Percent Vested</b>
Zero	100 %
One	%
Two	%
Three	%
Four	%
Five	%
Six	%
Seven	%
Eight	%
Nine	%
Ten	%

## XI. WITHDRAWALS AND LOANS

1. In-service distributions are permitted under the Plan after a participant attains (select one of the below options):

- Normal Retirement Age  
 Age 70½ (*"70½" is the default provision under the Plan if no selection is made.*)  
 Alternate age (after Normal Retirement Age): \_\_\_\_\_  
 Not permitted at any age

2. A Participant shall be deemed to have a severance from employment solely for purposes of eligibility to receive distributions from the Plan during any period the individual is performing service in the uniformed services for more than 30 days.

- Yes       No (*"Yes" is the default provision under the plan if no selection is made.*)

3. Tax-free distributions of up to \$3,000 for the direct payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan.

- Yes       No (*"No" is the default provision under the Plan if no selection is made.*)

4. In-service distributions of the Rollover Account are permitted under the Plan, as provided in Section 9.07.

- Yes       No (*"No" is the default provision under the Plan if no selection is made.*)

5. Loans are permitted under the Plan, as provided in Article XIII of the Plan:

- Yes       No (*"No" is the default provision under the Plan if no selection is made.*)

## XII. SPOUSAL PROTECTION

The Plan will provide the following level of spousal protection (select one):

- 1. Participant Directed Election. The normal form of payment of benefits under the Plan is a lump sum. The Participant can name any person(s) as the Beneficiary of the Plan, with no spousal consent required.
- 2. Beneficiary Spousal Consent Election (Article XII). The normal form of payment of benefits under the Plan is a lump sum. Upon death, the surviving spouse is the Beneficiary, unless he or she consents to the Participant's naming another Beneficiary. (*"Beneficiary Spousal Consent Election" is the default provision under the Plan if no selection is made.*)
- 3. QJSA Election (Article XVII). The normal form of payment of benefits under the Plan is a 50% qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime. (If C is selected, the spousal consent requirements in Article XII also will apply.)

## XIII. FINAL PAY CONTRIBUTIONS

The Plan will provide for Final Pay Contributions if either 1 or 2 below is selected.

The following group of Employees shall be eligible for Final Pay Contributions:

- All Eligible Employees
- Other: \_\_\_\_\_

**Final Pay shall be defined as (select one):**

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (*insert definition of Final Pay – must be leave that Employee would have been able to use if employment had continued and must be bona fide vacation and/or sick leave*):  
\_\_\_\_\_

- 1. **Employer Final Pay Contribution.** The Employer shall contribute on behalf of each Participant \_\_\_\_\_ % of Final Pay to the Plan (subject to the limitations of Article V of the Plan).
- 2. **Employee Designated Final Pay Contribution.** Each Employee eligible to participate in the Plan shall be given the opportunity at enrollment to irrevocably elect to contribute \_\_\_\_ % (insert fixed percentage of final pay to be contributed) or up to \_\_\_\_\_% (insert maximum percentage of final pay to be contributed) of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked.

**XIV. ACCRUED LEAVE CONTRIBUTIONS**

The Plan will provide for accrued unpaid leave contributions annually if either 1 or 2 is selected below.

The following group of Employees shall be eligible for Accrued Leave Contributions:

- All Eligible Employees
- Other: \_\_\_\_\_

**Accrued Leave shall be defined as (select one):**

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (insert definition of accrued leave that is bona fide vacation and/or sick leave):  
\_\_\_\_\_

- 1. **Employer Accrued Leave Contribution.** The Employer shall contribute as follows (choose one of the following options):
  - For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant the unused Accrued Leave in excess of \_\_\_\_\_ (insert number of hours/days/weeks (circle one)) to the Plan (subject to the limitations of Article V of the Plan).
  - For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant \_\_\_\_\_% of unused Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).
- 2. **Employee Designated Accrued Leave Contribution.**

Each eligible Participant shall be given the opportunity at enrollment to irrevocably elect to contribute \_\_\_\_\_% (insert fixed percentage of accrued unpaid leave to be contributed) or up to \_\_\_\_\_% (insert maximum percentage of accrued unpaid leave to be contributed) of Accrued Leave to the Plan (subject to the limitations of Article V of the Plan). Once elected, an Employee's election shall remain in force and may not be revised or revoked.

**XV.** The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

**XVI.** The Employer understands that this Adoption Agreement is to be used with only the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust. This ICMA Retirement Corporation Governmental Money Purchase Plan and Trust is a restatement of a previous plan, which was submitted to the Internal Revenue Service for approval on April 2, 2012, and received approval on March 31, 2014.

The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan. The Employer understands that an amendment(s) made pursuant to Section 14.05 of the Plan will become effective within 30 days of notice of the amendment(s) unless the Employer notifies the Plan Administrator, in writing, that it disapproves of the amendment(s). If the Employer so disapproves, the Plan Administrator will be under no obligation to act as Administrator under the Plan.

**XVII.** The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

**XVIII.** The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

**XIX.** An adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under section 401 of the Internal Revenue Code to the extent provided in applicable IRS revenue procedures and other official guidance.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

EMPLOYER

ICMA RETIREMENT CORPORATION  
777 North Capitol St., NE Suite 600  
Washington, DC 20002  
800-326-7272

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Attest: \_\_\_\_\_





ICMA RETIREMENT CORPORATION  
777 NORTH CAPITOL STREET, NE | WASHINGTON, DC 20002-4240  
800-669-7400  
[WWW.ICMARC.ORG](http://WWW.ICMARC.ORG)  
BRC000-214-21268-201405-W1303

**ADDENDUM TO THE  
LANSING BOARD OF WATER AND LIGHT  
DEFINED CONTRIBUTION PLAN & TRUST 2**

This Addendum is fully incorporated into the Lansing Board of Water and Light Defined Contribution Plan and Trust Number 2.

Section V.1. of the Adoption Agreement is hereby completed as follows:

“1. The following group or groups of Employees are eligible to participate in the Plan:

All Employees

All Full Time Employees

Salaried Employees

Non union Employees

Management Employees

Public Safety Employees

General Employees

Other Employees (Specify the group(s) of eligible employees below. Do not specify employees by Name. Specific positions are acceptable.) The Employee who serves as the Corporate Secretary on July 1, 2020 and any other Employee who on or after July 1, 2020 enters into a written agreement with the Employer pursuant to which the Employee participates in this Plan.”

Proposed Resolution  
Delegation of Authority to the General Manager to Amend Plans for Compliance

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

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

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

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

THEREFORE, it is:

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

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

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

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

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

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

Proposed Resolution  
Capital Project Budget Exceedance Approval:  
AE – Electric Annual Account

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

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

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

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

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

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

Proposed Resolution  
Capital Project Budget Exceedance Approval:  
PE-20203 MP – Tainter Gate Trunnion Pin Replacement

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

WHEREAS, the previously approved budget for Capital Project PE-20203 MP – Tainter Gate Trunnion Pin Replacement was \$1,653,565; and

WHEREAS, the projected final total cost for Capital Project PE-20203 MP – Tainter Gate Trunnion Pin Replacement is \$2,011,000, should the project be completed; and

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

WHEREAS, BWL staff and management recommends that the Capital Project PE-20203 MP – Tainter Gate Trunnion Pin Replacement be completed despite the projected increased cost; and

RESOLVED, the BWL Board of Commissioners approve completion of Capital Project PE-20203 MP – Tainter Gate Trunnion Pin Replacement with a projected final total cost of \$2,011,000.

***LANSING BOARD OF WATER AND LIGHT  
DEFINED BENEFIT PLAN AND TRUST  
FOR EMPLOYEES' PENSIONS***

***STATEMENT OF INVESTMENT POLICIES,  
PROCEDURES AND OBJECTIVES***

Effective May \_\_\_\_\_, 2020

## STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

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## **Introduction**

The Lansing Board of Water and Light (“**BWL**”) is a municipal utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan. The Plan receives contributions from the BWL. The Plan pays retirement benefits provided for in the Plan. Plan assets are invested in various types of securities.

This Statement of Investment Policy (“**Statement**”) is issued by the Commissioners of the Lansing Board of Water and Light (the “**Commissioners**”) for the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions (“**Plan**”). The purpose of this Statement is to (i) identify and present a set of investment objectives, an Asset Allocation policy, investment performance standards and procedures for managing the Plan’s assets; and (ii) clarify the delegation of certain investment and administrative duties to the Committee (the “**Committee**”). This document is intended to be consistent with the provisions of Michigan Public Act 314 of 1965 (“**Act 314**”), as amended.

## **Updates to Statement**

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with the BWL’s investment philosophy. Any revisions or updates made to the Statement must be formally adopted by the Commissioners through a resolution.

## **Trustees’ and Commissioners’ Delegation of Duties**

The Commissioners have delegated certain administrative responsibilities to the Committee pursuant to a separate Resolution. Those responsibilities are described in more detail in this Statement.

The Trustees of the Plan are the eight appointed voting Commissioners of the BWL. The Trustees have delegated all investment responsibilities to the Committee pursuant to a separate Resolution. Those investment responsibilities are described in this Statement. All provisions in this Statement relating to the Committee shall be operative until such time the delegation of duties by the Trustees and/or Commissioners is revoked.

Responsibility for selecting and providing direction to Investment Managers, Investment Consultants, custodians, and other administrators required for the management of the Plan’s assets and for implementing overall investment decisions has been delegated to the Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees shall act in accordance with the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees in writing.



### **Purpose of the Plan**

The Plan was established for the purpose of providing retirement benefits to eligible employees and their beneficiaries. The Plan was closed to new employees hired after December 31, 1996. The Plan is a governmental, defined-benefit pension plan which provides retirement, early retirement, disability, termination, and death benefits based upon a formula that includes final average compensation, years of credited service, and a pension benefit percentage. To this end, an investment portfolio is maintained to invest employer contributions and to reinvest income.

### **Investment Philosophy**

The Commissioners, Trustees and the Committee recognize their respective Fiduciary duties to invest the Plan's assets in formal compliance with the Prudent Man Rule. The Trustees interpret this to mean that, in addition to the specific guidelines and restrictions set forth in this document, the assets of the Plan shall be actively managed -- that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Trustees recognize that, commensurate with its overall objective of maximizing long-range returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Trustees and the Committee rely upon appropriate professional advice.

### **Delegation of Responsibilities**

#### **Retirement Plan Committee**

The Committee acknowledges its responsibility as a fiduciary to the Plan. In this regard, the Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries.

Specifically, the Committee's responsibilities include:

1. Complying with the provisions of pertinent federal, state, and local laws and regulations relating to the investment of Plan assets.
2. Evaluating and appointing a qualified manager(s) and consultant(s) to invest and manage the Plan's assets.
3. Communicating the investment goals, objectives, and standards to the investment managers including any material changes that may subsequently occur.
4. Determining, with the advice of the Investment Consultant ("Consultant"), how Plan assets should be allocated among various asset classes.
5. Reviewing and evaluating the results of the Investment Manager(s) ("Manager(s)") in context with established standards of performance.
6. Taking whatever corrective action is deemed prudent and appropriate when an investment manager fails to perform as mutually expected.
7. Notifying the Manager(s) of:
  - a) Significant changes in the Plan cash flow and/or cash flow needs; and

- b) Any matter which bear upon the proper investment management of the Plan's assets, including pertinent financial, legal, and actuarial information.
- 9. Monitoring all costs associated with the administration of the Plan's investments to ensure that the costs are reasonable with market averages.
- 10. Reviewing any program that may mitigate or offset costs.
- 11. Appointing or removing third party administrators, as deemed prudent.
- 12. Facilitating required communications to Plan participants and third-party administrators.
- 13. Recommending to the Commissioners alterations to the Plan's design to address changes in business needs and industry practices.
- 14. Taking any action necessary to carry out the terms of the Plan.

The Committee has authority to carry out all administrative and investment duties for the Plan but does not have the authority to freeze or terminate the Plan.

The Committee shall give consideration to and have an understanding of the following prior to retaining professionals:

- 1. Establish standards/requirements/appropriateness of services.
- 2. Identify appropriate candidates for the position.
- 3. Solicit bids and proposals.
- 4. Conduct interviews.
- 5. Check references.
- 6. Make reasoned decisions based on all information, including:
  - a) Philosophy/Goals (i.e., Mission Statement)
  - b) Ownership/Management/Organizational Structure/Turnover
  - c) Operational History/Growth Plan
  - d) Infrastructure: Resources/Tools-of-the-Trade
  - e) Financial Condition
  - f) Educational Background/Industry Experience
  - g) Professional Qualifications
  - h) Risk Controls/ Insurance
  - i) Criminal, Civil, Regulatory History
  - j) Fees
  - k) Liquidity
- 7. Document the decision process.
- 8. Verify compliance with federal and state laws; specifically, Act 314, and investment guidelines.
- 9. Establish standards of conduct, terms and conditions of relationship (Written Contract/Agreement).

### **Investment Consultant**

In carrying out its delegated responsibilities, the Committee considers the services of a Consultant as appropriate to assist in the placement of investment funds. The primary role of the Consultant is to provide independent, objective, third-party advice and counsel that will enable the Committee to make well-informed and timely decisions regarding the investment of the Plan's assets.

The Consultant's role is that of an advisor to the Plan. The Consultant acknowledges its responsibilities as a Fiduciary under Act 314. The Consultant acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act.

Investment advice concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. In specific terms, the primary responsibilities of the Consultant are as follows:

1. Measure and evaluate investment performance each calendar quarter.
2. Evaluate the Plan's tolerance for risk.
3. Advise regarding appropriate investment objectives and goals based on the Plan's needs and risk tolerance.
4. Determine what degree of potential market volatility should be factored into the investment approach.
5. Provide advice regarding optimal allocation of assets, based on all of the above

#### Providing a Range of Capabilities

The Consultant is a third party retained by the Committee to assist in several key areas of the management of financial assets.

The Consultant may be asked to:

1. Gather and evaluate statistical information on the financial assets, investment needs, and risk parameters.
2. Analyze and understand the implications of historic capital market behavior, particularly with regard to the trade-off between total return and investment risk.
3. Maintain data on the universe of available professional investment managers. Categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
4. Provide periodic Asset Allocation studies and updates.
5. Conduct periodic trustee educational workshops.
6. Provide information with respect to alternate investments.
7. Monitor the investment of the Plan's assets for compliance with Act 314.
8. Analyze and evaluate the Plan's investment performance, and the performance of its investment managers, both past and ongoing.
9. Make specific and timely recommendations for the consideration of the Committee during each phase of the investment management process.
10. Monitor all costs associated with the administration of the Plan's investments to ensure that they are reasonable with market averages.

#### Making Recommendations

*Investment Policy* - The Consultant may be asked to recommend an appropriate investment policy that will meet the Plan's needs. This includes recommending investment objectives and guidelines that adhere to the goals and tolerance for risk. The Consultant may be asked to provide an appropriate model of Asset Allocation

composed of equity, fixed-income, money market instruments or Alternative Investments designed to meet the established objectives.

*Manager Selection* - The Consultant may be asked to recommend the best qualified and most appropriate Manager(s) candidates for implementing the established investment policy. The Consultant shall be capable of utilizing a well-established system to select suitable Manager(s) candidates from both a local and national investment manager database.

*Manager Performance Review and Evaluation*

The Consultant shall provide the Committee with performance reports and ongoing quality control to assure that the standards and investment objectives are maintained. Performance reports generated by the Consultant shall be compiled at least quarterly and communicated to the Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Committee intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a Manager(s) for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to a Manager(s) organization or strategy.

Manager(s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

**Investment Manager(s)**

Each Manager acknowledges its responsibility as an investment Fiduciary under Act 314. Each Manager acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act. Each Manager will have full discretion to make all investment decisions for the assets placed under its control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

*Adherence to Policy Guidelines and Objectives*

The assets of the Plan are to be managed in accordance with the policy guidelines and objectives expressed herein as well as any additional guidelines provided separately. Assets shall be invested in strict compliance with Act 314. Each Manager shall manage its individual portfolio in compliance with Act 314.

*Discretionary Authority*

Each Manager is expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Manager's current investment strategy and compatible with the investment guidelines.

Each Manager is expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to so diversify. The Manager shall invest the assets of the Plan with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims. The investment manager will provide the Committee with suggested strategy which might be changed or adopted to better suit the investment guidelines adopted by the Committee.

*Communications*

Each Manager is responsible for communicating with the Committee regarding all significant matters pertaining to the investment of the Plan's assets. The Committee shall be kept apprised of substantive changes in investment strategy, asset mix, portfolio structure, and market value of the Plan's assets. If requested, Manager(s) will meet with the Committee on a quarterly basis to review the portfolio and the investment outlook.

*Reporting*

Each Manager is expected to provide:

1. INITIALLY, a written statement (per management agreement) acknowledging their acceptance of the guidelines and performance standards herein stated.
2. AT LEAST QUARTERLY, a portfolio composition report to the Committee of the funds under their management. The report shall contain as a minimum the following data:
  - a. Investment Review
    - i. Account characteristics;
    - ii. Investment summary to include asset description, cost, date, unit value, market value, percent of market, current yield, unrealized gains/losses, and estimated annual income;
    - iii. A measurement of portfolio duration (for fixed-income investments); and
  - b. Summary and statement of assets under management.
3. At the request of the Committee, participation in a review meeting, the agenda to include, but not restricted to -
  - a. A review and re-appraisal of the herein contained Statement;
  - b. A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio;
  - c. A commentary on investment results in light of the appropriate standards of performance as stated herein;
  - d. A synopsis of key investment decisions made by the Manager, the underlying rationale, and how those decisions could impact future results;

- e. Recommendations as to changes in goals or standards, based upon material and sustained changes in the capital markets;
- 4. UPON WRITTEN OR ORAL REQUEST -
  - a. Copies of all documentation in support of any investment activity;
  - b. A summary of receipts and disbursements;
  - c. A listing of assets acquired and disposed of;
  - d. Evidence of suitable insurance coverage of the Manager's fiduciary responsibilities.
- 5. IMMEDIATE NOTIFICATION -
  - a. Notice of material changes in the Manager's outlook, policy, and tactics
  - b. Notice of material changes in ownership, organizational structure, financial condition, senior staffing and management of the Manager's organization.

Each manager's investment guidelines and performance objectives are made a part of their investment management agreement. Compliance with these guidelines and objectives is evaluated during the quarterly investment performance evaluation process.

### **Custodian**

The primary responsibilities of the custodian ("Custodian") are to:

- 1. Provide adequate safekeeping services.
- 2. Settle securities transactions on time.
- 3. Collect trust fund income when due.
- 4. Provide adequate accounting services.
- 5. Prepare useful, accurate, and timely investment reports.
- 6. Provide adequate cash-management services.
- 7. Provide adequate administrative support.
- 8. Develop and maintain adequate data processing capabilities.
- 9. Handle proxy administration promptly and accurately.
- 10. Complete and file timely proof of claims for settlements of security class action suits and monitor the processing to ensure claims are received.

### **Plan Investment Policy**

The Plan is maintained to provide retirement benefits for the participants and their beneficiaries. The Plan is established in accordance with the laws of the State of Michigan whereby it operates and is controlled, as to its investments, by PA 314.

The Trustees (or their delegate) are authorized and permitted by the Plan Document and under Michigan law to engage the services of a Manager(s), Consultant and Custodian and to set the direction for the investments. The Trustees have delegated these duties to the Committee.

The Trustees require that the Manager(s), Consultant and Custodian comply with all applicable laws, rules and regulations. Manager(s) will be given full discretion in managing the funds within this Statement.

### **Plan Investment Objectives**

The Trustee outlook regarding Plan assets is intended to result in moderate, long-term capital appreciation through moderate risk-taking. The Trustees recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan. The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

The Plan's overall investment objective is to earn an average, annual return of 6.5% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

The Plan's objective is based on the expected returns under the Strategic Asset Allocation policy, which follows. This Strategic Asset Allocation policy is likely to result in normal fluctuation in the Plan's actual return, year to year. The expected level of risk (volatility, i.e. return fluctuation) is appropriate given the Plan's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Plan assets will reduce the Plan's investment return volatility.

### **Asset Allocation Policy**

This Strategic Asset Allocation policy is consistent with the achievement of the Plan's financial needs and overall investment objectives. Asset classes are selected based on the expected long-term returns, individual reward/risk characteristics, and correlation with other asset classes, manager roles, and fulfillment of the Plan's long-term financial needs. Conformance with PA 314 of 1965 and amendments thereof is also considered.

The Commissioners established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Commissioners selected the target allocation for each asset class based on the Plan's current financial condition, expected future contributions, withdrawals, plan expenses and current investment opportunities, notwithstanding short-term performance. The Commissioners intend to review these allocation targets at least annually, focusing on changes in the Plan's financial needs, investment objectives, and asset class performance.

**Target Asset Allocation**

<b><u>Asset Class</u></b>	<b><u>Manager Role</u></b>	<b><u>Allocation Range</u></b>	<b><u>Target Allocation</u></b>
Total Equity	Active/Passive	40 to 70%	<b>55%</b>
US Large Cap Equity	Active/Passive	20% to 30%	25%
US SMID Cap Equity	Active	5% to 15%	10%
Non-U.S. Equities	Active, Broad or Focused	15 to 25%	20%
Total Fixed Income	Active/Passive Core, Active Opportunistic, Intermediate Diversified	20 to 50%	<b>40%</b>
Core Fixed Income	Active/Passive Core, Intermediate Diversified	10 to 30%	20%
Multi-Sector Fixed Income	Active Fixed Income	5 to 15%	10%
Liquid Absolute Return Fixed Income	Active Fixed Income	5 to 15%	10%
Real Estate	Core	0 to 10%	<b>5%</b>
Cash Equivalents	Active, money market fund	0 to 5%	0%
Total Fund			<b>100.0%</b>

The Trustees recognize that the transition to the above target allocations will be achieved over an appropriate period of time, based upon manager availability, selection and approval as well as portfolio needs and constraints.

The Trustees acknowledge that alternative asset classes are available and intend to periodically evaluate the merits of using different asset classes. The Trustees also recognize the benefits of diversifying manager roles within a given asset class and intend to periodically evaluate this decision as well as the active versus passive management decision.

In order to preserve capital gains and protect principal during periods of market duress, a short-term U.S. government and/or high-quality credit securities fund may be used. Given the infrequent short-term use and specialized purpose of this fund, it is not included in either the Policy Index or Target Asset Allocation.



## **Administrative and Investment Review Procedures**

### **Review of Policies**

All investment policies and investment management guidelines will be reviewed annually by the Trustees, or whenever circumstances change to the extent that the policies may be ineffective or inappropriate.

### **General Review**

All those responsible for investment of the Plan's assets shall submit a report or meet with the Committee to review their activities for the current year and discuss proposed changes that are anticipated.

### **Review of Investment Performance**

The Committee will monitor the investment performance of each manager and the overall deployment of the Plan's assets. Monitoring may include periodic meetings with the Manager(s), and a quarterly performance evaluation performed by the Consultant.

Each performance evaluation will include:

1. The present and prospective economic climate;
2. Current period and historical, time-weighted rates of return for the overall Plan, including an evaluation against the previously specified performance standards;
3. Current period and historical, time-weighted rates of return for each Manager, including an evaluation against the previously specified performance standards;
4. Additional quantitative measures and analysis will be employed to objectively monitor each Manager's compliance with investment policies and guidelines.
5. An understanding of the strategy being used by each Manager to carry out the current Investment Policy; and
6. Opportunities available within current and prospective asset categories.

The Committee requests that all documents, exhibits, written materials, etc. to be used during the meetings be submitted in advance.

### **Individual Investment Manager Objectives**

On a quarterly basis, the performance of each of the investment managers will be compared to a relevant Benchmark Index and to a relevant universe of investment management firms. The ongoing review and evaluation of investment manager results will be the responsibility of the Committee, with the assistance of the Consultant.

The primary emphasis of the review of each investment manager will be placed on relative rates of return and risk as compared against relevant benchmarks, peers and expectations for each specific manager.

Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

- The total return of each portfolio should exceed the total return of the relevant index.
- The total return of each portfolio should rank median or higher when compared to the relevant peer group.

In addition to relative rates of return each portfolio's performance will be evaluated based on its relative risk profile as measured by its standard deviation and other benchmark relative statistics; risk adjusted returns as measured by the portfolio's Sharpe ratio and performance in up and down markets.

Passive portfolio allocations are expected to approximate the risk and return profile of the appropriate benchmark.

### **Rebalancing Policy – Overall Fund Allocation**

The system of Asset Allocation rebalancing to be utilized involves a target asset mix around which variance is allowed within prescribed limits. Rebalancing will be addressed when an asset-class limit is reached or exceeded. In addition to monitoring target and actual allocations quarterly, the Committee will formally review the policy and actual allocations in consideration of anticipated cash flow.

### **Review of Investment Management**

Manager(s) are responsible for frequent and open communication (in writing) with the Committee and the Consultant on all significant matters pertaining to Investment Policy and the management of the Plan's assets, including, but not limited to:

1. A quarterly report of major changes in each Manager's investment outlook, investment strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial conditions, or senior personnel staffing of each Manager's organization.
3. Any investment guidelines which inhibit the fulfillment of a Manager's Fiduciary duties, inappropriately restrict performance, or prevent the manager from meeting their performance standards.

### **Proxy Voting**

The Trustees confer the right to vote proxies to the Manager(s), unless the Manager(s) are otherwise notified by the Committee in writing. It is expected that Manager(s) will vote for the sole benefit of the Plan participants and beneficiaries, considering those factors that may affect the value of the Plan's investments and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.

A summary of votes cast shall be submitted to the Committee on an annual basis. This summary must identify the company, number of shares held, subject proxy issues, actual vote (whether for or against the Committee's recommendation), and justification.

### **Directed Brokerage**

Regarding directed brokerage, the Trustees do not require the Manager(s) to trade securities through an individual or set of broker-dealers. The Trustees wish to give the Manager(s) full discretion over their choice of broker-dealers, so long as the Plan's total cost or proceeds of transactions are the most favorable under the circumstances.

### **Tenure**

While the relationship with Manager(s) is expected to be ongoing, the Committee reserves the right to terminate their relationship with any retained Manager at any time they deem appropriate.

***In General*** Managers are fiduciaries with discretion to implement the guidelines within the direction provided by this Statement. All Managers are expected to be familiar with and follow the investment guidelines established under Michigan PA Act 314 with amendments.

Managers should present (and obtain approval on) material changes in their investment style, philosophy or process to the Committee before implementing any changes on behalf of the Plan.

Managers (except commingled funds) are prohibited from using warrants, options, futures, collectibles, leverage, mutual funds (money market funds exempted), LLCs, ETFs, unit investment trusts, margin purchases or short sales, securities of Plan service providers (custodial bank notwithstanding), and loaning or pledging securities (certain index funds exempted). While commingled funds are exempt from the prohibited securities noted above, they are expected to be managed within the guidelines set forth for each fund. Commingled fund managers are required to comply with the appropriate performance standards and reporting requirements contained in this document.

If a Manager would like to purchase a security that falls outside of this Plan's investment guidelines (commingled funds exempted), or is in doubt as to the goal and intent of these guidelines, they should submit a written request for clarification to the Committee prior to purchase. Any security not specifically defined or permitted within is prohibited for investment on behalf of this Plan.

***Cash Equivalents*** The cash equivalents Manager may invest in any institutional money market fund ("Fund") that follows the following objectives and policies:

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of \$1.
2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security).

4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

### **Total Plan Performance**

The primary investment objective is to meet the long-term financial goals of the Plan. The Plan's Asset Allocation will be used as the primary tool to achieve this goal.

The Plan is expected to meet or exceed the following objectives over a full market cycle (usually three to five years):

- 1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 6.5%
- 2) The Plan's total return should exceed the total return of the Policy index comprised of the following:

Index	Percent
Russell 1000	25%
Russell 2500	10%
MSCI ACWI ex-US	20%
BloomBar US Aggregate	40%
NFI ODCE (net) Index	5%

- 3) The Plan's total return should rank at median or above when compared to a universe of other portfolios with a similar equity allocation.
- 4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

### **Conclusion**

It is in the intent of this Statement to state an attitude and/or philosophy which will guide Managers toward the performance desired. It is further intended that these objectives be sufficiently specific, but also sufficiently flexible.

It is the opinion of the Commissioners that these limitations and guidelines will not prevent a Manager from achieving the objectives set forth.

## **Glossary of Investment Terms**

**Alternative Investments** - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real assets and other.

**Asset Allocation** - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

**Benchmark Index** - An index against which the investment performance of a Manager can be compared for the purpose of determining the value added by the Manager. A benchmark portfolio must be of the same style as the Manager, and in particular, similar in terms of risk.

**Fiduciary** - Indicates the relationship of trust and confidence where one person (the Fiduciary) holds or controls property for the benefit of another person.

**Liquidity** - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

**Standard Deviation** - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e. has a bell-shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

**Strategic Asset Allocation** – The strategic mix of assets designed to accomplish a long-term goal such as funding pension benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

**Tactical Asset Allocation** – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

**Time-weighted Return** - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

**Universe** - A group of Managers/Funds chosen to have an investment style similar to the Manager/Fund and used for comparison purposes.

Proposed Resolution  
Revised Defined Benefit Plan Investment Policy Statement

WHEREAS, the Lansing Board of Water & Light (the “Sponsor”) sponsors the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions (the “Defined Benefit Plan”); and

WHEREAS, the Retirement Plan Committee, established by the Sponsor and delegated certain duties by the Trustees related to the investment of Defined Benefit Plan assets, periodically reviews the target rate of return for each plan and, as the result of its most recent review, recommends the target rate of return for the Defined Benefit Plan be reduced from 7.0% to 6.5%; and

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

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

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

THEREFORE, it is:

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

***POST-RETIREMENT BENEFIT PLAN AND TRUST  
FOR ELIGIBLE EMPLOYEES OF  
LANSING BOARD OF WATER AND LIGHT***

***STATEMENT OF INVESTMENT POLICIES,  
PROCEDURES AND OBJECTIVES***

Effective May \_\_\_\_\_, 2020

**STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES**

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## **Introduction**

The Lansing Board of Water and Light (“**BWL**”) is a municipal utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan. The Plan receives contributions from the BWL. The Plan pays retirement benefits provided for in the Plan. Plan assets are invested in various types of securities.

This Statement of Investment Policy (“**Statement**”) is issued by the Commissioners of the Lansing Board of Water and Light (the “**Commissioners**”) for the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (“**Plan**”). The purpose of this Statement is to (i) identify and present a set of investment objectives, an Asset Allocation policy, investment performance standards and procedures for managing the Plan's assets; and (ii) clarify the delegation of certain investment and administrative duties to the Retirement Plan Committee (“the “**Committee**”). This document is intended to be consistent with the provisions of Michigan Public Act 149 of 1999, as amended, and Michigan Public Act 314 of 1965, as amended.

## **Updates to Statement**

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with the BWL's investment philosophy. Any revisions or updates made to the Statement must be formally adopted by the Commissioners through a resolution.

## **Trustees’ and Commissioners’ Delegation of Duties**

The Commissioners have delegated certain administrative responsibilities to the Committee pursuant to a separate Resolution. Those responsibilities are described in more detail in this Statement.

The Trustees of the Plan are the eight appointed voting Commissioners of the BWL. The Trustees have delegated all investment responsibilities to the Committee pursuant to a separate Resolution. Those investment responsibilities are described in more detail in this Statement. All provisions in this Statement relating to the Committee shall be operative until such time the delegation of duties by the Trustees and/or Commissioners is revoked.

Responsibility for selecting and providing direction to Investment Managers, Investment Consultants, custodians, and other administrators required for the management of the Plan's assets and for implementing overall investment decisions has been delegated to the Committee which shall report to the Commissioners regarding selections made and investment performance. The Trustees, shall act in accordance with the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees in writing.

## **Purpose of the Plan**

The Plan was established for the purpose of providing post-retirement medical benefits to eligible employees and their beneficiaries. The Plan is a governmental retiree medical plan which provides medical, prescription drug, dental and life insurance benefits upon a participant's attainment of normal, early or disability retirement status. To this end, an investment portfolio is maintained to invest employer contributions and to reinvest income.

## **Investment Philosophy**

The Commissioners, Trustees and the Committee recognize their respective Fiduciary duties to invest the Plan's assets in formal compliance with the Prudent Man Rule. The Trustees interpret this to mean that, in addition to the specific guidelines and restrictions set forth in this document, the assets of the Plan shall be actively managed -- that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Trustees recognize that, commensurate with its overall objective of maximizing long-range returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Trustees and the Committee rely upon appropriate professional advice.

## **Delegation of Responsibilities**

### **Retirement Plan Committee**

The Committee acknowledges its responsibility as a Fiduciary to the Plan. In this regard, the Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries.

Specifically, the Committee's responsibilities include, but are not limited to the following.

1. Complying with the provisions of pertinent federal, state, and local laws and regulations relating to the investment of Plan assets.
2. Evaluating and appointing a qualified manager(s) and consultant(s) to invest and manage the Plan's assets.
3. Communicating the investment goals, objectives, and standards to the investment managers including any material changes that may subsequently occur.
4. Determining, with the advice of the Investment Consultant ("Consultant"), how Plan assets should be allocated among various asset classes.
5. Reviewing and evaluating the results of the Investment Manager(s) ("Manager(s)") in context with established standards of performance.
6. Taking whatever corrective action is deemed prudent and appropriate when an investment manager fails to perform as mutually expected.
7. Notifying the Manager(s) of:
  - a) Significant changes in the Plan cash flow and/or cash flow needs; and

- b) Any matter which bear upon the proper investment management of the Plan's assets, including pertinent financial, legal, and actuarial information.
- 9. Monitoring all costs associated with the administration of the Plan's investments to ensure that the costs are reasonable with market averages.
- 10. Reviewing any program that may mitigate or offset costs.
- 11. Appointing or removing third party administrators, as deemed prudent.
- 12. Facilitating required communications to Plan participants and third-party administrators.
- 13. Recommending to the Commissioners alterations to the Plan's design to address changes in business needs and industry practices.
- 14. Taking any action necessary to carry out the terms of the Plan.

The Committee has authority to carry out all administrative and investment duties for the Plan but does not have the authority to freeze or terminate the Plan.

The Committee shall give consideration to and have an understanding of the following prior to retaining professionals:

- 1. Establish standards/requirements/appropriateness of services.
- 2. Identify appropriate candidates for the position.
- 3. Solicit bids and proposals.
- 4. Conduct interviews.
- 5. Check references.
- 6. Make reasoned decisions based on all information, including:
  - a) Philosophy/Goals (i.e., Mission Statement)
  - b) Ownership/Management/Organizational Structure/Turnover
  - c) Operational History/Growth Plan
  - d) Infrastructure: Resources/Tools-of-the-Trade
  - e) Financial Condition
  - f) Educational Background/Industry Experience
  - g) Professional Qualifications
  - h) Risk Controls/ Insurance
  - i) Criminal, Civil, Regulatory History
  - j) Fees
  - k) Liquidity
- 7. Document the decision process.
- 8. Verify compliance with federal and state laws and investment guidelines.
- 9. Establish standards of conduct, terms and conditions of relationship (Written Contract/Agreement).

### **Investment Consultant**

In carrying out its delegated responsibilities, the Committee considers the services of a Consultant as appropriate to assist in the placement of investment funds. The primary role of the Consultant is to provide independent, objective, third-party advice and counsel that will enable the Committee to make well-informed and timely decisions regarding the investment of the Plan's assets.

The Consultant's role is that of an advisor to the Plan. The Consultant acknowledges its responsibilities as a Fiduciary. The Consultant acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act.

Investment advice concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. In specific terms, the primary responsibilities of the Consultant are as follows:

1. Measure and evaluate investment performance each calendar quarter.
2. Evaluate the Plan's tolerance for risk.
3. Advise regarding appropriate investment objectives and goals based on the Plan's needs and risk tolerance.
4. Determine what degree of potential market volatility should be factored into the investment approach.
5. Provide advice regarding optimal allocation of assets, based on all of the above.

#### Providing a Range of Capabilities

The Consultant is a third party retained by the Committee to assist in several key areas of the management of financial assets.

The Consultant may be asked to:

1. Gather and evaluate statistical information on the financial assets, investment needs, and risk parameters.
2. Analyze and understand the implications of historic capital market behavior, particularly with regard to the trade-off between total return and investment risk.
3. Maintain data on the universe of available professional investment managers. Categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
4. Provide periodic Asset Allocation studies and updates.
5. Conduct periodic trustee educational workshops.
6. Provide information with respect to alternate investments.
7. Monitor the investment of the Plan's assets for compliance with relevant laws and regulations.
8. Analyze and evaluate the Plan's investment performance, and the performance of its investment managers, both past and ongoing.
9. Make specific and timely recommendations for the consideration of the Committee during each phase of the investment management process.
10. Monitor all costs associated with the administration of the Plan's investments to ensure that they are reasonable with market averages.

#### Making Recommendations

*Investment Policy* - The Consultant may be asked to recommend an appropriate investment policy that will meet the Plan's needs. This includes recommending investment objectives and guidelines that adhere to the goals and tolerance for risk. The Consultant may be asked to provide an appropriate model of Asset Allocation

composed of equity, fixed-income, money market instruments or Alternative Investments designed to meet the established objectives.

*Manager Selection* - The Consultant may be asked to recommend the best qualified and most appropriate Manager(s) candidates for implementing the established investment policy. The Consultant shall be capable of utilizing a well-established system to select suitable Manager(s) candidates from both a local and national investment manager database.

*Manager Performance Review and Evaluation*

The Consultant shall provide the Committee with performance reports and ongoing quality control to assure that the standards and investment objectives are maintained. Performance reports generated by the Consultant shall be compiled at least quarterly and communicated to the Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Committee intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a Manager(s) for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to a Manager(s) organization or strategy.

Manager(s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

**Investment Manager(s)**

Each Manager acknowledges its responsibility as an investment Fiduciary. Each Manager acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act. Each Manager will have full discretion to make all investment decisions for the assets placed under its control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

*Adherence to Policy Guidelines and Objectives*

The assets of the Plan are to be managed in accordance with the policy guidelines and objectives expressed herein as well as any additional guidelines provided separately. Assets shall be invested in strict compliance with relevant laws and regulations. Each Manager shall manage its individual portfolio in compliance with relevant laws and regulations.

### *Discretionary Authority*

Each Manager is expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Manager's current investment strategy and compatible with the investment guidelines.

Each Manager is expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to so diversify. The Manager shall invest the assets of the Plan with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims. The investment manager will provide the Committee with suggested strategy which might be changed or adopted to better suit the investment guidelines adopted by the Committee.

### *Communications*

Each Manager is responsible for communicating with the Committee regarding all significant matters pertaining to the investment of the Plan's assets. The Committee shall be kept apprised of substantive changes in investment strategy, asset mix, portfolio structure, and market value of the Plan's assets. If requested, Manager(s) will meet with the Committee on a quarterly basis to review the portfolio and the investment outlook.

### *Reporting*

Each Manager is expected to provide:

1. INITIALLY, a written statement (per management agreement) acknowledging their acceptance of the guidelines and performance standards herein stated.
2. AT LEAST QUARTERLY, a portfolio composition report to the Committee of the funds under their management. The report shall contain as a minimum the following data:
  - a. Investment Review
    - i. Account characteristics;
    - ii. Investment summary to include asset description, cost, date, unit value, market value, percent of market, current yield, unrealized gains/losses, and estimated annual income;
    - iii. A measurement of portfolio duration (for fixed-income investments); and
  - b. Summary and statement of assets under management.
3. At the request of the Committee, participation in a review meeting, the agenda to include, but not restricted to -
  - a. A review and re-appraisal of the herein contained Statement;
  - b. A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio;
  - c. A commentary on investment results in light of the appropriate standards of performance as stated herein;
  - d. A synopsis of key investment decisions made by the Manager, the underlying rationale, and how those decisions could impact future results;

- e. Recommendations as to changes in goals or standards, based upon material and sustained changes in the capital markets;
- 4. UPON WRITTEN OR ORAL REQUEST -
  - a. Copies of all documentation in support of any investment activity;
  - b. A summary of receipts and disbursements;
  - c. A listing of assets acquired and disposed of;
  - d. Evidence of suitable insurance coverage of the Manager's Fiduciary responsibilities.
- 5. IMMEDIATE NOTIFICATION -
  - a. Notice of material changes in the Manager's outlook, policy, and tactics
  - b. Notice of material changes in ownership, organizational structure, financial condition, senior staffing and management of the Manager's organization.

Each manager's investment guidelines and performance objectives are made a part of their investment management agreement. Compliance with these guidelines and objectives is evaluated during the quarterly investment performance evaluation process.

### **Custodian**

The primary responsibilities of the custodian ("Custodian") are to:

- 1. Provide adequate safekeeping services.
- 2. Settle securities transactions on time.
- 3. Collect trust fund income when due.
- 4. Provide adequate accounting services.
- 5. Prepare useful, accurate, and timely investment reports.
- 6. Provide adequate cash-management services.
- 7. Provide adequate administrative support.
- 8. Develop and maintain adequate data processing capabilities.
- 9. Handle proxy administration promptly and accurately.
- 10. Complete and file timely proof of claims for settlements of security class action suits and monitor the processing to ensure claims are received.

### **Plan Investment Policy**

The Plan is maintained to provide retiree medical benefits for the participants and their beneficiaries.

The Trustees (or their delegate) are authorized and permitted by the Plan Document and under Michigan law to engage the services of a Manager(s), Consultant and Custodian and to set the direction for the investments. The Trustees have delegated these duties to the Committee.

The Trustees require that the Manager(s), Consultant and Custodian comply with all applicable laws, rules and regulations. Manager(s) will be given full discretion in managing the funds within this Statement.

### **Plan Investment Objectives**

The Trustee outlook for Plan assets is intended to result in moderate, long-term capital appreciation through moderate risk-taking. The Trustees recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan. The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

The Plan's overall investment objective is to earn an average, annual return of 7.0% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

The Plan's objective is based on the expected returns under the Strategic Asset Allocation policy, which follows. This Strategic Asset Allocation policy is likely to result in normal fluctuation in the Plan's actual return, year to year. The expected level of risk (volatility, i.e. return fluctuation) is appropriate given the Plan's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Plan assets will reduce the Plan's investment return volatility.

### **Asset Allocation Policy**

This Strategic Asset Allocation policy is consistent with the achievement of the Plan's financial needs and overall investment objectives. Asset classes are selected based on the expected long-term returns, individual reward/risk characteristics, and correlation with other asset classes, manager roles, and fulfillment of the Plan's long-term financial needs.

The Commissioners established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Commissioners selected the target allocation for each asset class based on the Plan's current financial condition, expected future contributions, withdrawals, plan expenses and current investment opportunities, notwithstanding short-term performance. The Commissioners intend to review these allocation targets at least annually, focusing on changes in the Plan's financial needs, investment objectives, and asset class performance.



**Target Asset Allocation**

<b><u>Asset Class</u></b>	<b><u>Manager Role</u></b>	<b><u>Allocation Range</u></b>	<b><u>Target Allocation</u></b>
Total Equity	Active/Passive	45 to 70%	<b>60%</b>
US Large Cap Equity	Active/Passive	25 to 35%	30%
US SMID Cap Equity	Active	5 to 15%	10%
Non-U.S. Equities	Active, Broad or Focused	15 to 25%	20%
Total Fixed Income	Active/Passive, Core, Opportunistic	10 to 50%	<b>25%</b>
Core Fixed Income	Active/Passive Core, Intermediate Diversified	10 to 35%	15%
Multi-Sector Fixed Income	Active Fixed Income	0 to 10%	5%
Liquid Absolute Return Fixed Income	Active Fixed Income	0 to 10%	5%
Real Estate	Core or value-added	0 to 20%	<b>15%</b>
Cash Equivalents	Active, money market fund	0 to 5%	0%
Total Fund			<b>100.0%</b>

The Trustees recognize that the transition to the above target allocations will be achieved over an appropriate period of time, based upon manager availability, selection and approval as well as portfolio needs and constraints.

The Trustees acknowledge that alternative asset classes are available and intend to periodically evaluate the merits of using different asset classes. The Trustees also recognize the benefits of diversifying manager roles within a given asset class and intend to periodically evaluate this decision as well as the active versus passive management decision.

In order to preserve capital gains and protect principal during periods of market duress, a short-term U.S. government and/or high-quality credit securities fund may be used. Given the infrequent short-term use and specialized purpose of this fund, it is not included in either the Policy Index or Target Asset Allocation.

## **Administrative and Investment Review Procedures**

### **Review of Policies**

All investment policies and investment management guidelines will be reviewed annually by the Trustees, or whenever circumstances change to the extent that the policies may be ineffective or inappropriate.

### **General Review**

All those responsible for investment of the Plan's assets shall submit a report or meet with the Committee to review their activities for the current year and discuss proposed changes that are anticipated.

### **Review of Investment Performance**

The Committee will monitor the investment performance of each manager and the overall deployment of the Plan's assets. Monitoring may include periodic meetings with the Manager(s), and a quarterly performance evaluation performed by the Consultant.

Each performance evaluation will include:

1. The present and prospective economic climate;
2. Current period and historical, time-weighted rates of return for the overall Plan, including an evaluation against the previously specified performance standards;
3. Current period and historical, time-weighted rates of return for each Manager, including an evaluation against the previously specified performance standards;
4. Additional quantitative measures and analysis will be employed to objectively monitor each Manager's compliance with investment policies and guidelines.
5. An understanding of the strategy being used by each Manager to carry out the current Investment Policy; and
6. Opportunities available within current and prospective asset categories.

The Committee requests that all documents, exhibits, written materials, etc. to be used during the meetings be submitted in advance.

### **Individual Investment Manager Objectives**

On a quarterly basis, the performance of each of the investment managers will be compared to a relevant Benchmark Index and to a relevant universe of investment management firms. The ongoing review and evaluation of investment manager results will be the responsibility of the Committee, with the assistance of the Consultant.

The primary emphasis of the review of each investment manager will be placed on relative rates of return and risk as compared against relevant benchmarks, peers and expectations for each specific manager.

Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

- The total return of each portfolio should exceed the total return of the relevant index.
- The total return of each portfolio should rank median or higher when compared to the relevant peer group.

In addition to relative rates of return, each portfolio's performance will be evaluated based on its relative risk profile as measured by its standard deviation and other benchmark relative statistics; risk adjusted returns as measured by the portfolio's Sharpe ratio and performance in up and down markets.

Passive portfolio allocations are expected to approximate the risk and return profile of the appropriate benchmark.

### **Rebalancing Policy – Overall Fund Allocation**

The system of Asset Allocation rebalancing to be utilized involves a target asset mix around which variance is allowed within prescribed limits. Rebalancing will be addressed when an asset-class limit is reached or exceeded. In addition to monitoring target and actual allocations quarterly, the Committee will formally review the policy and actual allocations in consideration of anticipated cash flow.

### **Review of Investment Management**

Manager(s) are responsible for frequent and open communication (in writing) with the Committee and the Consultant on all significant matters pertaining to Investment Policy and the management of the Plan's assets, including, but not limited to:

1. A quarterly report of major changes in each Manager's investment outlook, investment strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial conditions, or senior personnel staffing of each Manager's organization.
3. Any investment guidelines which inhibit the fulfillment of a Manager's Fiduciary duties, inappropriately restrict performance, or prevent the manager from meeting their performance standards.

### **Proxy Voting**

The Trustees confer the right to vote proxies to the Manager(s), unless the Manager(s) are otherwise notified by the Committee in writing. It is expected that Manager(s) will vote for the sole benefit of the Plan participants and beneficiaries, considering those factors that may affect the value of the Plan's investments and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.

A summary of votes cast shall be submitted to the Committee on an annual basis. This

summary must identify the company, number of shares held, subject proxy issues, actual vote (whether for or against the Committee's recommendation), and justification.

### **Directed Brokerage**

Regarding directed brokerage, the Trustees do not require the Manager(s) to trade securities through an individual or set of broker-dealers. The Trustees wish to give the Manager(s) full discretion over their choice of broker-dealers, so long as the Plan's total cost or proceeds of transactions are the most favorable under the circumstances.

### **Tenure**

While the relationship with Manager(s) is expected to be ongoing, the Committee reserves the right to terminate their relationship with any retained Manager at any time they deem appropriate.

***In General*** Managers are fiduciaries with discretion to implement the guidelines within the direction provided by this Statement.

Managers should present (and obtain approval on) material changes in their investment style, philosophy or process to the Committee before implementing any changes on behalf of the Plan.

Managers (except commingled funds) are prohibited from using warrants, options, futures, collectibles, leverage, mutual funds (money market funds exempted), LLCs, ETFs, unit investment trusts, margin purchases or short sales, securities of Plan service providers (custodial bank notwithstanding), and loaning or pledging securities (certain index funds exempted). While commingled funds are exempt from the prohibited securities noted above, they are expected to be managed within the guidelines set forth for each fund. Commingled fund managers are required to comply with the appropriate performance standards and reporting requirements contained in this document.

If a Manager would like to purchase a security that falls outside of this Plan's investment guidelines (commingled funds exempted), or is in doubt as to the goal and intent of these guidelines, they should submit a written request for clarification to the Committee prior to purchase. Any security not specifically defined or permitted within is prohibited for investment on behalf of this Plan.

***Cash Equivalents*** The cash equivalents Manager may invest in any institutional money market fund ("Fund") that follows the following objectives and policies:

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of \$1.
2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two

- nationally recognized rating services (or by one, if only one rating service has rated the security).
4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
  5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

### **Total Plan Performance**

The primary investment objective is to meet the long-term financial goals of the Plan. The Plan's Asset Allocation will be used as the primary tool to achieve this goal.

The Plan is expected to meet or exceed the following objectives over a full market cycle (usually three to five years):

- 1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.0%
- 2) The Plan's total return should exceed the total return of the Policy index comprised of the following:

Index	Percent
Russell 1000	30%
Russell 2500	10%
MSCI ACWI ex-US	20%
BloomBar US Aggregate	25%
NFI ODCE (net) Index	15%

- 3) The Plan's total return should rank at median or above when compared to a universe of other portfolios with a similar equity allocation.
- 4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

### **Conclusion**

It is in the intent of this Statement to state an attitude and/or philosophy which will guide Managers toward the performance desired. It is further intended that these objectives be sufficiently specific, but also sufficiently flexible.

It is the opinion of the Commissioners that these limitations and guidelines will not prevent a Manager from achieving the objectives set forth.

## **Glossary of Investment Terms**

**Alternative Investments** - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real assets and other.

**Asset Allocation** - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

**Benchmark Index** - An index against which the investment performance of a Manager can be compared for the purpose of determining the value added by the Manager. A benchmark portfolio must be of the same style as the Manager, and in particular, similar in terms of risk.

**Fiduciary** - Indicates the relationship of trust and confidence where one person (the Fiduciary) holds or controls property for the benefit of another person.

**Liquidity** - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

**Standard Deviation** - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e. has a bell-shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

**Strategic Asset Allocation** – The strategic mix of assets designed to accomplish a long-term goal such as funding medical benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

**Tactical Asset Allocation** – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

**Time-weighted Return** - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

**Universe** - A group of Managers/Funds chosen to have an investment style similar to the Manager/Fund and used for comparison purposes.

Proposed Resolution  
Revised VEBA Investment Policy Statement

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

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

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

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

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

THEREFORE, it is:

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



# **Internal Audit Status Report**

Presented by:  
Wesley Lewis, Director of Internal Audit  
Finance Committee Meeting  
April 28, 2020



# Overview

- Revised FY 2020 Audit Plan and Progress Report
- Other Items

# Revised FY 2020 Audit Plan and Progress Report

1. Cash Management and Treasury Audit – Fieldwork has wrapped up and the audit is in the reporting stage.
2. Fixed Assets – Fieldwork is wrapping up and the audit is entering the reporting stage.
3. Energy Risk Management – The audit was kicked off and is in progress.

*\* As previously reported, this plan is subject to change.*

# Other Items

1. FY 2021 Risk Assessment Process
2. Progress Report on New Audit Tools
3. CISA Certification (Now Official)
4. Update on Ongoing Education and Certification of IA Staff