



BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
January 25, 2022 - 5:30 p.m.
REGULAR BOARD MEETING AGENDA

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

1. Roll Call

2. Pledge of Allegiance

3. Approval of Minutes

- a. Special Board Meeting Minutes of December 21, 2021
- b. Special Board Meeting Minutes of December 14, 2021
- c. Regular Board Meeting Minutes of November 16, 2021

4. Public Comment on Agenda Items

*Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment.*

5. Communications

- a. Electronic mail from Kevin Shoen re: Fiber Construction Permits
- b. Electronic mail from Victor Diaz re: Butterfly Garden Partnership
- c. Electronic mail from Tom Hawley re: Street Lighting
- d. Electronic mail from Terry and Valerie Price re: Water Shutoff
- e. Electronic mail from Vivian and Brenden Cislo re: Electrical Wire Hazard
- f. Electronic mail from Magdalena Rivera re: Deposit Fee

6. Committee Reports

- a. Committee of the Whole Meeting (January 11, 2022)-Sandra Zerkle, Chairperson
- b. Finance Committee Meeting (January 11, 2022)-David Price, Acting Chairperson
- c. Human Resources Committee Meeting (January 20, 2022)-David Price, Chairperson

7. Manager's Recommendations

8. Unfinished Business

- a. Internal Auditor Status Report

9. New Business

- a. Amendments to Internal Auditor and Corporate Secretary Job Descriptions

10. Resolutions/Action Items

- a. Appointment of Interim Internal Auditor
- b. Appointment of Interim Corporate Secretary

11. Manager's Remarks

12. Commissioners' Remarks

13. Motion of Excused Absence

14. Public Comment

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

15. Adjournment

Based on recommendations from the Centers for Disease Control the Lansing Board of Water and Light request that all meeting attendees wear a face covering.

Agenda posted on web site/building 01-21-22

2022 Board Meetings Notice/Schedule Posted in the Lansing City Pulse January 5, 2022



**LANSING BOARD OF WATER AND LIGHT
BOARD OF COMMISSIONERS**

**SPECIAL MEETING MINUTES
December 21, 2021**

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, December 21, 2021.

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

The Acting Corporate Secretary called the roll.

Present: Commissioners David Price, Dusty Horwitt, Semone James, DeShon Leek, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Larry Merrill (Delta Township), and Brian Ross (DeWitt Township).

Absent: Commissioners Beth Graham and Tony Mullen and Non-Voting Commissioner Douglas Jester (East Lansing)

The Acting Corporate Secretary declared a quorum.

Chair Price led the Pledge of Allegiance.

PUBLIC COMMENT

None.

MEETING PURPOSE:

Approval of RFP Selected HR Hiring Consultant

Chair Price stated that he called for this Special meeting to consider the approval of RFP Selected HR Hiring Consultant and would like to put forward a Resolution.

Chair Price turned the floor over to Michael Flowers, Interim Executive Director of Human Resources. Mr. Flowers requested Board approval of the resolution for the Approval of RFP Selected HR Hiring Consultant and opened the floor for discussion.

A discussion followed in which the Commissioners asked for clarification of the pricing systems for the three companies and whether the hiring fees were for each employee position. Mr. Flowers provided the hiring fees, approval cost and additional expenses that each company proposed and a comparison of the value of each proposal.

Commissioner Zerkle asked for clarification of the pricing system for the three companies that are being considered as the HR Hiring Consultant. Mr. Flowers provided the hiring fees, approval cost and additional expenses that each company proposed and a comparison of the value of each proposal.

Commissioner James asked if the hiring fees proposed were for each employee position and Mr. Flowers affirmed.

Commissioner Thomas asked for further clarification on the pricing of the three companies that submitted RFP's and Mr. Flowers responded.

Commissioner Leek asked, as a piggy-back to Commissioner Thomas' request, as the new Commissioners don't have the information from previous services provided, if the reason that the proposal from Pinnacle Professional Services was so thin compared to the other two proposals was because Pinnacle was already retained with the BWL, and the other proposals go into depth, and they get nothing from Pinnacle. Mr. Flowers responded that Pinnacle provided one page of bulleted items and didn't expand upon anything like the other proposals did. Commissioner Thomas stated that based on Commissioner Leek's question and Mr. Flower's response quote, "that was the only information that Pinnacle provided", he would be voting no to Pinnacle.

Commissioner Horwitt asked for a ball-park amount of any additional costs that were mentioned in one of the proposals and the comfort level for negotiating a reduced fee. Mr. Flowers responded that the costs would range from \$500 to \$1,600 and he has previously negotiated fees. Commissioner Horwitt also asked if Mr. Flowers had any experience working with any of the companies as Mr. Flowers had recommended Pinnacle. Mr. Flowers responded that he has worked briefly with Pinnacle and extensively with Global and both have worked very well, but he has not worked with Blue Chip previously.

Chair Price asked how many applicants there were for the Corporate Secretary position currently and Mr. Flowers said that there were at least 25.

Motion by Commissioner Zerkle, Seconded by Commissioner James, to eliminate Pinnacle Professional Services from the selection process for the HR Hiring Consultant.

Discussion: Commissioner Zerkle stated that due to the limited information provided by Pinnacle Professional Services that they be not considered and be removed from the hiring consultant selection process. Commissioner James commented that Pinnacle Professional Services was not independent of the Board of Water and Light and should not be considered.

Action: Carried Unanimously.

Commissioner Thomas requested further discussion on the two remaining companies as Pinnacle Professional Services was the one that was recommended and was talked about because the information provided was limited. He appreciated Blue Chip sharing what they shared, that they were diverse, had a female in charge, and hired 425 people in one year. He

added that he was equally impressed with Global Business Resources Group, with their independence and hitting and reaching out to different and diverse sites. Global provided extensive information on their qualifications, references and how they would conduct an applicant search. He added that Global was local. Commissioner Horwitt added that he was also impressed with Global Business Resources Group for the same reasons.

RESOLUTION #2021-12-02
Approval of RFP Selected HR Hiring Consultant

WHEREAS, Chapter 2, Section 5-202 of the Lansing City Charter requires the Board of Commissioners to appoint a Director, Internal Auditor and Corporate Secretary.

WHEREAS, Section 19.6 of the Board of Water & Light's ("BWL") Administrative Rules of Procedure states:

The Board of Commissioners may hire external consultants, such as accountants, but not outside legal counsel. The full Board will meet before a consultant is hired to determine the scope of the issues to be addressed by the consultant, the consultant's budget, and the scope of contact with the Board. One Board member may be authorized as the primary contact with the consultant.

WHEREAS, at the regular Board meeting on November 16, 2021, the Board of Commissioners approved a Resolution 2021-11-03 to retain a hiring consultant to assist with filling vacancies in the positions of Internal Auditor and Corporate Secretary.

WHEREAS, Resolution 2021-11-03 directed the Executive Director of Human Resources to issue a Request for Proposal for the sole purpose of obtaining proposals for recruiting hiring consultants and for the Board of Commissioners to then choose and retain the consultant.

WHEREAS, BWL staff engaged in its normal public procurement process for the purpose of soliciting and evaluating proposals from a variety of independent recruiting firms and received three qualifying proposals.

RESOLVED, having reviewed the proposals received and considered the recommendations of the Chair, the Vice Chair and the Executive Director of Human Resources, the Board of Commissioners hereby selects Global Business Resource Group as the hiring consultant to assist the Board with the recruitment and hiring of a new Internal Auditor and Corporate Secretary; and

FURTHER RESOLVED, the Chair of the Board of Commissioners shall execute any agreements necessary to effectuate the selection of said hiring consultant.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle to approve the Resolution for the RFP Selected HR Hiring Consultant.

Action: Carried Unanimously.

Further discussion followed on the hiring process and the three qualified candidates previously interviewed the Internal Auditor position.

Commissioner Zerkle requested a discussion on how the hiring process would proceed with the hiring consultant and the time frame for the search. Mr. Flowers responded that Global Business Resources Group would be retained, and a plan of action would be made with the HR Committee. Mr. Flowers stated that with the pool of candidates already received interviews could begin within six to eight weeks.

Commissioner Thomas asked if the three candidates for the Internal Auditor position that have already been interviewed that were provided by Pinnacle Professional Services would be included in the Global Business Resources Group Process. Commissioner Thomas said that Global Business Resources Group would probably have different interview questions for their applicants, in addition the HR Committee has a new Commissioner, Commissioner Horwitt.

Mr. Flowers responded that the three candidates would still be considered for the position if they were still available.

Commissioner Zerkle asked if the three candidates would be re-interviewed. Mr. Flowers responded that the three candidates may need to be re-interviewed for a fresh comparison for the best qualified candidate and it would be the choice of the Commission to reinterview.

Commissioner James asked to whom the hiring consultant would report. Chair Price responded that he is the contact person as the Chair of the HR Committee, but the process is run by the entire HR Committee. Commissioner James requested that Resolution #2021-11-03 be amended to add a second contact in addition to the Chairperson to whom the Hiring Consultant would report. Commissioner Thomas asked Commissioner James to consider the follow friendly amendment, that Resolution #2012-11-03 be amended to state that the Hiring Consultant report directly to the entire Human Resources Committee. That friendly amendment was accepted.

Motion by Commissioner Zerkle, **Seconded** by Commissioner James, to amend Resolution #2021-11-03, Retain a Hiring Consultant, to strike from the resolution “with the Chairperson as the primary contact”.

Action: Carried Unanimously (Yeas: Commissioners David Price, Dusty Horwitt, Semone James, DeShon Leek, Tracy Thomas, and Sandra Zerkle; Nays: None)

The resolution will read as follows:

RESOLVED, the Board of Commissioners will require the Consultant to report directly to the Human Resources Committee.

Commissioner Thomas requested verification from Mr. Flowers, that information from the Hiring Consultant would be sent to all four of the HR Committee members, at the same time. Mr. Flowers affirmed.

Commissioner Horwitt requested that whether the candidate has exercised independence previously on the job be included as an interview question. Chair Price responded that discussion is held with the hiring consultant on the direction Commissioners would like to go and to set timelines for interviewing.

Commissioner Ross asked that since another search firm was hired for the three previous Internal Auditor candidates, if a candidate was selected from the first search firm would two fees need to be paid. Mr. Flowers responded that the recruiter from which a candidate has been selected is entitled to a fee and the consultant that was hired by resolution would be entitled to a fee for services provided if the candidate was not selected through them. Commissioner James asked about the contractual relations with Pinnacle Professional Services. Mr. Flowers responded that the contract was with the Board of Water and Light and not with the Board of Commissioners.

MANAGER'S REMARKS/COMMENTS

There were no Manager's remarks.

COMMISSIONERS' REMARKS/COMMENTS

Commissioner Thomas thanked Mr. Flowers for all his work.

PUBLIC COMMENT

There were no public comments.

EXCUSED ABSENCE

Motion by Commissioner Zerkle, Seconded by Commissioner Leek to excuse Commissioners Beth Graham, Douglas Jester, and Tony Mullen from tonight's meeting.

Action: Motion Carried.

ADJOURNMENT

Chair Price adjourned the meeting at 6:18 p.m.



**LANSING BOARD OF WATER AND LIGHT
BOARD OF COMMISSIONERS**

**SPECIAL MEETING MINUTES
December 14, 2021**

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, December 14, 2021.

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

Corporate Secretary Griffin called the roll.

Present: Commissioners David Price, Beth Graham, Dusty Horwitt, Semone James, DeShon Leek, Anthony Mullen, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Douglas Jester (East Lansing), Larry Merrill (Delta Township), and Brian Ross (DeWitt Township).

Absent: None

The Corporate Secretary declared a quorum.

Commissioner Graham led the Pledge of Allegiance.

PUBLIC COMMENT

None.

MEETING PURPOSE:

**Consider a Resolution for a Special Electric Service Contract
for Large Manufacturing Customer**

Chair Price stated that he called for this Special meeting to consider a special electric service contract for a large manufacturing customer and would like to put forward a Resolution.

Chair Price turned the floor over to General Manager (GM) Dick Peffley who introduced the president and CEO of Lansing Economic Area Partnership (LEAP), Bob Tresize. Mr. Tresize commended the leadership of the BWL, as it is the reason the project is being considered by General Motors. General Motors will be constructing a \$2.5 billion, 2,500,000 million square feet, electric vehicle (EV) battery plant that will create 1,700 jobs by 2028-2029 and about 1,000 jobs in 2025 when it goes into production. Construction can start as soon as the first quarter of 2022 and there will be at least several thousand construction workers putting the plant together over three years. Mr. Tresize added that this type of project could propel economic development in the Lansing area--the EV battery plant will sustain vehicle production plants

and suppliers in the area, and the new technology platform will attract related businesses to the region. The City of Lansing and Delta Township Board of Trustees unanimously approved a renewed 425 revenue sharing agreement that was required for the construction site. Then the Lansing City Council approved an 18-year renaissance zone adjacent to the GM plant for future plants. The City of Lansing also scheduled a public hearing to be held on December 20, 2021 at 4:30 p.m. to consider the passage of a public act for a millage for those that are not covered by the renaissance zone. The electric rate that is being considered for approval will be sent in a package to GM for further negotiations.

GM Peffley requested Board approval of a resolution to finalize a special contract with a major manufacturing company. GM Peffley reported that BWL was approached by a customer considering building within BWL's service territory. Their requirements are nationally competitive electric rates for 100 megawatts of energy with an 80% load factor and a 20-year contract. BWL was approached by a similar customer a year ago but the customer selected a different state with lower rates. A proposal was submitted to the current prospective customer that included a very competitive rate and a 20-year term as requested. The customer found the proposal very attractive and requested a draft contract, which was provided. From previous experience this request is usually a very good sign. This rate can be offered without negatively affecting BWL's other customers and will not trigger a rate increase. The contract will allow BWL to pass fuel cost adjustment through the PSAR (a cost indicator tool) during the term of the contract and the BWL gross revenue over the life of the contract is \$868M. The addition of 100 megawatts of load represents a 33% increase in BWL's overall generation portfolio and BWL has sufficient energy to supply the customer until 2027. Different scenarios on how to supply the energy after 2027, such as purchase power agreements, increasing BWL's renewable portfolio, and adding base load generation have been looked into. At this time, the best option to ensure that BWL can deliver the energy at the guaranteed rate over a 20-year contract, will be to increase the generating portfolio at the Delta Energy Plant site. By approving this resolution, a line item is expected to be seen in next years' capital budget to evaluate the installation of additional generating capacity at BWL's Delta Energy Park site. To provide the magnitude of a 100MW project, BWL currently has over 50,000 residential customers and this project will require 25% more energy than all of these customers combined. Another comparison is that adding the total load of BWL's top 10 customers would not equal the energy requirements of this project.

RESOLUTION #2021-12-01

Special Electric Service Contract for Large Manufacturing Customer

WHEREAS, The Lansing Board of Water & Light ("BWL") is committed to being the "Utility of the Future" while supporting community growth. The BWL will provide carbon neutral utility products, services and programs that are financially accessible to all customers with exceptional customer service. This will be accomplished by utilizing evolving, cutting-edge technology, as well as partnering with the Greater Lansing region and a highly skilled, diverse workforce ("Vision").

WHEREAS, two of the BWL's 2021-2025 Strategic Plan Priorities are focused on Customer & Community and Climate & Environment ("Strategic Priorities"). Key strategies that support these priorities include:

- Supporting, encouraging, and enabling emerging beneficial electrification.
- Promoting economic development and regional partnership that create growth and synergy.

WHEREAS, one of the BWL's largest electric commercial/industrial customers has entered a joint venture with another manufacturing company ("prospective customer") that directly supports beneficial electrification.

WHEREAS, the project is expected to result in a significant increase in both electric load and revenue.

WHEREAS, the facility operational and electric load characteristics are unlike the BWL's typical commercial/industrial customer base, represents a "one of kind" customer profile and is not suited for the BWL's existing rate structure.

WHEREAS, the BWL has designed an incremental cost rate to serve the prospective customer that is expected to hold other customers harmless and not burden the entire BWL commercial/industrial rate base.

WHEREAS, the BWL is unaware of a similarly situated commercial/industrial customer to warrant change in its rate design and tariff structure at this time.

WHEREAS, the additional economic development benefits warrants a Special Electric Service Contract for the above-mentioned investment, which is expected to include special electric service rates and additional provisions that mitigate BWL risks.

WHEREAS, a Special Electric Service Contract for the above-mentioned investment is in alignment with the BWL's Vision and Strategic Priorities.

WHEREAS, because the provisions of Special Electric Service Contract for the above-mentioned investment are unique to the BWL's standard rate tariff, approval by the Board of Commissioners is appropriate.

WHEREAS, staff has been actively engaged in discussions with the prospective Customer and may be selected as the utility provided to support the above-mentioned investment.

WHEREAS, staff respectfully request the Board of Commissioners to authorize the General Manager to finalize and execute on behalf of the BWL a Special Contract with the prospective customer in the event the BWL is selected as the utility provider to support the above-mentioned investment.

RESOLVED, the General Manager is authorized to finalize and execute on behalf of the BWL a Special Electric Service Contract for the above-mentioned investment with the prospective customer.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Mullen to approve the Resolution for the Special Electric Service Contract for Large Manufacturing Customer.

Chair Price inquired what the 20-year contract would mean as a cost savings to the customer. GM Peffley responded that over the term of the contract, it is a \$936 million incentive for the customer.

Commissioner Merrill asked what would occur if another large customer requested the same service and conditions. GM Peffley responded that the customer would be offered a similar contract with an incentive based on the amount of service requested.

Action: Motion Carried Unanimously.

GM Peffley gave a brief update on the four 55-foot utility poles that were snapped 15 feet above ground by strong winds on Saturday morning, December 11, 2021, and involved a train dragging the lines 1,000 feet down the track, the breaking of 24 additional poles and destroying more than 6 miles of electric cable. No one was injured, service was restored to all except 62 of the 4,200 customers within 12 hours, and service to 60 of the remaining customers was restored within 30 hours. A highly skilled workforce was credited for the quick service restoration along with updated procedures, training, appropriate inventory, and help by mutual aid crews. The poles had been completely replaced less than four years ago as one of the newest upgrades in the system. The repairs made to the poles are temporary but safe and will be rebuilt in the summer of 2022 after engineers complete the design. A video taken by drone cameras was presented. The damage cost has not yet been fully determined but is estimated to be around \$1 million.

Commissioner Price commended the onsite workforce, media relations and the GM for quickly addressing the incident and updating the public. GM Peffley responded that he had met with emergency responders who were expecting it to take a week to restore power and told them power would be restored within hours.

MANAGER'S REMARKS/COMMENTS

There were no Manager's remarks.

COMMISSIONERS' REMARKS/COMMENTS

Commissioner Zerkle thanked the 70 employees that were involved in restoring service on Saturday afternoon.

Commissioner Ross wished everyone Happy Holidays.

PUBLIC COMMENT

Michael Faraone, Lansing, MI spoke about tree cutting on his property. Even though he has his trees cut himself, trees have been marked on his property by Wright Tree Service and he would like a resolution of the issue.

ADJOURNMENT

Chair Price adjourned the meeting at 6:03 p.m.

Filed with Lansing City Clerk:
12-16 -21-Unofficial Minutes
01- -22-Official Minutes



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

November 16, 2021

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, November 16, 2021. This meeting was publicly noticed for 5:30 p.m.

Chairperson David Price called the meeting to order at 5:53 p.m.

The Corporate Secretary, M. Denise Griffin, called the roll.

The following Commissioners were present: Chairperson David Price, Beth Graham, Dusty Horwitt, Semone James, Deshon Leek, Tony Mullen, Tracy Thomas, Sandra Zerkle. Also Present: Non-Voting Commissioners Douglas Jester (East Lansing), Larry Merrill (Delta Township), and Brian Ross (DeWitt Township)

Absent: None

The Corporate Secretary declared a quorum.

Commissioner Ross led the Pledge of Allegiance.

After consultation with General Counsel Mark Matus and Finance Committee Chair Mullen, Chair Price removed from the Agenda, item 10.d., Resolution for Interim Internal Auditor Appointment.

APPROVAL OF MINUTES

Motion by Commissioner Mullen, **Seconded** by Commissioner Graham, to approve the Regular Board Meeting minutes of September 28, 2021.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

COMMUNICATIONS

Letter of Resignation from BWL Corporate Secretary Griffin. *Received and Placed on File.*
Electronic Mail received From Michelle Chambers regarding Moores Park Neighborhood Trees.
Referred to Management. Received and Placed on File.

Electronic Mail received From the Crane Family regarding Moores Park Neighborhood tree trimming. *Referred to Management. Received and Placed on File.*

Electronic Mail received From Mary Pollack regarding Streetlight outage on Saginaw Harrison. *Referred to Management. Received and Placed on File.*

Electronic Mail received From Ellen Todd regarding BWL investment performance. *Referred to Management. Received and Placed on File.*

Electronic Mail received From Jonathan Korpi regarding BWL customer service. *Referred to Management. Received and Placed on File.*

Electronic Mail received From a BWL Employee regarding a complaint against an Executive Staff Member. *Referred to Management. Received and Placed on File.*

Commissioner Horwitt commented on the BWL employee complaint against an Executive Staff member. Commissioner Horwitt stated that he has become more aware of issues of racial injustice and would like the complaint to be taken seriously. He added that people make mistakes and the mistakes can be addressed. GM Peffley responded that all complaints are taken seriously and are referred to the HR Department and General Counsel, or outside counsel if needed. GM Peffley added that outside counsel will provide a recommendation and he will bring it to the board. Chair Price asked for a brief statement as he didn't consider it a board matter. Commissioner Leek requested that the recommendation be provided to the board. Commissioner James commented that she had received several calls in addition to an anonymous letter and would like the issue assessed and addressed. Commissioner James asked GM Peffley to report back to the Commissioners and GM Peffley responded that he would report back to the Commissioners in two weeks. Commissioner James also asked for a survey to be conducted and GM Peffley responded that he would look into a survey being conducted. Commissioner Mullen commented that employees with departments are given authority to run their departments but if an issue arises it is to be addressed.

COMMITTEE REPORTS

Chair David Price presented the Human Resources Committee Meeting Reports:

HUMAN RESOURCES COMMITTEE Meeting Minutes October 12, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at BWL Headquarters REO Town Depot located at 1201 S. Washington Ave., Lansing, MI on Tuesday, October 12, 2021.

Human Resources (HR) Committee Chairperson David Price called the meeting to order at 4:58 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Chair David Price, DeShon Leek, Tony Mullen and Tracy Thomas. Also present: Commissioners Semone James (arrived @ 5:00 p.m.) and Sandra Zerkle; and Non-Voting Commissioner Brian Ross (DeWitt Township)

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Leek, **Seconded** by Commissioner Mullen, to approve the Human Resources Committee meeting minutes of July 13, 2021.

Action: Motion Carried

Job Description Review – Charter Appointed Position of Corporate Secretary

An edited draft of the job description for the Charter Appointed Position of Corporate Secretary was provided to the Human Resources Committee for review and discussion.

Motion by Commissioner Mullen, **Seconded** by Commissioner Leek, to approve the “DRAFT” October 2021 version of the Charter Appointed Corporate Secretary job description, including the Board of Commissioner’s (Board Chairperson) signature line at the end of the document; and to start the recruitment process for the position of Corporate Secretary.

Action: Motion Carried.

Commissioner Mullen asked if the search for the replacement for the Corporate Secretary position would be conducted in the same manner as the search for the Internal Auditor position. Chair Price responded that when the job description for the Internal Auditor was approved, it was given to the HR Department to recruit for the position. The HR Department has internal and external tools to recruit for the position and the review of the applicants is part of the process, followed by the interview of the selected candidates by the Board. Chair Price would like to present the selected candidate to the Board for approval at the November Regular Board Meeting. Commissioner James asked if there is an independent research human resources firm that is used for the recruiting. Human Resources Director, Lynnette Keller, responded that two of the candidates for the Internal Auditor position were recruited through external recruiters, two candidates were recruited through the BWL website and two candidates are internal.

Hiring Process Update – Charter Appointed Position of Internal Auditor

Human Resources Director, Lynnette Keller, presented the requirements needed for qualification for the Internal Auditor position and stated that six applications were received. A discussion followed on the qualifications of the applications received.

Commissioner Zerkle asked for the salary range for the Internal Auditor position and GM Peffley responded that the information would be acquired and provided before the end of the meeting. Commissioner Thomas asked if the job description was sent to the hiring recruiters. Ms. Keller affirmed and added that all applicants are logged through the BWL website to follow compliance. GM Peffley added that all of the applicants have been presented at this meeting.

Commissioner Leek asked if the third party to which was referred was the BWL website or if there was a company used as an external recruiter. Ms. Keller responded that Pinnacle Staffing was used for this recruiting process.

Commissioner Mullen asked what the various acronyms for the requirements represented. Ms. Keller responded that CPA stands for Certified Public Accountant, CIA stands for Certified Internal Auditor, CFE stands for Certified Fraud Examiner, and CISA stands for Certified Information System Auditor.

GM Peffley reported the salary ranges for the Internal Auditor position for the last two auditors. The previous Internal Auditor was at Director Level 4 with a salary range of \$113,000 to \$169,000. The prior Internal Auditor was at Director Level 6 with a salary range of \$139,700 to \$209,000.

GM Peffley commented that if an internal candidate is being considered that may not have the minimum requirements yet, if the internal candidate has 60% of the qualifications, prior practice has been that an internal candidate would be a good selection.

Commissioner Thomas commented that the CISA exam is difficult and asked whether the CISA requirement could be extended from six months to one year. GM Peffley responded that certification requirements have been extended for employees in the past based on the circumstances.

Commissioner Zerkle asked whether or not the CISA requirement is the most crucial because it affects the IT department system and audits. GM Peffley responded that the guidelines can be reviewed and a third party can be consulted. Chair Price commented that due to the recent cyberattack, in previous discussions the Board decided that the CISA certification in cybersecurity was important.

Commissioner Zerkle asked whether any applications that were received weren't accepted. Ms. Keller responded that all the applicants were brought forward in the meeting. Ms. Keller recommended that five of the applicants be interviewed and that she will follow up with the sixth applicant.

Chair Price recommended that the recruitment process for the position of Internal Auditor be closed with the option to reopen if needed.

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen to interview the applicants already received and close the recruitment process for the position of Internal Auditor.

Action: Motion Carried.

Ms. Keller reported that the current approved salary range for a fully qualified candidate for the described Internal Auditor position is \$129,800 to \$197,200 with a midpoint of \$163,500. Commissioner James questioned if the Commissioners that were not on the HR Committee had input in the selection of the Internal Audit candidates that would be interviewed. There was a discussion in response to Commissioner James' question and inquiry about this matter being dealt with in the Committee of the Whole, and it was stated that the HR Committee is the designated committee responsible for the hiring process. During the discussion it was stated that all commissioners could provide their input during the interview meetings, however the HR Committee will vote to make a

recommendation to the full Board, and all Commissioners will be able to vote whether to accept the candidate that the Committee brings forward at the Board meeting.

Chair Price stated that the interviews would be conducted at a Human Resources Committee meeting that will be scheduled for October 26th and 27th at 4:30 p.m. Chair Price added that if the Commissioners' selection results in a tie between two candidates, another HR Committee Meeting will be scheduled, and additional interviews will be conducted with the candidates.

Commissioner Thomas requested that a 30/60/90-day plan be provided by each of the Internal Auditor applicants prior to their interviews. The Commissioners agreed that the HR Department request a 30/60/90-day plan from each of the applicants for the Commissioners to review. The 30/60/90-day plans will be provided with the HR packet and in paper copy for the HR Committee meetings.

Other

Commissioner Leek commented about the email that all Commissioner's received regarding Corporate Secretary's Griffin's unused paid time off and offered the follow motion:

Motion by Commissioner Leek, **Seconded** by Commissioner Mullen to authorize the Chairperson and the Vice Chairperson to finalize Corporate Secretary Griffin's exit arrangements between her and the BWL, with details to be completed and agreed upon by November 9, 2021.

Action: Motion Carried

Adjourn

Chair Price adjourned the meeting at 6:37 p.m.

Respectfully Submitted,
David Price, Chair
Human Resources Committee

HUMAN RESOURCES COMMITTEE Meeting Minutes October 26, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 4:30 p.m. on Tuesday, October 26, 2021.

Human Resources (HR) Committee Chairperson David Price called the meeting to order at 4:30 p.m. and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Chair David Price, DeShon Leek, Tony Mullen and Tracy Thomas. Also present: Commissioners Dusty Horwitt and Sandra Zerkle; and Non-Voting Commissioner Brian Ross (DeWitt Township)

Absent: None

Public Comments

None

Approval of Minutes

Motion by Commissioner Mullen, **Seconded** by Commissioner Thomas, to approve the Human Resources Committee meeting minutes and the Closed Session meeting minutes of October 12, 2021.

Action: Motion Carried.

Interview Candidates for the Charter Appointed Position of Internal Auditor

The Human Resources (HR) Committee conducted the first set of interviews with three of the five applicants for the Charter Appointed position of Internal Auditor, in accordance with Section 5-202.2 of the Lansing City Charter, which states: "The Board shall appoint an Internal Auditor who shall report directly to the Board. The Internal Auditor shall serve at the pleasure of the Board."

The HR Committee members presented the three applicants with hypothetical situation questions as well as questions about previous experiences in particular work areas.

Upon conclusion of each applicant's interview, the HR Committee engaged in discussion, reviewed, and considered each applicant.

Other

None

Adjourn

Chair Price adjourned the meeting at 7:40 p.m.

Respectfully Submitted,
David Price, Chair
Human Resources Committee

HUMAN RESOURCES COMMITTEE

Meeting Minutes

October 27, 2021

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 4:30 p.m. on Wednesday, October 27, 2021.

Human Resources (HR) Committee Chairperson David Price called the meeting to order at 4:30 pm and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Chair David Price, DeShon Leek, Tony Mullen and Tracy Thomas. Also present: Commissioners Semone James (by phone), Dusty Horwitt and Sandra Zerkle; and Non-Voting Commissioner Brian Ross (DeWitt Township)

Absent: None

Public Comments

None

Interview Candidates for the Charter Appointed Position of Internal Auditor

The Human Resources (HR) Committee conducted the second set of interviews with two of the five applicants for the Charter Appointed position of Internal Auditor, in accordance with Section 5-202.2 of the Lansing City Charter, which states: "The Board shall appoint an Internal Auditor who shall report directly to the Board. The Internal Auditor shall serve at the pleasure of the Board."

The HR Committee members presented the two candidates with hypothetical situation questions as well as questions about previous experiences in particular work areas.

Upon conclusion of each applicant's interview, the HR Committee engaged in discussion, reviewed, and considered each applicant.

Commissioner Zerkle recommended that the Director of the Human Resources Department forward the information of all applicants to the Human Resources Committee with an indication of the level of qualification for the Internal Auditor position.

Commissioner Thomas commented that the interviewing process should be thorough in order to obtain the right applicant who would fill the position for a lengthy amount of time. Commissioner Thomas also asked for a search firm independent of BWL Management to search for candidates for the Internal Auditor position.

Chair Price reported the scoring values for each candidate and noted that Commissioner Thomas didn't vote.

Commissioner Thomas commented that it is the Board of Commissioners' responsibility to appoint a qualified person for the position of the three employees. The process is to be perceived as fair and objective and the applicant should possess the qualifications to perform the job and work well with the BWL culture. Commissioner Thomas added that additional time should be taken to find the best applicant, the application should be opened to a broader pool of applicants, and a search firm should be enlisted to assist with the selection. Commissioner Thomas stated that in the previous hiring process, the Board of Commissioners interviewed the applicants, along with the search firm, and the Human Resources Department didn't. Commissioner Thomas stated that he would vote no as he didn't feel comfortable with the current process. Human Resources Executive Director, Lynnette Keller, responded that a search firm had been contracted from which the top two candidates were obtained. Ms. Keller added that the job posting was sent out through multiple mechanisms, such as the BWL website, Indeed.com, and Glassdoor.com.

Commissioner Mullen commented that a search firm was hired for the last interviewing process for the position of Internal Auditor and it didn't work out. Commissioner Mullen thought BWL's internal service through the Human Resources Department would be adequate for this interview process. Commissioner Mullen added that he thought the current candidates were adequate but has no problem with the application process being reopened.

Chair Price stated that the hiring process started with an approved Internal Auditor job description, then the HR Department utilize their contracted search firm and posted the job opening on several sites. When the applications were received in house, the applications were sent to all of the Commissioners to review and five candidates were selected to interview. Chair Price asked what else could be done to improve the process. Commissioner Thomas responded that the information wasn't received until right before the Committee meeting. Commissioner Leek commented that the Commissioners were provided the information from the applicants but weren't included by the HR Department in the process. Commissioner Thomas added that the Commissioners are not involved in the hiring process of the 650+ BWL employees but the three employees are their responsibility. The process should involve extensively searching for an applicant as the Internal Auditor position is a major position in the company with a large financial responsibility. Chair Price stated that the HR Department does the vetting of the qualifications of the applicants and the Commissioners conduct the interviews of the applicants just like managers of BWL departments conduct the interviews of applicants for their departments.

Motion by Chair David Price, **Seconded** by Commissioner Tony Mullen to reopen the hiring process for additional candidates and to have the Human Resources Department hire an additional independent search firm.

Action: Motion failed. (Yeas 2: Commissioners DeShon Leek and Tracy Thomas; Nays 2: Chair Price and Commissioner Tony Mullen)

Commissioner Mullen commented that he didn't think the hiring process needed to be reopened or that an additional search firm was needed but was not completely opposed to it. Commissioner Mullen is willing to change his vote to obtain additional applicants from a wider net. Commissioner Thomas stated that the current applicants would still be considered.

Commissioner Zerkle asked if there would be guidelines put in place for the length of time to receive additional applications. Commissioner Mullen stated that he had no problem with delegating authority to the Human Resources Department for proceeding with recruiting applications for the Internal Auditor position.

Commissioner Mullen made a motion to reopen the application process for the Internal Auditor position with an independent search firm and finish the process by the end of November.

Commissioner Thomas requested that the Board of Commissioners be mentioned and included in the motion to reopen the application process and search with an independent search firm and that by the end of November be removed from the motion.

Commissioner Horwitt commented that it was important to have the appearance of independence in the process, the search firm should report to the Board of Commissioners and it would give added confidence to the Board that the decision was made without BWL management's influence.

Commissioner Mullen asked that the hiring of a new Internal Auditor be done as expeditiously as possible. Commissioner Thomas asked for a copy of the previous hiring process to be sent to the Commissioners. Chair Price stated that the previous Internal Auditor hiring process transpired from January to May 2019 and included acquiring a search firm, searching for applicants, survey responses from Commissioners, initial screening of candidates by the HR Director, and scheduling interviews.

Commissioner Mullen withdrew his previous motion and another motion was made.

Motion by Commissioner Mullen, **Second** by Commissioner Leek to start the process to hire an independent search firm for both the Corporate Secretary and Internal Auditor positions.

Action: Motion Failed (Yeas 2: Commissioner Leek, Commissioner Mullen; Nays 2: Chair Price, Commissioner Thomas)

Another motion was made.

Motion by Commissioner Mullen, **Second** by Commissioner Thomas to start the process to hire an independent search firm to produce candidates for the positions of Corporate Secretary and Internal Auditor, which will be thoroughly vetted by the HR Committee

Action: Motion Carries (Yeas 3: Commissioner Leek, Commissioner Mullen, Commissioner Thomas; Nays 1: Commissioner Price)

Other

None

Adjourn

Chair Price adjourned the meeting at 7:20 p.m.

Respectfully Submitted,
David Price, Chair
Human Resources Committee

Commissioner Sandra Zerkle presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE

Meeting Minutes

November 9, 2021

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, November 9, 2021.

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

Present: Commissioners Sandra Zerkle, Dusty Horwitt, Semone James, DeShon Leek, Tony Mullen, David Price, and Tracy Thomas, and Non-Voting Members: Douglas Jester (East Lansing), Larry Merrill (Delta Township) and Brian Ross (DeWitt Township)

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Mullen, **Seconded** by Commissioner Thomas, to approve the Committee of the Whole meeting minutes of September 14, 2021.

Action: Motion Carried.

Regular Board Meeting Schedule 2022 Resolution

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Regular Board Meeting Schedule 2022.

Action: Motion Carried.

Renewable Energy Update

General Manager Peffley gave the renewable energy update. GM Peffley reported that BWL met the requirements for the agreement with the Sierra Club for 30% clean energy, and the 15% of retail sales that is required by the State of Michigan for renewables, at the end of June 2021, five months ahead of schedule. BWL is on track to meet the 50% goal by 2030. GM Peffley also reported that 15% of BWL's renewable energy is from solar, 67% is from wind, and 18% is from landfill gas. GM Peffley added that the percentage of renewable energy from solar would increase as the Ranger Power solar project, of which BWL is the largest owner for purchase power, would be online at the end of the year. BWL is also exploring battery technology for when the renewable portfolio is generating more energy than the domestic load.

Commissioner Jester asked about the wind energy project in Tuscola County, Michigan. GM Peffley responded that BWL negotiated and lowered the cost by 25% for the 68 MW wind field.

Commissioner James requested a written summary of the renewable energy update and GM Peffley responded that he would provide it to her.

Commissioner Horwitt asked if there was a pie chart on the BWL website that indicates a breakdown of all the places from where electricity is generated. GM Peffley responded that he would send the information to the Commissioners and also check on the website.

Tree Trimming Update

General Manager gave the tree trimming update. Trees remain to be trimmed in three quarter sections of the service territory and 685 have been completed. The trees in the current quarter section will be trimmed by the end of January 2022. The second round of trimming trees according to the new standard has also begun.

Commissioner Horwitt asked if the BWL has considered placing wires underground even though that is expensive. GM Peffley responded that it is expensive and is being offered to customers, who pay the extra cost. GM Peffley added that if the wires are buried in the right of way, damage can be done to the root structure of trees and if the service is on the back of the house, the service has to be relocated. The transformers also sit in the yard rather than on poles.

Personnel Issue

Committee of the Whole Chairperson Sandra Zerkle stated that General Counsel Mark Matus provided the Committee of the Whole with an Attorney Client Privilege memorandum and is present and available to discuss the contents of that memorandum with us.

Motion by Commissioner Price, Seconded by Commissioner James to go into closed session for the purpose of reviewing the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(e).

Action: Motion Carried.

Roll Call Vote:

Yeas: Commissioners Sandra Zerkle, Dusty Horwitt, Semone James, Deshon Leek, Tony Mullen, David Price, and Tracy Thomas; and Non-Voting Commissioners Douglas Jester, Larry Merrill, and Brian Ross

Nays: None.

Action: Motion Carried. *The Committee of the Whole Meeting went into closed session at 6:45 p.m.*

Motion by Commissioner Price, Seconded by Commissioner Thomas to return to open session.

Action: Motion Carried.

The Committee of the Whole Meeting reconvened to open session at 7:15 p.m.

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to authorize General Counsel Mark Matus to negotiate a settlement with Mr. Wesley Lewis within the parameters presented.

Action: Motion Carried. (Yeas 6: Commissioners Zerkle, Horwitt, Leek, Mullen, Price, Thomas; Nays 1: Commissioner James)

Other

GM Peffley reported on a late item regarding questions about a story about PFAS (polyfluoroalkyl substances) detected in the airport area, noting that BWL has 125 wells that are about 400 feet deep in the Saginaw aquifer. The wells started being tested in 2015 and have been tested every year since 2018. GM Peffley stated that any questions can be referred to BWL Environmental Compliance Specialist, Angie Goodman.

Adjourn

Chair Zerkle adjourned the meeting at 6:23 p.m.

Respectfully Submitted
 Sandra Zerkle, Chair
 Committee of the Whole

Commissioner Tony Mullen presented the Finance Committee Report:

**FINANCE COMMITTEE
 Meeting Minutes
 November 9, 2021**

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, November 9, 2021.

Finance Committee Chair Tony Mullen called the meeting to order at 6:29 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Semone James, David Price and Sandra Zerkle. Also, present: Commissioners Dusty Horwitt, DeShon Leek, and Non-Voting Commissioners Douglas Jester (East Lansing), Larry Merrill (Delta Township) and Brian Ross (DeWitt Township).

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

Public Comments

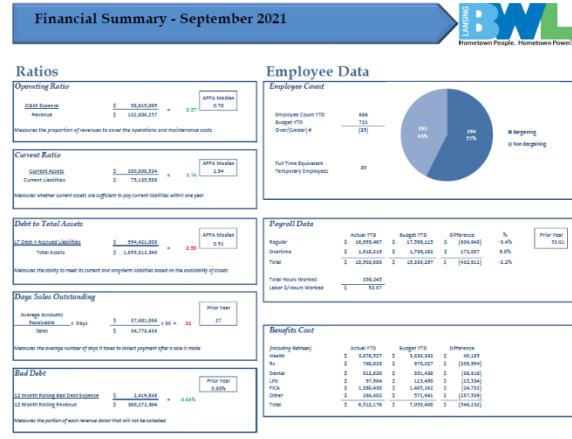
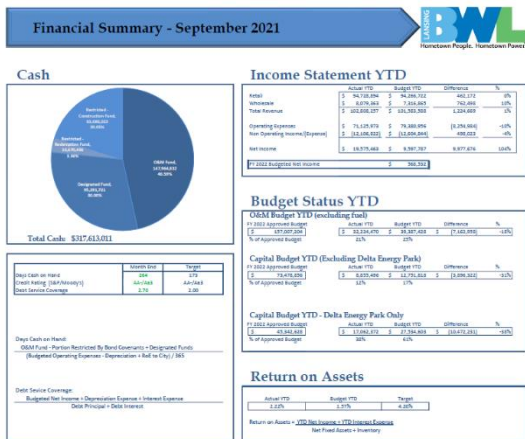
None.

Approval of Minutes

Motion by Commissioner Zerkle, **Seconded** by Commissioner James, to approve the Finance Committee meeting minutes of September 14, 2021.

Action: Motion Carried.

September YTD Financial Summary



* All APFA Median Numbers are for Utilities with Greater Than \$500M Customer as Obtained From The Most Recent "APFA Financial and Operating Ratio of Public Power Utilities Report" Published in 2021.

CFO Heather Shawa and Finance Manager, Scott Taylor gave a review of the September 2021 Year-to-date Financial Summary. Mr. Taylor reported the following: Total Cash is at \$317 million. The Days Cash on Hand and Debt Service Coverage are the most critical metrics and both are in a strong position. After the completion of bringing Delta Energy Park on line and working through the COVID-19 environment, a portion of our current cash balances can be used for additional investment in infrastructure. Operating Expenses are lower than budgeted partly due to COVID and partly due to it being the first quarter when we have just closed out prior year initiatives and are just in the beginning phases of the new year's initiatives.

Commissioner Mullen asked if there was a separation of fuel from the O&M Budget because it was volatile. Mr. Taylor responded that there was a separate cost recovery component for the variances in fuel.

Mr. Taylor also reported on the Ratios and noted that the Debt to Total Assets is in the red but it is typical for utilities who generate their own power like the BWL to have a higher ratio because of the additional cost of constructing their own generation facilities rather than buying their power from the market. Days Sales Outstanding is in the red but BWL is working with the customers.

Commissioner Jester asked how close the mix of electricity sales by class were to being back to normal. Mr. Taylor responded that industrial sales underperformed primarily due to General Motors not operating at full capacity while residential and commercial sales outperformed and offset the shortfall. Commissioner Jester also asked what the status was for customer disconnections. CFO Shawa responded that past due customer accounts were reduced by about \$3 million and 16,000 customer accounts were included in the shut off pool.

September Capital Report

CFO Heather Shawa gave the September Capital Report. The report contains the top ten projects, excluding the Delta Energy Project. The ESRI Implementation project is part of the BSmart program and is on the watchlist as it is approaching exceedance.

Commissioner Mullen asked for clarification regarding the phases with regard to planned costs and exceedances. CFO Shawa responded that the budget for the project is not considered firm until after the project is scoped and designed. If and expected total project cost increase exceeds the reporting threshold after that point, the project is brought to the Board for exceedance acceptance. GM Peffley added that an accurate cost is achieved with the scope and design and management is held responsible to be within 15% or \$200,000 of the designed cost. Commissioner Mullen commented that authorization was given for this process.

Commissioner Zerkle asked whether approval had been given for this project exceedance process. CFO Shawa responded that there is an updated resolution that supports this process. CFO Shawa added that when the capital budget is presented, the phases of the projects are provided. GM Peffley commented that graphs indicating in which phase or gate the projects are in is provided for the Commissioner prior to presenting for acceptance.

Commissioner James asked whether a report of the capital project projections could be provided which states any vendor costs, the proximity to the projected budget, and any exceedances. GM Peffley and CFO Shawa responded that they could provide Commissioner James a report.

Retirement Plan Committee (RPC) Update

Chair Mullen commented that authority had been delegated to the Retirement Plan Committee to make any needed changes to administrative items and compliance actions in the retirement plans. CFO Shawa provided the Retirement Plan Committee (RPC) update and stated the plan overview of the Pension program would be sent to the full Board prior to the Trustee meeting. The funding status of the VEBA plan has doubled over the last 10 years and the VEBA plan administrative services agreement has now been drafted and includes a change in strategy from a building up funding strategy to a maintaining funding strategy. The agreement includes formally establishing the BWL's administrative role with respect to processing fees and expenses, and the placing of parameters to review and calculate quarterly funding of the cost of plan benefits from the trust.

Commissioner Zerkle asked whether the Board needed to approve any of the actions taken and what was the amount of money spent on employee benefits each year. CFO Shawa responded that a quarterly report will be provided going forward that shows claims paid and that \$15 to \$16 million is spent each year for current employees and retirees. Commissioner Zerkle asked about reimbursements that would be given to retirees. CFO Shawa responded that reimbursements would only be made to the BWL operating account for the eligible expenses being paid out. Commissioner Mullen commented that the amount in the retirement fund can only be used for retirees' benefits but extra money to be given to the retirees can be authorized by the Board from a separate fund other than the Pension fund, such as the operating fund. A discussion was requested to be held in the January Finance Committee meeting regarding retiree benefits.

Internal Auditor Status Report

Principal Auditor Brian Schimke presented the Internal Auditor Status Report.

FY 2021 Audit Progress Report

Audit Engagements and Activities in Audit Plan Completed, Currently Underway, Scheduled to Start, or Changed

1. Unbilled Accounts Receivable – Audit Status: Completed, Audit Report Issued 3/17/2021
2. Purchase Card Usage and Control – Audit Status: Completed, Audit Report Issued 3/30/2021
3. MPPA and MISO Billings – Audit Status: Completed, Audit Report Issued 6/10/2021
4. Cybersecurity, IT Vulnerabilities & Penetration Testing – Audit Status: Completed, Audit Report Issued 09/10/2021



IA Status Report 11/09/2021

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FY 2021 Audit Plan Recently Closed Audit Summary

- FY21-05 Cybersecurity, IT Vulnerabilities & Penetration Testing Audit
 - BDO was the vendor hired to conduct the audit, perform the penetration testing, and kicked off the Audit in April 2021.
 - BDO performed a Cyber Maturity Assessment and a Penetration Test of our Networks.
 - The BWL ranked above average in both facets of the audit and better than our industry peers in almost all categories.
 - Final Report was issued to the Commissioners back on September 10th, 2021.
 - BDO was very complimentary of the BWL's performance.
 - IA would like to publicly thank everyone who participated and contributed to the success of the audit.



IA Status Report 11/09/2021

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Tentative FY 2022 Audit Plan

**Please note: The FY22 Audit Plan has NOT been approved and may not be until a new Director of Internal Audit has been named. However, IA was given permission to engage in preliminary work only, for the FY22 Payroll Audit.*

1. Time Recording, Payroll Processing, and Payment of Overtime – Payroll (First Time Audit)
2. Employee Master File (To Be Included in #1 Above) – Human Resources, Last Audit: October 2017
3. Manage Mobile Devices – Information Technology, Last Audit: October 2017
4. Outage Management System (Current Process) – Operations (First Time Audit)
5. Enterprise Information Management (Records Retention Management) – Legal/Management/Board Processes, Last Audit: March 2014
6. Capital Projects Management – BWL Other (First Time Audit)



IA Status Report 11/09/2021

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FY 2022 Audit Progress Report

Audit Engagements and Activities in Audit Plan Completed, Currently Underway, Scheduled to Start, or Changed

1. Payroll Audit – Audit Status: Has Not Officially Commenced, Engaged in Preliminary Work Which Began on 08/23/2021



IA Status Report 11/09/2021

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Other Items Internal Audit's Addressing

- FY22 IIA Required Peer Review
 - Required to be completed every five years to maintain compliance with IIA standards. The last Peer Review was completed in FY2017.
- Improving/Evolving IA's Relations with Management
 - Implementing strategies to improve efficacy, enhance communication, refine engagement, and foster synergies with Management.
- Ensuring a Smooth Transition to New Director of Internal Audit
 - Verifying all workpapers were saved accordingly in our database, reviewing IA's current processes and preparing recommendations for new Director, and ensuring the day-to-day operations of IA are being performed.



IA Status Report 11/09/2021

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Commissioner Zerkle commented that she didn't receive the report from September 10th and only received an email stating the information in the cybersecurity audit wouldn't be disclosed publicly. Mr. Schimke stated that the information in the audit report would need to be discussed in a closed session due to the sensitivity of the information. Commissioner James asked whether a final report was sent to the Commissioners. Commissioner Mullen and Mr. Schimke responded that an executive summary of the audit report was provided which provided BDO's findings from the two phases of the

audit and which was intended to serve as the final report for this audit. Mr. Schimke responded that Internal Audit and BDO reviewed the FY21-05 cybersecurity audit with CFO Heather Shawa, CIO Rod Davenport and Internal Controls, and Finance Manager, Scott Taylor. IT agreed to remediations proposed by management.

Commissioner Zerkle asked if there were a couple of the audits that Mr. Schimke could start or complete before the Internal Auditor position was filled. Mr. Schimke responded that the audit plan had not been approved yet but three or four possible could be completed. Mr. Schimke stated that he was given approval for preliminary work on the Payroll audit. He added that the new Internal Auditor may create a different audit plan. Commissioner Zerkle asked if further authority should be given to Mr. Schimke. Commissioner James commented that it would be up to the Board to determine what would be in the audit plan.

A discussion followed on giving Mr. Schimke further authority to work on additional proposed audit plans.

Motion by Commissioner Mullen, **Seconded** by Commissioner Zerkle, to appoint Principal Auditor Brian Schimke as Interim Internal Auditor and give him authority to work on the internal audit plan as Interim Internal Auditor until a Director of Internal Audit is appointed. (Resolution to be presented the full Board for consideration)

Action: Motion Carried

Commissioner Mullen requested that Mr. Schimke continue with the Payroll audit and come up with three more audits that need to be completed and present them at the January Finance Committee meeting if he is appointed as the Interim Internal Auditor at the Board meeting.

Commissioner Zerkle asked if the risk assessment could be presented at the January Finance Committee meeting. Mr. Schimke responded that he would bring suggestions but would like to speak with management regarding resources required to commit to the audits.

Commissioner James asked about the five-year peer review that needs to be completed by the end of the fiscal year. Mr. Schimke responded that it did need to be completed by June 30, 2022 as the last one was done in 2017 and he has received instructions from previous Internal Auditor Phil Perkins.

Mr. Schimke stated that he would like to discuss with management whether they have the resources to commit to the audits in the plan. Mr. Schimke added that he would like to include two or three alternate audits along with the six or seven audits determined from the risk assessment.

Commissioner James asked if Mr. Schimke would only be working on the payroll audit and the peer review. Mr. Schimke responded he would be working on those two items and additional items.

Other

There was no other business.

Adjourn

Chair Tony Mullen adjourned the meeting at 8:01 p.m.

Respectfully submitted
Tony Mullen, Chair
Finance Committee

Chair David Price presented the Pension Fund Trustee Meeting Report:

PENSION FUND TRUSTEES COMMITTEE
Meeting Minutes
November 16, 2021

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters in the REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 5:00 P.M. on Tuesday, November 16, 2021.

Trustee and Board Chairperson David Price called the meeting to order at 5:00 p.m.

Corporate Secretary Griffin called the Roll:

The following Trustees were present: Beth Graham (arrived @5:26 p.m.), Dusty Horwitt (arrived at 5:22 p.m.), Semone James (arrived @5:22 p.m.), DeShon Leek, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle. Also Present: Douglas Jester (East Lansing), Larry Merrill (Delta Township), and Brian Ross (DeWitt Township)

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Trustee Zerkle and Seconded by Trustee Mullen to approve the minutes from the November 17, 2020; March 16, 2021; and May 25, 2021 Pension Fund Trustees Meetings.

Action: Motion Carried.

Pension Fund

Chief Financial Officer (CFO) Heather Shawa provided an overview of the information from the Pension Memo and Pension Dashboard. VEBA plan updates include Atlanta Capital being appointed to replace Aristotle as a VEBA small/mid cap investment manager, amending the plan for non-bargaining employee premium sharing, and executing three rebalancing transactions as needed for the VEBA Trust to maintain required asset allocations. DC plan updates include the transition to Nationwide, application to an IRS Voluntary Correction Program for DC Plans 1 & 2, and extending the Captrust contract for investment advisory services through 5/31/2023. The DB Plan has approximately \$62 million in funded assets and 127% funding status; the VEBA Plan has approximately \$248 million in funded assets and 168% funding status. This is an increase of 39% which is largely due to market performance of 25% returns. These results were achieved while

maintaining very low fees of 0.65% and 0.63%. The 401(a) and 457(b) plans have 1,081 and 966 participants respectively and there are 261 active loans.

Commissioner Zerkle asked how the loans were repaid and what percentage was lost by taking out a loan on the 401. CFO Shawa responded that the participants repay their loans and can have up to two loans outstanding. CFO Shawa responded that it depended on their asset allocation. Mr. Taylor responded that the money borrowed wouldn't be part of market returns on what is invested.

Mr. Scott Taylor, BWL Finance Manager, introduced the financial advisory panel. The Panel provided financial plan information and followed by a question and answer session.

- 1) Nathan Burk, Vice President and Senior Consultant with Asset Consulting Group (ACG); ACG assists in investment allocation, evaluation of investment managers, reporting of investment performance and investment policy statements.
- 2) Mark Miller, Founder and Principal Consultant with Benassist Retirement Consulting, LLC; Mr. Miller provides actuarial evaluation reports, assists with required annual state filing requirements, and performs calculations for DB employee benefits at retirement.
- 3) Anthony Bergstrom, Financial Advisor and Relationship Manager with Captrust; Captrust assists with fund line up selection and monitoring, investment performance reporting, fee benchmarking and fiduciary compliance for the DC plans.
- 4) Michael Burkhart, Executive Relationship Manager with Nationwide; Nationwide is the DC Plan administrator and provides personalized resources to help employees and retirees reach their financial goals.

Mr. Nathan Burk gave a capital market update for 2021. Mr. Burke stated that as the market came from the bottom due to the pandemic, due to the cutting of Federal Reserve interest rates to zero and pumping liquidity into the system, there were strong equities in the fiscal year period—up on average of about 40% to 60%. Fixed income rates were a little higher and private real estate was higher due to the industrial sector. Mr. Burke noted that the VEBA plan had a 25.2% return on assets for FY 2021 and the DB plan had a return of 22.13%.

Commissioner Mullen asked if anything special is done with real estate investments, relating to the real estate situation in 2008. Mr. Burk responded that there are two primary real estate managers in the VEBA and DB plans who invest in high quality properties without taking a lot of risk. Commissioner Mullen also asked if the real estate situation with China has any effect on decisions made. Mr. Burke responded that all of the real estate investments are domestic.

Chair Price asked how unusual it was for retirement funds to have a 25% return in one year. Mr. Burke responded that it is not common, not to be expected and it was a very good year.

Mr. Mark Miller spoke about the actuary of the DB and VEBA plans funding. He noted that the funded status for the DB plan is 127.3% while the average for funded plans in Michigan is 75%. The funded status for the VEBA plan is 167.8% while the average for funded plans in Michigan is 50.9%. BWL is in the top 3% out of 862 Michigan plans.

Mr. Anthony Bergstrom with Captrust spoke about the investment management, fiduciary process, plan design, vendor monitoring, and participant engagement for the 401(a) and 457(b) plans and the conversion from ICMA to Nationwide.

Mr. Michael Burkhart with Nationwide provided information about the retirement services that Nationwide furnishes.

RESOLUTION #2021-11-01

ACCEPTANCE OF 2021 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSION PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN

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

Staff comments: All three Plans received clean audit reports.

Motion by Trustee Mullen, **Seconded** by Trustee Zerkle, to accept the 2021 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan.

Action: Motion Carried.

Other

None.

Adjourn

There being no further business, the Pension Fund Trustees meeting adjourned at 5:47 p.m.

MANAGER'S RECOMMENDATIONS

There were no General Manager recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2021-11-02

Longevity Adjustment

Charter Position of Corporate Secretary

Whereas, In recognition of the Corporate Secretary's many years of dedicated and exemplary service to the Board of Water & Light and its Commissioners.

RESOLVED, On October 12, 2021 The Human Resources Committee by motion authorized the Chairperson and the Vice Chairperson to finalize the exiting employment arrangements between Ms. Griffin and the BWL.

FURTHER RESOLVED, all accumulated and unused paid time off (as of December 31, 2021 and January 7, 2022), which includes Vacation and Free-Choice' and a final longevity adjustment to the Corporate Secretary's compensation is appropriate given of her many years of dedicated and exemplary service is hereby approved.

FINALLY RESOLVED That the Chairperson and the Vice Chairperson of the Board of Commissioners are authorized to execute all contractual amendments or agreements on behalf of the Board of Commissioners to effectuate the final longevity adjustment.

Motion by Commissioner Mullen, **Seconded** by Commissioner Zerkle, to approve the Resolution for the Corporate Secretary's longevity adjustment.

Action: Motion Carried.

RESOLUTION 2021-11-03
Retain a Hiring Consultant

WHEREAS, the Board of Water & Light has an immediate need to fill the Charter appointed positions of Internal Auditor and Corporate Secretary;

WHEREAS, Chapter 2, Section 5-202 of the Lansing City Charter states it is the responsibility of the Board of Commissioners to appoint an Internal Auditor and Corporate Secretary:

*“(2) The Board shall appoint an Internal Auditor...
(3) The Board shall appoint its own Secretary...”*

WHEREAS, the Board of Commissioners requires professional assistance (“Consultant”) in filling its appointment responsibility;

WHEREAS, Section 19.6 of the Board of Water & Light's (“BWL”) Administrative Rules of Procedure states:

“The Board of Commissioners may hire external consultants, such as accountants, but not outside legal counsel. The full Board will meet before a consultant is hired to determine the scope of the issues to be addressed by the consultant, the consultant's budget, and the scope of contact with the Board. One Board member may be authorized as the primary contact with the consultant...”;

WHEREAS, the Human Resources Committee recommended by motion to retain a Consultant to assist with filling the positions of the Internal Auditor and the Corporate Secretary;

WHEREAS, the Board of Commissioners desires to use the services of the Executive Director of Human Resources to issue a Request for Proposal (“RFP”); to obtain multiple proposals (“Proposals”) from hiring recruiters from which the Board of Commissioners can choose from; and

RESOLVED, the Board of Commissioners hereby directs the Executive Director of Human Resources to issue a RFP for the sole purpose of obtaining Proposals for recruiting consultants.

RESOLVED, the Board of Commissioners will choose and retain the Consultant for the above-stated purposes from the Proposals provided.

RESOLVED, the Board of Commissioners will require the Consultant to report directly to the Human Resources Committee, with the Chairperson as the primary contact.

NOW, THEREFORE BE IT RESOLVED FURTHER, the Board of Commissioners will require the terms of Consultant engagement, specifically describing the scope, consistent with Section 19.6 of the Board of Water & Light’s (“BWL”) Administrative Rules of Procedure.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graham, to approve the Resolution for the Retention of a Hiring Consultant to assist with the recruitment for the Internal Auditor and Corporate Secretary positions.

- **Discussion:** Commissioner Merrill questioned the process of hiring a consultant to select candidates since interviews had already been conducted. Chair Price stated that there were comments made about the process not being open, although emails were sent regarding the process and no responses were received. Chair Price stated that Initially he and Commissioner Mullen voted no to the motion in the HR Committee, but Commissioner Mullen changed his vote so that the motion could be forwarded to the full board for consideration. Commissioner Merrill asked why the process had been considered faulty and appeared to be going in reverse with hiring a consultant. Commissioner Thomas stated that his objection to the process was due to the late reception of the 30/60/90 day work plans that had been requested, and the Rubric scoring system that was not implemented timely and the fact that there were no candidates outside of the State of Michigan. He also stated that he did not have the opportunity to review the only relevant document dated August 30th, due to a personal matter, death of best friend, who passed away on August 30th. Commissioner Thomas stated that these Board Appointed positions are important positions; and he added that the HR Department can process the paper work, but there needs to be a “independent” consultant hired to work with the HR Committee to select the candidates for these positions. Commissioner Zerkle commented that an outside (independent) firm was hired for previous appointment selections.

Chair Price called the question to stop the discussion/debate. **Roll Call Vote** (Yeas 7: Commissioner Graham, Horwitt, James, Leek, Mullen, Thomas and Zerkle; Nays 1: Commissioner Price)

Motion on the Floor as follows:

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graham, to approve the Resolution for the Retention of a Hiring Consultant to assist with the recruitment for the Internal Auditor and Corporate Secretary positions.

Action: Motion Carried. (Yeas 6: Commissioners Graham, Horwitt, James, Leek, Thomas, and Zerkle; Nays 2: Commissioners Mullen and Price)

RESOLUTION 2021-11-04
Regular Board Meeting Schedule 2022

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 2022 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2022
Lansing Board of Water & Light Board of Commissioners
Regular Board Meeting Schedule

Tuesday	January 25
Tuesday	March 22
Tuesday	May 24
Tuesday	July 26
Tuesday	September 27
Tuesday	November 15

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, 2022.

Motion by Commissioner Leek, **Seconded** by Commissioner Zerkle, to approve the 2022 Regular Board Meeting Schedule.

Action: Motion Carried.

Proposed Resolution
Interim Internal Auditor
PULLED FROM THE AGENDA

WHEREAS, on November 9, 2021 the Finance Committee recommended that BWL Principal Auditor Brian Schimke be named as the Interim Internal Auditor and report directly to the Board of Commissioners until a permanent Internal Auditor has been named.

WHEREAS, as the Interim Internal Auditor, Mr. Schimke is authorized to work on the Internal Audit Plan.

RESOLVED, that Brian Schimke will serve as the Interim Internal Auditor until the Charter Appointed position of (Director) Internal Auditor is filled by the Board of Commissioners.

RESOLUTION 2021-11-05
Grant of Settlement Authority

WHEREAS, On November 9, 2021 the Committee of the Whole met in Closed Session for an Attorney Client Privilege Memorandum as permitted in Open Meetings Act, specifically MCL 15.268(e).

WHEREAS, by motion the Committee of the Whole recommended authorization for the Legal Counsel to negotiate a settlement between the BWL and Mr. Wesley Lewis within the set-forth parameters.

RESOLVED, that the Board of Commissioners, authorizes Legal Counsel to negotiate a settlement of claims made against the Board by Mr. Wesley Lewis within the recommended parameters.

Motion by Commissioner Mullen, **Seconded** by Commissioner Zerkle, to approve the Resolution for Authority to Settle

Action: Motion Carried.

MANAGER'S REMARKS

There were no manager's remarks.

COMMISSIONERS' REMARKS

There were Commissioner's remarks.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Chair Price adjourned the meeting at 6:43 p.m.

M. Denise Griffin, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 11-19-21
Approved by the Board of Commissioners: 01/--/22
Official Minutes filed (electronically) with Lansing City Clerk: 01/--/22

Submitted on Wed, 12/22/2021 - 10:38 AM

Select a Commissioner:

All Commissioners

Name

Kevin Schoen - CEO - ACD.net

Message

ACD.net is headquartered in Lansing, MI and has been providing broadband services for 20 years. I, and my staff have had ongoing issues with the board related to obtaining permits for our fiber construction in a timely manner, things have steadily gone downhill since new personell have taken over and BWL hired a new contractor to handle the permitting/make ready process, and this is fundamentally not working for ACD. ACD feels it is not being dealt with by BWL staff in a honest and truthful manner and we have documented these problems. I would like to give the board of directors a summary of the ongoing issues with with timely processing of permits, lack of responses to email communication and the ongoing issues. It is my belief that by in large most other providers are also having the same issues, resulting in OTHER providers generally circumventing the board of water and light permitting process because the board of is non-responsive and attaching to the boards utility poles in a disorganized way. These problems have continued to accumulate and are not getting better. If we don't resolve these matters successfully ACD is considering escalating these matters via formal regulatory filings with our regulator, the MPSC, or the FCC, and seek FCC obtain jurisdiction to resolve these impediments to ACD network deployment. Please send me the times of your next board meeting. Your board meetings times are not posted on your website. Sincerely, Kevin C. Schoen, CEO, ACD.net

Submitted on Thu, 12/30/2021 - 5:17 AM

Select a Commissioner:

Anthony H. Mullen

Name

Victor Diaz

Message

Anthony, I am a resident living in Moores Park Neighborhood. I am creating an outdoor Butterfly garden in Moores Park at the site of the former park entrance and would like to speak with you regarding how BWL could team with us to make the park more beautiful with increased human and environmental utility.

Submitted on Thu, 12/30/2021 - 9:23 PM

Select a Commissioner:

Brian Ross

Name

Tom Hawley

Message

Sir:

I picked your name at random from the list of BW&L commissioners.

I notified an employee who happened to be in the neighborhood about the streetlights in the next block coming on too early in the evening. I also notified "contact us" or whatever it's called via e-mail. They resolved the issue by having those streetlights on 24/24.

You must be real proud to be associated with this bunch of dopes.

BWL Lansing

Tuesday, January 4, 2022 12:15 PM

David Price BWL Chair At- Large

Dear Mr. Price,

Recently I came home to see a Pamphlet/tag attached to my door warning me "Your water is scheduled to be shut off in 2 business days. Action Needed!" It followed up finishing that my water meter must be upgraded to avoid having my water shut off.

VERY threatening.

A few things came to mind. First, is this a scam (there are quite a few out there)? Next, was the fact that we have been loyal customers for 18 years. Always paid on time. Also, what if we had been in, say, Florida on vacation for two weeks! Not only would my water have been shut off, but then we would have to go through the agony of trying to contact BWL, wait on the phone for 20 minutes just to find out we would probably have to pay to get it turned back on (at the convenience of BWL). Nightmare!

Now, (hopefully you are still reading this) when I called BWL at the customer service number to verify the legitimacy of the tag, it took 20 minutes to get someone on the other end, then it took him 12 minutes to get the number to schedule an appointment. THEN, when I called that number, they weren't able to schedule my appointment because their software wasn't working correctly.

Let's back up a bit. While talking to the BWL associate I asked if it was possible to opt-out of the meter install as I don't like the idea of having some mechanical device in my cellar that can be scanned by any outside company or person. "Oh sure, you can opt-out", however, there is a one time charge, plus a monthly charge involved. Talk about being pressured into conformity. First it's "we're going to shut off your water"; then You get to pay for not conforming. The old system still works fine.

OK. Now comes the day of the appointment. Scheduled from 1-3 P.M. Thursday 12-09. My wife is home alone at about 10:15 A.M. and two guys come up and state: "We're here to install or shut off your water". Wait a second, we have an appointment. She almost called the police. Yes, she was uncomfortable. Slightly frightened.

I don't want to "shoot the messenger", and when they came back they did apologize (for mixing up appointments) and did a good job. But, I was ready to tear their faces off when they returned. Thankfully, the apology was the first thing stated.

That, is my point exactly! The whole situation was started with a threatening notice on my door to which I, naturally, became defensive and it escalated into a distrusting and non-friendly situation.

I truly think that YOU should become more aware of the customers point of view, the actual trouble it is to get in touch with the company, how long it takes to get things straight and put yourself in the position of the common people involved. Get from behind your desk! Stop your company from the aggressiveness and try to realize, not only is it the customers who pay you but we're all not thieves trying to rip off BWL.

Thank-you. Sincerely, Terry & Valerie Price. 1948 Maple St., Holt Michigan. 48842. (517) 281-0260. VT2_2price@att.net

P.S. If you have never read either "Fahrenheit 451" Ray Bradbury. Or "1984" George Orwell. You should.

Cc. Stephen Serkaian, ED. Customer Relations and Communications



We'd love your feedback!



We have just two questions for you.

MR. David Price
Lansing BWL
P.O. Box 13007
Lansing, Michigan 48901-3007

13007

Submitted on Wed, 01/12/2022 - 9:46 AM

Select a Commissioner:

David Price

Name

Vivian and Brenden Cislo

Message

Hello Mr. Price, I have a potentially deadly hazard with my electrical wire at 151 Kedzie. I went through the proper channels to have it repaired, however, the tech that came out would not address the wire, he said the wire is a cable wire and he mentioned branches being the home owner's responsibility. The cable wire has nothing to do with the problem and there are no branches causing any problems. We had the house inspected by a certified inspector who also took photos and explained this wire is an electrical wire that is pulling away from the house. When I spoke to the person at your office, she said this is the problem of the homeowner. Does BWL own the wires all the way to the meter box? And isn't it a huge danger to have a homeowner trying to secure your electrical wire to the house? I'd like to include pictures we took as well as the one Michigan Property Inspection took. I can also provide a copy of the report that indicates the wire is an electrical wire.

I am concerned for the safety of the people who live in the house and the people who cut through the yard regularly. This email system does not seem to have a place for me to upload a photo or the email I sent to your customer service, who by the way never replied to my email. I would just think that safety would be a priority of the company.

Thank you for taking the time to investigate my serious concerns.

Vivian

Submitted on Thu, 01/13/2022 - 3:41 PM

Select a Commissioner:

All Commissioners

Name

Magdalena Rivera

Message

I moved to Lansing for work. I am part time employed dependent on public assistance until I get gainful full time employment. I needed BWL services for electric, water and sewer. I have been assessed a \$319 penalty/deposit. This is not affordable now or not during a pandemic. I need to know the appeal process with the BWL department to get this penalty/deposit removed. If there is no appeal process for limited income people then why are there no equitable and inclusive procedures in place for an appeal? I want a response asap.

Assessing people these outrageous fees and financially burdensome penalties DURING A PANDEMIC is unacceptable. These policies and practices are discriminatory against extremely low, low and limited income folx. The practice of this governing board is not racially equitable nor inclusive nor assessable for BIPOC, disabled, LGBTQ+, veterans, elderly and limited able bodied. It's 2022. It's time to end these systemic oppressive policies and practices by all public utilities who provide basic human needs for electric, water and sewage. I'd like a response within a week. Thank you.

COMMITTEE OF THE WHOLE

Meeting Minutes

January 11, 2022

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, January 11, 2022.

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

Present: Commissioners Sandra Zerkle, Beth Graham (arrived @5:33 p.m.), Dusty Horwitt, Semone James, DeShon Leek, David Price and Tracy Thomas, and Non-Voting Member: Larry Merrill (Delta Township)

Absent: Commissioners Tony Mullen, Douglas Jester (East Lansing), and Brian Ross (DeWitt Township)

The Acting Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner James, to approve the Committee of the Whole meeting minutes of November 9, 2021 as corrected.

Action: The minutes were approved as corrected.

Strategic Plan Execution Update

Strategic Planning and Marketing Executive Director, Brandie Ekren, presented the Strategic Plan Execution Update. Ms. Ekren reviewed the Mission, Vision, and Value Statements, and explained the goals, strategies and tactics of the five (5) priorities. The priorities are set to integrate and enhance customer and community needs and experiences; sustain a workforce that embraces safety and supports BWL's success; lead in providing energy solutions; and continually improve organizational assets—to which people and knowledge were added. The focus will be on communication, monitoring and tracking, execution, and accountability. Ms. Ekren provided key action points for strategic planning and strategic management.

Executive Director of Human Resources & Labor Relations, Michael Flowers, provided information on expanded workforce engagement. Mr. Flowers stated that BWL conducted an employee survey with Gallup with whom a four-year contract was formed in 2021 and partnered with Marsh for training in workplace safety processes. BWL also developed new-hire onboarding and leadership processes, succession planning processes, and processes to support career progression.

Enterprise Business Programs Manager, Kellee Christensen, provided information on the impacts of the Strategic Plan to the BSmart program. Ms. Christensen reported that the BSmart program projects that are in progress are near to, or in Phase V and near completion. BWL has improved customer experience

and the customer self-service portal with the BSmart program. The BSmart program has also improved outage management and restoration practices.

Environmental Services & Reliability Compliance Manager, Lori Myott, spoke about climate response and corporate sustainability. Ms. Myott reported that Environmental Services is working on a corporate sustainability report which will track the sustainability and carbon reduction goals and indicate improvements to be made year to year. Waste reduction with recycling and compost efforts, cleaning Eckert station, renewable energy and energy use reduction, and sustainable land use with native pollinators are some of the projects on which Environmental Services is working.

Ms. Ekren concluded the presentation stating that progress would be communicated by providing quarterly updated Balanced Scorecards and an annual corporate sustainability report, while continuing to provide dashboard reports and monthly highlights.

Chair Zerkle inquired what the monitoring and measuring of goals in the strategic plan includes. Ms. Ekren responded that the balanced scorecard measures the tasks and activities in strategic management and indicates the progress of the goals and the key initiatives.

Commissioner Thomas thanked Ms. Ekren and her department for their leadership.

Commissioner Merrill asked if the balanced scorecard, dashboards and key performance indicators were all the same thing, whether they are parts of the different reports, and what determines which information is reported to the Board. Ms. Ekren responded that the balanced scorecard reflects numbers, and the key performance indicators reflect accomplished results and the measures that indicate the results are being accomplished. Ms. Ekren stated that management review meetings are held quarterly to determine barriers to success and to measure performance. Commissioner Merrill asked to what extent strategic plan information is disseminated organization wide. Ms. Ekren responded that providing the information is being addressed and obtaining the data in real time is the main focus.

Commissioner Horwitt asked if there was a year-by-year benchmark plan for achieving carbon neutrality. Ms. Ekren responded the benchmark plan will be reflected in the annual corporate sustainability report, and the report will indicate what carbon use was in the past and what it will be until carbon neutrality is realized in 2030. Emphasis in the plan will be on changing behaviors which affect the environment.

Chair Zerkle inquired about federal money for electric cars and electric charging stations that was addressed in recent bills. GM Peffley responded that CFO Heather Shawa, Executive Director of Operations Dave Bolan, and Ms. Ekren continually search for grants for which BWL can apply. GM Peffley added that the electric distribution system is being assessed for supplying to customer homes. He also added that green fuels are being researched and the EV program will be a separate undertaking. Chair Zerkle asked if the Smartmeters had the capability to measure usage and determine which residents could have electric vehicles. GM Peffley responded that a separate charging station would need to be installed but energy efficiency was started by the BWL before it was required by the state and some groups of houses may be able to be serviced by one transformer. Chair Zerkle asked if there

was a time of use rate for electric cars. GM Peffley responded that there is an EV rate 22. He also stated that customers are asked to charge their cars at night for a better rate.

Commissioner Graham asked if there was an area on the BWL website, or some avenue where the community is kept informed, and if classrooms were visited with information. Ms. Ekren responded that there are social media and communication platforms, and programs with school districts. Ms. Myott responded that BWL partners with Consumers Energy and children are taught in partnerships with schools about renewable energy, how electricity works, and energy saving tips.

Other

GM Peffley gave an update regarding a communication received about third party attachers on poles. There is a price for each pole and when receiving a permit and a request to attach a line to a pole, BWL is responsible for making the pole ready by making sure there is room on the pole. The highest voltage wires go on the top. When there is a line attached to the pole without permission, BWL has to ask the other attachers to move their lines which is expensive and time consuming. When BWL asked the attachers to move their lines or be charged for having BWL move them, BWL ended up moving the lines with the help of a construction company. Previously, complaints were received often, resulting in BWL redoing the contracts for the pole attachments two years ago. Permission is required to attach to the poles so that the lines are attached properly to protect the integrity of the pole and safety of the pole and the community.

Commissioner Price asked what determines how many attachments can be on a pole. GM Peffley responded the height of the pole, and the voltage of the line determines where the line is attached.

Commissioner Graham asked who repairs lines in the back yard of a customer. GM Peffley responded that when BWL is notified, it doesn't repair lines unless the lines are not fixed in a timely manner and BWL charges the attacher for the repair. If a safety matter needs to be addressed or an emergency occurs, BWL will make the line safe and charge the line attacher.

Commissioner Thomas commented that Wright Tree Company is working in his neighborhood and is doing a great job but would like it brought to their attention that their MEN WORKING sign is not diverse.

Commissioner Horwitt asked for an update on the incident with the utility poles breaking and the train hitting the wires. GM Peffley responded that wind sheer broke the poles, temporary new poles have been put in, and conductors will be put in during the summer when there will be no interruption. There were approximately six miles of wire downed but no injuries were reported. Costs are still being assessed but it is expected to be over a million dollars. Commissioner Horwitt asked if any litigation was being contemplated by BWL or by those affected. GM Peffley responded that there is no known litigation at this time and that BWL is required by policy to notify the Board of any litigation and referred the question to General Counsel Mark Matus. Mr. Matus responded that significant milestones in pending litigation is provided to the Board. Commissioner Price responded that the information is provided in the monthly updates.

Executive Director of Human Resources & Labor Relations, Michael Flowers provided an update on the HR Hiring Consultant, Global Business Resource Group (GBRG). A contract has been made with the consultant and position descriptions and pay grade information has been sent to their offices. Mr. Flowers has scheduled an initial meeting with Mr. Bill Brewer of GBRG for next steps and to schedule an HR Committee meeting. Mr. Brewer will post the vacant positions on his platform by the end of this week. A current list of applicants for both positions will be shared with him. Timelines to effectively and efficiently move forward with the process will be discussed.

Commissioner Thomas asked that the HR Committee be notified when any important actions are taken.

Chair Zerkle asked to be notified of how long the positions will be posted and when they will be closed in order to know when the interview process will begin. Mr. Flowers responded that those items will be discussed in the initial HR Committee meeting.

Commissioner Horwitt asked for a synopsis to be sent to the HR Committee of what Mr. Flowers just stated and Mr. Flowers responded he would send it. Commissioner Horwitt asked when the meeting with Mr. Brewer is expected to be held. Mr. Flowers responded that he expected it to be scheduled next week.

A discussion followed on how the decision was made for the Board's Corporate Secretary contact person after the resignation of the Corporate Secretary. A suggestion was made that Chair Zerkle work with both the Executive Assistant, Smiljana Williams, and the Assistant to the Corporate Secretary, Maria Koutsoukos, until the Corporate Secretary position was filled. The Commissioners were informed that a decision to change the Board's Corporate Secretary contact person could be made at this meeting.

Commissioner Horwitt asked if documents, to include the Governance Policy, Administrative Rules of Procedure, and a list of delegation decisions, could be sent to the Commissioners to review prior to the Governance Training meeting on February 4th. The Commissioners would provide their comments and suggested revisions and return them to Ms. Koutsoukos by Monday, January 24th. Ms. Koutsoukos will compile the responses and return them to the Commissioners by Friday, January 28th.

GM Peffley asked who the Board would like to be the Acting Corporate Secretary in order for him to prepare a Resolution for the next Board Meeting. Commissioner James supported appointing Ms. Koutsoukos as the Acting Corporate Secretary and the primary contact. Commissioner Leek asked if there was a pay increase with the appointment and GM Peffley responded that a 12.5% increase was given to his employees but as a Board appointee it is the Board's decision. A discussion followed. Chair Zerkle will meet with Ms. Koutsoukos to discuss the position of Acting Corporate Secretary.

Motion by Commissioner Thomas, Seconded by Commissioner Graham, to excuse Commissioners Tony Mullen, Douglas Jester and Brian Ross from tonight's meeting.

Action: Motion Carried

Adjourn

Chair Zerkle adjourned the meeting at 7:16 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

FINANCE COMMITTEE

Meeting Minutes

January 11, 2022

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, January 11, 2022.

Finance Committee Acting Chair David Price called the meeting to order at 7:24 p.m. and asked the Acting Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Semone James, David Price and Sandra Zerkle. Also, present: Commissioners Dusty Horwitt, DeShon Leek, Tracy Thomas and Non-Voting Commissioner Larry Merrill (Delta Township)

Absent: Commissioner Tony Mullen

The Acting Corporate Secretary declared a quorum.

Public Comments

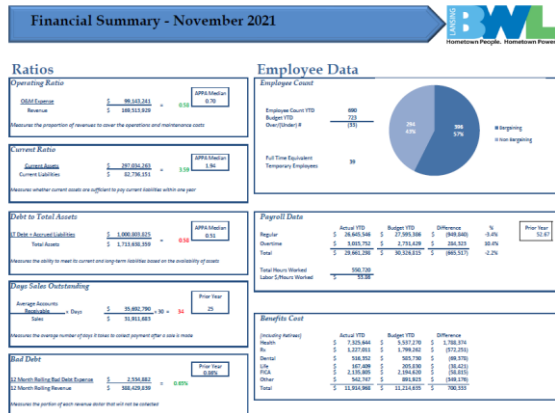
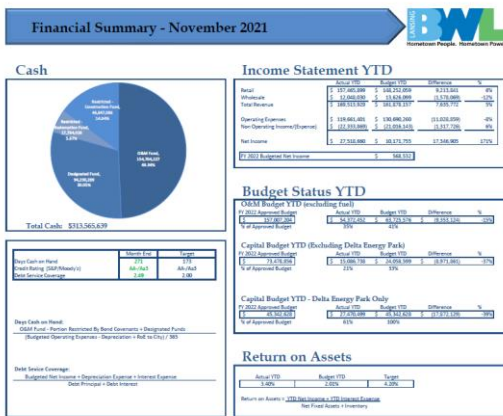
There were no public comments.

Approval of Minutes

Motion by Commissioner James, **Seconded** by Commissioner Graham to approve the Finance Committee meeting minutes of November 9, 2022.

Action: Motion Carried.

November YTD Financial Summary



* All APPL Metric numbers are for utilities with broader than 100,000 customers as obtained from the most recent "APPL Financial and Operating Metrics of Public Power Utilities Report" published in 2021.

Finance Manager, Scott Taylor gave a review of the November 2021 Year-to-date Financial Summary. Mr. Taylor reported that the Cash position is still strong. With the pandemic and bringing the new plant online, a conservative position is being maintained. The restricted construction fund will be decreasing and cash will be deployed for capital infrastructure when some items have been completed. Debt service coverage is above budget and retail sales for both commercial and residential are strong. An outage in the Erickson plant affected the wholesale numbers. Operating expenses and budget are down due to the new plant not being online and there is some impact from illnesses. Capital budget is under budget due to some delay in the supply chain. Three of the five ratios are above target. Debt to Total Assets is driven by the debt incurred with the Delta Energy Plant. Days Sales Outstanding is being affected by challenges customers have had making payments during the pandemic. Employee count and payroll data are consistent with previous data. Benefit costs have increased a little with an increase in claims but are offset with a decrease in prescription costs.

Commissioner Zerkle asked if the bad debt was decreasing toward normal levels. Mr. Taylor responded that bad debt was nearing former values from before the pandemic.

Bi-annual Internal Audit Open Management Response

Senior Internal Control Analyst, Elisha Franco, presented the bi-annual Internal Audit Open Management Response. Ms. Franco reported that mandatory training for P-Card holders is estimated to be completed by the end of January and Cyber Maturity is the only open action item under cyber security. Ms. Franco stated that the following closed action items were completed: revising and updating the P-Card manual and program on December 17, 2021 and December 21, 2021 respectively; implementing formal and written procedures for MPPA/MISO billings on August 18, 2021; and implementing a formal user access security review process for the OATI System on July 1, 2021.

Commissioner Zerkle thanked Ms. Franco for her clear, concise presentation.

Retirement Plan Committee (RPC) Updates

CFO Heather Shawa presented the Retirement Plan Committee (RPC) investment and administrative activity updates. Quarterly meetings were held with advisor ACG for the DB and VEBA Plans and with CapTrust and Nationwide for the Defined Contribution and Deferred Compensation Plans. The quarterly pension reports were emailed to the Board on December 17, 2021 and the final transition of assets from MissionSquare (ICMA-RC) to Nationwide was completed on December 21, 2021. A new account will be opened at Bank of America to handle the disbursement of pension payments for the DB Plan.

The Administrative Services Agreement for the VEBA Plan became effective January 1, 2022. A section will be added to the March 31, 2022 Quarterly Pension Report showing benefits paid on behalf of the Trust and, if applicable, the amount reimbursed from the Trust to the BWL operating account. An Approval of Plan Document Amendment was made to align with the

Centers for Medicare and Medicaid Services standards, and to clarify coverage eligibility for participants.

The Voluntary Correction Program response was filed in January 2021 to the IRS examiner for the October 29th follow-up request for the Defined Contribution & Deferred Compensation Plans. There is one item that remains for approval and acceptance of correction. The Miners Act and SECURE Act optional provisions recommended and adopted by the Board are reducing in-service distribution age from 70 ½ to 59 ½ for 457 (b) participants and allowing withdrawal of \$5,000 following birth or adoption without a 10% early withdrawal penalty.

Commissioner James asked how the amounts were selected for the optional provisions in the two acts. CFO Shawa responded that in the review meetings with the advisors, the optional provisions were determined to be an advantage to participants. Commissioner James asked if any other options were considered. CFO Shawa responded that those were the only two brought forward for the plan but the Board may suggest additional options they would like considered.

Internal Auditor Status Report

Acting Chair Price requested that the Internal Audit Status Report be postponed until the Regular Board meeting.

Other

Finance Committee Chair Tony Mullen provided by email the Commissioners with a proposed resolution to appoint BWL Principal Auditor Brian Schimke as the Interim Internal Auditor. The resolution submitted in the November 9, 2021 Finance Committee Meeting was removed from the agenda due to concerns raised by legal counsel. Legal counsel's concerns will be addressed by the BWL Human Resources Department administering this position through its normal process for interim positions.

Motion by Commissioner Graham, **Seconded** by Commissioner Zerkle to forward the resolution as amended to appoint BWL Principal Auditor Brian Schimke as the Interim Internal Auditor until the Charter Appointed position of (Director) Internal Auditor is filled by the Board of Commissioners to the full Board for consideration.

Commissioner James asked what the Interim Internal Auditor would be expected to produce for the Board during the interim period. Chair Price responded that Mr. Schimke will be producing the revised audit plan as it has been proposed. Commissioner James asked if the five-year peer review would be completed by the Interim Internal Auditor. Chair Price stated he did not have that information and requested that questions regarding the Interim Internal Auditor role be postponed until the full Board meeting.

Commissioner Zerkle asked if General Counsel Mark Matus could elaborate on why the wording in one of the Interim Internal Auditor documents included that BWL had the right to eliminate

the position when the position is appointed by the Board. Mr. Matus responded that it is standard language for contracts for interim positions.

Commissioner Thomas requested further clarification on management having the right to eliminate the position when it is a Board position. He requested that the resolution be amended to the Board having the right to eliminate the position. Mr. Matus responded that the resolution can be amended for the Board to have the discretion to eliminate the position.

Action: Motion Carried.

Adjourn

Chair David Price adjourned the meeting at 8:00 p.m.

Respectfully submitted
David Price, Acting Chair
Finance Committee

Human Resources Committee Meeting (January 20, 2022)

The Committee Report/Minutes are not available at the time of the creation of the Board packet.



Internal Audit Status Report Finance Committee Meeting January 11th, 2022

Provided by:
Brian W. Schimke, Principal Auditor

Overview

- 1. Proposed (Revised) FY22 Audit Plan**
- 2. Proposed (Revised) FY22 Audit Plan - Progress Report**
- 3. Other Notable Items**

Proposed (Revised) FY 2022 Audit Plan

1. Planned Audits

- Time Recording, Payroll Processing, Payment of Overtime and Review Access to Employee Master File (Human Resources: Last Audit - October 2017)
- Manage Mobile Devices (Information Technology: Last Audit - October 2017)

2. Alternate Audits

- Enterprise Information Management/Records Retention Management (Legal: Last Audit - March 2014)
- Outage Management System (Operations: Last Audit - April 2015 [Prior OMS System])

**Please note – Alternate audits may only be implemented if there is ample time left in the fiscal year to commence or if circumstances prevent IA from commencing a planned audit.*

Proposed (Revised) FY 2022 Audit Progress Report

Audit Engagements and Activities in Audit Plan Completed, Active, Scheduled to Start, or Changed.

- 1. Payroll Audit – Audit Status: Active, commenced preliminary work back on 08/23/2021**
- 2. Mobile Devices Audit – Audit Status: Scheduled to start after receiving approval of the proposed (revised) FY22 Audit Plan**

**Please note: A FY22 Audit Plan has NOT been approved, however, IA was given permission to engage in audit work related to the FY22 Payroll Audit.*

Other Items Internal Audit's Addressing

1. FY22 IIA Required Peer Review

- Required to be completed every five years to maintain compliance with IIA standards. The last Peer Review was completed in FY2017
- Working with Purchasing to issue RFP to solicit a vendor to perform the Peer Review

2. Working on completing FY22 Goals

- Established to improve the efficiency and efficacy of Internal Audit

3. Composing an Audit Universe for Board of Commissioners

- Will provide the Commissioner's with a comprehensive list of previous audits and breadth of the universe

Any questions, comments, or concerns?

Thank you kindly, for your time.

PROPOSED RESOLUTION
Interim Internal Auditor

WHEREAS, on November 9, 2021, the Finance Committee recommended that BWL Principal Auditor Brian Schimke serve as the Interim Internal Auditor reporting directly to the Board of Commissioners until a permanent Internal Auditor has been appointed and approved by the Board of Commissioners;

WHEREAS, at the regular Board meeting on November 16, 2021, the resolution to appoint an interim internal auditor was removed from the agenda following concerns raised by Legal Counsel; and

WHEREAS, Legal Counsel's concerns will be addressed by means of the BWL Human Resources Department administering this interim position through its normal process for interim positions and making a written offer to Mr. Schimke containing the terms of the interim position,

RESOLVED, that Brian Schimke will serve as the Interim Internal Auditor while remaining a BWL at-will employee though reporting directly to the Board of Commissioners until the permanent Charter Appointed position of (Director) Internal Auditor is approved by the Board of Commissioners.

PROPOSED RESOLUTION
Interim Corporate Secretary

WHEREAS, on January 7, 2022, the Charter Appointed position of Corporate Secretary was vacated;

WHEREAS, on January 11, 2022, the Committee of the Whole recommended that BWL employee, Maria Koutsoukos, serve as the Interim Corporate Secretary, effective January 10, 2022, until a permanent Corporate Secretary has been appointed by the Board of Commissioners;

WHEREAS, the BWL Human Resources Department will administer this interim position through its normal process for interim positions and make a written offer to Maria Koutsoukos containing the terms of the interim position.

RESOLVED, that Maria Koutsoukos will serve as the Interim Corporate Secretary effective January 10, 2022, while remaining a BWL at-will employee though reporting to the Board of Commissioners in her interim capacity until a permanent Corporate Secretary has been appointed by the Board of Commissioners.