



**BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
REGULAR BOARD MEETING
March 28, 2023 - 5:30 p.m.
1201 S. Washington Ave., Lansing, Michigan
REO Town Depot**

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. Regular Board Meeting Minutes of January 24, 2023

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 Marni Homes re: Tree Trimming
- b. Electronic mail from Laurie Douglass re: Customer Request
- c. Communication from Frank and Elaine Knox re: Winter Outages Prevention
- d. Communication from Kenneth Page re: Retirement Plan

6. Committee Reports

- a. Human Resources Committee Meeting (March 16, 2023)-Tony Mullen, Chairperson
- b. Committee of the Whole Meeting (March 16, 2023)-Sandra Zerkle, Chairperson
- c. Finance Committee Meeting (March 16, 2023)-Dusty Horwitt, Chairperson

7. Manager's Recommendations

8. Unfinished Business

9. New Business

10. Resolutions/Action Items

- a. Capital Project Exceedance – Water Annuals Resolution
- b. Capital Project Exceedance – Common Annuals Resolution

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

Agenda posted on web site and building 03-23-23

2023 Board Meetings Notice/Schedule Posted in the Lansing State Journal January 3, 2023



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

January 24, 2023

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, January 24, 2023.

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

Corporate Secretary, LaVella Todd, called the roll.

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

Absent: Non-Voting Commissioner Maggie Sanders (Lansing Charter Township)

Corporate Secretary Todd declared a quorum.

Commissioner Mullen led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Graham, **Seconded** by Commissioner Thomas, to approve the Board Meeting Minutes of November 15, 2022.

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

Jon Kermiet, Lansing, MI, spoke regarding the Millet neighborhood groundwater safety communication.

COMMUNICATIONS

Electronic mail received from Kaori Marikawa regarding tree service and electric lines - *Referred to Management. Received and Placed on File.*

Electronic mail received from Heather Douglas regarding environmental questions - *Referred to Management. Received and Placed on File.*

Electronic mail received from Jon and Marta Kermiet regarding Millett neighborhood groundwater safety - *Referred to Management. Received and Placed on File.*

Late item mail received from Kenneth Page regarding retirement plan - *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

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

COMMITTEE OF THE WHOLE Meeting Minutes January 10, 2023

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 10, 2023.

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, Beth Graham, Dusty Horwitt, Semone James, DeShon Leek, Tony Mullen and Tracy Thomas, and Non-Voting Members: Larry Merrill (Delta Township) and Maggie Sanders (Lansing Charter Township)

Absent: Commissioner David Price and Non-Voting Commissioner Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Mullen, **Seconded** by Commissioner Thomas, to approve the Committee of the Whole Meeting minutes of November 8, 2022.

Action: Motion carried. The minutes were approved.

Energy Risk Management Presentation

General Manager Dick Peffley called upon Dave Bolan, Executive Director of Operations, who provided a brief review of the Energy Risk Management Program which has been in operation since 2013. Mr. Bolan introduced Mr. Dan Conrath, Senior Vice President at StoneX Financial Inc., who presented an Energy Risk Management overview presentation. Q&A followed with questions from Commissioners Zerkle, Thomas and Horwitt.

Security Threat Assessment

Commissioner Zerkle called for a Closed Session to discuss an attorney-client privileged memorandum, which General Counsel Mark Matus provided to the Committee of the Whole as permitted by the Open Meetings Act, MCL 15.268(h) and MCL 15.243(g).

Motion by Commissioner Graham, **Seconded** by Commissioner Horwitt, 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.

The Corporate Secretary called the Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

Commissioner Zerkle declared a quorum to go into Closed Session, welcomed Non-Voting Commissioners to join Closed Session, and asked General Manager Dick Peffley, General Counsel Mark Matus, Executive Director of Human Resources Michael Flowers, Health Safety and Security Manager Ryan Cressman, and Corporate Secretary LaVella Todd to join the Closed Session.

The Committee of the Whole Meeting went into closed session at 5:51 p.m.

Motion by Commissioner Thomas, **Seconded** by Commissioner James, to return to open session.

Action: Motion Carried.

Commissioner Zerkle asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Beth Graham, Dusty Horwitt, Semone James, DeShon Leek, Tony Mullen and Tracy Thomas. Non-Voting Members: Larry Merrill (Delta Township) and Maggie Sanders (Lansing Charter Township) were also present.

The Corporate Secretary declared a quorum.

The Committee of the Whole Meeting reconvened to open session at 6:11 p.m.

Other

Commissioners did not have any further questions regarding the environmental questions provided to General Manager Peffley by Ms. Heather Douglas, East Lansing, MI.

General Manager Peffley provided an update on a discussion with representatives of Siemens regarding a jet engine design flaw located at the Delta Energy Park, and the assistance of General Counsel and outside counsel to recoup \$30,000,000 lost revenues due to the design flaw, corresponding project interference and the loss of market opportunities.

General Manager Peffley shared an update on the December 24, 2022 storm which resulted in one outage causing a six-hour service interruption to forty BWL customers in East Lansing, MI, due to a car hitting a utility pole.

General Manager Peffley gave an update on a \$45,000,000 State of Michigan grant opportunity for new energy with Michigan Public Service Commission. The grant funds will be used to start work on an energy complex at the Delta Energy Plant. Mr. Peffley stated BWL applied for \$20,000,000 of the available grant funds by the deadline of January 6, 2023. The grant opportunity will be publicly posted for public comment for 45-days on January 13, 2023, with proposal modifications available through March 14, 2023. The grant is to be awarded in May or June of 2023.

Motion by Commissioner James, **Seconded** by Commissioner Graham for an excused absence for Commissioner David Price and Commissioner Douglas Jester.

Action: Motion Carried.

Adjourn

Chairperson Zerkle adjourned the meeting at 6:27 p.m.

Respectfully Submitted
Sandra Zerkle, Chairperson
Committee of the Whole

Finance Committee Chairperson Dusty Horwitt presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes January 10, 2023

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 10, 2023.

Finance Committee Chairperson Dusty Horwitt called the meeting to order at 6:38 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dusty Horwitt, Semone James, Sandra Zerkle, Tony Mullen and Tracy Thomas; also present: Commissioners Beth Graham and DeShon Leek, and Non-Voting Commissioners Larry Merrill (Delta Township) and Maggie Sanders (Lansing Charter Township)

Absent: Commissioner David Price and Non-Voting Commissioner Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner James, **Seconded** by Commissioner Zerkle, to approve the Finance Committee Meeting minutes of November 8, 2022.

Action: Motion Carried.

November YTD Financial Summary

CFO Shawa presented the November YTD Financial Summary. In response to Commissioner Zerkle, Ms. Shawa reported that the Budget YTD for O&M is \$5 million underspent. In response to Commissioner

Mullen, Ms. Shawa reported that the debt to total assets ratio improves as we pay down Delta Energy Park debt. In response to Commissioner Zerkle, General Manager Peffley reported the cost of preparing for the storm, including employees, crews, lodging and meals, was a quarter of a million dollars.

Retirement Plan Committee (RPC) Updates

CFO Shawa reported on the investment and administrative activity from the Retirement Plan Committee. There will be an investment manager change in the DB and VEBA Plans, and a portfolio rebalancing in the real assets in the VEBA plan. In the Defined Contribution 401(a) and Deferred Compensation 457(b) Plans there has been a fund change and two fund share class changes. In the DB and VEBA Plans there will be changes to payment information and there was one more informational session planned in January that was held on January 6th. In response to Chairperson Horwitt, Ms. Shawa and GM Peffley reported that there was input provided and questions asked after the outreach letters were sent and during informational sessions conducted.

Bi-Annual Internal Audit Open Management Responses Update

BWL Internal Control Supervisor, Elisha Franco, presented on the internal control risk assessment completed by Plante Moran including how it relates to the Baker Tilly outside audit overview of internal controls and talked about the risk assessment results of key financial areas. She also talked about the next steps to follow up on the PA-95 internal audit.

In response to Commissioner Thomas, Ms. Shawa reported that she would provide the difference in control deficiencies from previous risk assessment results. In response to Chairperson Horwitt, Ms. Franco provided an example of a control deficiency that was remediated: a user access review was conducted on the SAP Financial system. There was no formal policy and procedure for the user access review and that was a deficiency.

PA-95 Audit Report

Director of Internal Audit Frank Macciocca presented the Internal Audit Report FY 2023-2 which included the decision by Customer Experience to forward to the Board the recommendation to opt into PA-95. In response to Commissioner Zerkle, Mr. Macciocca reported that the final result of the PA-95 audit report is that the recommendation to the Board is reasonable. GM Peffley added that the results of the distribution of the funds by agencies and the benefits to the customers will be evaluated. In response to Commissioner Zerkle and Commissioner Thomas, Mr. Macciocca provided information on the tasks and audits completed by the Internal Audit Department.

Other

Motion by Commissioner James, **Seconded** by Commissioner Zerkle for an excused absence for Commissioner David Price and Non-Voting Commissioner Douglas Jester.

Action: Motion Carried.

Adjourn

Chairperson Dusty Horwitt adjourned the meeting at 7:04 p.m.

Respectfully submitted
Dusty Horwitt, Chairperson
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no Manager's Recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS/ACTION ITEMS

There were no resolutions or action items.

MANAGER'S REMARKS

General Manager Peffley reported on the following:

1. GM Peffley reported that it is the fourteenth year for the 1st STEP program and twelve 1st STEP students are currently being onboarded. GM Peffley will keep the Commissioners informed of upcoming events.
2. GM Peffley reported that there were 100 employees hired in 2022 and open employee positions remain. There is a nationwide shortage of lineworkers and BWL has a budget for 29 FTE lineworkers, of which there are 11 vacancies. Contractors fill these 11 vacancies costing double of an in house lineworker, and a lower percentage of apprentices are allowed due to a safety ratio requirement. GM Peffley presented a brief commercial that will air on TV before the Super Bowl, on billboards, and on YouTube ads as part of BWL's advertising campaign to recruit lineworkers.

COMMISSIONERS' REMARKS

Commissioner Zerkle commented that there has often been a shortage of lineworkers and thanked GM Peffley for his efforts to meet the needs of the community.

Commissioner Thomas commented on the number of FTE lineworkers, vacancies, and the safety ratio.

Commissioner Horwitt thanked Mr. Kermiet for the letter received and stated that management would respond to the communication.

EXCUSED ABSENCE

Motion by Commissioner Zerkle, **Seconded** by Commissioner Mullen, to excuse Commissioner Maggie Sanders from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

Linda Keefe, Lansing, MI, spoke in opposition to the process of putting a lien on the property of a BWL customer that hasn't paid a utility bill.

Jon Kermiet, Lansing, MI, spoke about questions presented to BWL regarding elevated levels of boron found in well water, in the Millett neighborhood near the Erickson plant, during the groundwater safety testing. Mr. Kermiet requested a meeting for residents and BWL representatives to discuss the status of the testing and future testing plans to make sure the water is clean and safe.

Lois Courter, Lansing, MI spoke about the groundwater safety testing as her well water was tested and thought the chemical levels were higher than they should be with a newer well.

ADJOURNMENT

Chairperson James adjourned the meeting at 5:51 p.m.

LaVella J. Todd, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 01-26-23

Approved by the Board of Commissioners: 03-__-23

Official Minutes filed (electronically) with Lansing City Clerk: 03-__-23

Submitted on Sat, 02/11/2023 - 4:15 PM

Select a Commissioner:

Semone James

Name

Marni Holmes

Address

Lansing, Michigan

Message

I'm a Lansing native for over 55 years, & I'm enraged at BWL for unnecessarily DESTROYING Lansing's mature trees to make room for power lines! There was a time when the trees were trimmed regularly just for that reason, & why that stopped... ? And now, you've DECIMATED them at a time we need them most! A huge number, if not most, of these trees will never recover from the MUTILATION you've done to them. And, some of the trees cut were nowhere near interfering with the lines! Planting new trees will never be able to replace the amount of carbon these trees removed from our atmosphere, not to mention their benefits to wildlife. BWL is supposed to be green in its operations & this is far from it. I can't put into words my feelings of anger, sadness, devastation, and grief over the absolute BUTCHERING of the magnificent trees I grew up with. While there is no equal in replacing beautiful, mature trees, what is BWL going to do to help make up for this?? How are you going to appease the large number of residents whose trees were a part of their lives? That shaded the homes they were near? Whose bills will now go up because they no longer have their shade or their windbreak? HOW DARE YOU dismiss us concerning the trees until their destruction!

Phone Message Wednesday, February 22, 2023 - 11:57 AM

Name

Laurie Douglass

Hello, my name is Laurie Douglass and I'm calling because I have had some issues related to Board of Water & Light over the past year and was hoping that you could give me a call back when you get the message. I received your number from the mayor's office. I'm really hoping either I can gain some understanding or we can come to an agreement of some kind. My phone number is [REDACTED]. Again, my name is Laurie Douglass and my phone number is [REDACTED] and I look forward to hearing from you as soon as possible. The weather is awful. If it's not today, I understand, but I look forward to hearing from you as soon as possible. Thank you very much.

2) Neither of us know much about
electricity transmission, but we believe
your tree and branch clearance programs
helped us be free of winter outages -
with real appreciation.

Frank King
Elaine King

East Lansing

①

March 1

It is a little early to say this, but we
wanted to thank the Board of Water and
Light for clearing our outside tree winter
where we live (near Harrison and Sequoia)
we lived through that 2013-14 ice
caused outage and it was terrible. Since
then, nothing like it - and twice this
year there were likely outages.

Kenneth Page

March 23, 2023

Board of Commissioners
Lansing Board of Water and Light
C/O LaVella J. Todd, Corporate Secretary
P.O. Box 13007
Lansing, Michigan 48901

DELIVERED BY HAND

Re: Request for Correction of 2022 Form 1099-R

To the Board of Commissioners:

I am a BWL retiree. My wife and I have previously spoken to and corresponded with the Board and BWL Leadership about an error in the tax reporting for the 2022 Medicare Part B Premium reimbursements received from the BWL VEBA/HRA plan. To recap, in 2022, we submitted substantiation for these 2022 Medicare Part B Premium expenses. Per written correspondence received from the BWL, "subject to substantiation ... Medicare Part B premium reimbursements will be deemed nontaxable and not reported to the IRS on Form 1099-R".

Despite our compliance with the substantiation requirements, the BWL issued a 2022 Form 1099-R reporting my Medicare Part B Premium reimbursements as taxable, when the taxable amount should be \$0.00. This error, if not corrected, will result in an additional ----- federal income tax, ----- . I have requested the amendment of my 2022 Form 1099-R multiple times without success and can provide copies of my correspondence with BWL Leadership.

Your help in resolving this 1099-R error prior to the 2022 IRS individual tax filing deadline is appreciated. Please contact me regarding this time-sensitive tax issue. My telephone number is -----.

Thank you,



Kenneth Page

Enclosure

EXCERPTS FROM DOCUMENTS PROVIDED BY THE BWL
VIA CERTIFIED MAIL POSTMARKED FEBRUARY 3, 2023

1. Post Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light –
Page 3, Paragraph 1

It is intended that this Plan meet the requirements of Code Sections 79, 105 and 106 so that the Employer's contributions on behalf of participating employees and former employees will be excluded from gross income for federal income tax purposes and so that noncash benefits paid under the Plan will be excluded from gross income.

2. 2002 IRS Notice 2002-45 – Page 2, Paragraph 2 (“Attachment E”):

To qualify for the (income) exclusions under §§ 106 and 105, an HRA may only provide benefits that reimburse expenses for medical care as defined in § 213(d). Each medical care expense submitted for reimbursement must be substantiated.

3. 1993 IRS Private Letter Ruling (PLR 9347008) – Page 1, Paragraph 3 (“Attachment F”)

In its ruling, the Service distinguished Rev. Rul. 61-146, 1961- 2 C.B. 25, in which it ruled that direct payments by an employer to reimburse an employee for health and accident insurance premiums are excludable from gross income.

HUMAN RESOURCES COMMITTEE
Meeting Minutes
March 16, 2023

Human Resources (HR) Committee: Tony Mullen, Committee Chairperson; Commissioners: Beth Graham, DeShon Leek, Tracy Thomas, Semone James (Alternate), Sandra Zerkle (Alternate).

The HR Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Thursday, March 16, 2023.

HR Committee Chairperson Tony Mullen called the meeting to order at 5:02 p.m. and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tony Mullen, Beth Graham, DeShon Leek (arrived at 5:06 p.m.), Tracy Thomas; Sandra Zerkle (Alternate) and Semone James (Alternate) (arrived at 5:04 p.m.).

Absent: None.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Zerkle, to approve the HR Committee meeting minutes of November 15, 2022.

Action: Motion Carried.

Salary Review for Appointees

Human Resources Executive Director Michael Flowers spoke on the salary review for appointees.

Performance Management Evaluation Questions for Appointees

A discussion was held regarding the continuation of the use of GoogleDocs for the performance management evaluation questions process. GoogleDocs was affirmed as preferred. The self-evaluations will be sent to the appointed employees by Human Resources Committee Chairperson Mullen within the next two weeks with a return request of the middle of April. The self-evaluations for the Commissioners will be sent to the Commissioners by the Human Resources Committee Chairperson Mullen in conjunction with Smiljana Williams, Ex. Assistant to General Manager Peffley in May with a return request of one month later.

A discussion was held on the planning and monitoring of Board expenditures by the Corporate Secretary, to meet organizational objectives, and the frequency of sharing the budget information with the Board of Commissioners. Commissioner James and Corporate Secretary Todd have proactively worked on the development of a budget and expense report for the Board of Commissioners. There was a discussion amongst the Commissioners as to the frequency of

sharing the budget information with the Board of Commissioners. It was determined that the Corporate Secretary would present the budget and expense report quarterly and will be sent to the Board of Commissioners. A policy / procedure and resolution will be provided to the Human Resources Committee members at the next Human Resources Committee meeting for review and approval to send to the full Board of Commissioners.

Motion by Commissioner Mullen, **Seconded** by Commissioner Graham, to require the Corporate Secretary to compile and submit the expenditures of the Board of Commissioners, to the full Board of Commissioners, quarterly.

Action: Motion Carried.

Procedure for Future Hires and Contract Renewals

A discussion was held regarding the Human Resources Committee Chairperson Mullen, Board Chairperson James and the Human Resources Executive Director Flowers creating a policy and procedure for future hires and contract renewals for review, discussion, and approval by the Board of Commissioners.

Motion by Commissioner Graham, **Seconded** by Commissioner Leek, for Human Resources Committee Chairperson Mullen, Board Chairperson James, and Human Resources Executive Director Flowers to create a policy / procedure and resolution for future hires and contract renewals to be reviewed, discussed, and approval by the Board of Commissioners.

Action: Motion Carried.

Other

There was no other business.

Adjourn

HR Committee Chairperson Mullen adjourned the meeting at 5:31 p.m.

Respectfully Submitted,
Tony Mullen, Chairperson
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
March 16, 2023

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 Thursday, March 16, 2023.

Committee of the Whole Chair Sandra Zerkle called the meeting to order at 5:33 p.m. and asked the Corporate Secretary to call the roll.

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

Absent: Commissioner Maggie Sanders

The Corporate Secretary declared a quorum.

Public Comments

Ron Byrnes, IBEW Business Manager, spoke about the Public Comments section on the agenda. He requested Public Comment be placed at the end of the agenda for Committee Meetings also for comments or questions to be made on agenda items that are information only and not provided in the packet for the public.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Thomas, to approve the Committee of the Whole Meeting minutes of January 10, 2023.

Action: Motion carried. The minutes were approved.

North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP)

Environmental Services Manager, Lori Myott introduced NERC Compliance Supervisor, Ms. Caitlin Chavez who presented the NERC Compliance update. The update included information on compliance history, compliance engagement, upcoming changes to standards and future NERC strategy.

Erickson Groundwater Update

General Manager Peffley provided an update on Erickson groundwater stating that 23 monitoring wells have been installed in the last two years, additional data is needed and additional testing will be conducted. The readings are still good and a letter was sent to the 51 well owners participating in the study. All coal has been removed from the Erickson site and work is being done to remove the remaining ash by October 2023. by October 2023. by October 2023.

In response to Commissioner Mullen asking if the cooling towers at Eckert were gone, GM Peffley affirmed and added the conveyers are in the process of being removed. The grounds will be kept up on the site.

Other

Commissioner Mullen also asked about the steam that is rising out of the manholes in the city. GM Peffley responded that the steam represents leaks, steam is mainly used by industrial customers and the leaks are being repaired.

Commissioner Jester asked about the status of the RFP's. GM Peffley responded that 100 responses were received, 84 qualified, and were categorized into renewables, wind, solar, batteries, fossil fuel and gas. The Requests for Proposal were for 450 MW of energy and are in the process of being reviewed. A request for a grant from MPSC was made for the Delta Energy Plant.

Commissioner Zerkle thanked the Commissioners for the condolences on the passing of her mother.

Excused Absence

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Semone James for an excused absence for Commissioner Maggie Sanders.

Action: Motion Carried.

Adjourn

Chairperson Zerkle adjourned the meeting at 6:09 p.m.

Respectfully Submitted
Sandra Zerkle, Chairperson
Committee of the Whole

FINANCE COMMITTEE
Meeting Minutes
March 16, 2023

Finance Committee: Dusty Horwitt, Committee Chairperson; Semone James; David Price; and Sandra Zerkle; Alternates: Anthony Mullen, Tracy Thomas; Non-Voting: Douglas Jester, Larry Merrill, Maggie Sanders

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 Thursday, March 16, 2023.

Finance Committee Chairperson Dusty Horwitt called the meeting to order at 6:22 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dusty Horwitt, Semone James, David Price, and Sandra Zerkle
Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Semone James, to approve the Finance Committee Meeting minutes of January 10, 2023.

Action: Motion Carried.

January YTD Financial Summary

CFO Heather Shawa presented the January YTD Financial Summary.

Capital Project Report

CFO Heather Shawa presented the Capital Project Report. Under the Remaining Planned Project Watch List, the projected cost for Electric is \$3,000,000 over budget which is mainly due to the pole replacement program. Any updated projections and costs will be placed on the agenda of the May Finance Committee Meeting. GM Peffley added that an assessment was made of pole replacements needed and there were more poles needing replaced than anticipated.

In response to Chairperson Horwitt, GM Peffley stated that the process to evaluate pole replacement starts with a device that measures the density of the pole starting at the base and at a certain density percentage the pole needs to be replaced. The process can be provided at a future COW meeting if required.

Capital Project Exceedance – Water Annuals Resolution

CFO Shawa requested approval by resolution for a Capital Project Exceedance on Water Annuals for an amount 29% over budget. The exceedance is due to supply chain costs and inflation in accordance with CSO projects with the City, and also increasing meter inventory ahead of time to avoid supply issues. GM Peffley added that the three major CSO projects of the City of Lansing have amounts 75% over budget due to supply chain costs and inflation for their projects.

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to forward the Resolution for the Capital Project Exceedance: AW – Water Annuals to the full Board for consideration.

Action: Motion Carried.

Capital Project Exceedance – Common Annuals Resolution

CFO Shawa requested approval by resolution for a Capital Project Exceedance on Common Annuals for an amount 35% over budget. The exceedance is due to expansion of the fleet for the water distribution department to complete the goal of 8 miles of water main replacement.

Motion by Commissioner Semone James, **Seconded** by Commissioner David Price, to forward the Resolution for the Capital Project Exceedance: AW – Common Annuals to the full Board for consideration.

Action: Motion Carried.

Retirement Plan Committee (RPC) Updates

CFO Shawa presented the Retirement Plan Committee updates. In response to Commissioner Zerkle, CFO Shawa responded that for the 17 participants for which the DB and VEBA documentation needed for payment, the deadline has been extended to March 10, 2023. Human Resources is continuing to work with the participants.

Drinking Water State Revolving Fund (DWSRF) Update

CFO Shawa presented the DWSRF update. The BWL was awarded \$32 million in loan funding specific to water structure with a loan forgiveness portion of up to \$20 million in the award. The funding is expected to be received within the next year. The funding will be used for the water tower, for water main replacement, and for a piece of equipment for the water treatment plant on Wise Road. Two resolutions will be presented for approval at the May Finance Committee meeting. One resolution will be a notice of intent to issue revenue bonds with a 45- to 60-day public comment period, and the second will be a resolution allowing the CFO to enter into and issue the bonds.

Internal Auditor RPC Audit Report

Internal Auditor Macciocca reported that he had completed the draft audit of the Retirement Planning Committee, provided a draft conclusion and stated that management would respond within 30 days. In developing the report, it was found that the Retirement Plan Committee is

highly functioning and competent in the performance of its duties, and its activities as a fiduciary are in the best interest of its stakeholders. There are four recommendations under consideration:

- Provide to the Board more frequent and in-depth updates on Plan and Fund account activity and balances.
- Draft and adopt a formal Retirement Plan Committee Charter.
- Remove indemnification and hold harmless protections for negligent behavior and actions of the Board, the General Manager, and the RPC to include all corresponding governing members.
- Increase the RPC from three (3) members to seven (7) members.

In response to Commissioner Merrill inquiring about the third recommendation, Mr. Macciocca stated that there are protections for the fiduciaries as long as the fiduciaries hold to the standard of being competent and not negligent. The recommendation is to remove the protections for negligent behavior.

Other

Commissioner David Price invited the meeting attendees to attend the St. Patrick's Day event Breakfast with Bagpipes at 9:00 am at the Lansing Brewing Company at which the Glen Erin Pipe Band will be playing.

Commissioner Jester expressed appreciation for the continuing high reliability of the distribution system.

GM Peffley stated that he would put a package together regarding a praise letter placed in the City Pulse, a meeting about the outage with the State Journal Editorial Board and the Detroit Free Press. No primary wires were downed during the outage and BWL sent crews to help other utilities.

Commissioner Leek congratulated the staff on the new BWL commercial.

Adjourn

Chairperson Dusty Horwitt adjourned the meeting at 6:54 p.m.

Respectfully submitted
Dusty Horwitt, Chairperson
Finance Committee

Proposed Resolution
Capital Project Exceedance: AW – Water Annuals

WHEREAS, Lansing Board of Water & Light’s (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for annual capital projects that are expected to exceed their previously approved aggregate total budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project AW – Water Annuals was \$9,372,000; and

WHEREAS, the projected final total cost for Capital Project AW – Water Annuals is \$12,090,735, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project AW – Water Annuals projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project AW – Water Annuals with a projected final total cost of \$12,090,735.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for the Capital Project Exceedance: AW – Water Annuals at a Board meeting held on _____.

Proposed Resolution
Capital Project Exceedance: AG – Common Annuals

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for annual capital projects that are expected to exceed their previously approved aggregate total budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project AG – Common Annuals was \$6,022,711; and

WHEREAS, the projected final total cost for Capital Project AG – Common Annuals is \$8,148,939, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project AG – Common Annuals projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project AG – Common Annuals with a projected final total cost of \$8,148,939.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for the Capital Project Exceedance: AG – Common Annuals at a Board meeting held on _____.