



**MINUTES OF THE BOARD OF COMMISSIONERS MEETING
LANSING BOARD OF WATER AND LIGHT**

March 26, 2024

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, March 26, 2024.

Chairperson Semone James moved the Unfinished Business agenda item Second Amendment to November 14, 2023 Regular Board Meeting Minutes to the Approval of Minutes section.

Chairperson Semone James called the meeting to order at 5:30 p.m.

Corporate Secretary, LaVella Todd, called the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek (arrived @5:32 p.m.), Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Robert Worthy (Delta Township)

Absent: Commissioner Brian Pillar (Meridian Township) and J. R. Beauboeuf (East Lansing)

Corporate Secretary Todd declared a quorum.

Commissioner David Price led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Semone James, **Seconded** by Commissioner David Price, to make a second amendment to the starting time of the November 14, 2023 Regular Board Meeting minutes from 5:30 p.m. to 5:50 p.m.

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to approve the Special Board Meeting Minutes of January 23, 2024.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments.

COMMUNICATIONS

Electronic mail received from Jack regarding shutoff fee - *Referred to Management. Received and Placed on File.*

Communication from Dusty Horwitt regarding thank you card - *Received and Placed on File.*

Electronic mail received from Jesse Lasorda regarding BWL issue in the Second Ward - *Referred to Management. Received and Placed on File.*

Electronic mail received from Heather Douglas regarding BWL's clean energy goal for 2020 - *Referred to Management. Received and Placed on File.*

Electronic mail received from Djoachim Lockhart regarding Customer utility bill - *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Vice- Chairperson David Price presented the Special Committee of the Whole Report:

SPECIAL COMMITTEE OF THE WHOLE Meeting Minutes February 20, 2024

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, February 20, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle; and Non-Voting Members Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioners Dale Schrader and J. R. Beauboeuf (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Meeting Purpose: Conduct Board of Commissioners Interview Regarding the FY2026-FY2030 Strategic Plan

General Manager Dick Peffley introduced General Counsel Mark Matus who provided information on the All Source RFP which set the road map for the strategic plan. Mr. Matus reported that the RFP was for a variety of technologies, including a 112 MW reciprocating internal combustion engine (RICE) that can burn natural gas, or hydrogen in the future, at the Delta Energy

Plant, 6 MW of solar on the north Lansing landfill site, a 115 MW solar electric generation facility outside of the BWL territory, and an on-demand response residential thermostat program to lessen loads. Four more solar projects totaling 40 MW are being considered, a battery storage facility that will provide 43 MW is part of the project at Delta Energy Park, and also a 150 MW wind project outside of the BWL territory is being considered. GM Peffley added that \$.014 per kw will be saved on transmission charges by building the service territory.

Commissioner Zerkle asked how the battery storage would operate. GM Peffley responded that battery storage would be charged when there was surplus renewables or during idling times, and at peak load times the batteries would be discharged. The battery time on a charge is 4 hours but there is degradation when the battery is charged and discharged, and the life of the battery is unknown at this time.

Commissioner Thomas asked about the locations of the wind farm. GM Peffley confirmed that there was a wind farm in Ithaca.

Leah Bucio, Planning Business Analyst, presented the FY 2026 Strategic Plan which included a roadmap that outlined the organization's goals, objectives and strategies to achieve long-term success; analyzing the current landscape and anticipation of future challenges, threats and opportunities; and guidance for decision-making and ensuring that the organization is moving in the direction toward achieving its desired outcomes. BWL is working with strategic consultant Aether Advisors, LLC. The new strategic plan is currently in the Strategic Plan Development phase, plan approval is scheduled for fall of 2024, and the plan will take effect July 1, 2025. Individual participation for BWL employees will be conducted in a electronic survey with a March 1 closing date. Individual participation for public stakeholders will be conducted with a form through a link on the BWL Strategic Plan website that will be available Monday, February 26, 2024 through Friday, March 8, 2024.

Commissioner Zerkle asked if the questions for the public were the same as for the Commissioners and Ms. Bucio affirmed that they would be similar.

Commissioner James asked who were the community partners that were interviewed. Ms. Bucio responded that the Lansing Mayor, Deputy Mayor, the Director of Public Works, LEDC and LEAP were interviewed.

Commissioner Mullen suggested that Lansing City Council Members Ryan Kost and Brian Jackson be interviewed for their input as they often ask questions about renewable resources. GM Peffley responded input could be requested of all City Council members. Commissioner Mullen also asked what kind of advertising would be provided for the public to be made aware of the Strategic Plan questions on the BWL website. Ms. Bucio responded that notice of the questions will be on the BWL website and on LinkedIn. Commissioner Mullen asked if other advertising methods could be used. GM Peffley responded that the Communications Department would advertise the Strategic Plan with additional methods.

Commissioner Pillar asked if the area townships would be provided information about Strategic Plan questions.

Commissioner James asked if input would be requested from state of Michigan agencies (i.e., EGLE, MEDC, LARA) and GM Peffley responded that BWL is focusing on its customers and input hasn't been solicited as of yet, but if information is requested it will be provided. Commissioner James asked if BWL collaborated with other utility providers in the area and GM responded that BWL staff networks with their peers and they share ideas. Carbon Neutrality Manager, Anna Munie, responded that the process for other utility providing businesses is different from the BWL as they are regulated by the Michigan Public Service Commission and are required to submit filings.

Ms. Bucio, Strategy Supervisor Tony Heriford, and Director of Strategic Planning and Development Kellee Christensen asked the Commissioners the interview questions. The following responses were given to the strategic plan interview questions:

1. What do you see as BWL's recent achievements in the last three years?

Commissioner Mullen responded that the two greatest achievements were the Delta Energy Park, and that the BWL system was so resilient during the August storm.

Commissioner Graham responded the greatest achievement was the fast recovery for the train track incident.

Chairperson Price responded that BWL's part in attracting the Ultium Battery Plant to the local community and being seen as an economic engine in the community were the greatest achievements.

Commissioner James responded that the decommissioning of Erickson was considered a great achievement as well as the solar array installations and the Resource Fairs which help our community.

Commissioner Thomas responded that in addition to the other achievements mentioned, the payment kiosks, the Energy Assistance Guide, the co-op and internship programs, and the tree-trimming program are BWL's recent achievements.

Commissioner Zerkle responded that the GM's Roundtable program which is very helpful in keeping customers informed is a recent achievement.

Commissioner Leek responded that response time to the major events of weather and the train, and community engagement in which BWL goes above and beyond to help are recent achievements.

Commissioner Pillar responded that the tremendous focus on employee safety which also trickles down to public safety is a recent achievement.

Chairperson Price responded that Diversity, Equity and Inclusion has been a superb effort.

Commissioner Thomas responded that the mutual aid responses were a recent achievement.

Commissioner Worthy – comments were inaudible

Commissioner Schrader write-in comment:

- 1 Response for a major power loss event was excellent.
- 2 Bring in the GM/Ultium battery plant to the BWL grid area
- 3 Completion of the natural gas power plant at Erickson
- 4 Continuing to build toward the goal of renewable energy

2.How is BWL viewed in the Greater Lansing community?

Commissioner Mullen responded that BWL is only recognized when something bad happens and would like BWL to be kept out of the newspaper.

Commissioner Zerkle responded that BWL is recognized with a large sign at the ballpark as a cosponsor, recognized at Silver Bells, and most customers are satisfied with BWL service and how they are treated.

Commissioner Graham responded that in Facebook communications there is disapproval regarding shut offs and suggested more information be provided on payment assistance.

Chairperson Price responded that negativity does appear in Facebook communications but the surveys conducted express incredible approval from a majority of the customers.

Commissioner Zerkle responded that in polling, customers that believe errors have been are the ones that are expressing that in their communications.

Commissioner James responded that when there is an unhappy segment of ratepayers due to reconnection fees and the shut offs of seniors, a system that identifies customers that are approaching delinquency in payments would be helpful, along with the resource fair and proactively working with folks. GM Peffley responded that rates are based on income rather than age and uncollectable debt standards have been set, but in the spring the assistance received from opting into PA95 will be shown to be beneficial. GM Peffley added that 3 to 5 notifications are sent with options that are available before there is a shutoff.

Commissioner Pillar responded that people that don't understand the opportunities in the available programs are the ones from whom the most feedback is received and more opportunities to get the communication out is the best program.

Commissioner Worthy responded that PA95 is a beneficial opportunity and negative feedback on the security deposits seems to be the content of most comments even though the security deposits are returned after a year of on time payments. He added the recent rate changes are affecting the people that are making the negative comments and additional communication

would be helpful. GM Peffley responded that information is being provided and that has reduced the negative comments.

Commissioner Thomas responded that most customers are happy and want to be a part of the Board.

Commissioner Schrader write-in comment: With all the good going on I don't think it BWL viewed all that well. There is a common viewpoint that BWL is not transparent enough.

3a. What are BWL's gaps or challenges?

Commissioner James asked how AI was going to be utilized? GM Peffley responded there hasn't been any discussion yet. Commissioner Graham responded that the SmartMeters are a form of AI. GM responded that the SmartMeters determine the best energy use for the customers.

Commissioner James commented that solar and wind are a huge challenge for renewable energy. GM Peffley responded that intermittence in power supply due to weather changes and trying to keep the grid balanced without brownouts is a challenge, although batteries will provide part of the backup power, RICE engines another part and combined cycles another part. Commissioner James commented on the use of hydrogen as a source of energy being clean but expensive. GM Peffley responded that China has made advances in hydrogen in the auto industry and BWL has a small hydrogen fuel cell and future energy technology may be different than it is now.

Chairperson Price responded that the issue is how to reduce the carbon footprint as quickly as possible as climate change is becoming more extreme.

Commissioner Zerkle responded that battery storage has been discussed to backup solar and wind and it would take a battery the size of 3 or 4 blocks to service Lansing. GM Peffley responded that solar technology is advancing with panels that were originally 130 MW and are now 700 MW. He added that reliability, affordability, and clean energy is for what BWL is striving.

Commissioner Worthy responded battery storage and additional emerging technology and research is being conducted with energy capacity increasing and costs being reduced. Technology must be selected that will not become obsolete.

Commissioner Schrader write-in comment: Dealing with the above-mentioned viewpoint. Bringing in new business to the Greater Lansing area while pursuing the challenge of renewable energy goals.

3b. What emerging opportunities do you see for BWL?

Commissioner Leek responded an emerging opportunity would be obtaining more commercial customers.

Commissioner Worthy responded that space based solar technology is a future opportunity.

Chairperson Price responded that making electric vehicles and charging available, reliable and affordable for customers is an emerging opportunity. He added distributive energy generation education to help people create their own energy.

Commissioner Leek inquired whether BWL could be part of the technology where Detroit created an electric road that could charge cars while being driven on it. GM Peffley responded that it was from a Department of Energy state grant with the city of Detroit, was very expensive and is being used for their bus line. He added BWL would participate but it would need to be led by a larger entity.

Commissioner James inquired about renewable with electrolysis. GM Peffley responded that it is hydrogen from electricity and water. Commissioner James asked if a natural gas with hydrogen technology was being considered. GM Peffley responded that the new generators can burn hydrogen instead of natural gas to be cleaner. Commissioner James asked if any businesses have asked BWL to produce hydrogen. Ms. Christiansen responded that production of hydrogen hasn't been requested but discussions have been held regarding alternative fuels and hydrogen technology. Commissioner James commented that there are hydrogen cars that are unable to obtain fuel in California as Shell has closed the majority of their retail hydrogen fillings stations due to the expense of hydrogen. GM Peffley responded that hybrid vehicles have zero emissions but a person wants to be able to return if they go out of town and currently the costs of electric battery replacement is more than the cost of the car.

Commissioner Worthy inquired whether there are steam and hot water alternatives to geothermal heating and cooling. GM Peffley responded that geothermal needs to be backed up with electric due to Lansing's geographic location and is more expensive to replace.

Commissioner Dale Schrader write-in comment: Using the BWL to bring in large company investment to the area by offering guaranteed rates and uninterrupted power.

4. In BWL's current Strategic Plan, the core Strategic Priorities are:

Priority 1: Customer and Community

Goal: Enhance the customer utility experience and enrich the community we serve

Commissioner Worthy – increase customer interest

Priority 2: Workforce Engagement and Diversity Goal: Maintain a workforce that embraces safety, is agile, diverse, engaged and prepared to support BWL's success

Priority 3: Climate and Environment Goal: Maintain a leadership role in providing energy solutions that support a sustainable planet

Priority 4: Operational Resiliency and Continuous Improvement Goal: Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people, and knowledge

Priority 5: Financial Stability Goal: Maintain a financially viable organization

Discussion about rewording of priorities

4a. For the next Strategic Plan, do you think these are still appropriate areas of focus?

Commissioner Worthy suggested keeping what is said in the priorities but changing how it is said. He also suggested adding water solutions to Climate and Environment.

Commissioner Zerkle responded to use Commissioner Worthy's wording provided for the priorities.

Chairperson Price responded to wait to edit any wording of the priorities until all feedback and input was received on the strategic plan.

Commissioner James responded to have the BWL staff select the wording of the priorities.

Commissioner Mullen responded that the content of the priorities is more important than how it is said. Commissioner Zerkle responded that the different wording sounded better. Ms. Christensen responded that the wording was received and did make the priorities more dynamic.

Commissioners responded that the priorities selected were appropriate.

Commissioner Dale Schrader write-in comment: Yes. These are worthy goals and in the right prioritization order. BWL is owned by the City of Lansing so it is important to be responsive to the City and the customers.

4b. As you review Strategic Priorities, are there any new areas of focus you think should be included?

Commissioners responded that the priorities selected were appropriate.

Commissioner Dale Schrader write-in comment: Transparency. More promotion of BWL. I'm not talking about advertising. Explain that the BWL customer charges are less than customers would pay than with investor-owned utilities like DTE, and that BWL response is better than investor-owned utilities. Explain things in the bill such as the City of Lansing charges the sewer bill and BWL does not get this money. Most customers do not understand this and do not understand many parts of the bill.

5. Are there any services BWL should expand to better meet customers' expectations?

Commissioner Mullen responded that he supported distributive generation and questioned whether it could be financed to make it easier for customers to put solar on their roofs, such as adding an amount monthly to bills. GM Peffley asked whether financing another solar garden

would be of interest to the Board. Chairperson Price commented that adding on-bill financing for solar energy improvements had been discussed a couple years ago. Ms. Christensen responded that the system is set up to do on-bill financing but there are some legal issues with doing on-bill financing. She added that currently there are rebates for distributive generation and are actively looking at what else can be done.

Commissioner Zerkle inquired whether the solar financing could be similar to how rate structure was changed for certain hours of the day.

Commissioner Thomas inquired whether solar panels could be shared between two adjacent houses. Ms. Christensen responded that code compliance doesn't allow a single solar service for two different houses.

Commissioner Graham inquired whether an event to educate customers on the benefits of different types of energy available could be conducted. GM Peffley responded that different technologies are covered by BWL departments going into the community.

Commissioner Pillar responded inquired whether data internet services would be an opportunity for BWL to provide to customers. Mr. Matus responded that it will be taken under consideration. Ms. Christensen responded that the area is saturated with cable services but the topic is reviewed every few years.

Commissioner Leek responded that he would like BWL to invest in smart thermostats or smart panels to control lights. Ms. Christensen responded there are rebates for smart thermostats and BWL is continually watch the market for rebates for customers to control their energy consumption.

Commissioner Mullen – comment was inaudible. Ms. Christensen responded that they are keeping it on their list to move forward on.

Commissioner James inquired whether the home energy rebate program in the inflation reduction act guidebook was being capitalized on. Ms. Christensen responded that available grant searches were being made. Mr. Matus responded that BWL just received an Energy Star Award from the Department of Energy for its marketing efforts.

Commissioner Worthy commented that induction cooking is more energy efficient than an electric range and BWL should be commended.

Commissioner James inquired what BWL was doing to take advantage of the Infrastructure Investment and Jobs Act. Inaudible response.

Commissioner Dale Schrader write-in comment: Explaining the customer bills. Transparency. This will be discussed in a future COW meeting, I am told.

6. Who do you think BWL's major external stakeholders are? What might they look for BWL to consider in its strategic plan?

Chairperson Price responded with city government.

Commissioner James responded with the ratepayers and large businesses that have energy as a component of their business processes.

Inaudible discussion.

Commissioner Worthy responded that external stakeholders would be suppliers, vendors, creditors, local communities and, with carbon neutrality expected by 2050, every person on the planet.

Commissioner Dale Schrader write-in comment: City of Lansing. Customers.

7. Are there any other thoughts you'd like to share or questions you'd like to pose?

Commissioner Graham inquired whether there is advertising for cleaner utilities, a cleaner environment, a cleaner city, cleaner energy, cleaner waters and recycling. GM Peffley responded that it has become a top priority for the Mayor and has requested to improve the aesthetics of the city and to clean up signs and postings.

Commissioner Mullen inquired about hydroelectric power and the dam. (Inaudible on recording) Mark Matus responded that it is expensive and a 50 to 60 year return on investment and it won't run that long.

Chairperson Price thanked Commissioner James for the suggestion of a collective board-style interview meeting to collect input from the Commissioners, and also thanked the strategic planning team for putting the process together. GM Peffley commented that the process was very valuable.

Commissioner James thanked GM Peffley for the update on the All Source RFP and requested a brief email summary on the information.

Other

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham for an excused absence for Commissioners Dale Schrader and J. R. Beauboeuf.

Action: Motion Carried.

Adjourn

Chairperson Price adjourned the meeting at 7:17 p.m.

Respectfully submitted,
David Price, Chairperson
Committee of the Whole

Vice-Chairperson David Price presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE
Meeting Minutes
March 19, 2024

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, March 19, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader (arrived @6:04 p.m.), and Sandra Zerkle; and Non-Voting Members J. R. Beauboeuf (East Lansing), Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioners Beth Graham and Tracy Thomas

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the Committee of the Whole Meeting minutes of January 16, 2024.

Action: Motion carried. The minutes were approved.

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the Special Committee of the Whole Meeting minutes of February 20, 2024.

Action: Motion carried. The minutes were approved.

Strategic Plan Update and Timeline

Kellee Christensen, Director of Strategic Planning and Development introduced Leah Bucio, Planning Business Analyst who presented the July 1, 2021-June 30, 2025 Strategic Plan update with an overview; priorities, goals, and strategies; strategic accomplishments report for FY 2021 to Fall 2023; awards; and FY2026 strategic plan development.

Commissioner Mullen inquired how it was determined which strategies are involved with each project; and what happens when there are two strategies in conflict. Tony Heriford, Strategy Supervisor, responded the projects are coded according to strategy by a manager or business owner. GM Peffley responded that the Asset Management Department assesses and evaluates all assets, and then meets with the departments to review projects and budgets to attain reliable and affordable utility services.

Commissioner Zerkle inquired about reasonable and reliable energy for financial stability and whether every project has to meet 95% of the conditions of the strategic plan. GM Peffley responded that the strategic plan drives the capital budget and the projects meet multiple strategies. Ms. Christensen added that the update being presented indicates the tracking of the budgeting and strategic plan.

Chairperson Price inquired about the survey results from the participation of the public. Ms. Bucio responded that 145 people participated in the survey.

Board Self-Evaluation Survey Results

Commissioner Semone James opened the floor for the discussion of the results of the governing Board self-evaluation survey. Human Resources Executive Director Michael Flowers presented the data collected from the survey and provided it to the Commissioners. A discussion followed on the survey questions of succession planning for the CEO, the orientation of new Commissioners, and whether the Board spends appropriate amount of time on policy issues and operational issues.

Chairperson Price spoke on the succession planning of CEO and stated that it needs to be addressed in the near future.

Commissioner James spoke on the orientation of new Commissioners, recommended the APPA 15 module course on governance be included in the onboarding of a new Commissioner, and also recommended that attending Commissioners report on information presented at the APPA National Conference.

Commissioner Zerkle spoke on the orientation of new Commissioners and the amount of information with which to become familiar. Chairperson Price added that the Board governance also has to be in compliance with the city.

Mr. Flowers recommended further dialogue on the survey results among the Commissioners.

GM Peffley commented that BWL can provide the information in house or the resources for the information that is presented at the APPA conferences if Commissioners are unable to attend.

Chairperson Price commented that APPA presented a governance training at BWL and suggested considering another presentation.

Commissioner James asked the new Commissioners if they thought there was anything the Board could do better upon participation in the survey.

Commissioner Pillar asked if a previous version of the survey had been conducted. Chairperson Price responded it was the first APPA version of the survey conducted.

Commissioner Schrader inquired about the balance of governance for the city and governance of the BWL.

Commissioner James commented that an oath is taken as an officer of the city and governing for the BWL and for the constituents.

Chairperson Price commented that the governance for the city and of the BWL aren't separate from each other.

Commissioner Zerkle commented that the city gave the Commissioners the responsibility to follow the city rules and are advised by both BWL's legal counsel and the city attorney.

Chairperson Price commented that the tree trimming policy is an example of balancing governance and service with the city.

Mr. Flowers commented that the Board spends an appropriate amount of time on policy issues versus operational issues which a Board should do. Chairperson Price responded that the Board's role is to delve into policy and the three appointed employees are to work on operational issues.

Commissioner James thanked all Commissioners for participating in the survey.

Review of Board of Commissioners' Roles & Responsibilities Handbook

Commissioner Semone James led the discussion on the Board of Commissioners' Roles & Responsibilities Handbook. Commissioner James thanked Commissioner Pillar, and BWL staff, General Counsel Mark Matus, Associate Attorney II Marie Mireles, Corporate Secretary LaVella Todd, and Administrative Assistant Maria Koutsoukos, for the input in preparing the handbook.

Commissioner James commented that the handbook will be a tool for the Commissioners to use and to become knowledgeable of the Commissioners' roles and responsibilities.

Chairperson Price suggested colorful Powerpoint slides with bullet points and a narrative be made of the handbook and provided to the Commissioners. Commissioner Beauboeuf stated that he appreciated the redlined document that indicated the train of thought for progressive changes made in the handbook.

Other

GM Peffley gave three announcements. The 18 inch steam line failure that caused a disruption of service is back on-line. BWL staff addressed 400 feet of line, up to 25 feet down, in a quick amount of time. City Attorney Jim Smiertka is retiring and City Attorney Greg Venker will be the Interim City Attorney. GM Peffley will be out of the office for the March Board Meeting and CFO Shawa will preside in his stead.

Commissioner Leek thanked GM Peffley for participating and being a keynote speaker at the Michigan Building Trades 62nd Annual Legislative Conference.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Semone James for excused absences for Commissioners Beth Graham and Tracy Thomas.

Action: Motion Carried.

Adjourn

Chairperson Price adjourned the meeting at 6:22 p.m.

Respectfully Submitted
David Price, Chairperson
Committee of the Whole

Finance Committee Chairperson Sandra Zerkle presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes March 19, 2024

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, March 19, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:40 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners David Price, Dale Schrader, and Sandra Zerkle; Alternate: Semone James

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Schrader, to approve the Finance Committee Meeting minutes of January 16, 2024.

Action: Motion Carried.

Financial Summary YTD

CFO Heather Shawa presented the Financial Summary YTD. Days Cash on Hand is below target due to about \$7.7 million of unanticipated costs from the August storm and prepayment of some contracts in the clean energy program. As the BWL reimburses itself for the clean energy program costs, this will trend back up. CFO Shawa reported that the FY2024 budgeted net income was \$17.5 million but three items impacted the amount and an adjusted new projected net income was presented. The three variances were the August storm costs of \$7.7 million,

bond issuance costs of \$2 million, and continued higher material costs as indicated in the O&M Budget YTD 11% difference.

Chairperson Zerkle asked if the day-to-day operations were being affected by the Days Cash on Hand. CFO Shawa responded that no operational spending has been cut as sufficient funding is available to continue planned operations. GM Peffley responded that FEMA denied the storm reimbursement claim.

Commissioner James inquired whether the storm area was considered a federal disaster area and the reason why there would be student loan forbearance and not storm reimbursement. CFO Shawa responded that mostly individual claims received support, but not public assistance entities. CFO Shawa added that a further meeting is being held with the city of Lansing and a maximum of \$1 million can be requested for reimbursement through local and state funds.

GM Peffley commented that the budget has not exceeded targets in 8 or 9 years and doesn't see the projected net income dropping any lower. The wholesale side of the O&M budget is being closely managed and if the warmer weather trend continues, some costs will be returned through sales.

Chairperson Zerkle inquired whether the Capital Budget amounts were due to some major projects that are just beginning to get started that were behind production. CFO Shawa responded affirmed.

CFO Shawa reported that the Debt to Total Assets is red due to Delta Energy Park, new debt issuance and clean energy program. Days Sales Outstanding is red due to increased accounts receivable.

Chairperson Zerkle inquired whether the bad debt decrease is attributed to PA 95. CFO Shawa affirmed. GM Peffley added that the report states that customers have collected more than \$1 million and there are less customers in the shut off cue. GM Peffley added that there is proposed bill to increase the PA95 amount from \$0.88 to \$2.50 and believes that is too much.

Capital Project Report

CFO Heather Shawa presented the Capital Project Report.

GM Peffley commented that exceedance requests are made for projects that are \$200,000 and/or 15% over the budgeted amount. GM Peffley added that prior to the current exceedance request procedure, capital project amounts were budgeted above projected costs and tied up resources.

Capital Project Exceedance Request – Dye Filter Controls Resolution

CFO Shawa requested approval of the Capital Project Request for the Dye Filter Controls project. The exceedance is for replacement of the outdated system at Dye Water Plant. The project

includes replacing the control system hardware and software; integration of the filter operations to one system and integrate it with the rest of the plant's control system; elimination of a single point of failure; reduce repair and filter down time; increase safety; and reduce manual labor. The request is for a \$899,921 worst case scenario with an expected completion date of Fall 2024.

Chairperson Zerkle inquired whether the project was first approved in 2013. CFO Shawa responded that the project was approved in 2021 and the project exceedance policy was approved in 2013. GM Peffley added that design issues contributed to the exceedance in the project.

Commissioner Schrader requested the original budget amount of the project. CFO Shawa responded that the original approved amount was \$2,165,755 and with the additions the amount is \$3,065,675.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Capital Exceedance Request Dye Filter Controls to the full Board for consideration.

Action: Motion Carried.

Chairperson Zerkle inquired about the brown water complaint. GM Peffley responded that the Lansing Fire Department (LFD) was on the site putting out a fire in the customer's neighborhood. When LFD fills a fire truck, it stirs up the main. We contacted the customer and let him know to run the faucet for 20 minutes and the water cleared up. Water Operations Director Sanjeev Mungarwadi answered Commissioner Price's question on whether the color was from rust and added that the rust is in the older cast iron water mains and there is not at much in the new ductile iron water mains. Commissioner James commented that the incident was on the news and that the customer didn't appear happy.

Retirement Plan Committee (RPC) Updates

CFO Shawa presented the RPC Investment Activity and Administrative Activity updates. Transition from Lazard Int'l Equity Fund to Marathon EAFE Equity Fund for the DB and VEBA plans is expected to occur in the 3rd quarter; VEBA portfolio rebalancing of real assets is in process; total assets increased for the quarter in the DC plans; compliance assessment in the DB and VEBA plans is proceeding; a reimbursement of \$4,586,358.03 for benefits paid has been approved for the VEBA plan; the IBEW Local 352 Business Manager Ron Byrnes is retiring and a replacement will be made. GM Peffley responded that Water Station Operator Steve Perry will be the Interim Business Manager.

May 2024 BWL Budget Presentation Summary

CFO Shawa presented the FY 25-30 Budget and Forecast Process.

Commissioner Beauboeuf thanked CFO Shawa and Finance & Planning Accounting Director Scott Taylor for the Budget 101 Meeting that he and Commissioner Schrader attended.

Board of Commissioners Fiscal Year Budget Process Summary

Corporate Secretary LaVella Todd presented the Board of Commissioners Fiscal Year Budget Process Summary.

Board of Commissioners Quarterly Budget and Expense Report Process Summary

Corporate Secretary LaVella Todd presented the Board of Commissioners Quarterly Budget and Expense Report Process Summary. The process of the orientation process will be revamped to adjust to changes in the information to be provided.

Internal Audit Status Report

Director of Internal Audit Elisha Franco presented the Internal Audit Status Report and provided the audit progress report; the remaining FY 2024 Audit Plan; Internal Auditor professional development information; and Internal Auditor Department items of: a request for proposal for internal audit software, acquiring a staff member to assist with audits, resolutions review for the Board of Commissioners Roles & Responsibilities Handbook, and a review and update of the Internal Audit Charter; and annual planning and risk assessment for the FY2025 Audit Plan. Ms. Franco will obtain input before it is presented to the Board of Commissioners in July 2024.

Commissioner James inquired whether the resolution review went back to 2007 and if an additional review would be made on resolutions prior to 2007. Ms. Franco responded that a review of resolutions prior to 2007 would be conducted as soon as the resolutions were made available by the Department of the Corporate Secretary.

Ms. Franco affirmed that an update of the internal audit charter is completed every two years in response to Chairperson Zerkle's question.

Other

Chairperson Zerkle stated that the Purchasing Card Reports for all three appointed employees have been received and reviewed by the two Commissioners as required by resolution and would be forwarded to the full Board for approval.

Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader for an excused absence for Commissioner Beth Graham.

Action: Motion Carried.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 7:29 p.m.

Respectfully submitted,
Sandra Zerkle, Chairperson
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no manager's recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS/ACTION ITEMS

RESOLUTION 2024-03-01

Capital Project Exceedance: PW-10080 Dye Filter Controls Upgrade

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for capital projects that are expected to exceed their previously approved designed budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project PW-10080 Dye Filter Controls Upgrade was \$2,165,755; and

WHEREAS, the projected final total cost for Capital Project PW-10080 Dye Filter Controls Upgrade is \$3,065,675, 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 PW-10080 Dye Filter Controls Upgrade projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project PW-10080 Dye Filter Controls Upgrade with a projected final total cost of \$3,065,675.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Sandra Zerkle, to approve the Resolution for the Capital Project Exceedance: PW-10080 Dye Filter Controls Upgrade at a Board meeting held on March 26, 2024.

Action: Motion Carried.

MANAGER'S REMARKS

Chief Financial Officer Heather gave the Manager's Remarks.

1. BWL received the National Excellence in Marketing award from Energy Star for the sound efforts of the carbon neutrality group and public relations group. Customers were provided information and resources on ways to save money and energy with

Energy Star products. It is rare that a business receives the award with their first submitted application.

2. BWL held the Ethnic Taste Fest on March 20, 2024 at which \$1,020 was raised and contributed to Pennies for Power. Ms. Shawa thanked Smiljana Williams, Executive Assistant to GM & DEI Manager, and Vernon Woodley, Diversity, Equity & Inclusion Specialist.

COMMISSIONERS' REMARKS

Commissioner Tracy Thomas recognized and thanked Ron Byrnes, IBEW Local 352 Business Manager Local 352 for his service and congratulated Mr. Byrnes for his retirement which will be in May 2024. Commissioner Thomas also welcomed Steve Perry, Water Station A Operator, who will be the Interim Business Manager.

EXCUSED ABSENCE

Motion by Commissioner David Price, **Seconded** by Commissioner Tony Mullen, to excuse Commissioners Brian Pillar and J. R. Beauboeuf from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chairperson Semone James adjourned the meeting at 5:45 p.m.

LaVella J. Todd, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 04-09-24

Approved by the Board of Commissioners: 05-21-24

Official Minutes filed (electronically) with Lansing City Clerk: 05-22-24