MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSONG BOARD OF WATER AND LIGHT

September 24, 2019

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, September 24, 2019.

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

Present: Commissioners David Price, Beth Graham, David Lenz, Anthony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Michael Froh (Meridian Township) and Larry Merrill (Delta Township)

Absent: Commissioner Joseph E. Graves and Non-Voting Commissioner Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Commissioner Thomas led the Pledge of Allegiance.

Motion by Commissioner Ross, Seconded by Commissioner Mullen to amend agenda to add a late item communication.

APPROVAL OF MINUTES

Motion by Commissioner Zerkle, Seconded by Commissioner Mullen, to approve the Regular Board Meeting minutes of July 23, 2019.

Action: Motion Carried

PUBLIC COMMENTS

Mitchell Shapiro, telecom analyst, spoke regarding the Smart Meter Program opt out.

COMMUNICATIONS

Electronic Mail received From or Re:

- Michael Braem regarding the Smart Meter Program-Referred to Management. Received and Placed on File
- Mary Patenge regarding the Smart Meter Program-Referred to Management. Received and Placed on File

A donation Thank You letter from Safe Haven for Cats in memory of Wendy Ailing-Received and Placed on File.
Late Item: Notice of resignation from BWL Commissioner Joseph E. Graves Jr.- Accepted, Received and Placed on File

COMMITTEE REPORTS
Commissioner Tracy Thomas presented the Human Resources Committee Report:

HUMAN RESOURCES COMMITTEE
Meeting Minutes
September 10, 2019

The Human Resources Committee of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, September 10, 2019.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tracy Thomas, Beth Graham, Joseph Graves Jr. and Sandra Zerkle. Also present: Commissioners Anthony Mullen, David Price, and Ken Ross; and Non-Voting Commissioners Michael Froh (Meridian Township) and Larry Merrill (Delta Township.)

Absent: None

Public Comments
None

Approval of Minutes
Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to approve the Human Resources Committee meeting minutes of June 25, 2019.

Action: Motion Carried.

PA152 Health Care Premium Sharing Resolution
Human Resource Committee Chairperson Tracy Thomas introduced Michael Flowers, Executive Director of Human Resources. Mr. Flowers reviewed and discussed BWL’s options regarding Public Act 152’s requirements associated with capping the amount a public employer may pay for health care insurance.

The recommendation is that the Board select option 3 and exempt itself from the requirements of PA 152 of 2011 for all active employees’ medical benefits, effective January 1, 2020 with an increase from 18% to 20% in premium sharing contribution. Mr. Flowers noted that the plan...
needs to meet the Affordable Care Act (ACA) affordability provision for 1/1/20 where health insurance premiums cannot exceed 9.78% of the employee’s income, which it does. The Administration presented a proposed Resolution and asked that the Committee forward the Resolution to the full Board for consideration.

Commissioner Zerkle inquired if exempting is necessary and if there won’t be an increase beyond 20% as long as the Affordable Care Act is met. Mr. Flowers responded that exempting was necessary for the proposed benefits plan and affirmed the latter.

Commissioner Price inquired whether there will be a further need to vote on the plan after the board adopts the increase to 20%. Mr. Flowers responded that it will need to be brought to the board next year also after the contract negotiations with the union to ensure that the affordability under the ACA is met.

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Proposed Resolution
To Amend Employee Contribution to Medical Benefit Plans

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

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

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

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;

WHEREAS, the Board of Commissioners have met each year and passed a resolution exempting the Lansing Board of Water & Light from the “hard cap” of Public 152 of 2011 and established premium sharing amounts for the applicable benefit plan years, as follows:

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RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2020 through December 31, 2020.

FURTHER RESOLVE that the Board desires to increase premium sharing from 18% to 20% for all active employees for medical benefits effective January 1, 2020.

Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to forward the proposed resolution for PA 152 Health Care Premium Sharing to full Board for consideration.

Action: Motion Carried.

Health Care Option for Non-Bargaining Employees

Executive Director of Human Resources, Mr. Michael Flowers, presented the health care options for non-bargaining unit employees and highlighted the similarities and differences between the Blue and Green plans.
Commissioner Thomas asked whether the selection of a plan could be changed after the initial choice. Mr. Flowers responded that changes could be made during the open enrollment period.

Commissioner Mullen asked whether advice was provided to employees as to which option would be better for their situation. Mr. Flowers responded that information would be provided according to each individual situation and the individual could put their information into the calculator provided to determine which plan would be the most beneficial for them. Mr. Flowers also responded that this plan is not coupled with a health service plan or HSA, but it is eligible for an FSA.

Commissioner Zerkle asked whether there are some medications that aren’t covered under the plan. Mr. Flowers responded that he wasn’t aware of any that weren’t available under the plan.

Commissioner Ross commented that this plan is a step toward HSAs and commended the chair and management.

GM Peffley commented that this a beneficial plan for employees. He commented that a possible 80% of employees are over-insured and this may save customers a million dollars when it is completely implemented. Mr. Peffley introduced General Counsel Mark Matus to explain the resolution for this plan. Mr. Matus recommended that a resolution be prepared as a precaution that clearly and unequivocally delegates authority as plan sponsor to the board. Management will also be required to keep the board informed of decisions to attract and maintain employment.

**Motion** by Commissioner Price, **Seconded** by Commissioner Zerkle, to amend the agenda to allow for a late item which is the resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions.

**Action:** Motion Carried.

**Motion** by Commissioner Graves, **Seconded** by Commissioner Zerkle, to amend the proposed resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions to include when the benefit design changes will be communicated to the Board.

**Action:** Motion Carried.

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**Proposed Resolution**

Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Lansing City Charter, Article 5, Chapter 2, delegates to the Board administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam...
and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, the Lansing City Charter states the Board shall appoint three individuals who report directly to the Board and serve at the Board’s pleasure; being a Director (also known as the General Manager), an Internal Auditor (also known as the Director of Internal Audit) and a Secretary (also known as the Corporate Secretary). The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but are not limited to the operation and management of the BWL.

WHEREAS, the Lansing City Charter further outlines the responsibilities and authority of the Board, which includes the compensation and benefits of BWL employees, and by virtue of this responsibility and authority the Board is the Plan Sponsor of the Lansing Board of Water and Light Health Care Plan (the “Plan”).

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL for the benefit of its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary have adequate support and resources to effectuate their roles.

WHEREAS, in July of 2017, the Board approved a Governance policy which, among other things, adopted and established the General Manager’s principal role to manage and operate the BWL and establish administrative and operational directives, standards guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.

WHEREAS, management of the Plan’s benefit design and administration are necessary for the General Manager to manage and operate the BWL by maintaining a qualified workforce.

WHEREAS, The Board as Plan Sponsor of the Plan desires to further clarify and delegate authority to the General Manager to oversee and manage the Plan’s benefit design and administration on its behalf.

RESOLVED, the General Manager is authorized to oversee and manage the Plan’s benefit design and administration on behalf of the Board.

FURTHER RESOLVED, the General Manager may further delegate this authority for operational efficiency.

FURTHER RESOLVED, all benefit plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board.

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Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to forward the amended proposed resolution for Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions to full Board for consideration.

Action: Motion Carried.

Other
None
Adjourn
Motion by Commissioner Zerkle, Seconded by Commissioner Graves, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 5:42 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

Commissioner Tony Mullen presented the Committee of the Whole Report:

COMMITTEE OF THE WHOLE
Meeting Minutes
September 10, 2019

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, September 10, 2019.

Committee of the Whole Chair Tony Mullen called the meeting to order at 5:50 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Beth Graham, Joseph Graves Jr., David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: Michael Froh (Meridian Township) and Larry Merrill (Delta Township)

Absent: Commissioners David Lenz and Douglas Jester (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments
None.

Approval of Minutes
Motion by Commissioner Price, Seconded by Commissioner Thomas, to approve the Committee of the Whole meeting minutes of July 16, 2019.

Action: Motion Carried.

Update on BWL’s Energy Waste Reduction (EWR) Program
General Manager Dick Peffley introduced Environmental Services and Reliability Compliance Manager, Ms. Lori Myott, and Energy Analyst, Ms. Aileen Gow, who oversees BWL’s Residential and Non-Profit Energy Waste Reduction Programs.
Ms. Myott reported that BWL implements its energy waste reduction and renewable energy programs under Public Act 295. Public Act 295 requires that municipal utilities update their governing board every year on their accomplishments for the previous year. Ms. Myott gave an update on BWL’s Energy Waste Reduction (EWR) Program. Ms. Myott stated that the BWL offers a variety of programs and highlighted the different programs and information given to the community. Ms. Myott noted that the LED program is the most popular with customers.

Commissioner Zerkle inquired whether BWL was still providing seminars in neighborhoods for low income customers and Ms. Myott responded that Ms. Aileen Gow will provide information.

Commissioner Ross noted the success in large business in energy reduction and inquired about the opportunities for communities with a lot of rentals and low income, and the challenges of getting landlords to invest in energy saving technology. Commissioner Ross also asked if there is a network of utilities communicating about what programs are working. Ms. Gow responded that the Michigan Public Service Commission, who legislates the energy programs, has a statewide group just for low income that meets monthly and shares a large amount of information. Ms. Gow also stated that a recent program was started in a high rental area with a copay for...
landlords and it has been very successful. Refrigerators are replaced for rentals for 25% and homeowners for free. GM Peffley responded that the MMEA also reviews these types of programs.

Commissioner Graves commented that it was good that these programs were being implemented in the community especially for low income and stated that it was important to determine whether there was a return on investment. GM Peffley responded that 50% of Lansing’s population is rental and landlords observe the investment with the refrigerators and a smaller electric bill.

Commissioner Graham commented that she was part of the rental property association and landlords discuss the program positively at the monthly meetings.

Commissioner Mullen asked what percentage of renewable energy was in retail sales and Ms. Myott responded that the BWL is currently at 15% and was required to meet 10% by the end of 2018.

Commissioner Zerkle inquired whether the BWL could work with the city to get a higher percentage of multi dwellings to participate in the programs as a large amount of low income units could use the energy savings with a new refrigerator. Ms. Gow responded that BWL contractors have worked with almost every property manager they can find and have also worked with the Lansing Housing Commission.

Commissioner Ross inquired about the effect of projects in townships currently compared to the past. GM Peffley responded that if wind projects become difficult to license in Michigan more solar projects will be considered.

**Wholesale Water Service Agreement with Charter Township of Lansing – West Side Water**

GM Peffley introduced Strategic Planning and Development Executive Director, Ms. Brandie Ekren, who reviewed the updates to the West Side Water Wholesale Water Service Agreement with Charter Township of Lansing. Ms. Ekren reported the following conditions in the agreement:

- Most of the general conditions remain the same.
- Allows for the full cost of service recovery based on an industry standard methodology.
- No requirement that there be a mutual agreement to terminate.
- Lansing Township provides the BWL with annual 10-year forecasts of demand.
- Provisions for how to handle requests for water in excess of planned demands.
- Establishes an operating committee and a contract administration committee.
- Language is included that is related to water efficiency and conservation.

Commissioner Zerkle asked that when there isn’t a requirement for a mutual agreement to terminate is there a time frame of notice that needs to be given. Ms. Ekren responded that a standard notice requirement is required. Ms. Zerkle also asked what percentage Delta customers pay in comparison with what Lansing customers pay for water services. Ms. Ekren replied that she didn’t have that information but any adjustments are factored into the cost of service.

Commissioner Ross asked whether BWL passed rates which govern the water contracts or do the contracts include a rate schedule. Ms. Brandie responded that there is a difference between a wholesale and retail agreement. In a wholesale agreement BWL negotiates a contract with the
township and the Commissioners approve the rates yearly. In retail agreements BWL contracts with individual customers and is handled during the normal rate making process.

Commissioner Froh inquired whether, outside of a long-term agreement where the savings would be realized with conservation, there has been any discussion of incentivizing savings for customers for going above and beyond attempts to reduce consumption. Mr. Peffley responded that on a wholesale agreement it is difficult to realize an incentive as the customer could bring on a new subdivision that would increase their water flow.

Commissioner Ross commented that this is a water service agreement and not a franchise agreement and therefore the dynamic of adding on fees doesn’t apply.

Commissioner Mullen asked whether the water service will be billed along with the electric bill and whether water would be provided to communities further west than Lansing Township. Ms. Ekren responded that the township with whom the water service agreement is made will do the metering, invoicing, and billing. GM Peffley responded that Grand Ledge has made an initial contact with BWL but nothing further.

Corporate Planning; Industry Updates and Considerations
GM Peffley reported that corporate planning will be a reoccurring agenda item to educate the Commissioners on the IRP, sustainability, and strategic planning so that they are able to answer questions out in the public. A flyer will be sent out every couple of weeks to the Commissioners also with updated information. Ms. Ekren presented industry considerations and introduced Planning & Development Manager, Steve Brennan, and Senior Rate Analyst, Paul Eory, to present updates on IRP and modeling.
Commissioner Zerkle inquired whether BWL is working with other APPA public power utilities in Michigan. GM Peffley responded that utilities contribute information through MPPA and MMEA.

Commissioner Thomas commented on being able to watch TV with Water & Steam Distribution Manager, Mr. Alando Chappell with the Boys and Girls Club and Electric Transmission & Distribution Director, Mr. Wayne Lynn on Turning Point and how they are helping inform the community.

Commissioner Zerkle inquired whether BWL would need to produce more electricity with the Belle River closing in 2030 or if BWL would have the capacity of selling more. GM Peffley responded that BWL has 11% ownership with Belle River which is in the amount of 150 megawatts and BWL’s intent by 2030 is to have renewables in place.

Commissioner Ross asked what the minimum clean energy targets is defined as. Mr. Eory responded that minimum clean energy targets are defined as renewables and energy efficiency which is respectively 20% and 10% in 2020. Commissioner Ross asked if 30% of the generation portfolio would be renewables and 10% would be energy efficiency in 2030. GM Peffley affirmed. Commissioner Ross also asked about obtaining additional 1% efficiency every year and if it compounded. GM Peffley responded that 1% efficiency has been achieved every year and he doesn’t have any concerns about meeting the goals for 2030 and 2040.

Commissioner Price asked if one of the outputs would be carbon footprint or made to do that. Mr. Eory affirmed.

Commissioner Ross inquired about the IRP, modeling and assumptions not being available or transparent, and if the software is standard. Mr. Eory responded that the software is starting to be deployed in Michigan and is mostly used by a few larger companies. Commissioner asked about the availability of the information. Mr. Eory responded that assumptions have been bundled and documented and the new model has templates that can be used and turned into white papers. Ms. Ekren responded that this model software allows more granular data and the information is readily visible.

Ms. Zerkle also asked about the providing of parking meters and charging stations for an increase in electrical vehicles in the future. GM Peffley responded that BWL is working with local developers to place charging stations around town.

Commissioner Price recommended that Commissioners attend the Strategic Planning meetings that would be held with customers and members of the public. Corporate Secretary Griffin will send an email to Commissioners of the meeting times when they are scheduled. Commissioner Zerkle recommended that these meetings be held separate from Committee of the Whole meetings to encourage longer discussions and also asked if the Internal Auditor would be contributing input to these meetings as he may audit some of the processes that are approved.
Internal Auditor Mr. Wesley Lewis responded that he and Ms. Ekren discussed the regulatory changes that are taking place and will be attending the meetings.

**Other**

**Motion** by Commissioner Graham, Seconded by Commissioner Ross, to excuse Commissioners David Lenz and Douglas Jester from tonight’s meeting.

**Action:** Motion Carried

**Adjourn**

Commissioner Mullen adjourned the meeting at 6:47 p.m.

Respectfully Submitted  
Tony Mullen, Chair  
Committee of the Whole

Commissioner Ken Ross presented the Finance Committee Report:

**FINANCE COMMITTEE**  
**Meeting Minutes**  
**September 10, 2019**

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, September 10, 2019.

Finance Committee Chair Ken Ross called the meeting to order at 7:14 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Ken Ross, Tony Mullen, and David Price. Also present: Beth Graham, Joseph Graves Jr., Tracy Thomas, and Sandra Zerkle; and Non-Voting Commissioners Michael Froh (Meridian Township) and Larry Merrill (Delta Township).

Absent: Commissioner David Lenz

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Finance Committee meeting minutes of July 16, 2019.

**Action:** Motion Carried.

**Baker Tilly External Audit Report and Resolution**

Committee Chair Ross introduced external auditor Beth Ryers, Firm Director at Baker Tilly Virchow Krause, LLP. Ms. Ryers presented and highlighted the external audit report which included an audit overview, observations and recommendations, and required government communications. BWL received an unmodified or clean opinion which is the highest level of assurance provided.
Ms. Ryers’ presentation was as follows:

**Agenda**
- Audit overview
- Observations and Recommendations
- Required Communication to Governing Body

**Audit Overview**
- Audit performed in accordance with Generally Accepted Auditing Standards
- Audit objective: reasonable assurance that financial statements are free from material misstatement
- Financial statements of BWL received an unmodified opinion

**Financial Statements Include**
- Auditors' report
- Management discussion and analysis
- Enterprise fund statements
- Consolidated pension trust statements
- Notes
- Required supplemental information
- Additional information

**Observations and Recommendations**

**Future accounting standards**
- GASB Statement No. 84: Fiduciary Activities effective for fiscal year 2020
- GASB Statement No. 87: Leases - effective for fiscal year 2021
- GASB Statement No. 91: Conduit Debt Obligations – effective for fiscal year 2022

**Future Debt Service Requirements**

**We appreciate the help of the Board of Water and Light General Accounting & Finance Teams in preparing for and assisting in the audit.**
Commissioner Ross inquired about the number of staff that were working onsite. Ms. Ryers responded that 4-5 people were on site. Commissioner Ross congratulated Ms. Shawa and her staff for an audit well done.

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to forward to the Board Meeting the Acceptance of the Resolution for the 2019 Audited Financial Statements.

**Action:** Motion Carried.

**July YTD Financial Summary**
CFO Heather Shawa gave a review of the July 2019 Year-to-date Financial Summary. Ms. Shawa reported the following: operating cash is budgeted at $32.3 million and it is now near $32.1 million; Net Income is budgeted just above $4 million and it is now a little under $8 million. Ms. Shawa noted that as July and August are typically slower months financial factors are typically under budget. Ms. Shawa also reported that credit on VEBA of approximately $1 million was not known at the time of the budget.

**Internal Audit Report & Revised Internal Audit Work Plan**

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**FY 2019 Audit Plan Progress Report**
- Background for Revised FY 2020 Audit Plan
- Proposed FY 2020 Audit Plan
- Revised Internal Audit Department Charter
- Other Items

**FY 2019 Audit Plan Progress Report**

**Overview**
- Customer Management Audit (FY19 incomplete)
- Contract Revenue Activity (Completed Audit FY19 incomplete)
- Physical Security Audit (FY19 incomplete)
- SICR (Completed Follow-up Audit)
- Change Management Follow-up Audit
- Meeting Technical Audit
- Vegetation Management Audit
- Accounts Receivable Audit
- Bonus Pay Program Audit
- Employee Self-Service Audit
- EEO Time Reporting Process (2)
- Cybersecurity Policies Audit

**FY 2020 Audit Plan Progress Report**

**Proposed, Revised FY 2020 Audit Plan - Background**

- Project Engineering Audit (terminated and new initiatives FY 2021)
- Procurement Audit (terminated and ongoing)
- New initiatives for FY 2020 and beyond
- Project Engagement (terminated and new initiatives FY 2021)

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**Proposed, Revised FY 2020 Audit Plan - Background**

- The Project Engagement Audit was terminated with Senior Management and Staff to discuss risks and potential audit issues.
- The project engagement audit was terminated due to project delays and the audit is now in progress.
- The audit is now in progress and will be completed by the end of FY 2020.
Commissioner Zerkle inquired as to why the plan was revised. Mr. Lewis responded that there were some risks or requirements identified in April that no longer apply.

Commissioner Ross summed up that there were three additional factors that created the need to re-evaluate the existing audit plan:

- A new internal auditor at mid-year who assessed the existing audit plan and reviewed the risk rating methodology
- The number of work hours were decreased in the audit department due to succession and departure of staff
- An analysis of risk rate needed to be done to determine which items needed to be addressed first

Commissioner Zerkle asked if another Assistant Internal Auditor would be hired and Mr. Lewis affirmed. She commented that Mr. Lewis’ goal was to conduct six audits and the usual goal was three or four. Mr. Lewis responded that additional audits have been planned in case circumstances arise where an audit can’t be completed.

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to accept the Revised Internal Audit Work Plan for FY 2020 and forward it to the full Board for acceptance.

**Action:** Motion Carried.

**Internal Audit Charter and Resolution**

Internal Auditor Wesley Lewis requested approval for the Internal Audit Charter Resolution.

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**Proposed Resolution**

Internal Audit Charter Approval

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

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Commissioner Ross commented that it was the previous Internal Auditor’s preference to have a high level but brief document. The new charter is similar but with more detail.
Commissioner Zerkle asked if the Principle Internal Auditor would be considered a BWL employee and Mr. Lewis affirmed.

Commissioner Ross asked Mr. Lewis to provide an update on his CISA certification process. Mr. Lewis responded he has started studying for the exam and plans to sit for the exam in January or February in 2020.

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to adopt the Internal Audit Charter by Resolution and forward it to the full Board for consideration.

**Action:** Motion Carried.

**Other**

**Motion** by Commissioner Price, **Seconded** by Commissioner Mullen, to excuse Commissioner David Lenz from tonight’s meeting.

**Action:** Motion Carried

**Adjourn**

Chair Ken Ross adjourned the meeting at 8:00 p.m.

Respectfully submitted

Ken Ross, Chair

Finance Committee

**MANAGER’S RECOMMENDATIONS**

None.

**UNFINISHED BUSINESS**

None.

**NEW BUSINESS**

None.

**RESOLUTIONS**

**RESOLUTION 2019-09-01**

To Amend Employee Contribution to Medical Benefits Plan

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

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

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

WHEREAS, by a 2/3 vote of its governing body each year, a public employer may exempt itself from the requirements of Public Act 152 of 2011 prior to each benefit plan year, and;
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RESOLVE that the Board by at least 2/3 vote desires to exempt itself from the requirements of Public Act 152 of 2011 for the upcoming benefit plan year, effective January 1, 2020 through December 31, 2020.

FURTHER RESOLVE that the Board desires to increase premium sharing from 18% to 20% for all active employees for medical benefits effective January 1, 2020.

Motion by Commissioner Ross, Seconded by Commissioner Thomas, to accept the Resolution to amend the PA 152 Health Care Premium Sharing Resolution.

Action: Motion Carried

RESOLUTION 2019-09-02
Delegation of Authority: Health Care Plan
Benefit Design and Administrative Decisions

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Lansing City Charter, Article 5, Chapter 2, delegates to the Board administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, the Lansing City Charter states the Board shall appoint three individuals who report directly to the Board and serve at the Board’s pleasure; being a Director (also known as the General Manager), an Internal Auditor (also known as the Director of Internal Audit) and a Secretary (also known as the Corporate Secretary). The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but are not limited to the operation and management of the BWL.

WHEREAS, the Lansing City Charter further outlines the responsibilities and authority of the Board, which includes the compensation and benefits of BWL employees, and by virtue of this
responsibility and authority the Board is the Plan Sponsor of the Lansing Board of Water and Light Health Care Plan (the “Plan”).

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL for the benefit of its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary have adequate support and resources to effectuate their roles.

WHEREAS, in July of 2017, the Board approved a Governance policy which, among other things, adopted and established the General Manager’s principal role to manage and operate the BWL and establish administrative and operational directives, standards guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.

WHEREAS, management of the Plan’s benefit design and administration are necessary for the General Manager to manage and operate the BWL by maintaining a qualified workforce.

WHEREAS, The Board as Plan Sponsor of the Plan desires to further clarify and delegate authority to the General Manager to oversee and manage the Plan’s benefit design and administration on its behalf.

RESOLVED, the General Manager is authorized to oversee and manage the Plan’s benefit design and administration on behalf of the Board.

FURTHER RESOLVED, the General Manager may further delegate this authority for operational efficiency.

FURTHER RESOLVED, all benefit plan design changes or updates will be communicated to the Board at the next regularly scheduled meeting of the Board.

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Motion by Commissioner Zerkle, Seconded by Commissioner Lenz, to accept the Resolution for the Delegation of Authority: Health Care Plan Benefit Design and Administrative Decisions.

Action: Motion Carried

RESOLUTION 2019-09-03
Fiscal Year 2019 Audited Financial Statements
Of the Enterprise Fund and Pension Fiduciary Funds

RESOLVED, that the fiscal year 2019 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2019 Audited Financial Statements of the Board of Water and Light and the report on auditing procedures with the State Treasurer as required by the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended) no later than December 31, 2019.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2019 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than October 15, 2019.
**Motion** by Commissioner Ross, **Seconded** by Commissioner Lenz to approve the FY 2019 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds.

**Action:** Motion Carried

**RESOLUTION 2019-09-04**

**Internal Audit Charter Approval**

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

**Motion** by Commissioner Mullen, **Seconded** by Commissioner Graham to approve the Internal Audit Charter.

**Action:** Motion Carried

**MANAGER’S REMARKS**

General Manager Dick Peffley provided information on the following items:

- The Delta Energy Plant project is on schedule and running smoothly. There are about 250 people working on site, a majority of the ground work is completed and it is expected that steel construction will begin in about a month.
- GM Peffley requested that the Finance Department investigate whether it is appropriate to give the DV pensioners an increase which hasn't happened since 12 years ago.
- The BWL Golf 4 Charity event held on August 23, 2019 raised money for wounded warriors. There were more than 72 teams that participated. The proceeds go to the Guardian Angels Medical Service Dogs, Inc., Pennies for Power and the Michigan State Women’s basketball team. Service dogs cost about $40,000 dollars each and over $100,000 have been raised for the program. Pennies for Power receives 10% of the proceeds from the golf charity event and the Michigan State Women’s basketball team receives another 10% of the proceeds.

GM Peffley introduced BWL General Counsel Mark Matus to give recent litigation updates. Mr. Matus reported the following:

- BWL settled with Lansing Township regarding a matter that began with 2013 assessments.
- A settlement was reached with the Environmental Protection Agency (EPA) regarding a notice of a violation that was received in 2015 regarding the Erickson plant.
- An amicable resolution was reached with the Environmental Protection Agency regarding a notice of violation that was received in 2018 regarding the Eckert station’s mercury monitoring system.

Commissioner Ross asked if the contents of the settlements are public. Mr. Matus responded that the information will be available to the public. Mr. Matus added the following:

- The settlement with the Lansing Township was for $75,000, and that Lansing Township wanted to offset their drain assessment which would have been in the millions of dollars.
- The settlement with the EPA for Erickson was for $175,00 and a transportation electrification mitigation project of support for plugin vehicles and charging stations.
The settlement with the EPA for Eckert was for $17,500 and a renewable energy resource mitigation project for a school.

Commissioner Zerkle inquired about GM employees laid off, possible layoff of State of Michigan employees, parts suppliers being laid off and requests for assistance with their bills. GM Peffley responded that BWL Customer Service Representatives have been instructed that if customers call and identify themselves as being laid off or on strike, the customers will be provided an extended payment plan to avoid shutoff and will be directed to areas where they can receive funding.

Commissioner Froh commented on the strike issue and large customers asked what is in place in respect to the lost revenue. GM Peffley responded that the Finance Department is putting together a plan for the instance of the strike running long.

**COMMISSIONERS’ REMARKS**

Commissioner Froh recommended the viewing of an excellent public relations video regarding the 600 years of combined experience among employees that have been at the BWL for a long time. Commissioner Froh also commented on the Smart Meter public comments regarding the transmission times and inquired how many times per day that transpires. GM Peffley responded that in a normal state, about 95% of the time or not during a storm, the meter transmits twice a day for 20 seconds and it is less wattage than a cell phone.

Commissioner Zerkle wished Commissioner Graves well.

Commissioner Ross commented on the process leading up to the rules and regulations and rates for the upcoming year. The integration of Smart meters into the system and the roll out plan had been discussed and Commissioner Ross suggested the creation of a document or materials that provide facts about the specific type of Smart Meter units provided by BWL. Commissioner Price responded that the information is on the BWL website.

**MOTION OF EXCUSED ABSENCE**

*Motion* by Commissioner Ross, *Seconded* by Commissioner Thomas, to excuse Commissioner Jester from tonight’s meeting.

**Action:** Motion Carried

**PUBLIC COMMENTS**

Mary Patenge spoke regarding the Smart Meter Program opt out.

**ADJOURNMENT**

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