



**BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
September 27, 2016 - 5:30 p.m.**

BOARD MEETING AGENDA

- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes**
 - a. Regular Board Meeting-July 26, 2016
- 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**
 - a. Petition letters re: The removal of Dry Sorbent Injection (DSI) from the BWL budget
 - b. Electronic Mail from Kara Gamboa re: Payment arrangements
 - c. Letter from Gridliance re: A business opportunity offering to the BWL
 - d. Electronic Mail from Brad van Guilder re: Request for additional information
 - e. Michigan Capital Confidential news article titled: Shivering in the Dark?
- 6. Committee Reports**
 - a. Committee of the Whole (August 16, 2016) – Mark Alley, Chair
 - b. Committee of the Whole (September 13, 2016) – Mark Alley, Chair
 - c. Finance Committee (September 13, 2016) - David Price, Acting Chair
- 7. Manager's Recommendations**
- 8. Unfinished Business**
- 9. New Business**
- 10. Resolutions/Action Items**
 - a. Resolution: Approval of Strategic Plan
 - b. Resolution: Approval of Baker Tilley External Audit
 - c. Resolution: Approval of DB and VEBA Policies
- 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**



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

July 26, 2016

The Board of Commissioners met at the 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 26, 2016.

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

Present: Commissioners Mark Alley, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle. Non-Voting Commissioners present: Stuart Goodrich (Dehli Township), Bob Nelson (East Lansing) and Bill Long (Delta Township).

Absent: Commissioner Dennis M. Louney

The Corporate Secretary declared a quorum.

Commissioner Mark Alley led the Pledge of Allegiance.

Without objection Chairperson David Price amended the agenda to include a Special Ceremony to present General Manager Peffley with a Resolution of Tribute to honor his 40 years of service to the Board of Water and Light.

SPECIAL CEREMONY-TRIBUTE TO BWL GENERAL MANAGER RICHARD "DICK" PEFFLEY

Chairperson David Price presented General Manager Dick Peffley with a Resolution of Tribute on behalf of his 40 years of service to the BWL. Chairperson David Price announced and introduced a special guest: the Honorable Mayor Virg Bernero, who congratulated General Manager Peffley for his 40 years of service.

Motion by Commissioner Zerkle, Seconded by Commissioner Thomas to approve the Resolution of Tribute honoring General Manager Peffley for his 40 years of service to the BWL and the community.

Action: Motion Carried

ELECTION OF OFFICERS FY 2016-2017

Chairperson David Price recognized Commissioner Anthony McCloud, who chaired the Nominating Committee.

Commissioner McCloud presented the June 21, 2016 Nominating Committee Report, from which the proposed slate of officers for Fiscal Year 2016-2017, is as such: Commissioner David Price serving as Chairperson; and Commissioner Mark Alley serving as Vice Chairperson. With no nominations from the floor for the office of Chairperson or Vice Chairperson, the following motion was offered:

Motion by Commissioner Mullen, Seconded by Commissioner Thomas, to approve the presented slate of officers for 2016-2017 as proposed by the Nominating Committee as:

Commissioner David Price serving as the Chairperson
Commissioner Mark Alley serving as the Vice Chairperson

Action: Motion Carried

Chair Price thanked everyone for their vote of confidence and pledged to continue to work hard in his leadership role as he has done the last two years.

APPROVAL OF MINUTES

Motion by Commissioner Thomas, Seconded by Commissioner Mullen to approve the Regular Board Meeting minutes of May 24, 2016.

Action: Motion Carried

PUBLIC COMMENTS

Regina Strong, Sierra Club, Director of the Beyond the Coal Campaign, spoke about the communication in the Board meeting packet regarding access to information during the IRP process. She thanked General Manager Peffley, George Stojic and Steve Brennan for attending a recent meeting with the Sierra Club to allow items identified in the letter to be addressed.

Brad van Guilder, Sierra Club, spoke about the recent meeting with the Sierra Club, General Manager Peffley, George Stojic, Steve Brennan and Sierra Club consultants. Mr. van Guilder said they identified some items for explanations and correction of the modeling. (Mr. van Guilder provided the Board of Commissioners with a copy of the FOIA response received by the Sierra Club from the BWL FOIA Coordinator).

Dave Errickson, Sierra Club, spoke regarding the data and assumptions used in the IRP Process, the retirement of Erickson and Eckert plants, and the avoidance of new infrastructure. He also submitted a petition letter in support of removing Dry Sorbent Injection (DSI) from the budget due to what he believes has immediate health side effects signed by the following individuals:

Dave Errickson	Jordan Priebe	Maria Dellacorte	Julia O'Connor	William Haggerty
Emily Haggerty	Suzanne Love	Joy Torrenga	Marites Woodbury	Timothy Hagerman
Heath Post	Debra Wolf	Michael Casler	Dan Nowiski	Loren Clift
Stephen Batzer	Mark Wright	Robert Blanchard	Alexis Ray	Angie Liberato
Phillip Wells	Erin Early	Christine Barrett	Julie Larson	Barbara Worgess
Stephen Cessna	Barbara Schmidt	Macie Schriener	John de Vries	Judith Benedict
David Devinney	Steven Sy	Ron Holley	Katharine Gabele Douglass	Cecilia Garcia

Mark Miser

Carol Rall

Bob Johns

Andy Szwejd

Liutauras Gedivllas

David Bolig

Dan Blakely

Linda Blodgett

COMMUNICATIONS

- a. Email from Scott Boehme, E. Lansing, MI re: The installation of a Geothermal power plant
Referred to Management. Received and Placed on File
- b. Email from Kyle Shumaker, business owner re: A recent power outage
Referred to Management. Received and Placed on File
- c. Letter from Brad van Guilder of the Sierra Club re: Access to the Board of Water and Light's Integrated Resource Planning (IRP) information
Referred to Management. Received and Placed on File

INTRODUCTION OF NEW COMMISSIONER

Chairperson David Price introduced and welcomed BWL's newest Commissioner, Mr. Stuart Goodrich representing Delhi Township.

COMMITTEE REPORTS

HUMAN RESOURCES COMMITTEE Meeting Minutes May 31, 2016

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 31, 2016.

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tony Mullen, Sandra Zerkle, and Anthony McCloud. Also present: Commissioners Dennis M. Louney, David Price and Ken Ross (arrived 5:40p.m.); and Non-Voting Commissioners Bill Long (Delta Township) and Robert Nelson (E. Lansing).

Absent: Commissioner Mark Alley

Public Comments

None

Approval of Minutes

Motion by Commissioner McCloud, Seconded by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of March 15, 2016.

Action: Motion Carried.

FY 2017 Board Appointee Performance Reviews

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 Zerkle, seconded by Commissioner McCloud, to enter into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary M. Denise Griffin.

Roll Call Vote:

Yeas: Commissioners Anthony McCloud, Tony Mullen, Sandra Zerkle.

Nays: None.

Action: Motion Carried.

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

The Human Resources Committee reconvened to open session at 6:01 p.m.

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 McCloud, seconded by Commissioner Zerkle, to enter into closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Phil Perkins.

Roll Call Vote:

Yeas: Commissioners Anthony McCloud, Tony Mullen, Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 6:02 p.m.

The Human Resources Committee reconvened to open session at 6:24 p.m.

General Manager

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 McCloud, seconded by Commissioner Zerkle, to enter into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard Peffley.

Roll Call Vote:

Yeas: Commissioners Anthony McCloud, Tony Mullen, Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 6:25 p.m.

The Human Resources Committee reconvened to open session at 6:45 p.m.

Upon conclusion of the Closed Sessions, the following motions were offered:

Motion by Commissioner McCloud, seconded by Commissioner Zerkle, to forward a resolution reappointing M. Denise Griffin to the Charter position of Corporate Secretary for FY17 to the full Board for the consideration.

Action: Motion Carried.

Motion by Commissioner McCloud, seconded by Commissioner Zerkle, to forward a resolution reappointing Phil Perkins to the Charter position of Internal Auditor for FY17 to the full Board for consideration.

Action: Motion Carried.

Motion by Commissioner McCloud, seconded by Commissioner Zerkle, to forward a resolution reappointing Richard (Dick) Peffley to the Charter position of General Manager for FY17 to the full Board for consideration.

Action: Motion Carried.

HR Chair Mullen stated that the reappointment resolutions will be taken under consideration at the July Regular Board meeting.

Subsequent Steps for Board Appointed Employees Contracts

Motion by Commissioner Zerkle, seconded by Commissioner McCloud, to charge the HR Chair and the Board Chair with the task of working with the appointed employees, on behalf of the Board of Commissioners, on their respective annual merit considerations.

Action: Motion Carried.

Excused Absence

Motion by Commissioner McCloud, Seconded by Commissioner Zerkle, to excuse Commissioner Alley from tonight's meeting.

Action: Motion Carried.

Other

Human Resources Chair Mullen reminded everyone that June 7th is the cutoff date for submitting the 2016-2017 Officer and Committee Survey forms to the Corporate Secretary.

Public Comments

None

Adjourn

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

Action: Motion Carried

Meeting adjourned at 6:48 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

HUMAN RESOURCES COMMITTEE
Meeting Minutes
June 21, 2016

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, June 21, 2016.

Human Resources (HR) Committee Chairperson Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tony Mullen, Anthony McCloud and Sandra Zerkle. Also present: Commissioners Ken Ross (arrived 5:33p.m.) and Tracy Thomas; and Non-Voting Commissioner Bill Long (Delta Township)

Absent: Commissioner Mark Alley

Public Comments

None

Approval of Minutes

Motion by Commissioner McCloud, Seconded by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of May 31, 2016.

Action: Motion Carried.

Discussion re: Salary/Benefit Adjustments for BWL's Charter Appointed Employees

HR Chair Mullen and Board Chair Price by motion were charged with the task of working with the Board's appointed employees, on behalf of the Board of Commissioners, on their respective annual merit considerations. HR Chair Mullen informed the Committee that he has had the opportunity to have a discussion with the appointed employees regarding adjustments to their contract. He stated that the Corporate Secretary's contract has now been modeled to be in line with the General Manager's contract which reflects the new charter amendment. (Chapter 4 Section 6-401)

Corporate Secretary

Corporate Secretary M. Denise Griffin requested to go into closed session for the purpose of discussing proposed contract adjustments as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Zerkle, seconded by Commissioner McCloud, to enter closed session to allow discussion regarding contract adjustments for the Corporate Secretary M. Denise Griffin.

Roll Call Vote:

Yeas: Commissioners Anthony McCloud, Tony Mullen, Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:34 p.m.

The Human Resources Committee reconvened to open session at 5:44 p.m.

The closed section meeting was not authorized by MCL 15.268(a) and as a result the discussed information must be open:

The Corporate Secretary's wages were noted as \$94,200.

The Severance Package is being removed from the Corporate's contract as required by the Charter Amendments.

Internal Auditor

Internal Auditor Phil Perkins requested to go into closed session for the purpose of discussing proposed contract adjustments as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Zerkle, seconded by Commissioner McCloud, to enter closed session to allow discussion regarding contract adjustments for Internal Auditor Phil Perkins.

Roll Call Vote:

Yeas: Commissioners Anthony McCloud, Tony Mullen, Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:45 p.m.

The Human Resources Committee reconvened to open session at 5:53 p.m.

The closed section meeting was not authorized by MCL 15.268(a) and as a result the discussed information must be open:

The Internal Auditor's wages were noted as \$135,821.

General Manager

HR Chair Mullen stated that General Manager Peffley was not in attendance at tonight's meeting, that his contract would be distributed to the Commissioners and, if necessary, there could be a brief meeting at a later date.

Excused Absence

Motion by Commissioner Zerkle, Seconded by Commissioner McCloud, to excuse Commissioner Alley from tonight's meeting.

Action: Motion Carried.

Other

None

Public Comments

None

Adjourn

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

Action: Motion Carried

Meeting adjourned at 5:58 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

NOMINATING COMMITTEE MINUTES

June 21, 2016

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 6:00 p.m. on Thursday, June 21, 2016.

Committee Chair, Anthony McCloud called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Anthony McCloud, Tony Mullen, Ken Ross and Tracy Thomas. Also present was Commissioner Dennis M. Louney.

Absent: None

Approval of Minutes

Motion by Commissioner Mullen, seconded by Commissioner Thomas to approve the Nominating Committee meeting minutes of June 23, 2015.

Action: Motion Carried

Public Comment

There were no public comments.

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Committee Chair Anthony McCloud stated that the Officer Committee Survey Results Forms and Committee Survey Memorandum were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents. There were no questions.

Nomination of Board Officer Candidates for Fiscal Year 2016-2017 Chairperson

Nominating Committee Chair McCloud opened the floor for the Officer position of Chairperson. The following motion was offered:

Motion by Commissioner Ross, Seconded by Commissioner Mullen to nominate Commissioner David Price to serve as the Chairperson for the 2016-2017 fiscal year.

Action: Carried Unanimously

Commissioner Thomas stated for the Record that he has been very impressed with Commissioner Price's leadership and that's why he voted yes for him to serve as the Chairperson, and believes that having him serve a third term is really healthy for the commission.

Vice Chairperson

Nominating Committee Chair McCloud opened the floor for the Officer position of Vice Chairperson Nominations

and the following motion was offered:

Motion by Commissioner McCloud to nominate Commissioner Sandra Zerkle to serve in the Officer position of Vice Chairperson.

Action: Motion died with no Second.

Motion by Commissioner Mullen, Seconded by Commissioner Anthony McCloud to nominate Commissioner Mark Alley to serve in the Officer position of Vice Chairperson.

Action: Motion Carried (3/1 Ross dissenting)

Motion by Commissioner Mullen, Seconded by Commissioner Thomas to present the slate of Officers for 2016-2017 to the full Board for consideration is as follows:

Chair: David Price
Vice Chair: Mark Alley

Nominating Committee Chair McCloud stated that nominations would be taken from the floor at the July 26th Regular Board meeting.

Excused Absence

None

There being no further business, the meeting adjourned at 6:09 p.m.

Respectfully submitted,
Anthony McCloud, Chair
Nominating Committee

**FINANCE COMMITTEE
July 12, 2016**

The Finance 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, July 12, 2016.

Finance Committee Chairperson Ken Ross called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Ken Ross, Dennis M. Louney, David Price and Tracy Thomas. Also, present Commissioners Tony Mullen, Sandra Zerkle and Non-Voting Members Stuart Goodrich (Delhi Township), Bill Long (Delta Township), Bob Nelson (E. Lansing).

Absent: None.

The Corporate Secretary declared a quorum.

Approval of Minutes

Motion by Commissioner Thomas, Seconded by Commissioner Price, to approve the Finance Committee meeting minutes of May 10, 2016.

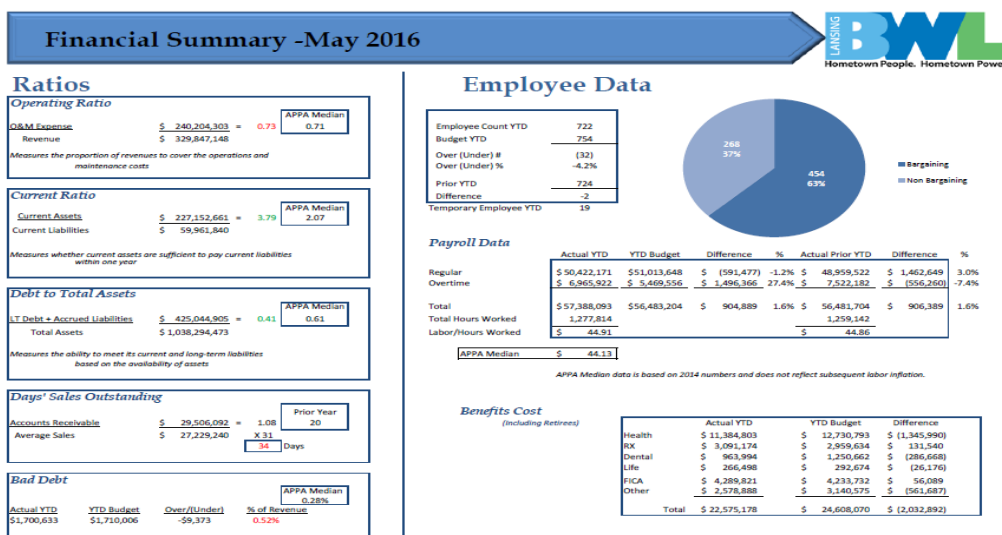
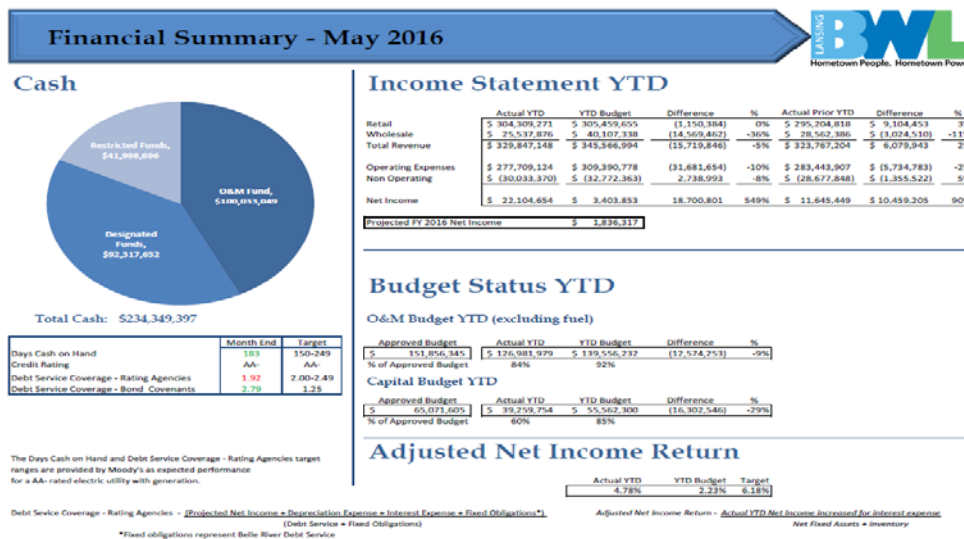
Action: Motion Carried.

Public Comment

None.

YTD Financial Overview

Chief Financial Officer Heather Shawa-DeCook presented the May 2016 Financial Summary below:



Six Year Forecast Overview/Resolution

Chair Ross suggested reviewing the PowerPoint presentation page by page to address any questions.

Chief Financial Officer Heather Shawa-DeCook presented the FY 2017-2022 Financial Plan as follows:

FY 2017-2022 Financial Plan

- Six-Year Operating Forecast
 - Financial Goals
 - Financial Assumptions
 - Rate of Return
- Six-Year Capital Forecast
- Already Completed and Next Steps

Financial Goals

- Maintain credit quality
 - BWL is currently a AA- Rated Utility
- Ensure adequate liquidity
 - Ability to meet near term obligations when due
 - Target Days Cash on Hand Range 150-249*
 - Target Debt Service Coverage 2.00-2.49*
- Maintain rate competitiveness
- 4.81% Rate of Return

Chief Financial Officer Heather Shawa-DeCook noted to the Committee the Board of Water and Light's AA- credit rating and the benefits maintaining that status. She stated that there is a cost to having higher top quality ratings; therefore all considerations should be understood.

In addition, there was discussion regarding future plans to ensure that the BWL is competitive with regard to rates of other utilities. General Manager Peffley provided a few of his ideas regarding this matter which include having at least a 10% residential rate differential between the BWL and the nearest competitor.

Rate of Return

- In August 2008, the Board approved a target rate of return of 6.18%
- The rate of return was determined using a methodology provided by Utility Financial Solutions and used by municipal utilities where the Board also indicated that the approach should allow for flexibility to adjust the calculated return upward for large construction projects and other unusual circumstances.
- Under this methodology, a rate of return is calculated that blends the utilities borrowing rate with double the inflation rate
- This return allows the utility to pay for interest costs and also provides for the replacement of aging infrastructure as it is removed from service
- The target return in dollars is calculated by multiplying the rate of return by the utility's rate base which includes net fixed assets and inventory
- The rate of return achieved is calculated with the following formula:
 - $(\text{Net Income} - \text{Interest Income} + \text{Interest Expense}) / (\text{Net Fixed Assets} + \text{Inventory})$
- The rate of return has been recalculated using current inflation, debt rate, and rate base information. With the updated information, the needed return is calculated at 4.81%.
- The forecast presented is based on the updated return calculation of 4.81%.

Financial Assumptions

- Projected sales levels
 - Electric – Slight increase in retail sales and decline in wholesale sales reflecting lower wholesale market prices and the 2020 removal of generation provided by Eckert.
 - Water – Retail sales held constant for forecast period. Slight increase in wholesale.
 - Steam – Held constant.
 - Chilled Water – Held constant.
- Operating expenses are forecast to increase from FY 2017 through FY 2022 at an annual 2.4% inflationary rate.*
- Any potential impact related to Eckert replacement generation has not been included in this forecast.
- Upcoming labor contract negotiations has not been included.

Chief Financial Officer Heather Shawa-DeCook stated that based on forecasted recommendations at the end of the six year period the BWL will achieve the target 4.81 % Rate of Return.

FY 2017 - FY 2022 Six Year Forecast						
In \$000's	2017	2018	2019	2020	2021	2022
Rate Increase:						
Electric	0.0%	2.4%	2.4%	2.4%	2.4%	2.4%
Water	0.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Steam	0.0%	5.4%	5.4%	5.4%	5.4%	5.4%
Chilled Water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income (Loss):						
Electric	\$ 8,015	\$ 11,168	\$ 10,811	\$ 14,192	\$ 13,792	\$ 14,721
Water	\$ 2,288	\$ 4,868	\$ 5,933	\$ 6,997	\$ 8,356	\$ 9,666
Steam	\$ (960)	\$ 197	\$ 465	\$ 736	\$ 1,094	\$ 1,282
Chilled Water	\$ 770	\$ 1,199	\$ 1,244	\$ 1,229	\$ 1,340	\$ 1,386
Total Net Income	\$ 10,113	\$ 17,431	\$ 18,453	\$ 23,154	\$ 24,582	\$ 27,055
Return on Rate Base						
Electric	3.9%	4.2%	4.0%	4.5%	4.5%	4.8%
Water	1.8%	2.9%	3.2%	3.6%	4.2%	4.8%
Steam	1.5%	3.5%	3.8%	4.0%	4.5%	4.8%
Chilled Water	4.9%	6.5%	6.8%	6.8%	7.3%	7.6%
Total	3.1%	3.8%	3.8%	4.3%	4.5%	4.9%
Unrestricted Cash Balance	\$ 137,301	\$ 102,237	\$ 88,018	\$ 91,828	\$ 108,907	\$ 117,473
Days Cash on Hand	167	123	111	116	136	138
Debt Service Coverage	1.94	2.16	2.51	2.63	2.58	2.70



Finance Chair Ross emphasized that the progression for the Rate on Return Base, for any year between 2017 and 2022 would not actually be achieved, but if the BWL pursued the outlined strategy as indicated in the PowerPoint graph (see above) and if the assumptions are correct, by the end of that 6 year period, the target rate of 4.81 would be met.

Annual Net Income by Utility



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In response to a question regarding the net income of steam, General Manager Peffley stated that there is an ongoing expense with steam and the BWL has a plan to replace all steam infrastructures. Revenue in that area continues to decline, mainly as a result of a large steam utility customer creating a technology to produce its own steam. However, the Board of Water and Light expects to return to the positive with projected rate increases to hit and support the long-term Rate of Return.

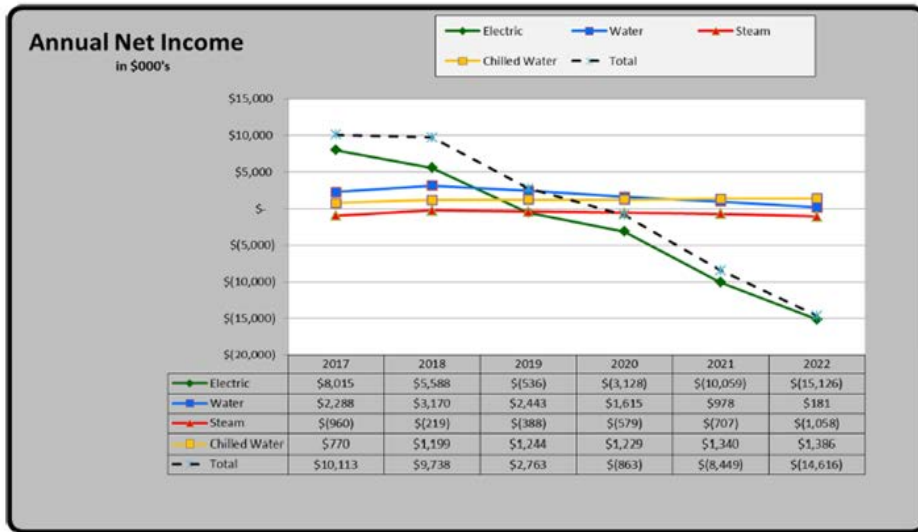
Without Forecast Rate Increases

FY 2017 - FY 2022 Six Year Forecast						
In \$000's	2017	2018	2019	2020	2021	2022
Rate Increase:						
Electric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Steam	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Chilled Water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income (Loss):						
Electric	\$ 8,015	\$ 5,588	\$(536)	\$(3,128)	\$(10,059)	\$(15,126)
Water	\$ 2,288	\$ 3,170	\$ 2,443	\$ 1,615	\$ 978	\$ 181
Steam	\$(960)	\$(219)	\$(388)	\$(579)	\$(707)	\$(1,058)
Chilled Water	\$ 770	\$ 1,199	\$ 1,244	\$ 1,229	\$ 1,340	\$ 1,386
Total Net Income	\$ 10,113	\$ 9,738	\$ 2,763	\$(863)	\$(8,449)	\$(14,616)
Return on Rate Base						
Electric	3.9%	3.0%	1.7%	1.0%	-0.3%	-1.1%
Water	1.8%	2.1%	1.7%	1.3%	1.0%	0.6%
Steam	1.5%	2.8%	2.4%	1.9%	1.7%	1.1%
Chilled Water	4.9%	6.5%	5.8%	6.8%	7.3%	7.6%
Total	3.1%	2.9%	1.9%	1.3%	0.4%	-0.2%
Unrestricted Cash Balance	\$ 137,301	\$ 94,544	\$ 64,635	\$ 44,448	\$ 28,497	\$(4,608)
Days Cash on Hand	167	114	82	57	36	-5
Debt Service Coverage	1.94	1.98	2.08	1.99	1.72	1.61



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Annual Net Income by Utility Without Forecast Rate Increases



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General Manager Peffley stated previously steam and water were heavily subsidized by electric, but the company has worked hard the past years toward having each utility stand on its own.

Capital Forecast FY 2017-FY2022 Six Year

CAPITAL PROJECTS SUMMARY SIX YEAR FORECAST FY 2017 - FY 2022 BOARD OF WATER & LIGHT

Dollars in (000's)

UTILITY	2017	2018	2019	2020	2021	2022	Six-Year Total
ELECTRIC	36,807	69,869	49,103	37,353	29,042	41,283	263,457
WATER	9,843	11,139	11,040	7,824	5,739	5,922	51,506
STEAM	2,901	3,132	5,592	6,039	3,002	3,011	23,678
CHILLED WATER	180	494	158	162	166	166	1,324
COMMON	11,087	3,886	4,848	3,985	4,077	3,953	31,837
TOTAL BUDGET	60,818	88,521	70,741	55,363	42,025	54,335	371,802

LOCATION	2017	2018	2019	2020	2021	2022	Six-Year Total
ECKERT	3,280	187	208	110	113	113	4,011
ERICKSON	1,941	3,543	19,917	13,008	155	-	38,562
REO PLANT	144	35	2,500	3,025	-	-	5,704
T&D	41,643	75,762	40,102	33,857	36,985	49,854	278,202
DYE/CEDAR	3,039	4,805	2,917	1,128	445	165	12,499
CHILLER PLANT	42	340	-	-	-	-	382
OTHER	10,729	3,849	5,098	4,235	4,327	4,203	32,443
TOTAL BUDGET	60,818	88,521	70,741	55,363	42,025	54,335	371,802



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Chair Ross questioned if there were items in the Capital Budget listed for next year that the Committee should be made aware of, given the media attention of the Central Substation. In response, General Manager Peffley stated there may be some tree trimming concerns and Ms. Shawa-DeCook added the installation of AMI smart meters may be an area of attention as well.

Ms. Shawa-DeCook provided information on the progress of the AMI smart meter implementations.

Already Completed and Next Steps

- **FY 2017 Operating & Capital Budgets**
 - Approved at May 24th Board meeting
 - Filed with the City Clerk within 10 days (June 3rd) after adoption in compliance with City Charter
- **Accept as presented the Capital Forecast for FY 2017-2021 and submit to the Mayor prior to October 1**
 - City Charter calls for submission of the six year capital improvements plan to the Mayor prior to October 1

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward he proposed Resolution for the acceptance of the 2017-2022 Forecast to the full Board for consideration.

Action: Motion Carried.

Proposed Return on Assets Resolution

Chief Financial Officer Heather Shawa-DeCook spoke about the rate of return target suggesting that it is both realistic and achievable. She also stated that it is important to work toward achieving it to maintain infrastructure over a period of time. She said the forecast is such that if the key assumptions materialize, we should be able to achieve the target rate of return. The lengthy dialogue continued regarding the Return on Assets. Ms. Shawa-DeCook stated that she felt it is up to management to be fiscally responsible (from on the O&M side). Also, management should be responsible when laying out the budget, the cost control and making sure we are effective and efficient while maintaining our reliability and competitiveness. We want to make sure our efforts to reach our target rate of return include prudently managing our cost structure and not just focusing on rate increases to hit that return. It is important to have the right target number because there are impacts if the number is too low or too high.

Commissioner Nelson spoke about discussions from 2008 that involved the previous Chief Financial Officer regarding the Wisconsin Method vs. UFS and the coal inventory being an issue with its dwindling use as a fuel. Commissioner Nelson questioned if there was going to be a change in dynamics with the depleting coal inventory. In response to Commissioner Nelson's question Ms. Shawa-DeCook stated that she would get back to him with additional information.

In conclusion Chief Financial Officer Heather Shawa-DeCook stated that this matter would be brought before the Board for a yearly review.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for the Return on Assets to the full Board for consideration.

Action: Motion Carried.

Finance Chair Ross welcomed and introduced new Board member, Stuart Goodrich. Mr. Goodrich stated that he is looking forward to serving on this Board.

Update on Management Responses to Internal Audits


Finance Chair Ross informed the new Commissioner that this report is a tracking tool designed to give us transparency and to ensure that everything Internal Auditor Phil Perkins identifies in his internal audits is actually followed up on and completed to the satisfaction of the Board of Commissioners and Internal Auditor. Chief Financial Officer Heather Shawa-DeCook’s update consisted of the following:

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
34	Training & Development	Internal Audit supports plans for a new database for tracking training and use of standardized criteria for periodic training course review and training of trainers, on an organization-wide basis.	Dec 2015	Organizational Training & Development	A new "LMS" database has been implemented and training on it is in the process of being rolled out, at a slower pace than originally anticipated, with completion now expected by 9/2/16.
37	Hiring Process <i>NEW</i>	Internal Audit has requested that an all-encompassing hiring policy be documented.	May 2016	Human Resources	An additional Board policy, one which addresses BWL hiring standards in their entirety, will be drafted by 12/31/16.
38	Hiring Process <i>NEW</i>	Internal Audit recommended updating a hiring checklist, documenting rationale for selected hires, and storing job files in electronic form.	May 2016	Human Resources	Management will update the hiring checklist, document rationale for selected hires, and store job files electronically by 12/31/16.
39	IT Change Management <i>NEW</i>	Internal Audit recommended IT change management policy and procedures be documented.	May 2016	Information Technology	The IT change management process has been refined and a standard form and workflow developed. A Change Advisory Board is following ITIL guidelines. Further development of written guidelines will be complete by 9/1/16.
41	IT Change Management <i>NEW</i>	Internal Audit recommended specifically addressing emergency IT changes in the IT change management process.	May 2016	Information Technology	IT has defined an emergency change and documented a process flow. IT is also developing a training plan and written guidelines, expected to be complete 9/1/16.
42	Selected CRT-MPSC-BWL Recommendations <i>NEW</i>	The Internal Auditor recommended annual updates to the Emergency Operations Plan.	May 2016	Emergency Management	Annual updates to the Emergency Operations Plan will be performed, effective immediately.
43	Selected CRT-MPSC-BWL Recommendations <i>NEW</i>	The Internal Auditor recommended formally tracking the corrective actions resulting from restoration exercises as such.	May 2016	Emergency Management	Corrective actions will be formally tracked, effective immediately.

Closed Issues (since April 2016 report):

40	IT Change Management <i>NEW</i>	Internal Audit recommended a separate database or listing of IT changes.	May 2016	Information Technology	Additional information identified as being needed is now being captured in the existing IT ticketing system used to track changes.
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STATUS OF MANAGEMENT RESPONSES TO INTERNAL AUDITS AS OF 6/30/16


In Accordance with Board Resolution #2014-07-05

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
Open Issues:					
12	Record Retention	Internal Audit found that records on hand did not always correspond with the Record Retention Schedule, namely, a portion of I-9 forms and some asbestos bills of lading.	March 2014	Human Resources	I-9 forms are on file for all active employees. An appropriate retention schedule for the asbestos bills of lading was determined and updated as part of the overall review of the Record Retention Schedule. An updated schedule was approved by the Committee of the Whole on 3/8/16. Filing for State Administrative Board approval occurred on 4/14/16. Currently in process is a response to the State's second round of questioning.
13	Record Retention	The Internal Auditor determined that records on hand in departments did not always correspond with the Record Retention Schedule.	March 2014	Enterprise Content Management	Enterprise Content Management has reviewed the existing Record Retention Schedule with the appropriate departments and cataloged all proposed revisions. An updated schedule was approved by the Committee of the Whole on 3/8/16. Filing for State Administrative Board approval occurred 4/14/16. Currently in process is a response to the State's second round of questioning.
17	Close the Books	The Internal Auditor recommended that consideration be given to the use of a general accounting manual.	August 2014	General Accounting	A General Accounting Procedure Manual is being developed, with expected completion by 12/31/16.
27	Management of Mobile Devices	The Internal Auditor recommended encrypting data on all remaining laptops and smart phones.	Sept 2015	Information Technology	Work on identifying data on any mobile devices in need of encryption was able to begin once the mobile device usage guidelines (referred to under now-closed issue #26) were established. Completion by 9/30/16 is anticipated.
29	Management of Mobile Devices	Internal Audit recommended further consideration of procuring software with remote cleaning capabilities.	Sept 2015	Information Technology	Once any data accessed via mobile devices is determined to be in need of encryption (i.e., once issue #27 is addressed), it can be determined to what extent procuring and implementing software with remote cleaning capabilities would be cost-beneficial. It is anticipated that this issue will be addressed by 9/30/16.
30	Management of Mobile Devices	Internal Audit recommended disabling data ports on mobile devices.	Sept 2015	Information Technology	Any needed disabling of data ports will be complete by 9/30/16.
33	Outage Management System	The audit recommended more specific test criteria, testing performed by the call processing vendor, development of test scripts, and a narrative of test results.	Oct 2015	Information Technology	A successful stress test was performed April 13. Management is reviewing vendor capacity reports and modifying documented procedure to include requirements for a narrative of test results and formal business owner acceptance of test criteria and results. Completion targeted for 7/29/16.

As of 6/30: There are 14 Open issues (6 of which are new) and 1 closed issue.

Internal Auditor FY17 Audit Plan

Internal Auditor Phil Perkins presented an overview of the following information:

Internal Auditor Status Update

- FY 2016 Audit Plan Progress Report
- Proposed FY 2017 Audit Plan
- Other Items

FY 2016 Audit Plan Progress Report

Engagements Completed:

1. Training & Development Audit
2. Selected CRT/MPSC/BWL Recommendations Audit
3. Hiring Process Audit
4. IT Change Management Audit
5. NERC-CIP Cybersecurity Compliance Audit
6. Surprise Cash Counts (2)
7. Employee Time Reporting Reviews (2)
8. Vehicle Time Reporting Reviews (2)

Engagement in Progress: Billing Audit (anticipate completion in August 2016)

Proposed FY 2017 Audit Plan - Background

Basis for plan:

1. Meetings with Executives and Staff to discuss risks and potential audit topics.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Identified over 20 potential audits to perform in FY 2017 and beyond.

Proposed FY2017 Audit Plan - Background

Top 12 audits for FY 2017 (as discussed with senior management):

1. ***Performance Evaluation/Compensation/Merit Increases.***
2. ***Collections***
3. ***Post-Cyber Incident Review***
4. ***IT - Help/Service Desk***
5. ***New Service Order Mgt – Water***
6. ***Payroll***
7. ***Hiring Process Follow-up***
8. ***Training Follow-up***

9. ***Planned Projects***
10. ***IT – ID & Access Mgt- New and Terminated Employees***
11. ***Metering Services***
12. ***IT Security Policy – Data Classification & Controls***

Proposed FY 2017 Audit Plan

Planned Audits:	Estimated Hours
Performance Evaluation/Compensation	300
Collections	400
Post-Cyber Incident Review	300
IT Help/Service Desk Management	400
New Service Order Management - Water	300
Payroll Management	400
Follow-up – Hiring Process	100
Follow-up – Training & Development	100
Other Engagements:	
Surprise Cash Counts (2)	50
Time Reporting Reviews (2)	100
Vehicle Time Reporting	50
Other Consulting as Needed	100
Total Estimated Hours	<u>2,600</u>

Proposed FY 2017 Audit Plan, Cont'd

Available Resources:

Resource	Position	Available Hours
Phil Perkins	Director of Internal Audit	1,500
C. L. Moore & Associates	Augmented IA Services	900
Internal or External IT Audit Assistance	IT Audit Services	200
Total Hours		<u>2,600</u>

Finance Chair Ross mentioned the recent security incident and questioned whom Mr. Perkins would draw upon if he or his External Auditors did not have the expertise in conducting in-depth reviews as it relates to cyber. Mr. Perkins stated that he has had some preliminary discussions with outside firms regarding this specialized resource as well as looking to enhance his own limited expertise by taking some additional training in the cyber security arena.

Motion by Commissioner Price, Seconded by Thomas, to forward the Internal Auditor's FY 17 Audit Plan to the full board for consideration.

Action: Motion Carried.

Internal Auditor Perkins stated that there were no changes to the Auditors Charter and asked that the Board approve the Internal Auditor's Charter as-is.

Motion by Commissioner Price, Seconded by Thomas, to forward the Internal Auditor's Charter as-is to the full board for consideration and approval.

Action: Motion Carried.

Background Discussion: Franchise Agreements

Finance Chair Ross cited a request from East Lansing for a franchise agreement and a share of revenue the BWL receives from East Lansing customers to introduce a background discussion on franchises and franchise fees. General Manager Peffley noted that a new request for a franchise fee would be directed to the Board, but a renewal of an existing franchise agreement would be negotiated by BWL staff and not brought to the Board.

Mark Matus, Director of Technical Services, provided background information on franchises and franchise fees and distributed a summary of franchise agreements along with franchise fees to the Board for its information. According to Mr. Matus, a franchise is required by the State Constitution and legislation to use the public places and conduct business in a local unit of government. He indicated that the Michigan Constitution limits franchises to 30 years duration. He indicated that a Foote Act franchise is an exception in that it is created by legislation and only applies to areas being served by a utility between 1905 and 1908. He also indicated that a Foote Act franchise could not be reversed by the act of legislation. According to Mr. Matus, water agreements are a little different. Although they are not entitled as franchises, they have the same provisions allowing for the use of public streets, alleys, etc.

In response to questions regarding the Foote Act, George Stojic, Executive Director of Strategic Planning indicated that the BWL could demonstrate service to East Lansing between 1905 and 1908 and was, therefore, entitled to a Foote Act franchise, but documentation from other areas was not available. He also indicated that Foote Act franchises do not expire.

General Manager Peffley indicated that the BWL needed clarification of East Lansing's request, and that it is seeking assistance from outside counsel to investigate the issue of a franchise with East Lansing.

Public Comment

Brad van Guilder, Sierra Club, read comments into the record stating his concerns regarding two items included in the 6 Year capital budget, the projection of installation of Dry Sorbent Injection pollution controls and the implementation of Smartgrid technology.

Other

General Manager Peffley thanked staff for how well they managed this weekend's storm, which was one of the largest summer storms in this area. 90% of customers were restored within 48 hours. He said they really worked hard on press releases and communication in general.

Several Commissioners expressed their appreciation for the communication during the recent storm.

Chair Ross asked for an update on the homeless hotel shelter's high bill issue due to a lack of meter reading. In response General Manager Peffley acknowledged that there was an error with the homeless hotel not getting

their meter read in a timely manner; however the BWL has reached out to make arrangements to work with them to resolve the issue and get them on track.

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Thomas, the meeting adjourned at 7:20 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

MANAGER’S RECOMMENDATIONS

General Manager Peffley recommended that the Board adopt the 2018-2022 Capital Forecast as presented at the July 12, 2016 Finance Committee Meeting.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to approve the 2018-2022 Capital Forecast as presented at the July 12, 2016 Finance Committee Meeting.

Action: Motion Carried

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

Appointment of Executive Committee

Motion by Commissioner Mullen, Seconded by Commissioner McCloud to appoint Commissioner Ken Ross as the fourth member of the 2016-2017 Executive Committee.

Action: Motion Carried

RESOLUTIONS

RESOLUTION 2016-07-01



RICHARD R. PEFFLEY TRIBUTE RESOLUTION

WHEREAS, It is with great appreciation that the members of this Board pay tribute and honor Richard "Dick" Peffley for his 40 years of loyal and outstanding service to the Lansing Board of Water and Light;

WHEREAS, Dick Peffley began his distinguished career at the Lansing Board of Water and Light in June of 1976;

WHEREAS, Dick Peffley has had many achievements over his career with the Lansing Board of Water and Light, having extensive experience in many capacities in the electric and water utilities;

WHEREAS, Dick Peffley led the redevelopment effort to sell the former Ottawa Power Station that later became the Accident Fund headquarters;

WHEREAS, Dick Peffley was the Project Director of the 20 Million Dollar Chilled Water Plant, named after Dick's father, BWL retiree, Roy E. Peffley;

WHEREAS, Dick Peffley was the Project Manager for the 23 Million Dollar repair and refurbishment of the Wise Road Water Conditioning Plant following a chemical accident;

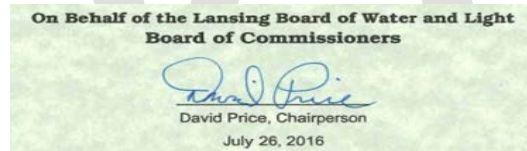
WHEREAS, Dick Peffley led the Water Department's efforts that distributed a record-breaking 1 billion gallons of water in a single month to customers during a heat wave in July 2013, and repaired a record number of frozen water lines and water main breaks during that winter's deep freeze;

WHEREAS, Dick Peffley was the Project Manager for the 182 Million Dollar REO Cogeneration Plant and Headquarters;

WHEREAS, Dick Peffley served as Project Manager for the Redevelopment of the Haco Office facility;

WHEREAS, Dick Peffley served as Interim General Manager in 2006/2007 and 2015, and was named General Manager on September 22, 2015;

NOW THEREFORE BE IT RESOLVED, that the Lansing Board of Water and Light hereby wishes to express its appreciation for Richard "Dick" Peffley's many efforts and contributions. Thank you for enriching the Lansing Board of Water and Light and the community for the last 40 years.



Motion by Commissioner Zerkle, Seconded by Commissioner Thomas to approve the Resolution of Tribute honoring General Manager Peffley for his 40 years of service to the BWL and the community.

Action: Motion Carried

RESOLUTION 2016-07-02

Fiscal Year 2018-2022 Capital Forecast

RESOLVED, that the forecast for capital expenditures for the Fiscal Years 2018-2022 is hereby accepted as presented.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to approve the Resolution approving Fiscal Year 2018-2022 Capital Forecast.

Action: Motion Carried

RESOLUTION 2016-07-03

Appointment of the Charter Position of Corporate Secretary

The Board's Rules of Administrative 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, with a base salary of \$94,200, for fiscal year 2016-2017 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

Motion by Commissioner Thomas, Seconded by Commissioner Mullen to approve the Resolution approving the Appointment of the Charter Position of Corporate Secretary.

Action: Motion Carried

RESOLUTION 2016-07-04

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, 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 Internal Auditor, with a base salary of \$135,000, for fiscal year 2016-2017 or until a successor is appointed, whichever last occurs.

Philip Perkins, Internal Auditor

Motion by Commissioner McCloud, Seconded by Commissioner Zerkle to approve the Resolution approving the reappointment of the Charter Position of Internal Auditor.

Action: Motion Carried

RESOLUTION 2016-07-05

Appointment of the Charter Position of Director and General Manager

The Board's Rules of Administrative 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 Director and General Manager, with a base salary of \$267,750, for fiscal year 2016-2017 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

Motion by Commissioner McCloud, Seconded by Commissioner Thomas to approve the Resolution approving the reappointment of the Charter Position of General Manager.

Action: Motion Carried

RESOLUTION 2016-07-06

Internal Auditor Charter Approval

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Charter, appended to which conforms to the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors.

Motion by Commissioner Ross, Seconded by Commissioner McCloud to approve the Resolution approving the Internal Auditor Charter.

Action: Motion Carried

RESOLUTION 2016-07-07

Internal Audit Plan for FY 2017

RESOLVED, that the Board of Commissioners hereby approves the Internal Audit Plan for FY 2017.

Motion by Commissioner Mullen, Seconded by Commissioner Ross to approve the Resolution approving the Internal Audit Plan for FY 2017.

Action: Motion Carried

RESOLUTION 2016-07-08

Return on Assets

Whereas, the Board of Commissioners adopted the use of a modified Utility Financial Solutions (UFS) approach as a standard to calculate the Overall Rate of Return target for the Lansing Board of Water and Light on August 12, 2008; and

Whereas, the Staff recommends the continuation of the use of the modified UFS approach where the overall rate of return is applied to net fixed assets plus materials and supplies; and

Whereas, the Staff recommends the overall rate of return should be reviewed each year as part of the budgeting process; and

Whereas, the Staff recommends that the modified UFS approach should include the flexibility to adjust the calculated return upward for large construction projects and other unusual circumstances as needed.

BE IT RESOLVED, that the Board of Commissioners adopt the modified UFS approach for determining an appropriate rate of return target for the Lansing Board of Water and Light, the return should be reviewed each year as part of the budgeting process, and should be flexible to allow for upward adjustments to accommodate large construction projects and other unusual circumstances as needed.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to approve the Resolution approving the Return on Assets.

Discussion was held regarding the move away from coal and its impact on the calculated rate of return and whether the coal inventory is an issue.

Action: Motion Carried

MANAGER'S REMARKS

General Manager Peffley recognized his wife, daughter and future son-in-law who were in attendance at this evening's meeting. General Manager Peffley also informed the Board of the following:

- The Lethal Ladies Tapping Team won the Nationals for the third year in a row. The Nationals include teams from the United States, Mexico, and Canada. They have been competing for five years and have placed every year.
- The BWL held its company picnic at the Lansing Lugnuts stadium. This year saw over 800 employees, retirees, and family members - a record breaking turnout.
- A movie producing company will be filming Transformers 5 at Eckert Station. Payment received for use of the facility will be donated to Pennies for Power.

COMMISSIONERS' REMARKS

Commissioner Zerkle stated that as the longest standing Commissioner she recognizes that General Manager Dick Peffley's heart and soul are with his employees and that he takes care of them and the company the best he can.

Commissioner Thomas congratulated General Manager Dick Peffley for his 40 years at the BWL. He also congratulated General Manager Peffley on his well-articulated State of the BWL Address and the staff for organizing the very nice lunch. He also thanked Human Resources Committee Chair Mullen and Nominating Committee Chair McCloud for their work with their respective committees. He congratulated the returning Chairperson David Price and Vice Chairperson Mark Alley on their Officer positions. He also congratulated General Manager Dick Peffley, Corporate Secretary Denise Griffin and Internal Auditor Phil Perkins on their reappointments.

Commissioner Long recommended letting the Sierra Club know about the movie company using Eckert for filming.

MOTION OF EXCUSED ABSENCE

Motion by Commissioner Thomas, Seconded by Commissioner Mullen, to excuse Commissioner Louney from tonight's meeting.

Action: Motion Carried

PUBLIC COMMENTS

Dave Errickson, Lansing, Michigan, spoke to the Board regarding the Scott Park Substation and the Central Michigan Group's opposition thereto.

ADJOURNMENT

On motion by Commissioner Thomas, Seconded by Commissioner Mullen the meeting adjourned at 6:05 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: August 3, 2016

Official Minutes filed (electronically) with Lansing City Clerk: _____

7/22/2016

Our Hometown Power should support the life and livelihood of the Lansing area. Plan now to close the Erickson power plant and don't waste ratepayer money on prolonging the life of the plant with Dry Sorbent Injection (DSI) pollution controls. DSI has serious side effects for our immediate health and our future by increasing the production of particulate matter (soot) and increasing emissions of climate disrupting carbon dioxide.

Remove DSI from the capital budget and spend this money instead on deeper energy efficiency programs, renewable energy projects, and a plan to close Erickson ASAP.

Dave Errickson
1724 Pingree St Lansing, MI

Linda Blodgett	Jordan Priebe	Maria Dellacorte	Julia O'Connor
William Haggerty	Emily Haggerty	Suzanne Love	Joy Torrenge
Marites Woodbury	Timothy Hagerman	Heath Post	Debra Wolf
Michael Casler	Dan Nowiski	Loren Clift	Stephen Batzer
Mark Wright	Robert Blanchard	Alexis Ray	Angie Liberato
Phillip Wells	Erin Early	Christine Barrett	Julie Larson
Barbara Worgess	Stephen Cessna	Barbara Schmidt	Macie Schriener
John de Vries	Judith Benedict	David Devinney	Steven Sy
Ron Holley	Katharine Gabele	Douglass	Cecilia Garcia
Mark Miser	Carol Rall	Bob Johns	Andy Szwejda
Liutauras Gedivllas	David Bolig	Dan Blakely	

Field	Value
To	All Commissioners
Name	Kara Gamboa
Address	914 Morris Ave
email	bradleyk143@gmail.com
E-mail Subject	bradleyk143@gmail.com
Message	<p>Good Morning, I am emailing to you as a last resort. In the last year and a half I was laid off which put me behind on all of my bills. I ended up asking for BWL to place me on a special payment plan of \$200 a month which was and still is more than doable for me. Right after that my house caught on fire and my kids and I were displaced for 6 months. When I returned to the house I asked BWL to again place me on the same payment plan I had prior to the fire. I was told no and that they could only place me on another plan which proved to be something I could not afford. I have been making my payments every month but they just are not enough. I just made two \$300 payments this week and was told I could "beg" the supervisor for a payment plan of \$300 every two weeks to keep the service on. I am scheduled for shut off on Sept. 6th. I am trying my hardest to come up with an arrangement that gets this balance paid but that I also can afford. I am not poor enough for state assistance but not rich enough to pay my bill in full. I am unable to choose another electric service and while begging is pretty degrading I will do that if that means I am able to keep my services on. Please help me. Thank you, Kara Gamboa</p>

Email "bradleyk143@gmail.com" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 9/2/2016 7:36:26 AM.

In Care of - M. Denise Griffin, for BOC Chairman David Price
Lansing Board of Water & Light, LBWL
Corporate Secretary
1201 S. Washington Ave.
Lansing, MI 48910

July 27, 2016

Re: Midcontinent MCN LLC, A GRIDLIANCE & Blackstone Company; Offer to LBWL of November 17, 2015

Dear Chairman Price,

GRIDLIANCE respectfully requests a date and time before the appropriate LBWL Committee, to explain details of the offer we made last November, and to take questions of the Commissioners, GM Peffley and Staff. When GRIDLIANCE presented the offer on November 17, 2015, you assigned it to the Committee of the Whole and Dick Peffley's staff for their review and handling. As of this writing, we haven't been contacted regarding the offer.

Since then you've completed the Integrated Resource Plan, IRP, and are now involved in your Strategic Plan development with the target for the final report to be presented to the BOC in September 2016.

GRIDLIANCE would like to remind the BOC and GM Peffley, that our offer was to begin immediate transmission planning for the renewable and NG power plant options within that IRP, with no strings attached, no commitment required for LBWL to choose GRIDLIANCE as its transmission partner, but with our hope to demonstrate good faith.

Our intent in that offer is to demonstrate commitment to the LBWL, and other MPPA members, that we can help problem solve and identify opportunities to reduce your transmission related costs optimally, if included early.

We hope to be chosen by the LBWL to be your transmission partner, to co-develop, co-finance, co-own, and with that perform all tasks related to new and upgraded transmission required by your IRP, including engineering and construction. With our partnership you'd share all other of our transmission investments in the region that affect your rates. By sharing investment opportunities, municipal utility partners use new transmission revenues to reduce total delivered electricity costs.

Our commitment includes together choosing the appropriate Operations and Maintenance contractor/s, which could be the LBWL, a NERC compliant O&M plan, employee training for those new lines, and others of the LBWL, if desired.

The sooner you understand our capabilities, commitment to open-book negotiations, and the options we bring to the LBWL, the sooner we can start adding value to you site selection for both renewables and new natural gas generation.

If the BOC believes that a transmission partnership should be competitively bid, we'll do so and help you assemble a bid scope. After you see the full scope of our offer, we believe you'll do similar to our other municipal and cooperative utilities and agencies, decide to negotiate with us rather than bid out those services.

Thank you for considering our request to explain further.



Joseph (Joe) Dudak, Vice President, Midcontinent MCN LLC, A GRIDLIANCE & Blackstone Company
Mobile: 734.395.6974

Email: JDudak@GRIDLIANCE.com

Michigan Office: 7390 N. Mistwood Drive, White Lake, MI 48383

Michigan Office: 248.676.0557; Chicago Office: 312.283.5228

Cc: Carl Huslig, SVP Business Development, GRIDLIANCE; Doug Collins, President Midcontinent MCN; General Manager LBWL, Dick Peffley

Dick Peffley, General Manager
Lansing Board of Water & Light
1232 Haco Drive
Lansing, MI 48912

VIA EMAIL

July 26, 2016

RE: Follow up to 7/25/16 meeting and FOIA request

Mr. Peffley:

Thank you for taking the time to meet with us yesterday regarding our May 19, 2016 Freedom of Information Act (FOIA) request (attached), which sought the data and analysis underlying BWL's integrated resource planning (IRP) process. We greatly appreciate your willingness to work with us to provide the missing information and address problems that our experts have identified with the IRP modeling process.

As follow up to your request in yesterday's meeting, we write to provide you with a list of files that are responsive to our FOIA request, but that have not yet been produced in response to that request. These files are critical to undertaking an open and transparent review of BWL's IRP process.

1. Please provide the following reports that were not included in BWL's response to our FOIA Request 2(i), which asked for the Generation and Fuel System Reports for every portfolio and sensitivity modeled as part of the IRP process:
 - a. The Generation and Fuel System Report for the "Expanded Energy Efficiency Past 1%" case under the "Increased Gas Line Cost" sensitivity, also called case number "C-05, S4,"
 - b. The Generation and Fuel System Report for the "Clean Energy Target with 85MW Wind" case under the "Increased Gas Line Cost" sensitivity, also called case number "C-06, S4," and
 - c. The Generation and Fuel System Report for the "Clean Energy Target with 85 MW Wind and Expanded EE past 1%" case under the "Increased Gas Line Cost" sensitivity, also called case number "C-07, S4."
2. Please refer to our FOIA request item numbers 2(ii)-(iv), to which BWL initially responded that the requested items "do not exist." Please regenerate and provide all of the requested Strategist reports that BWL reviewed but did not retain during the development of the current Integrated Resource Plan, and that are responsive to our FOIA request, including (for every portfolio and sensitivity summarized in the IRP report): (i) the Generation and Fuel Unit Reports, (ii) the PROVIEW Least Cost Plan

Summaries, (iii) the PROVIEW Integrated Plan Reports, and (iv) the PROVIEW System Cost Reports.

3. Please refer to our FOIA request item number 5, which requested the inputs and assumptions used in the Strategist modeling. Please provide the following Strategist input data and parameters for each Strategist case developed by BWL:

a. For each existing generating unit and each PROVIEW alternative:

- i. Name
- ii. Maximum capacity (in MW)
- iii. Minimum operating capacity (in MW)
- iv. Must-run indicator
- v. Average heat rate at maximum
- vi. Average heat rate at minimum
- vii. Fuel type
- viii. Fuel cost for each month of the study
- ix. Variable O&M cost for each month of the study
- x. Fixed O&M cost for each month of the study
- xi. Minimum run time
- xii. Minimum down time
- xiii. Thermal unit type (for thermal units)
- xiv. Mature forced outage rate
- xv. Retirement month and year
- xvi. Energy profile by month and year (for wind and solar)
- xvii. Hourly energy profile (for wind and solar)
- xviii. Percent firm
- xix. Seasonal derations
- xx. CO2 emissions rate

b. For each PROVIEW alternative:

- i. Name
- ii. Construction cost
- iii. Revenue Requirements
- iv. Incremental number to add
- v. Minimum number to add
- vi. Cumulative maximum
- vii. Cumulative minimum
- viii. First year available
- ix. Construction cost escalation

- c. Load Data:
 - i. Hourly load profiles
 - ii. Monthly peak demand and energy
- d. MISO Market:
 - i. Hourly price profiles
 - ii. Monthly peak and average price
- e. Transmission Limits:
 - i. All modeled transmission limitations
- f. System:
 - i. Operating reserve requirements
 - ii. Minimum reserve margin
 - iii. Maximum reserve margin
 - iv. Emergency energy cost for each month of the study
 - v. Dump energy sales price for each month of the study
 - vi. Economy interchange method.

In addition, we ask that you please provide an explanation for the following discrepancies in the data produced in response to our FOIA request:

1. Please explain the discrepancy between the Study Period PV shown in BWL's response to FOIA Request 3 (\$1,713,185.2), and the Study Period PV that appears in BWL's response to FOIA Request 2(v) for the "Expanded Energy Efficiency Past 1%" Strategist case under the base case assumptions (\$1,695,364).
2. Please explain the apparent error in the capital costs shown in BWL's response to FOIA Request 2(v) for the "Clean Energy Target with 85MW Wind and Expanded EE Past 1%" case under the base case assumptions, also called Case Number "C-07, S0".

We ask that you please let us know as soon as possible how long it will take to produce these files and provide responses to this letter. Thank you again for your assistance and willingness to work through these issues.

Sincerely,
Brad van Guilder
Sierra Club

cc: George Stojic, Steve Brennan , Brandie Ekren



A NEWS SERVICE FOR THE PEOPLE OF MICHIGAN FROM THE MACKINAC CENTER FOR PUBLIC POLICY

Shivering in the Dark? Sierra Club Opposes 91 Percent of Michigan Electricity

Natural gas, coal and nuclear make this state's lights go on

By TOM GANTERT | July 20, 2016 | [Follow Tom Gantert on Twitter](#)

The Sierra Club environmental organization opposes the three sources of energy responsible for 91 percent of the electricity generated in Michigan. It has been outspoken in its stance against the use of natural gas, coal and nuclear power to generate electricity for Michigan households and businesses.



Michigan generates 32 percent of its electricity by burning coal and another 32 percent comes from nuclear power plants. Natural gas accounts for another 27 percent of electricity generation. Wind and solar account for less than 7 percent of net electricity generation in this state.

"The Sierra Club opposes, or is pushing to phase out, over 90 percent of the energy resources that we depend on for our lives and well-being," said Jason Hayes, the director of environmental policy at the Mackinac Center for Public Policy.

"They 'prefer' or don't 'categorically oppose' the development of limited, low- or no-impact, renewable resources that provide far less than 10 percent of our current energy demand," Hayes continued.

"However, they put heavy restrictions on how the 'preferred' energy options can be developed or used."

Hayes said if 90 percent of the state's energy is shut off, it would have catastrophic impacts on human life. "You limit almost every aspect of human life and progress — the ability to work and earn a living, medicine, food production, heating and cooling, transportation, etc.," Hayes said.

Gail Philbin, the director of the Michigan chapter of the Sierra Club, and the Sierra Club's national coal spokesman Ricky Junquera didn't respond to emails seeking comment.

The Sierra Club's [website](#) states: "We have a vision of a world powered by clean energy, where dirty and dangerous fossil fuels are a thing of the past and everyone can enjoy cleaner air and water thanks to renewable energy resources."

The Sierra Club has a [webpage](#) devoted to natural gas titled, "DIRTY, DANGEROUS, AND RUN AMOK."

The Sierra Club has [championed](#) shutting down coal plants across the country.

The organization's page on [nuclear power](#) says this: "The Sierra Club remains unequivocally opposed to nuclear energy." The Sierra Club's Executive Director Michael Brune called nuclear power "dangerous" in an article in the Wall Street Journal.

A spokesman for the Nuclear Energy Institute objected to the Sierra Club's statement that nuclear power is dangerous.

"Our nation's nuclear energy facilities are in fact very safe," said Tom Kauffman, the director of media relations for the Nuclear Energy Institute. "After more than 60 years of commercial nuclear energy production in the United States, including over 3,900 reactor-years of operation, there have been no radiation-related health effects linked to their operation. Studies by the National Cancer Institute and The United Nations Scientific Committee of the Effects of Atomic Radiation show that U.S. nuclear power plants effectively protect the public's health and safety. Nuclear plants also are safe for workers. According to the U.S. Bureau of Labor Statistics, it is safer to work at a nuclear plant than at a fast food restaurant, a grocery store or in real estate."

~~~~~

#### **Related Articles:**

[Natural Gas to Wind Energy: You're Nothing Without Me](#)

[Mackinac Center and Sierra Club Call For More Transparency in Michigan Government](#)

[Do Not Assume Economic Development Spending is Effective](#)

[Fossil Fuel Investments Yield Big Returns for State Pension Funds](#)

[You Have My Permission to Speak ... Unless](#)

COMMITTEE OF THE WHOLE  
Meeting Minutes  
**August 16, 2016**

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, at 4:00 p.m. on Tuesday, August 16, 2016.

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

Present: Commissioners Mark Alley, Anthony McCloud, Tony Mullen, David Price, Ken Ross and Tracy Thomas, Sandra Zerkle and Non-Voting Members: Stuart Goodrich (Delhi), Bill Long (Delta Township) and Robert Nelson (East Lansing).

Absent: Commissioner Dennis M. Louney

Corporate Secretary declared a quorum.

**Public Comments**

Dave Errickson of the Sierra Club spoke about his organization's interest in assisting the Board of Water and Light achieve the best energy plan to attain 100% renewable energy by the year 2050 without building numerous natural gas plants. Mr. Errickson said that he believes the BWL can do better by increasing energy efficiency and renewables while relying less on natural gas.

Regina Strong of the Sierra Club requested that as the Board of Water and Light move forward with the finalization of the strategic plan, they be obligated to be the best utility by leading the way in innovation and forward thinking. Ms. Strong offered the assistance of the Sierra Club to help identify options to obtain those obligations.

Dawn Flemming, Lansing citizen, spoke in opposition of a natural gas facility due to the effects of fracturing (also known as fracking) and how it threatens important resources, specifically water.

Sarah Mulkoff, Michigan Environmental Counsel Energy Program Director, stated her concerns regarding the Strategic Plan and cautioned about the use of natural gas as well as the volatility of fossil fuel prices. Ms. Mulkoff discouraged rushing into natural gas development and encouraged the exploration of all energy efficient and renewable options to be considered.

**Approval of Minutes**

**Motion** by Commissioner Price, Seconded by Commissioner McCloud to approve the Committee of the Whole meeting minutes of May 10, 2016.

**Action:** Motion Carried

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

Committee of the Whole Chair Mark Alley stated that the Administration has provided the Board of Commissioners with an Exempt Memorandum and discussion of the content of the Memorandum is most appropriate in closed session.

Committee of the Whole Chair Alley queried for a motion to go into closed session for the purpose of discussing the Exempt Memo, as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g)?

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

Roll Call Vote:

**Yeas:** Commissioners Mark Alley, Stuart Goodrich (Delhi Township), Bill Long (Delta Township), Anthony McCloud, Tony Mullen, Bob Nelson (E. Lansing), David Price, Ken Ross, Tracy Thomas and Sandra Zerkle

**Nays:** None.

Action: **Motion Carried.**

The Committee of the Whole went into closed session at 4:12 p.m. and reconvened to open session at 5:09 p.m.

**Presentation and Discussion of the Proposed Strategic Plan**

General Manager Peffley introduced George Stojic, Executive Director of Strategic Planning, who presented and led the discussion of the proposed Strategic Plan.

Mr. Stojic stated that the draft being presented today is the beginning of the next phase of strategic planning and getting the BWL positioned to meet the future.

There are several important components or functions of the Strategic Plan:

- It sets priorities and goals for the Board for the next 4-6 years
- It communicates the Board's expectations with respect to their priorities and goals
- It aligns the staff, the Board and the stakeholders
- It has to be flexible enough to accommodate changes in the future

Mr. Stojic said this plan has goals and objectives and measures to track performances. This plan also embraces and assumes policy governance doctrines of ends and means; meaning the Board of Commissioners sets the policies and goals and communicates outcomes. The Board delegates to the General Manager the means by which we get there. Mr. Stojic said this is a working document, and he welcomes any questions or suggestions.

The proposed Strategic Plan was presented and explained by Staff and reviewed and discussed by Board members. The presentation and discussion followed the Plan layout, with the first topic being the proposed Mission statement.

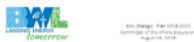


**BWL Strategic Plan 2016-2020**



**Agenda**

- ❖ Strategic Plans
- ❖ Background & Process
- ❖ Challenges & Opportunities
- ❖ Mission Statement
- ❖ Value Statements
- ❖ Strategies, Goals & Objectives



**Strategic Plans**

- ❖ Strategic Plans are used to answer the following questions:
  - What is the purpose of the organization?
  - How should we accomplish the purpose?
  - Why do we do this?



**Strategic Plans (cont.)**

- ❖ Purpose:
  - People, businesses, and institutions of the Lansing Region
  - Electricity
  - Water
  - Steam
  - Chilledwater
- ❖ How:
  - Continue to produce utility products and services locally and efficiently by adopting several strategic goals
- ❖ Why:
  - BWL was chartered by the citizens of Lansing to provide utility products and services in a manner consistent with best practices



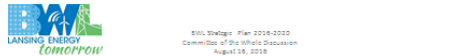
**Background & Process**

- ❖ Preparing for the Strategic Plan
  - Summer 2015 meetings with community stakeholder groups
  - EPIC-MRA customer survey
  - 2008 BWL Strategic Plan
  - Reviewed strategic plans of other utilities
- ❖ Interviewed General Manager, Executive Staff, Union Leadership, and subject matter experts to:
  - Review the mission statement
  - Review the value statements
  - Conduct Strengths, Weaknesses, Opportunities, and Challenges (SWOC) assessment



**Challenges & Opportunities**

- ❖ Retirement of BWL Eckert Station
- ❖ Changing customer expectations
- ❖ Aging infrastructure
- ❖ Aging and evolving workforce
- ❖ Evolving environmental and regulatory requirements
- ❖ Achieving financial performance targets
- ❖ Water regionalization



**Mission Statement**

**Current**

*The mission of the BWL is to provide safe, reliable, and affordable utility products and services. The BWL will plan for future growth, be responsible environmental stewards, and be active participants in the Lansing community's cultural and economic initiatives.*

**Revised**

*We are dedicated to producing and delivering safe, reliable, and affordable utility products and services to the City of Lansing and the Greater Lansing Region. Together, the BWL's Board, management, and employees are committed to a future of sustainable growth that enhances the overall well-being of BWL customers and the community.*



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Commissioner Zerkle stated her concerns about the wording of the revised mission statement and believes the wording “be responsible environmental stewards” should remain in the statement. She

also indicated that the Mission statement would be on the website and would not properly convey the Board's commitment to the environment as worded in the proposed Mission statement.

Commissioner Alley also noted the change in language and the lack of a connection between the environment and the mission statement.

Mr. Stojic explained the adoption of "sustainability" while encompassing environmental stewardship was intended to represent a broader commitment to the community, like the Live Green Lansing program. He also indicated that environmental stewardship or environmental commitment is included in the Values area of the plan, collectively with sustainability.

Commissioner Ross stated that he researched sustainability before coming to today's meeting. He said on the Environmental Protection Agency's (EPA) website they define sustainability as "activities that provide services to the community that are in harmony with the environment to provide for reasonable growth for future generations." Commissioner Ross said that explanation or definition satisfied him that sustainability does have an environmental component.

Commissioner Ross recommended replacing the City of Lansing with the Greater Lansing area, since the City is within and the BWL provides service to the Greater Lansing area. He indicated that the BWL should not focus only on producing services but that it may be less expensive to services more efficiently, which may be better represented by using "providing services" instead of "producing services".

Commissioner Mullen commented that he understood that the concept of sustainable growth enhances the overall well-being of the community not just the utility's bottom line and questioned whether the revised Mission statement conveys that commitment.

Commissioner Long stated that his previously written comments were intended to avoid any miss conception by indicating that the word provides allows for both producing and purchasing power, not just producing power. The BWL does both produce and purchase power.

Commissioner Zerkle stated in line with Commissioner Long's comments, she also wants to tell people that the BWL is producing power and not just buying and selling it to them at a higher rate and would like to leave the word "produce" in the Statement.

Board Chair Price stated that he thinks staff was very deliberate in using the word "produce" because the majority of the power that the BWL provides, it produces. In the future he believes that is a statement that should be made.

VALUE STATEMENTS

Exceptional Service

Current

❖ We are committed to providing superior service to our customer/owners and our community. To us, reliability is the most critical element of customer service.

Revised

❖ The BWL is dedicated to serving its customers and community by providing exemplary and reliable utility products and services.

Competitive Rates

Current

❖ Our rates must provide an advantage to our customer/owners and our community, commensurate with our public ownership.

Revised

❖ As a publicly owned utility, providing competitive and affordable rates to its customers is integral to the economic well-being of the Lansing region.



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Safety

Current

❖ The safety of our employees and customers is paramount.

Revised

❖ The safety of its employees and customers is a priority.



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An explanation and discussion of Values followed the Mission statement. Commissioner Ross commented that the difference for him was between paramount and priority and he assumes that on the spectrum of importance, there is no tangible difference between the words. Mr. Stojic agreed.

Community Commitment

Current

❖ We will strive to improve the quality of life in our community.

Revised

❖ The BWL is committed to active corporate citizenship that advances the community's economic and cultural well-being.



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Integrity

Current

❖ We believe in interacting with all parties in an open, honest and fair manner.

Revised

❖ The BWL will instill community trust by conducting its business in a manner that is open, honest and fair.



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Commissioner Price commented that the Integrity portion of the Mission Statement is stated much better in the revised statement because it really gets to what the BWL is all about and that the BWL is the fabric of the community.

### Inclusion and Equity

|                                                                                                                                                                                    |                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Current</b></p> <ul style="list-style-type: none"> <li>❖ We respect our employees as diverse individuals, and both expect and reward their excellent performance.</li> </ul> | <p><b>Revised</b></p> <ul style="list-style-type: none"> <li>❖ The BWL values and respects the individuality and diverse background of our customers and employees and considers these an asset to the BWL and the community.</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



Mr. Stojic read aloud Commissioner Long’s recommended language for the Inclusion and Equity section as follows, “The BWL values and respects the individuality and diversity of our customers and employees, considers these as assets to the BWL and the community and will strive to reflect that diversity in our Board and workplace.”

Commissioner Ross stated that he had a concern regarding the proposed language relating to Board members, since appointment to the Board is made by Mayor and City Council. He suggested that the “Board” section be left out.

After the discussion on Values, Mr. Stojic presented the proposed the Strategic Goals. He began with “Customer Experience”. Mr. Stojic indicated that customers are demanding more tailored service and should be provided with tools to manage their energy use. He indicated that new technology investments will drive these opportunities.

Ms. Shawa-DeCook described four major technology initiatives being undertaken by the BWL: Advanced Metering Infrastructure (AMI), Advanced Distribution Management System (ADMS), which incorporates Smartgrid initiatives with the Energy Management System (EMS), the Outage Management System (OMS) and the Geographic Information System (GIS). She also indicated that the projects will impact the workforce and that a flexible and adaptive workforce is needed as well the skillset to support the technology.

### Environmental Stewardship

|                                                                                                                                                                                       |                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Current</b></p> <ul style="list-style-type: none"> <li>❖ We will practice environmental stewardship by managing our resources for the benefit of future generations.</li> </ul> | <p><b>Revised</b></p> <ul style="list-style-type: none"> <li>❖ BWL practices and policies will demonstrate our commitment to a healthy and sustainable environment.</li> </ul> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### STRATEGIC GOALS

### Strategic Goals

- ❖ Seven strategic goals were created from common themes that arose from both the interviews and SWOC analysis:
  1. Customer Experience
  2. Community Involvement
  3. Effectively Acquire and Manage Resources
  4. Implement New Technologies
  5. Workforce
  6. Financial Stability
  7. BWL Leadership



## Customer Experience

### ❖ Goal: Enhance the customer experience

#### ▪ Objectives:

1. Anticipate and meet customer expectations
2. Improve customer interactions and communication through phone, web or mobile device
3. Provide customer-focused rates



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Commissioner Ross asked for some insight on the Board's role relating to the Strategic Goals.

According to Mr. Stojic, the Board has an important role in both adopting and monitoring management's progress in meeting the Strategic Goals. However, he indicated that there was no systematic or purposeful process by which the Board could monitor progress in meeting the 2008 goals. He proposed developing a process for the purpose of allowing the Board to monitor this Strategic Plan.

Commissioner Long suggested doing something at the Committee of the Whole meetings similar to how the Finance committee breaks down issues/topics by sections which would allow Commissioners to understand, review and monitor piece by piece if progress is being made or not being made in particular areas.

Executive Director of Communications Steve Serkaian stated that the BWL has a tradition of giving back to the community and believes this encompasses the BWL's involvement in home-grown programs like the Chili Cook-off and Silver Bells in the City. Mr. Serkaian said more importantly, the underpinning of this section is reflected in the BWL's value statement involving integrity. This section of the plan contains the BWL's willingness to engage the community, be a part of the community, and give back to the community when it is appropriate.

## Effectively Acquire and Manage Resources

### ❖ Goal: Acquire and manage our assets in an efficient manner to ensure an adequate and reliable supply of utility services to the Lansing community

#### ▪ Objectives:

1. Improve transmission and distribution reliability and flexibility
2. Fully integrate asset management principles for each utility
3. Maintain our status as a regional utility services provider



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Mr. Stojic briefly described the challenges presented by the BWL's infrastructure program, which is shared by entities throughout Michigan and the United States from utilities to highways and airports.

Executive Director of Operations Dave Bolan described the Transmission and Distribution plan needed to retire the Eckert plant. Since the distribution facility at Eckert serves 1/3 of the BWL's load, the plan



includes 5 new substations and new transmission lines. The projects related to the first 5 years of the plan are necessary to maintain reliably standards.

Mr. Bolan described “Asset Management” as doing the right work at the right time. It is based on the ISO 5500 and the Department of Environmental Quality is requiring that water utilities bring this into their practice by 2018. Ultimately, Asset Management aligns the BWL’s activities and assets with the strategic plan and goals of this organization.

Mr. Stojic described the objective of replacing the Eckert plant with a balanced portfolio of resources including local generation, more renewable energy, energy efficiency programs, and a demand response program.

Commissioner Nelson questioned whether or not to include the Board of Water and Light’s objective to reach 40% renewables by 2030, 20% by 2020, or an approximate energy efficiency target or objective.

Mr. Stojic in response to Commissioner Nelson that renewables it is expected to be at 20% by 2020 and it is entirely possible that some of the project developers may not be able to bring some of their projects to fruition and it is possible that dates may not be met, so that flexibility was needed in the plan.

Commissioner Ross stated that he would like to see a greater commitment to enhancing energy efficiency, having a well-developed and diversified renewable energy portfolio, and seeing annual increases in clean energy.

In response, Mr. Stojic stated he believes that is possible to enhance energy efficiency as long as it is realized that there will be some years in which there will be more increases and some in which there will be less, due to the nature of these projects.

General Manager Peffley commented that he does not have a problem with putting the 40% in the Strategic Plan but hesitates to do so. He stated, “for example, we are going to construct a thousand panels in East Lansing’s solar garden and construction will begin after 700 panels are sold however that has not happened yet.” The purchase of panels has been much slower than anticipated and two renewable projects are taking much more time to develop than planned and wind energy is facing new regulations, all factors in Mr. Peffley’s hesitation of placing firm numbers in a 5 years plan.

Board Chair Price commented that he would be reluctant to say 40% by 2030. This is a 4 year plan and the biggest goal is the decommissioning of the Eckert and the replacement for Eckert. This way the BWL has flexibility in 2020 to look at what’s out there.

Commissioner Nelson stated that he is in agreement with Commissioner Ross, that it should be indicated that the BWL should do better every year and that way there is always a goal out there that is trying to be reached.

Commissioner Ross stated that his other suggestion for consideration is increasing energy efficiency because that would be a long term benefit.

Commissioner Ross commented that as he reads through the Strategic Plan and the objectives, most of the focus seems to be on electrical production, generation, and transmission. He indicated that everyone needs water and if anything ever happened to the water system, it would be heard about immediately and people would be in crisis mode pretty quickly. Commissioner Ross said that he would like to get a sense of the extent to which water is being called out enough in this plan, and if not is there work that needs to be done someplace else?

General Manager Peffley stated in response to Commissioner Ross's comments that he thinks the BWL is ahead of the curve on water and that is why there is a little less emphasis on it right now. Both of the BWL's water treatments plants, the Cedar-Dye plant at a 40 million gallon capacity and Wise Road at 10, were completely rebuilt in the last 7-8 years. They have a 30 year lift on them. He said that the company continues to put the capital expenditures in them to extend that life and keep them reliable, and is very comfortable with where the company is in the water area.

Mr. Stojic added to the dialogue that there is a component on water distribution in the plan as well as steam distribution. Mr. Stojic pointed out that there have been some additional customers on the chilled water side of the business so they will look into adding capacity as well.

#### Implement New Technologies

- ❖ Goal: Support our customers and employees through the enhanced use of technology
- Objectives:
  1. Support existing and planned projects with IT infrastructure
  2. Enhance IT and communications technology



Chief Financial Officer Heather Shawa-DeCook described the "Implement New Technologies" Goals. She identified two key objectives. The first goal is to support existing and planned projects with IT infrastructure including an update of the IT strategic plan. The second goal is to enhance IT and communications technology.

## Workforce

- ❖ Goal: Maintain a strong and diverse workforce
  - Objectives:
    1. Attract and retain a diverse and highly skilled workforce
    2. Prepare for transformation of our workforce
    3. Provide more opportunities for a custom work experience that benefits both the employer and employee
    4. Pursue excellence by creating a work place environment that seeks to enhance current practices with the intention of adding value, making improvements, and increasing efficiency



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Mr. Stojic indicated that there were a number of issues related to Workforce including recruiting and retaining new employees, transition of employees from Eckert to new positions, and loss of human capital through retirements.

Executive Director of Human Resources Michael Flowers stated that trying to attract and retain a diverse and highly skilled workforce and continuing to train and develop programs for employees is the goal. He described a comprehensive and diverse set of programs and measures to meet the Workforce goal

Commissioner Ross stated as he was looking through the Workforce section of the plan, he was looking for some kind of direct reference to the BWL's pipeline programs to bring people in and he found most of the focus to be in the objective of the existing employees. Commissioner Ross suggested that under Objective 1, number 1, it considers continued investment in training and development programs and should consider the use of "potential and existing employees" versus just "existing employees". He believes there should be a strong pipeline whether it is through LCC or wherever.

## Financial Stability

- ❖ Goal: Maintain the financial stability of the BWL
  - Objective:
    1. Practice good financial stewardship



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Mr. Stojic indicated that the BWL was undertaking a very aggressive infrastructure replacement program and that it would require funding.

Chief Financial Officer Shawa-DeCook stated that the BWL is faced with the challenge of keeping competitive during 5 years of heavy investment while also practicing good financial stewardship. She described preparation for developing a financial plan which includes a multi-year rate strategy that provides financing for the BWL's capital program. She indicated that the BWL was committed to reviewing and achieving its target rate of return to consistently support and maintain the infrastructure we currently have and will be investing in in the future.

## BWL Leadership

- ◆ Goal: Continuous Improvement
  - Objectives:
    1. Increase organizational efficiency and strength
    2. Enhance organizational resiliency
    3. Reinforce safety practices
    4. Enhance the team culture
    5. Lead in renewable energy and energy efficiency
    6. Ensure regulatory compliance



Electric Energy - Fall 2014 2017  
Committee of the Whole Meeting  
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Mr. Stojic discussed inclusion of the “BWL Leadership” goal and its objectives in the plan.

Commissioner Ross stated that one of the strengths at the BWL is a strong senior management team, particularly in the General Manager who has a long history with the utility, and has grown up within the company. He also indicated that it could be a weakness if something were to happen to him tomorrow, so he recommended a succession planning objective.

In response to Commissioner Ross’s point, General Manager Peffley stated that succession planning is something that is being worked on and that each one of the Executive Directors has worked to identify what individuals can step up at all rank levels. He said they are looking at who can move in if someone retires or moves on, especially unexpectedly, so the business can continue to run without a hitch.

Board Chair Price said that the Board just received the Strategic Plan last Wednesday and suggested that the Commissioners take it home and digest it and submit any suggestions, additions, and/or deletions to the Executive Staff. Once any amendments have been incorporated, and if agreeable by all, it could be considered as an agenda item at the next Committee of the Whole meeting.

Mr. Stojic stated that he would provide a redline version based on what he heard today.

### **Public Comment**

David Errickson of the Sierra Club stated that he likes the fact that goals are being set. He also stated his interest in serving on an energy efficiency citizens’ advisory committee if there was one.

### **Other**

General Manager Peffley thanked the staff for all of the hard work that went into the Strategic Plan. He said this is a very busy and exciting time at the BWL and it is currently exploring water regionalization, a complete rebuild of the electric system, and how to generate power for the future.

### **Excused Absence**

**Motion** by Commissioner Price, Seconded by Commissioner McCloud, to excuse Commissioner Louney from tonight’s meeting.

### **Adjourn**

Meeting adjourned at 7:22 p.m.

Respectfully Submitted  
Mark Alley, Chair  
Committee of the Whole

COMMITTEE OF THE WHOLE  
Meeting Minutes  
September 13, 2016

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, at 5:30 p.m. on Tuesday, September 13, 2016.

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

Present: Commissioners Mark Alley, Dennis M. Louney, Tony Mullen, David Price, and Sandra Zerkle and Non-Voting Members: Stuart Goodrich (Delhi), William Long (Delta Township) and Robert Nelson (East Lansing).

Absent: Commissioners Anthony McCloud, Ken Ross, Tracy Thomas

The Corporate Secretary declared a quorum.

**Public Comments**

Brad Van Guilder, Sierra Club, stated his concerns about the proposed draft Strategic Plan and suggested that there be an explicit mention of climate change.

**Approval of Minutes**

**Motion** by Commissioner Mullen, Seconded by Commissioner Price to approve the Committee of the Whole meeting minutes of August 16, 2016.

**Action:** Motion Carried

**Discussion of the Edits to the Proposed Strategic Plan**

General Manager Peffley introduced George Stojic, Executive Director of Strategic Planning, who led the discussion of the proposed edits to the Strategic Plan.

Mr. Stojic reminded the Committee that during the August 16<sup>th</sup> meeting, the proposed Strategic Plan contained seven goals as well as objectives that fell under those goals and discussion was sought and recommendations from the Commissioners were incorporated as a result of the discussion from that meeting.

The Committee was provided a redlined version of the document with the changes which also included Commissioner Long's suggestions made prior to the August 16<sup>th</sup> meeting. Mr. Stojic stated that this meeting will be another opportunity for the Commissioners to ask questions or make recommendations. He indicated that subsequent to the August 16<sup>th</sup> meeting, recommendations were received from Commissioner Nelson and those recommendations are not incorporated into the redline version but will be discussed during this meeting. Recommendations were also received from

Commissioner Louney immediately prior to the start of this meeting. Those recommendations will be addressed as well. Mr. Stojic stated that his goal is to have a final draft of the Strategic Plan by the end of this meeting to allow the BWL to move forward.

***Please Note: In the proposed redlined version of the Strategic Plan, Red indicates grammatical changes. Blue indicates Commissioner suggested changes.***

Mr. Stojic reviewed the changes to the Plan page by page and there was dialogue along the way.

#### Page #5

Commissioner Nelson suggested, under the Evolving Environment and Regulatory Requirements section of the Plan, that the section be amended to read: “The BWL faces many new environmental regulations ***driven by climate change***, such as a clean power plant.”

Mr. Stojic said the BWL does have environmental regulations covered, one of which is related to climate change, and suggested that the language be amended to “The BWL faces many new environmental regulations ***including those related to concern over climate change***, such as a clean power plant.”

#### Page #6

Water regionalization changes proposed by Commissioner Long prior to the August 16<sup>th</sup> meeting were incorporated into this document.

#### Page #8

Mr. Stojic spoke on Objective 3: Provide Customer Focused Rates. He said Commissioner Nelson proposed inserting, at the end of that Objective “low income assistance” so that it would read: “Review and revise rate structures to respond to changing customer composition and needs such as time of use rates and low income assistance.” Mr. Stojic said this section is really intended for rates only. He believes if reference to low income programming is going to be inserted into the Strategic Plan, it should be elsewhere.

Commissioner Nelson suggested adding a 4th Objection that stated “Provide low income customers with needed energy assistance”. That language was **not** accepted.

#### Page #8

Mr. Stojic reviewed the only change under the Community Involvement Section which was cosmetic. It was noted that the term “Greater Lansing Region” was incorporated throughout this document since the BWL participates throughout the region.

#### Page #9

Commissioner Nelson proposed a suggested change to Strategy #2, Objective #2. He believed the wording of subsection 1 implies that we have a partnership with ourselves. Mr. Stojic agreed with Commissioner Nelson’s suggestion to update the Objective to read “the BWL’s energy efficiency and renewal programs and a partnership with the Mayor’s Live Green Lansing Program.”

Page #10

Mr. Stojic said there was substantive discussion at the August 16<sup>th</sup> meeting regarding Strategy #3, Objective #3 regarding the balanced portfolio. He indicated that item has been addressed in Strategic Goal #7, Objective #5.

Page #11

Mr. Stojic said the only change, recommended by Commissioner Ross, was that under Strategy 5, Workforce Objective 1, the language “potential and existing employees” was added to this draft.

Page #12 and #13

Cosmetic changes only.

Page #14

Mr. Stojic spoke about the two recommended changes that were submitted by Commissioner Nelson as well those recommended by Commissioner Louney in the document he provided to the Committee prior to the start of this meeting. First were the renewable and clean energy goals. He said the BWL has inserted a goal for 2020 of 30% clean energy with a plan to expand those options as components of the BWL’s resource portfolio thereafter. The second recommendation was to include distributed generation. He said the wording “developing a distributive generation program” may be a little misleading. Mr. Stojic said the BWL does incentivize solar installations on a customer’s premises and have implemented the community’s solar programs.

Commissioner Nelson questioned that if we are going to say we encourage a demand response program, why can’t we encourage distributive generation as well. Mr. Stojic stated that the BWL really does not have a demand response program, but does have a distributed generation program.

Commissioner Louney asked if there could be a statement that the BWL shall continue to examine opportunities for distributed generation. He said that some of the things that the BWL is doing are great, should be stated in this Strategic Plan, and we should continue on with what we are doing.

Mr. Stojic said Objective 7, a recommendation from Commissioner Ross, is the development of a potential leadership program and replacement strategy for senior management at some point.

The Committee reviewed Commissioner Louney’s 7 recommendations for the Strategic Plan:

**I. Distributed generation**

I would like to see us consider a statement of a goal to examine distributive generation where possible. Among this line of thinking the development of a critical list of companies/buildings/services such as city hall, police and fire departments, hospitals, etc. is vital. Locating small co-generation units within some of these facilities while leasing these units with LBWL maintaining ownership and maintenance provides a stronger and more resilient utility.



Accepted.

**II. Greater energy efficiency**

While our current goal of 30 percent is laudable, I think LBWL should try to achieve a higher standard. A possible way to achieve this may be to launch a pilot program that identifies a specific sector of the city within our service area. If we could determine the net usage of energy in this area then contact each energy user (businesses, land lords, tenants, low-income residents, senior citizens, etc.) and determine what energy efficiencies could be achieved we could evaluate the energy usage when completed.

Accepted: To State 30% or greater.

**III. Connectivity with municipalities**

The plan discusses implementing new technologies. I think it makes sense to discuss the rollout of smart meters and when they actually will be turned on. In addition while we are working to integrate our technologies with the City of Lansing City works software, we should be working to do the same to all the government entities within our service area.

Not Accepted.

**IV. Board of Commissioners**

The plan discusses LBWL leadership yet there is no mention of strategic goals for the Board of Commissioners. The Commissioners should be mentioned specifically in striving for greater transparency such as televising/recording meetings; greater educational opportunities and better ways of engagement with our customers.

Not Accepted.

**V. Recognition of our status as a public utility**

The plan does an excellent job in discussing the customer experience and community involvement. However, there should be some statement that discusses our role as a public utility and citizen/customer engagement. In the Integrated Resource Plan our Citizen Advisory Committee was integral in providing a roadmap for our staff. This should be a consideration in future planning when possible.

Already Addressed.

**VI. Transportation**

With the push to convert from combustion engine vehicles to zero emission electric powered vehicles a statement recognizing this growing trend should be mentioned in

the plan. LBWL has been a leader in Michigan in this area and we need to continue in our efforts.

Not Accepted.

**VII. Future possible liabilities**

Because our future power generation being reliant on natural gas, an examination of possible environmental effects such as increased methane, rising costs, etc. is worth a discussion. It may not be necessary to mention tills in the plan but a statement acknowledging this may be useful.

Not Accepted.

**Motion** by Commissioner Price, Seconded by Commissioner Zerkle to forward the Resolution for the adoption of the Strategic Plan with the inclusion of tonight's edits to the full Board for consideration.

**Action:** Motion Carried

**Public Comment**

Brad Van Guilder, Sierra Club questioned that if the Strategic Plan being voted on passes, does that also mean adoption of the IRP recommendation that was made in May?

**Other**

None

**Excused Absence**

**Motion** by Commissioner Price, Seconded by Commissioner Mullen, to excuse Commissioners McCloud, Thomas and Ross from tonight's meeting.

**Adjourn**

Meeting adjourned at 6:24 p.m.

Respectfully Submitted  
Mark Alley, Chair  
Committee of the Whole

# FINANCE COMMITTEE

September 13, 2016

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, at 6:35 p.m. on Tuesday, September 13, 2016.

Acting Finance Committee Chairperson David Price called the meeting to order and asked that roll be taken.

Present: Commissioners Mark Alley, Dennis M. Louney and David Price. Also, present Commissioners Tony Mullen and Sandra Zerkle. Non-Voting Members Present: Commissioners Stuart Goodrich (Delhi), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Absent: Commissioner Ken Ross

The Corporate Secretary declared a quorum.

## Public Comments

None.

## Approval of Minutes

**Motion** by Commissioner Alley, Seconded by Commissioner Louney, to approve the Finance Committee meeting minutes of July 12, 2016.

**Action:** Motion Carried.

## Baker Tilly External Audit Report- Resolution

Heather Shawa-DeCook, Chief Financial Officer (CFO), introduced external auditor Jodi Dobson, Partner with the Certified Public Accounting Firm, Baker Tilly, Virchow Krause LLP, who presented and reviewed the auditing process, observations and recommendations, and also covered the required communication to the governing body for the various Board of Water and Light reports. The enterprise fund and the three pension funds, Defined Contribution Plan (DC Plan), Defined Benefit Plan (DB Plan), and the VEBA Benefit Trust, which all received an unmodified audit opinion.

Ms. Dobson's presentation was as follows:

**LANSGING BWL**  
Hometown People. Hometown Power.

Finance Committee Meeting -  
September 13, 2016  
2016 Audit Presentation

**Agenda**

- > Audit Overview
- > Observations and Recommendations
- > Required Communication to Governing Body

**BAKER TILLY**  
INTERNATIONAL  
Center. Insight. Results.

**Board of Water and Light - City of Lansing**  
Audit overview

**BAKER TILLY**  
Center. Insight. Results.

- Audit performed in accordance with *Generally Accepted Auditing Standards*
- Audit objective - reasonable assurance that financial statements are free from material misstatement
- Financial statements of BWL received an *Unmodified Opinion*

Financial Statements include

- Auditors' report
- Management discussion and analysis
- Enterprise fund statements
- Consolidated pension trust statements
- Notes
- Required supplemental information
- Additional information

**LANSGING BWL**  
Hometown People. Hometown Power.

### Board of Water and Light - City of Lansing Audit overview

BAKER TILLY  
Candor. Insight. Results.

Audit assesses internal controls

"...a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources"

Controls must meet the goal and objectives of Operations, Reporting and Compliance

3

### Board of Water and Light - City of Lansing Audit overview

BAKER TILLY  
Candor. Insight. Results.

Controls reviewed in key transaction areas

- Disbursements
- Payroll
- Billings
- Cash and investments
- Capital assets
- Information technology
- Financial reporting

4

### Board of Water and Light - City of Lansing Observations and recommendations Enterprise Fund

BAKER TILLY  
Candor. Insight. Results.

- > Reported net income of \$900,000 after impairment on Eckert Power Station of \$15,763,000
- > Bond coverage was met in 2016
- > There were no material weaknesses reported
- > Combined deficiencies in control related to information technology resulted in a significant deficiency
- > GASB Statement No. 72 disclosures related to fair value were implemented as required

5

### Board of Water and Light - City of Lansing Observations and recommendations Enterprise Fund

BAKER TILLY  
Candor. Insight. Results.

Operating Revenues – Four-year Comparison (in thousands)

|                          | 2013              | 2014              | 2015              | 2016              |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Water                    | \$ 37,444         | \$ 37,247         | \$ 37,910         | \$ 38,731         |
| Electric                 | 277,157           | 289,154           | 295,048           | 303,246           |
| Steam                    | 12,029            | 16,324            | 14,959            | 12,683            |
| Chilled Water            | 5,140             | 5,397             | 5,568             | 6,276             |
| <b>Operating Revenue</b> | <b>\$ 331,770</b> | <b>\$ 348,122</b> | <b>\$ 353,485</b> | <b>\$ 360,936</b> |

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### Board of Water and Light - City of Lansing Observations and recommendations Enterprise Fund

BAKER TILLY  
Candor. Insight. Results.

Operating Expenses – Four-year Comparison (in thousands)

|                               | 2013              | 2014              | 2015              | 2016              |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Production                    | \$ 176,677        | \$ 182,244        | \$ 187,752        | \$ 178,958        |
| Transmission and Distribution | 15,647            | 23,093            | 20,870            | 21,593            |
| Administrative and General    | 65,096            | 66,583            | 61,298            | 64,007            |
| Depreciation                  | 38,298            | 38,997            | 39,104            | 41,542            |
| <b>Operating Expenses</b>     | <b>\$ 295,718</b> | <b>\$ 310,917</b> | <b>\$ 308,024</b> | <b>\$ 306,100</b> |

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### Board of Water and Light - City of Lansing Observations and recommendations Enterprise Fund

BAKER TILLY  
Candor. Insight. Results.

Operating Income – Four-year Comparison (in thousands)

|                         | 2013             | 2014             | 2015             | 2016             |
|-------------------------|------------------|------------------|------------------|------------------|
| Water                   | \$ 5,339         | \$ 2,056         | \$ 4,637         | \$ 6,307         |
| Electric                | 28,308           | 30,566           | 33,250           | 43,052           |
| Steam                   | 350              | 2,651            | 4,223            | 2,795            |
| Chilled Water           | 1,504            | 1,953            | 2,351            | 2,651            |
| <b>Operating Income</b> | <b>\$ 35,495</b> | <b>\$ 37,206</b> | <b>\$ 44,461</b> | <b>\$ 54,805</b> |

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### Board of Water and Light - City of Lansing Observations and recommendations Enterprise Fund

BAKER TILLY  
Candor. Insight. Results.

Future Debt Service Requirements (in thousands)

|           | 2017      | 2018     | 2019     | 2020     | 2021     |
|-----------|-----------|----------|----------|----------|----------|
| Principal | \$ 11,642 | \$ 8,986 | \$ 9,371 | \$ 7,839 | \$ 8,184 |
| Interest  | 16,650    | 16,184   | 15,777   | 15,391   | 15,048   |

Debt service after 2021 includes remaining principal payments of \$339,970,000 and interest payments of \$270,158,000.

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### Board of Water and Light - City of Lansing Observations and recommendations Pension Plans

BAKER TILLY  
Candor. Insight. Results.

- > Separate financial statements issued for each pension plan
- > GASB Statement No. 72 was implemented for all three plans
- > All three plans received unmodified audit opinions

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**Board of Water and Light - City of Lansing**  
*Observations and recommendations*



Future accounting standards

- > GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans other than Pension Plans* – effective for fiscal year 2017
- > GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* – effective for fiscal year 2018

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We appreciate the help of the Board of Water and Light General Accounting & Finance Teams in preparing for and assisting in the audit!



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**Contact Info**



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**Motion** by Commissioner Louney, Seconded by Commissioner Alley to forward the Resolution for the acceptance of the Audited Financial Statements and the Enterprise Fund and Pension Fiduciary Fund to the full board for consideration.

**Action:** Motion Carried

**Preliminary July Financial Highlights**

Heather Shawa-DeCook, Chief Financial Officer (CFO), reported that the July Financial results are still underway and would be reported at a later date.

**Board of Water and Light - City of Lansing**  
*Auditor communication to those charged with governance*



| Area to be Communicated                                                             | Area to be Communicated                                                |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Our responsibility under Auditing Standards Generally Accepted in the United States | Other Information in Documents Containing Audited Financial Statements |
| Planned Scope and Timing of the Audit                                               | Accounting Policies                                                    |
| Accounting Estimates                                                                | Financial Statement Disclosures                                        |
| Difficulties Encountered in Performing the Audit                                    | Corrected and Uncorrected Misstatements                                |
| Disagreements with Management                                                       | Consultations with Other Independent Accountants                       |
| Management Representations                                                          | Auditor Independence                                                   |



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Discussion



14

Ms. Shawa-DeCook informed the Committee that the BWL is taking advantage of an opportunity for an advanced refunding of 2008 A-Bonds, which entails significant interest savings.

### **DB and VEBA Investment Policy Statements-Resolution**

Chief Financial Officer Heather Shawa-DeCook provided an overview of the revised Investment Policy Statements (documents) in which the Board's approval is necessary. The reviewed documents include:

- 1. Revised Investment Policy Statement for Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan")*
- 2. Revised Investment Policy Statement Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the "Retiree Medical Benefit Plan")*
- 3. First Amendment to the Pension Plan Trust*
- 4. First Amendment to the Retiree Benefit Plan Trust*
- 5. Resolution which captures the above 4 documents and creates a Retirement Plan Committee.*

Recommendations as indicated in the Executive Summary:

### **Summary Recommendation**

Senior Management recommends approval of the Defined Benefit Plan IPS and the Retiree Medical Benefit Plan IPS. Senior Management also recommends approval of the First Amendment to the Defined Benefit Plan Trust, the First Amendment to the Retiree Medical Benefit Plan Trust, and the creation of the Retirement Plan Committee. The proposed Retirement Plan Committee members will consist of the Chief Financial Officer (Chair), Executive Director of Human Resources, and Manager of Finance.

After some dialogue regarding the use of the word "Trustee" in the proposed Resolution, the following motion was offered:

**Motion** by Commissioner Louney, Seconded by Commissioner Alley, to forward the proposed resolution with an amendment to state "Trustee(s)" in the document to the full Board for consideration.

**Action:** Motion Carried

### **Public Comment**

None

### **Other**

None

**Excused Absence**

**Motion** by Commissioner Alley, Seconded by Commissioner Louney, to excuse Commissioner Ross from tonight's meeting.

**Action:** Motion Carried

**Adjourn**

**On Motion** by Commissioner Alley, Seconded by Commissioner Louney, the meeting adjourned at 7:12 p.m.

Respectfully submitted  
David Price, Acting Chair  
Finance Committee

**RESOLUTION 2016-09-\_\_\_**

STRATEGIC PLAN ADOPTION

BE IT RESOLVED; That the Lansing Board of Water and Light Board of Commissioners adopts the Strategic Plan as approved by the Committee of the Whole on September 13, 2016.





# **BWL STRATEGIC PLAN 2016-2020**

DRAFT

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# Overview

## Background

Nearly all utilities across the country, including the Lansing Board of Water & Light (BWL), face significant change over the next five years. The BWL General Manager and Board of Commissioners, working with BWL staff, have prepared an updated BWL Strategic Plan as a high-level tool, providing a “road map” of strategic goals and objectives to meet these changes while supporting the BWL Mission and Values.

To develop this Strategic Plan, BWL staff interviewed BWL executive and senior staff, union leadership (IBEW 352), and subject matter experts across the organization. Each interview consisted of an evaluation of the BWL’s current mission and values statements and an assessment of the BWL’s strengths, weaknesses, opportunities, and challenges (SWOC).

The evaluation and SWOC assessment processes allowed for refinements to be made to the Mission and Values statements that were reflective of the common feedback gathered during the interviews. The revised Mission and Value statements serve as the foundation for the Strategic Plan.

The assessment processes also identified common challenges and opportunities, allowing the development of strategies and objectives to meet them. These strategies and objectives are the essence of the BWL’s strategic direction, allowing the BWL to address the challenges and opportunities while providing a common understanding of the strategic goals for communication and planning at all organizational levels.

## Mission Statement

The BWL’s mission statement explains the purpose and priorities of the company. The mission statement also helps direct the work of the BWL Board and employees, provides guidance, and makes a commitment to exemplary customer service.

*The mission of the BWL is to provide safe, reliable, and affordable utility products and services to the Greater Lansing Region. Together, the BWL’s Board, management, and employees will plan for sustainable growth, be responsible environmental stewards, and be active participants in the Lansing Community’s economic and cultural initiatives.*

## Value Statements

The BWL's values are the guiding principles to which its employees adhere in the conduct of the BWL's business. They express the shared beliefs and behaviors that guide interactions with, customers, the community and each other.

**Exceptional Service:** *The BWL is dedicated to providing exemplary and reliable utility products and services.*

**Competitive Rates:** *As a publicly owned utility, providing competitive and affordable rates is integral to the economic well-being of the Lansing region.*

**Safety:** *The safety of employees and customers is a priority.*

**Community Commitment:** *The BWL is committed to active corporate citizenship that advances the community's economic and cultural well-being.*

**Integrity:** *The BWL will instill community trust by conducting business in a manner that is open, honest, and fair.*

**Inclusion and Equity:** *The BWL values and respects the individuality and diversity of our customers and employees, considers these an asset of the BWL and the community, and will strive to reflect that diversity in our workforce.*

**Environmental Stewardship:** *BWL practices and policies will demonstrate our commitment to a healthy and sustainable environment.*

## Challenges and Opportunities

Some of the significant high level challenges and opportunities that were identified include:

**Retirement of BWL Eckert Station:** In 2015 the Lansing Board of Water and Light (BWL) announced plans to close the coal-fired Eckert Station by January 2020. The retirement of Eckert will create a shortage in the energy and capacity available to serve the BWL's customers thereby impacting affordability and reliability.

**Changing customer expectations:** With the advances in digital technology, information availability, and mobile devices, BWL customers now expect more information and control over their services. In addition to immediate feedback on outages and restoration to mobile devices, the ability to monitor and control electric usage by remotely reading meters and remotely controlling thermostats,

water heaters, and appliances is needed. Technology will allow for more closely tailored services to meet customer needs. In addition, the BWL's customer service will become more efficient, with "real-time" turn-on and turn-off services, along with enhanced online options, such as payments immediately posted to accounts.

**Aging infrastructure:** The BWL is in the beginning stages of an extensive five-year plan to upgrade and strengthen the resiliency of its electric transmission and distribution system. The last time extensive upgrades were made to this system was in the 1980s. In addition to the electric system, the BWL is also planning for extensive upgrades to its water and steam transmission and distribution systems and its chilled water infrastructure.

**Aging and evolving workforce:** Over 20 percent of the BWL workforce is eligible to retire, and within a couple years that number will grow to nearly 30 percent. It is imperative for the company to prepare for succession and transfer of knowledge from these employees. At the same time, the BWL must determine the best approach to train BWL employees that are either going to be displaced (e.g. those engaged in daily work at Eckert Station) or are going to be taking on new positions supporting technology that will be implemented as a result of following this strategic plan.

**Evolving environmental and regulatory requirements:** The BWL faces many new environmental regulations, including those related to concern over climate change, such as the Clean Power Plan. These new regulations have the potential for a significant impact on existing plants such as Erickson. Compliance requirements are an increasingly important component of long-term planning. In addition to environmental regulations, to support reliability of the electric grid, the Federal Energy Regulatory Commission (FERC) and the National Electric Reliability Company (NERC) have implemented rigorous reliability and security standards with which utilities like the BWL must comply. These standards are continually changing, becoming more stringent and impacting nearly every aspect of operation from access to the grid to protection from cyber threats.

**Achieving financial performance targets:** To address the significant challenges that have been identified, the BWL will make significant financial investments. Controlling the impact on customer rates and BWL competitiveness while supporting these investments will be an on-going challenge.

**Water Regionalization:** The BWL is already the largest publicly-owned supplier of high quality drinking water in the Greater Lansing Region. As regulations and

focus increases on drinking water systems across the state and country, the BWL can play a larger role in addressing the challenges facing existing systems in the Greater Lansing Region.

DRAFT

# Strategic Goals

Seven strategic goals were created from common themes that arose from both the interviews and SWOC analysis. These goals are designed to address the areas where there will likely be challenges to the BWL's ability to meet its mission. These are areas where the majority of the company's resources should be focused for this plan. For each strategy there are one or more objectives that need to be met in order to address the challenges and take advantage of opportunities.

## Strategy 1: Customer Experience

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### Goal: Enhance the customer experience

Unlike investor owned utilities, the BWL was created by the citizens of Lansing to serve their needs for water and electricity. The BWL has grown to offer additional services and to serve the greater Lansing community while continuing to be responsive to its community owners.

As a customer owned utility, meeting customers' needs and expectations is very important. With the growth in the use of mobile devices and the growing interest in online services, the BWL has identified four Objectives to continue to enhance our customer experience:

#### Objective 1: Anticipate and meet customer expectations

- 1) Routinely survey customers to assess their needs
- 2) Customize and personalize products, services, and information access to address customer needs

#### Objective 2: Improve customer interactions and communications through phone, web, and mobile devices

- 1) Undertake a customer experience survey and determine best-in-class processes and technology
- 2) Continue the implementation of advanced metering infrastructure (AMI) throughout the BWL system



- 3) Implement new industry technologies that take advantage of AMI by giving customers access to their usage data and helping them manage their use, e.g. through access to thermostats and appliances
- 4) Implement new technologies that provide customers with services more closely tailored to their needs, including better access to their account information, payments, and turn-on and turn-off services
- 5) Provide best-in-class outage reporting, restoration, and communication

#### Objective 3: Provide customer-focused rates

- 1) Review and revise rate structures to respond to changing customer composition and needs, such as time-of-use rates

## Strategy 2: Community Involvement

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### Goal: Enhance the well-being of our customers and community

As a municipally owned utility, the BWL is an integral component of the social and economic fabric of the Greater Lansing Region. Through participation and collaboration in community initiatives, the BWL plays an important role in helping to make the Greater Lansing Region thrive and remain economically vibrant as well as culturally and socially desirable. Attracting residents and businesses to the community with reliable utility services at a competitive cost helps to promote the community's growth. For over a century the BWL has fulfilled this mission and has continued to expand its products and services into surrounding communities. The BWL has identified two Objectives to help achieve the goal of enhancing the well-being of our customers and community:

#### Objective 1: Be a catalyst for economic and community development

- 1) Keep rates competitive
- 2) Serve as a partner with regional economic development agencies to promote economic growth in the greater Lansing community

#### Objective 2: Contribute to Lansing's social and cultural environment

- 1) Continue to promote sustainability within the Lansing community through the BWL's energy efficiency and renewable energy programs and partnership with the Mayor's Live Green Lansing program

- 2) Continue to sponsor cultural events that enrich the greater Lansing's social fabric and make it an attractive place to live and work
- 3) Continue to be environmental leaders
- 4) Enhance communication and outreach to our customers, neighborhood associations, and community leaders
- 5) Improve the hometown brand recognition

### Strategy 3: Effectively Acquire and Manage Resources

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**Goal: Acquire and manage BWL assets in an efficient manner to ensure an adequate and reliable supply of utility services to the Greater Lansing community**

By owning its own production and distribution assets, the BWL has been able to fulfill its mission of providing reliable, affordable, and environmentally sound utility products. The BWL owns and operates a complex mix of production, distribution, and transmission assets. The BWL must continue to plan, construct, and maintain these assets in an efficient manner. To support the proper acquisition and management of physical assets, three Objectives are adopted:

**Objective 1: Improve transmission and distribution reliability and flexibility**

- 1) Continue the commitment to a five-year plan of intensive upgrades to the electric T&D system
- 2) Invest in smart grid technology
- 3) Complete the drinking water lead service replacement program
- 4) Maintain a plan and implementation schedule to replace and upgrade sections of the water and steam distribution systems
- 5) Develop automated interfaces between electric transmission and distribution system devices, customer meters, and our Outage Management System

**Objective 2: Fully integrate asset management principles for each utility**

- 1) Evaluate and implement improved business processes, standards, and certifications
- 2) Implement utility industry best practices for asset management

- 3) Develop appropriate asset management training for employees
- 4) Create a team culture at the BWL that values and complies with asset management principles

#### Objective 3: Maintain BWL's status as a regional utility services provider

- 1) Plan for and replace the Eckert energy and capacity with a balanced portfolio of generation resources that include renewable energy, energy efficiency investments, customer programs, and new generation
- 2) Maintain local generation to ensure generation reliability
- 3) Periodically review the IRP to ensure plans are up to date with modeling data, compliance expectations, and generation options
- 4) Review the demand and production capacity of the BWL's water, steam, and chilled water utilities
- 5) Investigate new services and compete for new business

### Strategy 4: Implement New Technologies

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#### Goal: Support our customers and employees through enhanced use of technology

Nearly all of the BWL strategic objectives depend on the use of technology to some degree. For example, technology is integral to enhancing the customer experience, asset management, transmission and distribution control systems, and systems that protect against cyber threats. The BWL has identified two Objectives to ensure the best use of technologies:

#### Objective 1: Support existing and planned projects with IT infrastructure

- 1) Update the Information Technology Strategic Plan to coordinate with both industry best practices and planned BWL strategic and capital initiatives
- 2) Select and maintain reliable, well supported, redundant, secure, cost-effective, and efficient IT systems and communication networks
- 3) Apply business process management methodologies to create and measure business value throughout the life cycle of each technology system implementation

### Objective 2: Enhance IT and communications technology

- 1) Identify, prioritize, acquire, and implement technology enhancements to support business needs
- 2) Continuously research and compare current best practices as well as state-of-the-art technologies being tested and deployed by best-in-class organizations
- 3) Identify the necessary experience, skills, and education needed for management and use of new technologies

## Strategy 5: Workforce

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### Goal: Maintain a strong and diverse workforce

The BWL's skilled and dedicated workforce is its strongest asset. To best serve our customers, the BWL must have a workforce that is motivated, has the skills necessary to safely and efficiently operate BWL assets, and is reflective of the cultural diversity of the greater Lansing region. Four workforce Objectives were adopted to emphasize the importance and value of "Hometown Power. Hometown People."

#### Objective 1: Attract and retain a diverse and highly skilled workforce

- 1) Continue to invest in training and development programs for potential and existing employees
- 2) Ensure our workforce reflects the diversity of our community
- 3) Maintain a competitive total compensation package for all positions
- 4) Creatively use a diverse portfolio of tools such as social media to attract potential applicants

#### Objective 2: Prepare for transformation of our workforce

- 1) Ensure the BWL has the ability to effectively manage the loss of human capital and institutional knowledge by utilizing succession planning
- 2) Transition BWL employees who are directly or indirectly impacted by BWL change (e.g. implementation of technology and Eckert retirement)
- 3) For each area, determine a balance between internal resources needed to meet on-going work load and external resources needed during peak demand periods

### Objective 3: Provide more opportunities for a custom work experience that benefits both the employer and employee

- 1) Update and improve job progression plans and job descriptions to incorporate the new technologies and required skillsets
- 2) Consider more flexible fringe benefits and work schedule options
- 3) Continue to promote health and wellness programs

### Objective 4: Pursue excellence by creating a work place environment that seeks to enhance current practices with the intention of adding value, making improvements, and increasing efficiency

- 1) Define, establish, and maintain effective quality assurance processes and systems
- 2) Encourage employee engagement
- 3) Assign responsibility and accountability to employees utilizing a system to analyze and measure the process in terms of risk to assets, safety, and customers

## Strategy 6: Financial Stability

### Goal: Maintain the financial stability of the BWL

All of the BWLs ongoing efforts and strategic initiatives require funding. The balance between providing this funding and its impact on rates requires a comprehensive financial plan and rate strategy. One Objective has been included in this plan to address Financial Stability:

#### Objective 1: Practice good financial stewardship

- 1) Develop a Financial Plan that includes a rate strategy that provides financing for the BWL's capital program, replacement generation needs, while maintaining competitive rates
- 2) Maintain an above average bond rating for municipal utilities
- 3) Identify cost savings through process improvement initiatives and return on investments with minimal impact on operations or employees
- 4) Commit to reviewing and consistently achieving targeted rate of return

## Strategy 7: BWL Leadership

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### Goal: Continuous improvement

BWL Leadership recognizes that in a changing world the BWL needs to not only change, but continually improve. Improvements to the BWL's emergency resiliency plan helped the Company overcome hardships such as the 2016 cyber-intrusion and have made the company an emergency management hub for the region. Improvements in our renewable energy portfolio and energy efficiency have helped the BWL to become a leader in these areas as well. This culture of continuous improvement needs to not only continue, but be reinforced in order for the BWL to maintain its leadership role among municipal utilities. Our processes, revenues, energy portfolio, safety practices, compliance programs, and even our leadership and organizational structures need to evolve to meet the changing needs of the BWL and our community.

#### Objective 1: Increase organizational efficiency and strength

- 1) Evaluate organizational reporting structure and the ability to efficiently and productively meet current and near-future organizational requirements
- 2) Evaluate, prioritize, and improve business practices and processes

#### Objective 2: Enhance organizational resiliency

- 1) Coordinate with other regional entities, and enhance resiliency to external events, such as storms, accidents, cyber incidents, and terrorist attacks

#### Objective 3: Reinforce safety practices

- 1) Complete Phase II of the BWL's safety assessment

#### Objective 4: Enhance the team culture

- 1) Communicate the connection between the Mission, Values, and Strategic Plan
- 2) Effectively communicate corporate objectives and priorities and their status
- 3) Continue to support the Balanced Scorecard approach as a tool to balance financial, customer service, operational, and personnel initiatives

### Objective 5: Lead in Clean-Energy and Demand Response

- 1) Develop a cost-effective demand response program
- 2) Increase the BWL's energy efficiency and renewable energy (Clean-Energy) programs to reach 30 percent or greater of its energy requirements in 2020, and implement a plan to expand these options as components of BWL's resource portfolio thereafter
- 3) Continue to examine opportunities for distributed generation

### Objective 6: Ensure Regulatory Compliance

- 1) Continue to develop and update plans to ensure compliance with all applicable regulations, including environmental, electric reliability grid, drinking water, security (physical and information), and safety

### Objective 7: Develop New Leaders

- 1) Identify potential leaders and develop a senior management succession plan

**RESOLUTION 2016-09-\_\_\_**

**Fiscal Year 2016 Audited Financial Statements  
of the Enterprise Fund and Pension Fiduciary Fund**

RESOLVED, that the fiscal year 2016 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2016 Audited Financial Statements of the Board of Water and Light and the report on auditing procedures with the State Treasurer as required by the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended) no later than December 31, 2016.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2016 Audited Financial Statements of the Board of Water and Light with the City of Lansing.



**RESOLUTION 2016-09-\_\_\_**

**Amendment of Pension Plan Trust; Amendment of Retiree Benefit Plan and Trust;  
Revised Investment Policy Statements; Creation of Retirement Plan Committee;  
and Delegation of Authority.**

WHEREAS, the Board of Water and Light (the “Sponsor”) sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees’ Pensions (the “Defined Benefit Plan”) and the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the “Retiree Medical Benefit Plan”); and

WHEREAS, the Sponsor has decided to create a formal committee to which the Sponsor will delegate discretionary authority and responsibility for the discharge of certain of its duties relating to the Defined Benefit Plan and the Retiree Medical Benefit Plan; and

WHEREAS, the Sponsor has legal authority pursuant to the Defined Benefit Plan and to the Retiree Medical Benefit Plan to create the committee and to delegate certain duties to the committee; and

WHEREAS, the Sponsor wants to amend the Pension Plan Trust relating to the Defined Benefit Plan for the purpose of implementing the terms of the Lansing Board of Water and Light Defined Benefit Plan for Employees’ Pensions Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor wants to amend the Retiree Benefit Plan and Trust Agreement relating to the Retiree Medical Benefit Plan for the purpose of implementing the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives.

THEREFORE, it is:

RESOLVED, that the Sponsor approves and adopts the First Amendment to the Pension Plan Trust relating to the Lansing Board of Water and Light Defined Benefit Plan for Employees’ Pensions effective as indicated therein.

FURTHER RESOLVED, that the Sponsor approves and adopts the First Amendment to the Lansing Board of Water and Light Retiree Benefit Plan and Trust Agreement relating to the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light effective as indicated therein.

FURTHER RESOLVED, that, after its review, and based on a recommendation from management, the Sponsor adopts and approves: (i) the attached Lansing Board of Water & Light Defined Benefit Plan for Employees’ Pensions Statement of Investment Policies, Procedures and

Objectives; and (ii) the attached Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives.

FURTHER RESOLVED, that the Sponsor hereby creates a committee effective September 27, 2016 the name of which shall be the "Retirement Plan Committee," and the Sponsor appoints the following individuals to serve on the Retirement Plan Committee: Chief Financial Officer, Executive Director of Human Resources, and the Manager of Finance. The Sponsor appoints the Chief Financial Officer to serve as chair of the Committee. Each Retirement Plan Committee member shall serve on the Committee until his or her resignation or removal from the Committee. The presence of a majority of Committee members shall constitute a quorum and will be sufficient to conduct the business of the Committee. Actions of the Committee shall be authorized by a vote of a majority of the Committee members present at a meeting at which a quorum is present. Any action which may be taken at a Committee meeting may be taken without such meeting if consent to the action in writing (including by electronic mail), setting forth the action so taken, is signed by all of the then-serving members of the Committee.

FURTHER RESOLVED, that the Sponsor acknowledges that the Trustee (also known as Trustees) intends to delegate to the Retirement Plan Committee certain duties relating to the investment of Defined Benefit Plan assets and to the investment of Retiree Medical Benefit Plan assets. The Sponsor does not delegate to the Committee authority to amend, freeze or terminate the Defined Benefit Plan or the Retiree Medical Benefit Plan.

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