

BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave. - Lansing, Michigan
May 26, 2015 - 5:30 p.m.
BOARD MEETING AGENDA

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Special Board Meeting-February 17, 2015
- b. Regular Board Meeting-March 31, 2015
- c. Special Board Meeting-May 19, 2015

4. Public Comments

Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter not on the agenda may do so immediately prior to adjournment.

5. Communications

6. Committee Reports

- a. Committee of the Whole Minutes (April 14, 2015) – Margaret Bossenbery, Chair
- b. Committee of the Whole Minutes (May 12, 2015) – Margaret Bossenbery, Chair
- c. Finance Committee Meeting (April 14, 2015) – Dennis M. Louney, Chair
- d. Finance Committee Meeting (May 12, 2015) – Dennis M. Louney, Chair
- e. Human Resources Meeting Report (May 19, 2015) – Cynthia Ward, Chair

7. Manager's Recommendations

- a. Resolution: Rules and Regulations FY16
- b. Resolution: Adoption of Investment Policy Statement for Operating Funds
- c. Resolution : FY16 Operating and Capital Budget

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. Resolution: Dias Seating
- b. Resolution : Technical Amendment to the Administrative Rules of Procedure Addressing the Participation of the 3 New Non-Voting Members

11. Manager's Remarks

12. Commissioners' Remarks

13. Motion of Excused Absence

14. Public Comments

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

15. Adjournment



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

**SPECIAL MEETING MINUTES
FEBRUARY 17, 2015**

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:00 p.m. on Tuesday, February 17, 2015.

Chairperson David Price called the Special Board meeting to order at 6:05 p.m.

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

The Secretary declared a quorum present.

Commissioner Mullen led the Pledge of Allegiance.

Meeting Purpose:

- 1. Review and Approve the Employment Contract for Lansing Board of Water & Light's Interim General Manager**
- 2. Closed Session Discussion (Attorney-Client Memo) [MCL 15.268 (h); MCL 15.243 (g)]**

PUBLIC COMMENT

CHAIR PRICE INVITED MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON THE AGENDA SUBJECTS.

No Public Comments.

Purpose #1:

Review and Approve the Employment Contract for Lansing Board of Water & Light's Interim General Manager

Commissioner Cynthia Ward stated as the Human Resource (HR) Committee Chair, she was tasked with finalizing the terms of the Interim General Manager's contract. HR Chair Ward stated that the proposed contract was presented in the committee-meeting packet, which provided the opportunity for everyone to review.

Motion by Commissioner Cynthia Ward, Seconded by Commissioner Tony Mullen to approve the Interim General Manager's contract.

Action: Motion Carried

Chair Price took the privilege to rearrange the Agenda to place the Closed Session as the last item on the Agenda.

Commissioner's Remarks

Commissioner Thomas thanked Commissioner Ward for her good inclusive work in regards to working out the details of the Interim General Manager's contract.

Motion of Excused Absence

None

Purpose #2

Closed Session Discussion (Attorney – Client Memo) [MCL 15.268 (h); MCL 15.243 (g)]

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

Motion by Commissioner Ward, Seconded by Commissioner McCloud 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Special Board meeting went into closed session at 6:22 p.m.

The Special Board meeting returned to open session at 7:10 p.m.

Adjournment

Meeting adjourned at 7:11 p.m.



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

March 31, 2015

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, March 31, 2015.

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

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Cynthia Ward and Sandra Zerkle.

Absent: Commissioner Tracy Thomas

The Corporate Secretary declared a quorum present.

Commissioner Tony Mullen led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Mullen, seconded by Commissioner Bossenbery to approve the Regular Board Meeting minutes of January 27, 2015.

Action: Motion Carried

Motion by Commissioner Ward, seconded by Commissioner Louney to approve the Special Board Meeting minutes of February 17, 2015.

Action: Motion Carried

Chair Price Pulled item 10c from the Agenda and referred it back to the Committee of the Whole.

PUBLIC COMMENTS

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

Brad Van-Gilder of the Sierra Club, provided additional copies of forms letters generated by the Sierra Club Campaign

COMMUNICATIONS

105 Form Letters generated by the Sierra Club Campaign
Received and Placed on File

COMMITTEE REPORTS
COMMITTEE OF THE WHOLE
February 17, 2015

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, February 17, 2015.

Committee of the Whole Chair Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Anthony McCloud, Tony Mullen, Tracy Thomas, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Mullen to approve the Committee of the Whole meeting minutes of November 11, 2014.

Action: Motion Carried

Regional Customer Input

Bob Nelson of E. Lansing spoke about a company that is trying to provide fiber optic service to the residents of Lansing and E. Lansing and his concern with the amount of time it is taking to get this service to the residents. He also expressed his disagreement with the permission requirements that has to be granted to competing third party attachments.

Mike Froh of Meridian Township elaborated on the fiber optic service and spoke in support of the new technology and the importance of expediting this service to the community. He also stated this technology would benefit the Board of Water & Light in reverence to the use of their utility poles and for participating in this particular service.

There was some dialogue regarding the fiber optic service and the company that is providing the service. Interim General Manager Peffley said this matter will be looked into. Commissioner Louney sated that this technology was a game changer and encourage that it be explored at as soon as possible.

Smart Meter Update

Interim General Manager Peffley introduced Dave Bolan, Executive Director of Operations for the Board of Water and Light, who provided an update on Smart Metering. Mr. Bolan stated that with Smart Meters you can sectionalize the outage area and restore customers through remote sources or decreased voltage on the system. This is a very expensive technology, \$25 million to \$30 million to add to our system. He stated that the Board of Water & Light has

decided to do a pilot program of the technology utilizing 140 smart meters. Meters were installed last December in a small area in E. Lansing and are in the process of finishing our systems acceptance test. Mr. Bolan said that we want to evaluate and make sure that we fully understand the capabilities of this technology and from that look at other pilots to test the distribution automation technology and then from there move on to how we implement within our financial means. Realistically it could take up to 7 years to roll out this plan.

There was dialogue regarding what other companies in Michigan are doing in regards to Smart Metering. In response to questions, regarding this matter Mr. Bolan stated that in Michigan both Consumers Energy and DTE has Smart Meter Program. Commissioners Louney and Bossenbery indicated that the implementation of Smart Metering was a recommendation from the CRT Report and strongly suggest and support that we proceed with the technology.

Haco Update

Interim General Manager Peffley informed the Commissioners that the Haco project is currently on schedule for completion at the end of March, and will close out at the approved budget amount. He stated that the main reason he brought this matter to the Commissioners was to offer a sneak preview or a walk-through of the facility. He said that a very nice area has been designed for people to come in and pay their bills. Board of Water & Light employees will start to move to the renovated facility sometime in April.

CRT Update

George Stojic, Executive Director of Planning and Development provided an update on the CRT Report. He stated three items have been completed since the last update. Those include National Incident Management system communications training for BWL managers and senior staff and a couple of recommendations that deal with coordination and consolidation of emergency plans and procedures with city and regional plans and procedures. There were a total of 187 CRT/PSC/BWL recommendations and 155 of those have now been completed or become an ongoing part of the BWL's practices and procedures. Ten recommendations were originally allocated to the Board and the City, leaving 22 for the staff to complete and these are expected to be completed by the end of this fiscal year. Since the last report we have completed the last of the BWL's 54 recommendations by adding a text messaging option to the 877 number as an alternative way for customers to communicate outages. Mr. Stojic stated that the BWL has begun to work with customers that have critical facilities and might be eligible for onsite generation to help create a more robust distribution system and that BWL staff is continuing to work with the Red Cross on train the trainer. BWL is also working with Do 1 Thing to extend programing to local business. On April 15th, Do 1 Thing will be conducting emergency preparedness training to downtown Lansing businesses. Mr. Stojic also commented on Trent Adkins role as Emergency Director, noting that he has taken the lead on helping to build local and regional resiliency. Friday, Mr. Atkins will be hosting a meeting of regional emergency managers, including a session on cyber security.

Commissioner Louney engaged in dialogue with Mr. Peffley and Mr. Stojic regarding the CRT's suggestions such as, the reporting of OMS implementations and maintenance, the funding of the City of Lansing for tree trimming where the City has already engaged in vegetation management. He also questioned the Boards responsibility on completing some of the CRT's recommendations.

Environmental Regulatory Update

George Stojic, Executive Director of Planning and Development noted that during the November Committee of the Whole meeting that he planned to undertake both strategic plan and integrated resource plan updates this year. He stated that regulatory requirements, especially environmental, have a major influence on utility planning and the need to update the BWL's plans. He said that he wanted to begin providing the Board with some of the concepts, and issues that are involved, particularly on the environmental side. Mr. Stojic explained four major environmental regulations and mentioned the BWL's compliance strategy for each.

- **The Cross State Air Pollution Rule (CSAPR)**

This rule issued in 2005 was a result of areas in the eastern part of the United States not meeting air quality standards for ozone and fine particulates and a major contributor to that were emissions from power plants in upwind states like Michigan. The initial rule was overturned in 2008 but it was reissued in 2014 and it is now a law. The Cross State Air Pollution Rule reduces sulfur dioxide and oxides of nitrogen from electric generating power plants. The compliance period started January 1st and further reductions are required in 2017. CSAPR is a Cap and Trade program. One allowance is required for every ton of SO₂ and NO_x emitted from an electric power plant. Each state has a limited, or capped, number of allowances that it allocates to electric generating units. An electric generator has the option of using the allowance, selling or "banking" unneeded allowances, or purchasing allowances, if needed for generation. The BWL has sufficient allowances to cover expected generation through 2020.

- **Mercury and Air Toxics Rule (MATS)**

This rule was also issued by the EPA in 2005 as the Clean Air Mercury rule. In 2006 Michigan proposed its own mercury regulations. In 2008, the federal rule was vacated by the courts. In 2009, Michigan formally adopted its proposed rule. In 2012, the EPA reissued its rule as MATS, and Michigan suspended its rule. MATS has been challenged, and it is currently before the Supreme Court. The rule is intended to regulate mercury, fine particulates (PM), and hydrochloric acid gas. The BWL's compliance date is April 2016, unless delayed or vacated by the Supreme Court. Compliance costs for units 1 and 3 are considerable, and these units were planned to be replaced by REO Town, so units 1 and 3 will need to be retired if the rule is affirmed by the Court. The remaining BWL units can comply without major investment.

- **Coal Combustion Rule or The Coal Ash Rule (CCR)**

This Rule became effective in 2008 when a dike at a coal fired power plant in Tennessee failed and released approximately one billion gallons of coal ash slurry onto adjoining property and into the Clinch at Emory Rivers. Those are major tributaries to the Tennessee River from which couple million people get their drinking water, causing the EPA to consider regulating coal ash installations. In 2010, the EPA decided to issue a draft regulation and finally adopted a final rule in December of last year. In its final rule, the EPA chose to regulate coal as a non-hazardous substance, instead of a hazardous substance. The rule adopts standards for the structural integrity and inspection of coal ash facilities, adopts operating and notification criteria, requires monitoring wells, and regulates locations of new coal ash installations. The BWL has three potential sites affected by this rule. The north Lansing landfill, Comfort Street, and the Erickson Ash pond. The BWL has previously removed approximately 850,000 cubic yards of ash from Comfort Street and 700,000 cubic yards from Erickson. Because of these projects, the BWL does not anticipate additional requirements beyond those currently effective for each site.

- **Clean Power Plant Rule (CCP).**

This rule regulates carbon dioxide emissions from existing electric generating plants. The goal is to reduce CO2 emissions 30 percent by 2030 from existing generating facilities. There is no economical way to remove and sequester CO2 from existing plants. As a result, the EPA requires a statewide compliance plan. The CO2 reductions are to take place in two phases, the first in 2020 and the second in 2030. The EPA specified four building blocks by which could be used for compliance: unit performance improvements, unit redispatch, renewable energy, and energy efficiency. The EPA has received over 2 million comments on the rule, and the final rule is due mid-summer 2015.

Strategic Plan Framework

George Stojic, Executive Director of Strategic Planning and Development stated that he planned to undertake two planning initiatives in 2015. The first one being a strategic plan followed by an integrated resource plan later on. Mr. Stojic explained the difference in the plans noting that the integrated resource plan is much more narrowly focused than the strategic plan. He explained that he would plans to undertake the strategic plan in phases. The first phase involves a draft update prepared by BWL employees. The second phase involves the public, allowing our customers to provide comments and recommendations. Changes to the draft plan may be made based upon the public input. Then the draft, along with the public comments and recommendations will be provided to the Board for its consideration. A final plan will be prepared based upon the Board's review of the draft and public input and the Board will be requested to adopt the plan by resolution.

Other

Board Chair Price spoke about an email received from Rory Neuner who is representing Michigan Air-Michigan Health, a statewide coalition of health groups working to educate health professionals about the negative effects of burning coal. In the e-mail, she is requesting to address the Board of Commissioners individually regarding this matter. Chair Price suggested that she attend the next Committee of the Whole meeting and allow her to address the entire Board as an agenda item. The Board of Commissioners agreed.

Commissioner Louney conveyed the following information:

- Request that the HR Committee address the issue of long term contracts and prohibiting excessive severance payments for the General Manager and top Management.
- Request that the HR Committee explore setting at a time line regarding a search committee, a search process or a job posting for the GM position so the public is aware.
- Internal Auditor Perkins will be presenting his finding from his independent audit at the March Finance Committee meeting
- Talked with the new CFO regarding a possible separate Finance Committee meeting to be held in either March or April with the agenda subject to include detailed information about the functions of each department and its cost.

Public Comment

None

Closed Session discussion(Attorney-Client Memo)[MCL 15.268(h);MCL 15.243 (g)]

Committee of the Whole Chair Bossenbery stated that our attorneys have provided us 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 Mullen 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 7:00 p.m.

The Committee came out of closed session to discuss the recording of closed session minutes at 7:10 p.m.

Motion by Commissioner Ward, Seconded by Commissioner Mullen to go back 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 7:11 p.m.

Closed Session concluded at 8:07 p.m.

Excused Absence

None

Adjourn

On Motion by Commissioner Ward, Seconded by Commissioner Mullen, the meeting adjourned at 8:08 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

**COMMITTEE OF THE WHOLE
March 10, 2015**

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, March 10, 2015.

Committee of the Whole Chair Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Anthony McCloud, Tony Mullen, Tracy Thomas, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner McCloud to approve the Committee of the Whole meeting minutes of February 17, 2015.

Action: Motion Carried

Regional Customer Input

Bob Nelson of E. Lansing spoke about Public Act 95 of 2013, a low-income Energy Assistance Fund (LIEAF) Section 9(t), which provides that money from LIEAF be expended by the State of Michigan's Human Services Department. Mr. Nelson explained that on July 1st of every year each utility in the state has to make an election as to whether or not they will surcharge their customers based on a factor that is set by the Public Service Commission and apply amount throughout the next year. The other option is to agree not to shut off customers throughout the winter months, the Board initially chose the second option. At this point, the BWL can elect another option by this July and if that happens, various agencies could apply for money that is raised by that fund and then that money would be distributed to various agencies. He stated that the BWL has concerns about keeping that money within the Board of Water & Light territory and believes that a good effort can be made to accomplish that. Mr. Nelson introduced Mr. Ivan Love, Director of Capital Area Community Services who addressed that issue.

Mr. Love stated that he wanted to start conversations and make an offer to help the Board regarding PA95. He stated if the Board of Water & Light decided to opt into PA95 where a surcharge could be added to the customer's bill, he would be willing to put forth a request to the State of Michigan to administer the fees that are collected.

After a lengthy discussion regarding this matter, Chair Price suggested that staff prepare something for the Committee to review at the next or a future Committee of the Whole meeting. Maybe a review of the different options, the cost of those options and then the Committee can have an informed discussion and move forward.

MI Air, MI Health Coalition Presentation

Rory Nuener a Representative for the Michigan Air, Michigan Health Coalition presented the Committee of the Whole with a presentation about the impacts of health and energy policies. The MI Air MI Health Coalition has existed since 2012 and works to ensure the message of their mission, which is to ensure healthy air for Michigan communities by assessing the health effects of air quality and advocating for the enforcement of policy to address air quality issues. Ms. Nuener stated that the organization connects with professional people to have conversations about how air pollution is affecting health and how energy policy

connects to that. Ms. Neuner stated that the BWL is going through a hiring process for a new General Manager and suggested that now is the time to start thinking about how health, air pollution, BWL's policies and the way business is done every day and the impact on the health of the residents of the greater Lansing region. She encouraged the Commissioners to hire a General Manager who has credentials as well as leader who can be responsible for the protection of the health of the people across Greater Lansing.

David Erickson, Lansing Resident, (Registered Nurse) provided information on health impacts of our current energy. He stated the BWL has two coal-fired power plants that affect our health. Particle matter and smog have a particularly serious impact on children and we need to reduce the external factors that cause asthma exacerbations. Mr. Erickson elaborated on public health illnesses due to poor air quality, such as cancer, cardiovascular disease and asthma. He stated that outdoor air pollution, has also been recognized by the CDC and other leading organizations as a trigger for asthma attacks and believes that coal burning plants in Mid-Michigan contributes to asthma exasperations.

Jocelyn Hayward, Lansing Resident (Nurse & hold a Masters' Degree in Public Health), provided statistical information on asthma in the State of Michigan. Ms. Hayward also provided information on asthma health disparities and social determinants of health. She stated that Michigan's asthma rate is higher than the national rate for hospitalizations and coal-fired plants are a large reason for asthma attacks and premature deaths.

Ms. Neuner concluded by stating that health in all policies is a growing movement about approach to decision making development. It is acknowledging that the decision you make as a Board have impact on the health of the people of greater Lansing; also, it is the BWL creating some kind of interdepartmental team that is going to take a broad look at health and how the organization makes decisions about health. She again stated the importance of including health related questions to the interview portion of the GM hiring process, as well as the importance of exploring ways to incorporate health decision making in all policies.

Frozen Water Pipe Update

Interim General Manager Peffley provided an update on frozen water pipes. Mr. Peffley informed the Board that the company is experiencing another year of an enormous amount of frozen water services. In a typical year, the BWL may deal with 30 frozen house water pipes and this year we are at 500 and counting. Because of this issue, staff is working 7 days a week because our policy is, we will not go home until you have water. We are also experiencing a high number of main breaks associated with this winter.

Lead Service Replacement

Interim General Manager Peffley stated that about 10 years ago the BWL undertook an aggressive schedule to change all of the lead service replacements out in the city of Lansing. Previously Mr. Peffley stated that by year-end 2017 all lead pipe replacements would be complete. However, there are 20 homes on Moore's River Drive that are due to have the replacement service; and the city has asked the BWL to push the completion date from 2017 to 2018 because they are going to rebuild the road at that time and it would save them thousands of dollars in asphalt costs if we wait 1 year.

Discussion re: Seating Options for New Advisory Commissioners

Board Chair Price stated that when the amendment passed to amend the city charter to add 3 new Advisory Board members to the Board, the Corporate Secretary questioned what to do

regarding the seating arrangement with the new incoming Commissioners. Board Chair Price stated that although the new Commissioners are non-voting is it very important to accommodate them and to be inclusive and make them feel welcomed. With that, being said Corporate Secretary Griffin worked with engineering and Mr. Peffley to get some ideas and cost info to accommodate the three new Commissioners seating situation and that information is being presented this evening in the form of scenarios.

Interim General Manager Peffley reviewed the scenarios.

There was a lengthy discussion amongst Commissioners regarding the presented scenarios. At the conclusion of the dialogue, the following motion was offered.

Motion by Commissioner Zerkle, Seconded by Commissioner Price to bring seating arrangement scenario #3 to the full Board for consideration.

Discussion: Commissioner Thomas stated that if the seating situation task is not completed by July 1st the Board will not be in violation of any kind and therefore this is not a crisis.

Action: Motion Carried (7/1 Ward dissenting)

Seating Arrangement Scenarios for new Advisory Board Members

Scenario #1

Move Phil Perkins to the back of the dais area and locate the three new Advisory Commissioners at the dais. The cost of a table 48" wide by 25.25" deep for Mr. Perkins is approximately \$4,500 if we match the wood grain and color already in place. This would also require the purchase of three new high back chairs at a cost of approximately \$4,500. In addition, a matching table for the COW meetings is required, estimated cost \$5,500. Total cost is approximately \$14,500. Scenario #1 is not recommended because the spacing between the chair arms at the desk is very tight, approximately 5.5" vs. the nearly 11" which exists today.

Scenario#2

Locating a new table down in front of the dais, which you and I both talked about and decided that this may not make the new Commissioners feel included. In addition, there is the line of sight issue for the Advisory Commissioners during presentations. Estimated cost for that table would be at least \$5,500 and would require the purchase of three new high back chairs at a cost of approximately \$4,500. In addition, a matching table for the COW meetings is required, estimate cost \$5,000.00. Total cost approximately \$15,000.

Scenario#3

Add an extended dais area that would match the existing Commissioner sitting area. The cost from the Christman Constructors, Inc. for building the dais is extension is \$15,900. In addition, three raised chairs for the Advisory Commissioners for the new dais are estimated at \$4,500. To that, we will need to add a matching table for the COW meetings estimated at \$5,500 plus three additional high back matching chairs, estimated at \$4,500.00. Total cost Scenario#3 \$30,400.

Closed Session discussion(Attorney-Client Memo)[MCL 15.268(h);MCL 15.243 (g)]

Committee of the Whole Chair Bossenbery stated that our attorneys have provided us 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 McCloud to go into close 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 6:49 p.m.

The Committee came out of closed session to discuss the recording of closed session minutes at 7:03 p.m.

Motion by Commissioner Price, Seconded by Commissioner McCloud to go *back* into close 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went back into closed session at 7:04 p.m.

Upon Closed Session at 7:13 p.m., the following motion was offered:

Motion by Commissioner Price, Seconded by Commissioner McCloud to authorize the Interim General Manager to resolve the insurance claim with FM Global as recommended by and discussed with legal counsel.

Action: Motion Carried

Motion Commissioner Zerkle, Seconded by Commissioner Price to authorize the engagement of Denenberg Tuffley to represent the BWL against JCI Jones Chemicals Inc. contingent on the approval of Lansing City Counsel.

Action: Motion Carried

Other

Commissioner Louney stated that he reviewed the CRT recommendations and notices some things that were not been updated. He suggested that the Board might want to consider having a year after the storm meeting to review all of the recommendations and get a summary of where we are and what has been completed. He stated that he believes that it is the Board's due diligence to come back to the public and tell them that we as a Board have

tasked ourselves with making sure the CRT's and PSC's recommendations are complete and we have reviewed them.

Commissioner Price stated that there is some value in a one year report, specifically to report out what we have done to prepare for the next time and to remind the public that we took this seriously and that the staff continues to take this seriously and we will continue to monitor these things.

Committee of the Whole Chair Bossenbery suggested that Interim General Manager Peffley provide an updated report in the next month and then the Board could have discussion at the May Committee of the Whole meeting.

Public Comment

None

Excused Absence

None

Adjourn

On Motion by Commissioner Ward, Seconded by Commissioner Mullen, the meeting adjourned at 7:14 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

**FINANCE COMMITTEE
March 10, 2015**

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located as 1201 S. Washington Ave., Lansing, MI, at 7:14 on Tuesday, March 10, 2015

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle; Also present, Commissioner Price

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There was no Public Comment

Approval of Minutes

Motion by Commissioner Zerkle, Seconded by Commissioner Bossenbery to approve the Finance Committee meeting minutes of November 11, 2014.

Action: Carried Unanimously

Internal Audit Status update

Internal Auditor Phil Perkins presented:

- FY 2015 Audit Plan Progress Report
- Independent Audit Results
- Requested Changes

FY 2015 Audit Plan Progress Report

Engagements Completed or in Progress:

1. Surprise Cash Count #1 – completed
2. Time Reporting Review #1 - completed
3. Material Inventory Audit

Engagements Planned:

1. Health & Drug Benefit Programs Audit (95% complete)
2. Engineering- Annual Projects Audit (75% complete)
3. Board of Commissioners Independent Audit of Previous Administration (complete, audit report in progress)
4. IT-PCI Compliance Audit (25% complete)
5. Time Reporting Review #2 (50% complete)

Engagements Remaining:

1. IT– Management of Non-Desktop Field Devices (Spring 2015)
2. Audit of Outage Management System (OMS) – pending Finance Committee approval
3. Follow-up of Post-Outage Recommendations – recommended deferral of all but OMS-related until FY 2016
4. Surprise Cash Count #2

Independent Audit Results

Internal Auditor Perkins reported the results of the requested Audit. The Areas reviewed included:

- Major purchases and expenditures approved by the previous administration, including sole source and emergency contracts
- Handling of CEO Hotline complaints and incidents
- Review and approval of previous General Manager’s Procurement Card (P-Card) expense, and appropriate support for business expenses

Mr. Perkins stated that there is a P-Card manual which is basically the Board of Water & Light’s P-Card policy, and is the tool used for appropriate guidance. Mr. Perkins stated, there are two reportable issues that he would like to inform the Board about. The first issue is,

after looking at some of the bigger projects. There is need for more clarity regarding what management needs to do to comply with Board policy regarding the need to report anticipated budget variances that exceed predefined thresholds that are laid out in that Board policy. Mr. Perkins cited a recent project. Mr. Perkins said the Haco renovation is as an example where there was a placeholder budget estimate that was in place and used to originally approve the project in fiscal year 2014. The costs incurred in 2014 were considerably less than the budgeted amount and that is because the project was just getting under way. The updated budget that was submitted for fiscal year 2015 a lot more was known about how much the project would actually cost, and it was higher than the original FY14 budget amount by a percentage and as a result exceeded the threshold that is outlined in the Board policy. The board as part of the overall capital budget approved the larger amount. Mr. Perkins said the question here is whether management should have made a specific comment in its capital budget presentation to inform the board or the finance committee at least that the new budget amount requested exceeded the placeholder amount an amount that exceeds the Board Policy threshold. As the Internal Auditor Mr. Perkins recommended it be made clear as to when a reportable event has occurred and that is should be reported to the Board via the finance committee and the projected increase must be approved by the board.

The second issue is with the former General Manager's purchasing card or P-Card expenses. They were not reviewed or approved as they should have been based again on the Board P-Card policy or adequately supported that they were for a business purpose. Example of that is with the meal expenses, along with any other expense, the P-Card manual specifically states that a receipt is to be provided and it is to be itemized in nature. A good deal of the time the itemized receipt was not turned in and that does not conform with the Policy. The other piece of that regarding these P-Card meal expenses is that the specific party and organization that former General Manager dined with was not indicated. So, based on the fact that we are looking roughly at an average of \$100 a month in P-Card expenses, the Internal Auditor certainly saw no evidence that would point him toward any type of abuse, but by the same token, the Policy should have been complied with obviously. As the Internal Auditor Mr. Perkins recommended that the General Manager's P-Card expenses be reviewed and approved by either a Board member such as the finance chair or another designated and approved official and that again the itemized receipts are provided. This is a thing that needs to be reemphasized at least for this particular finding and to specifically indicate for meals and the other participants and the organizations that they belong to, so that it is clear that there is a business purpose to it.

Requested Changes

Internal Auditor Perkins stated that his last item that he would like to address the Board about his requested changes. Mr. Perkins stated that he would like to add an audit of OMS to the fiscal 2015 audit plan and defer the follow up on the post outage recommendation's audit (except the OMS) until fiscal 2016. The final request change is to authorize the hiring of an experienced IT auditor for the Internal Audit Department.

After dialogue regarding the hiring process for an experience IT employee, Finance Chair Louney suggested that himself, CFO Heather Shawa-DeCook and Internal Auditor Perkins meet to discuss a course of action as well as cost and bring the findings back to the Finance Committee.

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen to accept the presented Independent Audit.

Action: Motion Carried

Financial Overview for the Year to Date End January 2015

CFO Heather Shawa-DeCook provided the Committee with a brief overview of the BWL's January financials as of the month end. (Year to Date) Ms. Shawa-DeCook stated that revenue year to date as of January month end was at 7% under budget and expects revenue to continue at that rate through the remainder of fiscal year end. As far as Net income update, Ms. Shawa-DeCook said that we are even with revenues and are above net income projections and there are two key contributing factors of that. One factor is that last December, the finance team put together an O&M budget reduction of 3.5% overall in which they worked with the management team and as of the 2nd quarter review it is looking like we will be able to maintain that at year end. The other contributing factor on the net income is decreased fuel cost, which is a key one. We will have 3rd quarter budget reviews by late April at which time an updated year-end projection will be provided to the Committee. Ms. Shawa-DeCook stated that the company is currently under budget in head count, which we would expect to be with our revenues down, however please note that we are projecting at year end to be at or slightly over budget. Finance is currently planning for fiscal year 2016 and the 6-year overall O&M and Capital Budget. This concludes the financial overview.

Signature of Authority Resolution

Chief Financial Officer (CFO) Heather Shawa-DeCook presented the Committee with a proposed Resolution for check signing signature authority, which is due to organizational and title changes. The proposed Resolution would specifically grant authority to sign checks, replacing Chief Administrative Officer with Chief Financial Officer.

Motion by Commissioner Zerkle, Seconded by Commissioner Bossenbery to forward the proposed Resolution to the full Board for consideration.

Action: Motion Carried

Authority to Invest Operating and Pension Funds Resolution

CFO Heather Shawa-DeCook presented the Committee with a proposed Resolution, which is specific to the title Chief Administrative Officer and updating it to reflect Chief Financial Officer.

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen to accepted amended resolution.

Action: Motion Carried

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen to accept the proposed Resolution and forward it to the full Board for consideration.

Action: Motion Carried

Other

Finance Chair Louney stated that all Commissioners should have received a copy of the Board's proposed budget. There needs to be discussion regarding the budget (I pads/additional work load/conference/all other cost) to accommodate for the new Advisory Board members coming in July. After reviewing the numbers, it breaks down to roughly \$5000 per Commissioner, which may be an additional \$15,000 to \$16,000 that may have to be added to the Commissioner's budget. Finance Chair Louney said that there is time for formal discussion regarding this matter but felt it was important to get those numbers out there for everyone to see that. He stated that although the Commissioner's do not receive a stipend, there is a cost for governing.

Board Chair Price stated that in interest of transparency, he is sure that the general public has no idea of what it costs for the Commissioners to be here and believes it is very healthy to have an open discussion about that.

Finance Chair Louney thanked CFO Heather Shawa-DeCook and Director of Finance Gennie Eva and all of the Finance staff for all of their efforts.

Commissioner Bossenbery thanked Board of Water & Light's Engineer Dan Flynn for all of his help on getting the information together regarding the proposed dais renovations.

Adjourn

On **Motion** by Commissioner Zerkle, seconded by Commissioner Bossenbery, the meeting adjourned at 8:10 p.m.

Respectfully submitted
Dennis M. Louney
Chair Finance Committee

HUMAN RESOURCE COMMITTEE March 17, 2015

The Human Resource Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, March 17, 2015.

The Human Resource Committee Chairperson Cynthia Ward called the meeting to order and asked the Secretary to call the roll. The following members were present: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen and David Price. Also present: Commissioners Margaret Bossenbery, Tracy Thomas and Sandra Zerkle.

Absent: None

Public Comments

There were no public comments

Approval of Minutes

Motion by Commissioner McCloud, seconded by Commissioner Price to approve the Human Resource Committee meeting minutes of January 20, 2015.

Action: Motion Carried

General Manager Search/Timeline

Human Resources (HR) Chair Cynthia Ward opened the floor for discussion regarding establishing a time line to begin the process for hiring a General Manager.

After a lengthy discussion regarding when the search process should begin and what the process should entail the following motion was offered:

Motion by Commissioner Price, Seconded by Commissioner Mullen that by January 1 of 2016, the Board of Water and Light Commissioners will have a process in place to begin the search for the next General Manager.

Action: Motion Carried

Annual Appointment/long-term contract/severance Payments

HR Chair Ward opened the floor up for discussion regarding the Board Appointee process as well as the allowance of a binding long-term contract. Ms. Ward stated that there may be a legal opinion that states, a current or a sitting board cannot bind a future board and that may suggest that the Board cannot set contracts beyond one year. Ms. Ward also stated implicit or explicit in the appointments process is an annual appointment, and in her opinion that implies a one-year contract.

There was discussion about the possibility of this subject being a moot point if a Charter Amendment is passed, but deserves some dialogue.

Commissioner Thomas stated for the record that before he was the HR chair, the general manager had a multiyear contract; therefore, the multiyear contract was inherited when he became Chair of HR.

HR Chair Ward stated that there might be some legal questions that need to be asked. One legal question would be about the concept of binding the board. Chair Ward questioned if the current Board can pass a resolution today that binds next year's or a future board. After a lengthy discussion regarding the matter, the following motion was offered:

Motion by Commissioner Mullen, Seconded by Commissioner Price, that the Chair of the HR Committee meet with legal representation to discuss what the Board of Commissioner's legal responsibilities and opportunities are in reference to multiyear contracts.

Action: Motion Carried

There was no discussion regarding Severance payments.

Revisions to Performance Evaluation Forms for the General Manager and Internal Auditor

HR Chair Ward stated that sample of the revisions to the General Manager (GM) and Internal Auditor's (IA) evaluation forms have been provided to Commissioners. She said before the Commissioners today is a Google Form, which will allow you to complete the evaluation form and submit it electronically at which time a percentage summary is automatically calculated.

This format would also remove the possibility of any inaccurate transfer of information. Chair Ward stated that her hope is that the Commissioners would try this process.

- General Managers Performance-Evaluation Form

HR Chair Ward stated that she did use the APPA format but implemented some changes to the evaluation form, for example the inclusion of the Commissioner's names on the form and a question pertaining to diversity.

The Commissioners reviewed some of the evaluation questions and the wording of those questions. In addition, there was dialogue regarding the Google format and how the inputted information would automatically calculate a percentage to the questions asked.

HR Chair Ward said that she would finalize the General Manager Performance-Evaluation form after incorporating recommended changes and then recirculate the form again.

- Internal Auditor Performance-Evaluation Form

HR Chair Ward asked Internal Auditor Perkins to express his opinion on the Evaluation form that was presented in the packet. Mr. Perkins spoke particularly about the area regarding audit project skills and technical knowledge. He stated that the rating form in his opinion is too specific as it is measuring performance at the individual audit level. Based on their limited interaction with the Internal Auditor, it is Mr. Perkins' opinion that the Board members are not set up to assess his performance at such a detailed level.

After some dialogue regarding the Internal Auditor Performance-Evaluation form, HR Chair Ward took Commissioner Zerkle up on her offer to work with Mr. Perkins to review and modify the form and set criteria to match up with the task the Board has charged him to complete with the ability of judging the aspects of the completion of those tasks.

- Corporate Secretary Performance Evaluation Form

HR Chair Ward circulated the Corporate Secretary's evaluation form around and asked that feedback be forwarded to her and she would work with Ms. Griffin to finalize the form.

HR Chair Ward stated that all Evaluation Forms should be completed by April 15, 2015. There was dialogue regarding the security of putting the evaluation form on the web and the establishment of a HR BWL email account for this purpose.

Commissioner Mullen stated having this on Google Docs would speed things up dramatically. He said that he has been asking for something like this since he has been on the Board. To have some sort of an email account set up with the ability for customers to direct contact the Commissioners, rather than having to take extra steps to get a message to a Commissioner, maybe, now would be the time to address that. Commissioner McCloud pointed out that in order to accomplish Commissioner Mullen's request you would have to be on the Board of Water & Light's server.

Chair Ward requested for the IT Department to contact her so that they could explore the possibility and or options of placing the evaluation form on the web.

Other

Commissioner Mullen spoke about the Board ability to hire help for the Internal Auditor and the Corporate Secretary. He said the Board cannot hire someone because the Charter is committed. After speaking with legal he was informed that, the Appointed employees themselves can hire someone if we put it in the budgetary process and authorize a certain amount of dollars for that purpose. Commissioner Mullen suggested that the HR chair, and legal representation sit down and decide what we can do as a commission, to authorize our employees to have the support they need to do their jobs.

Excused Absence

None

Public Comments

Steven Reed, LSJ Reporter questioned if the structure of the previous general manager's contracts and reviews coincided with the BWL fiscal year, and because of the effects of the review process, by which the Board is bound, with Mr. Peffley being given a one-year contract in January, how will that effect his (one year contract) ending six months down the line be?

In response to Mr. Reed's question HR Chair Ward stated in Mr. Peffley's contract under the Termination Section it states that the Interim General Manager's Employment Agreement may be terminated by either party at any time with or without cause and with or without reason.

Ms. Ward was reminded that the Board does not usually respond to questions during public comment.

Board Chair Price congratulated Commissioner Ward on her new employment position.

Adjourn

On Motion by Commissioner Price, seconded by Commissioner McCloud, the meeting adjourned at 6:46 p.m.

Respectfully Submitted
Cynthia Ward, Chair
Human Resource Committee

MANAGER'S RECOMMENDATIONS

RESOLUTION 2015-01-01

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

There was no New Business

RESOLUTIONS

RESOLUTION 2015-03-01

Authority to Invest Operating and Pension Funds

RESOLVED, that Board of Water and Light Policy 7-01 “Authority to Invest Operating and Pension Funds” is hereby amended as follows:

RESOLVED, that the General Manager and the Chief Financial Officer shall be authorized to establish all necessary cash and investment accounts and to enter into all necessary transactions and agreements required to provide for the investment of operating and pension funds in the name of the Board of Water and Light (BWL), in such securities as permitted by law. Allowable transactions include, but are not limited to, the purchase, sale, and endorsement for transfer of certificates representing said securities. All transactions must also be in compliance with the then current BWL Pension and Operating Fund Investment Policies.

RESOLVED, that the General Manager and the Chief Financial Officer may further delegate their full or limited investment authority to other specified BWL staff respectively. The General Manager and Chief Financial Officer shall document the extent of authority delegated as well as the specific BWL staff receiving said authority. Only employees with actual, documented authority may be permitted to execute investment activities.

The Revenue Bond Act of 1933 (PA 94 of 1933, MSA5.2731), as amended, Act 20 of 1943, as amended, and BWL Bond Resolution 89-10-3 govern and restrict the investment of BWL operating funds. Pension funds are governed by the Public Retirement System Investment Act (MCL 38.1132 et seq.), as amended.

This resolution supersedes Resolution 2014-11-4

Staff Comments: Due to organizational and title changes, this resolution is necessary to incorporate the new title and position of Chief Financial Officer.

Motion by Commissioner Zerkle seconded by Commissioner Mullen Ward, to approve the Resolution for the Authority to Invest Operating and Pension Funds to reflect organizational changes.

Action: Carried Unanimously

RESOLUTION 2015-03-02

AUTHORITY TO SIGN CHECKS

RESOLVED, That Board of Water and Light Policy 1-01 “Authority to Sign Checks” is hereby amended as follows:

The signatures of not less than two (2) of the following officers shall be required to issue checks from any general checking account held by the BWL.

1. General Manager
2. Chief Financial Officer
3. Corporate Secretary

This resolution supersedes Resolution 2009-12-07.

Motion by Commissioner Ward seconded by Commissioner Mullen Ward, to approve the Resolution for Signature Authority to reflect organizational changes.

Action: Carried Unanimously

RESOLUTION 2015-03-03
ENGAGEMENT OF DENENBERG TUFFLEY

WHEREAS, FM Global, the Lansing Board of Water & Light (LBWL)'s insurance carrier, has filed a subrogation claim against JCI Jones Chemicals, Inc. for the recovery of insured losses associated with the July 2011 Wise Road Incident;

WHEREAS, the LBWL has an opportunity to pursue recovery of its uninsured losses directly from JCI Jones Chemicals, Inc. through a joint representation arrangement with FM Global whereby the LBWL would engage FM Global's attorney, Denenberg Tuffley represent the LBWL directly;

WHEREAS, as recommended by staff and supported by the Board of Commissioners, the LBWL would like to engage Denenberg Tuffley to represent the LBWL directly in a joint representation arrangement in pursuit of recovering the LBWL's uninsured losses associated with the July 2011 Wise Road Incident;

WHEREAS, Deneberg Tuffley is not on the LBWL's Special Counsel List approved by the Lansing City Council; and

WHEREAS, Section 4-304 of the Lansing City Charter prohibits a board or officer from retaining legal counsel which has not been approved by City Council.

RESOLVED, the Board of Commissioners authorizes the engagement of Denenberg Tuffley to represent the LBWL against JCI Jones Chemical, Inc., contingent upon the approval of Lansing City Council.

Motion by Commissioner Bossenberg seconded by Commissioner Mullen, to approve the Resolution for the retention of the Denenberg Tuffley Law Firm.

Action: Carried Unanimously

RESOLUTION 2015-03-04
AUTHORITY TO RESOLVE INSURANCE CLAIM

RESOLVED, that the Board of Water & Light Board of Commissioners authorize Interim General Manager Richard Peffley to resolve the insurance claim with FM Global for the July 2011 Wise Road incident as recommended by and discussed with legal counsel.

Motion by Commissioner Zerkle seconded by Commissioner Ward, to approve the Resolution authorizing the Interim General Manager to resolve the insurance claim with FM Global.

Action: Carried Unanimously

PULLED FROM THE AGENDA AND REFERRED BACK TO THE COW

Proposed Resolution: Advisory Non-Voting Commissioner Seating Accommodations

WHEREAS, on November 4, 2014 the Lansing City Charter was amended such that section 5-103.12 was added;

WHEREAS, section 5-103.12 of the Lansing City Charter provides for 3 additional Commissioners for the Board of Water & Light representing municipalities outside the City of Lansing of which are non-voting Commissioners;

WHEREAS, the addition of the 3 additional Commissioners require certain physical and operational considerations to address meeting attendance needs;

WHEREAS, the Corporate Secretary, together with operational staff have investigated and presented the Board of Commissioners with a seating arrangement options at the March 10, 2015 Committee of the Whole meeting;

WHEREAS, the Committee of the Whole passed a motion to recommending Scenario #3, which would physically extend the current dais to accommodate the 3 additional Commissioners new members; and

WHEREAS, Scenario #3 would also include the purchase of new chairs and a matching table for regular committee meetings.

RESOLVED, that the Board of Water & Light Board of Commissioners authorize and direct the Corporate Secretary, together with operational staff to proceed with effectuating Scenario #3 for the purposes accomplishing necessary seating accommodations for the 3 additional Commissioners.

MANAGER'S REMARKS

Interim General Manager Peffley informed the Board of the following:

- The Board of Water & Light was a \$2000.00 Sponsors for the Red Wings Spartan Alumni Hockey game that was held at Munn Arena on March 15, 2015. This donation helped the Steadfast Foundation raise money for local charities that focuses on cures for children with cancer.

- The Board of Water & Light is in the process of responding to an employee Safety Training Program RFP that was requested by the City of E. Lansing. The BWL is well known for its safety record and has good program. Interim General Manager Peffley believes this a great partnership between the BWL and City of E. Lansing and will further support regionalization.
- Directly following tonight is meeting, Interim General Manager Peffley will conduct a tour of the newly renovated Haco facility for the Commissioners and staff.

COMMISSIONERS' REMARKS

There were no Commissioner's Remarks

EXCUSED ABSENCE

Motion by Commissioner McCloud, Seconded by Commissioner Ward to excuse Commissioner Thomas from tonight's meeting.

PUBLIC COMMENTS

Paul Matuka, a resident of E. Lansing, MI, spoke about stockholder input.

Closed Session Discussion (Attorney – Client Memo).....MCL 15.268 (h); MCL 15.243 (g)]

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

Motion by Commissioner Bossenbery, 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Ward and Zerkle

Nays: None

Absent: Commissioner Thomas

The Committee of the Whole went into a Closed Session meeting at 5:47 p.m.

The Committee returned to the Open Session meeting at 6:23p.m.

ADJOURNMENT

On motion by Commissioner Bossenbery, seconded by Commissioner McCloud the meeting adjourned at 6:26 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: April 9, 2015
Official Minutes filed (electronically) with Lansing City Clerk:



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

SPECIAL MEETING MINUTES

May 19, 2015

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:00 p.m. on Tuesday, May 19, 2015.

Chairperson David Price called the Special Board meeting to order at 6:54 p.m.

Present: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None.

The Corporate Secretary declared a quorum.

Commissioner Thomas led the Pledge of Allegiance.

Meeting Purpose:

Closed Session (Attorney – Client Memorandum)....MCL 15.268 (h) & MCL 15.243 (g).
Separation Agreement Settlement Re: J. Peter Lark.

PUBLIC COMMENT

No Public Comment.

Purpose

Closed Session (Attorney-Client Memorandum) MCL 15.268 (h) & MCL 15.243 (g)
Separation Agreement Settlement Re: J. Peter Lark

Motion by Commissioner Ward, Seconded by Commissioner McCloud to go into closed session.

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Special Board Meeting went into closed session at 6:55 p.m.

The Special Board Meeting reconvened to open session at 7:16 p.m.

Attorney David Russell, provided an overview of the Separation Agreement and Complete Mutual Release Agreement regarding J. Peter Lark.

Upon conclusion of the Closed Session, the following motion and Resolution was offered:

Motion by Commissioner Cynthia Ward, Seconded by Commissioner Mullen to approve the Resolution for Separation and Complete Mutual Release Agreement for J. Peter Lark as it is read into the Records:

RESOLUTION 2015-05-01

BOARD OF COMMISSIONERS OF THE LANSING BOARD OF WATER AND LIGHT

J. PETER LARK SEPARATION AND COMPLETE MUTUAL RELEASE AGREEMENT

At a special meeting of the Board of Commissioners of the Lansing Board of Water and Light (the "Board"), held at the REO Town Depot, 1201 S. Washington Avenue, Lansing, Michigan on the 19th day of May, 2015, at 6:00 p.m.

PRESENT: Board of Water & Light Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

ABSENT: None

The following Resolution was offered by Commissioner Cynthia Ward and seconded by Commissioner Anthony McCloud.

WHEREAS, J. Peter Lark ("Mr. Lark") was terminated by the Board on January 13, 2015; and

WHEREAS, Mr. Lark, through his counsel, has made a demand on the Board based on the January 13, 2015 termination alleging numerous causes of action; and

WHEREAS, the Board desires to resolve the dispute between the parties to avoid the risks and costs of litigation associated with the allegations; and

WHEREAS, the Board has determined that entering into a settlement is in the best interest of the Lansing Board of Water and Light.

NOW, THEREFORE, it is resolved by the Board of Commissioners of the Lansing Board of Water and Light as follows:

1. The Board agrees to enter into the proposed Separation Agreement and Complete Mutual Release, which is attached to this resolution;
2. The Board's Chairperson, David Price, is authorized and directed to execute the Separation Agreement and Complete Mutual Release on behalf of the Board consistent with this resolution.
3. Any and all resolutions that are in conflict with this Resolution are hereby repealed to the extent necessary to give this Resolution full force and effect.

Roll Call Vote: ADOPTED 8-0 Vote

YEAS: Commissioners Margaret Bossenbery, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

NAYS: None

Motion by Commissioner Ward, seconded by Commissioner Mullen to approve Board Chair Price as the sole designated Board of Commissioner's media contact during the seven day revocation period.

Action: Motion Carried.

Commissioner Remarks

None.

Motion of Excused Absence

None.

Adjournment

Meeting adjourned at 7:25 p.m.

Official Filing with Lansing City Clerk on June 6, 2015

COMMITTEE OF THE WHOLE

April 14, 2015

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:00 p.m. on Tuesday, April 14, 2015.

Committee of the Whole Chair Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

None

Regional Customer Input

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner McCloud to approve the Committee of the Whole meeting minutes of March 10, 2015.

Action: Motion Carried

FRIB Update

George Stojic, Executive Director of Strategic Planning and Development, provided the Committee with a brief history on the Facility for Rare Isotope Beams (FRIB), a nuclear accelerator that is being built on the campus of MSU in E. Lansing, MI. On three occasions, the Board of Water & Light submitted requested bids to service the FRIB area. After the third solicitation, MSU decided not to accept any bids, however since then the BWL has been negotiating with Consumers Energy to have a 50/50 FRIB net revenue split. Mr. Stojic stated that the BWL currently does not have an agreement for the split, but does have framework for a proposal for service to the FRIB.

CRT Update

George Stojic, Executive Director of Strategic Planning and Development, stated that the Administration is currently reviewing the Community Review Team's Report (CRT) and is conducting a quality assurance check to identify tasks that have and have not been completed.

Interim General Manager Peffley stated that a report was sent to the Commissioners providing an update on the Outage Management System (OMS), and that a more detailed report would be provided at the May Committee of the Whole meeting, which will indicate what tasks have been addressed and completed, as well as a list of tasks that need to be completed. This report will make it easy for the Commissioners to see exactly what changes have been incorporated.

Committee of the Whole Chair Bossenbery stated that the Committee should review the suggested recommendations from the CRT Report for the Board of Commissioners.

PA95 Update

CFO Heather Shawa-DeCook provided an update on Public Act 95 (PA95), which is an Act that creates a low-income energy assistance fund. The Board of Water & Light has the option to opt into or out of the fund on an annual basis. CFO Shawa-Decook stated that the BWL's staff is recommending exempting out of this Act for the upcoming period. Ms. Shawa-DeCook stated that the BWL currently has several projects that are in progress and it may not be cost effective to implement this Act in the middle of changing and implementing a new billing system.

CFO Shawa-Decook stated that the BWL is reconciling and reviewing the funds currently paid to the Department of Human Services (DHS) and St. Vincent via Capital Area Community Services (CACS) and comparing data from previous year's to better understand the impact of opting out versus not opting out.

The Board of Commissioners and Executive Staff participated in a lengthy conversation regarding PA95 and agencies that the BWL donates to, how the money is distributed and if it is beneficial for the BWL to participate in the Act. That conversation included comments from Robert Nelson of E. Lansing who provided information regarding the Act and grants that were issued during the last cycle. He informed the Board that the Public Service Commissioner (PSC) may no longer be handling this account because of a new Energy Agency being created by the Governor. Mr. Nelson reiterated to the Board that if they do not opt in, that a shut off policy is mandatory. He stated he believes the best thing to do is to look to next year for applying and to prepare for the 2016 cycle.

Board Chair Price stated as part of the analysis, it should be taken in to consideration that if there is no grant and we are not being reimbursed for the no shut offs, that considered with what it would cost us to opt in, obviously, if those numbers are fairly equal then it makes sense to opt in. If there is a large gap and it costs significantly more to opt in, then the Board has to make other decisions.

Electric Transmission and Generator Plan

Interim General Manager Peffley presented and reviewed the following Electric Transmission and Generation Plans PowerPoint presentation, which included:

- Historic Perspective •Role of the Eckert Generating Station •Reliability Standards
- Recommended Changes to the BWL System •Implementations Issues

Historic Perspective

- Beginning in the 1920's, the BWL Electric System was primarily built around and supported by the Ottawa and Eckert Power Plants
- In the 1950s through the mid 1970s more generation was added to Eckert, in 1973 Erickson was completed and in the late 1970's the 138 kV transmission system was constructed
- Since the 1970's, one interconnection has been added to the ITC system, the BWL contracted for power and transmission from the Belle River power plant and the REO Town plant was placed in service
- The majority of our electric assets have been in operation for more than 45 years, some for up to 60 years
- Major portions of the BWL's service territory are still supported by the Eckert generating plant

Issues Driving Development of Transmission Plan

- Eventual retirement of Eckert plant
 - Air/Water regulations
 - Mandatory federal electric reliability standards
 - Age and condition of facilities
- Eckert generation is needed to support electric reliability for a major portion of the BWL's load
- Eckert cannot be removed from service without additional generation or transmission infrastructure
- Since a major, new generation plant cannot be built where Eckert now stands, transmission needs to be constructed to meet electric reliability requirements

Role of the Eckert Generating Station

Eckert is a Major Generating Station

- Eckert has been the site of a power plant since the early 1920's
 - Until recently, it was capable of producing 420 Mw's of electric generating capacity
 - It is currently capable of producing 290 Mw's
 - Because of its strategic location, Eckert is very important to maintaining and meeting electric reliability standards
 - As the plant ages, operations and maintenance costs have been increasing while generation reliability has been decreasing
 - Compliance with stricter air and water regulations will add to the cost of maintaining Eckert:
 - Pending greenhouse gas regulations may limit the amount of CO2 emitted by BWL facilities
 - The recently released Mercury and Air Toxics rule will result in Eckert units 1 and 3 being retired March, 2016
 - Additional regulations are pending or will be implemented within the next 10 years

Eckert is the Site of Major Transmission and Distribution Facilities

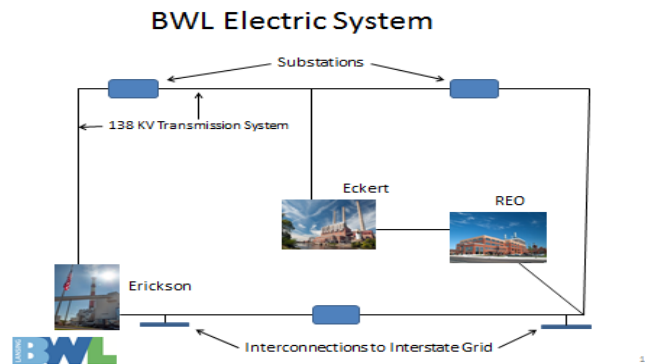
- The Eckert electric distribution plant feeds 68 circuits and nearly 1/3 of the BWL's peak load including critical parts of the BWL's service territory
- Without electric generation at Eckert, electric service to downtown Lansing is one contingency from failure
- Distribution circuits originating at Eckert are in need of replacement
 - Circuits feeding downtown are located in duct banks that are failing
 - Transmission and distribution facilities at Eckert are located in the 100 year flood plain

Reliability Standards

NERC Contingency Planning Requirements

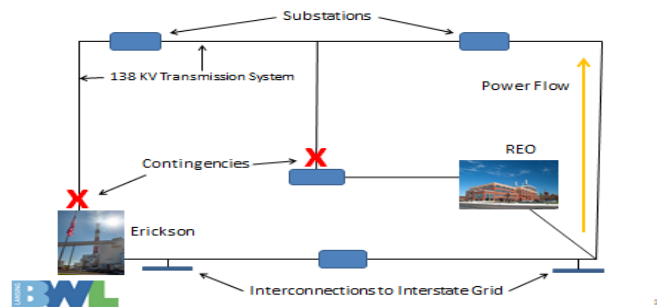
- System planning requirements (N-1-1 Criteria) – The system must be designed to be able to sustain its operation when two elements (e.g. transmission line, breaker, bus, generator) are simultaneously out of service; commonly called the N-1-1 criteria.
- Operations (N-1) - Preparing System for the next contingency
 - The T&D Supervisor is to operate (in real-time) the system such that if a contingency were to occur, the system would continue to deliver power to the remaining load centers; commonly called the N-1 criteria. If no options are available, the T&D Supervisor is authorized to shed load (i.e. cut service to some customers) until the contingency is relieved.
 - Without the Eckert generating plant, the BWL cannot meet these NERC contingency requirements with its current transmission configuration and it would violate these standards.
 - This would jeopardize reliability to the BWL’s system
 - It would also expose the BWL to substantial fines or other penalties

BWL Electric System



Recommended changes to BWL System

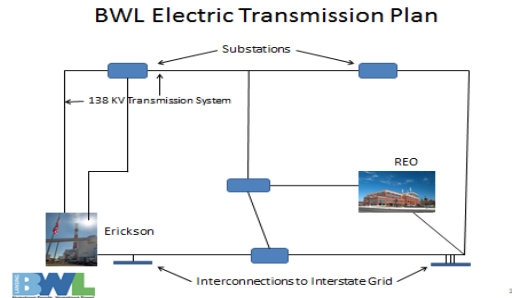
BWL Electric System with N-1-1 Contingencies



Transmission Plan Investments

- Construct new transmission lines
- Construct or rebuild six substations
- Reduce number of circuits and the amount of customer demand at the Eckert distribution facility
- Add capacitor banks at Erickson and Northeast substations

BWL Electric Transmission Plan



Summary of Issues

- Aging Infrastructure
 - Failing duct lines under railroad
 - Facilities at Eckert are over 50 yrs. old
 - Regulation Compliance
 - EPA Clean Air Act (*Unit retirements*)
 - NERC reliability compliance requirements (*Design T&D system for contingencies*)
 - Diversify substations serving downtown and GM-LGR. (*Eckert substation serves 30% of BWL customers*)
- Limited capability of cables to serve new customers and no room in duct banks for new cables
- Removal of infrastructure from the flood plain exposure (*Eckert facility is in the 100 yr. flood zone*)

Implementation Issues

Work load Issues

- Unprecedented level of work for the next 7 to 10 years
- Challenge to human resources, for existing work load and managing consultants and contractors
- Prepare and train technical resources to replace retiring employees
- Coordination of work while maintaining system reliability

Other Significant Issues

- Ability to get the property
- Availability and timeliness of equipment / contractors Funding
- 4.160 voltage level customers’ ability to be moved to 13.2 kV
- Modify transmission service to increase import capability

Project Conceptual Costs

Project Conceptual Costs : Capital Budget
 (\$1000)

Major Projects	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FYs 16-21
West-side Reinforcement	\$ 4,100	\$13,200	\$ 6,800	\$ -	\$ -	\$ -	\$24,100
GM138 Substation	\$ 580	\$ 2,500	\$ 7,440	\$ 7,900	\$ 2,000	\$ -	\$20,400
Wise (Double-End)	\$ 3,050	\$ 3,100	\$ 3,510	\$ 500	\$ -	\$ -	\$10,160
South Reinforcement	\$ 500	\$ 800	\$ 700	\$ 4,000	\$ 1,900	\$ 800	\$ 8,700
GM-LGR Substation	\$ 100	\$ 500	\$ 4,100	\$ 2,300	\$ 4,000	\$ 1,540	\$12,540
Eckert Sub. Modification	\$ 749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 749
138 KV Cap Bank	\$ 2,400	\$ 50	\$ 2,600	\$ 7,000	\$ -	\$ -	\$12,050
South Substation	\$ 150	\$ -	\$ -	\$ 200	\$ 2,600	\$ 7,000	\$11,350
Central Substation	\$ 50	\$ 1,000	\$ 50	\$ 50	\$ 50	\$ -	\$ 1,250
Total (Major Projects only)	\$11,659	\$21,150	\$25,200	\$21,950	\$11,950	\$9,390	101,299



Generation Plan

- Eckert supplies both electric energy and capacity to meet BWL's requirements
- Additional generation will be needed when Eckert is removed from service
- The BWL can acquire the electric energy and capacity from a number of sources
 - Construct additional generation
 - Acquire more renewable energy
 - Implement demand-side measures
 - Invest in smart grid options
 - Rely on market purchases
- The BWL is beginning an IRP process that will involve the community on the best way to acquire additional electric energy and capacity

Following the PowerPoint presentation Interim General Manager Peffley concluded by stating more information will be brought forward regarding the transmission regulations but wanted to make sure that the Board understood that the transmission matters as stated in the PowerPoint are necessary and mandated. Mr. Peffley stated as Eckert nears the end of its life, the reliability of the three units that are left 4, 5, and 6 is basically down in the 75% range, which means 25% of the time, the plant is down. Mr. Peffley stated that money is being put into the plant now, and is trying to balance with how much to spend keeping in mind the plant will be shut down in the future.

Construction Plans for Dais

There was a lengthy discussion amongst Commissioners regarding the cost of extending the dais and other accommodations for the incoming Advisory Board members. Upon conclusion of the discussion, the following motion was offered.

Motion by Commissioner Price, Seconded by Commissioner Zerkle, to bring the seating accommodations subject back to the May Regular Board meeting for consideration.

Action: Motion Carried (6/2 Mullen, Ward dissenting)

Upcoming APPA Conference

Committee of the Whole Chair Bossenbery spoke about the upcoming American Public Power Association (APPA) National Conference that is taking place in June. Ms. Bossenbery stated that she finds the conference to be very beneficial and a good opportunity for Commissioners to learn about best practices in the utility industry. She encouraged anyone who is interested in attending this year to contact Corporate Secretary as soon as possible.

Public Comment

None

Other

Commissioner Cynthia Ward, Human Resources Chair, stated that at the last Human Resources (HR) Committee meeting she had suggested that the HR Committee get a Gmail account specifically for the HR Committee and as part of that discussion, Commissioner Mullen asked the HR Committee to also consider individual email addresses for the Commissioners. Ms. Ward stated that she believes that matters warrants some discussion and should be agenda

item for the Committee of the Whole or the Executive Committee. Ms. Ward stated concerns regarding the responsibilities of multiple email accounts.

After some discussion regarding email addresses for the Commissioners, Chair Price suggested that the matter be addressed at a future Committee of the Whole meeting.

Commissioner Dennis M. Louney said after meeting with the new Advisory Commissioners, it was suggested that some sort of check list of ideas, suggestions, task or assignments that are discussed at meetings be created and put together in one document versus reviewing minutes to see what has been requested or suggested. Mr. Louney said this check list would also make it easier for Commissioner to see if task has been addressed and followed through on.

Board Chair Price suggested a tracking system, something below the level of a Resolution that would be presented to the Board. After some discussion regarding this matter it was determined that Ms. Griffin would create a tracking system/action Items document.

Closed Session discussion(Attorney-Client Memo)[MCL 15.268(h);MCL 15.243 (g)]

Committee of the Whole Chair Bossenbery stated that attorneys have provided the Board of Commissioners with an Attorney Client Privilege memorandum and it is appropriate to discuss the contents of that memorandum in closed session.

Motion by Commissioner Price, Seconded by Commissioner Ward to go into close session for the purpose of consulting with Legal Counsel on 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).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 7:07 p.m.

On **Motion** by Committee Price, Seconded by Commissioner Mullen and supported by all Commissioners, the Committee of the Whole returned to Open Session at 8:08 p.m.

Excused Absence

None

Adjourn

On Motion by Commissioner McCloud, Seconded by Commissioner Louney, the meeting adjourned at 8:09 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

COMMITTEE OF THE WHOLE

May 12, 2015

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:00 p.m. on Tuesday, May 12, 2015.

Committee of the Whole Chair Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Anthony McCloud, Tony Mullen, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

None

Regional Customer Input

Bob Nelson of East Lansing spoke about the possibility of including in the future Rules and Regulations a credit for outages like the Public Service Commission offers. Also, this credit suggestion was recommended by the Public Service Commissioner last year as part of their review.

After a brief conversation regarding outage credit, it was determined that this matter would be brought back to a Committee for further conversations.

Approval of Minutes

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

Action: Motion Carried

CRT Update

George Stojic, Executive Director of Strategic Planning and Development, provided a Community Review Team (CRT) update. Mr. Stojic stated that there were about 187 recommendations all together from the CRT, the Public Service Commission (PSC) and the Board of Water and Light's own recommendations, and of the recommendations, 173 of those were assigned to the BWL staff and of those there are 16 remaining. Most of the remaining recommendations are scheduled for completion by mid-June. Mr. Stojic stated that he has undertaken a quality assurance program that will review what recommendations and implementations have been completed and are working. This program is simply to confirm the completion of those items that the Administration said were complete.

After some discussion regarding the completion of the recommendations from the CRT and PSC it was suggested that a matrix be availed to the public and that it be presented to the City Council and the PSC, to show a finalization or a summary of task have been implemented and completed. This matrix would also be recognition of the efforts of the BWL's Management.

Review of the CRT's Recommendations the Board of Commissioners

There was discussion regarding CRT's recommendation #9 which state "Recommend to the City a "Best Practice" for recruiting new board members. Not only those that may represent certain areas that they serve, but recruit to needs of expertise, including, as examples only, an engineering background, business background or security background". Board Chair Price stated that it makes sense to have this conversation with the Mayor's office, because those appointments begin in the Mayor's office. Commissioner Ward stated that she felt the Board should represent the diversity of the City of Lansing as far as background and socioeconomic status.

The Board had a lengthy discussion regarding the CRT recommendations. Committee of the Whole Chair Bossenbery, suggested that maybe the Board's Internal Auditor could share his thoughts from the research that he did regarding an Operational Auditor with the City Council and the Mayor's Office, to give them a variety of options and maybe suggest where and how they could conduct the audit that the Council recently approved. Committee of the Whole Chair Bossenbery stated that Recommendation #9 would be marked as pending.

Rules and Regulations

Nick Burwell, Director of Customer Projects, Planning & Development reviewed the 2016 Fiscal Year Rules and Regulations.

RULES AND REGULATIONS UPDATE For Fiscal Year 2016

Electric, Water, Steam and Chilled Water

- Revision of Rule 2, **General Provisions, General Provisions**
 - o Address change to current location at Haco Drive
- Revision of Rule 8.2, **Dispute and Hearing Procedure, Hearings**
 - o Address change to current corporate location at S. Washington Ave.
- Revision of Rule 10.2 (Chilled Water & Steam) & 11.2 (Electric & Water), **Services, Application for Service**
 - o Address change to current location at Haco Drive
- Revision of Rule 12 (Chilled Water & Steam) & 15 (Electric & Water), **Schedule of Fees & Charges**

Electric

- Revision of Rule 7.1, **Responsibility for Payment of Bills, General**
 - o Date change to coincide with PA95 dates
- Revision of Rule 11.3, **Services, Temporary Service**
 - o Temp service can be included in construction costs
- Revision of Rule 11.7, **Services, Commercial and Industrial Underground Services**
 - o Clarify who provides terminal lugs for underground service
- Revision of Rule 13.2, **Use of Board Equipment, Authorized Attachments**
 - o Pole attachment process to be outlined in new 3rd party joint use permit policy

Water

- Revision of Rule 5.5, **Metering, Meter Calibration Request**
 - o Clarification of existing rule

Steam

- Revision to Rule 5.2, **Metering, Sizing/Installation/Ownership**
 - o Deleted *and master trap* to eliminate conflict with previous sentence
 - o Addition of language allows BWL to continue to provide accurate steam metering

Chilled Water

- Revision of Rule 3.2, **Service Conditions, Description of Service**
 - o Service parameters are variable, depending on location and loads. Each new service must be engineered individually, and the existing rule restricts the BWL's ability to do so.

Motion by Commissioner Price, seconded by Commissioner Ward to present a resolution for the acceptance of the proposed changes to the FY 2016 Rules and Regulations to full Board for consideration.

Action: Motion Carried

Energy Optimization and Renewable Energy Annual Update

Aileen Gow, Senior Analyst of Energy Optimization program, presented the Committee of the Whole with an Energy Optimization and Renewable Energy Update. Ms. Gow stated that the State of Michigan Public Service Commission (MPSC) under PA 295 requires the Board of Water & Light to provide the Governing Board an annual update on their Renewable Energy Plans. PA 295 also requires the Board of Water & Light to report to customers annually.

Ms. Gow presented the following PowerPoint presentation: Energy Optimization Program for 2014.

Energy Optimization 2014 Programs

- Services for Low Income Customers
- Residential Programs
 - High Efficiency Lighting
 - Appliance Turn-in & Recycling
 - Multi-Family Services
 - Energy Star Products/Equipment
- Business Prescriptive & Custom Incentives
- Energy Education Services
- Pilot programs

Program Highlights

- Education in the Community
 - Attended 26 local events with 3,391 attendees
 - Did 20 presentations to community groups with 500 customers
 - Conducted 1 Solar Array tour for an LCC class of 20 students
- Pilot Programs
 - Think! Energy (school program with Consumers Energy)
 - Michigan Saves Low Interest Financing
 - o Partnership with Consumers Energy and Michigan Saves
 - o Residential- 2.99% for \$1,000-\$30,000 loans for up to 10 years
 - o Business – 2.99% for \$2000-\$250,000 for 2-5 years

Ms. Gow stated that the Million Kilowatt Hour Club is businesses who exceed in savings as a result of participating in the BWL efficiency programs.

Million Kilowatt Hour Club

Peckham Vocational Ind.	1,206,316
Demmer Properties LLC	1,007,592
State of Michigan DMB	2,787,976
General Motors	7,171,042
Quality Dairy	1,387,195
Lansing School District	2,243,169
Ashley/Ryder	4,011,057

George Stojic, Executive Director of Strategic Planning and Development reviewed the Energy Optimization Summary, Renewable Energy 2014, Results 2014 Updates and the Current Renewable Energy Portfolio as well as other options that the BWL is continuing to evaluate.

Renewable Energy 2014 Results

- We are on track to meet the RPS standards
- RPS standards (based on percent of retail sales) are:
 - 2012 2%
 - 2013 3.3%
 - 2014 5.0%
 - 2015 10%
- The BWL has about 5.2% on an annual basis as of December 2014
- The BWL is in compliance with both renewable energy generation and its inventory of RECs
- Due to the ability to carry-forward renewable energy credits the BWL will not need any additional renewable energy until 2020 for compliance with PA 295

Energy Optimization Summary

Program Portfolio	2014 Goals		2014 Actual	
	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	1,015,814	\$280,898	802,794	\$187,713
Residential Programs	4,972,787	\$1,352,689	7,055,625	\$959,936
Business Services	12,022,697	\$2,483,508	15,235,950	\$1,930,250
Total Program Portfolio	18,011,298	\$4,117,095	23,094,369	\$3,077,899
Program Administration		\$257,501		\$255,795
Evaluation (EM&V)		\$306,019		\$203,800
ANNUAL TOTALS	18,011,298	\$4,680,615	23,094,369	\$3,537,494

2014 Updates

- Began commercial operation of solar at REO in June
- Added 104 kWh to the Cedar Street array in July
- Started receiving wind energy from the 8 turbines in Gratiot County in December
- Issued and awarded RFP for up to 20 MW of solar
- Started development of a community solar project
- Launched an incentive program for customers who install solar at their home or business
- Reduced RE surcharges for all customer classes

Current Renewable Energy Portfolio

- Purchase Energy and RECs
 - Granger landfill gas
 - Tower Kleber Hydro
 - Wind from Exelon Wind in Gratiot County
- BWL Owned
 - Solar
 - Hydro

Continue to evaluate RE options

- Wind
 - Exploring additional wind resources
- Biomass
 - Continue to look for biomass products that can be co-fired with coal in our existing generating plants or as stand-alone projects
- Renewable energy will be included in IRP

Haco Update

Interim General Manager Peffley provided a brief update on the newly renovated Haco Facility. Mr. Peffley stated that this update is a wrap-up of Haco. He said the facility opened on time, and was slightly under budget. The 120 plus employees that moved over to the facility are settling in. Mr. Peffley stated the big success is the customer service center, which was tested on the busiest day of the week, a Friday and the first of the month and all went well.

Table Top Exercise Update

Trent Adkins, Director of Emergency Planning, Safety, Security and Training, presented an update on the Table Top Exercise that was held on April 30th. Mr. Atkins stated that this was the third time an Exercise has been presented at the BWL. Mr. Atkins stated that the 54 participants were broken up into tables, representing different areas of the Board's organization that would be functioning during an emergency or during a disaster of some type. The exercise itself was about 2 hours long and consisted of a simulated tornado that came through the City of Lansing's 496 corridor. The participants walked through the simulations and thought about continuity of operations. He stated this Table Top Exercise was well received.

Board Chair Price and Commissioner Zerkel stated how impressive and effective the Table Top Exercise was.

Crisis Communication Plan Update

Steve Serkaian, Executive Director of Public Affairs, provided the Committee with an updated Crisis Communications Plan. Mr. Serkaian said this update is to reflect the new reorganization plan implemented by Interim General Manager Peffley. Mr. Serkaian read the following from the document's preamble page, "The purpose of a crisis communications plan is to ensure a constant and consistent line of reliable information from the LBWL to its customers. This includes instances of crises and non-crises events. This document will continue to evolve and grow and is meant to be updated and improved as team members of the BWL evaluate its effectiveness." Mr. Serkaian stated, this is a living, breathing document that will continue to evolve. He said this document included the expansion of the Nixel emergency communications contract. This expansion is important because the Nixel emergency communications contract will provide the ability to communicate with all customers in a crisis via email, text, social media, and phone.

Commissioner Email Account

Commissioner Cynthia Ward stated during the last HR Committee meeting she suggested that there be a designated Gmail account to facilitate the newly developed employee evaluation process, and at that time Commissioner Mullen stated that he would like to see the commissioners have an BWL personal email account. Commissioner Ward stated that she felt that suggestion or idea warranted a discussion for the Committee of the Whole.

Commissioner Mullen stated his support for the establishment of personal email accounts for the Board of Commissioners. He said that he believes it would be a much easier way for customers to contact the Commissioners directly. Commissioner Mullen said having a personal email account during the ice storm would have been very helpful.

There was a lengthy discussion stating concerns about the Commissioners having a personal email accounts at the BWL. In conclusion, it was stated that the Board of Water & Light has things that are in place now that were not in place prior to the ice storm that may suffice regarding this email proposal.

There was some questions regarding the Commissioners email page site and it was suggested that Corporate Secretary Griffin and the IT Department review the site and maybe make some improvement or changes to the area.

Public Comment

Rosemary Sullivan, no address give, expressed her appreciation for the Board of Water & Light Board of Commissioner professionalism.

Other

Bill Long of Delta Township commended the staff and the Board of Commissioners on their efforts in regards to the CRT Report.

Chair Price stated that he would like to invite the members of the CRT to have a conversation regarding the Report and the implementations and changes that have taken place since the ice storm.

Excused Absence

None

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner McCloud, the meeting adjourned at 7:07 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

FINANCE COMMITTEE

APRIL 14, 2015

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

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle. Also, present Commissioners McCloud, Thomas, Price and Ward.

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There was no Public Comment

Approval of Minutes

Motion by Commissioner Mullen, Seconded by Commissioner Bossenbery to approve the Finance Committee meeting minutes of March 10, 2015 with a motion correction to include the seconded motion on page #4 of the minutes.

Action: Motion Carried

February 2015 Financial Highlights

Chief Financial Officer (CFO) Heather Shawa-DeCook provided the Committee with a brief overview of the BWL's February financials based on current or year to date information. CFO Heather Shawa-DeCook reported the following information:

- Cash balance days on hands, at the end of February is under our target, however as of April 10th, we are above target.
- Revenue year to date is 6% under budget; however, that is a 1% improvement over January.
- Net Income and Return on Assets year to date, is exceeding the budget even with revenues being under.

FY15 Update Year End Projections

CFO Heather Shawa-DeCook provided highlights from the recent review of the BWL's Fiscal Year End Projections. The highlighted information reported included:

- Cash balance days on hands is projected to be under target by the end of the fiscal year primarily due to Quarter 4 being heavy with annual projects and capital projects cash outflow.
- Revenue is projected at year end to be at a 5% shortfall from the original budget and as a result, the revenue is projected to be \$350 million versus an original revenue budget projection of \$369 million.
- Net Income Return on Assets is looking to exceed the initial budget and are projected currently at a \$4.8 million net income versus an initial budget net income of \$2.5 million. These numbers are based on key assumptions of 8 months of actual revenue and expenses and the remaining 4 months, factoring in a 3% reduction to the revenues that were budgeted originally and then the reductions that were put in place 2nd quarter from across the board from a management stance.

There was discussion regarding the goal set of a 6.18% return on assets and if it was reasonable. Commissioner Ward questioned if this subject could be revisited. After a conversation regarding the set return rate, Finance Committee Chair Louney stated that the Finance Committee could bring this issue up for discussion at a future Finance Committee meeting and take a comprehensive look and review the policy to explore and examine a better proposal to see what percentage amount the Board could establish and actually achieve.

IPS Amendment Resolution

Chief Financial Officer (CFO) Heather Shawa-DeCook presented the Committee with a proposed Resolution for the Investment Policy Statement for Operating Funds (IPS). Ms. Shawa-DeCook stated that this Resolution is being proposed due to organizational and title changes as well as to reflect updated industry practices.

Motion by Commissioner Mullen, Seconded by Commissioner Zerkle to forward the proposed Resolution to the full Board for consideration.

Action: Motion Carried

Other

Commissioner Mullen spoke about the staffing needs of the Board's appointed employees. He stated that he has had discussions with various people as to how to accomplish fulfilling the appointed employee's needs under the City of Lansing Charter confines. Commissioner Mullen stated that this can be accomplished by authorizing money specifically in the Corporate Secretary's and Internal Auditor's budget and they can hire the help they need, as they know

best what is needed. This need can be accomplished and implemented through the budget process and the Board can vote, as to whether or not to accept this action when voting on the budget. Board Chair Price stated that, as part of this dialogue there needs to be discussion as to whether or not there is internal capacity that is currently underutilized within the BWL that can be inserted to assist the employees, as an option.

Adjourn

On **Motion** by Commissioner Mullen, seconded by Commissioner Zerkle, the meeting adjourned at 5:49 p.m.

Respectfully submitted
Dennis M. Louney, Chair
Finance Committee

FINANCE COMMITTEE

May 12, 2015

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:08 p.m. on Tuesday, May 12, 2015.

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle. Also, present Commissioners Price and Ward.

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

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

Action: Motion Carried.

March 2015 Financial Highlights

Chief Financial Officer (CFO) Heather Shawa-DeCook provided the Committee with a brief overview of the BWL's March financials month end. CFO Heather Shawa-DeCook reported the following information:

- Operating and Maintenance Cash Fund on hand, is above our target goal and as of May 8th we are well above our goal at Just under \$90 million, our target goal is \$80 million for our operating fund.
- Hit revenue budget for March (first time this fiscal year).
- Year to date variance to budget is -5% (gaining another percent this past month).
- As reported last month from a net income stance, we are projecting well above budget as of March month-end. However, by the end of the fiscal year for 4th quarter, we will beat our budget, which is still projecting about \$4.5M for net income.

FY16 O&M and Capital Budget Resolution

CFO Heather Shawa-DeCook presented a PowerPoint presentation and reviewed the FY 16 O&M Capital Budget that included:

- FY 2016 Financial Plan
- Sales forecast —Operating expense assumptions —FY 2016 O&M Budget by Category
- FY 2016 Budgeted Net Income & Cash Flow —Comparative Financials (FY 2016 vs. FY 2015)

Sales Volume Forecast

Utility	FY16 Budget	FY15 Budget	'16 Budget to '15 Budget
Electric-Retail (mmh)	2,141,490	2,189,661	-2.2%
Electric-Wholesale (mmh)	1,024,306	871,399	17.5%
Electric - Total (mmh)	3,165,796	3,061,060	3.4%
Water (cfd)	9,098,538	9,460,006	-3.8%
Steam (mlb)	764,969	730,936	4.7%
Chilled Water (tnhrs)	10,098,000	10,307,100	-2.0%

Electric:
 •Retail sales volumes by customer class are expected to decrease slightly compared to FY 2015 Budget but increase slightly above actuals for FY 2015.
 •Wholesale sales volumes are expected to increase as a result of fewer generation outages planned in FY 2016.

Water:
 •Retail sales volumes are expected to decrease slightly in FY 2016 as a result of increased conservation and efficiency. Wholesale sales to East Lansing/Midland are expected to decline due to loss of sales to State Road Interconnect.

Steam:
 •Steam sales volumes have been increased slightly to better reflect actual experience over the last five years.

Chilled Water:
 •Chilled water sales volumes have been decreased slightly to better reflect recent actual experience.



3

Operating Expense Assumptions

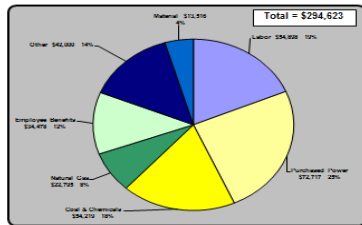
- Overall FY 2016 O&M increase of 2.2% compared to FY 2015 Budget. This increase is primarily attributable to inflationary pressure.
- Forecasted CPI Index 2.3% inflation*
- Budget assumes 754 FTEs – an increase of 1.1% over the FY 2015 budget

*The Budget and Economic Outlook 2015
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 Department of Budget & Finance



4

FY 2016 O&M Budget by Category
 -in \$000's, excludes depreciation



5

FY 2016
 Income Statement by Utility

\$000	ELECTRIC	WATER	STEAM	CHILLED WATER	TOTAL
SALES \$ (mwh, cfd, mlb, ton-hrs)	3,127,275	9,098,538	764,969	10,098,000	
Retail	\$ 277,182	\$ 36,516	\$ 13,187	\$ 5,782	\$ 332,667
Wholesale	\$ 40,471	\$ 3,537	\$ -	\$ -	\$ 44,008
OPERATING REVENUE	\$ 317,653	\$ 40,053	\$ 13,187	\$ 5,782	\$ 376,675
Operation & Maintenance Expense	\$(26,399)	\$(6,760)	\$(133)	\$(2,331)	\$(34,623)
Depreciation Expense	\$(2,000)	\$(7,042)	\$(2,659)	\$(1,514)	\$(43,225)
TOTAL OPERATING EXPENSE	\$(28,399)	\$(5,802)	\$(1,802)	\$(3,845)	\$(37,848)
OPERATING INCOME (LOSS)	\$ 28,255	\$ 6,250	\$ 1,355	\$ 1,937	\$ 38,827
Return on Equity	\$ (19,144)	\$ (2,408)	\$ (794)	\$ (353)	\$(22,699)
Other/Non-Operating Income	\$ 262	\$ 779	\$ (173)	\$ 45	\$ 913
Other/Non-Operating Expense	\$ (10,318)	\$ (1,928)	\$ (1,920)	\$ (514)	\$(14,781)
NET INCOME/(LOSS)	\$ 55	\$ 2,693	\$(1,502)	\$ 1,015	\$ 2,261
RATE OF RETURN	2.3%	2.0%	0.6%	0.8%	2.2%



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FY 2016 Cash Flow by Utility

\$000	ELECTRIC	WATER	STEAM	CHILLED WATER	TOTAL
BEGINNING OPERATING CASH	\$ 58,092	\$ 12,352	\$ 534	\$ 3,719	\$ 80,126
Sources of Cash					
Net Income	\$ 55	\$ 2,693	\$(1,502)	\$ 1,015	\$ 2,261
Depreciation	\$ 2,000	\$ 7,042	\$ 2,659	\$ 1,514	\$ 43,225
Loss on Sale of Assets	\$ 711	\$ 371	\$ 250	\$ -	\$ 1,342
Reserve for Future Construction	\$ 18,573	\$ 4,135	\$ 1,721	\$ 1,189	\$ 25,617
Net Environmental	\$ 3,513	\$ -	\$ 114	\$ -	\$ 3,627
Pipeline Refund	\$ -2,350	\$ -	\$ -	\$ -	\$ -2,350
SOURCE \$ OF CASH	\$ 57,241	\$ 14,241	\$ 3,717	\$ 3,719	\$ 78,917
Uses of Cash					
Debt Principal	\$(3,364)	\$(1,694)	\$(1)	\$(1,425)	\$(6,484)
Net Capital Expenditures	\$(47,341)	\$(11,304)	\$(5,249)	\$(677)	\$(65,571)
Reserve for Energy Plan	\$(1,000)	\$ -	\$ -	\$ -	\$(1,000)
Other Uses of Cash	\$(4,431)	\$(40)	\$(17)	\$(14)	\$(4,502)
USES OF CASH	\$(51,437)	\$(13,038)	\$(5,267)	\$(1,114)	\$(70,856)
Net Cash Increase/(Decrease)	\$ (5)	\$ 1,204	\$(1,549)	\$ 1,604	\$ 62
ENDING OPERATING CASH	\$ 57,636	\$ 14,116	\$ 3,835	\$ 5,322	\$ 80,938



Beginning Operating Cash Includes O & M Fund and Receiving Fund only. Designated funds and Restricted Bond Funds not included. (\$9.3 and \$10.2 million respectively as of March 31, 2015)



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Comparative Income Statement

Based on Initial Requests Prior
 to Strategic Alignment and Review

Account	FY2016 Budget	FY2015 Budget	Increase
OPERATING REVENUE	\$376,675	\$368,662	2.2%
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR			
TOTAL GROSS LABOR	66,308	63,308	4.7%
MATERIAL	34,719	12,047	187.6%
OTHER Utilities Benefits	36,509	23,075	58.3%
OUTSIDE SERVICES	44,309	24,021	84.5%
FUELS, WATER, CHEMICALS & AMT	148,739	149,000	-0.2%
Cash Investment in Capital Budget	(13,077)	(12,680)	3.2%
OPERATION AND MAINTENANCE EXPENSE	\$ 338,139	\$ 384,996	-12.7%
Depreciation Expense	43,225	41,818	3.4%
TOTAL OPERATING EXPENSE	\$ 337,479	\$ 333,332	1.2%
OPERATING INCOME	\$ 39,196	\$ 34,417	13.0%
Return on Equity	(22,600)	(22,275)	1.5%
Other/Non-Operating Income/Expense	(13,647)	(4,613)	-2.9%
NET INCOME	\$ 9,949	\$ 3,529	28.1%

Comparative Income Statement

After Strategic Alignment and Review

In \$000's	FY2016	FY2015	Increase
	Budget	Budget	(Decrease)
OPERATING REVENUE	\$ 376,875	\$ 369,252	7,623
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR			
TOTAL GROSS LABOR	61,201	60,308	893
MATERIAL	13,516	12,047	1,469
OTHER - Including Benefits	24,101	23,070	1,031
OUTSIDE SERVICES	30,037	26,021	4,016
FUELS, WATER CHEMICALS & AMINE	146,750	149,950	-3,200
Costs transferred to Capital Budget	(13,963)	(13,980)	17
OPERATION AND MAINTENANCE EXPENSE	\$ 294,622	\$ 288,396	6,226
Depreciation Expense	43,222	41,818	1,404
TOTAL OPERATING EXPENSE	\$ 337,844	\$ 330,214	7,630
OPERATING INCOME	\$ 39,031	\$ 39,037	-(6)
Return on Equity	(2,050)	(2,271)	221
Other Non-Operating Income/Expense	(1,367)	(14,613)	13,246
NET INCOME	\$ 3,614	\$ 2,153	1,461



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- FY 2016 Capital Budget

FY 2016 Capital Budget Summary

Dollars in (000's)

UTILITY		LOCATION	
ELECTRIC	\$ 38,962	ECKERT	\$ 8,026
WATER	\$ 8,106	ERICKSON	\$ 1,600
STEAM	\$ 4,506	T&D	\$ 40,009
CHILLED WATER	\$ 300	DYE/CEDAR	\$ 1,355
COMMON	<u>\$ 13,197</u>	OTHER	<u>\$ 14,081</u>
TOTAL BUDGET	\$ 65,072		\$ 65,072



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FY 2016 Capital Budget – Major Projects/Programs

Project Title	Project Total	FY 2016
SA P CRB (CARE)	14,828,000	6,907,000
• Erickson to Willow 138KV Line Extension	20,100,000	3,500,000
Moore's Park Dam Gate Hoist and Phase 2 Dam Repairs	4,160,000	3,010,000
ESI Annual Rebuild T&D Systems	19,175,984	3,002,000
FY 2016 Lead Service Replacement	42,812,000	2,700,000
Smart Grid Implementation	30,950,000	2,500,000
Street, Building and Outdoor Protective Lighting	16,259,250	2,260,000
Services and Line Extensions	15,927,844	2,200,000
• Wise Substation double Ending	7,160,000	2,050,000
• North East Static VAR compensator	10,000,000	2,000,000
Eckert Unit 4, 5, and 6 Mercury Capture ACI System	2,249,441	1,967,441
Annual Purchase/Scrap Transformers/Regulators	8,847,013	1,385,000
Frondor Overhead 4150V Sub Cutover and Retirement	1,375,000	1,350,000
Michigan Ave Stm from Washtn to Alley 6	1,326,500	1,326,500
Substation Modernization - EOP 8	1,894,500	1,294,500
Forbes 4160V Substation Retirement	2,823,900	1,230,000
FY 2016, Budget Line 31: Annual Manhole Rplmt	7,574,223	1,186,416
Eckert Steam Send-Out	1,090,000	1,030,000
• Wise Bus 2 Distribution	3,000,000	1,000,000
• Miller 8320 Cutover	1,500,000	1,000,000
ADMS	2,000,000	1,000,000



* These projects are part of the Electric Transmission & Distribution Plan

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Interim General Manager Peffley presented and reviewed a list of requested Capital Projects that would not be funded, as well as a list of Capital Projects planned for FY16. Interim General Manager Peffley stated that these two lists were well thought out and prioritized and it was a struggle to get this point. However, it is important to him that the BWL revenue is built on bringing businesses and residents to this region, not on the backs of the people.

Finance Chair Louney said this current budget would not be based on any rate increases.

Motion by Commissioner Bossenbery, Seconded by Commissioner Mullen to forward a Resolution for the approval of the FY 2016 Operating and Capital Budget.

Action: Motion Carried.

Other

None.

Adjourn

On **Motion** by Commissioner Bossenbery, seconded by Commissioner Mullen, the meeting adjourned at 7:53 p.m.

Respectfully submitted
Dennis M. Louney, Chair
Finance Committee

HUMAN RESOURCESS COMMITTEE

May 19, 2015

The Human Resources Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 19, 2015.

The Human Resources Committee Chairperson Cynthia Ward called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen and David Price. Also present: Commissioners Margaret Bossenbery, Dennis M. Louney, Tracy Thomas and Sandra Zerkle.

Absent: None.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Mullen, seconded by Commissioner McCloud to approve the Human Resources Committee meeting minutes of March 17, 2015.

Action: Motion Carried.

FY 15 Board Appointee Performance Reviews

a) Corporate Secretary

Corporate Secretary M. Denise Griffin requested a closed session for the purpose of, receiving her contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Price, seconded by Commissioner Mullen to go into closed session.

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen, David Price.

Nays: None.

Action: Motion Carried.

The Human Resources Committee into closed session at 5:33 p.m.

The Human Resources Committee reconvened to open session at 5:51 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner McCloud, seconded by Commissioner Mullen to reappoint M. Denise Griffin to the Charter position of Corporate Secretary for FY16.

Action: Motion Carried.

Human Resources Chair Ward stated that a resolution for Ms. Griffin's reappointment will be presented at the July regular Board meeting. The goals that were reflected in Ms. Griffin's evaluation will be the goals that the Board will identify going forward for the next evaluation period.

b) Internal Auditor

Internal Auditor Phil Perkins requested a closed session for the purpose of, receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Price, seconded by Commissioner McCloud to go into closed session.

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen, David Price

Nays: None.

Action: Motion Carried.

The Human Resources Committee into closed session at 5:52 p.m.

The Human Resources Committee reconvened to open session at 6:14 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Price, seconded by Commissioner McCloud to reappoint Phil Perkins to the Charter position of Internal Auditor for FY16.

Action: Motion Carried.

Human Resources Chair Ward stated that a resolution for Mr. Perkins's reappointment will be presented at the July regular Board meeting. The goals that were reflected in Mr. Perkin's evaluation will be the goals that the Board will identify going forward for the next evaluation period.

c) Interim General Manager

Interim General Manager Richard Peffley requested a closed session for the purpose of, receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Price, seconded by Commissioner Mullen to go into closed session.

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Cynthia Ward, Anthony McCloud, Tony Mullen, David Price.

Nays: None.

Action: Motion Carried.

The Human Resources went into closed session at 6:16 p.m.

The Human Resources Committee reconvened to open session at 6:31p.m.

Upon conclusion of the Closed session, the following motion was offered:

Motion by Commissioner McCloud, seconded by Commissioner Mullen to reappoint Richard Peffley to the Charter position of General Manager for FY16.

Action: Motion Carried.

A resolution for Mr. Peffley's reappointment will be presented at the July regular Board meeting. The goals that were reflected in Mr. Peffley's evaluation will be the goals that the Board will identify going forward for the next evaluation period.

Feedback on New Performance Evaluation Forms/Process

Board Chair David Price stated that he thought the evaluation process went very well. The form was succinct and it was nice to have it done online. He said his one concern is that there is not an area to indicate "I don't know or I don't have enough information", which was particularly true when evaluating the Interim General Manager, who has been on the job a short period of time.

Commissioner Zerkle questioned how the score is affected if there is a no response from a Commissioner and if the score would be based on seven answers. In response, HR Chair Ward stated the score would be based on seven answers or based on the number of Commissions who responded.

Commissioner Mullen thanked Commissioner Ward for the idea of having the electronic version of the evaluation. Commissioner Mullen suggested having a read only access as an option, to make it easier to read finished reviews online.

Commissioner Bossenbery thanked Commissioner Ward for all of her efforts on the evaluation process. Commissioner Bossenbery questioned if there might be an easier way to compile all of the comments to identify who made which comment, because it does not seem to flow across. She suggested that this may be formatting issue.

HR Chair Ward stated one question that was on the Internal Auditor's form but was not on the Corporate Secretary's and Interim General Manager's form was regarding goals. HR Chair Ward stated that she would make the next HR Chair aware that the question regarding goals should be included in all of the Appointed Employees evaluation forms moving forward.

Board Chair Price mentioned that goals should be stated on the evaluation and the goals rated. (Incomplete, Progress made, Completed, etc.)

The three Board Appointees agreed that this was a nice form and is relevant to evaluate job responsibilities and duties.

In conclusion, HR Chair Ward stated that she would try to incorporate suggested changes and pass it along to the next HR Chair.

Next Steps Regarding Contracts

After a discussion regarding the next steps for preparing the Appointed Employees contract for the next fiscal year, the following motion was offered:

Motion by Commissioner Price, Seconded by Commissioner Mullen to allow HR Chair Ward the opportunity to prepare the contracts in a way that is consistent with the BWL work force.

Action: Motion Carried.

HR Chair Ward stated that the contracts would be presented to the full Board for review and to vote on in July.

Excused Absence

None.

Public Comments

None.

Adjourn

On Motion by Commissioner Price, seconded by Commissioner McCloud, the meeting adjourned at 6:49 p.m.

Respectfully Submitted
Cynthia Ward, Chair
Human Resources Committee

PROPOSED RESOLUTION # _____

Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services

RESOLVED, that Fiscal Year 2015-2016 Rules and Regulations for Electric, Water, Steam and Chilled Water Services be approved as presented, to be effective July 1, 2015.

Proposed Resolution

ADOPTION OF INVESTMENT POLICY STATEMENT FOR OPERATING FUNDS

WHEREAS, the BWL's Investment Policy Statement for Operating Funds was last approved by the Board in July 2009 (Resolution 2009-07-1); and

WHEREAS, the Investment Policy Statement should be reviewed periodically to revise as needed and in accordance with industry practices; and

WHEREAS, the Investment Policy Statement delegates authority by specific title, including a title no longer held by any BWL staff;

RESOLVED, that the Finance Committee approve the proposed attached Investment Policy Statement for Operating Funds and forward the policy to the Board for adoption.

Staff Comments: Due to organizational and title changes as well as a review of industry practices this resolution is proposed to remove reference to the title of Manager of Finance and Planning and update the policy in accordance with industry practices.

PROPOSED RESOLUTION

Fiscal Year 2016 Operating and Capital Budget

RESOLVED, that the annual Operating Budget covering Fiscal Year 2016 is hereby approved as presented; and

RESOLVED, that the Fiscal Year 2016 Capital Budget is hereby approved as presented; and

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

Staff Comments: In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5, staff recommends an operating and maintenance budget of \$294.6 million and a capital budget of \$65.1 million for Fiscal Year 2016. The capital budget is to provide for on-going services to our utility customers and to sustain our plant facilities for future operations. Staff recommends that the Finance Committee approve these budgets and resolution for presentation and adoption by the Board at its May 26, 2015 Board meeting.

Proposed Resolution: Advisory Non-Voting Commissioner Seating Accommodations

RESOLVED, that the Interim General Manager is directed to implement necessary construction and/or remodeling actions that will address the seating needs for the three additional commissioners, who will serve as Advisory Non-Voting Representative Members.

Item not available at the time of preparation.