



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

September 27, 2022

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 27, 2022.

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

The Corporate Secretary, LaVella J. Todd, called the roll.

Present: Commissioners Semone James, Dusty Horwitt, DeShon Leek, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Larry Merrill (Delta Township), and Maggie Sanders (Lansing Township)

Absent: Commissioners Beth Graham and Douglas Jester (East Lansing)

Corporate Secretary Todd declared a quorum.

Commissioner Leek led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Price, **Seconded** by Commissioner Horwitt, to approve the Regular Board Meeting minutes of July 26, 2022.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

There were no public comments on agenda items.

COMMUNICATIONS

Electronic mail received from Elaine Fischhoff regarding LBWL Rules of Procedure - *Referred to Management. Received and Placed on File*

Electronic mail received from Carla Jones regarding Power Outage - *Referred to Management. Received and Placed on File*

Electronic mail received from Elizabeth Calvert regarding Senior Citizen Utility Rate Fee - *Referred to Management. Received and Placed on File*

Electronic mail received from Amelia Woodruff regarding Utility Bill - *Referred to Management. Received and Placed on File*

Electronic mail received from Joel Christy regarding Utility Bill - *Referred to Management. Received and Placed on File*

Electronic mail received from Lisa Parker regarding Outside LED Lighting - *Referred to Management. Received and Placed on File*

COMMITTEE REPORTS

Vice-Chairperson Sandra Zerkle presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE Meeting Minutes September 13, 2022

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, September 13, 2022.

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

Present: Commissioners Sandra Zerkle, Beth Graham, Dusty Horwitt, Semone James, DeShon Leek, Tony Mullen, and Tracy Thomas; and Non-Voting Members: Larry Merrill (Delta Township).

Absent: Commissioners David Price; and Non-Voting Members: Douglas Jester (East Lansing) and Maggie Sanders (Lansing Township)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Tracy Thomas, to approve the Committee of the Whole meeting minutes of July 12, 2022.

Action: Motion Carried.

LBWL's Rules of Procedure

Chairperson Zerkle and Attorney Mark Matus shared the City Council's request for minor changes to the LBWL's Rules of Procedure in section 10.2 AGENDA FOR REGULAR MEETINGS, Preparation of Agenda, and section 19.2.3 MISCELLANEOUS, News Media Regulations. In addition, Commissioner Merrill stated section 2.1 NOTICE OF MEETINGS, Publication of Dates, does not need to be amended but needs some care by the Corporate Secretary to post the Annual Board Meeting Schedule 10-days prior to January 1st to be consistent with the provisions of the Open Meetings Act.

Motion by Commissioner Beth Graham, **Seconded** by Commission Tracy Thomas, to approve the minor changes to the LBWL’s Rules of Procedure and return them to the City Council.

LBWL’s Rules of Procedure – Edited Version

Chairperson Zerkle introduced the agenda item. Commissioner Tony Mullen shared concerns with this agenda item being presented and questioned the relevance of discussing the item any further in that the Board has already reviewed the Rules of Procedure this year and some of the changes being suggested in the edited version were already voted down. Secondly, Commissioner Mullen cautioned the Board to make sure discussions are presented according to the Open Meetings Act as opposed to “round-robins” as Board action is supposed to be executed through resolutions. He also shared concerns regarding the time spent on answering questions on environmental matters. Commissioner Horwitt stated that because he was not in attendance during the Board’s previous discussion on the Rules of Procedure, he wanted to discuss the proposed changes in the edited version as suggestions, either now, or in the future.

Motion by Commissioner Semone James, **Seconded** by Commissioner Dusty Horwitt, to discuss the LBWL’s Rules of Procedure – Edited Version.

Commissioner Horwitt gave an overview of the suggested changes indicated in the LBWL’s Rules of Procedure – Edited Version. Additional comments were presented by Attorney Mark Mattus regarding the grammatical changes shared by Commissioner Horwitt. A lengthy discussion followed regarding the suggested grammatical changes to the Rules of Procedure – Edited Version.

Commissioner Leek requested a call to question.

Roll Call Vote for call to question:

Yeas: Commissioners Sandra Zerkle, Beth Graham, Semone James, DeShon Leek, Tony Mullen, Tracy Thomas, Dusty Horwitt

Nays: None.

Vote to end discussion on item 3. LBWL’s Rules of Procedure – Edited Version passes.

Healthcare Review / PUBLIC ACT (PA) 152 Resolution

Michael Flowers, Human Resources Executive Director and Tracy Strudwick, Human Resources Manager, provided an overview of the Healthcare Review/PUBLIC ACT (PA) 152 and Resolution. Brief discussion followed.

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Tracy Thomas, to forward the Healthcare Review / PA 152 Resolution to the full board for consideration.

Action: Motion Carried

Response to Public Environmental Questions Resolution

Motion to accept Response to Public Environmental Questions Resolution by Commissioner Semone James, Seconded by Commissioner Horwitt, to the full board for consideration.

Roll Call Vote for Motion:

Yeas: Commissioners Beth Graham, DeShon Leek, Tracy Thomas, Dusty Horwitt, Semone James, Sandra Zerkle

Nays: Commissioner Tony Mullen

Response to Public Environmental Questions Resolution passes.

Other

Parking space changes – no discussion.

Environmental questions – referenced in above.

Motion by Commissioner Semone James, **Seconded** by Commissioner Beth Graham, to excuse Commissioners Douglas Jester, David Price and Maggie Sanders from tonight’s meeting.

Action: Motion Carried

Reflection

Commissioner Thomas requested reflection upon and well wishes for Commissioner David Price and his spouse considering his recent surgery.

Adjourn

Chairperson Zerkle adjourned the meeting at 6:26p.m.

Respectfully Submitted
Sandra Zerkle, Chairperson
Committee of the Whole

Finance Committee Chairperson Dusty Horwitt presented the Finance Committee Report:

**FINANCE COMMITTEE
Meeting Minutes
September 13, 2022**

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, September 13, 2022.

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

Present: Commissioners Dusty Horwitt, Semone James, and Sandra Zerkle. Also, present: Commissioners Beth Graham, Tony Mullen, and Tracy Thomas; and Non-Voting Commissioners: Larry Merrill (Delta Township)

Absent: Commissioners David Price, Douglas Jester (East Lansing) and Maggie Sanders (Lansing Township)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner James, **Seconded** by Commissioner Zerkle, to approve the Finance Committee Meeting minutes of July 12, 2022.

Action: Motion Carried.

Baker Tilly External Audit Report and Resolution

Chief Financial Officer (CFO) Heather Shawa provided background information on the annual external audit report. Ms. Shawa introduced external auditor Aaron Worthman, Partner and CPA at Baker Tilly Virchow Krause, LLP. Mr. Worthman presented and highlighted the external audit report which included an audit overview, observations and recommendations, and required communications to governing body. Mr. Worthman reported that there were no deficiencies in internal controls and that the BWL and all three pension plans received unmodified audit opinions.

A Commissioner and external auditor question and answer discussion session followed.

Motion by Commissioner Semone James, **Seconded** by Commissioner Sandra Zerkle, to forward the Resolution for the FY2022 Audited Financial Statements to the full Board for consideration.

Action: Motion Carried.

July YTD Financial Summary

Chief Financial Officer (CFO) Heather Shawa gave a review of the July 2022 Year-to-date Financial Summary. CFO Shawa reported the following: revenues were budgeted at \$35.8 million and are at \$40.3 million; operating expenditures were budgeted at \$34.3 million and \$37.4 million was spent; Net Income was budgeted at \$1.5 million, and it is now at \$3 million.

Rate Change Update

CFO Shawa reported that the rate change notice was published on September 2, 2022, and the rate schedules were sent to the City of Lansing on August 5, 2022, for the Public Hearing to be held on September 20, 2022. The resolution for Board approval of the rate changes will be considered at the Board Meeting on September 27, 2022. Recommended changes will not include a demand charge for residential customers but will include a time of use of rate. Residential customers will also receive a discounted rate for the first 2 CCF of water. CFO Shawa stated that customers will be provided information on how the time of use rate will be beneficial to them and the rate change transition.

Retirement Plan Committee (RPC) Update

Accounting, Finance and Planning Director, Scott Taylor gave the Retirement Plan Committee (RPC) update presentation. The investment activity updates included the DB and VEBA investment manager changes of replacing Loomis, Sayles & Company and Vanguard Russell 1000 Value with Northern Trust S&P 500 Index Fund, VEBA portfolio rebalancing due to AEW and Blackstone real asset holdings outperforming other asset classes, and Defined Contribution 401(a) and Deferred Compensation 457(b) Plans fund and fund share class changes. Administrative activity updates included no reimbursements being made from the VEBA Trust due to a shortfall in investment returns and communication will be made to participants regarding documentation needed for deductions and tax reporting.

Internal Audit Department Update

Internal Auditor Frank Macciocca presented the Internal Audit department update and requested approval of the FY2023 Internal Audit Plan.

Commissioner Zerkle asked whether the energy contract for the Battery cell venture would be audited and what part of shutting down the Erickson plant would be audited. Mr. Macciocca responded that the process and steps for the Battery cell venture and the shutdown of the plant would be audited in order to examine how to improve and streamline the entire process.

Motion by Commissioner James, **Seconded** by Commissioner Zerkle, to forward the Resolution for the FY2023 Internal Audit Plan to the full Board for consideration.

Action: Motion Carried.

Other

Motion by Chairperson Dusty Horwitt, **Seconded** by Commissioner Sandra Zerkle, to excuse Commissioners David Price, Douglas Jester and Maggie Sanders from tonight's meeting.

Action: Motion Carried

Adjourn

Chairperson Dusty Horwitt adjourned the meeting at 8:00 p.m.

Respectfully submitted
Dusty Horwitt, Chairperson
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no Manager's Recommendations.

UNFINISHED BUSINESS

Motion by Chairperson Semone James, **Seconded** by Commissioner Sandra Zerkle to appoint Commissioner Tracy Thomas as the fourth member of the Executive Committee for FY 2022-2023.

Action: Motion Carried.

Chairperson James acknowledged Commissioner Dusty Horwitt as the Chairperson of the Finance Committee for FY 2022-2023 and Commissioner Beth Graham as the Chairperson of the Human Resources Committee for FY 2022-2023.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2022-09-01

LBWL Rules of Procedure Amendments

WHEREAS, pursuant to Section 5-105 of the Lansing City Charter the BWL's Board of Commissioners developed and adopted Administrative Rules of Procedure, which have been approved by Lansing City Council from time to time, which Rules establish how the Board conducts business to fulfill its governance and policymaking responsibilities for the operation of the BWL; and

WHEREAS, the Board last updated their Rules of Procedure with technical changes to provide clarity, as well as several substantive amendments, on March 22, 2022 and thereafter submitted them to City Council for approval; and

WHEREAS, following a July 25, 2022 City Council Committee of the Whole meeting, the City Council President sent a July 28, 2022 letter requesting the BWL Board of Commissioners to consider further adjustments to the proposed Rules; and

WHEREAS, the Board considered amendments to its Rules at its Committee of the Whole meeting on September 13, 2022, and approved the amendments at its regular Board meeting on September 27, 2022.

NOW, THEREFORE, BE IT RESOLVED, the Rules of Procedure are amended as set forth in Attachment A and the Corporate Secretary may now submit the revised Rules to the Lansing City Clerk and the City Council.

Motion by Commissioner Horwitt, **Seconded** by Commissioner Price, to approve the Amendments to the LBWL Rules of Procedure with friendly amendment and to send the Amended Rules of Procedure to the City of Lansing.

Commissioner Price proposed a friendly amendment to the resolution to address the grammatical corrections as there are no substantive change to the Rules of Procedure.

Action: Motion Carried.

RESOLUTION 2022-09-02 **PA 152 Health Care Premium Sharing**

WHEREAS, Governor Rick Snyder, on September 27, 2011, signed legislation known as the "Public Funded Health Insurance Contribution Act", Public Act 152 of 2011 (the "Act") limiting the amount public employers may pay for government employee medical benefits, and;

WHEREAS, the Act took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, the Act contains three options for complying with the requirements of the Act;

WHEREAS, the three options are as follows:

- 1) Section 3 - "Hard Caps" Option - limits a public employer's total annual health care costs for employees based on coverage levels, as defined in the Act;
- 2) Section 4 - "80%/20%" Option - limits a public employer's share of total annual health care costs to not more than 80%. This option requires an annual majority vote of the governing body;
- 3) Section 8 - "Exemption" Option - a local unit of government, as defined in the Act, may exempt itself from the requirements of the Act by an annual 2/3 vote of the governing body;

WHEREAS, the Board of Commissioners desires to maintain premium sharing at 20% for all active employees for medical benefits effective January 1, 2023 through December 31,2023;

RESOLVE that the Board of Commissioners by a majority vote has decided to adopt the 80%/20% option as its choice of compliance under the Act;

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of the Lansing Board of Water & Light elects to comply with the requirements of 2011 Public Act 152, the Publicly Funded Health Insurance Contribution Act, by adopting the 80%/20% option for the medical benefit plan coverage year January 1, 2023 through December 31,2023.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to approve the PA 152 Health Care Premium Sharing Resolution.

Action: Motion Carried.

RESOLUTION 2022-09-03

Commissioner Questions Pertaining to Environmental Matters

WHEREAS, the Board of Commissioners of the Lansing Board of Water & Light (BWL) desire to establish a process when they have received questions from the public or have their own questions pertaining to environmental matters at the BWL that they would like the General Manager or staff to have time to prepare for in advance of presenting responses at a Board or Committee meeting.

NOW THEREFORE BE IT RESOLVED, when Commissioners have received questions from the public or have their own questions pertaining to environmental matters at the BWL that they would like the General Manager or staff to have time to prepare for in advance of presenting responses at a Board or Committee meeting, the Commissioner(s) shall submit the question(s) directly to the General Manager and the Corporate Secretary. The questions should be submitted with sufficient time for review and analysis by the General Manager and sufficient time for the questions to be included in the meeting packet prepared by the Corporate Secretary so that they can be addressed under the "other" portion of the meeting agenda. This does not preclude Commissioners from asking any question they deem necessary or appropriate at a meeting but is instead intended to provide advance notice to all Commissioners of such questions that have been presented in advance of a meeting.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Horwitt, to approve the Resolution for the Commissioner Questions Pertaining to Environmental Matters.

Yeas: Commissioners Semone James, Dusty Horwitt, Semone James, DeShon Leek, David Price, Tracy Thomas and Sandra Zerkle.

Nays: Commissioner Tony Mullen.

Action: Motion Carried.

RESOLUTION 2022-09-04

**Fiscal Year 2022 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds**

RESOLVED, that the fiscal year 2022 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 2022 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 2022.

Motion by Commissioner Horwitt, **Seconded** by Commissioner Mullen, to approve the Resolution for the acceptance of the Fiscal Year 2022 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds.

Action: Motion Carried.

RESOLUTION 2022-09-05

Internal Audit Plan for FY 2023

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Plan for FY 2023.

Motion by Commissioner Horwitt, **Seconded** by Commissioner Mullen, to accept the Internal Audit Plan for FY 2023.

Action: Motion Carried.

RESOLUTION 2022-09-06

2022-2023 Rate Increases for Electric, Water, Steam and Chilled Water

WHEREAS, just and reasonable rates shall be established that enable the Lansing Board of Water & Light (BWL) to meet its mission of serving the Greater Lansing area by providing safe, reliable and affordable utility services; and

WHEREAS, BWL management has evaluated the rates for each utility relative to its mission, its Rate Making Principles and its financial plan and recommends the following changes to the rates for each utility:

I. Electric (Attachment A):

BWL management recommends an overall increase of 2.05%, comprised of varying individual rate class increases, to electric billings on November 1, 2022, and November 1, 2023; and

BWL management recommends the following specific changes to the electric rates:

- a) introduction of a Residential Off-Peak Savers Time-of-Use tariff;
- b) the closing of the Residential Senior Citizen Rate 21;
- c) a new rate structure of Small, Midsize, Large, and Extra Large commercial and industrial classes;
- d) additional rate offerings for commercial & industrial customers including Time-of-Use, Commercial Electric Vehicle Charging Station, High Load Factor, Market Based Economic Development and a Standby Rate for Dispatchable Generators; and
- e) new electric riders including the Low Income Energy Assistance Fund Surcharge established through Public Act 95 of 2013, Renewable Energy Distributed Generation Rider that replaces the Renewable Energy Net Metering Rider and the Rate Transition Credit Rider.

II. Water (Attachment B):

BWL management recommends an overall increase of 9.5%, comprised of varying individual rate class increases, to water billings on November 1, 2022, and November 1, 2023; and

BWL management also recommends the introduction of a tiered rate structure for Residential Water Service that provides a discounted first 2 CCFs (1,500 gallons) of water per month, and separate Residential and Commercial Lawn Sprinkling Water Service tariffs; and

BWL management also recommends the implementation of a Water Environmental Charge Rider to recover the costs and expenses incurred from environmental remediation and mitigation activities that are required as a matter of agreement, order, decree, or law.

III. Steam (Attachment C):

BWL management recommends a 9.95% increase in steam billings on November 1, 2022, and November 1, 2023; and

BWL management also recommends the removal of the Amine Treatment Adjustment from the General Steam Service Rate 1, Contract Steam Service Rate 3 and Residential Steam Service Rate 5 tariffs.

IV. Chilled Water (Attachment D):

BWL management recommends a 4.0% increase to chilled water billings on November 1, 2022, and November 1, 2023; and

BWL management also recommends the introduction of a Chilled Water Fuel Cost Adjustment Rider to recover the costs of fuel used in the production of chilled water.

WHEREAS, notice of the proposed rate increases was communicated to all customers by public notice on September 2, 2022, and a public hearing was held on September 20, 2022, to receive comments on the proposed increases; and

WHEREAS, the Board of Commissioners has considered the comments of the public as well as recommendations made by BWL management.

THEREFORE, it is:

RESOLVED, that the electric, water, steam, and chilled water rate schedules, detailed in Attachments A – D, be adopted and made effective for electric, water, steam, and chilled water utility services on November 1, 2022, and November 1, 2023.

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to adopt the 2022 – 2023 Rate Increases for Electric, Water, Steam and Chilled Water.

Roll Call Vote:

Yeas: Commissioners Semone James, Dusty Horwitt, DeShon Leek, Tony Mullen, David Price, Tracy Thomas, Sandra Zerkle

Nays: None

Action: Motion Carried.

MANAGER’S REMARKS

General Manager Dick Peffley provided the following information:

1. The area around Eckert Station is being cleaned up and being made aesthetically pleasing and safe as it will be open for the foreseeable future. The cooling towers will be taken down first, followed by removal of the conveyor belts that run up to the building, and removal of an onsite water silo.
2. EGLE published its draft for the Drinking Water State Revolving Fund for which LBWL submitted an application and LBWL ranked third on its priority list. It appears that LBWL will be approved for \$32.2 million; \$12.2 million of which will be at the low interest of 1.875%; and \$20 million will be in principal forgiveness. The finalization of the funding sources will be completed in October by EGLE.
3. Delta Energy Park (DEP) was recognized for world class safety by the National Maintenance Agreement at the Policy Committee meeting. Scheck Mechanical received the award for zero injuries on the DEP site.

4. Engineering News Record (ENR) Midwest awarded Delta Energy Park with the Best Project, Energy/Industrial in its Best Projects competition. The Best Overall Project notification will be sent in December.
5. Careers in Energy Week is October 17, 2022 to October 21, 2022. BWL is hosting high school students on October 17th and middle school students on October 21st.

COMMISSIONERS' REMARKS

Commissioner Zerkle commented that questions and answers to environmental matters were included in the packet and asked GM Peffley to provide information on the success of the different agencies that participated in the resource fairs. GM Peffley responded that approximately 90% of the people attending were assisted and the success of the two resource fairs was gauged by the smiling faces of the customers that were assisted by approximately a dozen community agencies.

Commissioner Thomas congratulated Commissioner Beth Graham on the appointment as Human Resources Committee Chairperson. He also commented on the improvement toward the application for the Drinking Water State Revolving Fund.

EXCUSED ABSENCE

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

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chairperson James adjourned the meeting at 5:50 p.m.

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 10-04-22
Approved by the Board of Commissioners: 11-15-22
Official Minutes filed (electronically) with Lansing City Clerk: 11-16 -22