



**BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
November 15, 2016 - 5:30 p.m.
BOARD MEETING AGENDA**

1. Roll Call

2. Pledge of Allegiance

3. Special Ceremony Check Presentations

a. Chili Cook-Off Recipients

- Impression 5 Science Center
- Sparrow Foundation
- Lansing Promise

b. 5K Run Recipient

- McLaren Greater Lansing Healthcare Foundation

4. Approval of Minutes

- a. Regular Board Meeting- September 27, 2016

5. Public Comment

*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.*

6. Communications

Electronic Mail received from:

- a. Steve Rall re: Requesting the Commissioners to view a Natural Gas Documentary
- b. Cody James Forsythe re: Payment difficulties
- c. Erick White re: Customer Service

7. Committee Reports

- a. BWL and Lansing City Council COW Meeting (October 27, 2016) – David Price, Chair
- b. Human Resources Committee (November 8, 2016) – Tony Mullen, Chair
- c. Committee of the Whole (November 8, 2016) – Mark Alley, Chair
- d. Finance Committee (November 8, 2016) – Ken Ross, Chair
- e. Pension Fund Trustees Meeting (November 15, 2016) –David Price, Chair

8. Manager's Recommendations

- a. Capital Budget Correction and Exceedance Approval

9. Unfinished Business

10. New Business

11. Resolutions/Action Items

- a. Salary Adjustment for the Charter Position of Auditor
- b. BWL and IBEW Collective Bargaining Agreement
- c. Amendment to 401a Defined Contribution Plan
- d. Amendment to 457 Deferred Compensation Plan
- e. PA 152 – Employee Contribution to the Medical Benefit Plans
- f. 2017 Regular Board Meeting Dates
- g. Information Technology Communication Policy
- h. Fourteenth Supplement Revenue Bond
- i. Acceptance of 2016 Audited Financial Statements for DB, DC and VEBA Pension Plans

12. Manager's Remarks

13. Commissioners' Remarks

14. Motion of Excused Absence

15. Public Comment

16. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

September 27, 2016

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, 2016.

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

Present: Commissioners Mark Alley, Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price, Ken Ross (arrived at 5:32), and Sandra Zerkle. Non-Voting Commissioners present: Stuart Goodrich (Dehli Township), Bob Nelson (East Lansing) and Bill Long (Delta Township).

Absent: Commissioner Tracy Thomas

The Corporate Secretary declared a quorum.

Commissioner Dennis M. Louney led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Mullen, Seconded by Commissioner Alley, to approve the Regular Board Meeting minutes of July 26, 2016.

Action: Motion Carried

PUBLIC COMMENTS

Dave Errickson, Lansing, Michigan, spoke to the Board regarding the Strategic Plan's 40% renewable energy by 2030 goal and how General Motors announced its goal was 100% by 2050. He also expressed concerns regarding the Scott Park Substation providing a percentage of the downtown area's power.

Regina Strong, Director of the Beyond Coal Campaign, requested that the Board use the Strategic Plan as a baseline, not a goal, and that it continue to strive for higher energy efficiency percentages.

Brad van Guilder, Sierra Club, spoke to the Board regarding the terms “clean energy” and “renewable energy” being used interchangeably. He also provided a copy of BWL’s 2016 Renewable Energy Annual Report well as a report that projects the cost of carbon.

Steve Rall, Lansing, Michigan, spoke to the Board regarding the Community Advisory Committee for Energy Efficiency and whether its input would be included in the Strategic Plan.

Anne Woiwode, Conservation Chair, Sierra Club Michigan, spoke to the Board regarding the importance of full disclosure of information when it comes to internal discussions and information that the BWL staff is collecting. She believes the public should be made aware of this information so it can adequately advise the Board accordingly.

Kinder Wyde, Registered Nurse and Public Health Advocate, requested that the Board delay their vote on the Strategic Plan until a Health Impact Assessment could be performed and included in the IRP.

Sarah Schilio, on behalf of State Representative Sam Singh, discussed a few points from a letter emailed to the Commissioners. The letter encourages the Board to hold additional public hearings on the IRP as well as increasing the energy efficiency standards. He also encourages the Board to utilize on-bill financing for deep retro-fits. He supports having a formal analysis of dollar flows for energy fuel costs as well as a Health Impact Assessment.

COMMUNICATIONS

- a. Petition letters re: The removal of Dry Sorbent Injection (DSI) from the BWL budget.
Referred to Management and Received and Placed on File
- b. Electronic Mail from Kara Gamboa re: Payment arrangements
Referred to Management and Received and Placed on File
- c. Letter from Gridliance re: A business opportunity offering to the Board of Water and Light.
Referred to Management and Received and Placed on File
- d. Electronic Mail from Brad van Guilder re: Request for additional information.
Referred to Management and Received and Placed on File
- e. Michigan Capital Confidential news article titled: Shivering in the Dark?
Referred to Management and Received and Placed on File
- f. Late item-Letter from State Representative Sam Singh regarding the proposed Strategic Plan and the Integrated Resource Plan
Received and Placed on File and Referred to Management

COMMITTEE REPORTS

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



EW Strategic Plan 2016-2020
Committee of the Whole Discussion
August 16, 2016

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?



EW Strategic Plan 2016-2020
Committee of the Whole Discussion
August 16, 2016

Strategic Plans (cont.)

- ❖ Purpose:
 - People, businesses, and institutions of the Lansing Region
 - Electricity
 - Water
 - Steam
 - Wastewater
- ❖ 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



EW Strategic Plan 2016-2020
Committee of the Whole Discussion
August 16, 2016

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



EW Strategic Plan 2016-2020
Committee of the Whole Discussion
August 16, 2016

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



EW Strategic Plan 2016-2020
Committee of the Whole Discussion
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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.



EW Strategic Plan 2016-2020
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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.

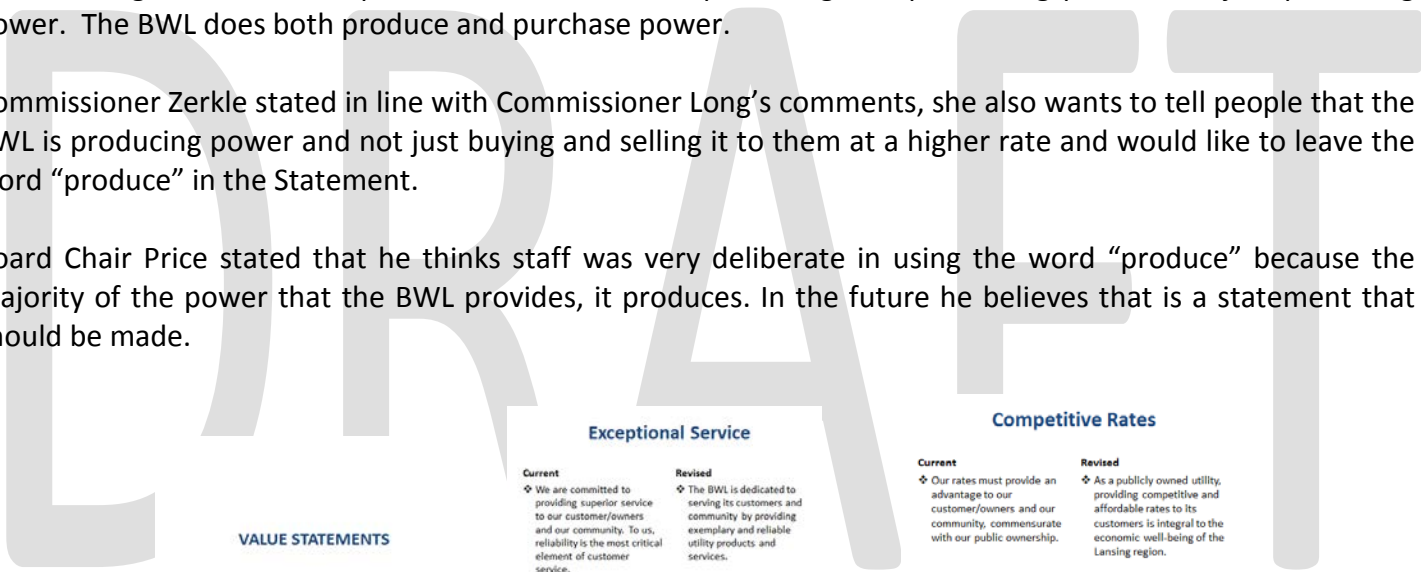
Commissioner Ross recommended replacing the City of Lansing with the Greater Lansing area, since the City is within and the BWL provides service to the Greater Lansing area. He indicated that the BWL should not focus only on producing services but that it may be less expensive to services more efficiently,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



BWL Board - Plan 2018-2020
Committee of the Board Discussion
August 16, 2018

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BWL Board - Plan 2018-2020
Committee of the Board Discussion
August 16, 2018

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BWL Board - Plan 2018-2020
Committee of the Board Discussion
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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.



BWL Board - Plan 2018-2020
Committee of the Board Discussion
August 16, 2018

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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.



BWL Strategic Plan 2018-2020
Committee of the Whole Discussion
August 16, 2018

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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.



BWL Strategic Plan 2018-2020
Committee of the Whole Discussion
August 16, 2018

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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

Current

- ❖ We respect our employees as diverse individuals, and both expect and reward their excellent performance.

Revised

- ❖ 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.



BWL Strategic Plan 2018-2020
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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

Current

- ❖ We will practice environmental stewardship by managing our resources for the benefit of future generations.

Revised

- ❖ BWL practices and policies will demonstrate our commitment to a healthy and sustainable environment.

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 communications through phone, web or mobile device
 3. Provide customer-focused rates

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



Strategic Plan 2014-2018
Lansing Board of Water and Light
August 16, 2014

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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 life 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



BWL Energy Plan 2018-2020
Submitted to the Board of Directors
August 16, 2018

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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



Bill Number: Plan 2018-2023
Committee of the Whole Session
August 16, 2018

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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



Bill Number: Plan 2018-2023
Committee of the Whole Session
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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



City of Berkeley, April 2018 2022
Strategic Plan of the Board of Water and Light Commissioners
August 10, 2018

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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 16th 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 16th 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 16th 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 16th 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 16th 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.

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, landlords, 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

Meeting Minutes

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:

Board of Water and Light - City of Lansing
Finance Committee Meeting - September 13, 2016
2016 Audit Presentation

Agenda

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

BAKER TILLY
 Center. Insight. Results.

Board of Water and Light - City of Lansing
Audit overview

- 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

BAKER TILLY
 Center. Insight. Results.

Board of Water and Light - City of Lansing
Audit overview

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

BAKER TILLY
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Board of Water and Light - City of Lansing
Audit overview

Controls reviewed in key transaction areas:

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

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

- > 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

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

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	299,048	303,246
Steam	12,029	16,324	14,939	12,683
Chilled Water	5,140	5,527	5,588	6,276
Operating Revenue	\$ 331,770	\$ 348,122	\$ 356,485	\$ 360,936

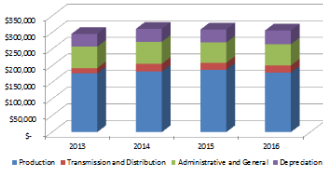
BAKER TILLY
 Center. Insight. Results.

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



Center Inight Results

Operating Expenses – Four-year Comparison (in thousands)



	2013	2014	2015	2016
Production	\$ 176,677	\$ 182,244	\$ 187,792	\$ 178,958
Transmission and Distribution	19,647	23,093	20,870	21,595
Administrative and General	65,296	66,583	61,298	64,007
Depreciation	38,228	38,827	39,104	41,542
Operating Expenses	\$ 299,718	\$ 310,817	\$ 309,024	\$ 306,100



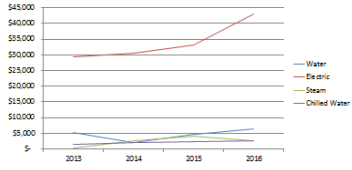
7

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



Center Inight Results

Operating Income – Four-year Comparison (in thousands)



	2013	2014	2015	2016
Water	\$ 1,333	\$ 2,036	\$ 4,637	\$ 6,397
Electric	19,308	30,566	33,250	45,052
Steam	350	2,651	4,223	2,735
Chilled Water	1,504	1,833	2,351	2,651
Operating Income	\$ 36,895	\$ 37,206	\$ 44,461	\$ 54,835



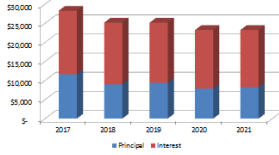
8

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



Center Inight Results

Future Debt Service Requirements (in thousands)



	2017	2018	2019	2020	2021
Principal	\$ 11,642	\$ 8,866	\$ 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



Center Inight 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



Center Inight Results

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



Center Inight Results

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



12

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



13



Discussion



14

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.

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

MANAGER’S RECOMMENDATIONS

There were no Recommendations from General Manager Peffley.

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

There was no New Business.

RESOLUTIONS

RESOLUTION 2016-09-01

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.

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen to approve the Resolution adopting the Strategic Plan.

Action: Motion Carried

RESOLUTION 2016-09-02

**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.

Motion by Commissioner Ross, Seconded by Commissioner Alley to approve the Resolution adopting the Fiscal Year 2016 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Fund.

Action: Motion Carried

RESOLUTION 2016-09-03

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.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to approve the Resolution for 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.

Action: Motion Carried

MANAGER'S REMARKS

General Manager Peffley stated for the record that the Michigan Capital Confidential posted an interview that was conducted with him prior to his meeting with the National level of the Sierra Club and since then there have been three positive meetings. Mr. Peffley also stated his appreciation to the Lansing City Council for the 7-1 vote on the Central Substation matter.

COMMISSIONERS' REMARKS

There were no Remarks from Commissioners.

MOTION OF EXCUSED ABSENCE

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

Action: Motion Carried

PUBLIC COMMENTS

Dave Errickson, Lansing, Michigan, spoke to the Board regarding his concerns over not having a Health Impact Assessment. He urges the Board to have the assessment performed sooner rather than later.

Brad van Guilder, Sierra Club, spoke about his concerns over not having a Health Impact Assessment. He suggests that the Board look at alternative considerations that increase renewables because they have less of a health impact. He also inquired about a response to a previous information request.

ADJOURNMENT

Chair Price adjourned the meeting at 6:10 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: October 4, 2016

Official Minutes filed (electronically) with Lansing City Clerk:

DRAFT

This communication will be included in the Regular Board meeting packet.

Field	Value
To	All Commissioners
Name	Rall Steve
Address	1608 W. Shiawassee St.
email	steverall@sbcglobal.net
E-mail Subject	IRP
Message	<p>Dear Commissioners: Before you finalize any decision about a new natural gas plant please watch the documentary, BEFORE THE FLOOD, featuring the United Nations ambassador for Peace and Climate Change, Leonardo DiCaprio and a host of respected scientists and world leaders. It has been shown that we can, in Lansing, maintain reliability providing electricity to our customers without additional fossil fuel generation. It may cost a little more in the short run--buying from the grid--but in the long run we will save a lot more than what we would invest, as well as mortgaging our future on, in another \$200+ million dollar gas plant that will be obsolete and unpaid for long after the time we can be 100% renewable. If GM can be 100% renewable by 2050, who will be our main customer for fossil fuel generation? It will take strong leadership on your part to pave the way. The LBWL has shown in the past to be unable to think outside the traditional utility box without good leadership and expertise from outside. Review the near debacle of the 2008 LBWL plan to build a \$1 billion+ coal plant. Thank God the Citizen Advisory Panel was listened to at that time. In any case, watch BEFORE THE FLOOD. It is on the National Geographic channel and can seen through On Demand. Thank you, Steve Rall 517-487-6467</p>

Denise Griffin

From: Denise Griffin
Sent: Thursday, October 06, 2016 11:36 AM
Subject: Communication/Commissioner Email

Commissioners Please see email below. The same email was sent to Customer Service and General Manager Peffley requested Staff to look into this matter, see that response directly below:

After Customer Service Manager Bob reviewed, investigated and spoke with the customer the following was determined; High billing is the result of High electric consumption and inconsistent payments. Customer was not interested in getting an energy audit or Public assistance but was very happy to get put on a weekly arrangement to have services restored.

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 10/5/2016 6:28:29 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	All Commissioners
Name	Cody James Forsythe
Address	1105 north Capitol ave
email	Madcat48848@gmail.com
E-mail Subject	Unacceptable circumstances
Message	Hello My name is Cody forsythe. I've lived in the same house for five years raising my nephew alone. Im 27 hes 15. At one point this summer our bill was over \$1,200.last month it was almost 1000\$. In the past month roughly I've brought it down to less than \$400 only to come home to no electricity yesterday. I then brought in another \$130 (my food budget) but the manager explained to me that they refuse to restore my service untill i came up with another \$125. I explained to her that in the past month I have given them over \$700 which was over 90% of my income and I have no more money and that I have brought my bill down drasticly this last month. She told me much like she did when she shut us off last Christmas that I should be paying my bill on time and then I would be without service even after giving up so much of my hard-earned money to bring my bill down to something reasonable. Now I cannot shower for work or cook food to eat. It is too cold out at night to not have electricity I'm freezing dirty and hungry ,over \$125, after I have given lbwl so much money and brought my bill down to almost a third of what it was. I wish we didn't get treated so badly. I live at 1105 north Capitol ave and thank you lbwl management for taking all of my money and making me suffer anyway. Sincerely -Cody Forsythe-

Please see Commissioner Email below, as well as General Manager Peffley's response (and attachment) to email.

Commissioners,

This customer issue resulted from an event where the customer requested in writing (see attached) for the branches to be left on his property after trimming, but then changed his mind once the work was completed. Unfortunately, by the time the customer had changed his mind, the tree trimming crew had already left the area and it would have been an added expense to return to the customer's residence and remove the brush. My initial thoughts were to stand by our decision, especially after the customer's negative comments towards [redacted] (Supervisor of Vegetation Management). I have known [redacted] for over 15 years, she has a very tough job dealing with tree trimming complaints, however, I have never known her to be disrespectful. With that being said, we did send a crew back to the customer's residence and removed the brush from his property.

Thank you,
Dick

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 10/26/2016 2:40:59 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	All Commissioners
Name	Erick White
Address	2930 Mayfair Drive
email	Ewhite201024@yahoo.com
E-mail Subject	Unbelievably Disappointed Customer
Message	<p>I have had BWL services for most of my life, and have always had great customer service. That experience ended today with [redacted] your forestry department. The Board of Water and Light recently came through my neighborhood and trimmed branches around the power lines to avoid possible issues in the future. That is great. I commend your company for trying to avoid issues. The problem came after the branches and brush that were removed from around my power lines. Every piece of what was cut is still sitting in my backyard 2 weeks later. When I called to resolve the situation I was eventually put in touch with [redacted], a supervisor in your forestry department. My issue was a simple one, and she refused to resolve it. She stated, "that's tough, it is now your responsibility." First, that is absolutely terrible customer service. Second, when she stated "it would cost too much" to provide good customer service, I laughed. The amount of time it has already taken for multiple people to be involved in this situation has cost BWL more money per hour, per employee than if she would have simply sent someone out to my house when I called initially. I am trying to avoid filing a complaint with the better business bureau, flooding your social media and internet sites with terrible reviews, and continuing to call back every day until I get someone to simply say, yes. I would love to continue to think of BWL in a good light, and hope that it is just this one terrible employee and not the entire company that I should despise. Please get back with me when you have the opportunity. Thank you for your time.</p>

HUMAN RESOURCES COMMITTEE
Meeting Minutes
November 8, 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 5:00 p.m. on Tuesday, November 8, 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, Mark Alley and Sandra Zerkle. Also present: Commissioners David Price, Ken Ross, Dennis M. Louney (arrived at 5:02), and Tracy Thomas; and Non-Voting Commissioners William Long, Robert Nelson, and Stuart Goodrich.

Public Comments

None

Approval of Minutes

Motion by Commissioner McCloud, Seconded by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of June 21, 2016.

Action: Motion Carried.

Internal Auditor Salary Adjustment

HR Chair Mullen informed the Committee that due to subsequent information on a revised grade and salary structure adopted for non-bargaining employees, Internal Auditor Phil Perkins' salary requires an adjustment to meet the minimum amount for his current grade of Director Level 6.

Motion by Commissioner McCloud, Seconded by Commissioner Zerkle to forward the proposed Resolution to adjust Internal Auditor Perkins' salary grade with a retroactive effectiveness of July 1, 2016 to the full Board for consideration.

Action: Motion Carried.

Collective Bargaining Agreement - BWL and IBEW

Executive Director of Human Resources Michael Flowers presented and reviewed the proposed Tentative Bargaining Agreement which extends the Collective Agreement for four years. Mr. Flowers highlighted the changes to the terms and conditions which is in accordance with the direction and authority that was delegated to the Board's negotiating team by General Manager Peffley.

Motion by Commissioner Thomas, Seconded by Commissioner Zerkle to forward the proposed Resolution for the Final Tentative Bargaining Agreement dated and signed October 27, 2016 (reflecting the grammatical correction) to the full Board for consideration.

Action: Motion Carried.

Amendment to 401a Defined Contribution Plan and the 457 Deferred Compensation Plan

Executive Director of Human Resources Michael Flowers outlined proposed amendments to the 401A Defined Contribution Plan and the 457 Deferred Compensation Plan. The 401a will be amended such that the Employer Contributions for Bargaining Unit Employees is increased from 8.1% to 9.5% for Employees hired after January 1, 1997. The 457 Deferred Compensation Plan will be amended such that the limit of the Employer Match for Bargaining Unit Employees is increased from \$1,250 per year to \$1,500 per year.

Motion by Commissioner Thomas, Seconded by Commissioner Zerkle to forward Resolutions to the full Board for consideration of approving an amendment to the **401a** Defined Contribution Plan and the **457** Deferred Compensation Plan.

Action: Motion Carried.

PA 152 Employee Contribution to Medical Benefit Plan

Executive Director of Human Resources Michael Flowers presented the BWL's options regarding Public Act 152's requirements associated with capping the amount a public employer may pay for health care insurance. In conclusion the recommendation is that the Board exempts itself from the requirements of PA 152 of 2011 for all active employees' medical benefits, effective January 1, 2017 with a continuation of a 14% premium sharing contribution.

Motion by Commissioner Zerkle, Seconded by Commissioner McCloud to forward the proposed Resolution for the Amendment to the Contribution to the Medical Benefits Plans, to the full Board for consideration.

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 5:36 p.m.

Respectfully Submitted,
Tony Mullen, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
November 8, 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 5:40 p.m. on Tuesday, November 8, 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, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle and Non-Voting Members: Stuart Goodrich (Delhi), William Long (Delta Township) and Robert Nelson (East Lansing).

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Mullen to approve the Committee of the Whole meeting minutes of September 13, 2016.

Action: Motion Carried

Renewable Energy and Public Comment Review

Mr. Stojic, Executive Director of Planning and Development, provided an update of the BWL's renewable energy program and responded to comments that the Board has received over the past several months regarding the Integrated Resource Plan (IRP) process.

Mr. Stojic explained that the BWL's renewable energy program takes a long-term view, is based on sound economic, operational and planning considerations, and is designed to complement the balance of the BWL's system. According to Mr. Stojic, the BWL's renewable energy projects will constitute 20% or more of the BWL's retail sales by 2020, which is twice the State standard and conforms to the Citizen Advisory Committee (CAC) recommendation.

Mr. Stojic described the BWL's renewable energy acquisition strategy and discussed how the strategy allowed the BWL to take a long-term view of compliance, be selective in terms of projects, and take advantage of favorable cost trends. He noted that the BWL's renewable program is coupled with its environmental compliance planning and will exceed likely future environmental standards, as demonstrated by the IRP recommendation.

He explained that despite comments to the contrary during the September 27th Board meeting, many national and international organizations, including the U.S. Congress and the United Nation Framework Convention on Climate Change, include landfill gas as a renewable energy source and that the BWL was the recipient of an award from the U.S. EPA for its participation with Granger in taking advantage of landfill gas.

Mr. Stojic noted that the members of the IRP CAC invested 7 months in the IRP process and much effort needed to understand utility operations and planning, arcane regulations, and balanced conflicting goals to make a recommendation. He stated that there have been misleading and incorrect comments made regarding the process and responded to a number of the comments.

According to Mr. Stojic, comments made in previous public meetings asserting that the BWL controlled the IRP assumptions and modeling were incorrect. Mr. Stojic reviewed the public meetings and described the opportunity for individuals and groups to address the CAC, to raise questions, offer alternatives, and make recommendations. He provided quotes to demonstrate the BWL staff's efforts to have the CAC members recognize and make assumptions and recommend modeling scenarios.

He also demonstrated that assertions that the BWL wrote the IRP report were wrong, that the Sierra Club's complaint that it did not have sufficient information to review the IRP was not true and that several accusations received in public meetings were misleading and untrue.

Mr. Stojic also compared the total emissions of the BWL's Erickson and Eckert plants with other Michigan coal plants and noted that the BWL's plants were among the lower emitting plants.

Finance Chair Ross stated that the information Mr. Stojic provided is good information and probably should be presented to the Commission on a fairly-regular schedule, at least annually, so the Commissioners can equip themselves with the knowledge of where the BWL stands on these issues.

Commissioner Zerkle agreed with Chair Ross's recommendation and further suggested that when the yearly update to the Energy Efficiency Program is given, something should be incorporated into the plan to keep the Commissioners updated on efficiency and clean air issues.

2017 Regular Board Meeting Dates

Committee of the Whole Chair Alley presented a proposed Resolution setting the BWL Board of Commissioners 2017 Regular Board Meeting Dates as directed by Section 1.1.2 of the BWL's Rules of Procedure.

Motion by Commissioner Ross, Seconded by Commissioner Price to forward the proposed 2017 Regular Board meetings dates Resolution to the full Board for consideration.

Action: Motion Carried

Cyber Update (Exempt Memo)

Pursuant to the Open Meetings Act Exemptions MCL 15.268 (h) and MCL 15.243 (y), the following motion was offered:

Motion by Commissioner Mark Alley, Seconded by Commissioner Price, to enter into Closed Session to discuss a security-sensitive Memorandum from General Manager Peffley.

Roll Call Vote:

Yeas: Commissioners Mark Alley, Stuart Goodrich, William Long, Dennis M. Louney, Anthony McCloud, Tony Mullen, Robert Nelson, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

Committee of the Whole Chair Alley requested the following individuals to join him in the Closed Session meeting: General Manager Peffley and his Executive Staff, BWL's CIO Kim Ingram, all BWL Board Members, Corporate Secretary Griffin, Internal Auditor Perkins and Cyber Attorney Claudia Rast.

The Committee of the Whole went into closed session at 6:18 p.m.

The Committee of the Whole reconvened to open session at 7:19 p.m.

With the Departure of Committee of the Whole Chair Alley, Board Chair Price assumed the role of Chair of the Committee of the Whole.

Cyber Incident Report

General Manager Peffley reported out the following:

- The criminal cyber-attack against the BWL last spring resulted in \$2.4 million in costs that were largely covered by insurance.
- These costs were mostly used to pay for:
 - A cyber emergency response team
 - System, stabilization and restoration efforts, and
 - Enhanced cyber-security, personnel, and other improvements intended at reducing the chances of a future attack.
- Of the \$2.4 million in total costs,
 - We have filed an insurance claim for \$1.9 million
 - Includes \$2 million in covered losses less the cyber policy's \$100,000 deductible.
- This cost included a \$25,000 ransom paid to the criminals who launched the attack.
- We paid the ransom demanded by the cyber criminals so that we could unlock our administrative systems.
- Paying the ransom was distasteful and disgusting but sadly necessary, and it was the only action we could take to 'unlock' our system and free it from the ransom ware.

- We've learned in the course of this incident that we are victims, as cyber-threats have impacted many organizations.
- It's important to note that:
 - No electric or water utility services were interrupted, and
 - There was no evidence that customer or employee information was compromised.

Attorney Claudia Rast pointed out that a critical infrastructure entity is unusual as a public body because of the level of security and protection that is necessary and thus the necessity of the Closed Session. Attorney Rast stated there was a ransom-ware attack and measures have been taken to make the system more robust, tools have been implemented, processes have been secured and people are being trained accordingly. Ultimately, the integrity of the control system remained intact and it was mainly an administrative process that was impacted.

Chair Price stated that this subject will be on the Internal Auditor's Agenda on a Quarterly Basis and updates will be reported back to the Board. He stated that this issue is being taken seriously at the highest level of the organization.

Information Technology Communication Policy

General Manager Peffley Introduced CIO Kim Ingram who presented the proposed Resolution that accepts the updates to the Board of Water and Light's Communication Technology Policy. After a lengthy discussion regarding the proposed Policy and the updates Commissioner Ross recommended that "pornographic content" be included as part of the prohibited uses.

Motion by Commissioner Thomas, Seconded by Commissioner Mullen to forward the Resolution adoption of the "Communications Technologies Policy" of 2016 to the full Board for consideration (with the inclusion of "pornographic content" in the Prohibited Use Section of the Policy) thereby replacing the use of LBWL Communication Technologies Policy of 2007.

Action: Motion Carried

Other

None

Adjourn

Meeting adjourned at 7:28 p.m.

Respectfully Submitted
Mark Alley, Chair
David Price, Acting Chair
Committee of the Whole

FINANCE COMMITTEE Meeting Minutes November 8, 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 7:33 p.m. on Tuesday, November 8, 2016.

Finance Committee Chair Ken Ross called the meeting to order and asked that roll be taken.

Present: Commissioners Ken Ross, Dennis M. Louney and David Price. Also present: Commissioners Tony Mullen and Sandra Zerkle and Non-Voting Commissioners Stuart Goodrich, William Long, and Robert Nelson.

Absent: Commissioner Mark Alley

The Corporate Secretary declared a quorum.

Public Comments

None

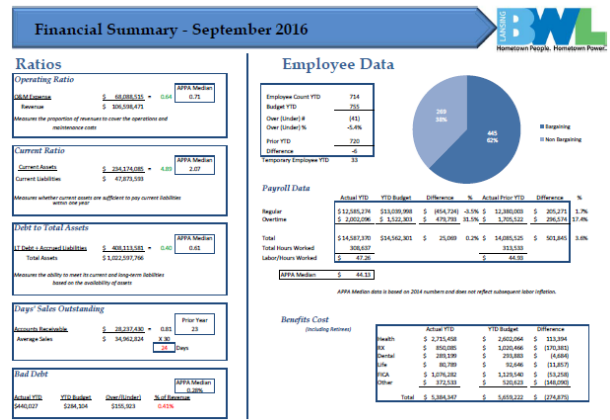
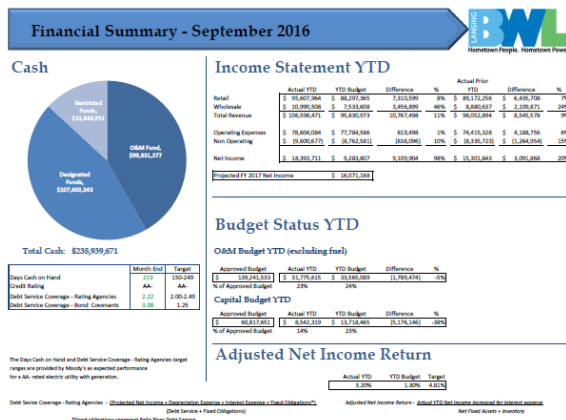
Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Ross, to approve the Finance Committee meeting minutes of September 13, 2016.

Action: Motion Carried.

September YTD Financial Summary

Chief Financial Officer, Heather Shawa-DeCook presented the following:



Capital Project Exceedance

Finance Committee Chair Ross along with CFO Heather Shawa-DeCook introduced the Capital Project Exceedance resolution by briefly explaining that the project described in the resolution actually had an original budget in FY 2015 such that the reporting requirement would not have

been triggered a reporting. However, due to an administrative error in the preparation of the FY 2016 budget, the change in estimated project cost of the project (radio upgrade) exceeds the reporting threshold. Although the reporting requirement was tripped primarily due to an administrative error, Ms. Shawa-DeCook and the rest of BWL management thought it appropriate to bring the exceedance forward in the form of the resolution seeking approval to complete the project.

Motion by Commissioner Price, Seconded by Commissioner Ross, to forward the Resolution for the Capital Exceedance Project radio upgrade (PG-40020-15) to the full Board for consideration.

Action: Motion Carried.

Revenue Bond

Chief Financial Officer, Heather Shawa-DeCook outlined the Fourteenth Supplemental Revenue Bond Resolution which authorizes:

- Present Value Savings by refunding all or part of the Series 2008A Bonds and Series 2011A Bonds through issuance of Refunding Bonds;
- Future Bond Reserve Requirement modified to be determined at time each series of Bonds is issued;
- Future Surety Bond requirement modified to equal the Bond rating;
- Appointment of Citigroup Global Markets Inc. as senior managing Underwriter;
- Chief Financial Officer to sell Refunding Bonds without further resolution;
- Other matters relative to issuance, sale and delivery of the Refunding Bonds.

Motion by Commissioner Price, Seconded by Commissioner Ross, to forward a Resolution to the full Board which authorizes the Fourteenth Supplemental Revenue Bond.

Action: Motion Carried.

Internal Audit Open Management Response Quarterly Report

Chief Financial Officer Heather Shawa-DeCook presented management's responses to audits as follows:

STATUS OF MANAGEMENT RESPONSES TO AUDITS
OCTOBER 2016
In Accordance with Board Resolutions #201-4-07-03

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 P-9 forms and some asbestos bills of lading.	March 2016	Human Resources	P-9 forms are on file for all active employees. An appropriate retention schedule for the asbestos bills of lading was documented and updated as part of the overall review of the Record Retention Schedule. An updated schedule was approved by the BWL Committee of the Whole on 3/8/16. BWL filed for State of Michigan approval on 4/14/16. State Administrative Board review is currently in process, with 1 of 2 preliminary approvals obtained to date. Final approval expected by 12/31/16.
13	Record Retention	The Internal Auditor determined that records on hand in departments did not always correspond with the Record Retention Schedule.	March 2016	Enterprise Content Management	Enterprise Content Management has reviewed the existing Record Retention Schedule with the appropriate departments and completed all proposed revisions. An updated schedule was approved by the BWL Committee of the Whole on 3/8/16. BWL filed for State of Michigan approval on 4/14/16. State Administrative Board review is currently in process, with 1 of 2 preliminary approvals obtained to date. Final approval expected by 12/31/16.
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 Procedures 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 tablet phones.	Sept 2015	Information Technology	IT has encrypted the laptops used by field personnel and established user guidelines. Guidelines instruct BWL users to encrypt sensitive data on their own mobile devices. Currently underway are efforts for data classification, software with remote management capabilities for mobile devices has been researched and approved to those products, one of which will be procured by 11/30/16 and installed by 1/31/17.
29	Management of Mobile Devices	Internal Audit recommended further consideration of procuring software with remote cleaning capabilities.	Sept 2015	Information Technology	Software with remote management capabilities for mobile devices has been researched and approved to those products, one of which will be procured by 11/30/16 and installed by 1/31/17.
33	Output Management System	The audit recommended more specific test criteria, testing performed by the mill processing vendor, development of test script, and a narrative of test results.	Oct 2015	Information Technology	The test script was used with our new vendor is scheduled for 11/1/16 with results expected to be available by 11/30/16. Completion expected by 12/31/16.

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	EMS was implemented in February 2016 and training on use of the new system began immediately. Continues to be in the process of being rolled out, at a slower pace than originally anticipated, due to delays in employees regaining the internet access required to access the system following the cyber incident. Completion, originally anticipated to be 8/30/16, is now expected by 12/31/16.
37	Hiring Process	Internal Audit has requested that an ad-recruiting policy be documented.	May 2016	Human Resources	An additional Broad policy, one which addresses BWL hiring standards in their entirety, will be drafted by 12/31/16.
38	Hiring Process	Internal Auditor recommended updating a hiring checklist, forecasting rationale for selected hires, and using job sites in electronic form.	May 2016	Human Resources	Management will update the hiring checklist, document rationale for selected hires, and use job sites electronically by 12/31/16.
42	Selected CIRT MSPSC-BWL Recommendations	The Internal Auditor recommended annual updates to the Emergency Operations Plan.	May 2016	Emergency Management	There are 41 separate Emergency Operations Plans, all of which have either been updated during 2016 or are scheduled to be updated by 12/31/16. The intention is to continue to keep them updated, on an annual basis.
43	Selected CIRT MSPSC-BWL Recommendations	The Internal Auditor recommended formally tracking the corrective actions resulting from network.	May 2016	Emergency Management	Formal tracking of corrective actions resulting from an October 2016 network exercise is underway.
6/19	IT Assessment (By External Auditor)	BWL/EMM management have effectively noted that all users of financial applications should have a unique ID and generic shared, temporary and system accounts should be removed. If a system account cannot be removed, it should be disabled.	Sept 2016	Information Technology	Owners user ID's for financial applications will be disabled by 11/30/16. For any generic ID's which cannot be disabled by that date, an explanation will be documented, along with a remediation plan.
6/21	IT Assessment (By External Auditor)	It was noted that network and financial applications passwords settings need strengthening, including establishing requirements that passwords be changed every 90 days, be a minimum length of 8 characters, and include special characters. In addition, 3 prior passwords should be remembered and user accounts should be locked after 3-5 failed login attempts.	Sept 2016	Information Technology	Enhancement of network password settings was completed on 10/24/16. An evaluation of the feasibility and extent of enhancements to password settings for financial applications will be completed by 11/30/16.
6/23	IT Assessment (By External Auditor)	Management letter indicated that user account access should be reviewed annually by management for appropriateness, following the least privilege principle, with documentation of reviews retained.	Sept 2016	Information Technology	An annual review has been added to IT's schedule, with the next review process and annual review date expected to be established by 1/1/17.

Issue #	Audit Name	Issue Description	Date	Responsible Area	Status
E-4 NEW	IT Assessment (by External Auditor)	Baker-Tilly recommended a cyberthreat awareness program with surprise penetration testing.	Sept 2016	Emergency Management Information Technology	Employees have been scheduled to undergo annual online cybersecurity awareness training. In addition, a new monthly live training program has been developed, which IT employees begin on 10/25/16 and which the remainder of employees are expected to begin on 12/1/16.
E-5 NEW	IT Assessment (by External Auditor)	Baker-Tilly noted that the Windows 2003 operating systems on which the DP910 database runs needs upgrading.	Sept 2016	Information Technology	Project scoping for the Mainframe Upgrade is almost complete, with project completion expected by 3/31/17.

Closed Issues (since June 2016 report):

30	Management of Mobile Devices	Internal Audit recommended disabling data ports on mobile devices where necessary.	Sept 2015	Information Technology	A large portion of the laptop user community is currently using USB ports to connect many legitimate business-related devices (mice, keyboards, printers, etc.). It has been determined that disabling these ports would be disruptive and they should, therefore, be left active. Antivirus software currently in use serves to mitigate the associated risk.
39	IT Change Management	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.
41	IT Change Management	Internal Audit recommended specifically addressing emergency IT changes in the IT change management process.	May 2016	Information Technology	IT has defined what an emergency change is considered to be, documented a process flow, and developed a corresponding training plan and written guidelines.

Internal Audit Status Report

Internal Auditor Phil Perkins presented the following status report:



Overview

Internal Audit Status Report

Presented by:
Phil Perkins, Director of Internal Audit
Finance Committee Meeting
November 2016

- Current Audit Progress Report
- Remaining FY 2017 Audit Plan
- Other Items



2

Current Audit Progress Report

Engagements Completed in FY 17:

1. Surprise Cash Count #1.
2. Time Reporting Review #1.

Engagements in Progress:

1. Billing Audit (FY 16) – draft audit report issued for management responses; anticipate final report later this month.
2. Performance Evaluation/Compensation/Merit Pay Audit (FY 17) – fieldwork complete; draft audit report to be issued shortly.
3. Collections Audit (FY 17) – in progress, about 33% complete. Anticipate completion in January 2017.
4. Post-Cyber Incident Audit (FY 17) – just underway; anticipate completion in February 2017.
5. Training Audit Follow-up – just underway; anticipate completion in January 2017.



3

Remaining FY 2017 Audit Plan

Audits:

1. Payroll Management
2. New Service Order Management – Water
3. IT Help/Service Desk Management – to be deferred and replaced with another IT-related audit.
4. Follow-up – Hiring Process Audit

Other Engagements:

1. Vehicle Time Reporting Review
2. Surprise Cash Count #2
3. Time Reporting Review #2



4

Other Items

Internal Auditor Professional Development:

- On target to meet professional education requirements for certifications:
 - CPA
 - CIA
 - CISA
- Preparing for examination to attain Fundamentals of Cybersecurity certification.

Quality Assurance Improvement Program:

- An Internal Quality Review is being performed in preparation for the required 5-year External Peer Review.
- Anticipate the External Peer Review to occur in April or May 2017.



5

PA95 Low-Income Energy Assistance Fund

Chief Financial Officer Heather Shawa-DeCook outlined PA 95 - the Low Income Energy Assistance Fund and presented the following:



PA 95 Low - Income Energy Assistance Fund Commissioner Presentation November 4, 2016



Background

- Staff presented in April 2015 pros/cons of opt in vs. opt out (Recommendation was to opt out)
- Only 6 of the 41 Michigan public utilities opt in
- BWL currently provides the following low income assistance:
 - Pennies for Power via CACS up to \$154,274 annually
 - COL/St. Vincent MOU minimum \$200,000 annually
 - Winter electric shut-off protection
 - Flexible payment plans (Winter Protection Payment Plan in addition to our year around leveled plan)



Background

- Public Act 95 establishes the legal method to secure funding to replace funds formerly collected by DTE and Consumers Energy exclusively
 - Funding Factor not to exceed \$1 from each OPT IN utility determined by the State July 31
 - Applies to all utility classes limit one fee per address
 - Total Funds in the LIEAF shall not exceed \$50 Million
 - LIEAF \$ are distributed by Grant for the Michigan Energy Assistance Program RFP (every 2 years)
 - Opt In/Out decision annually on July 1
 - However grant cycle is a Two Year Period (7/1/16-7/1/18)
 - Winter Protection Season November 1 – April 15
 - Collection starts on Oct 1 and due to the state 30 days after end of month.

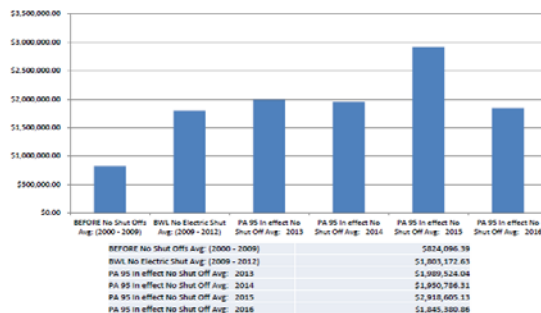


2016/17MEAP Grants

	2016 grant money received / 2017 grant money received
• Barry County United Way	\$195,054/201,000
• Consumers Energy Company	\$13,177,000/13,220,000
• DHHS -- Bureau of Community Action and Economic Opportunity	\$7,000,000/\$0
• DTE Energy	\$17,000,000/17,000,000
• Flat River Outreach Ministries, Inc.	\$97,325/78,700
• Lighthouse Emergency Service	\$900,000/200,000
• Michigan Community Action Agency Association	\$9,000,000/9,000,000
• SEMCO Energy Gas Company	\$2,500,000/2,600,000
• North Kent Community Services	\$0/\$50,300
• Society of St. Vincent de Paul of the Archdiocese of Detroit	\$4,430,621/5,000,000
• Superior Watershed Partnership	\$1,500,000/2,550,000
• The Heat and Warmth Fund	\$8,500,000/8,825,000
• The Salvation Army	\$12,625,000/13,700,000
• TrueNorth Community Services	\$13,175,000/15,075,000
• United Way of Southeastern MI	\$0/2,000,000

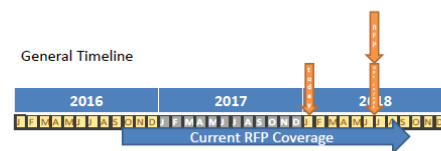


Bad Debt Averages



Michigan Energy Asst. Program Grant

General Timeline



- Current funds committed through Sept 2018
- New RFP Out in July 2018 good for 2 years
- BWL next opt in period July 2018



PROs/CONs

From a Budget Perspective

if BWL Opts Out	
PROs	
1.	Avoid \$16,000 billing change programming
2.	Avoid stand alone rate hearing and increase
3.	Will have to shut off customers during winter months
4.	Eliminate the risk of sending \$ out of the service territory (BWL MOU with the COL/St. Vincent's 100% BWL territory)
5.	PA 615 (2012) no amendment pending - extended as is through September 30, 2019
6.	Avoid need to hire FTE to write grants and administer program. (Up to \$100k w/benefits)
CONs	
1.	MEAP funds available to BWL customers
2.	SER funds available to BWL customers (\$1,200 cap for deliverable fuels and \$850 for all other services) Note: Deliverable fuels is not BWL services: Household energy assistance is capped at \$3,000. Policy in ERM 301 applies and states that a SER should be denied when a client has already received MEAP funds.



Pennies for Power

- BWL funded program that encourages BWL Customers to "Round Up" their bill to the next whole dollar so those "extra" pennies are collected and distributed to BWL customers needing assistance to pay their BWL utility bill.
 - Approximately 5,000 customers currently participate contributing over \$54,000 in 2015. (Oct 2014 – Sept 2015)
 - Dollars are collected by the BWL and transferred to Capital Area Community Services, our community partner who administers the program on behalf of the BWL, monthly.
 - Funds are to be used exclusively for BWL Customer bills.
- Impact:
- \$54,274 Pennies for Power Funds to CACS
 - \$100,000 BWL Grant to CACS
 - Total BWL Funded Dollars to CACS \$154,274
 - Total dollars received from CACS during same period \$280,100



Recommendation

- Staff continues to recommend not opting in for future “opt in” periods:
- No change in PA 615 (currently effective as is through September 2019)
- Cost impacts to BWL overhead impacting customer rate base
- BWL’s policy to not shut off during Winter season
 - Public perception and risks still need to be addressed with additional protocols and guidelines. BWL would be required to shut off or risk becoming ineligible for PA 95
 - Our current collections focus assists low income customers with more flexible payment plans. Our medical alert/seniors are protected now from shut off
 - Position to control BWL financial exposure by managing these accounts once they become delinquent vs. collecting a sur-charge and paying into a statewide fund with no control over shut-offs and funding coming back to our service territory
 - Benchmarked with other municipalities supports not opting in (6 of 41 opt in)

Commissioner Long provided a written summary of talking points including “Shut Off Policy for non-payment of bills”, “Financial impact on BWL” and “Use of MEAP money received for customers other than BWL customers”. Commissioner Long also highlighted some U.S. Census Economic Data.

Finance Chair Ross stated that there is a factual question about legal requirements of a notice vs. an actual shut off requirement and suggested that CFO Shawa-DeCook and General Counsel Ekren follow up with an answer on the difference of opinions. He also stated that the reason this conversation is taking place now, disassociated from the actual future rate hearings, is because we want to do some self-education on what the issues are as well as have a better set of information going into an overall bigger rate making case in the future.

General Manager Peffley stated that he would be willing to review this matter and can be persuaded either way, providing that the shut off factor does not come into play. He would like to study the numbers as well as have Legal take a look at it.

After a lengthy discussion Finance Chair Ross concluded that this matter would be revisited (early next year) once management has had an opportunity to review information and feel comfortable that they able to come back and speak intelligently to the Committee on this matter.

Franchise Agreement – E. Lansing

Finance Chair Ross said this agenda item is an issue that was talked about earlier this year and the Board referred this matter to the Finance Committee. General Manager Peffley outlined the Resolution requesting that the BWL enter into a Franchise Agreement with the City of East Lansing. The Resolution is as follows:

CITY OF EAST LANSING
EAST LANSING CITY COUNCIL

RESOLUTION

RESOLUTION IN SUPPORT OF THE LANSING BOARD OF WATER AND LIGHT'S ADOPTION OF A RESOLUTION TO ENTER INTO A FRANCHISE AGREEMENT WITH THE CITY OF EAST LANSING AND MAKE A PAYMENT IN LIEU OF A FRANCHISE FEE TO THE CITY OF EAST LANSING IN THE AMOUNT OF 5% OF ITS GROSS SALES WITHIN THE CITY

WHEREAS, the Lansing Board of Water and Light has been providing power to residential and commercial customers with the City of East Lansing and other jurisdictions for an extended period of time; and

WHEREAS, the City of East Lansing and the Lansing Board of Water and Light have a long term relationship with one another; and

WHEREAS, the Lansing Board of Water and Light has, since it started serving East Lansing, been using City of East Lansing streets and right-of-ways to carry power to its commercial and residential customers within the City of East Lansing; and

WHEREAS, the Board of Water and Light pays franchise fees or equity payments to the other jurisdictions that it provides power to; and

WHEREAS, the City of East Lansing desires to enter into a franchise agreement with the Lansing Board of Water and Light to specify the parties responsibilities and duties and to obtain a comparable payment the Lansing Board of Water and Light makes to the other jurisdictions it services;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City of East Lansing urges and supports the Lansing Board of Water and light to adopt a resolution to enter

OFFICE OF THE
CORPORATE SECRETARY
11/17/03 2:25

into a franchise agreement with the City of East Lansing and to make payments in lieu of a franchise fees to the City of East Lansing in the amount of 5% of its gross sales to the commercial and residential customers with the jurisdictional limits of the City of East Lansing.


Moved by Council member: Beier

Supported by Council member: Woods

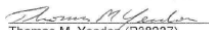
ADOPTED: Yeas: 4
Nays: 0
Absent: 1


Mark Meadows, Mayor
Adopted: May 9th, 2016

CLERKS CERTIFICATION: I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the East Lansing City Council at a public meeting held on Monday, May 9, 2016, the original of which is part of the Council's minutes.


Marie E. Wicks, City Clerk
City of East Lansing
Ingham and Clinton Counties, Michigan

Drafted by and approved as to form:


Thomas M. Yeadon (P38237)
East Lansing City Attorney
601 Abbot Road
East Lansing, MI 48823

General Manager Peffley stated that there is a concern that this fee could be illegal and that the BWL has been put on notice. Should the Board choose to go forward with the Franchise Fee the BWL would only be the collection agency for the City of E. Lansing. However, the BWL does not want to get in the middle of a law suit, therefore stipulations are being proposed for the commissioners to consider and have the Administration to negotiate on. The recommendations are:

1. East Lansing will need to provide the BWL a legal opinion confirming a franchise fee can be assessed;
2. BWL will need an Agreement with East Lansing to reimburse the BWL for all costs for defending against a third-party claim associated with a franchise fee;
3. East Lansing stated they will be requesting a franchise fee from Consumers Energy so the BWL requests that both agreements should start concurrently; and
4. BWL will require an opportunity to review the legal opinion confirming a franchise fee can be assessed before they will enter into the franchise agreement.

Motion by Commissioner Price, Seconded by Commissioner Ross, to give General Manager Peffley authority to move forward with negotiations and bring a final agreement back to the Finance Committee for consideration. Agreements on the terms are:

1. This would only effect the City of E. Lansing Residents
2. Would not become effective until Consumers Power terms become effective
3. City of E. Lansing must agree to indemnify the BWL from any cost associated with defending any potential franchise or payment

4. The BWL would like the opportunity to vet and review what legal opinion the City of E. Lansing submits.

Action: Motion Carried.

Other

None

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Louney, the meeting adjourned at 8:53 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

**Capital Project Budget Correction and Exceedance Approval:
Project PG-40020-15 Radio Upgrades**

WHEREAS, Lansing Board of Water & Light's (BWL) Policy 15-02, entitled Capital Project Exceedance Approval requires BWL Board of Commission approval for specific capital projects that are expected to exceed their previously approved budget by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the original approved budget for the Capital Project PG-40020-15 Radio Upgrades project in FY2015 was \$653,447; and

WHEREAS, the FY2016 approved budget incorrectly provided a budget of \$533,000; and

WHEREAS, the projected final total cost for the project is \$793,000; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the correction of prior fiscal year input error, rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project PG-40020-15 Radio Upgrades be completed despite the projected increased cost; and

WHEREAS, BWL staff and management recommends that the Finance committee review and approve with a recommendation of support to the BWL Board of Commissioners at the November 15, 2016 full board meeting.

Salary Adjustment for the Charter Position of Internal Auditor

Whereas; Due to subsequent information on a revised grade and salary structure adopted for non-bargaining employees at the Lansing Board of Water and Light;

Whereas; The minimum salary for the Internal Auditor at his current grade of Director Level 6 is \$139,700;

Whereas; The (aforementioned) salary is greater than the amount approved by Resolution #2016-07-04 on July 26, 2016; and

Whereas; An adjustment is needed to bring the Internal Auditor's salary up to the minimum identified for his pay grade and director level.

Now therefore be it resolved the base pay for Internal Auditor Phil Perkins Director Level 6 for fiscal year 2016-2017 is \$139,700.

Collective Bargaining Agreement between the Lansing Board of Water & Light
And the International Brotherhood of Electrical Workers, AFL-CIO, Local 352

WHEREAS, on October 18, 2016 the Board of Water & Light and IBEW Local 352 entered into a Tentative Agreement to extend the Collective Bargaining Agreement for four years; and

WHEREAS, the terms and conditions of the Tentative Agreement are in accordance with the direction and authority that was delegated to the Board's negotiating team by the General Manger; and

WHEREAS, the Tentative Agreement was submitted by the IBEW Local 352 negotiating team to the IBEW membership for its approval and was ratified on October 27, 2016.

RESOLVED, that the Board of Commissioners approve the attached "Final Tentative Agreement" (dated and signed October 27, 2016).

Staff comments: The Board and the Unions have tentatively agreed to a four year extension of the collective bargaining agreement to remain in effect through October 31, 2020. The agreement provides for a across the board increases to all bargaining unit employees on November 1, 2016, 3%, November 1, 2017, 3%, November 1, 2018, 3%, and November 1, 2019, 3%. Also beginning November 1, 2016, shift premiums will be increased by fifty cents (\$0.50) per hour for both shifts.

In addition: The Board and the IBEW 352 will adhere to the agreed upon non-economics and the economic changes as set forth in the accompanying document that outlines such changes in the Collective Bargaining Agreement.

Remaining in effect is language of November1, 2012, whereas employees' premium sharing for applicable insurance will be as approved and directed by the Board of Commissioners as prescribed by Public Act 152, 2011. The parties agree to meet to discuss the financial impact on employees should the Board vote to increase premium sharing to 20%.

Motion: To approve the resolution for Collective Bargaining Agreement between the Lansing Board of Water & Light And the International Brotherhood of Electrical Workers, AFL-CIO, Local 352

Action:

AMENDMENT TO 401a DEFINED CONTRIBUTION PLAN

RESOLVED, that the Board of Commissioners hereby amends the Lansing Board of Water & Light 401a Defined Contribution Plan # 106696 such that the Employer Contributions for Bargaining Unit Employees is increased from 8.1% to 9.5%, for those Bargaining Unit Employees hired after January 1, 1997.

FURTHER RESOLVED, all other provisions of the 401a Defined Contribution Plan # 106696 shall remain in full force and effect.

FURTHER RESOLVED, that the General Manager and Corporate Secretary are hereby authorized to execute the applicable Adoption Agreement or Plan Document that accurately captures the above noted change in Employer Contributions.

AMENDMENT TO 457 DEFERRED COMPENSATION PLAN

RESOLVED, that the Board of Commissioners hereby amends the Lansing Board of Water & Light 457 Deferred Compensation Plan # 300435 such that the limit of the Employer Match for Bargaining Unit Employees is increased from \$1,250 per year to \$1,500 per year.

FURTHER RESOLVED, all other provisions of the 457 Deferred Compensation Plan # 300435 shall remain in full force and effect.

FURTHER RESOLVED, that the General Manager and Corporate Secretary are hereby authorized to execute the applicable Adoption Agreement or Plan Document that accurately captures the above noted change in the Employer Match.

Amend Employee Contribution to
Medical Benefit Plans

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

WHEREAS, Public Act 152 of 2011 took effect January 1, 2012 and applies to all public employers including the Lansing Board of Water & Light, and;

WHEREAS, Public Act 152 of 2011 created a “hard cap” for medical benefit plan years beginning January 1, 2012, such that a public employer may not pay more than the statutory caps for medical benefit plans, and;

WHEREAS, by a majority vote of its governing body, a public employer may opt-out of the hard cap and into an 80% cap option where the public employer may not pay more than 80% of the total annual costs of all the medical benefit plans for its employees, and;

Whereas, by a 2/3 vote of its governing body each year, a local unit of government may exempt itself from the requirements of Public Act 152 of 2011 for the next year, and;

WHEREAS, the Board of Commissioners met on July 24th 2012 and passed a resolution (#2012-07-01) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 10% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 23rd 2013 and passed a resolution (#2013-07-02) to exempt itself from the requirements of Public Act 152 of 2011 and implemented a 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on September 2014 and passed a resolution (#2014-09-03) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing, and;

WHEREAS, the Board of Commissioners met on July 2015 and passed a resolution (#2015-07-28) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2015, and;

WHEREAS, the Board of Commissioners met on November 2015 and passed a resolution (#2015-11-17) to exempt itself from the requirements of Public Act 152 of 2011 and kept the 12% premium sharing through December 31, 2016 for Union employees and implement a 14% premium sharing for Non-Union employees effective July 1, 2016, and;

RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act of 2011 for the upcoming benefit plan year, effective January 1, 2017 through December 31, 2017.

FURTHER RESOLVE that the Board desires to continue the 14% premium sharing for all active employees for medical benefits effective January 1, 2017.

2017 REGULAR BOARD MEETING SCHEDULE

BOARD MEETING SCHEDULE

In accordance with the Lansing Board of Water & Light's Rules of Administrative Procedure, a schedule of dates, places, and times for each regular meeting of the Board of Commissioners for the calendar year shall be adopted in November.

RESOLVED, that regular meetings of the Lansing Board of Water & Light's Board of Commissioners are hereby set for calendar year 2017 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2017

Lansing Board of Water & Light Board of Commissioners
Regular Board Meeting Schedule

Tuesday	January 24
Tuesday	March 28
Tuesday	May 23
Tuesday	July 25
Tuesday	September 26
Tuesday	November 14

Meetings will be held in the Lansing Board of Water & Light REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:30 p.m.

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in the Lansing City Pulse the week of January 1, 2017.

INFORMATION TECHNOLOGY COMMUNICATION POLICY

RESOLVED, that the Board of Commissioners hereby adopts the “Communications Technologies Policy”, of 2016 as recommended by Staff.

FURTHER RESOLVED, that the current Policy titled “Use of LBWL Communication Technologies” of 2007 is no longer operative and thus replaced with the above referenced Information Technology Communication Policy recommended by Staff.

	Communications Technologies Policy	Type	Policy
		Version	1.1
		Effective Date	November 15, 2016
		Page	1 of 2

1. OVERVIEW

This Communications Technologies Policy provides overall direction for the Lansing Board of Water & Light (BWL) implementation of operational policies and procedures. The objective is to promote the safe and secure usage by users of all forms of communications technology while providing procedures designed to protect the security and integrity of BWL systems and establish privacy expectations for BWL employees.

The General Manager will prepare operational policies that apply to the following:

- All Users of the BWL's IT network (wired, wireless, public, and private).
- BWL-owned devices using BWL's IT systems for which the BWL is the owner or has privileged access, including but not limited to, network devices, servers, desktops, laptops, tablets and phones.
- Non-BWL-owned devices using BWL's IT systems, including but not limited to desktops, laptops, smartphones, and tablets, which transmit and/or store data owned by the BWL.

Those operational policies may, from time to time, change to reflect the current legal landscape including international, federal, state and local regulations and laws.

2. Direction

Although the General Manager will draft and implement the specifics for the operation policies which cover the areas as directed above, the following represent core areas of interest with specific guidance

A. Communications Equipment Assignment and Examples

BWL employees may be required or may choose to use BWL communication technologies (which include software applications) for BWL business. All BWL communication technologies provided by the BWL are the property of the BWL. Examples of BWL communication technologies include, but are not limited to;

- Telephones (including cellular phones and Voice over IP)
- Email
- Internet
- Virtual Private Network (VPN)
- Radios
- Pagers
- Global Positioning devices
- Smartphones
- iPads and Tablets

B. Permitted Uses

BWL communication technologies are to be used primarily for BWL business. Incidental personal use of BWL communication technologies is permitted, so long as there is no impact to the employee's productivity, there is no added cost to the BWL (such as long distance charges or roaming charges) associated with the personal use, and the employee follows all policies and procedures documented for the particular equipment. All charges incurred against the BWL for an employee's personal use of BWL communication technologies must be reimbursed to the BWL in a timely manner.

	Communications Technologies Policy	Type	Policy
		Version	1.1
		Effective Date	November 15, 2016
		Page	2 of 2

C. Prohibited Uses

All communication technologies may not be used in furtherance of any illegal activity. Employees may not use BWL communication technologies to create, transmit, download, or store obscene, profane, pornographic, threatening, fraudulent, sexist, racist, or discriminatory content. All use of BWL communication technologies must comply with BWL policies, procedures, and the Employee Rules of Conduct.

D. Monitoring

The BWL may monitor or record communications on BWL communication technologies to ensure quality control, employee safety, security, and customer satisfaction. Monitoring or recording may not be used for any non-BWL purpose, or in a manner that violates state or federal law. Employees should have no expectation of privacy when using BWL communication technologies. Employees can request access to information gathered through monitoring or recording that may impact employment decisions. Access will be granted unless there is a legitimate business reason to protect confidentiality or an ongoing investigation. The BWL is a public body subject to the Freedom of Information Act. Therefore, employees should be aware that any documents created using BWL communication technologies may be subject to public disclosure.

E. Safety and Security

Employees should always consider safety and security when using BWL communication technologies. BWL communication technologies may not be used to transfer BWL files outside of the BWL for non-work related purposes without the express written permission of a Manager or Director.

The operational policies may cover areas of interest beyond A-E items noted above, as these items are not considered an exhaustive list of what is appropriate for effectuating the objective of this policy.

Lansing Board of Water and Light

FOURTEENTH SUPPLEMENTAL REVENUE BOND RESOLUTION

A RESOLUTION TO AUTHORIZE:

- Present Value Savings by refunding all or part of the Series 2008A Bonds and Series 2011A Bonds through issuance of Refunding Bonds;
- Future Bond Reserve Requirement modified to be determined at time each series of Bonds is issued;
- Future Surety Bond requirement modified to equal the Bond rating;
- Appointment of Citigroup Global Markets Inc. as senior managing Underwriter;
- Chief Financial Officer to sell Refunding Bonds without further resolution;
- Other matters relative to issuance, sale and delivery of the Refunding Bonds.

WHEREAS, from time to time the City of Lansing, acting by and through the Lansing Board of Water and Light, has issued revenue bonds payable from revenues of the water supply, steam, chilled water and electric utility system (the "System") under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, and a Bond Resolution adopted by the Board and amended and restated on October 24, 1989 and further amended and supplemented from time to time (the "Bond Resolution"); and

WHEREAS, all terms not defined herein shall have the meanings set forth in the Bond Resolution; and

WHEREAS, under the terms of the Tenth Supplemental Revenue Bond Resolution adopted January 29, 2008, the Board issued the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A dated April 23, 2008 (the "Series 2008A Bonds"); and

WHEREAS, under the terms of the Eleventh Supplemental Revenue Bond Resolution adopted May 10, 2011, the Board issued the Utility System Revenue Bonds, Series 2011A dated June 15, 2011 (the "Series 2011A Bonds"); and

WHEREAS, the Board's Financial Advisor, Public Financial Management (the "Financial Advisor"), has advised the Board that it may be able to accomplish a net savings of debt service costs by refunding all or a portion of the outstanding Series 2008A Bonds and the Series 2011A Bonds (collectively, the "Prior Bonds") through the issuance of revenue refunding bonds in an aggregate principal amount of not-to-exceed \$325,000,000 (the "Refunding Bonds"); and

WHEREAS, Section 18(b) of the Bond Resolution authorizes the issuance of Additional Bonds of equal standing and priority of lien with the outstanding Bonds for the purposes of refunding a part of the Outstanding Bonds and paying costs of issuing such Additional Bonds, if after giving effect to the refunding, the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding; and

WHEREAS, in order to take advantage of the most favorable market for sale of the Refunding Bonds and purchase of securities to be escrowed for payment of the Prior Bonds to be

refunded, the Board wishes to authorize the Chief Financial Officer to sell the Refunding Bonds at negotiated sale without further resolution of the Board; and

WHEREAS, the conditions and requirements of the Bond Resolution for the issuance of Additional Bonds of equal standing and priority of lien with outstanding bonds have been met for the issuance of the proposed Refunding Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Definitions. All terms not defined herein shall have the meanings set forth in the Bond Resolution, and whenever used in this Bond Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) “Additional Bonds” means any Additional Bonds of equal standing with the Bonds which are issued pursuant to Section 18(a) of the Bond Resolution as amended by Section 13 of the Tenth Supplemental Revenue Bond Resolution.
- (b) “Bond Resolution” means the Bond Resolution adopted by the Board on September 26, 1989, as amended and restated on October 24, 1989, and supplemented by the First Supplemental Revenue Bond Resolution adopted by the Board on October 26, 1993, the Second Supplemental Revenue Bond Resolution adopted by the Board on January 11, 1994, the Third Supplemental Revenue Bond Resolution adopted on September 2, 1999, the Fourth Supplemental Revenue Bond Resolution adopted October 26, 1999 and amended on August 12, 2008 and June 9, 2009, the Fifth Supplemental Bond Resolution adopted by the Board April 24, 2001, the Sixth Supplemental Revenue Bond Resolution adopted by the Board on July 23, 2002, the Seventh Supplemental Bond Resolution adopted by the Board on July 23, 2002, the Eighth Supplemental Revenue Bond Resolution adopted on August 12, 2003, the Ninth Supplemental Revenue Bond Resolution adopted on July 26, 2005, the Tenth Supplemental Revenue Bond Resolution adopted on January 29, 2008, the Eleventh Supplemental Revenue Bond Resolution adopted on May 10, 2011, the Twelfth Supplemental Revenue Bond Resolution adopted on January 24, 2012, the Thirteenth Supplemental Revenue Bond Resolution adopted by the Board on January 22, 2013, this Fourteenth Supplemental Revenue Bond Resolution, and any other resolution which amends or supplements the Bond Resolution.
- (c) “Bonds” means the Series 2008A Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2013A Bonds, the Refunding Bonds, and any Additional Bonds of equal standing hereafter issued.
- (d) “Chief Financial Officer” means the Board’s Chief Financial Officer.
- (e) “Escrow Agreement” means, for purposes of this Fourteenth Supplemental Revenue Bond Resolution, the Escrow Agreement described in this Resolution to provide for payment of principal of and interest on the Prior Bonds being refunded.
- (f) “Escrow Fund” means, for purposes of this Fourteenth Supplemental Revenue Bond Resolution, the Escrow Fund or Funds established pursuant to the Escrow Agreement to hold the cash and investments necessary provide for payment of principal of and interest on the Prior Bonds being refunded.

- (g) “Prior Bonds” means, for purposes of this Fourteenth Supplemental Revenue Bond Resolution, the Series 2008A Bonds and Series 2011A Bonds.
- (h) “Refunding Bonds” means, for purposes of this Fourteenth Supplemental Revenue Bond Resolution, the refunding bonds issued pursuant to this Fourteenth Supplemental Revenue Bond Resolution to be designated as the “Utility System Revenue Refunding Bonds, Series 2017A” or such other series designation as shall reflect the date of sale or delivery of the Refunding Bonds.
- (i) “Series 2008-2013 Bonds” means the Series 2008A Bonds, the Series 2011A Bonds, the Series 2012A Bonds, and the Series 2013A Bonds.
- (j) “Series 2008A Bonds” means the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A.
- (k) “Series 2011A Bonds” means the Utility System Revenue Bonds, Series 2011A.
- (l) “Series 2012A Bonds” means the Utility System Revenue Refunding Bonds, Series 2012A.
- (m) “Series 2013A Bonds” means the Utility System Revenue Refunding Bonds, Series 2013A.
- (n) “System” means the complete facilities of the Board for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, and all additions, extensions and improvements thereto existing or hereafter acquired by the Board.

Section 2. Conditions Permitting Issuance of Additional Bonds. Pursuant to Section 18(b) of the Bond Resolution, the Board hereby determines that the Refunding Bonds shall be issued as Additional Bonds for the purpose of refunding all or a portion of the Prior Bonds and paying costs of issuance of the Refunding Bonds, only if, after giving effect to the refunding, the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding.

The Board hereby determines that the Board is not in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Section 3. Refunding of Prior Bonds; Refunding Bonds Authorized; Applicable Law. If refunding all or a portion of the Prior Bonds will accomplish the required debt service savings, then the City, acting by and through the Board, shall borrow the sum of not-to-exceed Three Hundred Twenty-Five Million Dollars (\$325,000,000) as finally determined upon the sale thereof, and issue the Refunding Bonds therefor for the purpose of paying costs of refunding all or a portion of the Prior Bonds, including the payment of the costs of legal, financial, bond insurance (if any), underwriter’s discount, and other expenses incident thereto and incident to the issuance and sale of the Refunding Bonds. The Refunding Bonds shall be payable solely out of the Net Revenues of the System. City Council shall not be requested to pledge the full faith and

credit of the City for payment of the Refunding Bonds. The Refunding Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 4. Refunding Bond Details. The Refunding Bonds shall be designated as the “UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2017A” or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the date of sale or delivery of the Refunding Bonds. The Refunding Bonds shall be issued as fully registered bonds registered in the denomination of \$5,000 or integral multiples thereof and shall be numbered in consecutive order of registration or authentication from 1 upwards. The Refunding Bonds shall be dated as of the date of delivery thereof or such other date as determined at the time of sale of the Refunding Bonds, shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Refunding Bonds.

The Refunding Bonds shall be subject to optional and mandatory redemption prior to maturity at the times and prices finally determined at the time of sale of the Refunding Bonds, or shall not be subject to redemption prior to maturity, as finally determined at the time of sale of the Refunding Bonds

The Refunding Bonds shall bear interest at a rate or rates to be determined on sale thereof, payable on July 1, 2017, or such other date as provided at the time of sale of the Refunding Bonds, and semi-annually thereafter on January 1st and July 1st of each year.

The Refunding Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Refunding Bond shall be valid until authenticated by an authorized representative of the Transfer Agent. The Refunding Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser in accordance with instructions from the Chief Financial Officer upon payment of the purchase price for the Refunding Bonds.

Section 5. Registration and Transfer. U.S. Bank National Association, Lansing, Michigan is hereby appointed to act as bond registrar, paying agent and transfer agent (the “Transfer Agent”) for the Refunding Bonds. The Chief Financial Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the Board. The Board reserves the right to replace the Transfer Agent at any time, provided written notice of such replacement is given to the registered owners of record of bonds not less than sixty (60) days prior to an interest payment date. Principal of and interest on the Refunding Bonds shall be payable by check or draft mailed by the Transfer Agent to the registered owner at the registered address as shown on the registration books of the Board maintained by the Transfer Agent. Interest shall be payable to the person or entity who or which is the registered owner of record as of the fifteenth (15th) day of the month prior to the payment date for each interest payment. The date of determination of the registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Board to conform to market practice in the future.

The Refunding Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York (“DTC”), and the Chief Financial Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Refunding Bonds in book-entry-only form and to make such changes in the form of the Refunding Bonds within the parameters of this resolution as may be required to accomplish the foregoing. Notwithstanding the foregoing, if the Refunding Bonds are held in

book-entry-only form by DTC, payment of principal of and interest on the Refunding Bonds shall be made in the manner prescribed by DTC.

The Refunding Bonds may be transferred upon the books required to be kept by the Transfer Agent pursuant to this section by the person or entity in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond shall be surrendered for transfer, the Board shall execute and the Transfer Agent shall authenticate and deliver a new bond of the same series in like aggregate principal amount, maturity and interest rate. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. Notwithstanding the foregoing, if Bonds are held by DTC in book-entry-only form, the transfer of Bonds shall be made in the manner prescribed by DTC.

Section 6. Deposit to Bond Reserve Account. On or prior to the date of delivery of the Refunding Bonds, the Board shall deposit into the Bond Reserve Account any amount necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

Section 7. Refunding Bond Proceeds. From the proceeds of sale of the Refunding Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest and premium, if any, received on delivery of the Refunding Bonds, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest on the Refunding Bonds. Notwithstanding the foregoing, at the discretion of the Chief Financial Officer, all or a portion of any premium received upon delivery of the Refunding Bonds may be deposited in the Bond Reserve Account or the Escrow Fund or Funds in consultation with Bond Counsel.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated at the time of sale of the Refunding Bonds as necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

There shall next be deposited in the Escrow Fund or Funds from the proceeds of sale of the Refunding Bonds cash and investments in Government Obligations or Municipal Obligations not redeemable at the option of the issuer. U.S. Bank National Association, Lansing, Michigan is hereby appointed to act as Escrow Agent under the Escrow Agreement. The Escrow Agent shall hold the Escrow Fund or Funds in trust pursuant to the Escrow Agreement which shall irrevocably direct the Escrow Agent to take all necessary steps to call the Prior Bonds being refunded for redemption as specified in the Escrow Agreement. The Chief Financial Officer is hereby authorized to execute and deliver the Escrow Agreement, to transfer any moneys as they may deem necessary from the Redemption Fund, or other fund or account of the Board, to the Escrow Fund or Funds, and to purchase, or cause to be purchased, escrow securities consisting of Government Obligations, including, but not limited to, United States Treasury Obligations – State and Local Government Series (SLGS), or Municipal Obligations, for deposit in the Escrow Fund or Funds. The Chief Financial Officer is directed to deposit to the Escrow Fund or Funds, from Refunding Bond proceeds and other moneys as necessary, an amount which, together with investment proceeds to be received thereon, will be sufficient, without reinvestment, to pay the

principal of and interest on the Prior Bonds being refunded as they become due or upon call for redemption.

The remaining proceeds of the Refunding Bonds shall be deposited in a fund which may be established in the Escrow Agreement to pay costs of issuance of the Refunding Bonds and the costs of refunding the Prior Bonds. Any moneys remaining after payment of costs of issuance and costs of refunding the Prior Bonds being refunded shall be transferred to the Redemption Fund and used to pay interest on the Refunding Bonds.

Section 8. Amendment of Definitions of Government Obligations and Municipal Obligations. After payment or defeasance in full of the Outstanding Series 2008-2013 Bonds, the definitions of “Government Obligations” and “Municipal Obligations” in Section 1 of the Bond Resolution as amended and restated on October 24, 1989 are amended (amendments are shown by strikethrough or underline) to provide:

(r) “Government Obligations” means (i) direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America, (ii) obligations the payment on which is guaranteed by the United States of America including, but not limited to, stripped interest components of obligations issued by the Resolution Funding Corporation (REFCORP) and non-callable, non-prepayable debt obligations of the United States Agency for International Development (US AID), which pay principal and interest at least three (3) business days prior to any respective escrow requirement dates, or (iii) non-callable, senior debt obligations of any government-sponsored enterprise or federal agency, corporation, or instrumentality of the United States of America created by an act of congress including, but not limited to, the Federal Home Loan Banks, Freddie Mac, Federal Farm Credit Banks Funding Corporation, and Fannie Mae;

(v) “Municipal Obligation” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call on the date specified in the notice, and (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition of Municipal Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this definition of Municipal Obligation, as appropriate, and (iv) which are rated, based on the escrow, in the highest rating category of either two of the following three ratings agencies: Standard & Poor’s Corporation, Fitch Ratings, and Moody’s Investors Service, Inc. or any successors thereto;

Section 9. Amendment of Reserve Requirement. After payment or defeasance in full of the Outstanding Series 2008-2013 Bonds, Section 11B of the Bond Resolution as amended

and restated on October 24, 1989 is amended (amendments are shown by strikethrough or underline) to provide:

B. BOND AND INTEREST REDEMPTION FUND: There shall be established and maintained a fund designated BOND AND INTEREST REDEMPTION FUND, the moneys on deposit therein from time to time to be used solely, except for required deposits to the Rebate Fund, for the purpose of paying the principal of, redemption premium, if any, and interest on the Bonds.

After provision for the Operation and Maintenance Fund, there shall be set aside on or before the first day of each month, commencing December 1, 1989, in the Redemption Fund a sum proportionately sufficient to provide for the payment when due of the current principal of and interest on the Bonds, less any amount in the Redemption Fund representing accrued interest on the Bonds. Commencing December 1, 1989, The amount set aside each month for interest on the Bonds shall be 1/7 of the interest on the Bonds due July 1, 1990, and commencing July 1, 1990, and thereafter The amount set aside each month for interest on the Bonds shall be 1/6 of the interest on the Bonds next coming due.

The amount set aside each month for principal, commencing December 1, 1989, shall be 1/7 of the amount of principal due on the Bonds on July 1, 1990, and commencing July 1, 1990, and thereafter The amount set aside each month for principal of the Current Interest Bonds shall be 1/12 of the total amount of the principal of the Bonds due on the next July 1 and 1/12 of the maturing amount of Capital Appreciation Bonds due one year or less from the 1st day of such month. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the requirements for the next succeeding month.

There shall be established a separate account in the Redemption Fund to be known as the BOND RESERVE ACCOUNT. On the date of delivery of any Additional Bonds issued pursuant to Section 18(a) or (c) of this Bond Resolution, the Board shall transfer to the Bond Reserve Account from the proceeds of the Additional Bonds or any other available source the lesser of (a) 10% of the proceeds of the Additional Bonds and (b) the maximum Aggregate Debt Service Requirement on the Additional Bonds for the then current and any subsequent operating year and commencing on the 1st day of the month following delivery of the Additional Bonds and on the 1st day of each month thereafter until the amount in the Bond Reserve Account equals the Reserve Requirement, 1/12 of the difference between the amount deposited on the delivery of the Additional Bonds and the Reserve Requirement.

Except as otherwise provided in this Bond Resolution, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premium, if any, and interest on Bonds as to which there would otherwise be a default. If at any time it shall be necessary to use moneys credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required for expenses of administration, operation and maintenance of the system or for current principal and interest requirements on any of the Bonds.

The Board may satisfy the Reserve Requirement by a letter of credit, a surety bond, or an insurance policy if the provider or issuer thereof shall be rated by any nationally recognized bond rating agency as high or higher than the Bonds at the time of purchase of the letter of credit, a surety bond, or an insurance policy.

If at any time the amount in the Bond Reserve Account exceeds the Reserve Requirement, the excess may be transferred to such fund or account as the Board may direct.

The Supplemental Resolution authorizing Additional Bonds may either (i) provide that the Additional Bonds are equally and ratably secured by the Bond Reserve Account funded according to the Reserve Requirement, or (ii) provide for the creation of a separate bond reserve account securing that series of Additional Bonds and a different reserve requirement, or state that no bond reserve account is required.

Section 10. Bond Form. The Refunding Bonds shall be in substantially the following form with such revisions, additions and deletions as the Board may deem advisable or necessary to comply with the final terms of the Refunding Bonds established upon sale thereof:

BOND NO.

R-

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF INGHAM AND EATON

CITY OF LANSING
LANSING BOARD OF WATER AND LIGHT

UTILITY SYSTEM REVENUE REFUNDING BOND, SERIES 2017A

Interest Rate Date of Maturity Date of Original Issue CUSIP

Registered Owner: Cede & Co.

Principal Amount:

The City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City"), acting through the governing body of the Lansing Board of Water and Light (the "Board"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, only from the Net Revenues of the System as hereinafter provided, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, [unless prepaid prior thereto as hereinafter provided,] with interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on [interest payment date] and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of [transfer agent], or such other transfer agent as the Board may hereafter designate by notice mailed to the registered owner of record not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who or which is as of the fifteenth (15th) day of the month prior to each interest payment date, the registered owner of record at the registered address. The Net Revenues of the System are irrevocably pledged for the prompt payment of principal and interest on this bond. The "System" is defined as the water supply and electric utility systems including the steam heat and chilled water distribution systems. The "Net Revenues" are the revenues received by the Board from the operations of the System after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System. A statutory lien on the Net Revenues of the System has been created to secure the payment of the principal of and interest on this bond, when due; however, the pledge of Net Revenues and the statutory lien are on a parity with the pledge of Net Revenues and statutory lien in favor of the [Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A], Utility System Revenue Bonds, Series 2011A, Utility System Revenue Refunding Bonds, Series 2012A, and Utility System Revenue Refunding Bonds, Series 2013A.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of \$[principal amount]. This bond is issued for the purpose of refunding certain outstanding bonds pursuant to a Bond Resolution adopted by the Board on October 24, 1989, as

amended and supplemented from time to time, including by a Fourteenth Supplemental Revenue Bond Resolution adopted by the Board on [date of resolution] (collectively, the “Bond Resolution”). This bond is issued under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”).

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Bond Resolution. Reference is hereby made to the Bond Resolution and any and all supplements thereto and modifications and amendments thereof, if any, and to Act 94, for a more complete description of the pledges and covenants securing the bonds of this issue, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the bonds of this issue with respect thereto and the terms and conditions upon which the bonds of this issue are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Bond Resolution, the provisions of the Bond Resolution or any resolution or agreement amendatory thereof or supplemental thereto, may be modified or amended by the Board, except in specified cases, only with the written consent of the registered owners of at least fifty-one percent (51%) of the principal amount of the bonds of the System then outstanding.

Bonds of this issue [maturing in the years [date], inclusive,] shall not be subject to redemption prior to maturity.

[Insert optional and mandatory redemption provisions if applicable]

This bond is transferable only upon the books of the Board kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner’s attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly authorized in writing and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Bond Resolution, and upon the payment of the charges, if any, therein prescribed. [The Transfer Agent shall not be required (i) to issue, register the transfer of, or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption under the Bond Resolution and ending at the close of business on the date of that mailing, or (ii) to register the transfer of or exchange any bond so selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part.]

THIS BOND IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE CITY AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION, AND IS PAYABLE BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE NET REVENUES OF THE SYSTEM AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND RESOLUTION. THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY THE STATUTORY LIEN HEREINBEFORE DESCRIBED.

The Board has covenanted and agreed, and covenants and agrees, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest on the bonds of this issue and any other bonds payable from the Net Revenues as and when the same shall become due and payable, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Bond Resolution.

It is hereby certified and recited that all acts, conditions and things required by law to be done precedent to and in the issuance of this bond and the series of bonds of which this is one have been done and performed in regular and due time and form as required by law.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City, acting through the Board, has caused this bond to be signed in its name by the Chairperson and Corporate Secretary of the Board, and a facsimile of the City's corporate seal to be printed hereon, all as of the Date of Original Issue.

LANSING BOARD OF WATER AND LIGHT

By [Chairperson to sign Bond]
Chairperson

(City Seal)

Countersigned:

By [Corporate Secretary to sign Bond]

Its: Corporate Secretary

[INSERT STANDARD FORMS OF CERTIFICATE
OF AUTHENTICATION AND ASSIGNMENT]

Section 11. Tax Covenant. The Board shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Refunding Bonds and Prior Bonds pursuant to the Internal Revenue Code of 1986, as amended in such a manner as to cause the Refunding Bonds or Prior Bonds to be “arbitrage bonds” within the meaning of the Internal Revenue Code. The Board hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of interest on the Refunding Bonds and Prior Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, all as more fully set forth in the Non-Arbitrage and Tax Compliance Certificate to be delivered by the Board on the date of delivery of the Refunding Bonds

Section 12. Financial Advisor. The Board hereby requests that Public Financial Management serve the Board as Financial Advisor for the Refunding Bonds.

Section 13. Bond Counsel. The Board hereby requests that Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan, continue to serve the Board as bond counsel for the Refunding Bonds. The Board acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. has represented from time to time, and currently represents, Citigroup Global Markets, Inc. and various underwriters, financial institutions, and other potential participants in the bond financing process, in matters not related to the issuance and sale of the Refunding Bonds.

Section 14. Negotiated Sale of Bonds; Appointment of Senior Managing Underwriter. Based on the advice of the Financial Advisor, it is hereby determined to be in the best interest of the Board to sell the Refunding Bonds by negotiated sale in order to enable the Board to select and adjust terms for the Refunding Bonds, to enter the market on short notice at a point in time which appears to be most advantageous, and thereby possibly obtain a lower rate of interest on the Refunding Bonds, to achieve sale efficiencies so as to reduce the cost of issuance and interest expense, and to take advantage of the most favorable market for purchase of securities to be escrowed for payment of the Prior Bonds to be refunded.

Based on the advice of the Financial Advisor, the Board hereby names Citigroup Global Markets, Inc. as senior managing underwriter for the Refunding Bonds. The Board reserves the right to name additional co-managers and/or to develop a selling group, and the Chief Financial Officer is authorized to name additional co-managers and/or to develop a selling group in consultation with the Financial Advisor. By adoption of this resolution the Board assumes no obligations or liability to the underwriter for any loss or damage that may result to the underwriter from the adoption of this resolution, and all costs and expenses incurred by the underwriter in preparing for sale of the Refunding Bonds shall be paid from the proceeds of the Refunding Bonds, if the Refunding Bonds are issued, except as may be otherwise provided in the Bond Purchase Agreement for Refunding Bonds.

Section 15. Bond Ratings and Bond Insurance. The Chief Financial Officer is hereby authorized to apply for bond ratings from such municipal bond rating agencies as deemed appropriate, in consultation with the Financial Advisor. If the Financial Advisor recommends that the Board consider purchase of municipal bond insurance, then the Chief Financial Officer is hereby authorized to negotiate with insurers regarding acquisition of municipal bond insurance, and, in consultation with the Financial Advisor, to select an insurer and determine which bonds, if any, shall be insured, and the Chief Financial Officer is hereby authorized to execute an

agreement with the insurer relating to procedures for paying debt service on the insured bonds and notifying the insurer of any need to draw on the insurance and other matters.

Section 16. Official Statement. The Chief Financial Officer is authorized to approve circulation of a Preliminary Official Statement describing the Refunding Bonds and, after sale of the Refunding Bonds, to prepare, execute and deliver a final Official Statement.

Section 17. Continuing Disclosure. The Chief Financial Officer is hereby authorized to execute and deliver, prior to delivery of the Refunding Bonds, a written continuing disclosure undertaking as necessary in order to enable the underwriter or bond purchaser to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The continuing disclosure undertaking shall be in substantially the form which she shall, in consultation with bond counsel, determine to be appropriate.

Section 18. Sale of Refunding Bonds. The Chief Financial Officer is authorized, in consultation with the Financial Advisor, to accept an offer to purchase the Refunding Bonds without further resolution of this Board, if, after giving effect to the refunding, the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding. This authorization includes, but is not limited to, determination of original principal amount of the Refunding Bonds; the prices at which the Refunding Bonds are sold; the date of the Refunding Bonds; the schedule of principal maturities and whether the Refunding Bonds shall mature serially or as term bonds; provisions for early redemption, if any, including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Refunding Bonds; and application of the proceeds of the Refunding Bonds. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by her execution of the Bond Purchase Agreement for the Refunding Bonds or other offer to purchase the Refunding Bonds, or a certificate of award of sale, or the Official Statement.

The Refunding Bonds shall not be sold unless there shall be net present value savings equaling not less than 5.00% of the Prior Bonds being refunded after payment of costs of issuance of the Refunding Bonds and costs of refunding the Prior Bonds being refunded. The maximum interest rate of any maturity of the Refunding Bonds shall not exceed 5.50%. The first maturity of principal on the Refunding Bonds shall occur no earlier than July 1, 2017, and the final date of maturity shall occur no later than July 1, 2041. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Financial Advisor.

Section 19. Verification Agent. The Chief Financial Officer is hereby authorized, at her discretion, to select an independent certified public accountant to serve as verification agent to verify that the securities and cash to be deposited to the Escrow Fund or Funds will be sufficient to provide, at the times and in the amounts required, sufficient moneys to pay the principal of and interest on the Prior Bonds being refunded as they become due or upon call for redemption.

Section 20. Other Actions. In the event that the Chief Financial Officer is not available at the time that it becomes necessary to take actions directed or authorized under this resolution, then a person designated by the Chief Financial Officer or the General Manager is authorized to take the actions delegated to the Chief Financial Officer by this resolution. The officers, administrators, agents and attorneys of the Board are authorized and directed to take all

other actions necessary and convenient to facilitate issuance, sale and delivery of the Refunding Bonds, and to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient in accordance with this resolution, and to pay costs of issuance including but not limited to rating agency fees, bond insurance premiums, transfer agent fees, escrow agent fees, verification agent fees, financial advisor fees, bond counsel fees, costs of printing the preliminary and final official statements, and any other costs necessary to accomplish sale and delivery of the Refunding Bonds.

Section 21. Applicability of the Outstanding Bond Resolutions. Except to the extent supplemented or otherwise provided in this resolution, all of the provisions and covenants provided in the Bond Resolution shall apply to the Refunding Bonds issued pursuant to provisions of this resolution, such provisions of the Bond Resolution being made applicable to the Refunding Bonds.

Section 22. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Section 23. Severability and Paragraph Headings. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this resolution. The paragraph headings in this resolution are furnished for convenience of reference only and shall not be considered to be part of this resolution.

Section 24. Publication and Recordation. In accordance with the provisions of Section 6 of Act 94, this resolution shall be published once in full in the Lansing State Journal, a newspaper of general circulation in the City qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the minutes of the Board and such recording authenticated by the signatures of the Chairperson and Corporate Secretary of the Board.

Section 25. Effective Date. This resolution is hereby determined to be immediately necessary for the preservation of the public peace, property, health and safety of the City and the users of the System. In accordance with the provisions of Section 6 of Act 94, this resolution shall become effective immediately upon its adoption.

We hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Commissioners of the Lansing Board of Water and Light at a Regular meeting held on Tuesday, November 15, 2016, at 5:30 p.m., Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

We further certify that the following Commissioners were present at said meeting

_____ and that the following Commissioners were absent _____.

We further certify that Commissioner _____ moved adoption of said resolution, and that said motion was supported by Commissioner _____.

We further certify that the following Commissioners voted for adoption of said resolution

_____ and that the following Commissioners voted against adoption of said resolution _____.

We further certify that said resolution has been recorded in the Resolution Book and that such recording has been authenticated by the signature of the Chairperson and Corporate Secretary.

Chairperson

Corporate Secretary

ACCEPTANCE OF 2016 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSION PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN(VEBA)

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution, and Retiree Benefit Pension reports presented during the Pension Trustee Meeting.

Staff comments: All three Plans received clean audit reports.