



**LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
COMMITTEE OF THE WHOLE MEETING**

**November 7, 2024 – 5:30 P.M.
REO Town Depot - Board of Water & Light Headquarters
1201 S. Washington Ave., Lansing, MI 48910**

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

AGENDA

Call to Order

Roll Call

Public Comments on Agenda Items

- 1. Approval of the Committee of the Whole Meeting Minutes of September 10, 2024 **TAB 1**
- 2. FY26-30 Strategic Plan Presentation **TAB 2**
 - a. FY26-30 Strategic Plan Resolution **TAB 2a**
- 3. Retirement Plan Committee Update **TAB 3**
- 4. Regular Board Meeting Schedule 2025 Resolution **TAB 4**

Other

Adjourn

COMMITTEE OF THE WHOLE
Meeting Minutes
September 10, 2024

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, September 10, 2024.

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

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

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Beth Graham to approve the Committee of the Whole Meeting minutes of July 16, 2024.

Action: Motion carried. The minutes were approved.

Global Internal Audit Standards

Director of Internal Audit, Elisha Franco, presented the Global Internal Audit Standards. Ms. Franco reviewed the purpose of internal auditing and role as a governing body, in management, and in independent assurance. Ms. Franco stated that the Board, management and internal audit work together to achieve organizational objectives and reported on three principles and nine standards in Domain III in the Global Internal Audit Standards that work toward an effective internal audit function. Ms. Franco stated that the Institute of Internal Auditors (IIA) is an international professional association that is the internal audit profession's leader in the standards, certification, education, research and technical guidance. Members of IIA work in internal auditing, risk management, government, internal controls, information technology, education and security. The IIA creates and releases standards for which internal audit functions are to adhere. Under the oversight of the Board, internal audit reviews the organizational processes, operations and goals, and provides senior management with the information needed to make informed decisions on critical issues. The standards crafted by the IIA are a primary mechanism for ensuring an organization's internal audit provides essential service efficiently. The Board approved the current internal audit charter in 2019 which contains a commitment to adhere to the 2017 standards. In January 2024 the IIA released an updated version called the Global Internal Audit Standards which will replace the 2017 standards and take effect in January 2025. The standards apply to businesses of all sizes, industries and regions. Ms. Franco provided the principles and standards that are relevant to the Board of Commissioners, senior management and the internal audit

function and stated that it is considered best practice within the internal audit profession to adopt and adhere to current standards.

Commissioner Thomas commented that Ms. Franco and her assistant Nicole Smith did a great job on narrating the training presentation.

Commissioner Price asked how often an external evaluation of the internal audit function occurs. Ms. Franco responded that the standards require a review to be completed every five years.

Chairperson James commented that the board was presented with why the board should adopt these standards, but if we don't have an internal auditor that's certified, why are we required? Ms. Franco responded that she has been requested by the board to obtain CIA certification through the IIA which means she would have to adhere to the IIA guidance and standards. Additionally, she does have a staff member that has IIA certification and is required to adhere to those standards. Ms. Franco added that it is best practice to have the latest and updated standards, and the 2017 professional standards are in the current charter. Chairperson James asked for when the new standards needed to be adopted. In response to Chairperson James, Ms. Franco responded that January 2025 is the deadline when the new IIA standards go into effect which includes creating and putting in place a strategic plan and manual for the Internal Audit department.

Commissioner Price commented that the standards were not what was being adopted but adopting a charter which references the standards. Ms. Franco responded that the updated charter states agreement with adopting and using the new standards.

Commissioner Leek asked what the penalty or repercussion would be if the charter and standards weren't adopted. Ms. Franco responded that there wouldn't be a penalty, but the current audit charter states that an external assessment is to be completed every five years, and BWL wouldn't be in compliance if the most updated standards weren't adopted. Commissioner Leek asked if the charter is approved would it need to go to City Council and the City Charter. Ms. Franco responded that the internal audit charter is just a governing document for the BWL's Internal Audit Department.

Chairperson James commented that the current internal audit reports aren't provided to the city of Lansing and commented on whether it was being recommended. Chairperson James asked if the recommendation was for an external audit assessment to be performed. Ms. Franco affirmed that an external audit assessment is being recommended.

Commissioner Thomas asked whether there was any cost or penalty connected to the Board depending on charter approval. Ms. Franco responded no; we would go by the standards put in place in the 2019 audit charter. If we had an external assessment, with certifications I'm being asked and with the staff member having those certifications, we should be in best practice to have the certifications obtained and to update the standards. Commissioner Thomas asked if the decision about the charter could be moved to December 2025 (2024) considering his fiduciary responsibility. Ms. Franco responded that the recommendation is for the internal audit department to be up to date.

Chairperson James asked Ms. Franco to explain in steps the recommendation as it relates to best practices and certification and if there would be a reason that the Board would choose not to update the standards. Ms. Franco responded that it is recommended that best practice standards that are available be used and does not know of a reason that the Board would choose not to adopt the new standards.

Commissioner Schrader asked what was specifically different between the previous charter and standards and the current charter and standards that are being recommended. Ms. Franco responded that the information will be provided in the upcoming internal audit charter presentation.

Commissioner Thomas asked whether the certification of the assistant would be needed and would it be determined by the standards as Ms. Franco is the Director of Internal Audit. Ms. Franco responded that the standards were released in January 2024 and are required to be adopted by January 2025.

Commissioner James asked Ms. Franco if Internal Auditor Nicole Smith was present, and if Ms. Franco could allow her to come to the table to answer some questions and provide information. Chairperson James commented that Ms. Franco stated that it was a best practice to adopt the standards and asked Ms. Smith for her thoughts. Ms. Smith responded that the new standards are required for all internal auditors and go into effect January 9, 2025. The standards can be adopted now as they were released January 9, 2024. Ms. Smith stated that she has been certified through the IIA since March of 2010, she is a Certified Government Auditing Professional, and Certified Fraud Examiner. Ms. Smith stated that with those certifications she is required to complete ongoing continuous training and if she doesn't her certifications will be revoked. By working in the internal audit department and working on the audits, it is a requirement for the current required standards that will go into effect on January 9, 2025 to be utilized.

Commissioner Leek asked again about whether there would be repercussions if the standards weren't adopted. Ms. Smith responded that since it is required, if there is an external audit and the standards weren't adopted, her certifications could be revoked, Commissioner Leek stated that there was a repercussion then. Ms. Smith stated that it would not look good if an external audit is performed, the report made by the external auditor would be a public entity report, there is reputational risk, potential liability and possible financial liability, and BWL would want to be on the preventative side. Commissioner Leek asked whether there were 2019 standards as currently 2017 standards are adopted. Ms. Franco responded that there were no new standards in 2019.

Commissioner Thomas asked whether there would be a penalty if BWL was audited now or right after the standards went into effect. Ms. Smith responded that the standards don't go into effect until January 9, 2025, and that there is a grace period to comply to allow to plan and put the standards in place. Ms. Smith also responded that different types of requirements and certifications apply to be qualified or to meet the requirements to be a Director of Internal Audit or an Internal Auditor. Commissioner Thomas expressed concern whether BWL would be in trouble if audited. Ms. Smith responded that the standards within the charter are what BWL is to follow. Commissioner Thomas asked if the internal auditor with the credentials would be the qualification for the standards. Chairperson James added that a reason hasn't been given to delay agreeing to the standards and that

Ms. Smith has stated that it would affect her and the department. Chairperson James stated that Ms. Franco is recommending approval of the standards in the charter and is looking out for the best interests of the BWL and doesn't see any reason to delay.

Commissioner Zerkle commented that she didn't know how BWL would be affected if the audit charter with the new standards wasn't approved. Ms. Franco responded that it is a best practice, and if an external audit is performed, the most updated standards and guidelines would not be adhered to and there is no benefit to waiting. Commissioner Zerkle asked how it would be different than the procedure of auditing in the past. Ms. Franco responded that audits would be complying with the updated processes and standards.

Internal Audit Charter

Director of Internal Audit, Elisha Franco, presented the Internal Audit Charter. The new standards result in differences in three main areas: a mandate – which for BWL is in the Lansing City Charter; a commitment to adhere to the Global Internal Audit standards; and Board of Commissioner oversight.

Commissioner Thomas asked what the difference would be in approving the audit charter today or at a later time. Chairperson James asked Commissioner Thomas what the benefit would be for postponing approval. Commissioner Thomas responded that finding out if the assistant's credentials would benefit in the event of other audits. Chairperson James responded that the credentials are irrelevant, and that Ms. Franco is recommending that it is best practice to update the standards. Ms. Smith responded that it is required for internal auditors rather than a best practice.

Commissioner Schrader asked the differences between the previous charter and the updated charter and Ms. Franco responded by providing the differences.

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James to forward the Internal Audit Charter Resolution to the full Board for approval.

Action: Motion Carried.

Retirement Plan Committee (RPC) Update

Chief Financial Officer Heather Shawa presented the Retirement Plan Committee update. As the real assets are at the allocation target of 15% for the VEBA Plan, the real asset redemption request has been withdrawn. A share class change with the Vanguard International Stock Index has been approved for the DC 401 (a) and 457 (b) Plans and communication will be sent to plan participants. In the 401(a) and 457(b) Plans a change in investment fee policy for a lower net fee. Drafts of summary plan descriptions, plan document updates, and administrative procedures updates for the DB and VEBA Plans are under review. A reimbursement for benefits has been approved for the VEBA Plan.

Motion by Commissioner Beth Graham, **Seconded** by Tracy Thomas to forward the Ratification of Trustees of Retirement Plans Resolution to the full Board for approval.

Action: Motion Carried.

Appointee Performance Evaluation Process

Chairperson James stated that currently the process starts in April with the meeting of the Chairperson of the Human Resources Committee and the Executive Director of Human Resources. An evaluation is performed and there is a negotiation of contracts. The negotiation of contracts may take place after July 1st. What is sought to be achieved as a best practice is to move the process back so that retroactive actions don't need to be taken. Chairperson James asked for input from Commissioner Thomas in moving the process to occur sooner and be more efficient.

Commissioner Thomas commented that it is the prerogative of the HR Chairperson to start the process. Commissioner Thomas provided a 2025 Appointed Employees Evaluation Timeline to the Commissioners.

Chairperson James stated the timeline hadn't been followed the last two years.

Commissioner Price commented that the timeline provided by Commissioner Thomas gives plenty of time for interviewing, hiring, and appointing. The timeline also allows for negotiating in July at the new year meeting.

Chairperson James commented that if the time is moved back the appointed employees would have an effective contract date of July 1st.

Commissioner Thomas commented that the HR Chairperson would work with the Executive Assistant on the first document in the timeline. A request was made to place the employee self-evaluations first on the timeline. Commissioner Thomas stated that when the timeline was followed the process was completed.

Commissioner Price asked Executive Director of Human Resources, Michael Flowers, whether it mattered if an appointed employee was employed on July 1 or after the Board Meeting in July. Mr. Flowers responded that there wasn't a required date.

Commissioner Zerkle asked if the contract start date could be moved to August 1 and then there wouldn't be a need for retroactive actions.

Commissioner James asked Mr. Flowers if his timeline was similar as contracts begin at the fiscal year. Mr. Flowers responded that contract payment can be made retroactively and is.

Commissioner Price commented that the resolution can be made for the May Board meeting with an appointment date of July 1, but that it didn't affect the employees as pay was provided retroactively.

Commissioner Thomas commented that there was no reason to fix the retroactive pay as employees haven't expressed a problem with it.

Chairperson James commented that she had only seen the process within the last two years.

Chairperson James thanked Commissioner Thomas for preparing the 2025 Appointed Employees Evaluation Timeline and further commented that the outline looked good and requested that it be added to the Board of Commissioners Roles and Responsibilities Handbook. Commissioner Price agreed, as well.

Other

Commissioner Zerkle commented that she is aware of the importance of each of the Committees and the Commissioners assigned to the committees need to be respected and trusted with decision making.

Commissioner Leek commented that at our last meeting, those Commissioners present had to vote on a very critical issue. Commissioner Leek also commented moving forward, if our Board of Commissioners' leadership can't attend, maybe the meeting could be changed or rescheduled. The names and length of service of Commissioners who are up for reappointment (to the Board of Commissioners) have been brought up at the city Charter (meeting) and it was noticed that leadership was not there. To avoid that situation, I would ask that the meeting be rescheduled if anything like that ever happening again.

Chairperson James stated that she had shared she was unable to attend, and that Commissioner Price had a prior commitment, and he couldn't attend, and that she had asked if the meeting could be rescheduled and was told no, we were moving forward. Commissioner James further commented that she agreed with Commissioner Leek that the meeting should have been rescheduled.

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Tracy Thomas for excused absences for Commissioners Tony Mullen, J. R. Beauboeuf, and Stuart Goodrich.

Action: Motion Carried.

Adjourn

Chairperson James adjourned the meeting at 6:53 p.m.

Respectfully Submitted
Semone James, Chairperson
Committee of the Whole



LANSING
BWL

Hometown People. Hometown Power.

**STRATEGIC PLAN
FY2026-2030**

DRAFT 10/30/24

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LansingBWL



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 ● 517-702-6006



MESSAGE FROM THE GM

Welcome to the FY2026-FY2030 BWL Strategic Plan. Not only are we excited for what's ahead in BWL's future, but also that our customers

and community can help us achieve the goals we've laid out in this plan. Over the last five years, we've had major accomplishments, like navigating COVID-19 and de-commissioning our last two coal plants. We put our focus on cleaner energy and creating an All-Source RFP to give us options of where our clean energy story goes next, while also bringing BWL's Delta Energy Park online, plus so much more. These accomplishments are possible thanks to the hard work of our employees and support from the community. Now it's time to update our goals and plans.

The BWL's Strategic Plan (henceforth called "the Plan") is a comprehensive roadmap that considers the current landscape and anticipates future changes to outline the organization's desired goals and outcomes for long-term success. The Plan guides decision-making and ensures all areas of the organization are moving in the same direction towards transparent growth that can be monitored, measured and celebrated. I'm excited for BWL's future and all that this plan outlines.

Richard R. Paffley

ABOUT THE BWL

The Lansing Board of Water & Light is a municipally-owned public utility that provides safe, reliable and affordable utility products and services to around 100,000 electric and 58,000 water customers throughout the greater Lansing area.

Our roots go back to 1885, when Lansing citizens approved building a water system. Electricity was added to our list of utility services in 1892, and steam heat in 1919. Chilled water was added in 2001.

BWL is governed by a Board of Commissioners made up of eight local citizens who are appointed by the Lansing mayor and approved by city council. The board expanded in 2014 to include three non-voting members representing areas of our service territory outside the City of Lansing.

BWL owns 2,000 miles of overhead and underground power lines and more than 800 miles of water mains, providing 2.7 million megawatt hours and 7 billion gallons of water to customers annually.

HIGHLIGHTS & Accomplishments



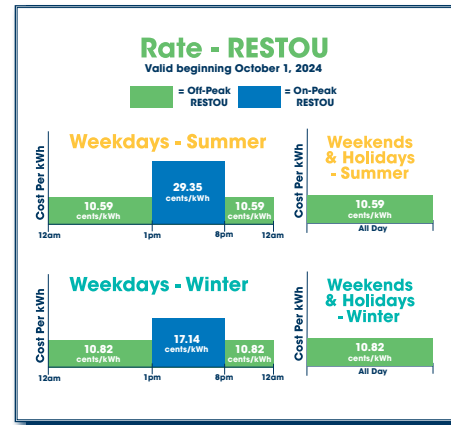
In 2022, BWL permanently shutdown its last coal-fired plant and began commercial operation of its Delta Energy Park natural gas-fired plant. The plant supported General Motors to bring a \$2.6 billion electric vehicle battery plant to Lansing while reliably providing electricity with lower greenhouse gas emissions.



BWL completed an All-Source Request for Proposal and announced a plan for new energy projects. The 10-year, 650-megawatt plan includes solar, wind and battery storage to achieve BWL's goal of delivering 50% renewable energy by 2030 and being 100% clean energy by 2040.



BWL closed out the BSmart project that upgraded all 58,000 water and 100,000 electric customers with a smart meter. BSmart has allowed customers to become partners with BWL in our commitment to energy efficiency, reliability and affordability.



BWL introduced time-of-use electric and tiered water rates that allow customers to better manage costs and consumption while positively impacting the environment.



BWL weathered the COVID-19 pandemic while maintaining affordable rates, excellent service and staffing.



The REO Cogeneration Plant became BWL's first plant to become certified to ISO 55001:2014 Asset Management System.



BWL established a Diversity, Equity & Inclusion (DEI) Department that enhanced collaboration across the organization and celebrated diverse cultures and perspectives. This included partnering with outside institutions to recruit a diverse, highly skilled workforce, plus creating DEI learning opportunities for new hires, management and emerging leaders. BWL also implemented a translation service to effectively communicate with customers in over 250 languages in FY21.



BWL increased attention on vulnerable customers with award-winning Community Resource Fairs and connections with community partners that paid around \$3 million toward past due BWL bills from 2021 to 2024.



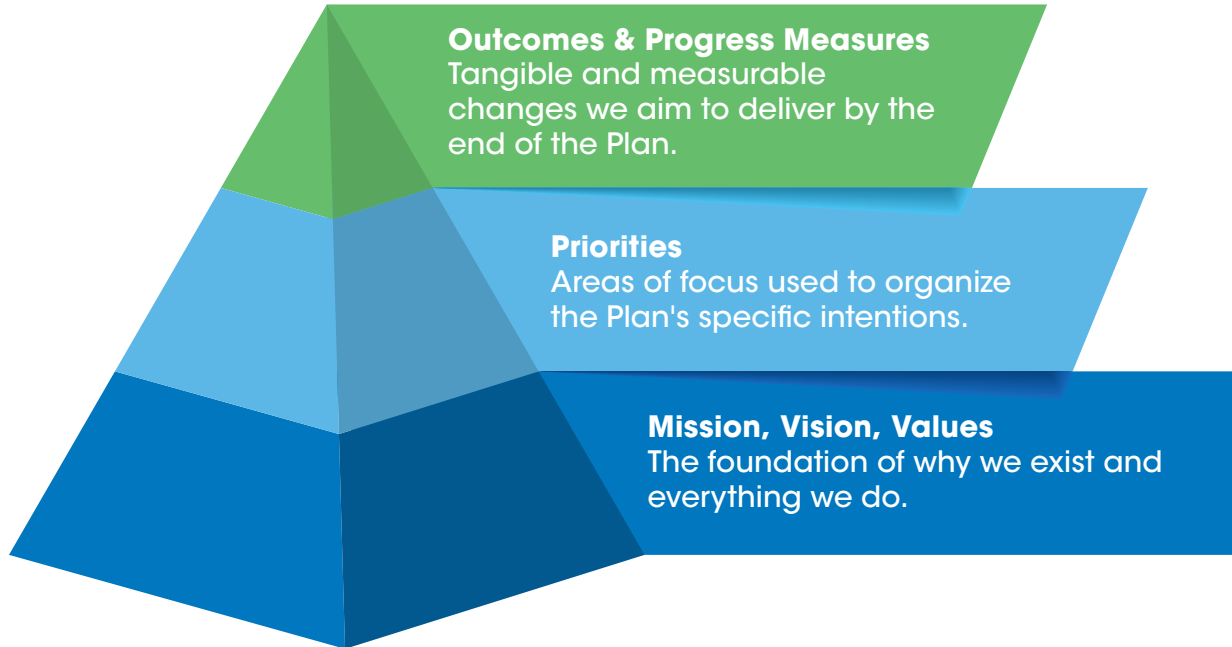
BWL completed a full vegetation management cycle and enhanced its business continuity procedures. These efforts mitigated the impacts of the August 2023 windstorm, which knocked out power to 43,000 customers. BWL restored power to 99% of customers within six days, resulting in a commendation from the US Congress.

Strategic Plan 2021

HIGHLIGHTS & Accomplishments

STRATEGIC PLAN STRUCTURE

BWL's FY26 Strategic Plan is multi-layered, anchored by our Mission, Vision and Value statements to stay focused on why we exist and how we contribute to the community we serve. The Priority layer shows the areas of focus the entire plan will work toward. These are the broader categories that become more detailed with Outcomes. Outcomes are the changes we aim to deliver by the end of the Plan, and what will be tracked, measured and reported throughout.



STRATEGIC PLAN IN PRACTICE

The Priorities and Outcomes are always present in BWL decision-making. Everything from budget decisions to departmental and individual goal-setting must tie back to the strategic plan to ensure all parts of the organization are excelling in the same direction.

STRATEGIC PLAN TRACKING & REPORTING

BWL's Outcomes are tied to tangible metrics and benchmarks for accountability throughout the Plan. BWL is committed to regular tracking and annual progress reports that are communicated to employees, leadership, Board of Commissioners and our customers.

MISSION - VISION - VALUES

BWL's Mission, Vision and Values statements are the foundation of why we exist and everything we do. These statements were present throughout the strategic planning process to ensure they will continue to be reflected in the plan's Outcomes.

Mission

The mission of the BWL is to provide a safe, reliable and affordable utility experience through public ownership, climate consciousness and innovative strategies.

Vision

The vision of the BWL is to deliver exceptional utility and customer service. The BWL will provide environmentally conscious utility products and programs that support regional growth by retaining a diverse, highly skilled workforce and implementing innovative technology solutions.

Values

Customer Driven

We strive to meet the needs of every customer in every interaction.

Accountability

We operate with integrity and take ownership of decisions made today that lead to long-term organizational success.

Respect

We celebrate everyone's differences, perspectives and traditions.

Environmentally Focused

We contribute to the health of our community by providing clean energy and water, reducing waste and promoting sustainable initiatives.

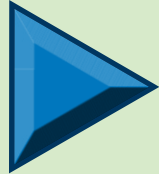
Safety

Safety is always job one, ensuring a safe working environment and community for everyone.

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STRATEGIC PRIORITIES

BWL's Strategic Priorities are broad, multi-year areas of focus that help us achieve our vision. Based on stakeholder feedback indicating their continued relevance, the priorities outlined in the 2021 Strategic Plan will be maintained with slight modifications for clarity.



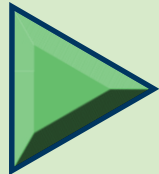
CUSTOMER & COMMUNITY

Enhance the customer utility experience and enrich the community we serve



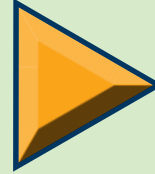
WORKFORCE DEVELOPMENT & DIVERSITY

Attract and retain a diverse, engaged workforce that embraces safety and supports the BWL's success



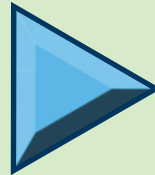
CLIMATE & ENVIRONMENT

Be a leader in providing climate-conscious solutions for a sustainable community



OPERATIONAL RESILIENCY & CONTINUOUS IMPROVEMENT

Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people and data



FINANCIAL STABILITY

Utilize effective planning strategies to maintain financial strength and continuity of operations

OUTCOMES

Outcomes are the tangible and measurable changes we aim to deliver by the end of the Plan. The BWL initiatives, budgets and departmental goals will consider their impact on these Outcomes and the ability to achieve them during the Plan's lifecycle.

Outcomes are measurable and progress will be tracked and regularly reported throughout the Plan to encourage continued focus on the outlined direction.

CUSTOMER & COMMUNITY

Enhance the customer utility experience and enrich the community we serve



Outcomes

1. Maintain high customer satisfaction
2. Build accessible connections between external resources and vulnerable customers
3. Increase community engagement and volunteerism
4. Support the business community and economic development

Progress Measures

- ▶ Customer satisfaction rating
- ▶ External funds received and applied directly to customer bills
- ▶ BWL support of local, minority and women-owned businesses



What It Looks Like

1. Deliver exceptional service while educating customers on programs such as peak rates and clean energy (solar, energy efficiency, electrification).
2. Connect customers behind on bills to information on resources and financial assistance with community partners.
3. Support sponsorships that are diverse and impactful while encouraging employee engagement within the community we serve.
4. Value and prioritize local businesses in vendor selections.

WORKFORCE DEVELOPMENT & DIVERSITY

Attract and retain a diverse, engaged workforce that embraces safety and supports the BWL's success



Outcomes

1. Continuously pursue and enhance our safety culture
2. Increase retention and employee development
3. Empower a culture of inclusion and respect where diverse perspectives drive success
4. Identify and develop candidates for critical functions

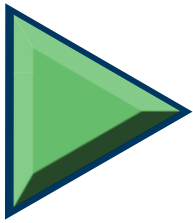
Progress Measures

- ▶ New hire retention rate
- ▶ Training and career progressions
- ▶ Marsh McLennan overall safety score
- ▶ Gartner Employee Inclusion Index
- ▶ Internal candidates identified for critical roles



What It Looks Like

1. Safety is always job one at BWL. We'll continue to integrate safety in how we work and think, whether in our production facilities, offices or while working in the community.
2. Expand programs to support new employees to retain staff and increase internal career progression within the organization.
3. Adopt metrics for inclusion and diversity efforts and advance a culture where we actively ask "Are we seeking diverse perspectives?" and "Are all voices being heard?"
4. Train candidates for identified critical functions and prioritize succession planning to ensure proper coverage now and in the future.



CLIMATE & ENVIRONMENT

Be a leader in providing climate-conscious solutions for a sustainable community



Outcomes

1. Achieve BWL and regulatory renewable and clean energy targets
2. Increase customer participation in innovative decarbonization and energy waste reduction programs
3. Reduce organizational greenhouse gas (GHG) emissions

Progress Measures

- ▶ Renewable energy based on retail sales
- ▶ Clean energy production
- ▶ kWh saved through Energy Waste Reduction, demand response and electrification programs
- ▶ Enrollment in BWL solar programs and electric vehicle adoption
- ▶ Scope 1, 2 and 3 greenhouse gas emissions (GHG) levels



What It Looks Like

1. Meet the renewable and clean energy targets set by the BWL in 2022 and align with State of Michigan's legislative targets.
2. Increase awareness and encourage participation in energy waste reduction programs, rebates and electrification incentives.
3. Be a model for corporate greenhouse gas reduction by tracking and reducing emissions from our own internal processes, buildings and fleet vehicles.

OPERATIONAL RESILIENCY & CONTINUOUS IMPROVEMENT

Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people and knowledge

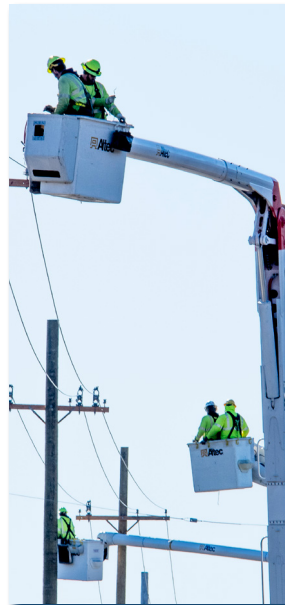


Progress Measures

- ▶ Raw water capacity
- ▶ Miles of water main replacement
- ▶ Age of transmission and distribution assets
- ▶ Transmission and distribution maintenance time
- ▶ Compliance training and procedures

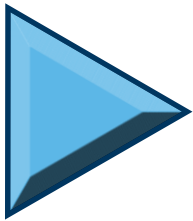
Outcomes

1. Target replacement of aging infrastructure to maintain resiliency and provide safe and reliable utility access for all
2. Embed business continuity in processes and practices
3. Improve internal processes for cost-effective decision-making, priority-setting and resource allocation
4. Improve system availability, functionality and support for technology assets and maintain cybersecurity resilience
5. Maintain regulatory compliance



What It Looks Like

1. Utilize standardized asset management principles to replace aging infrastructure to maintain resiliency.
2. Review and institute processes to ensure BWL's emergency preparedness and ability to recover from unexpected events.
3. Continued review and refinement of internal processes to ensure efficiency, resource utilization and customer responsiveness.
4. Balance resources for technology maintenance and innovation with overall system reliability and cybersecurity resilience.
5. Continue to establish a culture of compliance where regulatory or environmentally sound practices are at the forefront of our every day operations and discussed at every level of the organization.



FINANCIAL STABILITY

Utilize effective planning strategies to maintain financial strength and continuity of operations



Outcomes

1. Refine rate structure to maintain rate competitiveness
2. Achieve target return for investment in infrastructure
3. Maintain favorable bond rating

Progress Measures

- ▶ Rate competitiveness
- ▶ Percent return on assets
- ▶ Bond credit rating



What It Looks Like

1. Continually monitor industry trends for opportunities to enhance our rate offerings to align with the needs of our customers as well as our cost to serve.
2. Meet the target return to ensure BWL is generating the necessary funds for reinvestment in infrastructure to maintain performance and reliability.
3. Our current BWL bond rating provides us with improved access to borrowing at competitive rates as well as an independent evaluation of our financial strength.

Initiative *Spotlight*



Lansing Energy Tomorrow

Lansing Energy Tomorrow (LET) is a comprehensive suite of innovative efforts to replace and upgrade aging infrastructure with clean, efficient and reliable generation and transmission assets. The project includes the construction of approximately six miles of power lines (distribution and transmission) and four new substations, which will improve reliability and add redundancy to the grid. LET also includes building a new Reciprocating Internal Combustion Engine (RICE) gas plant on the site of Delta Energy Park for flexible capacity to be completed by 2026. RICE engines are designed to turn on and off quickly to help support any dips in intermittent renewable energy production that occur from cloud cover or loss of wind speed.

LET project will reduce the outages due to weather events, allow BWL to identify and isolate the cause of outages and mitigate distribution bottlenecks.



Clean Energy Projects

A key part of LET is BWL's commitment to becoming a cleaner, more sustainable utility. In July 2023, BWL announced the development of 650-megawatt new energy projects to include battery storage, solar and wind energy, both in Lansing and around the State of Michigan, and continued growth of energy waste reduction while also expanding demand response programs for customers.

BWL has committed to meeting state legislative standards, including 50% renewables by 2030 and 100% clean energy by 2040.



Environmental Justice

Environmental justice is equitable access to a healthy environment, protection from risk to human health and meaningful involvement of all people in decision-making processes. BWL strives toward equitable and just service, using new resources to incorporate environmental justice into business practices. BWL will build a program that incorporates these concepts, continuing to address community needs and be aware of current issues faced by our customers.

Specifically targeting marginalized communities that are most at risk of climate change, funding for clean energy and energy efficiency programs are being transformed so that critical resources are being provided to those who historically may have been marginalized or overburdened by environmental hazards.



Corporate Sustainability

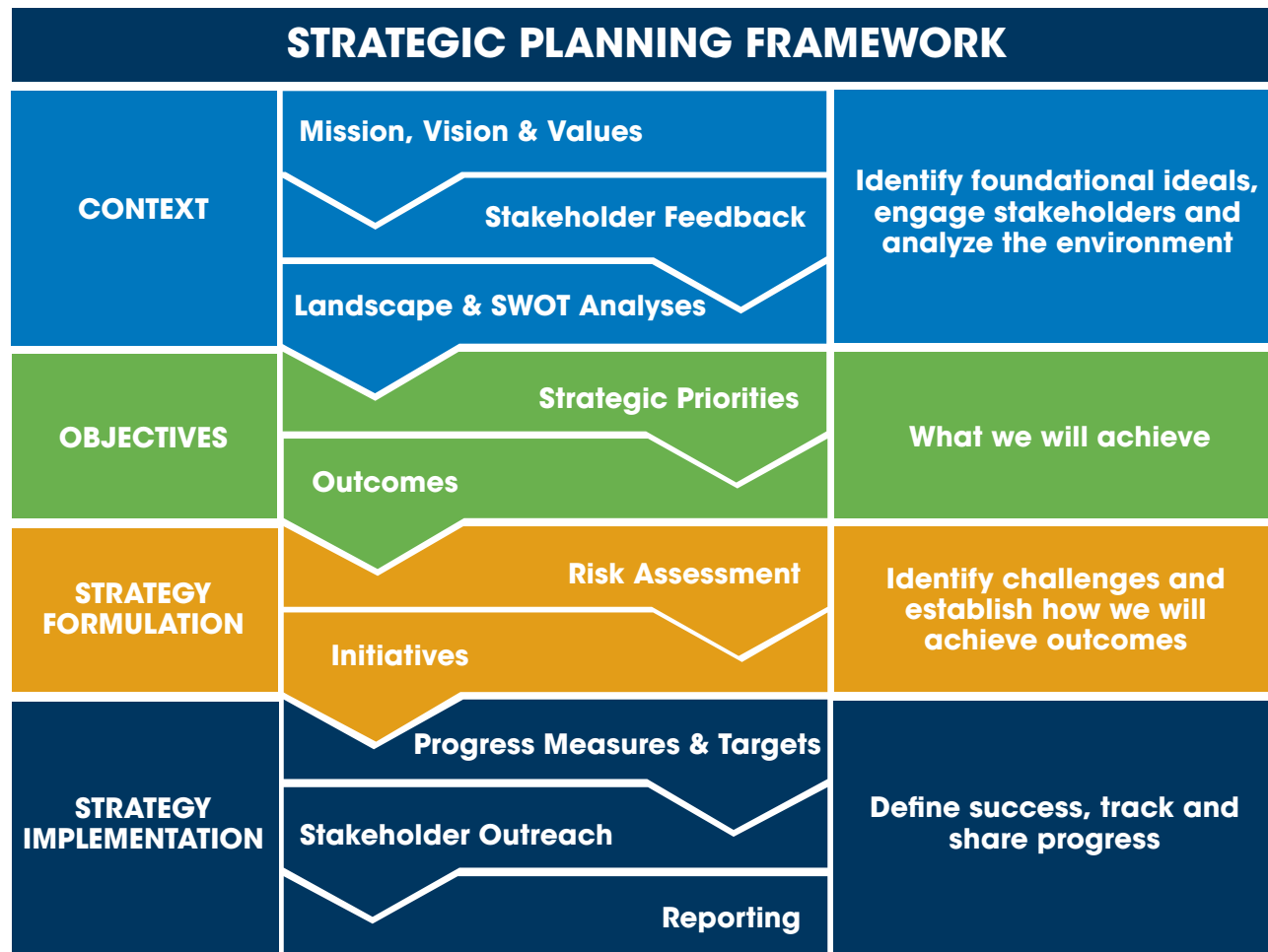
Corporate sustainability is a balanced approach to long-term company growth that integrates environmental, social and economic considerations into operations and decision-making processes.

Embedding sustainability into the culture of our organization will continue into the future. Corporate sustainability will be reflected through increasing business efficiencies, reducing risk, matching innovation with opportunities while remaining cost-efficient and increasing transparency, including through the annual corporate sustainability report and metrics.

ABOUT BWL'S STRATEGIC PLANNING PROCESS

BWL's FY26 Strategic Plan development began with organizing an internal project team and drafting a request for proposal in June 2023. BWL selected a highly experienced independent consultant, using their extensive experience to guide us through the process. In BWL's strategic planning effort, they conducted and compiled data from confidential stakeholder interviews and surveys and facilitated workshops.

Extensive engagement efforts took place from January to July 2024, and the Plan was approved by the BWL Board of Commissioners in November 2024, seven months before its effective date. This timeline allowed sufficient time for budgeting and alignment ahead of the July 1, 2025 start date.



The framework to the left provided structure for discussion and creation of the Plan. We moved from understanding our foundation (Context), to what we'll achieve (Objectives) and how we'll achieve it (Strategy Formulation). Implementation and reporting (Strategy Implementation) will continue throughout the plan's lifecycle to track progress and celebrate successes.

STAKEHOLDER FEEDBACK

BWL's Strategic Plan framework began with extensive stakeholder feedback, including identifying internal and external groups impacted by the Plan. The consultant conducted 1:1 interviews and surveyed BWL employees and the public to solicit confidential feedback.

The below internal and external stakeholder groups were invited to contribute:

- ▶ BWL Commissioners
- ▶ BWL Leadership
- ▶ BWL Customers and Community Partners
- ▶ BWL Employees
- ▶ City of Lansing Leadership
- ▶ Local Elected/Municipal Leaders

Feedback analysis revealed the below themes across all stakeholders, which are reflected in the Plan's Outcomes:

- ▶ Strong consensus that the Strategic Priorities from the 2021 Plan were still relevant
- ▶ Support for clean energy and environmental stewardship
- ▶ BWL is a valued community partner
- ▶ Need investment in aging and new infrastructure
- ▶ Need affordable rates and attention to vulnerable customers
- ▶ Customers value reliability, restoration and affordability above all else
- ▶ BWL should use technologies to improve customer experience
- ▶ Identify process and priority-setting efficiencies (internal stakeholders only)

EVALUATING OUR ENVIRONMENT

Understanding the community and world in which BWL operates is vital to the organization's long-term success. The FY26 Strategic Plan process included Landscape and SWOT analyses to understand external elements that can impact how BWL conducts business and what needs to be addressed in the FY26 Strategic Plan.

LANDSCAPE

A Landscape is an environmental scan of what is happening outside the organization. It considers external factors such as economic and financial drivers, regulation and legislation, technology changes, environmental concerns, and customer issues.



Market, Economy & Employment Trends

1. Risk of higher interest rates and associated financial cost
2. Availability of utility experience in Lansing workforce and ability to recruit the needed skills to Lansing
3. Remote work trend limiting the talent pool for organizations that want employees to work on-site
4. New industry moving to Lansing, bringing new jobs and new energy/water demand

Regulatory, Legislative & Government

1. Federal, state and local political focus on water and energy policy
2. MI Clean Energy legislation impacts
3. Changes in political climate and leadership
4. Potential for new regulation related to utility's aging infrastructure
5. Changing emissions regulation
6. Changes to the Lansing City Charter
7. MI Healthy Climate Plans goal to limit energy burden from powering and heating homes to not more than six percent of annual income for low-income households
8. Available grants are an attractive source of funding that require resources to secure and may require ongoing operating costs





Industry & Technology Trends

1. Industry reliance on rapidly changing technology
2. Workforce training required to manage new technologies
3. Increased technology integration challenges
4. Unknown Artificial Intelligence (AI) impacts
5. Increased occurrence of cyber threats

Competitors & Competitive Forces

1. Distributed energy resources and competition with utility-scale generation investment and resource management
2. Supply chain disruptions limit access to equipment and parts
3. Expectation to offer the same products and services as large utilities that have more resources



Customers & Community

1. Increasing customer interest in gaining more control over their energy use
2. Energy burden facing more low- and moderate-income customers
3. Requests of special interest groups
4. Customer interest in clean and renewable energy but resistance to the cost
5. There are more funds available to help customers pay their bills

Other External Stakeholders

1. Changes in large customer needs and/or usage can disrupt business plans
2. Importance of maintaining good relationships with suppliers in an increasingly tight supply chain²⁶



LANSING
BWL

Hometown People. Hometown Power.

RESOLUTION 2024-11-XX
FY26 - FY30 Strategic Plan

WHEREAS, the Board of Commissioners (“Board”) approved the Lansing Board of Water & Light’s (“BWL”) 2021-2025 Strategic Plan on January 26, 2021; and

WHEREAS, the 2021-2025 Strategic Plan expires on June 30, 2025; and

WHEREAS, BWL Executives, Directors, staff and customers, in collaboration with an experienced independent consultant, participated in stakeholder interviews, surveys and workshops from January to July 2024, to analyze the utility landscape and needs of the community and thereby developed a proposed FY26-FY30 Strategic Plan to address anticipated change and guide the organization to long-term success, which includes the below Strategic Priorities and Outcomes:

FY26 - FY30 Strategic Priorities and Outcomes

Priority: Customer and Community

1. Maintain high customer satisfaction
2. Build accessible connections between external resources and vulnerable customers
3. Increase community engagement and volunteerism
4. Support the business community and economic development

Priority: Workforce Development and Diversity

1. Continuously pursue and enhance our safety culture
2. Increase retention and employee development
3. Empower a culture of inclusion and respect where diverse perspectives drive success
4. Identify and develop candidates for critical functions

Priority: Climate and Environment

1. Achieve BWL and regulatory renewable and clean energy targets
2. Increase customer participation in innovative decarbonization and energy waste reduction programs
3. Reduce organizational greenhouse gas (GHG) emissions

Priority: Operational Resiliency and Continuous Improvement

1. Target replacement of aging infrastructure to maintain resiliency and provide safe and reliable utility access for all
2. Embed business continuity in processes and practices
3. Improve internal processes for cost-effective decision-making, priority-setting and resource allocation
4. Improve system availability, functionality and support for technology assets and maintain cybersecurity resilience
5. Maintain Regulatory Compliance

Priority: Financial Stability

1. Refine rate structure to maintain rate competitiveness
2. Achieve target return for investment in infrastructure

3. Maintain favorable bond rating; and

WHEREAS, the proposed FY26-FY30 Strategic Plan was presented by management to the Committee of the Whole on November 7, 2024, and the Committee voted to recommend approval by the Board at the next board meeting,

THEREFORE, it is:

RESOLVED, that the Board approves the FY26-FY30 Strategic Plan to be effective July 1, 2025 to June 30, 2030.

Motion by Commissioner _____, Seconded by Commissioner _____, to approve the Resolution for FY26-FY30 Strategic Plan at a Board meeting held on _____.



RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Committee of the Whole: 11/7/2024

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - No significant activity since last update

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - Execution of the RPC's approved fund changes is underway, including notification to participants in early November with an effective fund change date of December 13, 2024. As a reminder, the approved fund changes include:
 - Vanguard International Stock Index Fund share class change
 - Movement from Mainstay Winslow Large Cap Growth and MassMutual Small Cap Growth from Mutual Funds to Collective Investment Trusts
 - Addition of the Vanguard 2070 Target Date Fund



RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Committee of the Whole: 11/7/2024

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - DB & VEBA
 - Summary plan descriptions, plan document updates, and administrative procedures updates have all been completed and approved by the RPC.
 - This completes the execution of all recommendations resulting from the plan compliance assessment.
 - DB Only
 - Pension payment processing will be transitioned to Northern Trust in January 2025 as part of the BWL's HRIS implementation.

Administrative Activity Update

- Defined Contribution & Deferred Compensation Plans
 - RPC is working to extend the Nationwide service contract that expires 12/31/2024. A vote on the matter is scheduled for November 25th.
 - RPC voted to approve reducing the normal retirement age for the 457 plan from 65 to 55, allowing more participants to take advantage of the three-year catch-up period leading up to retirement.
 - The 457 plan documents will be updated to reflect and effectuate these changes.

Glossary

- **DB** Defined Benefit Plan - The plan is a noncontributory single-employer defined benefit pension plan for employees of the BWL. The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan.
- **VEBA** Voluntary Employee Benefit Administration - The Post-Retirement Benefit Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL.
- **DC 401(a)** Defined Contribution Plan - The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997. The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time. For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.
- **DC 457(b)** Deferred Compensation Plan - The Deferred Compensation Plan covers substantially all full-time employees. The BWL contributes \$1,000 on behalf of each participant as of the first pay period of each year. Additionally, the BWL will provide a 100% match for each participant's contributions annually, up to \$1,500.
- **ASA** Administrative Services Agreement – The administrative services agreement is an agreement between the BWL and the VEBA trust regarding the payment of VEBA plan benefits. The agreement calls for the BWL to handle the processing of benefit payments and allows for the reimbursement for payment from the VEBA trust if certain conditions are satisfied. These conditions include both funding status and investment performance measures.

RESOLUTION 2024-11-XX
Regular Board Meeting Schedule 2025

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

RESOLVED, that regular meetings of the Lansing Board of Water & Light’s Board of Commissioners are hereby set for calendar year 2025 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2025
Lansing Board of Water & Light Board of Commissioners
Regular Board Meeting Schedule

Tuesday	January 28
Tuesday	March 25
Tuesday	May 20
Tuesday	July 22
Tuesday	September 23
Tuesday	November 18

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

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in a newspaper of general circulation in Ingham County the week of January 1, 2025.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the 2025 Regular Board Meeting Schedule at a Board meeting held on November 19, 2024.

Action: