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

May 19, 2026

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, May 19, 2026. This meeting was publicly notified for 5:30 p.m.

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

Corporate Secretary, Lavella J. Todd, called the roll.

The following Commissioners were present: Chairperson David Price; Commissioners Beth Graham, Chris Harkins, Semone James (Arrived at 5:50 p.m.), DeShon Leek, Tony Mullen, Dale Schrader, and Sandra Zerkle.

Absent: None.

Corporate Secretary Lavella Todd declared a quorum.

Chairperson David Price requested Commissioner DeShon Leek lead the pledge of allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Chris Harkins, **Seconded** by Commissioner Tony Mullen to approve the Regular Board Meeting minutes of March 24, 2026

Action: Motion Carried

PUBLIC COMMENT

Gary Fairfax proposed to the board a rebate program that would reduce electricity rates for homeowners using groundwater heat pumps, air-to-air heat pumps, and baseboard heating after 500 kWh. He stated that ground water heat pumps are the most efficient, as they use a consistently warm source, and that lowering rates after 500 kWh would encourage the use of electricity for heating.

COMMUNICATIONS

Electronic mail from Niesha Partee regarding BWL Customer Service Experience . *Referred to Management. Received and Placed on File.*

Electronic mail from Calvin McClinton re: Request for Board Review. *Received and Placed on File.*

Electronic mail from Gary Fairfax regarding energy efficiency programs**.** *Referred to Management. Received and Placed on File.*

Electronic mail from Anonymous re: Request for Board Explanation. *Referred to Management. Received and Placed on File.*

COMMITTEE REPORTS

Committee of the Whole Chairperson Sandra Zerkle presented the Committee of the Whole Meeting Report:

COMMITTEE OF THE WHOLE
Meeting Minutes
May 7, 2026

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, May 7, 2026.

Chairperson Sandra Zerkle called the Committee of the Whole Meeting to order at 5:32 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Beth Graham, Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, and Dale Schrader.
Absent: Commissioner Tony Mullen.

Corporate Secretary LaVella Todd declared a quorum.

<u>Public Comments</u>
There were no public comments.

Approval of Minutes

Motion by Commissioner David Price, **Seconded** by Commissioner Beth Graham, to approve the Committee of the Whole Meeting minutes of March 10, 2026.
Action: Motion carried. The minutes were approved.

Retirement Plan Committee (RPC) Update

Chief Financial Officer Scott Taylor presented the Retirement Plan Committee (RPC) update. The RPC Committee added a US small-cap manager to further diversify the VEBA portfolio. A minor asset-allocation change was approved by the committee for presentation to the board and will be presented to the full board in July for final approval. Sage Advisory Services was selected for the DB plan's liability-driven strategy due to lower fees and a more personalized service. Underperforming funds were identified and will be replaced to strengthen the DC plan with a net-neutral fee impact. Two active participants remain in the defined benefit plan.

Commissioner Chris Harkins questioned, without divulging personal details, how much longer the remaining two participants plan to remain active in the defined benefit plan. CFO Taylor stated the estimated range for those participants was five to ten years.

Additionally, CFO Taylor continued to provide an update on Nationwide. Nationwide loan interest rates were incorrectly set to 0.25% higher, affecting 32 loans. The corrections applied the proper rate and reallocated excess payments to principal, shortening future loan terms. An automatic rate update process at Nationwide will replace the annual manual update to prevent future errors. A BWL HRIS system error also occurred which mis-populated new hire dates in Workday, causing premature 401 (a) contributions, but they were corrected, and the participants were informed of the error.

Commissioner Sandra Zerkle questions why Nationwide didn't immediately correct the interest rates. CFO Taylor confirmed that although it took Nationwide several months to catch the error, but once it was discovered, it was corrected immediately.

Rate Strategy

General Manager Peffley introduced a proposed FY2027 rate strategy and associated utility industry trends. He noted the proposed 2% electric rate increase is significantly lower than the increases being experienced by many Michigan utilities, which are averaging approximately 5% or higher, with some utilities seeking increases near 10%. It was emphasized that the proposed strategy supports the BWL strategic goals while remaining below inflation and reflects the organization's philosophy of growing revenue through new customer growth rather than placing additional burden on existing customers. He also expressed expectations for minimal public opposition compared to prior years, noting previous increases were partially attributable to delayed rate adjustments during the COVID-19 pandemic. CFO Taylor introduced Rates Manager Bob Blank from Utility Financial Solutions (UFS). UFS has been working with the BWL since 2017 and has worked with many utilities across the world. He provided an overview of the rate study process, industry trends, and cost-of-service analysis. He also explained the importance of long-term financial planning, cost-of-service studies, and gradual movement toward equitable rate structures across customer classes. Industry trends discussed included electrification, energy efficiency programs, distributed energy resources, time-of-use pricing, electric vehicle charging strategies, and infrastructure modernization. UFS Blank also emphasized the importance of properly structured customer service charges to ensure fixed utility costs are fairly recovered from all customers year-round.

CFO Taylor reviewed several major infrastructure and operational investments supported by the proposed rates, including electric system reliability initiatives, the Lansing Energy Tomorrow program, vegetation management, cybersecurity improvements, water infrastructure upgrades, and environmental compliance efforts. Staff highlighted that system reliability investments have provided measurable customer value and that continued infrastructure replacement and modernization remain critical due to significant inflationary increases in utility equipment and materials since 2019. Additional discussion focused on the Board's long-standing rate-making principles, including maintaining financially self-supporting utilities and aligning rates with cost-of-service standards. CFO Taylor explained that proposed rate increases vary by customer class to gradually move rates closer to actual service costs while minimizing sudden impacts on customers.

Commissioner Sandra Zerkle questions whether the BWL has a way of tracking the output of street lighting. GM Peffley explained with the new conversion to LED lights they have a good handle on the amount of energy used. CFO Taylor also discussed ongoing efforts to modernize street lighting infrastructure through LED conversions and the importance of balancing cost recovery with customer affordability.

Commissioner Chris Harkins noted difficulty tracking information between presentation slides and asked for clarification regarding projected revenue numbers for the large commercial and industrial category. Specifically, he questioned why projected revenues shown on one slide did not align with totals reflected on another slide. CFO Taylor explained that the discrepancy was due to the second sheet isolating only the standard rate classifications, while additional revenues from time-of-use rates and high load factor rates were included within the broader customer class totals. He also clarified that certain smaller rate categories had been grouped into an “other” classification. Commissioner Chris Harkins stated that it would be helpful to provide a clearer crosswalk between the slides so the information could be more easily tracked line-by-line, particularly regarding lighting and streetlight adjustments. CFO Taylor acknowledged and thanked Harkins for the feedback and indicated that there would be multiple public hearings and additional opportunities to revise, simplify and improve the presentation materials before public release. Discussion continued regarding extra-large industrial customer rates.

Commissioner Dale Schrader questioned why extra-large industrial rates appeared to increase by 4.4% while corresponding cost-of-service information was difficult to identify in the presentation. CFO Taylor clarified that the first chart reflected the results of the cost-of-service study only and did not represent actual proposed rate increases. The cost-of-service study identified gaps between current revenue generation and target revenue requirements. He explained that the second slide reflected the proposed rate design adjustments informed by those findings. After further review, CFO Taylor acknowledged that naming conventions between “commercial” and “industrial” categories allowed for confusion and agreed that revisions were needed to improve clarity.

Commissioner Semone James asked what alternatives had been considered and what factors led staff to recommend the proposed rate strategy. CFO Taylor explained that the proposed approach was intended to achieve a balanced outcome. The Board had targeted an overall utility increase of approximately 2%, while simultaneously working to align customer classes more closely with cost-of-service targets. He also stated that the process involved determining how far each customer class deviated from its cost-of-service level and then allocating increases accordingly while maintaining the overall 2% revenue target. GM Peffley further explained that the lower rate strategy reflected both financial and political considerations. It was noted that the utility had previously pursued aggressive renewable energy investments and that customers were increasingly focused on affordability and reliability rather than exceeding environmental compliance requirements. He stated that maintaining competitiveness with neighboring utilities and recognizing economic pressures facing Lansing residents were significant considerations in recommending a lower overall increase.

CFO Taylor then reviewed historical rate increases, noting that the utility had paused increases for several years following COVID-19, followed by larger increases in 2024 and 2025 to recover costs. Proposed increases for 2026 included: Electric 2.04%, Water 2.3%, Steam 5.51% and Chilled Water 0%.

GM Peffley explained that steam rates remained elevated because the utility was currently operating both the steam and hot water systems simultaneously during the transition period. Once the conversion to hot water was complete, management anticipated significantly lower operating costs and more attractive rates.

Commissioner Sandra Zerkle asked whether the utility was still recovering from the period of 31 months without rate increases. GM Peffley responded that recovery largely occurred during 2024 and 2025 and acknowledged that those increases had been difficult for customers. However, he emphasized that over the long term, the utility rate strategy had historically remained below inflation.

CFO Taylor next reviewed customer bill impact analyses for electric, water, steam, and chilled water customers. He explained that customer impacts varied depending on usage patterns, fixed customer charges, and demand charges. Impact analyses were performed across a broad range of customer profiles to ensure no customer group experienced excessive increases outside acceptable ranges.

Commissioner Sandra Zerkle asked whether the utility planned to communicate to major corporations and small businesses that efforts were being made to minimize rate increases given broader economic pressures. GM Peffley stated that formal communications had not yet begun because approval from the governing body was still pending. However, he expressed confidence that customers would recognize the utility's comparatively lower increases relative to neighboring utilities.

CFO Taylor emphasized that the proposed increases still allowed the utility to meet key financial metrics and maintain operational reliability. Staff reviewed the residential electric rate structure, including Standard residential time-of-use rates, Off-Peak Savers rates, and Electric vehicle charging meter options.

Commissioner Chris Harkins asked whether the EV charging rate was also a time-of-use rate and whether it offered lower pricing than the standard residential rate. CFO Taylor confirmed that the EV charging option was a time-of-use rate with lower off-peak pricing designed specifically for EV charging customers. He explained that customers installing a dedicated EV charging meter would pay a lower kilowatt-hour rate than customers charging through standard residential service.

Commissioner Sandra Zerkle suggested moving the simplified rate structure slides toward the beginning of the public presentation because they were easier to understand and provided useful context early in the discussion. CFO Taylor agreed to consider reorganizing the presentation accordingly.

CFO Taylor then reviewed summer and winter time-of-use pricing comparisons. It was explained that the Off-Peak Savers rate offered customers substantial savings opportunities if they shifted energy usage outside peak hours. He emphasized that the utility was gradually transitioning customers toward rates more closely aligned with cost-of-service realities while giving customers time to adapt their usage patterns.

During the presentation, commissioners identified an error on a slide where both peak and off-peak periods were incorrectly labeled as “12.” Staff acknowledged the mistake and will correct the issue for future presentations.

CFO reviewed renewable energy rate structures, including distributed generation and legacy net metering programs. CFO Taylor explained that traditional net metering was not sustainable long term because customers were previously credited at full retail rates for excess energy generation, even though retail rates included costs beyond energy itself, such as billing infrastructure and system maintenance. Under the new distributed generation structure, customers are compensated based on the actual market value of the energy supplied back to the system rather than the full retail rate.

Commissioner Semone James asked how customers were being educated regarding these rate structures and associated charges. AGM Shawa stated that educational materials were available through customer service representatives, online calculators, and utility websites. She also noted that bill inserts and ongoing communications were regularly distributed to customers regarding available programs and usage management tools.

Commissioner Chris Harkins cautioned against overemphasizing specialized rate programs in public communications, noting that the vast majority of customers remained on traditional time-of-use rates. CFO Taylor agreed that communications should remain balanced and targeted appropriately.

CFO Taylor reviewed proposed updates related to the state-mandated Energy Optimization program. It was explained that the State of Michigan increased annual energy optimization requirements from 1% to 1.5%, making compliance more costly. He stated that because many easy efficiency gains such as LED lighting conversions had already been achieved, future compliance efforts would require more substantial investments. As a result, the utility proposed reinstating a dedicated Energy Optimization surcharge to more transparently recover compliance costs. CFO Taylor clarified that this surcharge was already incorporated into the proposed overall rate increases and did not represent an additional increase.

CFO Taylor reviewed the completion of the utility's LED streetlight conversion project. The conversion reduced the number of streetlight rate classifications from over 120 to nine, simplifying administration and customer understanding. He then provided a detailed overview of the steam-to-hot-water conversion project. Approximately 160 customers currently remain on the steam system, with more than 100 expected to transition to hot water service. Approximately 58 customers are expected to be disconnected because of location limitations or building infrastructure constraints. To assist affected customers, CFO Taylor proposed a "Steam-to-Electric Rate Transition Credit" program. The program would provide qualifying customers with electric rate credits for up to 10 years to offset costs associated with transitioning away from steam service.

Commissioner Chris Harkins asked why the program was structured as a 10-year credit period.

CFO Taylor explained that 10 years approximately reflected the useful life of replacement heating investments such as electric boilers or alternative heating systems.

Commissioner Semone James asked how the utility would recover the costs associated with the transition credit. CFO Taylor responded that the transition costs were considered part of the broader investment in converting to a more efficient hot water system, which would ultimately reduce operational costs for the utility overall.

Commissioner Beth Graham asked about the number of residential customers affected by the transition. AGM Shawa stated that only four or five residential customers remained on the steam system, with most affected customers being commercial or institutional entities. She further explained that all affected customers had already received direct communication and that individualized transition meetings were ongoing.

CFO Taylor reviewed updates to water rates, including continued affordability measures for customers using two CCF or less. He also proposed updates to bulk water rates for hydrant permit holders and water haulers. It was explained that prior bulk water pricing only recovered commodity costs and failed to account for broader system costs. Revised rates would more accurately reflect the true cost of providing service. CFO Taylor introduced the proposed hot water utility rate structure, which included contract demand charges, commodity charges, fuel cost adjustment factors, and temperature differential adjustment factors.

CFO Taylor explained that customers would be expected to return water at appropriate temperatures to maximize system efficiency. Customers failing to sufficiently extract heat before returning water would be subject to temperature differential penalties.

Commissioner Semone James asked questions regarding how customers-controlled temperature differentials and system efficiency. CFO Taylor and GM Peffley explained that customers-controlled heat extraction through building circulation systems and maintenance of heat exchangers. Proper maintenance ensured efficient system operation and prevented unnecessary costs from being shifted to all customers. CFO Taylor reviewed ongoing customer assistance efforts, including Community resource fairs, Public Act 95 assistance, Flexible payment options, levelized billing programs, payment kiosks, and pennies for power assistance programs. He stated that over $4 million had been secured through community resource fairs and Public Act 95 programs to assist customers with utility bills.

Commissioner David Price provided feedback regarding the upcoming public hearing presentations. He recommended shortening and simplifying the presentation significantly for the public audience. He stated that the public would primarily want to understand the percentage rate increase, the estimated bill impact, a historical comparison, and comparisons with neighboring utilities. CFO Taylor agreed and stated that the public presentation would likely be condensed while still providing essential information.

Return on Equity

CFO Taylor next presented the negotiated Return on Equity agreement with the City of Lansing. He reported that an agreement had been reached between BWL and City management for a 6% return on equity for a two-year period and that it would now be up to the BWL Board and City Council to approve. The agreement also excluded inter-utility sales from the calculation and allowed the City of Lansing to receive 6% of any performance exceeding budget projections. CFO Taylor noted that payment timing adjustments were also included to assist the City with quarterly obligations. A resolution approving the agreement was introduced.

Motion by Commissioner Semone James, **Seconded** by Commissioner Chris Harkins, to forward the Return on Equity Resolution to the full Board for consideration.

Diversity, Equity, and Inclusion Policy Update

Vernon Woodley, Inclusion Manager, presented proposed revisions to the Corporate Diversity, Equity, and Inclusion Policy. Inclusion Manager Woodley explained that the existing policy has been operational since 2008 . He outlined eight primary updates included in the revised policy. Updated language and alignment with current organizational priorities. Addition of required scope and purpose statements. Strengthened commitment to inclusion and respect. Alignment with equal opportunity, anti-discrimination, and anti-harassment policies. Increased focus on workforce development and employee advancement. Greater emphasis on community engagement. Establishment of ongoing sustainability and maintenance requirements. Creation of a four-year policy review process to ensure accountability. A resolution was presented to approve the updated policy.

Commissioner Semone James asked questions regarding implementation and accountability measures associated with the revised policy. Inclusion Manager Woodley explained that all new managers entering the organization are required to complete diversity, equity and inclusion foundation for inclusive management training. He stated that the utility currently offers several structured programs, including training for new employees and the Emerging Leaders Program, and additional diversity and inclusion development initiatives. Inclusion Manager Woodley also noted that the organization has implemented tracking measures to ensure all new managers complete required training within six months of assuming their positions. He further explained that the utility is actively tracking participation and engagement metrics related to diversity, equity & inclusion activities and programming.

Commissioner Semone James asked how frequently the Board would receive updates regarding completion of diversity, equity, & inclusion related metrics and initiatives. Chief of Staff Williams explained that DEI updates are included in the Board’s monthly highlights and stated that staff would be willing to provide additional updates directly to the Board at any frequency desired by the Board.

Commissioner Semone James then asked whether legal counsel had reviewed the revised policy for compliance with federal and state law. Inclusion Manager Woodley confirmed that the policy underwent legal review prior to executive review and committee consideration. He stated that both internal and external legal counsel reviewed the policy and provided feedback before it advanced through the approval process.

Commissioner Sandra Zerkle referenced prior Board discussions regarding the utility’s recognition within the community for its diversity and inclusion efforts. She stated that the revised policy maintained the spirit of the organization’s prior commitments while modernizing language and organizational alignment. Commissioner Sandra Zerkle expressed appreciation for the continuation of those efforts.

Commissioner Semone James also acknowledged her appreciation for all the efforts made by the staff. She stated that the political environment surrounding diversity, equity & inclusion initiatives hasn't been positive and expressed appreciation that the Board and staff continued to support diversity, equity, and inclusion efforts and recognized the positive results those programs provide.

Commissioner Semone James also asked how the organization had navigated recent federal-level scrutiny regarding diversity, equity & inclusion programs, noting that some organizations nationally had eliminated DEI initiatives out of concern for losing federal funding or facing regulatory challenges.

Chief of Staff Williams responded that BWL was not directly impacted in that regard. She emphasized that leadership support for diversity, equity, and inclusion culture remained strong throughout the organization and that all current efforts remain fully compliant with applicable laws.

Inclusion Manager Woodley further elaborated that all initiatives undertaken by the utility are reviewed to ensure compliance. He emphasized that the organization's programs are designed to be inclusive of all employees and are intended to benefit the organization and community broadly. He also highlighted several recent initiatives, including the launch of the organization's first Employee Business Resource Group focused on veterans. He explained that although the group centers on veteran-related issues, participation is open to all employees, including non-veteran allies. Inclusion Manager Woodley also announced the launch of a new Diversity Champion Award program intended to recognize employees for contributions to diversity and inclusion efforts both within the utility and throughout the community. He acknowledged the broader political climate surrounding diversity, equity & inclusion discussions nationally but reiterated that the organization's efforts remain lawful, inclusive, and aligned with organizational and community goals.

Motion by Commissioner David Price, **Seconded** by Commissioner Chris Harkins, to forward the Corporate Diversity, Equity, and Inclusion Resolution to the full Board for consideration.

<u>Other</u>

Motion by Commissioner David Price, **Seconded** by Commissioner Semone James, for excused absences for Commissioner Tony Mullen.

Action: Motion Carried.

Adjourn
Chairperson Sandra Zerkle adjourned the meeting at 7:35 p.m.

Finance Committee Chairperson Dale Schrader presented the Finance Committee Meeting Report:

FINANCE COMMITTEE
Meeting Minutes
May 7, 2026

Finance Committee: Dale Schrader, Committee Chairperson; Beth Graham, Chris Harkins, David Price; Alternates: Semone James, Tony Mullen.

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, May 7, 2026.

Finance Committee Chairperson Dale Schrader called the meeting to order at 7:45 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dale Schrader, Beth Graham, Chris Harkins and David Price; Also Present: Commissioners Semone James, DeSon Leek and Sandra Zerkle.
Absent: Alternate: Tony Mullen

Corporate Secretary LaVella Todd declared a quorum.

Public Comments
There were no public comments.

Approval of Minutes
Motion by Commissioner David Price, **Seconded** by Commissioner Chris Harkins, to approve the Finance Committee Meeting minutes of March 10, 2026.
Action: Motion Carried. The minutes were approved.

YTD Financial Summary
CFO Taylor presented the year-to-date financial summary, reporting that days cash on hand are in a good position at 212 days and that revenue performance for retail and wholesale operations is favorable. He stated that operating spending is within 1% of the budget and that the net income currently exceeds budget projections by approximately $17 million. CFO Taylor projects ending the fiscal year at least $10 million above budgeted net income, barring any major unforeseen events.

CFO Taylor explained that the capital improvement budget remains largely unchanged from prior updates. Key factors include turbine overhauls that pushed portions of the capital budget beyond budgeted amounts, delays in battery and solar projects within the new energy category, and steam and water projects that remained close to budget expectations.

CFO Taylor presented positive performance across several financial indicators. The operating ratio remains strong due to favorable revenues and controlled expenses. The debt-to-asset ratio remains an area requiring long-term improvement. Days sales outstanding remain close to the target at 27, and bad debt performance continues to exceed expectations. Employee count remains at 787 with a budget of 829.

Commissioner Chris Harkins requested additional detail regarding the capital budget exceeding year-to-date projections. CFO Taylor explained that approximately $36 million in turbine overhauls accounted for the overage. Excluding those unexpected repairs, spending would be largely aligned with budget expectations.

Commissioner Semone James asked what portion of the favorable net income performance was recurring versus one-time, weather-related, or market-driven. CFO Taylor stated that additional analysis would be needed to fully separate those drivers and committed to providing additional information.

Commissioner Semone James also raised questions regarding whether excess net income should be used to reduce future rate pressure, increase reserves, accelerate capital improvements, or reduce debt. CFO Taylor responded that these considerations are incorporated into long-term forecasting and cash planning processes.

Commissioner Semone James asked about major risks affecting the days cash on hand and debt service coverage ratios. CFO Taylor identified unplanned capital expenditures and unforeseen revenue impacts as the largest risks but stated current forecasts remain stable.

FY2027-2032 Budget and Forecast

GM Peffley opened the FY2027 budget discussion by noting that departments were asked to significantly reduce spending requests while still maintaining reliability, operational goals, and strategic priorities. He acknowledged that the process was challenging due to inflationary pressures and ongoing infrastructure needs but stated that departments believe they can continue meeting organizational goals under the proposed budget if spending is carefully managed. He also noted that the organization successfully managed prior budget reductions while still producing surplus income and expressed optimism about future revenue growth.

CFO Taylor then reviewed the organization's strategic accomplishments and how the proposed budget supports long-term priorities. He highlighted ongoing customer and community initiatives, workforce development efforts, diversity and inclusion programs, carbon neutrality planning, and infrastructure reliability improvements. CFO Taylor also emphasized the importance of maintaining strong financial stability, including preserving the organization’s credit rating, which helps reduce borrowing costs and reflects strong governance and financial management practices.

He explained that the FY2027 budget continues to support key strategic priorities moving forward, including infrastructure improvements, workforce development, environmental initiatives, and long-term financial sustainability. Particular attention was given to maintaining adequate cash reserves, debt service coverage, and return-on-asset targets. CFO Taylor stated that the target return on assets for the period is 5.92%, which represents an increase from the prior year as the organization continues refining its long-term financial strategy.

Several major assumptions impacting the budget and forecast were discussed. CFO Taylor reported that the LG battery plant still intends to reach its originally projected 80-megawatt load; however, the timeline has shifted significantly, with full operations now projected for June 2030. He described the continued commitment to the project as positive despite delays and broader disruptions within the electric vehicle industry.

CFO Taylor also discussed the Moltke Ridge Wind Project, explaining that while the project remains a key component of the organization’s carbon neutrality strategy, financial assumptions related to the project were conservatively removed from the forecast due to ongoing challenges involving transmission capacity, upgrade costs, and regulatory considerations. He stressed that the project is still actively being pursued.

Additional discussion focused on the CTG-1 turbine unit. Following significant recent overhaul expenses for CTG-2 and CTG-3, management stated that they intend to delay major work on CTG-1 until the performance of the recently repaired units can be evaluated. The organization is taking a cautious approach before committing to additional large capital expenditures.

CFO Taylor also addressed General Motors’ stated intention to discontinue steam service by December 2027 in favor of self-generation. Leadership explained that discussions with GM remain ongoing and that the organization hopes to transition the customer to hot water service instead. He described the negotiations as ongoing and indicated that the customer’s long-term carbon neutrality goals may ultimately favor partnership with the utility.

Sales forecasts were then reviewed across all utilities. Electric sales are expected to increase over time due to industrial growth, electrification trends, electric vehicle adoption, and renewable energy expansion. Water sales are projected to remain relatively stable with modest growth connected indirectly to industrial demand. Steam and hot water sales are expected to decline due to the potential loss of General Motors steam service, customer disconnections, and greater system efficiency associated with hot water conversion projects. Chilled water sales are projected to remain stable.

CFO Taylor also reviewed several renewable energy investments included in the organization’s long-term planning efforts. White Tail Solar was highlighted as a recently launched project and an important component of the organization’s carbon neutrality goals. Additional renewable projects, including solar and wind initiatives, remain under development as part of the broader energy transition strategy.

The proposed operating budget was also discussed in greater detail. Labor and benefits continue to represent the largest share of operating expenses. CFO Taylor noted that purchased power costs are projected to decline due to operational changes at Belle River, while fuel costs are expected to rise with the continued operation of Delta Energy Park. Outside services, including information technology licensing, energy optimization programs, and tree trimming services, also remain major budget components.

Commissioner Chris Harkins asked questions regarding the organization’s target rate of return and how those targets may evolve over time. CFO Taylor explained that previous return targets were considered unrealistic and difficult to achieve, prompting leadership several years ago to establish more attainable and sustainable financial goals. Now that the organization is approaching those revised targets, leadership believes future refinements may include utility-specific return targets and varying targets across future fiscal years. CFO Taylor paused his portion of the FY2027-2032 Budget and Forecast presentation for Director of Internal Audit Elisha Franco and Corporate Secretary LaVella Todd to present their respective departmental FY2027-2032 Budget and Forecast.

FY2027-2032 Department of Internal Audit Budget and Forecast

Director of Internal Audit Elisha Franco presented the budget and forecast for the Department of Internal Audit, and explained that the proposed budget remains largely consistent with prior forecasts and includes staffing costs, operating supplies, consulting services, and support for annual risk assessments. She also plans to conduct an internal quality assessment in accordance with professional auditing standards.

Commissioner Semone James asked about audit priorities for FY2027, and DIA Elisha Franco explained that the risk assessment process is currently underway. Final audit priorities and the formal audit work plan are expected to be presented to the Board in July.

Commissioner Sandra Zerkle questioned whether the labor numbers in the FY2027 budget included benefits. CFO Taylor explained that the labor number only includes salary and PTO or Sick Time; it does not include health benefits.

FY2027-2032 Department of Corporate Secretary Budget and Forecast

Corporate Secretary LaVella J Todd then presented the operating budget and forecast for the Office of Corporate Secretary and the Office of the Board of Commissioners for fiscal years 2027-2032. CS Todd reviewed budget categories, including travel and conference expenses, training, office supplies, governance memberships, and professional development. She explained that travel and conference expenses include participation in the Society of Corporate Governance and related professional organizations. Training allocations also included continuing education opportunities for both the Corporate Secretary and the department's Administrative Assistant.

CS Todd then reviewed the Board of Commissioners budget categories, including meeting materials, office supplies, travel, outside services, professional photography fees, and annual document storage expenses. She specifically highlighted the inclusion of a $35,000 placeholder allocation for a future document storage system upgrade to replace Smartsheet. She explained that the placeholder was included to ensure funds would be available once the replacement process moved forward.

Commissioner Semone James asked whether the Smartsheet replacement project was being coordinated with Information Technology and how the $35,000 estimate had been determined.

AGM Shawa responded that the estimate was based on preliminary research conducted by the Chief Information Officer, Vern Myers, utilizing benchmarking data from Gartner. It was explained that the amount represented a conservative, high-end estimate for first-year implementation costs, with future annual maintenance costs expected as well. She further clarified that an RFI process was being prepared to evaluate potential replacement systems.

Commissioner Semone James raised questions regarding governance training expenses and whether future compliance requirements associated with the City Charter would create additional costs. CS Todd stated that the proposed budget was intended to accommodate future governance and compliance training opportunities for commissioners. She noted that some trainings may carry fees depending on the delivery method, while others could potentially be conducted internally at little or no additional cost.

FY2027-2032 Budget and Forecast (Continued)

CFO Taylor resumed presentation of the six-year budget forecast and reviewed projected revenue growth across utility operations. CFO Taylor explained that electric, water, and chilled water revenues were expected to increase steadily over the forecast period, while steam and hot water revenues were projected to decline as the steam-to-hot-water conversion project progresses and system efficiencies improve. He reviewed projected return-on-equity payments to the City of Lansing and noted that forecasts assumed continuation of the current agreement throughout the six-year period. He also discussed projected net income growth, which is expected to increase significantly as utilities approach their target return levels.

Commissioner Chris Harkins asked what factors were driving increases in “other operating expenses.” CFO Taylor explained that inflation was the primary driver, along with environmental spending associated with remediation projects and compliance activities. He noted that while the forecast utilized a 2.3% core Consumer Price Index assumption in some areas, more specific inflation assumptions were applied where better data existed, including healthcare costs and utility construction inflation.

Commissioner Semone James further asked whether stress testing had been performed using higher inflation assumptions or increased capital costs. CFO Taylor stated that modest stress testing had been conducted to evaluate different levels of capital spending and their impacts on cash flow, although he did not have specific alternative inflation scenarios immediately available.

CFO Taylor then reviewed the organization’s return-on-assets target, explaining that the target had increased to 5.92% primarily due to the significantly higher inflation experienced in utility infrastructure construction and replacement costs. He explained that the utility now utilizes the Handy-Whitman Index, which tracks utility construction inflation, rather than relying solely on general inflation metrics. According to CFO Taylor, the revised target, once reached, would generate approximately $25 million annually for infrastructure reinvestment, which is necessary to sustain the utility’s approximately $2 billion in infrastructure assets. CFO Taylor emphasized that despite lower-than-target returns currently appearing in red on financial projections, the utility is making steady progress toward the target and long-term financial goals. CFO Taylor explained that the steam-to-hot-water conversion project temporarily suppresses returns because both systems must operate simultaneously during conversion while steam assets continue depreciating until removed from service.

CFO Taylor also highlighted organizational efforts to reduce forecasted spending by approximately $7 million annually in order to support lower rate increases while still improving returns. Examples included lower-than-expected tree trimming costs, healthcare restructuring savings, pension funding adjustments, improved bad debt projections, and refined operating cost estimates for new facilities. He noted that employees throughout the organization contributed cost-saving ideas regardless of department size.

CFO Taylor stated that electric rate increases were forecasted at approximately 2.3%, while water rates would require larger future adjustments because current rates remain further below cost of service. He emphasized that rates presented within the budget and forecast were not formal rate approvals and would still require separate public rate hearings.

Commissioner Chris Harkins complimented CFO Taylor’s presentation and asked why management chose to maintain lower water rate increases in the early years despite larger projected increases later. CFO Taylor responded that the strategy was intended in part to reduce near-term rate pressure on customers.

Commissioner Dale Schrader commented that understanding return on assets was initially difficult from a traditional business perspective but acknowledged its importance for utilities due to ongoing infrastructure replacement needs. He also asked why employee counts remained relatively flat throughout the forecast period. GM Peffley responded that technological advancements and artificial intelligence are expected to create efficiencies in some areas of the organization, although staffing needs may still grow in operational areas such as water and transmission and distribution.

CFO Taylor concluded the budget presentation by reviewing capital improvement projects, including renewable energy investments, the steam-to-hot-water conversion, substation upgrades, SAP system replacement planning, and ongoing infrastructure replacement programs. He explained that proactive infrastructure replacement is significantly more cost-effective than reactive emergency replacement after failures occur.

Following the completion of the presentation, a resolution was presented to be sent to the full board for approval.

Motion by Commissioner David Price, **Seconded** by Commissioner Chris Harkins, to forward the FY2027-2032 Budget and Forecast Resolution to the full Board for consideration.

Before moving to the next agenda item, CFO Taylor requested recognition of employees who contributed to the rates and budget presentations. Staff members involved in the preparation of the presentations stood and were acknowledged and thanked by the committee.

FY2026 Billing Audit Results

Director of Internal Audit Elisha Franco presented the Fiscal Year 2026 Billing Audit Results. DIA Franco thanked members of the Customer Experience Department, AMI management, and supporting staff for their assistance throughout the audit process. DIA Franco explained that the audit evaluated the effectiveness and accuracy of the billing process, with particular focus on Advanced Meter Infrastructure (AMI), commonly referred to as smart meters. The audit reviewed billing execution, exception management, rate accuracy, billing cycles, adjustments, customer communications, and meter data validation for both AMI and non-AMI customers. Ms. Franco clarified that audit sampling utilized a “haphazard” methodology, explaining that the term is an internal auditing term meaning random customer selection rather than a negative characterization of the process. The audit reviewed whether bills were calculated correctly based on customer assignment, service type, and billing cycles.

Audit findings included one medium-risk issue involving incorrect smart meter opt-out fees for water-only customers due to an error in finalized rules and regulations. DIA Franco stated that 12 customers were affected and were charged $15 rather than the intended $30 fee.

One low-risk finding involved a customer being charged the incorrect fee due to a system configuration issue, which has since been corrected.

DIA Franco also outlined several process improvement recommendations, including formalizing performance metrics for billing inquiries and dispute resolution, implementing recurring reviews of billing exception thresholds, formalizing complaint investigation procedures, and strengthening vendor oversight through SOC 1 and SOC 2 report reviews. The overall audit opinion was classified as “sufficient,” meaning controls were generally effective with limited risk exposure and no critical or high-risk findings identified.

Commissioner David Price commented that the audit results were reassuring, particularly given prior public concerns and social media claims regarding smart meter accuracy and health concerns. Ms. Franco confirmed that the billing data and meter functionality appeared accurate based on the audit work performed.

Internal Audit Status Report

Director of Internal Audit Elisha Franco then presented the Internal Audit Status Report and departmental updates. She reviewed the status of ongoing audits, including billing, environmental compliance, and information technology audits. She reported that the IT audit procedures had been completed and discussed audit hours budgeted versus actual hours utilizes. DIA Franco also reviewed the status of open corrective actions from prior audits, noting that several items remain open but are progressing on schedule. She discussed upcoming Fiscal Year 2027 risk assessments and work plan development, explaining that management surveys were underway and that commissioners may also be consulted regarding perceived organizational risks.

Additional updates included new board-level guidance principles issued under the COSO internal control framework, plans for more frequent internal audit communications through monthly “newsletter-style” updates, and the upcoming start date for the department’s intern. DIA Franco also announced that she had been elected Senior Vice President of the Lansing Chapter of the Institute of Internal Auditors for a two-year term. She noted that May 2026 had officially been proclaimed Internal Audit Awareness Month by Governor Gretchen Whitmer, which she described as a significant recognition for the profession.

Commissioner Semone James asked whether the future Smartsheet replacement dashboard would include tracking for audit findings, due dates, and outstanding items. DIA Franco confirmed that the plan was to include those tracking capabilities within the system.

Other

No other business.

Adjourn

Chairperson Dale Schrader adjourned the meeting at 9:08 p.m.

Human Resources Chairperson Tony Mullen presented the Human Resources Meeting Report:

HUMAN RESOURCES COMMITTEE
Meeting Minutes
May 12, 2026

Human Resources Committee: Tony Mullen, Committee Chairperson; Commissioners Semone James, DeShon Leek and Sandra Zerkle; Alternates: David Price, Chris Harkins

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, May 12, 2026.

Vice Chairperson Sandra Zerkle called the meeting to order at 5:05 p.m. and asked the Corporate Secretary to call the roll.

The following members were present: Commissioners Semone James, DeShon Leek, and Sandra Zerkle; also present: Commissioner Dale Schrader.
Absent: Alternates: Commissioners David Price and Chris Harkins.

(HR Committee Chairperson Tony Mullen arrived at 5:24 p.m.)

The Corporate Secretary declared a quorum.

Public Comments
There were no public comments.

Approval of Minutes
Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Semone James, to approve the HR Committee meeting minutes of March 17, 2026.
Action: Motion Carried.

FY2026 Board Appointee Performance Reviews

General Manager
General Manager Richard R. Peffley requested to go into Closed Session for the purpose of receiving his contractual year-end performance evaluation as permitted by Open Meetings Act exemption MCL 15.268(a). He also requested Chief Human Resources Officer Michael Flowers join him in closed session.

Motion by Commissioner Sandra Zerkle; **Seconded** by Commissioner Semone James, to go into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard R. Peffley. Commissioners Semone James, DeShon Leek, Tony Mullen, Dale Scrader and Sandra Zerkle were present.

Roll Call Vote:
Yeas: Commissioners Semone James, DeShon Leek and Sandra Zerkle
Nays: None.
Action: Motion Carried.

Human Resources Committee went into closed session at 5:08 p.m.

Each Board Member who was physically present had a chance to provide General Manager Richard R. Peffley with comments and or questions related to the final evaluation document/process. Commissioners were given as much time as they needed to make any comments or ask questions of Mr. Peffley.

Motion by Commissioner Sandra Zerkle; **Seconded** by Commissioner Tony Mullen, to reconvene into open session.
Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.
Nays: None.
Action: Motion Carried

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

Motion by Commissioner Semone James; **Seconded** by Commissioner Sandra Zerkle, to forward the resolution reappointing Richard R. Peffley to the Charter position of General Manager for FY2027 to the full Board for consideration.
Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Sandra Zerkle.
Nays: None.
Action: Motion Carried.

Internal Auditor
Internal Auditor Elisha Franco requested to go into Closed Session for the purpose of receiving her contractual year-end performance evaluation as permitted by Open Meetings Act exemption MCL 15.268(a). She also requested Chief Human Resources Officer Michael Flowers join her in closed session.

Motion by Commissioner Sandra Zerkle; **Seconded** by Commissioner DeShon Leek, to go into closed session to discuss the contractual year-end performance evaluation of Internal

Auditor Elisha Franco. Commissioners Semone James, DeShon Leek, Tony Mullen, Dale Scrader and Sandra Zerkle were present.

Roll Call Vote:
Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle
Nays: None.
Action: Motion Carried.

Human Resources Committee went into closed session at 6:15 p.m.

Each Board Member who was physically present had a chance to provide Internal Auditor Elisha Franco with comments and or questions related to the final evaluation document/process. Commissioners were given as much time as they needed to make any comments or ask questions of Ms. Franco.

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Semone James to reconvene into open session.
Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.
Nays: None.
Action: Motion Carried

The Human Resources Committee reconvened to open session at 6:40 p.m.

Motion by Commissioner Semone James; **Seconded** by Commissioner DeShon Leek, to forward the resolution reappointing Elisha Franco to the Charter position of Internal Auditor for FY2027 to the full Board for consideration.
Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.
Nays: None.
Action: Motion Carried.

<u>Corporate Secretary</u>
Corporate Secretary LaVella J. Todd requested to go into Closed Session for the purpose of receiving her contractual year-end performance evaluation as permitted by Open Meetings Act exemption MCL 15.268(a). She also requested Chief Human Resources Officer Michael Flowers join her in closed session.

Motion by Commissioner Semone James; **Seconded** by Commissioner Sandra Zerkle, to go into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary LaVella J. Todd. Commissioners Semone James, DeShon Leek, Tony Mullen, Dale Scrader and Sandra Zerkle were present.

Roll Call Vote:

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen and Sandra Zerkle

Nays: None.

Action: Motion Carried.

Human Resources Committee went into closed session at 6:41 p.m.

Each Board Member who was physically present had a chance to provide Corporate Secretary LaVella J. Todd with comments and or questions related to the final evaluation document/process. Commissioners were given as much time as they needed to make any comments or ask questions of Ms. Todd.

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Sanra Zerkle to reconvene into open session.

Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.

Nays: None.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 7:06 p.m.

Motion by Commissioner DeShon Leek; **Seconded** by Commissioner Semone James, to forward the resolution reappointing LaVella J. Todd to the Charter position of Corporate Secretary for FY2027 to the full Board for consideration.
Yeas: Commissioners Semone James, DeShon Leek, Tony Mullen, and Sandra Zerkle.
Nays: None.
Action: Motion Carried.

Other
No other business.

Adjourn
HR Chairperson Tony Mullen adjourned the meeting at 7:07 p.m.

MANAGERS RECOMMENDATION
There was no manager's recommendation.

UNFINISHED BUSINESS
There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS

RESOLUTION 2026-05-01

Return on Equity (ROE) Renewal Amendment No. 9

WHEREAS, the City of Lansing has expressed a desire to continue the Agreement Between the City of Lansing and the Board of Water & Light dated June 30, 1992 (the Agreement), which has been subsequently extended by means of eight Amendments thereto in 2001, 2012, 2013, 2018, 2020, 2022, 2024, and 2025, respectively; and

WHEREAS, the City of Lansing and the Board of Water & Light agree that the recommended amendment to the Agreement and the payment provided for therein represents a mutual balancing of the financial burden of the payment on the Board of Water & Light's ratepayers, the financial burden of the use of services and property on the City of Lansing or its taxpayers, and of the shared services and infrastructure between the Board of Water & Light and the City of Lansing; and

WHEREAS, the Board of Commissioners Committee of the Whole (COW) considered the City of Lansing's request on May 7, 2026; and WHEREAS, the General Manager recommended the Agreement be amended and extended for 2 years at a rate of 6% of total budgeted Board operating revenues, excluding inter-utility sales, as is in effect at the start of each respective fiscal year. If actual operating revenues are higher than budgeted operating revenues, the return on equity payments will be calculated in the amount of 6% of actual operating revenues, effective July 1, 2026, and will be memorialized as Amendment No. 9; and

WHEREAS, the COW has considered the proposed Amendment No. 9, agreed with the General Manager's recommendation and approved the Amendment, including authorization for the General Manager to execute the Amendment, and the Amendment shall be forwarded to the Board of Commissioners for approval at the May 19, 2026 Board meeting.

THEREFORE, be it: RESOLVED, the proposed Amendment No. 9 to the Agreement Between the City of Lansing and The Board of Water & Light dated June 30, 1992 is approved, including authorization for the General Manager to execute the Amendment.

Motion by Commissioner Dale Schrader, Seconded by Commissioner Chris Harkins to approve the Return on Equity (ROE) Renewal at a Regular Board Meeting held on May 19, 2026.
Action Motion Carried.

RESOLUTION 2026-05-02

Corporate Diversity, Equity & Inclusion Policy

WHEREAS, the Board of Commissioners ("Board") adopted a Corporate Inclusion, Equity and Diversity Policy ("Policy") on March 28, 2008, which superseded the previously adopted Corporate Diversity Policy effective April 23, 2002; and

WHEREAS, BWL staff has conducted a review of the Policy and determined revision to the Policy would enhance understanding and compliance with the policy, and strengthen alignment with BWL's vision, values and strategic priorities; and

WHEREAS, the Policy title was changed to Corporate Diversity, Equity & Inclusion Policy to be consistent with current standards;

THEREFORE, it is: RESOLVED, that the Board adopts and approves the revised Corporate Diversity, Equity & Inclusion Policy effective May 19, 2026, as presented.

FURTHER RESOLVED, that the Corporate Inclusion, Equity and Diversity Policy, effective March 28, 2008, is superseded as of May 19, 2026.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Beth Graham to adopt the revised Corporate Diversity, Equity & Inclusion Policy at a Regular Board Meeting held on May 19, 2026. **Action:** Motion Carried.

RESOLUTION 2026-05-03

Fiscal Year 2027-2032 Budget and Forecast

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2027 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2028-2032 is hereby accepted as presented; and

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

Staff Comments**:** Staff recommends an operating and maintenance budget of $425.8M and a capital budget of $113.1M for Fiscal Year 2027. The Operating and Capital Budget and Forecast for Fiscal Years 2027-2032 includes forecasted rate increases. The forecasted rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process. In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 19, 2026 board meeting.

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Chris Harkins, to approve the Resolution for the Fiscal Year 2027-2032 Budget and Forecast at a Regular Board Meeting held on May 19, 2026.
Action: Motion Carried.

RESOLUTION 2026-05-04

Appointment of the Charter Position of Director and General Manager

WHEREAS, the Board's Rules of Procedure specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.
RESOLVED, that the Board of Commissioners hereby appoints the following individual to the Charter position of General Manager for fiscal year 2026-2027 or until a successor is appointed, whichever last occurs: Richard R. Peffley, Director and General Manager
FURTHER RESOLVED, that the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for fiscal year 2026's performance.
Motion by Commissioner Tony Mullen **Seconded** by Commissioner Sandra Zerkle to approve the reappointment of the Charter Position of Director and General Manager for Fiscal Year 2026-2027 at a Regular Board Meeting held on May 19, 2026.
Action: Motion Carried.

RESOLUTION 2026-05-05

Appointment of the Charter Position of Internal Auditor

WHEREAS, the Board's Rules of Procedure specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.
RESOLVED, that the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2026-2027 or until a successor is appointed, whichever last occurs: Elisha Franco, Internal Auditor
FURTHER RESOLVED, that the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for fiscal year 2026's performance.
Motion by Commissioner Tony Mullen, **Seconded** by Commissioner DeShon Leek, to approve the reappointment of the Internal Auditor for Fiscal Year 2026-2027 at a Regular Board Meeting held on May 19, 2026.
Action: Motion Carried.

RESOLUTION 2026-05-06

Appointment of the Charter Position of Corporate Secretary

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

RESOLVED, that the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary for fiscal year 2026-2027 or until a successor is appointed, whichever last occurs: LaVella J. Todd, Corporate Secretary

FURTHER RESOLVED, that the Chairperson of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2026's performance.

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Tony Mullen, to approve the reappointment of the Corporate Secretary for Fiscal Year 2026-2027 at a Regular Board Meeting held on May 19, 2026.

Action: Motion Carried.

RESOLUTION OF LANSING BOARD OF WATER & LIGHT
IN RECOGNITION OF FIFTY YEARS OF SERVICE BY RICHARD R. PEFFLEY

WHEREAS, Richard "Dick" Peffley has served the Lansing Board of Water & Light (BWL) with exceptional dedication and commitment for half a century,

WHEREAS, Dick Peffley started his career at BWL in 1978 as a Temporary Laborer in General Maintenance Department and was promoted through the following positions over his career: Laborer Advanced, Electronics Technician, General Supervisor of Operations, Plant Manager, Manager of Electric and Steam Production, Director of Production, Executive Director of Operations and Executive Director of Water Operations and Special Projects;

WHEREAS, Dick Peffley served as the Interim General Manager in 2006 for approximately one year during the job search for the position. Declining the permanent General Manager offer, he returned to the Director of Production along with being the Interim Director of Operations. He stepped in for a 2nd time as the Interim General Manager in 2015 and 8 months later accepted the permanent position, which he holds at 50 years of service;

WHEREAS, Dick Peffley's vision and leadership has achieved significant success and growth for the Hometown People Hometown Power utility, and included among his many accomplishments are the following:

• Project manager for the $23 million repair and refurbishment of the Wise Road Water Conditioning Plant following a chemical accident in 2011;

• Project manager for the $20 million Chilled Water Plant, which came in on time and on budget in 2009, named after his father, BWL retiree, Roy E. Peffley;
• Project manager for the $182 million natural gas-fired REO Cogeneration Plant and Headquarters which came in on time and on budget in 2013;
• Led the Water Production and Distribution Departments' efforts to produce and distribute record-breaking one billion gallons of water in a single month to customers during the heat wave in July 2013;
• Oversaw the completion to remove all lead water service lines in the BWL service territory in 2016, the second utility in the country to do so;
• Oversaw the development and construction of the $500 million natural gas-fired Delta Energy Park in 2019;
• Successfully renegotiated a coal contract which resulted in $52 million of savings over two years in 2021;
• Oversaw contract negotiations between General Motors and Ultium in 2022 to provide power for a new battery cell manufacturing plant, a transformational $2.6 billion investment that will support electric vehicle production in Lansing for the next generation;

WHEREAS, Dick Peffley's leadership has led the Lansing Board of Water & Light to significant growth and has shaped the company into the *Utility of Today, Transforming Tomorrow.*
WHEREAS, Dick Peffley's leadership and contribution to Lansing Board of Water & Light have translated to the Greater Lansing Area, ensuring the residents of Lansing Area benefit from reliable and affordable public power.
WHEREAS, Dick Peffley's 50-years of service to Lansing Board of Water & Light is an extraordinary milestone, reflecting loyalty and dedication to our Hometown utility and its future and the Lansing Board of Water & Light Board of Commissioners wish to recognize and thank Dick Peffley for his many contributions to the company.
RESOLVED, that The Board of Commissioners of Lansing Board of Water & Light hereby extends its deepest appreciation to Richard "Dick" Peffley for 50 years of distinguished service to Lansing Board of Water & Light.

On Behalf of Lansing Board of Water & Light
Board of Commissioners
David Price, Chairperson
May 19, 2026

MANAGERS REMARKS

1. Storm on 5/18 took out power to 3k customers over 111 locations.
    - Full restoration expected by 8pm 5/19
2. Held Community Resource Fair on 4/15 at Alfreda Schmidt
    - About 150 individuals attended
    - $4M raised for customers to date
3. Hosted MSU Visiting International Professional Program on 4/27
    - Visitors are invited to the U.S. through the Department of State's International Visitor Leadership Program.
    - 10 individuals from 10 different countries representing diverse industries
    - Toured DEP
    - Presentations on BWL's carbon neutrality, smart meter technology, economic development and community engagement
    - Left very impressed by BWL
4. Welcomed 18 interns on 5/11.
    - They will be with us through the summer
5. 16 1st STEP students graduated 5/13
    - This year concluded our 18th year of 1st STEP program.
    - Every student gets $2,000 tuition to attend any school in Michigan
6. Staff attended MMEA spring conference in Grand Rapids on 5/14/2026
7. Panel speaker at Chamber Economic Luncheon Thur., May 21 at 11:30 am
    - Along with ITC and Consumers
    - Topic: Powering Michigan's Growth: Energy Infrastructure, Reliability and Economic Competitiveness
8. Mackinac Policy Conference
    - Staff attending Tuesday through Friday
9. Next Township Engagement meeting
    - Meridian Township on June 2 at 6pm
10. Employee Picnic is coming up on June 23 at 6pm

COMMISSIONERS REMARKS

There are no commissioner remarks.

MOTION OF EXCUSED ABSENCE

There were no excused absences.

PUBLIC COMMENT

Elaine Fischhoff requested that detailed information be included on the BWL website, stating the reasons and the data behind the new proposed rate increases. She noted that it would help increase the company's transparency with its customers. Elaine Fischhoff also requested the BWL provide the same information as required by investor-owned utilities when filing with the MPSC for proposed rate increases.

Closed Session pursuant to MCL 15.268(h) to consider a written Attorney/Client Communication related to pending litigation.

Chairperson David Price requested a roll call vote to enter closed session to discuss a written Attorney/Client Communication related to pending litigation. He also requested General Counsel Mark Matus and Deputy General Counsel Jason Hawkins be present.

Roll Call Vote:
Yeas: Commissioners Beth Graham, Chris Harkins, Semone James, David Price, DeShon Leek, Tony Mullen, Dale Schrader, and Sandra Zerkle.
Nays: None.
Action: Motion Carried.

The board entered into closed session at 5:55 p.m.

Chairperson David Price requested a roll call vote to reconvene after the closed session.
Roll Call Vote:
Yeas: Commissioners Beth Graham, Chris Harkins, Semone James, David Price, DeShon Leek, Tony Mullen, Dale Schrader, and Sandra Zerkle.
Nays: None.
Action: Motion Carried.

The board reconvened at 6:14 p.m.

A resolution was presented regarding the written Attorney/Client Communication related to pending litigation.

RESOLUTION 2026-05-07

Delegation of Authority to Respond to Web Submission on Behalf of the Board of Commissioners

WHEREAS, the Board of Commissioners received a web submittal from an employee of the Lansing Board of Water & Light on April 30, 2026, and it is appropriate that the Board respond to the submittal directly as opposed to referring the matter to Management;

WHEREAS, at a regular meeting of the Board on May 19, 2026, the Board considered the matter, including a memorandum from counsel, and concluded it is both prudent and efficient to delegate to the Chairperson the authority to respond to the web submission. Therefore, it is:

RESOLVED, that the Chairperson is delegated authority to make a written response to the web submission on behalf of the Board of Commissioners, and

FURTHER RESOLVED, that the Chairperson is delegated authority to, with the advice of counsel, respond to any additional correspondence from the employee addressing the same or related issues presented by the April 30, 2026 web submittal.

Motion by Commissioner Beth Graham, **Seconded** by Commissioner Dale Schrader, to approve the Resolution for Delegation of Authority to Respond to Web Submission on Behalf of the Board of Commissioners at a Regular Board Meeting held on May 19, 2026.

Action: Motion Carried.

ADJOURNMENT

Chairperson David Price adjourned the meeting at 6:15 p.m.

LaVella J. Todd, Corporate Secretary
To be approved by the Board of Commissioners: 07-28-2026
Official Minutes filed (electronically) with Lansing City Clerk: 08-03-26