



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

July 23, 2024

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, July 23, 2024.

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

Corporate Secretary, LaVella Todd, called the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Commissioners J. R. Beauboeuf (East Lansing), Brian Pillar (Meridian Township) and Commissioner Robert Worthy (Delta Township)

Absent: None

Corporate Secretary LaVella Todd declared a quorum.

Commissioner David Price led the Pledge of Allegiance.

ELECTION OF OFFICERS FY 2024-2025

Nominating Committee Chairperson Tracy Thomas presented the May 30, 2024, Nominating Committee Report. The proposed slate of officers for Fiscal Year 2024-2025 is as follows: Commissioner David Price serving as Chairperson; and Commissioner Semone James serving as Vice Chairperson. There were no further nominations for the officers' positions from the floor.

Motion by Commissioner Tracy Thomas, **Seconded** by Commissioner Tony Mullen to close nominations for officers' positions.

Action: Motion Carried.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner DeShon Leek to approve the nominations of Commissioner David Price to serve as Chairperson and Commissioner Semone James to serve as Vice Chairperson of the Board of Commissioners for Fiscal Year 2024-2025.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Commissioner Semone James passed the gavel to Commissioner David Price.

Chairperson David Price stated that the Executive Committee consists of the Board Chairperson, the Board Vice Chairperson, the past Board Chairperson, plus a Board Member selected by the Board Chairperson and approved by vote of the Board Members. As the past Board Chairperson, Semone James, is now the Board Vice Chairperson. Chairperson David Price appointed Commissioner Sandra Zerkle as a past Board Chairperson to be on the Executive Committee. Commissioner Sandra Zerkle accepted the appointment as a past Board Chairperson for the Executive Committee.

Chairperson David Price nominated Commissioner Dale Schrader as the Board Member for the Executive Committee. Commissioner Semone James seconded the motion. Commissioner Dale Schrader accepted the appointment as the Board Member for the Executive Committee.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Chairperson David Price stated committee assignments will be sent out next week and he will be reaching out to board members regarding their preferences.

APPROVAL OF MINUTES

Motion by Commissioner Semone James, **Seconded** by Commissioner Beth Graham, to approve the Regular Board Meeting Minutes of May 21, 2024.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments.

COMMUNICATIONS

Electronic mail received from Elaine Fischhoff regarding Board of Water & Light and City of Lansing Joint COW Meeting - *Referred to Management. Received and Placed on File.*

Electronic mail received from Elaine Fischhoff regarding Clean Energy - *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Commissioner Tracy Thomas presented the Nominating Committee Report:

NOMINATING COMMITTEE Meeting Minutes May 30, 2024

The Nominating 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 5:00 p.m. on Thursday, May 30, 2024.

Nominating Committee Chairperson, Tracy Thomas, called the meeting to order at 5:00 p.m. and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Beth Graham, DeShon Leek, Dale Schrader and Tracy Thomas; also present: Commissioner J. R. Beauboeuf (arrived @5:03 p.m.)

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner DeShon Leek, **Seconded** by Commissioner Beth Graham to approve the Nominating Committee meeting minutes of June 13, 2023.

Yeas: Commissioners Beth Graham, DeShon Leek, Dale Schrader, and Tracy Thomas

Nays: None.

Action: Motion Carried.

Officer & Committee Survey Memorandum, Committee Selection Results Memorandum and Officer & Committee Survey Results and Comments

Chairperson Tracy Thomas stated that the Officer & Committee Survey Memorandum, Committee Selection Results Memorandum and the Officer & Committee Survey Results and Comments were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents.

Commissioner Leek commented that Commissioner Mullen requested removal from consideration for the Vice-Chairperson position. Commissioner Thomas responded that would be addressed during the nominating process.

Chairperson Thomas reviewed the list provided of past Board Chairpersons and Vice-Chairpersons. Commissioner Thomas stated that it was important to select a Chairperson and Vice-Chairperson that would be transparent and govern in conjunction with management operations.

Commissioner Schrader commented regarding rotation of the officer positions in the past few years in that there weren't very many Commissioners that held the office of the Chairperson and Vice Chairperson.

Nomination of Board Officer Candidates for Fiscal Year 2024-2025

Chairperson and Vice Chairperson

Chairperson Tracy Thomas opened the floor for nominations for the Chairperson for the 2024-2025 fiscal year.

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Beth Graham to nominate Commissioner David Price to serve as Chairperson of the Board of Commissioners for the 2024-2025 Fiscal Year.

Roll Call Vote:

Yeas: Commissioners Beth Graham, DeShon Leek, Dale Schrader, Tracy Thomas

Nays: None

Action: Motion Carried.

Chairperson Thomas noted that Commissioner Tony Mullen had withdrawn his request for consideration for the position of Vice-Chairperson.

Chairperson Tracy Thomas opened the floor for nominations for the Vice Chairperson for the 2024-2025 Fiscal Year.

Motion by Commissioner Beth Graham, **Seconded** by Commissioner DeShon Leek to nominate Commissioner Semone James to serve as Vice-Chairperson of the Board of Commissioners for the 2024-2025 Fiscal Year.

Yeas: Commissioners Beth Graham, DeShon Leek, Dale Schrader, Tracy Thomas

Nays: None.

Action: Motion Carried.

Motion by Commissioner DeShon Leek, **Seconded** by Commissioner Beth Graham to present the Slate of Officers for Fiscal Year 2024-2025 to the full Board for consideration as follows:

Chairperson: David Price
Vice Chairperson: Semone James

Roll Call Vote:

Yeas: Commissioners Beth Graham, DeShon Leek, Dale Schrader, Tracy Thomas

Nays: None

Action: Motion Carried.

Nominating Committee Chairperson Tracy Thomas stated that the recommended slate will be presented to the full Board for consideration and nominations will be taken from the floor at the July 23, 2024, Regular Board/Annual Organizational meeting.

Adjourn

There being no further business, the meeting adjourned at 5:19 p.m.

Respectfully submitted,
Tracy Thomas, Chairperson
Nominating Committee

Commissioner Tony Mullen presented the Human Resources Committee Reports:

HUMAN RESOURCES COMMITTEE Meeting Minutes June 4, 2024

Human Resources (HR) Committee: Commissioner Tony Mullen, Committee Chairperson; Commissioners Semone James, DeShon Leek and Tracy Thomas; Alternates: Beth Graham, Sandra Zerkle; Non-Voting Members: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy

The HR Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, June 4, 2024.

HR Committee Chairperson Commissioner Tony Mullen called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Semone James, DeShon Leek, Tony Mullen, and Tracy Thomas; also present: Commissioners David Price, Dale Schrader, and Sandra Zerkle (Alternate); and Non-Voting Commissioners J. R. Beauboeuf (East Lansing) and Bob Worthy (Delta Township).
Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the HR Committee meeting minutes of November 7, 2023.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

FY 2024 Board Appointee Performance Reviews

HR Committee Chairperson Tony Mullen opened the floor for the Board Appointee Performance Reviews.

Corporate Secretary

Corporate Secretary LaVella J. Todd 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 Tony Mullen, **Seconded** by Commissioner Semone James, to go into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary LaVella J. Todd.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:32 p.m.

Motion by Commissioner DeShon Leek, **Seconded** by Commissioner Tracy Thomas, to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 6:19 p.m.

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

Motion by Commissioner DeShon Leek, **Seconded** by Commissioner Semone James, to forward the resolution reappointing LaVella J. Todd to the Charter position of Corporate Secretary for FY25 to the full Board for consideration.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Commissioner Thomas thanked Corporate Secretary Todd for the work she has done for the 2023-2024 season.

Commissioner James thanked Corporate Secretary Todd for all her hard work and being a consummate professional.

Commissioner Beauboeuf thanked Corporate Secretary Todd for her professionalism and respect for her job.

General Manager

General Manager Richard R. 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 Tony Mullen, **Seconded** by Commissioner Semone James, to go into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard R. Peffley.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Human Resources Executive Director Michael Flowers was also requested to go into closed session.

The Human Resources Committee went into closed session at 6:22 p.m.

Motion by Commissioner DeShon Leeks, **Seconded** by Commissioner Semone James, to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 6:53 p.m.

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

Motion by Commissioner Semone James, Seconded by Commissioner Tracy Thomas, to forward the resolution reappointing Richard R. Peffley to the Charter position of General Manager for FY25 to the full Board for consideration.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Commissioner Thomas commended GM Peffley for doing a great job and always doing a great job.

Internal Auditor

Internal Auditor Elisha Franco 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 Tony Mullen, Seconded by Commissioner Tracy Thomas, to go into closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Elisha Franco.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Human Resources Executive Director Michael Flowers was also requested to go into closed session.

The Human Resources Committee went into closed session at 6:56 p.m.

Motion by Commissioner DeShon Leek, Seconded by Commissioner Semone James, to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 7:15 p.m.

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

Motion by Commissioner Semone James, **Seconded** by Commissioner Tracy Thomas, to forward the resolution reappointing Elisha Franco to the Charter position of Internal Auditor for FY25 to the full Board for consideration.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Commissioner Thomas thanked Internal Auditor Franco for her work.

Commissioner James commended all three Board appointed employees for doing a good job and for the work they had accomplished.

Chairperson Mullen also commended all three appointed employees for the work they have accomplished.

Subsequent Steps for Board Appointed Employees Contracts

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Tracy Thomas, to charge the HR Chairperson and the Board Chairperson with the task of working with the appointed employees on their respective annual merit considerations on behalf of the Board of Commissioners.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Chairperson Mullen announced that there will be a Human Resources Committee scheduled before the next Committee of the Whole Meeting.

Other

There was no other business.

Adjourn

Meeting adjourned at 7:19 p.m.

Respectfully Submitted,
Tony Mullen, Chairperson
Human Resources Committee

**HUMAN RESOURCES COMMITTEE
Meeting Minutes
July 16, 2024**

The HR Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, July 16, 2024.

Human Resources (HR) Committee: Commissioner Tony Mullen, Committee Chairperson; Commissioners Semone James, DeShon Leek and Tracy Thomas; Alternates: Beth Graham, Sandra Zerkle; Non-Voting Members: Commissioners J. R. Beauboeuf, Brian Pillar and Robert Worthy.

HR Committee Chairperson Tony Mullen called the meeting to order at 5:01 p.m. and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Semone James, DeShon Leek, Tony Mullen, and Tracy Thomas; also present: Alternates: Beth Graham and Sandra Zerkle; Dale Schrader; Non-Voting Commissioners J. R. Beauboeuf (East Lansing) and Bob Worthy (Delta Township).

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner Tracy Thomas, to approve the HR Committee meeting minutes of June 4, 2024.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Appointee Re-Appointment Next Steps

A brief discussion was held on the Appointee Re-Appointment next steps. Commissioner Mullen asked if board members had any questions or concerns regarding the employee contracts, he and Commissioner James had discussed with the three appointed employees, that were then

emailed to the full Board by HR Ex. Dir. Michael Flowers. There were no questions or concerns shared. Commissioner Mullen presented a motion to forward the three agreements for reappointments to the July 23, 2024 Regular Board Meeting for approval.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Semone James to forward the agreements for the reappointments of the three Board of Commissioner appointees to the full Board for approval.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Tracy Thomas.

Nays: None.

Action: Motion Carried.

Other

There was no other business.

Adjourn

Meeting adjourned at 5:05 p.m.

Respectfully Submitted,
Tony Mullen, Chairperson
Human Resources Committee

Commissioner Semone James presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE
Meeting Minutes
July 16, 2024**

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, July 16, 2024.

Commissioner Semone James called the meeting to order as Acting Chairperson of the Committee of the Whole at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, Dale Schrader, Tracy Thomas, and Sandra Zerkle; and Non-Voting Members J. R. Beauboeuf (East Lansing) and Robert Worthy (Delta Township)

Absent: Commissioner David Price; and Non-Voting Member Brian Pillar (Meridian Township)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner DeShon Leek, **Seconded** by Commissioner Beth Graham to approve the Committee of the Whole Meeting minutes of May 14, 2024.

Yeas: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, Dale Schrader, Tracy Thomas, and Sandra Zerkle

Nays: None

Action: Motion carried. The minutes were approved.

Return on Equity Update

General Manager Dick Peffley spoke on the Return on Equity Update. After meeting with the City of Lansing Mayor at which a request for an 8% rate of return on equity was made, GM Peffley, Chief Financial Officer Heather Shawa and team petitioned for leaving the rate at 6% and building revenue in order to retain customers. GM Peffley stated Mayor Schor responded with a recommendation for the rate of the renewal request at 6% but at budgeted revenue instead of gross revenue.

Chairperson Mullen asked whether the budgeted revenue was expected to be realized, and also asked whether the rate of 6% of the expected budget was a good deal. GM Peffley responded that budgeted income would not be realized this year due to equipment malfunctions at both facilities, but industry growth is expected for future years and budget realization is expected. GM Peffley responded that 6% of budgeted income is a good deal compared to the 8% initially requested as BWL is generating more income and bringing in new customers.

Commissioner James inquired about the amount the budget was short this year and if it could be recouped. CFO Shawa responded that the budget was short \$1.2 million to the city and the resolution being presented includes that amount.

Commissioner Mullen asked whether 6% of the budgeted income plus the \$1.2 million is in the resolution or if the 6% of the budgeted income includes the \$1.2 million. GM Peffley and CFO Shawa responded the city is being given the shortfall of \$1.2 million this year and 6% of the budgeted income will be given for FY2025.

Commissioner Thomas commented that the national average is 6% and agrees that it is a good deal.

Commissioner Schrader asked what the difference of the budgeted income for this year and the additional amount and budgeted income for next year. CFO Shawa responded for FY2024 the budget amount was \$26 million and for FY2025 it was \$28 million. CFO Shawa added that since Ultium is expected to ramp up production, it was a shorter term of a one-year request.

Commissioner Worthy asked if the rate was based on budgeted income only and if the budget is exceeded whether the city would be okay with that. GM Peffley responded that the request was for 6% of budgeted income and it was agreed upon.

Commissioner Zerkle asked whether the resolution depends on what happens at the rate hearing and what happens from the results of voting on the new budget. GM Peffley responded that there is no impact from the rate hearing and the 6% will be on the budget which has been approved. CFO Shawa responded when the budget and forecast was approved there was a note that the rate increases weren't being approved until the rate increase process.

Commissioner Worthy asked what would a shortfall in the budget be in percentage terms. GM Peffley responded that a shortfall wasn't expected. Wholesale revenue isn't used as part of base income in BWL's budget, but it is in the city. There was a decrease in wholesale revenue this year and it was an expense on customers' bills.

Motion by Commissioner Tracy Thomas, **Seconded** by Tony Mullen to forward the Resolution for the Return on Equity Renewal to the full Board for approval.

Yeas: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, Dale Schrader, Tracy Thomas, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Retirement Systems Code of Conduct and Ethics Update

Chief Financial Officer Heather Shawa presented the Retirement Systems Code of Conduct and Ethics update. While the RPC Charter was being reviewed for the Finance Committee, it was determined that Code of Conduct and Ethics resolution needed to be updated as the RPC was formed in 2016 and needed to be added, and also the legal names of the plan are being updated.

GM Peffley added information on the formation of the RPC will be presented at tonight's Finance Committee meeting.

Commissioner Thomas asked why this item was being presented at a COW meeting rather than a Finance Committee meeting. CFO Shawa responded because it was information regarding code of conduct it was better suited for presentation at a COW meeting.

Motion by Commissioner Beth Graham, **Seconded** by Tracy Thomas to forward the Resolution for the Code of Conduct and Ethics for Retirement Plan Fiduciaries to the full Board for approval.

Yeas: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, Dale Schrader, Tracy Thomas, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Other

Commissioner Semone James stated that the office of the City Clerk of the City of Lansing requests that the Ethics Ordinance, Conflict of Interest and Open Meetings Act Annual Training be noted in our minutes when commissioners have completed the requirement. Therefore, it is stated that the Board of Water & Light Board of Commissioners have completed the Ethics Ordinance, Conflict of Interest and Open Meetings Act training requirement for FY 2024.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham for excused absences for Commissioners David Price and Brian Pillar.

Yeas: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, Dale Schrader, Tracy Thomas, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Adjourn

Chairperson James adjourned the meeting at 5:51 p.m.

Respectfully Submitted
Semone James, Acting Chairperson
Committee of the Whole

Finance Committee Chairperson Sandra Zerkle presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes July 16, 2024

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

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, July 16, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:00 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle; Also Present: Commissioners Semone James (Alternate), Tracy Thomas (Alternate), DeShon Leek, and Non-Voting Commissioners J.R. Beauboeuf (East Lansing) and Robert Worthy (Delta Township).
Absent: Commissioner David Price.

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Dale Schrader, to approve the Finance Committee Meeting minutes of May 14, 2024.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

May YTD Financial Summary

CFO Heather Shawa presented the May YTD Financial Summary. Cash flow and net income results were affected by the August 2023 storm, as well as the bond issuance costs. Benefit Cost is expected to be within budget at the end of the year.

Capital Project Report

CFO Heather Shawa presented the Capital Project Report. Prior approval was received for exceedance on the Dye Filter Controls Upgrade and the Eckert 13 & 15 Cutover projects, and an exceedance is now being requested for the Electric T&D Annuals.

GM Peffley stated that when variances occur and explanations are provided, and funds obtained, this won't hamper reliability, availability and projects moving forward.,

Capital Project Exceedance Request: AE-Electric Annuals

Electric Transmission and Distribution Director, Wayne Lynn presented the Capital Project Exceedance Request for the Electric T&D Annuals. Mr. Lynn reviewed the significant expenditures in electric annuals, gave examples of the expenditures, and the amount of exceedance requested.

GM Peffley commented that a six-month project turned into a two-year project where a generator was requested as a backup, and resulted in an additional cable circuit being placed in the area and reimbursement is being requested for some of this expense.

Commissioner Zerkle asked whether it was technically an exceedance or an emergency situation, related to the storm reclassification costs. GM Peffley responded that the expenses were moved from capital to operations and maintenance.

Commissioner Leek asked whether vandalism to substations and transformers affected the amount included in the request. GM Peffley responded that repair for vandalism is not included.

Commissioner Schrader asked whether the annuals are line items for emergency situations. GM Peffley responded that annuals are for reoccurring and emergent projects that need to be completed annually.

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Capital Exceedance Request AE-Electric Annuals to the full Board for consideration.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Rate Strategy Presentation

GM Peffley provided background information on the rate strategy. GM Peffley stated that BWL's rate increases are under inflation and BWL is complying with clean energy standards. CFO Shawa

introduced Mark Beauchamp, President of Utility Financial Solutions, who presented the first part of the 2024 Rate Strategy of industry rate design trends, rates study process, and rate recommendations.

Commissioner Thomas asked whether there were external and internal subject matter experts involved. GM Peffley responded that BWL has internal subject matter experts, but an outside expert provides assurance that there isn't bias in the information presented. CFO Shawa responded that BWL has a cross functional team with whom Mr. Beauchamp worked.

Commissioner Thomas requested a BWL organizational chart to be able to identify presenters at meetings. GM Peffley responded that a BWL organizational chart would be made available to Commissioners if they are not able to access it through the Commissioner Dashboard.

Commissioner Schrader asked if the peak load hour was 9:00 p.m. GM Peffley responded that the average residential customer load is 500kW and it takes 220 kW to charge an electric vehicle. Electric vehicle owners are encouraged to charge their vehicles at night as the electricity used equals half of the total of all other residential load. It is considered new load and won't lower the peak.

CFO Shawa presented BWL's place in the state in reliability, BWL's Lansing Energy Tomorrow projects, vegetation management, cyber resiliency and technology investments, water service information, BWL resource portfolio and carbon reduction.

Commissioner Zerkle inquired whether any cyber security improvements were being made because of AI. CFO Shawa responded that recommendations are being made that focus on the AI plan under the acceptable use policy.

Commissioner Thomas asked CFO Shawa to share at some time the AI for utilities information this year's APPA National Conference keynote speaker presented. CFO Shawa responded she would be happy to share on the AI for utilities presentation from the APPA National Conference.

Accounting, Finance and Planning Director, Scott Taylor presented rate design recommendations.

Commissioner Zerkle asked if this is the information that will be presented at the public hearing and CFO Shawa affirmed.

Commissioner Worthy asked whether the \$1.1 million savings for PA 95, which is received from customers at the rate of \$0.88 per month resulting in about \$100,00 per month, is a net number or gross number. Mr. Taylor responded that it was a gross number and additional information would be presented by Director of Internal Audit Elisha Franco later this evening.

Commissioner Schrader asked for an explanation of the cost-of-service rates and actual usage rates. Mr. Beauchamp responded that a cost-of-service study determines what components of rates need to be charged, but isn't an exact science. Commissioner Schrader asked how BWL rates compared to Consumers Energy. GM Peffley responded that at the highest peak, BWL was 18% under Consumers Energy on residential rates. Currently, BWL's rates are 6% under and has

plans in place to return to target rate differential. GM Peffley also responded that BWL ranks higher in comparison relative to reliability.

Mr. Taylor noted that several members of BWL staff worked on the information provided on the rate strategy presentation.

Commissioner Worthy asked why chilled water isn't subject to the same inflationary effects in rate increases and also asked whether RICE should be included in green energy initiatives.

Mr. Taylor responded that chilled water is the newest system, and it has been easier to obtain cost of service. GM Peffley responded that RICE was put into the project as an intermittent power source.

Retirement Plan Committee (RPC) Update

CFO Shawa and Mr. Taylor presented the retirement plan committee investment activity for the VEBA Plan, and administrative activity updates for the DB, VEBA, 401a and 457b Plans.

Retirement Plan Committee (RPC) Charter

CFO Shawa presented the proposed Retirement Plan Committee Charter for the overseeing and management of plans and trusts and requested approval.

Motion by Beth Graham, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Approval of the Retirement Plan Committee (RPC) Charter to the full Board for consideration.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Bi-Annual Internal Audit Open Management Response Update

Internal Control Analyst Cody Rochefort presented the Bi-Annual Internal Audit Open Management Response Update, which consisted of drafting and adopting a formal Retirement Plan Committee Charter; updating the FY 2024 Rules and Regulations; and create a comprehensive document that outlines the roles and responsibilities of each entity involved in PA 95.

Commissioner Thomas commended Mr. Rochefort on his presentation and made some recommendations for the formatting in the presentation.

Commissioner Worthy asked whether the section on security deposits included a review of any computer errors. Mr. Taylor responded that the figures reported included computer errors and changes in the rules and doesn't believe there are any outstanding concerns.

Review and Approval of Board of Commissioners Fourth Quarter Budget and Expense Report

Chairperson Zerkle reported that the Board of Commissioners fourth quarter P-Card reports have been provided to the Commissioners for review with approval.

Internal Audit Department Status Update

Director of Internal Audit Elisha Franco presented the Internal Audit Department Status Update which included the Audit Progress Report, Issuance of the FY 2024 PA 95 Audit Report, FY 2025 Audit Plan awaiting Commissioner approval, Internal Auditor Professional Development, and Departmental Items.

PA95 Audit Results

Director of Internal Audit Elisha Franco presented the PA95 Audit Results. The audit was conducted to assess the effect on both the BWL organization and customers of opting into PA 95, and to determine if opting into PA 95 affected bad-debt status. No business findings were identified, and it was recommended that documentation is created to outline the crucial roles and responsibilities of each entity involved in PA 95.

FY 2025 Internal Audit Work Plan

Director of Internal Audit Elisha Franco presented the FY 2025 Internal Audit Work Plan and requested approval. The plan included a payroll management audit, a remittance/cash receipts audit, a follow up audit on PA 95 and a P-Card audit.

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Beth Graham to forward the Resolution for the Internal Audit Plan for FY 2025 to the full Board for consideration.

Yeas: Commissioners Beth Graham, Dale Schrader, and Sandra Zerkle

Nays: None

Action: Motion Carried.

Ms. Franco introduced new Internal Auditor Nicole Smith to the Commissioners.

Other

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

Action: Motion Carried.

There was no other business.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 8:02 p.m.

Respectfully submitted,
Sandra Zerkle, Chairperson
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no manager's recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS/ACTION ITEMS

RESOLUTION 2024-07-01

Appointment of the Charter Position of Corporate Secretary

WHEREAS, the Board's Rules of Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2024-2025 or until a successor is appointed, whichever last occurs:

LaVella J. Todd, Corporate Secretary

FURTHER RESOLVED, That the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2024's performance.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Tony Mullen, to approve the reappointment of the Corporate Secretary for Fiscal Year 2024-2025 at a Board Meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried

RESOLUTION 2024-07-02

Appointment of the Charter Position of Director and General Manager

WHEREAS, the Board's Rules of Procedure specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of General Manager for fiscal year 2024-2025, or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for fiscal year 2024's performance.

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Semone James, to approve the reappointment of the Charter Position of Director and General Manager for Fiscal Year 2024-2025 at a Board Meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

RESOLUTION 2024-07-03

Appointment of the Charter Position of Internal Auditor

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, respectively at its first regular meeting following July 1st of each year or as soon thereafter as may be appropriate.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor fiscal year 2024-2025, or, until a successor is appointed, whichever last occurs:

Elisha Franco, Internal Auditor

FURTHER RESOLVED, That the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2024's performance.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Semone James to approve the reappointment of the Internal Auditor for Fiscal Year 2024-2025 at a Board Meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

RESOLUTION 2024-07-04

Return on Equity (ROE) Renewal

WHEREAS, the City of Lansing has expressed a desire to continue the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 (the Agreement), which has been subsequently extended by means of six Amendments thereto in 2001, 2012, 2013, 2018, 2020 and 2022, respectively;

WHEREAS, the Board of Commissioners Committee of the Whole (COW) considered the City of Lansing's request on July 16, 2024;

WHEREAS, the General Manager recommended the Agreement be amended and extended by one year at a rate of 6% of total budgeted Board operating revenues, excluding inter-utility sales, effective July 1, 2023, which would be memorialized as Amendment No. 7;

WHEREAS, the COW has considered the proposed Amendment No. 7, agreed with the General Manager's recommendation and approved the Amendment, including authorization for the General Manager to execute the Amendment, and the Amendment shall be forwarded to the Board of Commissioners for approval at the July 23, 2024 meeting.

RESOLVED, the proposed Amendment No. 7 to the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 is approved by the COW, including authorization for the General Manager to execute the Amendment, and shall be forwarded to the Board of Commissioners for approval at the July 23, 2024 meeting.

Motion by Commissioner Tracy Thomas, Seconded by Commissioner Semone James, to approve the Return on Equity (ROE) Renewal at a meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

RESOLUTION 2024-07-05

Code of Conduct and Ethics for Retirement Plan Fiduciaries

WHEREAS, the Lansing Board of Water & Light (the "Sponsor" or "BWL") sponsors the (a) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions; (b) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and

Light; (c) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (d) Lansing Board of Water and Light Defined Contribution Plan and Trust 2; and (e) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust (collectively the “Plans”), which are administered in accordance with the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended (“Act 314”), applicable plan documents, and local, state and federal laws; and

WHEREAS, the Board of Commissioners (“Board”) and Retirement Plan Committee (the “Committee”) are vested with the general administration, management, and operation of the Plans, and have a fiduciary responsibility to make decisions solely in the interest of plan participants and beneficiaries; and

WHEREAS, the Board and the Committee recognize that they are subject to the provisions of Act 314 as amended, wherein the Board and its appointed Trustees and the Committee is required to act as a prudent investor in all transactions related to the Plans’ funds and assets by discharging their duties solely in the interests of the participants and beneficiaries, and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered; and

WHEREAS, due to the fiduciary responsibilities entrusted to the Board and the Committee, they are encouraged to maintain the highest standards of conduct and ethics above the minimum requirements of applicable law and policy; and

WHEREAS, while the BWL adheres to the City of Lansing’s Ethics Policy, the Board desired to state its policy with regard to conduct and ethics as it specifically pertains to administration, management and operation of the Plans; and

WHEREAS, the Board adopted a Retirement System Code of Conduct and Ethics policy in November 2014 by Resolution #2014-11-01; and

WHEREAS, the Board desires to update the Retirement System Code of Conduct and Ethics policy and replace it with the Code of Conduct and Ethics set forth in Attachment A.

THEREFORE, it is:

RESOLVED, that the Code of Conduct and Ethics is approved as set forth in Attachment A; and

FURTHER RESOLVED, that this Resolution supersedes Resolution #2014-11-01.

Motion by Commissioner Semone James, **Seconded** by Commissioner Tony Mullen to approve the Resolution for Code of Conduct and Ethics for Retirement Plan Fiduciaries at a Board meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

RESOLUTION 2024-07-06

Capital Project Exceedance: AE – Electric Annuals

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

WHEREAS, the previously approved budget for Capital Project AE – Electric Annuals was \$17,900,000; and

WHEREAS, the projected final total cost for Capital Project AE – Electric Annuals is \$25,774,045, should the project be completed; and

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

WHEREAS, BWL staff and management recommends that the Capital Project AE – Electric Annuals projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project AE – Electric Annuals with a projected final total cost of \$25,774,045.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Tony Mullen, to approve the Resolution for the Capital Project Exceedance: AE – Electric Annuals at a Board meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

RESOLUTION 2024-07-07

Retirement Plan Committee Charter Approval

WHEREAS, the Lansing Board of Water & Light (the “Sponsor” or “BWL”) sponsors the (a) Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees’ Pensions; (b) Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light; (c) Lansing Board of Water and Light Defined Contribution Plan and Trust 1; (d) Lansing

Board of Water and Light Defined Contribution Plan and Trust 2; and (e) Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust (collectively the “Plans”); and

WHEREAS, the Sponsor created a committee effective September 27, 2016, named “Retirement Plan Committee” (the “Committee”), to which the Sponsor delegated discretionary authority and responsibility for the discharge of certain Plan-related duties; and

WHEREAS, the BWL Board of Commissioners (“Board”) accepted the audit report from the Internal Auditor recommending modifications to the Committee and its governance – Internal Audit Report FY 2023-3, Retirement Plans and the Retirement Plan Committee (RPC) issued March 27, 2023 (“RPC Audit”), which includes management response; and

WHEREAS, on May 23, 2023, consistent with RPC Audit Recommendation #2, the Sponsor resolved that the Committee shall draft and adopt a formal Charter to be approved by the Sponsor;

WHEREAS, the Committee recommends the Retirement Plan Committee Charter for approval by the Sponsor; and

WHEREAS, the documents and service providers referred to in the Charter appendices may change from time to time, the Committee requests the ability to amend the Charter for these changes as they occur without further approval of the Sponsor.

THEREFORE, it is:

RESOLVED, that the Sponsor approves the Retirement Plan Committee Charter.

FURTHER RESOLVED, that the Committee may amend the Retirement Plan Committee Charter as the documents and service providers referred to in the appendices change from time to time without further approval of the Sponsor.

Motion by Commissioner Semone James, **Seconded** by Commissioner David Price to approve the Resolution for Retirement Plan Committee Charter Approval at a Board meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

RESOLUTION 2024-07-08
Internal Audit Plan for FY 2025

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Plan for FY 2025.

Motion by Commissioner Sandra Zerkle, **Seconded** by Beth Graham to approve the Internal Audit Plan for FY2025 at a Board meeting held on July 23, 2024.

Roll Call Vote:

Yeas: Commissioners Semone James, Beth Graham, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas and Sandra Zerkle

Nays: None

Action: Motion Carried.

MANAGER'S REMARKS

General Manager Dick Peffley spoke on the following items.

1. GM Peffley thanked the Board of Commissioners for the reappointment as Director and General Manager.
2. The State of the BWL address was given earlier in the day on Tuesday, July 23, 2024. It is the ninth year for the address and GM Peffley thanked the Commissioners that were able to attend.
3. Senior representatives from General Motors will be visiting on Tuesday, July 30, 2024 to talk about the nearby plant and the load out of the facility.
4. There are several events coming up and GM Peffley is looking forward to seeing Commissioners who can attend and understands Commissioners may not be able to attend all events.
5. The General Manager's Roundtable will be held on Wednesday, July 24, 2024 at 11:30 am. The same speech will be given that was made at the State of BWL Address.
6. The BWL Employee Picnic will be held on Tuesday, July 30, 2024 at 7:05 pm at the Lansing Lugnuts stadium.
7. The Internship presentations will be on July 31, 2024 from 11:00 am to 2:30 pm at the REO Depot. The interns will present tabletop displays showcasing what they learned from their 13 week internship.
8. The BWL 5k walk/run will be on Saturday, August 10th with an 8:00 am start time.

COMMISSIONERS' REMARKS

Commissioner Zerkle thanked GM Peffley for State of the BWL address and luncheon and for giving credit to the BWL employees for the successes of the BWL.

Commissioner Thomas thanked Commissioner Semone James for her leadership as the past Chairperson of the Board and congratulated Commissioner David Price on his upcoming service.

Commissioner Thomas also congratulated the three employees for their reappointments. Commissioner Thomas also thanked Amy Adamy and Kellee Christensen for representing the Board of Water & Light at events.

Commissioner Semone James thanked Commissioner Tracy Thomas, GM Peffley and the Corporate Secretary LaVella Todd for their support and advisement during her time as Chairperson. Commissioner James also thanked Commissioner Sandra Zerkle and Commissioner Price for being Vice-Chairperson during her first year and second year respectively as Chairperson. Commissioner James expressed that our Rules of Procedure state that we endeavor to rotate officers of the Board and she happily welcomed Commissioner David Price in serving as Chairperson and herself in serving as Vice-Chairperson. Commissioner James thanked Commissioners for their camaraderie and encouraged Commissioners to step up to leadership roles on the Board as they are able. Commissioner James expressed her appreciation to the Director of Internal Audit, Elisha Franco and looks forward to working with her and her new Internal Auditor Nicole Smith. Commissioner James also thanked the staff that have worked on the Board of Commissioners Roles & Responsibilities Handbook: Corporate Secretary LaVella Todd, Administrative Assistant Maria Koutsoukos, Associate Attorney Marie Mireles, Commissioner Brian Pillar and Director of Internal Audit Elisha Franco. Commissioner James stated that during her term as Chairperson that she always worked to create an inclusive environment with open lines of communication and expressed that she was confident that we would continue with Commissioner Price as Chairperson and herself as Vice-Chairperson. She encouraged the Board of Commissioners to work with new Commissioners as they come onto the Board.

Chairperson Price commented that the support from other Commissioners and BWL staff is necessary for successful leadership.

MOTION OF EXCUSED ABSENCE

There were no absences.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chairperson David Price adjourned the meeting at 6:05 p.m.

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 08-02-24
Approved by the Board of Commissioners: 09-24-24
Official Minutes filed (electronically) with Lansing City Clerk: 09-25-24