

BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave. - Lansing, Michigan
July 28, 2015 - 5:30 p.m.
BOARD MEETING AGENDA

- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Special Ceremony – Tribute to Cynthia Ward**
- 4. Election of Officers FY 2015-2016**
- 5. Approval of Minutes**
 - a. Regular Board Meeting-May 26, 2015
- 6. Public Comments**

Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter not on the agenda may do so immediately prior to adjournment.
- 7. Communications**
 - a. Email from Thomas Melton RE: Information Requirements for Starting Service
 - b. Email from Dennis Williams RE: Damage to Trailer
 - c. Email from Suellen Hozman RE: Proposed Sale of BWL
 - d. Email from Lisa Crumley RE: Retaining the BWL
- 8. Committee Reports**
 - a. Nominating Committee (June 23, 2015) – Cynthia Ward, Chair
 - b. Committee of the Whole (July 14, 2015) – Margaret Bossenbery, Chair
 - c. Finance Committee Meeting (July 14, 2015) – Dennis M. Louney, Chair
 - d. Human Resource Committee (July 28, 2015) – Board Chair David Price, Presenting
- 9. Manager’s Recommendations**
 - a. Resolution: Facility for Rare Isotope Beams (FRIB)
 - b. Resolution: Fiscal Year 2017-2021 Capital Forecast
 - c. Resolution: Credit Card Policy
 - d. Resolution: Capital Project Exceedance Approval
- 10. Unfinished Business**
- 11. New Business**
- 12. Resolutions/Action Items**
 - a. Resolution of Tribute: Former BWL Commissioner Cynthia Ward
 - b. Resolution: Reappointment of Corporate Secretary
 - c. Resolution: Reappointment of Internal Auditor
 - d. Resolution: Reappointment of General Manager
 - e. Resolution: Internal Auditor Charter Approval
 - f. Resolution: Internal Auditor Audit Plan for FY16
 - g. Resolution: Directing Interim GM to Prepare a Business Case

13. Manager's Remarks

14. Commissioners' Remarks

15. Motion of Excused Absence

16. Public Comments

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

17. Adjournment



MINUTES OF THE BOARD OF COMMISSIONERS' MEETING

LANSING BOARD OF WATER AND LIGHT

May 26, 2015

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, May 26, 2015.

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

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

Absent: None

The Corporate Secretary declared a quorum present.

Commissioner Cynthia Ward led the Pledge of Allegiance.

APPROVAL OF MINUTES

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

Action: Motion Carried

Motion by Commissioner Mullen, seconded by Commissioner McCloud to approve the Regular Board Meeting minutes of March 31, 2015.

Action: Motion Carried

Motion by Commissioner Ward, seconded by Commissioner McCloud to approve the Special Board Meeting minutes of May 19, 2015.

Action: Motion Carried

PUBLIC COMMENTS

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

None

COMMUNICATIONS

None

COMMITTEE REPORTS
COMMITTEE OF THE WHOLE
April 14, 2015

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

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

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

Absent: None

Public Comments

None

Regional Customer Input

None

Approval of Minutes

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

Action: Motion Carried

FRIB Update

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

CRT Update

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

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

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

PA95 Update

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

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

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

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

Electric Transmission and Generator Plan

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

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

Historic Perspective

- Beginning in the 1920's, the BWL Electric System was primarily built around and supported by the Ottawa and Eckert Power Plants
- In the 1950s through the mid 1970s more generation was added to Eckert, in 1973 Erickson was completed and in the late 1970's the 138 kV transmission system was constructed
- Since the 1970's, one interconnection has been added to the ITC system, the BWL contracted for power and transmission from the Belle River power plant and the REO Town plant was placed in service

- The majority of our electric assets have been in operation for more than 45 years, some for up to 60 years
- Major portions of the BWL's service territory are still supported by the Eckert generating plant

Issues Driving Development of Transmission Plan

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

Role of the Eckert Generating Station

Eckert is a Major Generating Station

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

Eckert is the Site of Major Transmission and Distribution Facilities

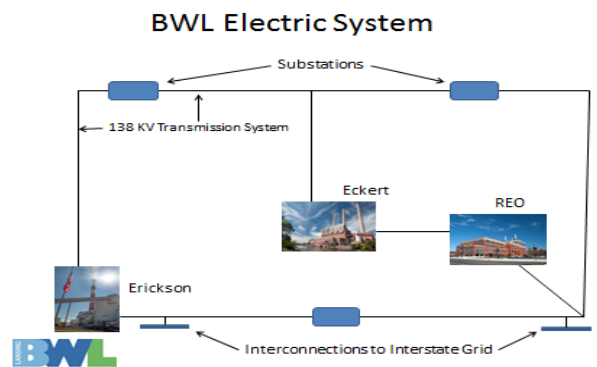
- The Eckert electric distribution plant feeds 68 circuits and nearly 1/3 of the BWL's peak load including critical parts of the BWL's service territory
- Without electric generation at Eckert, electric service to downtown Lansing is one contingency from failure
- Distribution circuits originating at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

Reliability Standards

NERC Contingency Planning Requirements

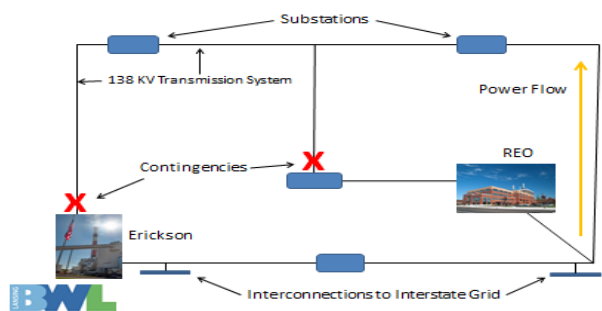
- System planning requirements (N-1-1 Criteria) – The system must be designed to be able to sustain its operation when two elements (e.g. transmission line, breaker, bus, generator) are simultaneously out of service; commonly called the N-1-1 criteria.
- Operations (N-1) - Preparing System for the next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

BWL Electric System



Recommended changes to BWL System

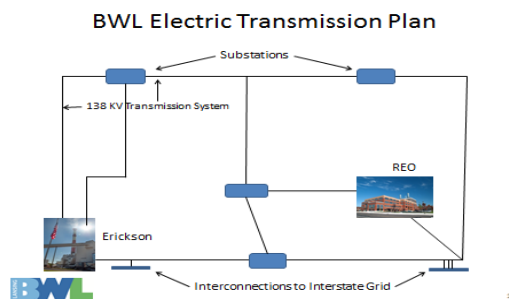
BWL Electric System with N-1-1 Contingencies



Transmission Plan Investments

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

BWL Electric Transmission Plan



Summary of Issues

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

Implementation Issues

Work load Issues

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

Other Significant Issues

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

Project Conceptual Costs

Project Conceptual Costs : Capital Budget
 (\$1000)

Major Projects	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FYs 16-21
West-side Reinforcement	\$ 4,100	\$13,200	\$ 6,800	\$ -	\$ -	\$ -	\$24,100
GM138 Substation	\$ 560	\$ 2,500	\$ 7,440	\$ 7,900	\$ 2,000	\$ -	\$20,400
Wise (Double-End)	\$ 3,050	\$ 3,100	\$ 3,510	\$ 300	\$ -	\$ -	\$10,160
South Reinforcement	\$ 500	\$ 800	\$ 700	\$ 4,000	\$ 1,900	\$ 800	\$ 8,700
GM-LGR Substation	\$ 100	\$ 500	\$ 4,100	\$ 2,300	\$ 4,000	\$ 1,540	\$12,540
Eckert Sub Modification	\$ 749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 749
138 KV Cap Bank	\$ 2,400	\$ 50	\$ 2,600	\$ 7,000	\$ -	\$ -	\$12,050
South Substation	\$ 150	\$ -	\$ -	\$ 200	\$ 2,600	\$ 7,000	\$11,350
Central Substation	\$ 50	\$ 1,000	\$ 50	\$ 50	\$ 50	\$ -	\$ 1,250
Total (Major Projects only)	\$11,659	\$21,150	\$25,200	\$21,950	\$11,950	\$9,390	101,299

Generation Plan

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

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

Construction Plans for Dais

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

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

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

Upcoming APPA Conference

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

Public Comment

None

Other

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

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

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

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

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

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

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

Motion by Commissioner Price, Seconded by Commissioner Ward to go into close session for the purpose of consulting with Legal Counsel on the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

Roll Call Vote:

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

Nays: None

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

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

Excused Absence

None

Adjourn

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

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

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

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

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

Absent: None

Public Comments

None

Regional Customer Input

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

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

Approval of Minutes

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

Action: Motion Carried

CRT Update

George Stojic, Executive Director of Strategic Planning and Development, provided a Community Review Team (CRT) update. Mr. Stojic stated that there were about 187 recommendations all together from the CRT, the Public Service Commission (PSC) and the Board of Water and Light's own recommendations, and of the recommendations, 173 of those were assigned to the BWL staff and of those there are 16 remaining. Most of the remaining

recommendations are scheduled for completion by mid-June. Mr. Stojic stated that he has undertaken a quality assurance program that will review what recommendations and implementations have been completed and are working. This program is simply to confirm the completion of those items that the Administration said were complete.

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

Review of the CRT's Recommendations the Board of Commissioners

There was discussion regarding CRT's recommendation #71 which states "Recommend to the City a "Best Practice" for recruiting new board members. Not only those that may represent certain areas that they serve, but recruit to needs of expertise, including, as examples only, an engineering background, business background or security background". Board Chair Price stated that it makes sense to have this conversation with the Mayor's office, because those appointments begin in the Mayor's office. Commissioner Ward stated that she felt the Board should represent the diversity of the City of Lansing as far as background and socioeconomic status.

The Board had a lengthy discussion regarding the CRT recommendations. Committee of the Whole Chair Bossenbery, suggested that maybe the Board's Internal Auditor could share his thoughts from the research that he did regarding an Operational Auditor with the City Council and the Mayor's Office, to give them a variety of options and maybe suggest where and how they could conduct the audit that the Council recently approved. Committee of the Whole Chair Bossenbery stated that Recommendation #71 would be marked as pending.

Rules and Regulations

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

RULES AND REGULATIONS UPDATE For Fiscal Year 2016

Electric, Water, Steam and Chilled Water

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

Electric

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

Water

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

Steam

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

Chilled Water

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

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

Action: Motion Carried

Energy Optimization and Renewable Energy Annual Update

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

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

Energy Optimization 2014 Programs

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

Program Highlights

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

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

Million Kilowatt Hour Club

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

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

Renewable Energy 2014 Results

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

Energy Optimization Summary

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

2014 Updates

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

Current Renewable Energy Portfolio

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

Continue to evaluate RE options

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

Haco Update

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

Table Top Exercise Update

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

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

Crisis Communication Plan Update

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

Commissioner Email Account

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

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

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

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

Public Comment

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

Other

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

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

Excused Absence

None

Adjourn

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

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

**FINANCE COMMITTEE
APRIL 14, 2015**

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

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

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

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There was no Public Comment

Approval of Minutes

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

Action: Motion Carried

February 2015 Financial Highlights

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

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

FY15 Update Year End Projections

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

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

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

IPS Amendment Resolution

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

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

Action: Motion Carried

Other

Commissioner Mullen spoke about the staffing needs of the Board's appointed employees. He stated that he has had discussions with various people as to how to accomplish fulfilling the appointed employee's needs under the City of Lansing Charter confines. Commissioner Mullen stated that this can be accomplished by authorizing money specifically in the Corporate Secretary's and Internal Auditor's budget and they can hire the help they need, as they know best what is needed. This need can be accomplished and implemented through the budget process and the Board can vote, as to whether or not to accept this action when voting on the budget. Board Chair Price stated that, as part of this dialogue there needs to be discussion as to whether or not there is internal capacity that is currently underutilized within the BWL that can be inserted to assist the employees, as an option.

Adjourn

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

Respectfully submitted
Dennis M. Louney, Chair
Finance Committee

FINANCE COMMITTEE

May 12, 2015

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

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

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

Absent: None.

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

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

Action: Motion Carried.

March 2015 Financial Highlights

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

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

FY16 O&M and Capital Budget Resolution

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

- FY 2016 Financial Plan

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

Sales Volume Forecast

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

Electric:
 *Retail sales volumes by customer class are expected to decrease slightly compared to FY 2015 Budget but increase slightly above actuals for FY 2015.
 *Wholesale sales volumes are expected to increase as a result of fewer generation outages planned in FY 2016.
Water:
 *Retail sales volumes are expected to decrease slightly in FY 2016 as a result of increased conservation and efficiency. Wholesale sales to East Lansing-Meridian are expected to decline due to loss of sales to State Road Interconnect.
Steam:
 *Steam sales volumes have been increased slightly to better reflect actual experience over the last five years.
Chilled Water:
 *Chilled water sales volumes have been decreased slightly to better reflect recent actual experience.



3

Operating Expense Assumptions

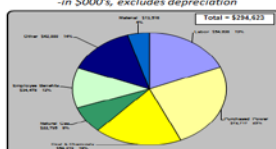
- Overall FY 2016 O&M increase of 2.2% compared to FY 2015 Budget. This increase is primarily attributable to inflationary pressure.
- Forecasted CPI Index 2.3% inflation*
- Budget assumes 754 FTEs – an increase of 1.1% over the FY 2015 budget



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4

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



5

FY 2016
 Income Statement by Utility

(\$000)	ELECTRIC		WATER		STEAM		CHILLED WATER		TOTAL
	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	
SALES (Retail, Wholesale)	1,127,276	9,265,638	784,888	10,266,000					
REVENUE	\$ 277,182	\$ 38,918	\$ 13,187	\$ 3,782	\$ 3,782	\$ 3,782	\$ 3,782	\$ 3,782	\$ 32,877
OPERATING REVENUE	\$ 277,182	\$ 38,918	\$ 13,187	\$ 3,782	\$ 3,782	\$ 3,782	\$ 3,782	\$ 3,782	\$ 32,877
OPERATING EXPENSES	\$ (26,386)	\$ (28,763)	\$ (9,133)	\$ (2,371)	\$ (2,371)	\$ (2,371)	\$ (2,371)	\$ (2,371)	\$ (42,226)
TOTAL OPERATING EXPENSE	\$ (26,386)	\$ (28,763)	\$ (9,133)	\$ (2,371)	\$ (2,371)	\$ (2,371)	\$ (2,371)	\$ (2,371)	\$ (42,226)
OPERATING INCOME (LOSS)	\$ 250,796	\$ 6,155	\$ 4,054	\$ 1,411	\$ 1,411	\$ 1,411	\$ 1,411	\$ 1,411	\$ (9,349)
DEPRECIATION EXPENSE	\$ (8,144)	\$ (4,100)	\$ (754)	\$ (330)	\$ (330)	\$ (330)	\$ (330)	\$ (330)	\$ (13,988)
OPERATING INCOME (LOSS)	\$ 242,652	\$ 2,055	\$ 3,300	\$ 1,081	\$ 1,081	\$ 1,081	\$ 1,081	\$ 1,081	\$ (23,937)
NET INCOME (LOSS)	\$ 242,652	\$ 2,055	\$ 3,300	\$ 1,081	\$ 1,081	\$ 1,081	\$ 1,081	\$ 1,081	\$ (23,937)
PERCENT OF BUDGET	2.2%	2.2%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%



6

Comparative Income Statement

Based on Initial Requests Prior
to Strategic Alignment and Review

FY 2016 Cash Flow by Utility

BUDGET	ELECTRIC		WATER		STEAM		TOTAL	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUES								
OPERATING REVENUE	\$ 48,898	\$ 48,898	\$ 4,534	\$ 4,534	\$ 3,719	\$ 3,719	\$ 57,151	\$ 57,151
EXPENSES								
OPERATING EXPENSES	\$ 28,000	\$ 28,000	\$ 2,689	\$ 2,689	\$ 1,814	\$ 1,814	\$ 32,503	\$ 32,503
DEPRECIATION	\$ 111	\$ 111	\$ 280	\$ 280	\$ -	\$ -	\$ 391	\$ 391
LOSS ON SALE OF ASSETS	\$ 1,711	\$ 1,711	\$ 280	\$ 280	\$ -	\$ -	\$ 2,271	\$ 2,271
CHANGE IN FUND BALANCE	\$ 18,076	\$ 18,076	\$ 1,565	\$ 1,565	\$ 1,905	\$ 1,905	\$ 22,551	\$ 22,551
NET INCREASE	\$ 3,073	\$ 3,073	\$ 114	\$ 114	\$ -	\$ -	\$ 3,287	\$ 3,287
FUNDING SOURCES	\$ 3,287	\$ 3,287	\$ -	\$ -	\$ -	\$ -	\$ 3,287	\$ 3,287
SOURCES OF CASH	\$ 37,241	\$ 37,241	\$ 3,737	\$ 3,737	\$ 3,719	\$ 3,719	\$ 44,717	\$ 44,717
USE OF CASH	\$ 3,073	\$ 3,073	\$ 114	\$ 114	\$ -	\$ -	\$ 3,187	\$ 3,187
NET CHANGE IN FUND BALANCE	\$ 18,076	\$ 18,076	\$ 1,565	\$ 1,565	\$ 1,905	\$ 1,905	\$ 22,551	\$ 22,551
NET INCREASE	\$ 3,073	\$ 3,073	\$ 114	\$ 114	\$ -	\$ -	\$ 3,287	\$ 3,287
ENDING OPERATING CASH	\$ 37,241	\$ 37,241	\$ 3,737	\$ 3,737	\$ 3,719	\$ 3,719	\$ 44,717	\$ 44,717



Beginning Operating Cash Includes C & H Fund and Heating Fund (plus Depreciated Assets and Restricted Bond Fund not included) (2013-2014) (2014-2015) as of March 31, 2015



	FY 2016		Increase or Decrease
	Budget	Budget	
OPERATING REVENUE	\$376,675	\$369,652	7.0%
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR			
TOTAL GROSS LABOR	61,201	60,308	1.4%
MATERIAL	13,516	12,047	12.2%
OTHER - Includes Benefits	34,101	32,070	7.9%
OUTSIDE SERVICES	20,027	20,001	0.1%
FUELS, WATER, CHEMICALS & AMINE	140,710	140,950	-0.2%
Cost transferred to Capital Budget	(13,063)	(12,000)	7.7%
OPERATION AND MAINTENANCE EXPENSE	\$ 204,613	\$ 201,366	2.1%
Depreciation Expense	43,212	41,813	3.2%
TOTAL OPERATING EXPENSE	\$ 337,848	\$ 338,235	0.1%
OPERATING INCOME	\$ 38,827	\$ 39,417	-1.5%
Return on Equity	(21,659)	(22,271)	2.8%
Other Non-Operating Income/Expense	(13,967)	(14,613)	-4.7%
NET INCOME	\$ 3,201	\$ 2,534	25.7%

Comparative Income Statement

After Strategic Alignment and Review

	FY 2016		Increase or Decrease
	Budget	Budget	
OPERATING REVENUE	\$376,675	\$369,652	7.0%
OPERATION AND MAINTENANCE EXPENSE			
GROSS LABOR			
TOTAL GROSS LABOR	61,201	60,308	1.4%
MATERIAL	13,516	12,047	12.2%
OTHER - Includes Benefits	34,101	32,070	7.9%
OUTSIDE SERVICES	20,027	20,001	0.1%
FUELS, WATER, CHEMICALS & AMINE	140,710	140,950	-0.2%
Cost transferred to Capital Budget	(13,063)	(12,000)	7.7%
OPERATION AND MAINTENANCE EXPENSE	\$ 204,613	\$ 201,366	2.1%
Depreciation Expense	43,212	41,813	3.2%
TOTAL OPERATING EXPENSE	\$ 337,848	\$ 338,235	0.1%
OPERATING INCOME	\$ 38,827	\$ 39,417	-1.5%
Return on Equity	(21,659)	(22,271)	2.8%
Other Non-Operating Income/Expense	(13,967)	(14,613)	-4.7%
NET INCOME	\$ 3,201	\$ 2,534	25.7%



- FY 2016 Capital Budget

FY 2016 Capital Budget Summary

Dollars in (000's)

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



FY 2016 Capital Budget – Major Projects/Programs

Project Title	Project Total	FY 2016
SA P CRB (CARE)	14,828,000	6,307,000
- Erickson to Willow 138kV Line Extension	20,100,000	3,500,000
Moore's Park Dam Gate Hoist and Phase 2 Dam Repairs	4,160,000	3,010,000
ESI Annual Rebuild T&D Systems	19,175,384	3,002,000
FY 2016 Lead Service Replacement	42,812,000	2,700,000
Smart Grid Implementation	30,950,000	2,500,000
Street, Building and Outdoor Protective Lighting	16,258,250	2,260,000
Services and Line Extensions	15,927,844	2,200,000
- Wise Substation double Ending	7,160,000	2,050,000
- North East Static VAR compensator	10,000,000	2,000,000
Eckert Unit 4, 5, and 6 Mercury Capture ACI System	2,249,441	1,967,441
Annual Purchase/Scrap Transformers/Regulators	8,847,913	1,385,000
Frandon Overhead 4160V Sub Cutover and Retirement	1,375,000	1,350,000
Michigan Ave Strm from Washtn to Alley 6	1,326,600	1,326,600
Substation Modernization - EOP 8	1,894,500	1,294,500
Forbes 4160V Substation Retirement	2,823,900	1,230,000
FY 2016, Budget Line 31: Annual Manhole Rplmt	7,874,223	1,186,416
Eckert Steam Send-Out	1,090,000	1,030,000
- Wise Bus 2 Distribution	3,000,000	1,000,000
- Miller 8320 Cutover	1,500,000	1,000,000
ADMS	2,000,000	1,000,000



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

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

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

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

Action: Motion Carried.

Other

None.

Adjourn

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

Respectfully submitted
 Dennis M. Louney, Chair
 Finance Committee

HUMAN RESOURCES COMMITTEE

May 19, 2015

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

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

Absent: None.

Public Comments

None.

Approval of Minutes

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

Action: Motion Carried.

FY 15 Board Appointee Performance Reviews

a) Corporate Secretary

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

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

Action: Motion Carried.

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

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

Action: Motion Carried.

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

b) Internal Auditor

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

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

Action: Motion Carried.

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

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

Action: Motion Carried.

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

c) Interim General Manager

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

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

Action: Motion Carried.

Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

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

Action: Motion Carried.

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

Feedback on New Performance Evaluation Forms/Process

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

Commissioner Zerkle questioned how the score is affected if there is a no response from a Commissioner and if the score would be based on seven answers. In response, HR Chair

Ward stated the score would be based on seven answers or based on the number of Commissions who responded.

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

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

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

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

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

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

Next Steps Regarding Contracts

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

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

Action: Motion Carried.

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

Excused Absence

None.

Public Comments

None.

Adjourn

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

Respectfully Submitted
Cynthia Ward, Chair
Human Resources Committee

MANAGER'S RECOMMENDATIONS

RESOLUTION 2015-05-02

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

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

Motion by Commissioner Ward seconded by Commissioner Zerkle, to approve the Resolution for the FY 16 Rules and Regulations.

Action: Carried Unanimously

RESOLUTION 2015-05-03

ADOPTION OF INVESTMENT POLICY STATEMENT FOR OPERATING FUNDS

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

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

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

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

Motion by Commissioner Louney, Seconded by Commissioner McCloud to approve the Resolution for adoption of the Investment Policy Statement for Operating Funds.

Action: Carried Unanimously

RESOLUTION 2015-05-04

Fiscal Year 2016 Operating and Capital Budget

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

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

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

Motion by Commissioner Louney, Seconded by Commissioner Mullen to approve the Resolution for the FY 16 Operating and Capital Budget.

Action: Carried Unanimously

UNFINISHED BUSINESS

There was no Unfinished Business

NEW BUSINESS

There was no New Business

RESOLUTIONS

RESOLUTION 2015-05-05

Advisory Non-Voting Commissioners Seating Accommodations

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

Motion by Commissioner Zerkle, Seconded by Commissioner McCloud to approve the Resolution directing Interim General Manager to implement construction for seating arrangement for incoming Commissioners.

Action: Motion Carried (5/3 Vote-Dissenting Commissioners Mullen, Thomas and Ward)

RESOLUTION 2015-05-06

RULES OF PROCEDURES – TECHNICAL AMENDMENT TO ADDRESS NON-VOTING ADVISORY MEMBERS OF THE BOARD

WHEREAS, in 2014, the Lansing City Charter was amended to add Subsection 12 to Article 15, Section 5-103, which reads as follows:

5-103.12 The Board of Water and Light Board Members shall include three non-voting advisory members representing utility customer communities outside the City of Lansing. Each non-voting advisory member shall be a Board of Water and Light customer, shall reside in and be appointed by the governing body of the municipality. One member shall represent the City of East Lansing and shall serve a term of four (4) years commencing July 1. One member shall represent Delta Township and shall serve a term of four (4) years commencing July 1. One member shall be at-large and shall represent the remaining municipalities and shall serve a term of one (1) year commencing July 1. The at-large representative shall serve on a rotating annual basis and be appointed by the governing body of the following municipalities in succession: Meridian Township, Delhi Township, DeWitt Township and Lansing Township. Except as provided herein, Section 2-103, Section 5-105, or State law, the provisions of this charter shall not apply to the non-voting advisory members of the Board of Water & Light.

WHEREAS, in consideration of the addition of three (3) non-voting advisory members to the Lansing Board of Water & Light Commissioners (“Board”) desires to clarify their Rules of Administrative Procedure to distinguish between Members of the Board and non-voting advisory members of the Board.

NOW, THEREFORE, BE IT RESOLVED, the Rules of Administrative Procedure are amended as set forth in Attachment A.

Motion by Commissioner Mullen, Seconded by Commissioner McCloud to approve the Resolution for the Technical Amendment the Administrative Rules of Procedures.

Action: Motion Carried

MANAGER'S REMARKS

Interim General Manager Peffley informed the Board of the following:

- Be a Tourist in your own Town is this Saturday and the BWL Headquarters and Cedar Dye Water plant will be open to the public.
- Friday, June 5th is the BWL Chili Cook-Off and hopes to see everyone there.
- The BWL hosted a crisis Manager Seminar on May 21st, under the leadership of Trent Adkins, BWL's Emergency Manager.

Trent Adkins, Director of Emergency Management provided information on the Regional Crisis leadership seminars that was hosted by the BWL and facilitated by Texas A&M Engineering Extension Service (TEEX). The seminars were well attended by public, political and private sector representative. TEEX brought in a Harvard case study on the 2001 Baltimore train tunnel fire and talked about lessons learned from the incident as well as action plans that can be implemented and useful in this region in the case of an emergency crisis.

COMMISSIONERS' REMARKS

Members of the Board of Commissioners thanked Commissioner Ward for her time served on the Board and said that she will be missed.

Commissioner Thomas thanked Commissioner Ward for her service on the Board and appreciated that she was always presidential. Commissioner Thomas also thanked Interim General Manager Peffley for expeditiously handling some customer concerns. Commissioner Thomas thanked BWL employees (Michael Flowers, Dallas Burdick, Tansay Carter) for their work on the 1st Step recognition event that took place last week.

Commissioner Dennis M. Louney thanked CFO Heather Shawa-DeCook and her staff for the outstanding job they did to put a tough and fair budget together, with no rate increase as insisted by Interim General Manager Peffley. Commissioner Louney also thanked Commissioner Ward for her honesty and work on the Board, as it was outstanding. He said it was a pleasure to work with her.

Chair Price said this concludes his first term as Chair of this Board and could not be more proud of his colleagues that sit at the dais with him. He said it has been an unusual and stressful year at times and it has also been a potentially divisive year at times, but we have gotten through it and we have moved forward.

Chair Price stated that he thinks the BWL is stronger today than ever before, it is more stable. He said that Interim General Manager Peffley brings sense of stability and calmness in spite of what could happen with weather and emergencies. He said that there is a good feeling with his colleagues about the organization and the strength of the organization and what it has been able to survive, and now we have to go forth and flourish.

Chair Price stated that we have a budget that does not increase the rates. We will bring in new customers and that is how we will increase revenue, not on the backs of our current customers. He thanked Interim General Manager Peffley for the fine job that he and his staff

is doing and he also thanked his fellow Commissioners for getting the company and Board through a tough year and moving on to what he thinks will be a great year.

EXCUSED ABSENCE

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

PUBLIC COMMENTS

Brad Van-Gilder of the Sierra Club, spoke about the Board of Water & Light's budget and said that he is encouraged by what he has seen over the last few months. He stated that he noticed in the budget the possibility of a activated carbon injection system being planned for units 4, 5 and 6 at Eckert and suggest that if it technically feasible, to only install that system for two out of the three units being considered for this installment and bring the other unit offline. Mr. Van-Gilder stated also mentioned in the budget was the possibility of having two additional transmission lines in which he believes is a smart move, to improve the stability of the entire system. Mr. Van-Gilder also spoke about public planning and transparency of municipal utilities, a subject addressed at a previous Board meeting. In response, Chair Price and Interim General Manager Peffley indicated that a formal strategic planning process that includes public representatives in actively being work on.

ADJOURNMENT

On motion by Commissioner Ward, seconded by Commissioner McCloud the meeting adjourned at 6:03 p.m.

M. Denise Griffin, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk: June 16, 2015
Official Minutes filed (electronically) with Lansing City Clerk:

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 7/21/2015 11:43:24 AM.

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

Field	Value
To	All Commissioners
Name	Thomas Melton
Address	4245 Chandler Dr, Dewitt, MI 48820
email	notlem23@yahoo.com
E-mail Subject	Information requirements for starting service
Message	<p>Dear Board of Commissioners, I am in the process of buying a home at the above address. The BOWL only provides water service to that address. In the telephone service app interview I was asked for both my Social Security number and Drivers license number which seems to be a serious over-reach for key information that could significantly heighten the chance of ID theft. Especially if both numbers are stored on your system. A supervisor who would only identify himself as JC, told me how secure your system is but no system is secure enough as witnessed by hacks at OPM, Aetna Insurance and numerous utilities. Your industry is a major target. Therefore, I am writing to request that you consider discontinuing the requirement for both numbers and put your customers at less risk of ID theft. Your computer system will never keep ahead of hackers so some creativity on your part is needed, possibly generating random ID numbers as Blue Cross does. Having worked for a bank, I know that SS numbers are used for credit checks but an address can also be used eliminating that need. Hopefully, you will reconsider your policy on this matter. Until then, if I want water I have to compromise my ID safety. Your house, your rules!! Sincerely, Thomas Melton 517 881 1943</p>

Email "Information requirements for starting service" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 7/21/2015 11:43:24 AM.

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 7/20/2015 4:13:05 AM.

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

Field	Value
To	All Commissioners
Name	Dennis Williams
Address	2613 Wilson Ave
email	judik4@hotmail.com
E-mail Subject	damage to trailer
Message	<p>July 20, 2015 Please reimburse me \$774 for replacement of my trailer. Between 12:30 am and 1 am on June 23, 2015 an LBWL power pole fell down striking my canoe and coming to rest across the corner of my trailer. Both the canoe and trailer were damaged. On June 29 I contacted LBWL and spoke with and emailed back and forth with Barbara Bellinger of the LBWL. She gave me the link to the site that has the LBWL claim form. I completed the form and sent pictures to the Enterprise Risk Management Department on July 2. On July 9 I received a letter from Joshua Oleszczak of that department stating they received my claim. On July 16 I called Mr. Oleszczak because I had not received a response. He told me I should probably hear back from them by next Monday 7/20 or Tuesday 7/21. He also said the claim will probably be denied because of "Act of God" exclusion. On Saturday 7/18 I received the letter denying my claim. However none of the reasons listed had to do with my claim as they all related to the damages caused by lack of electrical power. If all claims are automatically denied like this, why have a claim form online to act like the LBWL might actually pay for damages the caused? Why not just tell me at the moment I contacted the LBWL that they do not pay any damage claims? Dennis Williams 2613 Wilson Ave. Lansing 48906 This site does not let me insert my claim form or pictures.</p>

Email "damage to trailer" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 7/20/2015 4:13:05 AM.

PLEASE DO NOT REPLY TO THIS MESSAGE

Data from form "E-mail BWL Commissioners" was received on 7/15/2015 11:01:48 AM.

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

Field	Value
To	All Commissioners
Name	Suellen Hozman
Address	326 Kipling Blvd.
email	suellenyh@yahoo.com
E-mail Subject	Proposed sale of LBWL
Message	<p>letter sent to LSJ Discussion of the sale of the BWL in the absence of full disclosure appears deceptive and reckless. The citizens of Lansing own the BWL, not Mayor Bernero. We enjoy high reliability and low rates in comparison to some other states. Full disclosure would include discussion of our future with a privately owned utility and answers to the following questions: Will our utility rates increase or decrease? Will our reliability rates increase or decrease? Will our customer service access improve or decline? Will the lost jobs of BWL employees be replaced with equally paying jobs? What cities our size sold their public utilities and what was the outcome? Are they better off or worse off? Please provide answers to all of these questions immediately so that the office of the mayor takes responsibility for informing citizens. Suellen Hozman Happy BWL customer additional letter sent but will not be printed yet The proposed sale of the LBWL "would sharply reduce the structural deficit, which covers pension and benefit costs for past and current employees" of the City of Lansing. Sale of the LBWL does not address the source of the problem. What is going to keep those unfunded pension obligations from building up again? Nothing, unless the problem with City of Lansing is fixed.. The City of Lansing has a fiduciary responsibility to fund pension and benefit obligations. The City of Lansing, and only the City of Lansing, should be held accountable for the fiduciary responsibility. A fiduciary is a person who holds a legal relationship of trust with another party or person to take care of money. Basically the City of Lansing can not trust the City of Lansing to manage its pension and benefit obligations. So selling the LBWL is not the answer to the problem. The answer to the problem is to develop a fiduciary program for the City of Lansing that works and can be trusted.</p>

Email "Proposed sale of LBWL" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 7/15/2015 11:01:48 AM.

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

Field	Value
To	All Commissioners
Name	Lisa Crumley
Address	1811 Bedford Rd
email	golfshoes@comcast.net
E-mail Subject	Please Keep BWL Local -- Don't Sell
Message	I am a lifelong resident of the City of Lansing. I am writing to strongly encourage the BWL to not sell this wonderful community asset. Please do everything in your power to preserve the Board of Water and Light as a local, municipal utility. Thank you.

Email "Please Keep BWL Local -- Don't Sell" originally sent to mdg@lbwl.com from noreplylbwl@lbwl.com on 7/23/2015 9:59:21 AM.

NOMINATING COMMITTEE MINUTES

June 23, 2015

The Nominating Committee of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Thursday, June 23, 2015.

Committee Chair, Cynthia Ward called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Tony Mullen, Anthony McCloud and Cynthia Ward.

Absent: Tracy Thomas

Approval of Minutes

Motion by Commissioner McCloud, seconded by Commissioner Mullen to approve the Nominating Committee meeting minutes of June 26, 2014.

Action: Motion Carried

Public Comment

There were no public comments.

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Chair Ward stated that the Officer and Committee Survey Results Forms and Committee Survey Memorandum were included in the meeting packet for review.

Nominating Committee Chair Cynthia Ward stated the following:

“Before I ask whether there is any discussion, I did receive an email from a Board member who had expressed some concerns, I believe that everyone was copied on the email from Commissioner Bossenbery, and I would like to include her email as part of the record please. There are a couple of questions that Commissioner Bossenbery has for the Nominating Committee to consider. But I think she was really asking the Board to consider in addition to. The two questions being asked are, one, why are there deadlines in place if the Board does not intend to adhere to, and two, should a Board member be considered a candidate if their materials are not submitted by the deadline. I responded to Commissioner Bossenbery yesterday by thanking her for her emails, for expressing her concern and told her that I would respond in the context of this open meeting. Commissioner Bossenbery is not here to receive the response but I will share my thoughts with the Nominating Committee members. With respect to deadlines, we have deadlines imposed by law and deadlines imposed by administrative role, and we also have deadlines that are courtesy and convenient deadlines. The deadlines that are referenced here is the Survey form, which has the deadline date of May 29th, by when those materials should be submitted to the Corporate Secretary. I deemed this date as a courtesy deadline; it is not a deadline that was imposed by law. I checked our Administrative procedures, and our Rules of Procedure; there was not a deadline imposed relative to that. The reason why it is viewed in my opinion as a courtesy deadline, and I asked the Corporate Secretary the same question, is because I wanted to be guided by facts. I said ‘is this deadline imposed, what is the purpose of this deadline? Is this a deadline so that you can compile the

information that you need to send to the Commissioners?’ And the response that I received from the Corporate Secretary was ‘yes.’ That is the deadline that allows her to receive the information in such a way to compile the information; the information that we received, reviews all of the surveys, and compile it in a way that’s easy for us to read. But it also allows the Chair to appoint the Nominating Committee. As you know, the Chair appoints the Nominating Committee from those members who are not seeking, or interested in any position. So this is in my opinion, strictly a courtesy/convenient deadline. Please do not take my comments to suggest that courtesy or convenience of our Corporate Secretary is not of paramount importance. Having to serve 8 individuals and soon to be 11 individuals is a very significant undertaking and having just completed some evaluations where I needed to receive 7 times 3 forms from individuals and also considering my own, I understand how it can be a little frustrating not to receive the information in a timely way. But, I will just add that we are a volunteer community service, and I have been impressed by quite frankly, the attendance rate of very busy people. We attend meetings; we miss them for work commitments very few and far in between. Things come up as it did for Commissioner Thomas today, in traveling and trying to get back. Sometimes we are out of town for work commitments. We are a volunteer board comprised of members who are juggling full time employment, other community involvement, personal interests, and family interest and quite frankly, if a board member of mine fails to meet a courtesy deadline that is the least of my worries. If they are present in all other ways in all other aspects, that is the least of my worries and I will extend to that board member a professional courtesy. Those are my comments on the first part of the question. I will hear from colleagues.”

Commissioner Tony Mullen stated the following:

“My only issue is that we need to be fair. If we extend the courtesy to one Commissioner who happens to be a few days late, as long as we extend that same courtesy to all Commissioners who may happen to be a few days late, that is the most important thing. It is not, we don’t want to be slaves to be perfect. We are not ever going to be perfect. It is more important that we are fair and I think that any one of us, if we were late, then the Corporate Secretary would still allow us to turn our paperwork in a little bit late. I think that she has been treating us fairly. And like you said, we are trying to make it as easy as we can on her but at the same time things happen. I really do believe that the most important thing here is fairness and I think all of us would have been able to turn in our paperwork in late if necessity forced us to be late. Thank you.”

Commissioner McCloud stated that he is in agreement with the comments of Commissioners Ward and Mullen.

Commissioner Ward stated the following:

“I am glad that you raised the question of fairness, I also did consider, was anyone advantaged or disadvantaged by submission, and as far as I can tell there was no one advantaged by it or disadvantaged by it. Was someone inconvenienced by it? I am certain, our Corporate Secretary. However, the information got out and in compliance with the Open Meetings Act in a timely manner. We all received the information at the same time. So as far as I am concerned, no one was advantaged or disadvantaged by the submission.”

“The second question is should Board members be considered as a candidate if their materials are not submitted by the deadline. I think that question is moot, given that we discussed it but I will say this, I view the surveys as informational; it is just a way for us to know as a Nominating Committee, when we look to try to identify whom the best candidate to put forth for Chair, and the best candidate to put forth for Vice Chair. Whether they would be willing to serve or whether we have

to do some arm-twisting because we deem them the best candidate. Those forms are informational, so that is all that I have on the second question.”

Commissioner McCloud stated that he had nothing additional to add.

Commissioner Mullen stated that he was in agreement with Nominating Chair Ward.

Commissioner Ward thanked Commissioner Mullen and stated that she was glad that she and Commissioner Mullen were able to agree on something at least for once, as it relates to the Nominating Committee.

There was no additional comments or discussion regarding documents received.

Nominate Board Officer Candidates for Fiscal Year 2015-2016

Nominating Committee Chair Ward stated that she believes the task of the Nominating Committee is to propose a slate of officers, one Chair and one Vice Chair and that is what she would like to accomplish this evening.

Nominating Committee Chair Ward opened the floor for nominations and the following motion was offered:

Motion by Commissioner Mullen, Seconded by Commissioner McCloud that the Nominating Committee forward a slate of officers to the full Board for consideration of David Price to serve as the Chairperson and Dennis M. Louney to serve as the Vice Chairperson for 2015-2016 FY.

Action: Motion Carried

The recommended slate of officer candidates for FY 2015-2016 will consist of:

Chair:	David Price
Vice Chair:	Dennis M. Louney

Excused Absence

Motion by Commissioner McCloud, seconded by Commissioner Mullen, to excuse Commissioner Thomas from tonight’s meeting.

Action: Motion Carried

There being no further business, the meeting adjourned at 5:46 p.m.

Respectfully submitted,
Cynthia Ward, Chair
Nominating Committee

COMMITTEE OF THE WHOLE

July 14, 2015

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

Committee of the Whole Chair, Margaret Bossenbery, called the meeting to order and asked that roll be taken.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle.

Absent: Commissioner Anthony McCloud

Non-Voting Members Present: Commissioners Mike Froh (Meridian Township), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Committee of the Whole Chair Bossenbery welcomed newly appointed member Ken Ross and Commissioners Mike Froh, representing Meridian Township; Robert Nelson, representing East Lansing, and William Long, representing Delta Township, to their first official meeting.

Additional Agenda Item

At the request of Board Chair David Price, a Resolution directing the Interim General Manager to prepare a business case for keeping the Board of Water and Light as a community asset, owned by the City of Lansing was added to the Agenda for consideration.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Zerkle to approve the Minutes of May 12, 2015 with grammatical amendments.

Action: Motion Carried

Resolution FRIB Agreement

George Stojic, Executive Director of Strategic Planning and Development, provided the Committee with a proposed agreement between the Board of Water and Light and Consumers Energy, intended to resolve issues related to electric service to the facility for isotope beams, or FRIB, on the campus of MSU, as well as resolve issues related to the rights to serve on the campus. The Committee of Whole received a resolution in which the Board of Water and Light seeking approval of the agreement. Mr. Stojic stated that this agreement is the product of about five years of solicitations, proposals, negotiations, research and hard work from many people at the Board of Water and Light. He stated that two additional sentences will be added to the final agreement to define "net margin" and grant BWL the right to review calculations and supporting data.

Mr. Stojic explained that there are two major components to this agreement; economic and legal. The economic one entitles the BWL to 50% of the net revenue from sales of electricity to the facility for rare isotope beams; the second component is the right to serve on campus. Mr. Stojic stated that from the very beginning of this project Consumers has asserted an exclusive right to serve on campus and asserted that the Board of Water and Light did not have the right to serve. That was a point of contention that required a lot of research on the BWL's part to rebut.

Mr. Stojic and attorney Pete Ellsworth, from Dickinson and Wright, briefly explained that the agreement states that both the BWL and Consumers Energy are providing consent to the other to serve if, and when, called upon by Michigan State University. Mr. Ellsworth informed the Committee that pursuant to the agreement, the campus is a customer choice zone, only the campus, and no other parts of East Lansing or the townships, are involved.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Price, seconded by Commissioner Mullen to forward the Resolution for the approval of the agreement to resolve electric service to MSU, entered into between the Board of Water & Light and Consumers Energy to the full Board for consideration.

Action: Motion Carried

Employee Survey/EPIC MRA Presentation

Human Resources Director, Michael Flowers, and Bernie Porn, of Epic MRA, presented the Committee of the Whole with the results of the Employee Satisfaction Survey that was recently conducted with the BWL employees. This survey was based on overall attitudes, opinions, concerns, and employee satisfaction regarding their jobs, management teams, organizational diversity, hiring practices and communications. About 395 employees participate in the survey, a 54% participation rate, which is very good, and 69% responding online and 31% responding by mail. The survey was anonymous and confidential.

The following results from the employee satisfaction survey were presented to the Committee in a PowerPoint presentation:

Employee Rate their Specific Work Area as 'Positive'

- 77% offered "positive rating";
- 23% offered "negative rating"

Employees Rate BWL Programs and Services as 'Positive'

- 84% offered "positive rating"
- 14% offered "negative rating"

BWL Employees Satisfaction with Leadership Somewhat Mixed

- 68% "satisfied" with Executive Team;
- 51% "satisfied" with Intermediate Level Management/Supervisors;
- 30% "dissatisfied"

Employees Feel Comfortable Asking Questions of their Immediate Supervisors/Directors

- 78% feel “comfortable” asking questions of immediate Supervisor/Director
- 21% DO NOT feel “comfortable” asking questions of immediate Supervisor/Director

Employees Feel Comfortable Receiving Feedback from their Immediate Supervisors/Directors

- 79% feel “comfortable” receiving feedback from their immediate Supervisor/Director
- 21% DO NOT feel “comfortable” receiving feedback from their immediate Supervisor/Director

Employees Frequently Receive Feedback from their Immediate Supervisors/Directors

- 64% “frequently” receive feedback from their immediate Supervisor/Director
- 35% DO NOT “frequently” receive feedback from their immediate Supervisor/Director

Employees Feel They are a Partner in the BWL’s Vision

- 59% feel they are “made a partner” in BWL Vision;
- 19% DO NOT feel they are “made a partner” in the BWL Vision

Employees Rank Aspects of the BWL’s Vision Statement

- **Safe** – 32% Agreed Somewhat; 59% Agreed Strongly
- **Cultural Activities** – 32% Agreed Somewhat; 59% Agreed Strongly
- **Economic Initiatives** – 36% Agreed Somewhat; 54% Agreed Strongly
- **Environmental Steward** – 40% Agreed Somewhat; 49% Agreed Strongly
- **Affordable** – 32% Agreed Somewhat; 53% Agreed Strongly
- **Reliable** – 33% Agreed Somewhat; 48% Agreed Strongly
- **Planning Future Growth** – 38% Agreed Somewhat; 40% Agreed Strongly

Employees Rank Statements About Common Principles on a 0 to 10 Scale – by Mean Score of Importance

- **Safety** – 7.706
- **Community Leadership** – 7.511
- **Environmental Stewardship** – 7.358
- **Superior Service** – 7.286
- **Competitive Rates** – 7.256
- **Integrity** – 6.761
- **Diversity** – 6.755

Employees Rate Work Environment as ‘Positive’

- 67% offered “positive rating”
- 31% offered “negative rating”

Communication within BWL as a Whole Could Improve

- 49% offered “positive rating”
- 47% offered “negative rating”

Communication within Employee’s Work Area at BWL Considered Comparatively Better

- 62% offered “positive rating”
- 35% offered “negative rating”

BWL Employees’ Overall Job Satisfaction High

- 75% “satisfied” with their jobs;
- 14% say they are “not satisfied” with their jobs

Feelings Toward Opportunities for Advancement are Mixed Among BWL Employees

- 53% “satisfied” with opportunities for advancement;
- 28% “not satisfied” with opportunities

Feelings toward 'Diversity' Mixed Among Employees

- **Doing Too Little** – 11% (8% Somewhat; 3% Much)
- **Doing Enough** – 46%
- **Doing Too Much** – 39%

Top Areas within BWL that Employees Feel Need the Most Improvement

- 13% "Communication"
- 9% "Better Management"
- 8% "Hire/Promote Qualified Employees"

51% Report Using Social Media at Least Once a Week

- Facebook – 65%
- Instagram – 4%
- Twitter – 2%
- None – 27%

In conclusion, Mr. Flowers stated that recently, employee performance evaluations have been performed on an annualized basis and the Administration's thought is that evaluations should be done on a more frequent basis because, the younger generation desire more feedback on a regular basis.

CRT/MPSC Communications to Community

Board Chair David Price stated that the BWL is over a year and a half past the ice storm, and a little over a year past receiving the Community Review Team (CRT) report. It seems that with all the progress that has been made implementing the CRT's suggestions, that it might be time for closure on the report. He reported that most of the suggestions and changes have become part of the infrastructure of the organizations.

Commissioner Bill Long stated that there has been a lot of progress made relative to work that has been done by the BWL on the recommendations received from the CRT, the Michigan Public Service Commission (MPSC), as well as the Internal Report. He suggests that the actions taken on the recommendations, be compiled so that the Commission and the Board could use that document as a presentation tool to report to the community and the government officials to say, this is what we have done, this is what we have learned and this is how we have responded. Mr. Long mentioned that after a discussion with Chair Price, he had extended an invitation to General McDaniel, the Chairperson of the CRT, to be involved in a presentation if the Board sees fit.

There was a lengthy conversation regarding this matter and in conclusion, it was suggested that Board Chair Price and Commissioner Long meet to discuss a course of action to bring this before the community, but would first bring it to the board for their consideration.

Resolution Directing Interim GM to Prepare a Business Case

Proposed Resolution
Directing Interim GM to Prepare a Business Case

Whereas, the Lansing Board of Water and Light has been a publicly owned utility since 1885;

Whereas, the vision of the Lansing Board of Water and Light is to partner with our customers, community, and employees to make Lansing the most attractive community in Michigan in which to live, raise a family, work, and operate a business;

Whereas, the mission of the Lansing Board of Water and Light is to provide safe, reliable, and affordable utility products and services and to plan for future growth, be responsible environmental stewards, and be active participants in the Lansing Community's cultural and economic initiatives;

Whereas, the Lansing Board of Water and Light customers have enjoyed significant savings on their utility bills in comparison to their neighbors that are served by privately owned utility companies;

Whereas, should the Lansing Board of Water and Light be sold to a private utility company customers will likely see an increase in their monthly utility bills and;

Whereas, the employees of the Lansing Board of Water and Light are among the best and the most highly skilled utility workers in the nation and a sale of the utility would lead to internal reorganization and unknown layoffs of BWL employees;

Whereas, the Lansing Board of Water and Light plays a significant role in our region's business development efforts providing guaranteed savings to companies looking to locate or expand in this area;

Whereas, the Lansing Board of Water and Light works to make our community a great place to live supporting programs like *Pennies for Power* and *Adopt-a-River* and helping to sponsor the *BWL Chili Cook Off*, *Silver Bells in the City*, the *Common Ground Festival*, and our own home town professional sports franchise the *Lansing Lugnuts*;

Whereas, the Lansing Board of Water and Light employees contribute many hours volunteering at community events, greatly enhancing the quality of life in the Lansing region; and

Whereas, if the Lansing Board of Water and Light were sold to a private company, many of these community assets and benefits would be lost; and now therefore, be it

Resolved, that the commission of the Lansing Board of Water and Light directs the Interim General Manager to prepare a business case for keeping the Lansing Board of Water and Light a community asset owned by the City of Lansing.

Discussion:

Board Chair Price stated that procedurally, if the Committee approves to forward the proposed Resolution at tonight's Committee of the Whole meeting, there are two weeks until the full board meeting for its passage, at which time it can be explained further, and amended.

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

Action: Motion Carried (6 - 1 Vote, Ross dissenting)

Open Meetings Act Update

Brandie Ekren, General Counsel, provided an Open Meetings Act (OMA) reminder for the new Commissioners to refrain from group emailing, to avoid potential violation of the OMA.

FOIA Update

Brandie Ekren, General Counsel, provided a Freedom of Information (FOIA) status update that the Board of Water and Light (BWL) has an outstanding question to the Lansing City Attorney regarding whether or not the Commissioners must still approve their own FOIA Policies and Procedures. In the meantime, Ms. Ekren advised that the BWL will continue to follow guidelines as approved by the City Council until further direction from the Lansing City Attorney is given.

Commissioners Report from APPA Conference

Board Chair David Price stated that this was his first time attending the American Public Power Association (APPA) National Conference and that he was grateful to go. One of the things of particular interest to him was the whole idea of community value. A public utility from Wisconsin did a presentation that attached a dollar value to the community investment of their employees in volunteering, and doing many of the things mentioned in the resolution brought forward today. His thought was that the same could be something to look at as we talk more about the idea of selling this [BWL] utility; with emphasis on what else would be given up, besides the tangible assets. He stated all of the general sessions at the conference were good and thinks that every Commissioner should attend, so to take the pulse of the whole public power, and it's a significant industry.

Commissioner Dennis M. Louney distributed information that he brought back from the conference. He stated that excellent information was provided in the reports.

Commissioner Tony Mullen stated that one of the things that was interesting to him about the APPA Conference, which ties into the conversation about selling the BWL, is the information that he received after sitting in on a couple of presentations from various bonding agencies. It is astounding how much the new Environmental Protection Agency (EPA) regulations coming down the pike are going to affect the worth of this company because the BWL has coal-fired plants.

groSolar Update

George Stojic, Executive Director of Strategic Planning and Development, updated the Board on the status of the BWL's solar programs. Mr. Stojic indicated that a Power Purchase Agreement with groSolar has been completed and that the power generated would fulfill the BWL's PA 295 compliance requirement. Additionally, Mr. Stojic stated that the price would be \$59.00 per megawatt hour, which is a very good price for this part of the country, and that it would be the only utility scale solar project in Michigan. According to Mr. Stojic, a site has not yet been selected, however, once it is selected, it will determine the project size, between 15 and 30 megawatts. Mr. Stojic also stated that the BWL was previously working with a developer on a smaller, 300 kilowatt, community solar project. This would allow the BWL customers to buy into the project and receive a credit on their bills. Mr. Stojic also mentioned the BWL's distributed solar program provides incentives to businesses and residential customers to place solar energy on their facilities and homes with the option of participating in the BWL's net metering program. He stated that collectively, these projects constitute Michigan's most extensive solar program, which is particularly appropriate based on the BWL's summer demand and transmission configuration.

Chili Cook-Off update

Steve Serkaian, Director of Communications provided an update of this year's Chili Cook Off. Mr. Serkaian said this year was the 20th anniversary of the BWL Chili Cook Off. The event was held at Adado Riverfront Park on June 5, 2015. This year's presenting sponsor was Tripp's Auto Shop and Collision Centers. More than one hundred BWL employees volunteered thousands of hours of their own time to put on this community event. There were 40 chili vendors, giving away nearly all of their chili to 4,000 attendees. This year's honorary chair was TV 6 news' anchor, Sheri Jones. For the first time, a used car donated by University Motor Mall, was raffled off.

After collecting sponsor checks, the BWL will be able to contribute approximately \$5,000 dollars to each of our three designated charities, *Impression 5 Science Center*, *Sparrow Foundation* and the *Lansing Promise Hope Scholarship* fund. For next year's event, the BWL is exploring the possibility of holding the Chili Cook off at another location.

Public Comment

Anne Woiwode, Conservation Director for the Sierra Club, spoke about the BWL solar program as well her eagerness to learn more about the BWL's Integrated Resource planning process.

Brad Van Guilder, Ph.D., Organizing Representative Beyond Coal Campaign, spoke about preparing for the closure of coal-powered plants. He questioned the difference between a strategic plan and an IRP.

Elaine Wambo, of South Lansing, stated that she was the facilitator of a group called Rejuvenating South Lansing. She asked that the Board Water and Light Commissioners do everything in their power to prevent the selling of the Board Water and Light. She stated that the Board Water and Light is the public facility that supports our residents and our neighborhoods.

Ron Byrnes, representing IBEW, spoke in support of the Resolution that was presented and voted on tonight. He stated that it is important for the city residents and employees to know where the Board of Commissioners stands on this issue.

Other

Interim General Manager Peffley welcomed the new commissioners and said that he is looking forward to working with them, announced that BWL's Director of Public Relations, Calvin Jones, received the Rotarian of the year award from the Delta Waverley Rotary, and reminded everyone about the State of the BWL Address that is being held Tuesday, July 21st at the Line Garage in Building G. He stated that the speech will begin at 11:00 a.m. and lunch will immediately follow.

Excused Absence

Motion by Commissioner Price, seconded by Commissioner Mullen, to excuse Commissioner McCloud from tonight's meeting.

Action: Motion Carried

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner Mullen, the meeting adjourned at 7:59 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole

FINANCE COMMITTEE

July 14, 2015

The Finance Committee of the Board of Water and Light met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:08 p.m. on Tuesday, July 14, 2015.

Finance Committee Chairperson Dennis M. Louney called the meeting to order and asked that roll be taken.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen and Sandra Zerkle. Also, present Commissioners David Price and Ken Ross. Non-Voting Members Present: Commissioners Mike Froh (Meridian Township), Bill Long (Delta Township) and Bob Nelson (East Lansing)

Absent: None.

The Corporate Secretary's Executive Assistant declared a quorum.

Public Comments

None.

Approval of Minutes

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

Action: Motion Carried.

External Audit Communication to the Board – Presented by Plante & Moran

Heather Shawa-DeCook, Chief Financial Officer (CFO) introduced external auditor Doug Rober, Partner with Plante Moran (P&M) and Marie Stiegel, CPA with P&M, who reviewed and presented the Auditing Process.

Mr. Rober said this is the beginning of the annual audit process for the various BWL pension trust funds. Part of that process is to meet and present governance with a projected audit process summary and have dialogue regarding any concerns.

Marie Stiegel reviewed Management's responsibility in the Audit process as well as the following:

- Audit Process

- Auditor Responsibility
- Management Responsibility
- Testing Phases
- Required Discussion Points
- Significant Risk Misstatement
- Responses to Significant Risk Misstatement
- Additional Required Discussion Points
- Communication to those Charged with Governance

Board Chair David Price was indicated as the appropriate contact person for questions or concerns.

Mr. Rober asked the Board of Commissioners if there were any areas of concern that warrant attention or additional procedures. There were no responses.

Internal Audit Update

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

Internal Auditor Status Update

- FY 2015 Audit Plan Progress Report
- Proposed FY 2016 Audit Plan
- Other Items

FY 2015 Audit Plan Progress Report

Engagements Completed:

1. Materials Inventory Audit
2. BOC Independent Audit
3. IT – PCI Compliance Audit
4. Health and Prescription Drugs Plan Management Audit
5. Surprise Cash Counts (2)
6. Time Reporting Reviews (2)

Engagements in Progress:

1. Engineering – Annual Projects Audit—fieldwork complete; final report to be issued in July 2015.
2. Outage Management System Audit—fieldwork about complete; report to be issued in August.

3. IT – Management of Non-PC Devices Audit—fieldwork about complete; report to be issued in August or September.

Proposed FY2016 Audit Plan - Background

Basis for plan:

1. Meetings with Executives and Staff to discuss risks and potential audit topics.
2. Risk assessments for each of 100-plus auditable activities at BWL.
3. Consideration of rotational audits, audit areas with risk/scoping assessments, first-time audits, etc.
4. Identified over 20 potential audits to perform in FY 2016 and beyond.

Proposed FY2016 Audit Plan – Background

Top 10 audits for FY 2016 (as discussed with senior management):

1. Follow-up of Selected CRT/MPSC/BWL Recommended Actions
2. Billing
3. IT – Information Security Policies
4. Training & Development
5. Safety Management
6. IT – Manage Changes
7. Hiring Process
8. Performance Evaluation/Compensation
9. Payroll
10. Facility Security

Proposed FY2016 Audit Plan

Planned Audits:	Estimated Hours
Follow-up of Selected CRT/MPSC/BWL Recs.	300
Billing	500
IT – Information Security Policies	300
Training & Development	300
Safety Management	400
IT – Manage Changes	400
Other Engagements:	
Surprise Cash Counts (2)	40
Time Reporting Reviews (2)	160
Central Maintenance & Fleet Time/Resource Reporting	100
Other Consulting (NERC/CIP Compliance, IRP/Strat Plan)	100
Total Estimated Hours	2,600



7

Proposed FY2016 Audit Plan, Cont'd

Available Resources:

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



8

Motion by Commissioner Bossenbery, Seconded by Zerkle, to forward the Internal Auditor's Audit Plan to the full board for consideration.

Action: Motion Carried

Internal Auditor, Phil Perkins presented two proposed changes to the Internal Audit Charter: (1) language changes to emphasize the mandatory nature of complying with the Definition of Internal Auditing, Code of Ethics, and Institute of Internal Auditors' Standards, and (2) addition of requirements to present to the Board the annual audit plan for approval and other periodic updates to inform the Board of Internal Audit's efforts on quality assurance, continuous improvement, and the results of internal and external peer reviews.

Motion by Commissioner Bossenbery, Seconded by Mullen, to forward the Internal Audit Charter to the full board for consideration.

Motion by Commissioner Bossenbery, Seconded by Commissioner Zerkle, to forward the Internal Auditor Charter with amendments to clarify the presented plan to the full Board for consideration. Amended by inserting the text highlighted in yellow:

INTERNAL AUDIT PLAN:

At least annually, the Director of Internal Audit will submit to the General Manager and the Board, an internal audit plan for review and Board approval. The internal audit plan will be developed using a risk-based methodology, including input of the General Manager and the Board. Any significant deviation from the approved internal audit plan will be communicated to the General Manager and the Board through periodic activity reports.

PERIODIC ASSESSMENT:

The Director of Internal Audit will communicate annually to the General Manager and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Motion Carried on the amendment by unanimous consent.

The question being the motion to forward the Internal Auditor's Audit Charter as amended to the full board for consideration.

Action: Motion Carried

Charles L. Moore, CPA of Charles Moore and Associates provided an overview of his firm that performs augmented internal auditing services for BWL, including his contracted responsibilities in assisting the BWL Internal Auditor with audit planning and execution.

April and May 2015 Financial Highlights

Heather Shawa-DeCook, Chief Financial Officer (CFO), stated that in the prior Committee of the Whole meeting, there were a couple questions regarding Board of Water and Light's (BWL) credit rating, so she updated the Board on the status of the same by noting that the BWL did add to its financial summary the target credit rating, which is currently an 'AA-' and the same is now reflected on the report. The BWL has held this rating since August of 2003 and is in the top third of S&P investment-grade public utilities, deeming the rating as very solid.

Ms. Shawa-DeCook provided the Committee with a brief overview of the BWL's April and May month-end financials by reporting the following information:

**FINANCIAL SUMMARY FOR
April-15**

Cash Balance

	Month End Balance	Target	Difference	%
O&M Fund	\$ 81,928,131	\$ 80,126,021	\$ 1,802,110	2%
Days Cash on Hand	179	180		
Credit Rating	AA-			
Debt Service Coverage - Rating Agencies	1.70	2.35		
Debt Service Coverage - Bond Covenants	2.28	1.25		
Total Cash	\$ 213,828,299 =	\$ 81,928,131 +	\$ 91,146,980 +	\$ 40,753,188
		O&M Fund	Designated Funds	Restricted Funds

Budget Status O&M - YTD

	Actual YTD	YTD Budget	Difference	%
Excluding Fuel	\$ 114,722,616	\$ 119,943,658	\$ (5,221,042)	-4%

Financial Statements YTD

	Actual YTD	YTD Budget	Difference	%	Actual Prior YTD	Difference	(%) +/-
Revenue	\$ 293,774,451	\$ 309,604,663	\$ (15,830,212)	-5%	\$ 291,092,739	\$ 2,681,712	0.9%
Retail	\$ 267,811,370	\$ 273,802,681	\$ (5,991,311)		\$ 261,520,113	\$ 6,291,257	2.4%
Wholesale	\$ 25,963,081	\$ 35,801,982	\$ (9,838,901)		\$ 29,572,626	\$ (3,609,545)	-12.2%
Oper Expense	\$ 255,636,382	\$ 274,325,489	\$ (18,689,107)	-7%	\$ 249,281,308	\$ 6,355,074	2.5%
Non Oper	\$ (26,115,367)	\$ (30,088,095)	\$ 3,972,727		\$ (25,893,964)	\$ (221,403)	0.9%
Net Income	\$ 12,022,702	\$ 5,191,079	\$ 6,831,623		\$ 15,917,467	\$ (3,894,765)	-24.5%

	Actual YTD	YTD Budget	Target
Return on Assets	3.10%	2.40%	6.18%

Ratios

Operating Ratio

O&M Expenses	/	Revenue	=	Measures efficiency	APPA Median
\$ 223,476,458		\$ 293,774,451		0.761	0.719

Current Ratio

Current Assets	/	Current Liabilities	=	Measures Liquidity	APPA Median
\$ 278,016,800		\$ 42,378,729		6.560	1.800

Debt to Total Assets

LT Debt + Accrued Liabilities	/	Total Assets	=	Measures Leverage	APPA Median
\$ 408,095,960		\$ 1,160,659,992		0.352	0.579

Revenue per KWh

	KWH	Electric Revenue	Revenue/KWH	Last YTD
Retail				
Residential	474,066,969	\$ 66,451,703	0.140	0.131
Commercial	955,202,953	\$ 112,090,395	0.117	0.112
Industrial	303,409,328	\$ 30,777,702	0.101	0.094
Wholesale	577,767,152	\$ 23,363,430	0.040	0.048
Other	30,950,298	\$ 11,869,593	N/A	N/A

Receivable Turnover

Sales	/	Accounts Receivable Balance	=	Turnover	Last YTD
\$ 293,774,451		\$ 19,469,230		15.09	12.49

Bad Debt

Actual YTD	YTD Budget	Over/(under)	% of Revenue Total	Last YTD
\$ 2,384,837.22	\$ 1,666,666.66	\$ 718,170.56	0.81%	0.52%

Employee Data

	Actual YTD	YTD Budget	Over/(under)
Employee Count	735	743	(8)
	Bargaining = 474 64.49%		
	Non Bargaining= 261 35.51%		

Payroll Data

	Actual YTD	YTD Budget	Difference	Actual Prior YTD	Difference	(%) +/-
Total Labor	\$ 48,751,581	\$ 48,683,347	\$ 68,234	\$ 45,335,502	\$ 3,416,079	7.5%
Regular	\$ 42,116,898	\$ 43,574,507	\$ (1,457,609)	\$ 39,130,276	\$ 2,986,622	7.6%
Overtime	\$ 6,634,683	\$ 5,108,840	\$ 1,525,843	\$ 6,205,226	\$ 429,457	6.9%
Total Hours Worked	1,097,866			1,015,423		
Labor Expense/Hours Worked	\$ 44.41			\$ 44.65		
APPA Median	\$ 41.57					

Benefits Cost

(Including Retirees)

	Actual YTD	YTD Budget	Difference
Health	\$ 11,638,734	\$ 10,739,045	\$ 899,689
RX	\$ 2,568,255	\$ 2,489,700	\$ 78,555
Dental	\$ 956,468	\$ 1,094,810	\$ (138,342)
Life	\$ 196,042	\$ 264,650	\$ (68,608)
FICA	\$ 3,594,619	\$ 3,647,845	\$ (53,226)
Other	\$ 1,503,376	\$ 2,906,254	\$ (1,402,878)
	\$ 20,457,495	\$ 21,142,304	\$ (684,809)

Operating Ratio - Measures the proportion of revenues to cover the operation and maintenance costs

Current Ratio - Measures whether current assets are sufficient to pay current liabilities within one year.

Debt to Total Assets Ratio - Measures the ability to meet its current and long-term liabilities based on the availability of assets.

* APPA Median Source is the APPA Selected Financial and Operating Ratios of Public Power Systems, 2013 Data. Specifically Utilities with over 100,000 Customer Class Size
This publication is always 2 years behind

FINANCIAL SUMMARY FOR May-15										
Cash Balance										
		Month End Balance		Target		Difference		%		
O&M Fund	\$	91,352,895	\$	80,126,021	\$	11,226,874		12%		
Days Cash on Hand		180		180						
Credit Rating		AA-		AA-						
Debt Service Coverage - Rating Agencies		1.74		2.35						
Debt Service Coverage - Bond Covenants		2.36		1.25						
Total Cash	\$	217,865,628	= \$	91,352,895	+ \$	91,442,832	+ \$	35,069,901		
				O&M Fund		Designated Funds		Restricted Funds		
Budget Status O&M - YTD										
		Actual YTD		YTD Budget		Difference		%		
Excluding Fuel	\$	129,226,567	\$	134,005,428	\$	(4,778,861)		-4%		
Financial Statements YTD										
		Actual YTD		YTD Budget		Difference	%	Actual Prior YTD	Difference	(%) +/-
Revenue	\$	323,767,203	\$	338,992,455	\$	(15,225,252)	-4%	\$ 317,503,903	\$ 6,263,300	2.0%
Retail	\$	295,204,817	\$	299,507,781	\$	(4,302,964)		\$ 285,187,356	\$ 10,017,461	3.5%
Wholesale	\$	28,562,386	\$	39,484,674	\$	(10,922,288)		\$ 32,316,547	\$ (3,754,161)	-11.6%
Oper Expense	\$	283,481,624	\$	303,234,871	\$	(19,753,247)	-7%	\$ 274,958,755	\$ 8,522,869	3.1%
Non Oper	\$	(28,640,131)	\$	(33,001,204)	\$	4,361,073		\$ (27,947,195)	\$ (692,936)	2.5%
Net Income	\$	11,645,448	\$	2,756,380	\$	8,889,068		\$ 14,597,953	\$ (2,952,505)	-20.2%
Projected Net Income	\$	8,708,429								
		Actual YTD		YTD Budget		Target				
Return on Assets		3.28%		2.23%		6.18%				
Ratios										
Operating Ratio		O&M Expenses	/	Revenue	=	Measures efficiency		APPA Median		
	\$	248,102,242		\$ 323,767,203		0.766		0.719		
Current Ratio		Current Assets	/	Current Liabilities	=	Measures Liquidity		APPA Median		
	\$	196,128,597		\$ 72,126,736		2.719		1.800		
Debt to Total Assets		LT Debt + Accrued Liabilities	/	Total Assets	=	Measures Leverage		APPA Median		
	\$	438,730,935		\$ 1,028,894,003		0.426		0.579		
Revenue per KWh		KWH		Electric Revenue		Revenue/KWH		Last YTD		
Retail										
Residential		512,884,167	\$	72,631,870		0.142		0.131		
Commercial		1,045,782,403	\$	124,535,355		0.119		0.113		
Industrial		334,251,620	\$	34,401,408		0.103		0.094		
Wholesale		641,112,620	\$	25,701,619		0.040		0.048		
Other		33,254,562	\$	12,892,369		N/A		N/A		
Receivable Turnover		Sales	/	Accounts Receivable Balance	=	Turnover		Last YTD		
	\$	323,767,203		\$ 21,562,451		14.90		14.99		
Bad Debt		Actual YTD		YTD Budget		Over/(under)		% of Revenue Total	Last YTD	
	\$	2,384,837.22		\$ 1,666,666.66		\$ 718,170.56		0.74%	0.48%	
Employee Data										
		Actual YTD		YTD Budget		Over/(under)				
Employee Count		734		756		(22)				
		Bargaining = 471 64.17%								
		Non Bargaining = 263 35.83%								
Payroll Data										
		Actual YTD		YTD Budget		Difference		Actual Prior YTD	Difference	(%) +/-
Total Labor	\$	56,481,704	\$	55,658,938	\$	822,766		\$ 51,993,827	\$ 4,487,877	8.6%
Regular	\$	48,959,522	\$	49,843,809	\$	(884,287)		\$ 44,851,442	\$ 4,108,080	9.2%
Overtime	\$	7,522,182	\$	5,815,129	\$	1,707,053		\$ 7,142,385	\$ 379,797	5.3%
Total Hours Worked		1,259,142						1,168,504		
Labor Expense/Hours Worked	\$	44.86						44.50		
APPA Median	\$	41.57								
Benefits Cost										
<i>(Including Retirees)</i>		Actual YTD		YTD Budget		Difference				
Health	\$	12,809,921	\$	11,772,039	\$	1,037,882				
RX	\$	2,868,066	\$	2,738,670	\$	129,396				
Dental	\$	1,058,944	\$	1,204,291	\$	(145,347)				
Life	\$	219,821	\$	291,114	\$	(71,293)				
FICA	\$	4,142,006	\$	4,168,966	\$	(26,960)				
Other	\$	1,669,432	\$	3,175,368	\$	(1,505,936)				
	\$	22,768,191	\$	23,350,448	\$	(582,257)				
<i>Operating Ratio - Measures the proportion of revenues to cover the operation and maintenance costs</i>										
<i>Current Ratio - Measures whether current assets are sufficient to pay current liabilities within one year.</i>										
<i>Debt to Total Assets Ratio - Measures the ability to meet its current and long-term liabilities based on the availability of assets.</i>										
Page 7 of 11										
* APPA Median Source is the APPA Selected Financial and Operating Ratios of Public Power Systems, 2013 Data. Specifically Utilities with over 100,000 Customer Class Size										

Heather Shawa-DeCook, Chief Financial Officer (CFO), reviewed the Six Year Financial Plan, including the following information:

- Financial Goals
- Financial Assumptions
- Rate of Return
 - Annual Net Income by Utility
 - Without Forecast Rate Increases
 - Annual Net Income by Utility Without Forecast Rate Increases
- Capital Forecast
- Capital Budget – Major Projects/Programs
- Already Completed and Next Steps

In summary, Ms. Shawa-DeCook noted that BWL's April cash flow was slightly over target of 80 million for cash on hand, and May's financial summary in month-end reported 10 million over target, due to [BWL's] bi-annual obligation for return on equity payment. Additionally, Ms. Shawa-DeCook stated that [BWL's] June year-end is expected to be more in line with our target of 80 million. Moreover, Ms. Shawa-DeCook stated that [BWL's] revenue is still tracking under budget, to wit: May reported at 15 million, or 4% under budget. However, she stated that the [BWL] did gain another percent between April and May; in February, the [BWL] had a variance of 7%, the same has reported at 4% in May. Ms. Shawa-DeCook expressed that she expects June year-end to be around 4% variance overall. According to Ms. Shawa-DeCook, in lieu of the variance of revenue, the [BWL] is tracking positive variance from net income, which directly contributes to [BWL's] O&M budget. As noted by Ms. Shawa-DeCook, several months ago, the management set to reduce the O&M by 3%, the [BWL] has exceeded that number and are now tracking at approximately 7% under O&M budget. This is directly impacting the projected net income for year-end. Ms. Shawa-DeCook stated that this has not been an easy task for the management team, and that they all have done a great job at having full oversight on their budget and managing it. Additionally, Ms. Shawa-DeCook has stated that this has not been at an expense of safety, storm preparedness and operational needs. She applauded the management team for doing a great job.

In closing, Ms. Shawa-DeCook stated that we are still finalizing preliminary unaudited June fiscal year-end statements and have to perform due-diligence and reviews of our estimates, reserves and accruals. The same unaudited June financials will be provided to the Board at the next meeting.

Six Year Forecast Overview/Resolution

Heather Shawa-DeCook, Chief Financial Officer (CFO), provided a Six Year Forecast Overview to the Board, and stated that [BWL's] financial goals, in addition to maintain an AA- credit rating, as previously discussed, is to ensure adequate liquidity so that we can meet our near-term obligations when due. According to Ms. Shawa-DeCook, [BWL's] cash on hand for fiscal year 2016 is forecasted at 135 days. Ms. Shawa-DeCook noted that this is an item that we are currently watching because the median day's cash for AA- rating is 180 days. Another financial key goal [for BWL] is to maintain rate competitiveness, and this Six Year Forecast Overview has factored in the 6.18% rate of return.

Ms. Shawa-DeCook stated that [BWL's] projects a modest increase in residential and industrial sales, and a conservative decline in wholesale sales. As Eckert nears the end of its useful life, [BWL] projects slight decline in water sale and slight increase in wholesale. With respect to steam and chilled water, the [BWL] is not assuming any significant growth.

Ms. Shawa-DeCook noted that in terms of operating expenses, 2.3% inflationary rate is forecasted, including general cost and 5% for employee benefit. Ms. Shawa-DeCook further noted that in August of 2008, the Board approved a target rate of return of 6.18%, which was determined using utility Financial Solutions. The Board, as noted by Ms. Shawa-DeCook indicated that this approach should allow for flexibility to adjust the calculated return upward for large construction projects and other unusual circumstances. As such, Ms. Shawa-DeCook noted that the [Six Year] Forecast is being presented for acceptance, based on achieving previously calculated rate of 6.18% by the end of the 6th year. Additionally, Ms. Shawa-DeCook noted that it may be best to update the return in conjunction with the IRP process to ensure the calculated return target considers the direction dictated by the findings of the IRP.

Ms. Shawa-DeCook presented [BWL's] total budget over the next 6 years as 369 million in capital projects, as well as high-level summary of [BWL's] major projects and programs.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Louney, Seconded by Commissioner Mullen, to accept the capital expenditures forecast for fiscal year 2017 through 2012.

Action: Motion Carried

Credit Card Policy Resolution

Heather Shawa-DeCook, Chief Financial Officer (CFO), stated that per the request of the Commissioners, Internal Auditor, Phil Perkins' special internal audit findings recommendations was to have the P-cards, receipts and reconciliation of the three Board-appointed employees, be reviewed and approved by the Board of Commissioners. Ms. Shawa-De-Cook reiterated the Resolution to emphasize that the Board-appointed employees shall sign, date and present their reconciliation report to the Chair of the Finance Committee at the close of each cycle and thereafter, the Chair of the Finance Committee shall review, sign, date and return the reconciliation report to the employee.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Bossenbery, Seconded by Commissioner Zerkle, to forward the Resolution for the approval of the Credit card Policy.

Action: Motion Carried

Capital Project Exceedance Approval

Heather Shawa-DeCook, Chief Financial Officer (CFO), stated that per the request of the Commissioners, Internal Auditor, Phil Perkins' special internal audit findings, the recommendation was that any approved capital project that is expected to exceed its total budget amount by both 15% and 200,000 must have the exceedance approved by the Commissioners prior to the completion of the project.

Commissioner Ross suggested amending the Resolution so it says '\$200,000 or more.'

Motion by Commissioner Bossenbery, Seconded by Commissioner Zerkle, to move the resolution with amendment.

Action: Motion Carried

Other

Interim General Manager Peffley thanked Internal Auditor, Phil Perkins for his work and assured the Commissioners that the technical issues that were experienced during the meeting regarding the microphones will be rectified, hopefully prior to the next meeting.

Adjourn

On Motion by Commissioner Louney, Seconded by Commissioner Bossenbery, the meeting adjourned at 9:38 p.m

Respectfully submitted
Dennis M. Louney, Chair
Finance Committee

**Human Resource Committee Meeting
minutes of July 28, 2015 not available at
Board meeting time.**

RESOLUTION APPROVING THE AGREEMENT TO RESOLVE ELECTRIC SERVICE TO MICHIGAN STATE UNIVERSITY ENTERED INTO BY THE LANSING BOARD OF WATER AND LIGHT AND CONSUMERS ENERGY COMPANY

WHEREAS, Michigan State University (“MSU”) is seeking an outside source of electric power for its new Facility for Rare Isotope Beams (“FRIB”);

WHEREAS, both the Lansing Board of Water and Light (“BWL”) and Consumers Energy Company (“Consumers Energy”) assert the right to supply electric power to the FRIB;

WHEREAS, BWL and Consumers Energy have agreed to resolve this dispute by entering into an Agreement to Resolve Electric Service (“Agreement”) under which Consumers Energy will construct facilities and provide service to the FRIB with the net margin from this service (less a 10% administrative fee charged by Consumers Energy) to be divided equally between the two utilities for a 20 year period commencing with the initiation of service to the FRIB and further providing that after the effective date of the Agreement neither utility will assert that it has the exclusive right to provide electric service to the MSU campus;

WHEREAS, it is the intention of BWL and Consumers Energy to seek approval of the Agreement from the Michigan Public Service Commission (“MPSC”) pursuant to MCL 460.10y (4) and MCL 460.54; and

WHEREAS, pursuant to MCL 460.10y (4) the Agreement may not become effective unless approved by the MPSC and the governing body of BWL;

NOW, THEREFORE BE IT RESOLVED that the Board of Water and Light of the City of Lansing, Michigan hereby approves the Agreement.

PROPOSED RESOLUTION
Fiscal Year 2017-2021 Capital Forecast

RESOLVED, that the forecast for capital expenditures for the Fiscal Years 2017-2021 is hereby accepted as presented.

Staff Comments: Capital expenditures for Fiscal year 2016-2021 are estimated to be \$369 million. The 2016 Capital budget was previously adopted by the Board of Commissioners. Staff recommends the remaining years of the forecast be accepted as presented.

PROPOSED RESOLUTION

Credit Card Policy

RESOLVED, that Board of Water and Light Policy 7-05 "Credit Card" is hereby amended to add the following:

RESOLVED, that all Board appointed employees, including the General Manager, Corporate Secretary, and Internal Auditor shall complete, sign, and date a reconciliation report for their credit card also referred to as procurement card or P-card, after each cycle.

RESOLVED, that the reconciliation report shall include itemized receipts and a description of the business purpose of the transaction. Transaction description of meal expenses shall include the name and organization of the meal guest(s).

RESOLVED, that the Board appointed employee shall sign, date, and present their reconciliation report to the Chairperson of the Finance Committee after the close of each cycle. The Chairperson of the Finance Committee shall review, sign, date, and return the reconciliation report to the employee. The Board appointed employee shall retain the signed reconciliation report as directed by the BWL Record Retention Policy.

FURTHER RESOLVED, that this policy may not be waived or overridden, except by Board resolution.

This resolution supersedes Resolution 2001-1-3.

Staff Comments: This resolution is needed to ensure Board appointed employees' procurement cards are adequately reconciled and proper approvals are received.

PROPOSED RESOLUTION
Capital Project Exceedance Approval

RESOLVED, that Board of Water and Light Policy 15-02 “Capital Project Approval” is hereby amended as follows:

RESOLVED, that Board of Water and Light Policy 15-02 “Capital Project Approval” is renamed “Capital Project Exceedance Approval”; and

RESOLVED, that any approved capital project that is expected to exceed its total budget amount by both 15% and \$200,000 or more must have the exceedance approved by the Commissioners prior to completion of the project; and

RESOLVED, the General Manager shall report the expected exceedance to the Commissioners as soon as reasonably possible; and

RESOLVED, this policy applies to the aggregate total budget amounts for electric, water, steam, and chilled water “annual” capital projects and to the individual total budget amounts for “planned” capital projects; and

RESOLVED, the General Manager shall establish and implement procedures overseeing capital project costs consistent with this policy; and

FURTHER RESOLVED, item 5 under the Board of Commissioners’ Responsibility as part of Policy 19-08 “Line Extensions and Service Territory Expansion” shall be removed from this Policy to eliminate redundant information as contained within Policy 15-02.

This resolution supersedes Resolutions 2000-3-2 and 2001-6-16.

Staff Comments: This change to capital project approval is needed to provide clarity regarding Board approval and reporting requirements for capital budget variances.

**LANSING BOARD OF WATER AND LIGHT
RESOLUTION HONORING CYNTHIA WARD**

WHEREAS, it is indeed a pleasure to extend this expression of our thanks and best wishes to Cynthia Ward for the time, energy, and talent she contributed as a Commissioner of the Lansing Board of Water and Light; and

WHEREAS, Cynthia was appointed to the Board of Commissioners in October of 2010, as an At-Large Commissioner. Cynthia's dedication and commitment allowed her to become an invaluable and highly respected member of the Board of Commissioners; and

WHEREAS, Cynthia was appointed Chair of the Human Resources Committee for Fiscal Year 2014 through July 2015 and also served as the Chair of the Nominating Committee for 2015; and

WHEREAS, On behalf of her colleagues, employees of the Lansing Board of Water and Light and the citizens of Lansing, we offer our sincere gratitude for the knowledge, skills and abilities she utilized and contributed as a Commissioner of the Lansing Board of Water and Light.

RESOLVED, That the members of this Board hereby honor and commend Cynthia Ward for her years of distinguished service in the Regular Board Meeting on this 28th day of July 2015. We wish Cynthia enormous success in all her future endeavors.

David Price , Chair

Margaret Bossenbery , Vice Chair

Dennis M. Louney

Anthony McCloud

Tony Mullen

Ken Ross

Tracy Thomas

Sandra Zerkle

Resolution

Appointment of the Charter Position of Corporate Secretary

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary for fiscal year 2015-2016, or, until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

Resolution

Appointment of the Charter Position of Internal Auditor

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2015-2016, or, until a successor is appointed, whichever last occurs:

Philip Perkins, Internal Auditor

Resolution

Appointment of the Charter Position of Director and General Manager

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

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2015-2016, or, until a successor is appointed, whichever last occurs:

Richard R. Peffley, Interim Director and General Manager

Proposed Resolution
INTERNAL AUDIT CHARTER

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

Proposed Resolution
INTERNAL AUDIT PLAN FOR FY 2016

RESOLVED, That the Board of Commissioners hereby approves the Internal Audit Plan for FY 2016,

Proposed Resolution
Directing Interim GM to Prepare a Business Case

Whereas the Lansing Board of Water and Light has been a publicly owned utility since 1885 ;

Whereas the vision of the Lansing Board of Water and Light is to partner with our customers, community, and employees to make Lansing the most attractive community in Michigan in which to live, raise a family, work, and operate a business;

Whereas the mission of the Lansing Board of Water and Light is to provide safe, reliable, and affordable utility products and services and to plan for future growth, be responsible environmental stewards, and be active participants in the Lansing Community's cultural and economic initiatives;

Whereas the Lansing Board of Water and Light Customers have enjoyed significant savings on their utility bills in comparison to their neighbors that are served by privately owned utility companies;

Whereas should the Lansing Board of Water and Light be sold to a private utility company customers will likely see an increase in their monthly utility bills and;

Whereas the employees of the Lansing Board of Water and Light are among the best and the most highly skilled utility workers in the nation and a sale of the utility would lead to internal reorganization and unknown layoffs of BWL employees;

Whereas the Lansing Board of Water and Light plays a significant role in our region's business development efforts providing guaranteed savings to companies looking to locate or expand in this area;

Whereas the Lansing Board of Water and Light works to make our community a great place to live supporting programs like pennies for power and adopt a river and helping to support helping to sponsor the BWL chili cook offs, silver bells in the city, common ground music festival, and our own home town professional sports franchise the Lansing Lugnuts;

Whereas the Lansing Board of Water and Light employees contribute many hours volunteering at community events, greatly enhancing the quality of life in the Lansing region; and

Whereas if the Lansing Board of Water and Light were sold to a private company, many of these community assets and benefits would be lost; and now therefore, be it

Resolved that the commission of the Lansing Board of Water and Light directs the interim General Manager to prepare a business case for keeping the Lansing Board of Water and Light a community asset owned by the City of Lansing.