AGENDA

Committee of the Whole
AGENDA FOR OCTOBER 24, 2022 AT 5:00 PM

Lansing City Hall, Tony Benavides Lansing City Council Chambers
124 W. Michigan Avenue, 10th Floor
To provide input or ask questions on any item that is listed on the agenda,
members of the public may contact the City Council at city.council@lansingmi.gov or (517) 483-4177 prior to the meeting.

Council Member Hussain, Chairperson
Council Member Wood, Vice Chairperson

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
   A. October 10, 2022
4. **Public Comment on Agenda Items (Up to 3 Minutes)**
5. **Presentations:**
   B. Board of Water and Light Financial Report; Fiscal Year 2021 and 2022
6. **Discussion/Action:**
   C. RESOLUTION - ACT 31; Incorporation of the Lansing Public Media Authority
   D. RESOLUTION - Issuance and Sale of Limited Tax General Obligation Bonds for Capital Improvements for Ovation Performing Arts Center

Closed Session

E. Litigation Updates: Pursuant to MCL 15.268(e) the City Council will recess into closed session to consult with the City Attorney in connection with the following specific pending litigation. An open meeting will have a detrimental financial effect on the litigating or settlement position of the City of Lansing concerning these cases.

Atkinson, et.al. v. City of Lansing, et. al.
Lynn v. City of Lansing

Reconvene

7. **Other**
8. **Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Council Office at 517-483-4177 (TTY 711) 24 hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

DRAFT

MINUTES
Committee of the Whole
Monday, October 10, 2022 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER
Council President Hussain called the meeting to order at 5:30 p.m.

PRESENT
Councilmember Adam Hussain
Councilmember Carol Wood
Councilmember Peter Spadafore
Councilmember Patricia Spitzley- arrived at 5:34 p.m.
Councilmember Jeremy Garza
Councilmember Brian T. Jackson.
Councilmember Jeffrey Brown
Councilmember Brian Daniels

OTHERS PRESENT
Sherrie Boak, Council Office Manager
Jim Smiertka, OCA
Lisa Hagen-Lawrence, OCA
Mark Lawrence, Mayors Office
Jane Bias- DiSessa, Deputy Mayor
Doris Witherspoon, EDP
Norma Bauer
Jody Washington
Chris Swope, City Clerk

Minutes
MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM SEPTEMBER 26, 2022, AS PRESENTED. MOTION CARRIED 7-0.

Public Comment
Ms. Bauer spoke to the Committee asking if someone on Council could provide a report on transparency. Council President Hussain noted comment at this time is for items on this agenda. Advising Ms. Bauer that if she wishes to speak to the addition of that topic on the Council agenda at the later of the meeting.

Ms. Washington spoke on the public housing in the City as it relates to the HOME-ARP Allocation plan, in opposition to median household income in the City.

Discussion

RESOLUTION – Introduction and Set a Public Hearing; Amending Chapter 1300, Marihuana Operations

Council President Hussain acknowledged that from time to time the Council reviews this ordinance to address changes at the State level.

Council Member Wood noted that since there is zoning involved in this, the resolution should state the hearing should be November 14th due to the 15 day public notice requirement.

Ms. Hagen- Lawrence spoke briefly on the amends to definitions including expanding on Marihuana Educational Research License, zoning approval of drive- thru, assigns the zoning of the new Educational Research Facilities, and in 1300.17 codifies the Mayor's Executive Order on temporary events and permits.

Council Member Hussain asked about the new licenses, it would fall under current. Ms. Hagen- Lawrence confirmed.

Council Member Spitzley asked if this will now allow drive-thru, and Ms. Hagen – Lawrence confirmed it does and will allow zoning approval.

Council Member Wood referenced the change in 1300.09 and asked if that is a State requirement or we are just adding. Mr. Swope stated he did not believe it was a change in the State, but there was a question raised with the City Ordinance on existing buildings with drive thru options. Council Member Wood recapped that when this ordinance was created the Council at the time did not support drive-thru. Mr. Swope noted at the time of passage the State did not allow, and now the State does. Council Member Wood then referenced the original adoption where Council did not want special events, and then asked if this would codify a special event. Ms. Hagen- Lawrence noted that is correct and this would then allow a license and permit. Council Member Wood used an example of a City Park wh. Ms. Hagen – Lawrence stated this would require police, fire, oca and parks to review, and would be considered at the time. She offered to ask those departments on co-mingling at events with all ages. Council Member Wood then asked if this would permit or prohibit the sale of marihuana at the event. Mr. Swope was not able to confirm or deny and Ms. Hagen stated she would follow up.

Council Member Spadafore asked why it is spelled with an "h" and not a "j" and Ms. Hagen stated they follow the state and it was in the voting initiative.
Council Member Spadafore spoke briefly on the State requirements and application on events. Defined space, roped off, etc.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE AMENDED RESOLUTION FROM THE PACKET TO INTRODUCE AND SET A PUBLIC HEARING FOR NOVEMBER 14, 2022. MOTION CARRIED 8-0.

RESOLUTION – Set a Public Hearing for the Consideration of Substantial Amendments, FY2020-2021 Annual Action Plan to include HOME-ARP Allocation Plan

Council Member Wood refenced the memo in the packet from Ms. Kimmel, and wanted it clarified the second line – which states "Council will vote to approve the substantial amendment on November 28th", should be clear to the public that Council has not made the determination yet, so it was presumptuous of the Staff to put that statement in.

Ms. Witherspoon noted that in 2021 President Biden signed ARP to address the continued impact of COVID 19. The HOME ARP is addressing the need for homelessness assistance and supportive services. The City will get $2,784,822 to use to address these services. In order to do that, there needs to be an amendment for the FY 2020-2021 plan. The process is not any different then what is done when they review the plan annually at budget time. There will be a review of the specific agencies, stakeholders meeting, consultations, and with those there were up to 100 participants, and a 15 day comment period. The plan will be on the City website, a notice sent to Continuum of Care, and a mailing list of 400 for the changes for eligible activities. Eligible activities included but are not limited to HOME-ARP rental housing, tenant based rental assistant, support service, nonprogram building assistance, and admin and planning. Ms. Witherspoon added that the City has been working with Wade Trim in preparation of the plan. Lastly she noted some of the qualifications such as homelessness, fleeing homelessness, or attempting to flee domestic violence to name a few.

Council Member Spitzley asked if Council is being asked to set a hearing for a plan that is not ready yet. Ms. Witherspoon concurred stating that the hearing will be held November 14th and the report will be ready October 26, 2022. Council Member Spitzley voiced her concern and objection that City Council was not asked to participate up to this point.

Council Member Wood asked if the agencies that will receive the funds already have been identified and Ms. Witherspoon stated they had not. Council Member Wood then asked how they were going to proceed and Ms. Witherspoon stated they will do a RFP/RFQ process. Council Member Wood referenced a letter from a Ms. Wakefield that Council received that noted concerns with Holy Cross. She then concurred with Council Member Spitzley on the lack of communication with the City Council Ad Hoc on Housing and Resident Safety. Council Member Spitzley noted for Ms. Witherspoon, the public and Administration that the Ad Hoc on Housing and Resident Safety had discussions with many of the parties in the document, however it appeared City Council was not included in the September 15th or 16th virtual sessions EDP did. Ms. Witherspoon stated she personally would make sure Council got the public notice for the future sessions. Council Member Wood added the EDP Director was in the Ad Hoc Meetings as well, and this funding should have been brought up during that discussion as well.

Council Member Brown asked if the funds will be funds put in the hands of the people who need it or to fund the non-profits. Ms. Witherspoon reiterated that they will do a RFP/RFQ and the proposed budget still needs feed back from the community. With any of the federal funds, there is an environmental review before they can be spent. Council Member Brown referenced funds they have tagged for Advent House Ministries, and asked if agencies such as that one already gets funds from the City, they should already have sufficient funds. Ms. Witherspoon stated this process will outline eligibility to qualify and will be specific to certain activities and certain populations. They will follow the process and will evaluate. If rental assistance is identified as a need, that is what the funds will be applied to. The department will go through the RFP and RFQ. Council Member Brown again referenced the material in the meeting packet, at which point Ms. Boak took the materials to Ms. Witherspoon. Ms. Witherspoon stated the material on page 30 of the packet was information obtained from the virtual meetings, and then Council Member Brown asked what the philosophy of the department is when looking at distribution of the funds; was it similar to the HRCS process for their grants. He asked again if the intent is for the funds to go to constituents directly or funds will go to non-profits who provide services. Ms. Witherspoon explained that if the agencies qualify and the constituents qualify they will consider it.

Council President Hussain stated to Ms. Witherspoon that Council is interested in conveying these funds and services to the end user.

Council Member Wood asked about her study and environmental review she mentioned earlier. Ms. Witherspoon said she will review whenever the City receives federal funding in order to use those funds; an environmental review. This covers “5 levels”; exempt, excluded, not subject to, substance, environmental impact, etc.

Council Member Garza asked if there is a tracking method or accountability for the funds that go to non-profits to make sure those funds are going to the end user. Ms. Witherspoon stated this is a substantial amendment to the action plan, and EDP monitors the grantees that they fund, and that is the accountability monitoring process.

Council Member Spadafore refenced the notes in the packet from the September meetings, noting it stated there were 55 people one night and 33 on the other night, which appeared to be organizations. Based on that he asked if there were any individuals present that would actually be benefiting from the funds. Ms. Witherspoon confirmed both meetings were virtual so she could not speak to that.

Council Member Spitzley asked the Administration to coordinate with the HRCS Department to make sure there is not an overlap of funds being distributed to agencies and organizations. Ms. Witherspoon acknowledged it could happen and she would take the concern back to the department.

Council Member Jackson spoke in support of funding agencies with more than one source because his understanding was the more funds they received the more they can assist. Council Member Spitzley clarified she did not have an issue with the agencies getting the funds, but if they get the funds they need to be going to the people that need them.

Council President Hussain asked how they were promoting the meetings so they can reach everyone who needs the assistance. Ms. Witherspoon listed their sources of ads in newspapers, the website and notices mailed to the list they have. Council Member Brown asked if they reached out to the neighborhood organizations and Ms. Witherspoon confirmed they are on her mailing list. Council Member Daniels referred to the September meetings which occurred in the mornings, and encouraged the meetings they are focusing on now be set up for evenings. He also noted that when they do their review they should take into consideration that some of the agencies have made it aware they are at full capacity therefore no more money should be provided for assistance.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR NOVEMBER 14, 2022. MOTION CARRIED 8-0.

<u>Adjourn</u>
The meeting adjourned at: 6:23 p.m.
Respectfully Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee

Lansing Board of Water and Light
P.O. Box 13007
1201 S. Washington Ave.
Lansing, MI 48912

Electronic Delivery

October 5, 2022

Adam Hussein, Lansing City Council President and Councilmembers
City of Lansing
124 W. Michigan Avenue, 9th Floor
Lansing, MI 48933

RE: Annual Audit for Fiscal Year Ending June 30, 2022

Dear Council President Hussein and City Council Members:

Attached please find the Board of Water and Light's electronic consolidated Audited Financial Statements for the fiscal year ending June 30, 2022.

Respectfully submitted,

LaVella J. Todd
Corporate Secretary

PDF Attachment

Electronic Copy:
- Andy Schor, Mayor City of Lansing
- Chris Swope, City Clerk
- Dick Peffley, General Manager
- Heather Shawa, Chief Financial Officer
- LBWL Commissioners
- City of Lansing Internal Auditor C/O Sherrie Boak, City Council Office Manager

bakertilly

LANSING BWL
Hometown People. Hometown Power.℠

Board of Water and Light – City of Lansing, Michigan

Financial Report
with Additional Information
As of and for the Years Ended June 30, 2022
and 2021

Contents

Contents

Supplementary Information

Independent Auditors' Report

To the Honorable Mayor, Members of
the City Council, and Commissioners
Lansing Board of Water and Light

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Lansing Board of Water and Light (BWL), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the BWL's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the BWL as of June 30, 2022 and 2021 and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BWL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that rise substantial doubt about the BWL's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BWL's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BWL's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial taken as a whole. The identified accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
September 12, 2022

This section explains the general financial condition and results of operations for the Lansing Board of Water and Light ("BWL"). The BWL includes the consolidated operations of the electric, water, steam, and chilled water utilities. The notes to financial statements following this section are essential reading for a complete understanding of the financial and operational results for the years ended June 30, 2021 and 2022.

Overview of Business

The BWL owns and operates an electric system which generates, purchases, and distributes electric energy to over 98,702 retail customers in the greater Lansing area, and wholesale customers through participation in the Midcontinent Independent System Operator, Inc. (MISO), which is BWL's regional electric grid. The BWL generated 57 percent of its retail and wholesale sales from existing generation assets. Additional electric generation was supplied through BWL's membership in the Michigan Public Power Agency, which includes BWL's partial ownership of Detroit Edison's Belle River Plant, through MISO, and renewable energy purchase power agreements. The BWL maintains a diversified generation portfolio which includes wind and solar. The combination of renewable energy generation and energy efficiency programs support BWL's adopted plan to provide 50% clean energy by 2030 and carbon neutrality by 2040.

The BWL owns and operates water wells, a raw water transmission system, water conditioning facilities, and an extensive water distribution system serving potable water to over 57,773 residential, commercial, and industrial customers in the greater Lansing area.

The BWL owns and operates steam generation boilers, a steam transmission and distribution system serving 158 customers. BWL's chilled water facility and distribution system serves 19 customers in the City of Lansing.

Capital Expenditures

Capital expenditures are driven by the need to replace, expand, or maintain the generation, transmission, and distribution systems of the BWL to meet customer utility needs and to maintain a high level of service reliability. The BWL invests essentially all revenues not paid out for operations and maintenance expense, nonoperating expenses, or debt service back into capital improvements for its water, electric, steam, and chilled water systems. Gross capital expenditures were $121.7 and $227.7 million in fiscal years 2022 and 2021, respectively.

The BWL generally pays the cost of its capital improvements from internally generated funds; however, revenue bonds are issued from time to time to support large projects or special needs such as construction of generation facilities.

Detailed financial information for the separate utilities of water, electric, steam, and chilled water can be found in the Additional Information section of this financial report.

Condensed Financial Information (dollars in millions)

	As of June 30			% Change
	2022	2021	2020	2021 to 2022
Assets				
Utility plant	$ 1,165.7	$ 1,116.7	$ 945.5	% 4.4
Other assets	480.4	589.6	538.4	(18.5)
Total assets	1,646.1	1,706.3	1,483.9	(3.5)
Deferred Outflow of Resources	36.2	14.4	27.7	151.4
Liabilities				
Long-term liabilities	843.2	848.6	710.1	(0.6)
Other liabilities	93.4	96.0	97.4	(2.7)
Total liabilities	936.6	944.6	807.5	(0.8)
Deferred Inflow of Resources	48.9	90.8	71.5	(46.1)
Net Position				
Net investment in capital assets	347.0	382.4	395.0	(9.3)
Restricted for debt service	42.9	39.4	56.6	8.9
Restricted for pension	2.8	13.2	3.4	(78.8)
Restricted for OPEB	71.7	100.1	44.2	(28.4)
Unrestricted	232.5	150.2	133.4	54.8
Net position	**$ 696.9**	**$ 685.3**	**$ 632.6**	**% 1.7**

Capital expenditures in FY2022 exceeded depreciation, impairments, and retirements thereby increasing Utility plant assets by $49 million. Other assets decreased by $109.2 million as cash was used to pay for the new Delta Energy Park Plant. Deferred Outflows increased by $21.8 million because of increased long-term pension costs associated with recent weak investment market performance. Total liability decreased by $8 million driven by long-term debt pay off. Deferred Inflows decreased by $41.9 million primarily due to changes in OPEB retirement plan.

Condensed Financial Information (dollars in millions)

	For the Year Ended June 30			% Change
	2021	2020	2020	2020 to 2021
Results of Operations				
Operating revenues	$ 397.1	$ 364.6	$ 356.9	8.9
Operating expenses	348.4	318.5	312.1	9.4
Nonoperating expense - Net	(37.1)	(16.4)	(12.4)	(126.2)
Changes in Net Position	**$ 11.6**	**$ 29.7**	**$ 32.4**	(60.9)

The $16.5 million increase in operating revenue is primarily driven by stronger electric wholesale as a result of additional production capacity provided by the new Delta Energy Park Plant. The $48.2 million increase in Operating Expense is attributable primarily to increased fuel costs ($21.7 million), increased administrative and general costs ($16.8 million), and increased depreciation costs ($8.1 million). The decrease in net income is primarily due to the increased operating expense and weak investment performance.

Budget – The BWL Commissioners approved a $274.1 million operating expense budget (excluding depreciation and Return on Equity) for fiscal year 2022. Actual expenses (excluding depreciation and Return on Equity) were $226.9 million. The capital improvement budget, net of customer contributions in aid of construction, was $114.9 million for FY2022, and actual net capital expenditures were $111.9 million. The difference between the capital budget and actual spend is due to resource and supply chain constraints associated with the COVID-19 pandemic.

Financing Activities - In January of 2021, $126,895,000 of Utility System Revenue Bonds, Series 2021A and 2021B were issued for the purposes of paying costs to acquire and construct a natural gas combined cycle facility (Delta Energy Park), other system improvements and paying costs of issuance of the Series 2021A and 2021B Bonds. Delta Energy Park began operation in fiscal year 2022.

Statements of Net Position

	As of June 30	
	2022	2021
Assets		
Current Assets		
Restricted cash and investments (Notes 2 and 3)	$ 57,811,015	$ 54,138,202
Cash and investments (Notes 1 and 2)	116,820,869	95,542,379
Designated cash and investments (Notes 1 and 2)	90,395,671	94,660,432
Accounts receivable - Net (Note 1)	34,547,239	37,226,864
Estimated unbilled accounts receivable (Note 1)	18,401,799	21,952,042
Inventories (Note 1)	24,563,413	19,438,308
Other	5,699,286	5,578,090
Total current assets	348,239,292	328,536,317
Other Assets		
Restricted assets:		
Net pension asset (Note 8)	2,772,080	13,214,275
Net OPEB asset (Note 8)	71,731,218	100,098,736
Recoverable environmental remediation (Note 6)	10,926,545	(176,459)
Recoverable energy asset (Note 6)	9,100,838	3,433,712
Special deposit (Note 1)	35,321,165	46,321,165
Other (Note 1)	2,305,930	2,303,856
Total other assets	132,157,776	165,195,285
Noncurrent Restricted Assets (Investments) (Notes 2 and 3)	-	95,811,832
Utility Plant (Notes 1 and 4)		
Water	352,112,157	342,755,610
Electric	1,221,755,100	767,218,396
Steam	95,083,252	93,813,398
Chilled water	34,099,039	34,099,039
Common facilities	123,793,139	121,006,776
Total	1,826,842,687	1,358,893,219
Less accumulated depreciation	684,169,705	632,129,662
Net	1,142,672,982	726,763,557
Construction in progress	23,067,588	389,971,984
Total utility plant	1,165,740,570	1,116,735,541
Total assets	1,646,137,638	1,706,278,975
Deferred Outflows of Resources		
Bond refunding loss being amortized (Note 1)	7,761,184	8,265,962
Pension deferred outflows (Note 8)	3,219,778	-
OPEB deferred outflows (Note 8)	25,258,227	6,151,506
Total deferred outflows of resources	36,239,189	14,417,468

Statements of Net Position (Continued)

	As of June 30	
	2022	2021
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ 51,164,510	$ 60,834,289
Current portion of long-term debt (Note 5)	13,758,537	8,247,081
Accrued payroll and related taxes	3,829,254	3,431,715
Customer deposits	4,414,682	3,168,577
Accrued compensated absences (Note 1)	5,285,286	5,472,358
Accrued interest	70,492	74,120
Accrued interest (payable from restricted assets)	14,865,308	14,758,356
Total current liabilities	93,388,069	95,986,496
Compensated Absences - Less current portion (Note 1)	7,876,408	7,593,221
Other Long-term Liabilities		
Workers' compensation (Note 12)	2,200,000	2,200,000
Environmental remediation liability (Note 9)	16,751,328	6,074,152
Other	3,578,875	2,563,402
Total other long-term liabilities	22,530,203	10,837,554
Long-term Debt - Less current portion (Note 5)	812,761,597	830,140,656
Total liabilities	936,556,277	944,557,927
Deferred Inflows of Resources		
Revenue intended to cover future costs (Note 6)	9,576,810	11,191,959
Pension deferred inflows (Note 8)	-	5,106,435
OPEB deferred inflows (Note 8)	39,338,804	74,524,240
Total deferred inflows of resources	48,915,614	90,822,634
Net Position		
Net investment in capital assets	346,981,620	382,425,598
Restricted for debt service (Note 3)	42,945,707	39,379,846
Restricted for pension	2,772,080	13,214,275
Restricted for OPEB	71,731,218	100,098,736
Unrestricted	232,474,311	150,197,427
Total net position	**$ 696,904,936**	**$ 685,315,882**

See Notes to Financial Statements.

Board of Water and Light - City of Lansing, Michigan

Statements of Revenues, Expenses, and Changes in Net Position

	For the Year Ended June 30	
	2022	2021
Operating Revenues (Note 1)		
Water	$ 49,028,486	$ 50,030,466
Electric	330,052,908	311,943,793
Steam	11,934,516	12,568,831
Chilled water	6,133,254	6,035,559
Total operating revenues	397,149,164	380,578,649
Operating Expenses		
Production:		
Fuel, purchased power, and other operating expenses	149,112,738	127,372,727
Maintenance	14,534,397	12,309,025
Transmission and distribution:		
Operating expenses	8,314,546	7,843,891
Maintenance	19,040,926	19,830,569
Administrative and general	75,850,273	59,408,186
Return on equity (Note 7)	25,000,000	25,000,000
Depreciation (Note 1)	56,503,060	48,428,670
Total operating expenses	348,355,940	300,193,068
Operating Income	48,793,224	80,385,581
Nonoperating Income (Expenses)		
Investment income (loss)	(5,372,203)	218,186
Other expense	(4,949,145)	(2,563,980)
Bonded debt interest expense	(26,862,101)	(25,277,445)
Other interest expense	(20,721)	(29,007)
Total nonoperating expenses - Net	(37,204,170)	(27,652,246)
Net Income (Changes in Net Position)	11,589,054	52,733,335
Net Position - Beginning of year	685,315,882	632,582,547
Net Position - End of year	**$ 696,904,936**	**$ 685,315,882**

Statements of Cash Flows

	For the Year Ended June 30	
	2022	2021
Cash Flows from Operating Activities		
Cash received from customers	391,147,612	357,194,605
Cash paid to suppliers	(219,455,255)	(169,975,635)
Cash paid to employees	(70,225,674)	(63,885,612)
Return on equity (Note 7)	(25,000,000)	(25,000,000)
Cash from customer deposits	1,246,105	341,368
Interest on customer deposits	(20,721)	(29,007)
Net cash provided by operating activities	77,692,067	98,645,719
Cash Flows from Capital and Related Financing Activities		
Proceeds from new borrowings	-	150,227,550
Planned, bonded, and annual construction	(109,323,551)	(239,991,514)
Principal payments on debt	(8,247,081)	(7,942,340)
Bond issuance costs	-	(877,616)
Interest on debt	(29,874,522)	(26,559,890)
Net cash used in capital and related financing activities	(147,445,154)	(125,143,810)
Cash Flows from Investing Activities		
Proceeds from the sale and maturity of investments	72,970,360	16,113,742
Interest received	577,541	27,579
Purchase of investments	(40,612,570)	(95,129,398)
Net cash provided by investing activities	32,935,331	(78,988,077)
Net Decrease in Cash and Cash Equivalents	(36,817,756)	(105,486,168)
Cash and Cash Equivalents - Beginning of year	174,632,180	280,118,348
Cash and Cash Equivalents - End of year	**$ 137,814,424**	**$ 174,632,180**

See Notes to Financial Statements.

Statements of Cash Flows (Continued)

	For the Year Ended June 30 2022	For the Year Ended June 30 2021
Balance Sheet Classifications		
Restricted cash and investments	$ 57,811,015	$ 54,138,202
Cash and investments	116,820,869	95,542,379
Designated cash and investments	90,395,671	94,660,432
Noncurrent restricted assets	-	95,811,832
Deferred Outflows of Resources	265,027,555	340,152,845
Less noncash investments	(127,213,131)	(165,520,665)
Cash and Cash Equivalents - End of year	**$ 137,814,424**	**$ 174,632,180**

Reconciliation of Operating Income to Net Cash from Operating Activities	For the Year Ended June 30 2022	For the Year Ended June 30 2021
Operating income	$ 48,793,224	$ 80,385,581
Adjustments to reconcile operating income to net cash from operating activities:		
Other nonoperating	(5,956,664)	(3,529,678)
Depreciation	56,503,060	48,428,670
Sewerage collection fees	1,007,519	965,698
Interest on customer deposits	(20,721)	(29,007)
Decrease (increase) in assets:		
Accounts receivable (Note 1)	2,679,625	(12,258,741)
Unbilled accounts receivable (Note 1)	3,550,243	(1,958,619)
Inventories	(5,125,105)	5,220,387
Other postemployment benefits asset and deferrals	(25,924,639)	(26,552,395)
Special deposit	11,000,000	-
Net pension asset	10,442,195	(9,825,802)
Other	(11,226,274)	746,613
(Decrease) increase in liabilities and deferred outflows/inflows of resources:		
Accounts payable and other accrued expenses	4,993,673	16,595,562
Customer deposits	1,246,105	341,368
Net pension asset deferrals	(8,326,213)	6,748,913
Other	(5,943,961)	(6,632,831)
Total adjustments	28,898,843	18,260,138
Net cash provided by operating activities	**$ 77,692,067**	**$ 98,645,719**

Noncash Capital and Financing Activities	2022	2021
Increase (decrease) in noncash investment valuations	$ (5,949,744)	$ 190,607
Amortization of bond premium	$ 3,115,745	$ 2,685,102

See Notes to Financial Statements.

Board of Water and Light - City of Lansing, Michigan

Pension and OPEB Trust Funds - Statements of Fiduciary Net Position

	As of June 30	
	2022	2021
Assets		
Receivable - investment interest receivable	$ 4,262	$ 14,445
Trade receivable - due from broker	500,000	156,206
Investments at fair value:		
Cash and money market trust fund	2,265,886	2,444,491
Fixed income securities	-	286
Mutual funds	272,683,507	313,067,727
Stable value	29,720,419	35,542,619
Common collective funds	107,550,995	95,817,229
Common stock	35,111,266	57,340,518
Self-directed brokerage account	11,157,807	12,317,950
Participant notes receivable	3,302,591	3,424,144
Total investments	461,792,471	519,954,964
Liabilities		
Trade payable - due to broker	14,328	158,109
Net Position - Held in trust for pension and other employee benefits	**$ 462,282,405**	**$ 519,967,506**

See Notes to Financial Statements.

Board of Water and Light - City of Lansing, Michigan

Pension and OPEB Trust Funds - Statements of Changes in Fiduciary Net Position

	For the Year Ended June 30	
	2022	2021
Increases		
Investment income:		
Net appreciation in fair value of investments	$ -	$ 91,950,661
Interest and dividend income	12,639,775	8,984,877
Net investment income	12,639,775	100,935,538
Employer contributions	24,627,312	16,207,487
Participant rollover contributions	-	467,189
Interest from participant notes receivable	729,619	227,245
Other	-	121,370
Total increases	37,996,706	117,958,829
Decreases		
Net depreciation in fair value of investments	54,945,742	-
Retiree benefits paid	39,519,468	55,417,326
Loan defaults	577,197	231,871
Participants' note and administrative fees	639,400	739,032
Total decreases	95,681,807	56,388,229
Change in Net Position Held in Trust	(57,685,101)	61,570,600
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning of year	519,967,506	458,396,906
End of year	**$ 462,282,405**	**$ 519,967,506**

See Notes to Financial Statements.

Note 1 – Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Board of Water and Light ("BWL"):

Reporting Entity – The BWL, a related organization of the City of Lansing, Michigan ("City"), is an administrative board established by the City Charter. The City Charter grants the BWL full and exclusive management of the electric, water, steam, and chilled water services of the City. The commissioners of the governing board are appointed by the mayor with approval of the City Council. The BWL provides water, steam, chilled water, and electric services to the City and surrounding townships. The governing board (Board of Commissioners) has the exclusive authority to set rates for the services provided. The financial statements include the financial activities of the electric, water, steam, and chilled water operations of the BWL. The financial statements also include the financial activities of the BWL Pension and OPEB Trust Funds. The BWL is exempt from taxes on income because it is a municipal entity.

Fund Accounting – The BWL accounts for its activities in two different fund types. In order to demonstrate accountability for how it has spent certain resources, separate funds allow the BWL to show the particular expenditures that specific revenues were used for. The funds are aggregated into two fund types:

Enterprise funds provide goods or services to users in exchange for charges or fees.

Fiduciary funds

1. The Lansing Board of Water and Light Defined Contribution Plan and Trust 1 and Lansing Board of Water and Light Defined Benefit Plan and Trust for Employee Pensions, which accumulate resources for benefit payments to retirees.

2. The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light, a Voluntary Employees' Beneficiary Association ("VEBA"), which accumulates funds for future payment of retiree health benefits.

Basis of Accounting – Enterprise funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In addition, the utilities meet the criteria and, accordingly, on July 1, 2012, the BWL adopted the accounting and reporting requirements of GASB 62, paragraphs 476-500.

Note 1 – Significant Accounting Policies (Continued)

The BWL follows the accounting and reporting requirements of GASB 62, paragraphs 476-500, which require that the effects of the ratemaking process be recorded in the financial statements. Such effects primarily concern the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues. Accordingly, the BWL records various regulatory assets, liabilities and deferred inflows of resources to reflect the regulator's actions (see Note 6). Management believes that the BWL meets the criteria for continued application of GASB 62 paragraphs 476-500, but will continue to evaluate its applicability based on changes in the regulatory and competitive environment.

System of Accounts – The BWL's accounts are maintained substantially in accordance with the Uniform Systems of Accounts of the Federal Energy Regulatory Commission for its electric and steam systems and in accordance with the Uniform Systems of Accounts of the National Association of Regulatory Utility Commissioners for the water and chilled water systems. The chart of accounts dictates how the BWL classifies revenue and expense items in the statement of revenues, expenses, and changes in net position as operating and nonoperating.

Rate Matters – Rates charged to customers are established solely by the governing board. The BWL has agreed to set rates sufficient to meet certain requirements of the bond resolutions for the outstanding revenue bonds.

Note 1 – Significant Accounting Policies (Continued)

Operating Classification – Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, return on equity, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Report Presentation – This report includes the fund-based statements of the BWL. In accordance with government accounting principles, a government-wide presentation with program and general revenues is not applicable to special purpose governments engaged only in business-type activities.

Specific Balances and Transactions

Cash and Cash Equivalents – The BWL considers demand deposits and current restricted funds, which consist of cash and highly liquid investments with an original maturity of 90 days or less, as cash and cash equivalents for financial statement purposes.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between two willing parties. Fair values are based on methods and inputs as discussed in Note 2. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

Note 1 – Significant Accounting Policies (Continued)

Investments – The BWL has established special purpose funds designated to meet anticipated operating requirements. In addition, BWL management has established a future construction fund designated to meet future construction requirements. These funds consist principally of securities issued or backed by the government of the United States or its agencies, including but not limited to treasury notes and bonds, and are segregated as follows:

	Carrying Value	
	2022	2021
Designated purpose:		
Coal inventory fluctuation	$ 4,941,326	$ 5,167,717
Litigation, environmental, and uninsured losses	19,980,153	20,899,034
Future water facilities	4,028,141	4,214,580
Subtotal	28,949,620	30,281,331
Special purpose – Future construction	61,446,051	64,379,101
Total	$ 90,395,671	$ 94,660,432

Accounts Receivable – Accounts receivable are stated at net invoice amounts. A general valuation allowance is established based on an analysis of the aged receivables and historical loss experience. All amounts deemed to be uncollectible are charged to expense in the period that determination is made. Accounts receivables are not deemed uncollectible until they are approximately 425 days past due and have remained completely unpaid throughout the BWL's collection policy. The components of accounts receivable for 2022 and 2021 are as follows:

	2022	2021
Customer receivables	$ 27,097,260	$ 31,410,114
Sewerage collections	3,757,329	4,304,382
Miscellaneous	6,292,650	4,512,368
Less allowance for doubtful accounts	(2,600,000)	(3,000,000)
Net	$ 34,547,239	$ 37,226,864

Note 1 – Significant Accounting Policies (Continued)

Special Deposit – In 2018, the BWL contracted with Consumer's Energy to install a new gas pipeline. Under the terms of the contract, the BWL was expected to make installment payments totaling up to $52,000,000 throughout the construction period. Based on usage of the new pipeline, the BWL is eligible to recover all but $10,000 of the installment payments. As of June 30, 2021, the BWL has made installment payments totaling $46,280,000. During 2022, the BWL received $11,000,000 back due to lower than expected construction costs. The BWL estimates it will recover the remaining installment payments based on expected usage. The long-term other asset for the Consumer's Energy deposit recorded was $35,280,000 in 2022 and $46,280,000 in 2021. The BWL has $41,165 of miscellaneous other deposits as of June 30, 2022 and 2021.

Inventories – Inventories are stated at weighted average cost and consist of the following at June 30:

	2022	2021
Coal	$ 6,736,960	$ 4,522,480
Gas	2,349,152	450,076
Materials and supplies	12,439,239	14,465,752
Emissions allowances	3,038,062	-
Total	$ 24,563,413	$ 19,438,308

Utility Plant – The utility plant is stated on the basis of cost, which includes expenditures for new facilities and those which extend the useful lives of existing facilities and equipment. Expenditures for normal repairs and maintenance are charged to maintenance expense as incurred. Capital assets are generally defined as assets with an initial, individual cost of more than $5,000 and an estimated life in excess of one year.

Note 1 – Significant Accounting Policies (Continued)

Depreciation – Depreciation of the utility plant is computed using the straight-line method based on estimated useful lives. The resulting provisions for depreciation in 2022 and 2021, expressed as a percentage of the average depreciable cost of the related assets, are as follows:

	Life (Years)	Average Rate (Percent) 2022	Average Rate (Percent) 2021
Classification of utility plant			
Water	4-100	1.9	1.9
Electric	4-50	3.6	3.8
Steam	5-50	3.5	3.2
Chilled water	5-50	3.4	3.4
Common facilities	4-50	8.0	6.9

When units of property are retired, their costs are removed from the utility plant and charged to accumulated depreciation.

Accrued Compensated Absences – The BWL records a liability for estimated compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the BWL and its employees. This liability is accrued as employees earn the rights to such benefits. The BWL estimates the total current and noncurrent portions of the liability to be $13,161,694 and $13,065,579 as of June 30, 2022 and 2021, respectively.

Capital Contributions – Capital contributions represent nonrefundable amounts received for the purpose of construction for the utility plant. These contributions are from third parties, including amounts from customers, grant programs, and insurance proceeds from damage. Electric, water, and steam contributions are credited against the related assets or recorded as a separate regulatory deferred inflow of resources and will offset the depreciation of the related assets over the estimated useful lives. This treatment is consistent with the BWL's ratemaking policy and is thus permitted under GASB 62 paragraphs 476-500.

Note 1 – Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BWL has four items that qualify for reporting in this category. The deferred outflows of resources relate to deferred losses on refunding, pension related deferrals under GASB 68, OPEB related deferrals under GASB 75 and recoverable energy asset.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The BWL has the following items that qualify for reporting in this category: the deferred inflows of resources related to costs that have been recovered from customers and will be applied to customers in the future related to the renewable energy plan and energy optimization, chiller plant, and Wise Road items described in Note 6, pension related deferrals under GASB 68, and OPEB related deferrals under GASB 75.

Net Position – Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted for Debt Service** – Consists of net position with constraints placed on their use by revenue bond resolution.

- **Restricted for Pension and OPEB** – Consists of net position with constraints placed on their use as this balance must be used to fund employee benefits.

- **Unrestricted** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Note 1 – Significant Accounting Policies (Continued)

Net Position Flow Assumption – Sometimes the BWL will fund outlays for a particular purpose from both restricted (e.g., restricted bond) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the enterprise fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the BWL's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Net Pension Asset – A net pension asset is recorded in accordance with GASB Statement No. 68. The asset is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. See Note 8 for additional information.

Other Assets – Other assets consists of a deposit held with the Michigan Public Power Agency (MPPA) related to the Belle River project.

Long-Term Obligations – Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow on the statements of net position.

Unbilled Accounts Receivable and Revenue – Unbilled accounts receivable at June 30, 2022 and 2021 represents the estimated amount of accounts receivable for services that have not been billed as of the statement of net position date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period). Accordingly, the current year revenue from customers whose billing period ends after June 30 for services rendered prior to July 1 will be recognized in the current period.

Note 1 – Significant Accounting Policies (Continued)

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light ("Plan"), a fiduciary fund of the BWL, and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Inter-utility Transactions – The water, electric, steam, and chilled water operations of the BWL bill each other for services provided and these services are reported as revenue to the generating operation and expense to the consuming operation. Such internal billings aggregated $7,374,184 and $10,799,069 in 2022 and 2021, respectively, and are not eliminated in the statement of revenues, expenses, and changes in net position.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Note 2 - Cash, Investments, and Fair Value Disclosure

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts, or depository receipts of an eligible financial institution; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The operating cash investment policy adopted by the BWL in accordance with Public Act 20, as amended, and the Lansing City Charter has authorized investment in bonds and securities of the United States government, certificates of deposit, time deposits, and bankers' acceptances of qualified financial institutions, commercial paper rated A1 by Standard & Poor's and P1 by Moody's, repurchase agreements using bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States, and liquid asset accounts managed by a qualified financial institution using any of these securities. The BWL's deposits and investment policies are in accordance with statutory authority.

Michigan Cooperative Liquid Assets Securities System (MI CLASS) reports the fair value of its underlying assets annually. Participants in the MI CLASS have the right to withdraw their funds in total on one day's notice. At June 30, 2022 and 2021, the fair value of the MI CLASS' assets were substantially equal to the utility's share. MI CLASS is rated AAAm by Standard and Poor's. The BWL also has cash and investments with Governments of Michigan Investing Cooperatively (GovMIC). The GovMIC cash and investments are recorded at amortized cost which approximates fair value.

The BWL's cash and investments are subject to several types of risk, which are examined in more detail below:

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

BWL's Cash and Investments (exclusive of fiduciary funds)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the BWL's deposits may not be returned to it. The BWL requires that financial institutions must meet minimum criteria to offer adequate safety to the BWL. At June 30, 2022 and 2021, the BWL had $21,768,427 and $27,440,533, respectively, of bank deposits that were uninsured and uncollateralized. The BWL evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the BWL will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The BWL does not have a policy for custodial credit risk.

At June 30, 2022, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the BWL's name:

Type of Investment	Cost Basis	How Held
U.S. government or agency bond or notes	$111,071,862	Counterparty
State and local bonds	2,710,446	Counterparty

At June 30, 2021, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the BWL's name:

Type of Investment	Cost Basis	How Held
U.S. government or agency bond or notes	$127,568,432	Counterparty
State and local bonds	2,858,446	Counterparty

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The BWL's investment policy restricts investments to a maximum weighted average life of five years unless matched to a specific cash flow.

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

At June 30, 2022, the average maturities of investments are as follows:

Investment	Fair Value	Less than 1 year	1-5 years	6+ years
Pooled investment funds	$ 89,968,380	$ 89,968,380	$ -	$ -
U.S. treasury bonds	80,161,262	6,820,535	73,340,727	-
State and local bonds	2,710,446	733,413	1,977,033	-
U.S. agency bonds/notes	23,690,132	8,253	14,298,417	9,383,462
Supra national agency bonds	7,220,468	1,801,906	5,418,562	-
Total	$ 203,750,688	$ 99,332,487	$ 95,034,739	$9,383,462

At June 30, 2021, the average maturities of investments are as follows:

Investment	Fair Value	Less than 1 year	1-5 years	6+ years
Pooled investment funds	$ 78,735,746	$ 78,735,746	$ -	$ -
U.S. treasury bonds	80,470,044	6,198,561	74,271,483	-
State and local bonds	2,858,446	-	2,858,446	-
U.S. agency bonds/notes	40,557,595	500,597	29,064,208	10,992,790
Supra national agency bonds	6,540,792	506,783	6,034,009	-
Total	$ 209,162,623	$ 85,941,687	$ 112,228,146	$10,992,790

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of June 30, 2022, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 89,968,380	AAAm	S&P
U.S. treasury bonds	80,161,262	AA+ (Aaa)	S&P (Moody's)
U.S. agency bonds/notes	23,690,132	AA+ (Aaa)	S&P (Moody's)
Supra national agency bonds	7,220,468	AAA (Aaa)	S&P (Moody's)
State and local bonds	2,710,446	AAA (Aaa)	S&P (Moody's)
Money Markets	1,158,357	AAAm	S&P

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

As of June 30, 2021, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 54,763,861	AAAm	S&P
U.S. treasury bonds	80,470,044	AA+ (Aaa)	S&P (Moody's)
U.S. agency bonds/notes	40,557,595	AA+ (Aaa)	S&P (Moody's)
Supra national agency bonds	6,540,792	AAA (Aaa)	S&P (Moody's)
State and local bonds	2,858,446	AAA (Aaa)	S&P (Moody's)
Money Markets	23,971,885	AAAm	S&P

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. As of June 30, 2022 and 2021, the BWL's investment portfolio was concentrated as follows:

Investment	2022	2021
Fannie Mae	12%	16%
Freddie Mac	20%	26%

Fair Value

The BWL categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

The following investments are recorded at fair value using *the Matrix Pricing Technique.*

	June 30, 2022			
Investment	Level 1	Level 2	Level 3	Total
U.S. Treasury Bonds	$ -	$ 80,161,262	$ -	$ 80,161,262
Supra National Agency Bonds	-	7,220,468	-	7,220,468
Federal Agency Mortgage-Backed Security	-	7,033,035	-	7,033,035
Federal Agency Collateralized Mortgage Obligation	-	2,358,680	-	2,358,680
State and local bonds	-	2,710,446	-	2,710,446
Federal Agency Bond/Note	-	14,298,417	-	14,298,417
Total investments at fair value level	$ -	$113,782,308	$ -	$113,782,308

	June 30, 2021			
Investment	Level 1	Level 2	Level 3	Total
U.S. Treasury Bonds	$ -	$ 80,470,044	$ -	$ 80,470,044
Supra National Agency Bonds	-	6,540,792	-	6,540,792
Federal Agency Mortgage-Backed Security	-	7,128,318	-	7,128,318
Federal Agency Collateralized Mortgage Obligation	-	12,661,131	-	12,661,131
State and local bonds	-	2,858,446	-	2,858,446
Federal Agency Bond/Note	-	20,768,146	-	20,768,146
Total investments at fair value level	$ -	$130,426,877	$ -	$130,426,877

Note 2 – Cash, Investments, and Fair Value Disclosure (Continued)

Fiduciary Fund Investments

Interest Rate Risk – Pension and OPEB Trust Funds

At June 30, 2022, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in years)
Mutual Fund – Bond Funds	$ 16,900,960	6.7

At June 30, 2021, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in years)
Fixed income securities	$ 286	10.17
Mutual Fund – Bond Funds	16,365,491	5.9

Credit Risk – Pension and OPEB Trust Funds

As of June 30, 2022, the credit quality ratings of debt securities (other than the U.S. government) subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds – Bond funds	$ 16,900,960	Not rated	Not rated

Note 2 – Cash, Investments, and Fair Value Disclosure (Continued)

As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds – Bond funds	$ 16,365,491	Not rated	Not rated
Fixed income securities	286	AA	S&P

Fair Value – Pension Trust Funds

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021:

Money market fund, growth funds, and international funds: Valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Common stock, corporate bonds and notes, U.S. government obligations, and fixed income securities: Valued at the most recent closing price reported on the market on which individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stable value fund: Seeks safety of principal, adequate liquidity, and returns superior to shorter maturity alternatives by actively managing a diversified portfolio of assets issued by highly rated financial institutions and corporations as well as obligations of the U.S. government or its agencies.

Self-directed brokerage account: Participants meeting minimum balance and transaction requirements may transfer funds to a self-directed brokerage account providing access to additional investment options including a large selection of mutual funds.

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2022 and 2021:

	June 30, 2022			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 2,751,558	$ –	$ 2,751,558
Mutual funds	139,302,720	133,380,787	–	272,683,507
Common collective funds	51,016,434	56,534,561	–	107,550,995
Common stocks	35,111,266	–	–	35,111,266
Self-directed brokerage account	11,157,807	–	–	11,157,807
Total investments by fair value level	$ 236,588,227	$ 192,666,906	$ –	429,255,133
Investments measured at the net asset value (NAV)				
Stable value				29,720,419
Total investments				$ 458,975,552

Note 2 - Cash, Investments, and Fair Value Disclosure (Continued)

	June 30, 2021			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 2,444,491	$ –	$ 2,444,491
Fixed income securities	–	286	–	286
Mutual funds	159,281,467	153,786,260	–	313,067,727
Common collective funds	37,364,419	58,452,810	–	95,817,229
Common stocks	57,340,518	–	–	57,340,518
Self-directed brokerage account	12,317,950	–		12,317,950
Total investments by fair value level	$ 266,304,354	$ 214,683,847	$ –	480,988,201
Investments measured at the net asset value (NAV)				
Stable value				35,542,619
Total investments				$ 516,530,820

Investments Measured Using NAV per Share Practical Expedient: The stable value fund uses NAV per share as a practical expedient to measuring fair value. The stable value fund had a fair value of $29,720,419 and $35,542,619 as of June 30, 2022 and 2021, respectively. This fund has no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 3 - Restricted Assets

Restricted assets are required under the 2011A, 2013A, 2017A, 2018A, 2019A, 2019B, 2021A and 2021B Revenue Bond resolutions and the related Nonarbitrage and Tax Compliance Certificates. These assets are segregated into the following funds:

	Required at June 30, 2022	Carrying Value 2022	Carrying Value 2021
Current			
Operations and Maintenance Fund	$ 29,973,800	$ 29,973,800	$ 26,760,813
Bond and Interest Redemption Fund	23,414,141	27,837,215	27,377,389
Total current	53,387,941	57,811,015	54,138,202
Noncurrent			
Construction Fund	–	–	95,811,832
Total noncurrent	–	–	95,811,832
Total	$ 53,387,941	$ 57,811,015	$ 149,950,034

The carrying value in excess of the required value for the current portion is reported as cash and cash equivalents or investments for the years ended 2022 and 2021.

The restrictions of the various funds required per the bond resolutions are as follows:

- **Operations and Maintenance Fund** – By the end of each month, this fund shall include sufficient funds to provide for payment of the succeeding month's expenses.
- **Bond and Interest Redemption Fund** – Restricted for payment of the current portion of bond principal and interest on the 2011A, 2013A, 2017A, 2018A, 2019A, 2019B, 2021A and 2021B Revenue Bonds.
- **Construction Fund** – Restricted for utility system upgrades as required by the 2019A, 2021A and 2021B Revenue Bonds.

In addition, restricted assets have been reported in connection with the net pension and OPEB asset balances since this balance must be used to fund employee benefits.

Note 4 – Utility Plant

The tables below reflect the capital asset activity of the utility plant categories for the years ended June 30, 2022 and 2021:

Capital Asset Activity for Year Ended June 30, 2022

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 342,755,610	$ 6,813,770	$ 4,473,979	$ (1,931,202)	$ 352,112,157
Electric	767,218,396	374,909,747	84,410,804	(4,783,847)	1,221,755,100
Steam	93,813,398	901,607	704,281	(336,034)	95,083,252
Chilled	34,099,039	–	–	–	34,099,039
Common	121,006,776	1,382,160	5,405,777	(4,001,574)	123,793,139
AUC	389,971,984	(479,002,125)	112,359,884	(262,155)	23,067,588
Total	$ 1,748,865,203	$ (94,994,841)	$ 207,354,725	$ (11,314,812)	$ 1,849,910,275

Accumulated Depreciation for Year Ended June 30, 2022

	Accum. Depr. FY Start	Depreciation Transfer	Depr. / Amort. and Impairment for Year	Depreciation Retirement	Accum. Depr. FY End
Water	$ (123,549,399)	$ 769,475	$ (7,660,769)	$ 1,641,470	$ (128,799,223)
Electric	(402,437,990)	44,822	(36,959,559)	1,254,384	(438,098,343)
Steam	(27,821,940)	27,723	(3,308,014)	14,679	(31,087,552)
Chilled	(16,118,783)	–	(1,168,953)	–	(17,287,736)
Common	(62,201,550)	(842,020)	(9,844,802)	3,991,521	(68,896,851)
Total	$ (632,129,662)	$ –	$ (58,942,097)	$ 6,902,054	$ (684,169,705)

Non-depreciable assets – Included in the table above are non-depreciable assets of $1,194,869 for water, $14,749,322 for electric, $124,098 for steam, and $412,339 for common facilities.

Capital Asset Activity for Year Ended June 30, 2021

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 336,328,287	$ 3,055,861	$ 5,677,325	$ (2,305,863)	$ 342,755,610
Electric	808,880,819	4,089,732	19,057,000	(64,809,155)	767,218,396
Steam	82,102,414	865,786	12,160,340	(1,315,142)	93,813,398
Chilled	34,085,016	223	13,800	–	34,099,039
Common	106,256,804	6,784,783	9,425,963	(1,460,774)	121,006,776
AUC	226,845,122	(61,130,814)	224,257,676	–	389,971,984
Total	$ 1,594,498,462	$ (46,334,429)	$ 270,592,104	$ (69,890,934)	$ 1,748,865,203

Accumulated Depreciation for Year Ended June 30, 2021

	Accum. Depr. FY Start	Depreciation Transfer	Depr. / Amort. and Impairment for Year	Depreciation Retirement	Accum. Depr. FY End
Water	$ (118,249,387)	$ 24,058	$ (7,363,416)	$ 2,039,346	$ (123,549,399)
Electric	(433,593,153)	20,249	(30,498,098)	61,633,012	(402,437,990)
Steam	(26,203,745)	–	(2,780,847)	1,162,652	(27,821,940)
Chilled	(14,944,537)	–	(1,174,246)	–	(16,118,783)
Common	(55,988,791)	(44,307)	(7,594,689)	1,426,237	(62,201,550)
Total	$ (648,979,613)	$ –	$ (49,411,296)	$ 66,261,247	$ (632,129,662)

Non-depreciable assets - Included in the table above are non-depreciable assets of $1,194,869 for water, $14,749,322 for electric, $124,098 for steam, and $412,339 for common facilities.

Erickson Power Station Impairment - In 2017, the BWL agreed to close the Erickson Power Station by 2025 as a result of a settlement with the Sierra Club in support of BWL's strategic plan. As a result, BWL recorded an impairment of $9,337,129 in 2017 using the service units approach to measure the impairment. In 2021, the estimated date of closure was re-examined and determined to be May 2023. Asset cost and accelerated depreciation were adjusted from the initial impairment and an additional impairment loss of $4,304,965 was recognized in 2021. In 2022, the estimated date of closure was re-examined and determined to be November 2022. Accelerated depreciation was adjusted from the previous impairment adjustment and additional impairment loss of $1,456,410 was recognized in 2022.

Note 5 - Long-term Debt

Long-term debt as of June 30 consists of the following:

	2022	2021
Water Supply, Steam, Chilled Water, and Electric Utility System Revenue Taxable Bonds, Series 2021A, due in annual principal installments beginning July 1, 2025 and continuing through July 1, 2051, plus interest at a rate of 5.00%. Original amount of issue $56,020,000.	$ 56,020,000	$ 56,020,000
Water Supply, Steam, Chilled Water, and Electric Utility System Revenue Taxable Bonds, Series 2021B, due in annual principal installments beginning July 1, 2026 and continuing through July 1, 2051, initial term rate is 2%, with an assumed interest rate of 3.5% following the mandatory tender in 2026. Original amount of issue $70,875,000	70,875,000	70,875,000
Water Supply, Steam, Chilled Water, and Electric Utility System Revenue Refunding Taxable Bonds, Series 2019B, due in annual principal installments beginning July 1, 2022 and continuing through July 1, 2041, plus interest at rates ranging from 1.95% to 3.53%. Original amount of issue $251,995,000.	251,995,000	251,995,000
Water Supply, Steam, Chilled Water, and Electric Utility System Revenue Refunding Bonds, Series 2019A, due in annual principal installments beginning July 1, 2022 and continuing through July 1, 2048, plus interest at rates ranging from 4.00% to 5.00%. Original amount of issue $319,875,000.	319,875,000	319,875,000
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Refunding Bonds, Series 2017A, due in annual principal installments beginning July 1, 2019 and continuing through July 1, 2032, plus interest at a rate of 5.00%. Original amount of issue $30,365,000.	25,345,000	27,085,000
Water Supply, Steam, Chilled Water, and Electric Utility System Revenue Refunding Bonds, Series 2013A, due in annual principal installments beginning July 1, 2014 through July 1, 2026, plus interest at rates ranging from 2.00% to 5.00%. Original amount of issue $21,085,000.	10,060,000	11,795,000

Note 5 - Long-term Debt (Continued)

	2022	2021
Water Supply, Steam, Chilled Water, and Electric Utility System Revenue Bonds, Series 2011A. These bonds were refunded as part of the 2019A Refunding Bonds, which are now due in annual principal installments beginning July 1, 2015 through July 1, 2021, plus interest at rates ranging from 3.00% to 5.00%. Original amount of issue $250,000,000.	$ -	$ 3,965,000
Promissory note, due to the City of Lansing in semi-annual installments through October 1, 2024, plus interest at a rate of 2.50%. Original amount of issue $13,225,385.	4,744,325*	5,420,601*
Lansing Economic Development Corp due in annual installments of $4,500 through 2022.	-	4,500*
Charter Township of Lansing Special Assessment pertaining to the Groesbeck II Park Drain. Due in annual installments ranging from $132,000 to $291,000 with final payment in 2044.	2,905,023*	3,031,328*
Total	741,819,348	750,066,429
Less current portion	(13,758,537)	(8,247,081)
Plus unamortized premium	84,700,786	88,321,308
Total long-term portion	$ 812,761,597	$ 830,140,656

The unamortized premium and deferral on refunded bonds is being amortized over the life of the bonds, using the straight-line method.

* - The debt noted is directly placed with a third party.

Note 5 - Long-term Debt (Continued)

Aggregate principal and interest payments applicable to revenue debt are as follows:

	Principal	Interest	Total
2023	$ 12,950,000	$ 29,639,615	$ 42,589,615
2024	13,410,000	29,180,346	42,590,346
2025	13,890,000	28,693,944	42,583,944
2026	14,545,000	28,184,110	42,729,110
2027	15,085,000	27,634,880	42,719,880
2028-2032	83,840,000	135,207,744	219,047,744
2033-2037	99,845,000	119,261,840	219,106,840
2038-2042	119,845,000	99,135,610	218,980,610
2043-2047	160,625,000	69,600,875	230,225,875
2048-2052	200,135,000	26,465,550	226,600,550
Total	$ 734,170,000	$ 593,004,514	$ 1,327,174,514

Aggregate principal and interest payments applicable to direct placement debt are as follows:

	Principal	Interest	Total
2023	$ 808,537	$ 224,219	$ 1,032,756
2024	819,635	204,237	1,023,872
2025	777,438	184,669	962,107
2026	766,153	165,789	931,942
2027	712,205	147,609	859,814
2028-2032	2,123,411	514,587	2,637,998
2033-2037	631,527	312,359	943,886
2038-2042	631,527	170,378	801,905
2043-2045	378,915	34,076	412,991
Total	$ 7,649,348	$ 1,957,923	$ 9,607,271

All Water Supply and Electric Utility System Revenue Bonds were issued by authority of the BWL. All bonds were issued on a parity basis and are payable solely from the net revenue of the combined water, electric, chilled water, and steam operations of the BWL.

Note 5 - Long-term Debt (Continued)

The 2021A Bonds are payable in annual installments in the years 2025 through 2051, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2031 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2031 at par plus accrued interest to the fixed date for redemption.

The 2021B Bonds are payable in annual installments in the years 2026 through 2051, inclusive, and are subject to optional and mandatory redemption prior to maturity. The put bonds maturing on or after January 1, 2026 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after January 1, 2026 at par plus accrued interest to the fixed date for redemption. The mandatory tender for purchase date of the Bonds is July 1, 2026—the first business day following the last day of the Initial Term Interest Rate Period. In the event not all the Bonds are purchased on or before the Purchase Date, a Delayed Remarketing Period shall commence during which the Bonds will bear interest at a Stepped Interest Rate. Additional information is available in the Official Statement for the Series 2021B Bonds.

The 2019B Bonds are payable in annual installments in the years 2022 through 2041, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2030 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2029 at par plus accrued interest to the fixed date for redemption.

The 2019A Bonds are payable in annual installments in the years 2022 through 2048, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2028 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2028 at par plus accrued interest to the fixed date for redemption.

Note 5 - Long-term Debt (Continued)

The 2017A Bonds are payable in annual installments in the years 2019 through 2027, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds, or portions of the bonds in multiples of $5,000 maturing or subject to mandatory redemption in the years 2028 and thereafter, shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2027 at par plus accrued interest to the fixed date for redemption.

The 2013A Bonds are payable in annual installments in the years 2014 to 2024, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2024 shall be subject to redemption at the option of the BWL on or after July 1, 2023 as a whole or in part at any time and by lot within a maturity at par plus accrued interest to the redemption date.

The Series 2011A Bonds are payable in annual installments in the years 2015 to 2022, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2022 shall be subject to redemption at the option of the BWL on or after July 1, 2021 as a whole or in part at any time and by lot within a maturity at par plus interest accrued to the redemption date. These bonds were part of an advanced refunding with the issuance of the 2019B Revenue bonds. The final maturity for these bonds was on July 1, 2022.

The long-term debt activity for the year ended June 30, 2022 is as follows:

	Revenue Bonds (Net of Unamortized Premiums)	Other Notes	Total
Beginning balance	$ 829,931,309	$ 8,456,428	$ 838,387,737
Additions	–	–	–
Reductions	(11,060,523)	(807,081)	(11,867,603)
Ending balance	$ 818,870,786	$ 7,649,347	$ 826,520,134
Due within one year	$ 12,950,000	$ 808,537	$ 13,758,537

Note 5 - Long-term Debt (Continued)

The BWL has pledged substantially all revenue, net of operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction of the utility plant. The bonds are payable solely from the net revenues of the BWL. The remaining principal and interest to be paid on the bonds total $1,327,174,514. During the current year, net revenues of the BWL were $94,975,000 compared to the annual debt requirements of $42,681,000.

The long-term debt activity for the year ended June 30, 2021 is as follows:

	Revenue Bonds	Other Notes	Total
Beginning balance	$ 690,916,254	$ 9,253,769	$ 700,170,023
Additions	149,349,934	-	149,349,934
Reductions	(10,334,879)	(797,341)	(11,132,220)
Ending balance	$ 829,931,309	$ 8,456,428	$ 838,387,737
Due within one year	$ 7,440,000	$ 807,081	$ 8,247,081

Note 6 - Costs/Credits Recoverable in Future Years

Environmental Remediation

During the year ended June 30, 2006, the GASB 49 environmental remediation liability related to a second landfill was approved for regulated entity accounting under GASB 62. The balance of the regulatory asset at June 30, 2022 and 2021 was $120,003 and $236,107, respectively. The BWL reviews the adequacy of its rates to recover its cost of service on an annual basis. During the year ended June 30, 2009, regulatory accounting as per GASB 62 was authorized by the Board of Commissioners to collect rates for all environmental remediation sites. The balance as of June 30, 2022 and 2021 for additional sites was $10,806,542 and $(412,566), respectively.

Note 6 – Costs/Credits Recoverable in Future Years (Continued)

Recoverable Cost Adjustments

During the year ended June 30, 2005, the Board of Commissioners approved the use of regulatory accounting as per GASB 62 in accounting for the BWL's power supply cost recovery (PSCR) adjustment, power chemical adjustment (PCA), and fuel cost adjustment (FCA). These affect the amount to be billed to retail electric, water, and steam customers to reflect the difference between the BWL's actual material costs and the amounts incorporated into rates. This resulted in recoverable assets of $9,100,838 and $3,433,712 at June 30, 2022 and 2021, respectively. This amount represents costs to be billed (credited) to customers in future years because actual costs of providing utilities were higher (lower) than the costs incorporated into the BWL's rates.

Renewable Energy Plan (REP) and Energy Optimization (EO)

During the year ended June 30, 2010, the Board of Commissioners approved the implementation of regulatory accounting as per GASB 62 to account for Public Act 295 of 2008 (PA. 295). PA. 295 set forth requirements for all Michigan utilities to meet the new renewable energy standards and undertake energy optimization programs. As a municipally owned electric utility, the BWL was required to file a proposed energy plan with the Michigan Public Service Commission (MPSC) and this plan was approved on July 1, 2009. These changes will affect the amount to be billed to electric customers. This resulted in deferred inflow of resources of $2,119,504 and $2,031,755 as of June 30, 2022 and 2021, respectively.

Chiller Plant

During the year ended June 30, 2010, the BWL chose to use regulatory accounting as per GASB 62 to recognize the contribution in aid of construction (CIAC) for the development of a new chilled water plant. The remaining recoverable inflow of resources of $660,814 and $881,086 as of June 30, 2022 and 2021, respectively. The BWL will recognize this as revenue monthly over the life of the new chilled water plant to offset depreciation expense.

Note 6 – Costs/Credits Recoverable in Future Years (Continued)

Wise Road

During the year ended June 30, 2012, the BWL chose to use regulatory accounting as per GASB 62 to recognize the insurance proceeds for the damaged equipment at the Wise Road Water Conditioning Plant (see Note 13). The remaining recoverable inflow of resources as of June 30, 2022 and 2021 was $6,796,492 and $7,779,118, respectively.

Other Items

Other items recognized as recoverable inflows total $0 and $500,000 at June 30, 2022 and 2021, respectively.

Note 7 – Transactions with the City of Lansing, Michigan

Operations – The BWL recognized revenue of $9,374,544 and $9,045,359 in 2022 and 2021, respectively, for water, electric, and steam services provided to the City. The BWL incurred expenses for sewerage services purchased from the City of $307,005 and $692,056 in 2022 and 2021, respectively.

Additionally, the BWL bills and collects sewerage fees for the City. In connection with these services, the BWL received sewerage collection fees of $1,007,519 and $965,698 in 2022 and 2021, respectively, included in other income.

Return on Equity – Effective July 1, 1992, the BWL entered into an agreement with the City to provide payment of a return on equity in accordance with a formula based on net billed retail sales from its water, steam heat, and electric utilities for the preceding 12-month period ending May 31 of each year. The return on equity represents compensation to the City for a permanent easement granted to the BWL. Effective March 1, 2002, the formula to calculate the amount owed to the City for return on equity will also include wholesale revenue generated from the BWL's electric, water, steam, and chilled water utilities for the preceding 12-month period ending May 31 of each year. Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the BWL's various bond covenants, this amount is payable to the City in semi-annual installments. Effective
July 1, 2020, the BWL and the City agreed to pay a flat fee for fiscal years 2021 through 2022. Under terms of these agreements, the BWL paid to the City $25,000,000 in 2022 and 2021 of operational cash flow in excess of debt service requirements.

Note 8 – Retirement Plans

The BWL has three retirement plans. The BWL administers a tax-qualified, single-employer, noncontributory, defined benefit public employee retirement pension plan ("Defined Benefit Plan"), and the BWL has a tax-qualified, single-employer, noncontributory, defined contribution public employee retirement pension plan ("Defined Contribution Plan"). The BWL also has a tax-qualified, single-employer, defined benefit plan to administer and fund retiree healthcare benefits ("Retiree Benefit Plan and Trust").

Defined Benefit Plan

Plan Description – The BWL administers the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions ("Defined Benefit Plan") – a noncontributory single-employer defined benefit pension plan for employees of the BWL. The benefit terms were established by the BWL and may be amended by future BWL actions.

The Defined Benefit Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Lansing Board of Water & Light Defined Benefit Plan and Trust for Employees' Pensions, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Effective July 1, 1999, the Defined Benefit Plan was amended to include a medical benefit component, in addition to the normal retirement benefits, to fund a portion of the postretirement obligations for certain retirees and their beneficiaries. The funding of the medical benefit component is limited to the amount of excess pension plan assets available for transfer, as determined by the actuary. No medical benefits were paid by the Defined Benefit Plan during the years ended June 30, 2022 and 2021.

Note 8 - Retirement Plans (Continued)

Employees Covered by Benefit Terms - At February 28, 2022 and February 28, 2021 (the most recent actuarial valuation for funding purposes), Defined Benefit Plan membership consisted of the following:

	2022	2021
Inactive plan members or beneficiaries currently receiving benefits	284	296
Inactive plan members entitled to but not yet receiving benefits	2	2
Active plan members	3	3
Total	289	301

The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan. As a result of this action, effective December 1, 1997, the Board of Commissioners transferred $75,116,470 to the newly established defined contribution plan, reflecting the plan participants' accumulated benefits as of said date.

Note 8 - Retirement Plans (Continued)

Benefits Provided - The Defined Benefit Plan provides retirement, early retirement, disability, termination, and death benefits. The Plan provides for an annual benefit upon normal retirement age equal to the product of the total number of years of credited service multiplied by a percentage equal to 1.80% of the highest annual pay during the last 10 years of service, paid in equal monthly installments.

Payments will either be non-increasing or increase only as follows: (a) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics; (b) To the extent of the reduction in the amount of the employee's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Subsection 8 dies or is no longer the employee's beneficiary pursuant to a qualified domestic relations order within the meaning of Internal Revenue Code Section 414(p); (c) To provide cash refunds of employee contributions upon the employee's death; or (d) To pay increased benefits that result from a plan amendment.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the BWL retains an independent actuary to determine the annual contribution. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. There was no contribution required for the years ended June 30, 2021 and 2022. Plan documents do not require participant contributions.

Note 8 – Retirement Plans (Continued)

Net Pension Asset – The components of the net pension asset of the BWL at June 30, 2022 and June 30, 2021 were as follows (in thousands):

	2022	2021
Total pension liability	$ 47,887	$ 48,444
Plan fiduciary net pension	50,659	61,658
Plan's net pension asset	$ (2,772)	$ (13,214)
Plan fiduciary net position, as a percentage of the total pension liability	105.79%	127.28%

The BWL has chosen to use June 30, 2022 as its measurement date for fiscal year 2022. The June 30, 2022 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2022. The June 30, 2022 total pension liability was determined by an actuarial valuation as of February 28, 2022, which used update procedures to roll forward the estimated liability to June 30, 2022.

The BWL has chosen to use June 30, 2021 as its measurement date for fiscal year 2021. The June 30, 2021 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2021. The June 30, 2021 total pension liability was determined by an actuarial valuation as of February 28, 2021, which used update procedures to roll forward the estimated liability to June 30, 2021.

Note 8 - Retirement Plans (Continued)

Changes in the net pension asset during the measurement years were as follows:

	(in thousands)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at June 30, 2020	$ 52,198	$ 55,586	$ (3,388)
Changes for the year:			
Service cost	$ 26	$ –	$ 26
Interest	3,212	–	3,212
Differences between expected and actual experience	(968)	–	(968)
Changes in assumptions	(366)	–	(366)
Net investment income	–	11,853	(11,853)
Benefit payments, including refunds	(5,658)	(5,658)	–
Administrative expenses	–	(123)	123
Miscellaneous other charges	–	–	–
Net changes	(3,754)	6,072	(9,826)
Balances at June 30, 2021	$ 48,444	$ 61,658	$ (13,214)
Changes for the year:			
Service cost	$ 26	$ –	$ 26
Interest	2,974	–	2,974
Change in benefit terms			
Differences between expected and actual experience	179	–	179
Changes in assumptions	1,730	–	1,730
Net investment income	–	(5,399)	5,399
Benefit payments, including refunds	(5,466)	(5,466)	–
Administrative expenses	–	(134)	134
Miscellaneous other charges	–	–	–
Net changes	$ (557)	$ (10,999)	$ (10,442)
Balance at June 30, 2022	$ 47,887	$ 50,659	$ (2,772)

Note 8 – Retirement Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2022, the BWL recognized pension expense of $2,115,982. At June 30, 2022, the BWL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 3,219,778	$ -

For the year ended June 30, 2021, the BWL recognized pension expense of $(3,076,889). At June 30, 2021, the BWL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (5,106,435)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2023	$ 583,635
2024	630,174
2025	160,532
2026	1,845,437
Total	$ 3,219,778

Note 8 - Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2022 and June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Inflation	2.25%	2.25%
Salary increases	3.50%	3.50%
Investment rate of return	6.00%	6.50%

Mortality rates were based on the PUB-2010 General Mortality Table with MP-2021 Improvement Scale for the June 30, 2022 valuation. The June 30, 2021 valuation used the PUB-2010 General Employees Mortality Table and projected using the MP-2020 scale.

The most recent experience review was completed in 2014. Since the Defined Benefit Plan covered 3 active participants in fiscal year 2022 and fiscal year 2021, assumptions like termination, retirement, and disability have an immaterial impact on the results and have not been changed.

Discount Rate - The discount rate used to measure the total pension liability was 6.00% in 2022 and 6.50% in 2021. The projection of cash flows used to determine the discount rate assumed that BWL contributions will be made at rates equal to the actuarially determined contribution rates.

Note 8 - Retirement Plans (Continued)

Projected Cash Flows

Based on those assumptions, the Defined Benefit Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Defined Benefit Plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The long-term expected rate of return on Defined Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2022 and 2021 for each major asset class included in the Defined Benefit Plan's target asset allocation, as disclosed in the Defined Benefit Plan's financial statements, are summarized in the following table:

Asset Class	2022 Long-term Expected Real Rate of Return	2021 Long-term Expected Real Rate of Return
Core bonds	2.58%	2.58%
Multi-sector	3.53%	3.42%
Liquid absolute return	3.25%	3.26%
U.S. large cap equity	7.13%	7.15%
U.S. small cap equity	8.53%	8.44%
Non-U.S. equity	8.22%	8.15%
Core real estate	6.60%	6.66%

Note 8 - Retirement Plans (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the BWL at June 30, 2022, calculated using the discount rate of 6.00%, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ 1,749,379	$ (2,772,080)	$ (5,093,794)

The following presents the net pension asset of the BWL at June 30, 2021, calculated using the discount rate of 6.50%, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset) of the BWL	$ (8,727,745)	$ (13,214,275)	$ (15,551,002)

Defined Benefit Plan Fiduciary Net Position - Detailed information about the Defined Benefit Plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension asset, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the Defined Benefit Plan’s fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Defined Benefit Plan. The Defined Benefit Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 8 - Retirement Plans (Continued)

Defined Contribution Plan

The Lansing Board of Water and Light Defined Contribution Plan and Trust 1 ("Defined Contribution Plan") was established by the BWL in 1997 under Section 5-203 of the City Charter. The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997.

The Defined Contribution Plan issues a publicly available financial report. That report may be obtained by writing to the Lansing Board of Water & Light Defined Contribution Plan and Trust 1, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time.

For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.

During the years ended June 30, 2022 and 2021, the BWL contributed $11,134,555 and $7,863,510, respectively. The BWL's contributions are recognized in the period that the contributions are due.

Basis of Accounting - The Defined Contribution Plan's financial statements are prepared using the accrual method of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans.*

Note 8 - Retirement Plans (Continued)

Valuation of Investments and Income Recognition - The Defined Contribution Plan investments are stated at market value based on closing sales prices reported on recognized securities exchanges on the last business day of the year, or, for listed securities having no sales reported and for unlisted securities, upon the last reported bid prices on that date. The mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Defined Contribution Plan at year end.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Regulatory Status - The Defined Contribution Plan is not subject to the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as it has been established for the benefit of a governmental unit.

<u>Retiree Benefit Plan and Trust (OPEB)</u>

Plan Description - The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light ("Retiree Benefit Plan and Trust") is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits in accordance with Section 5-203 of the City Charter. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL. There were 761 participants eligible to receive benefits at June 30, 2022 and 739 participants eligible at June 30, 2021.

In October 1999, the BWL formed a Voluntary Employee Benefit Administration (VEBA) trust for the purpose of accumulating assets sufficient to fund retiree healthcare insurance costs in future years. During the years ended June 30, 2022 and 2021, the cost to BWL of maintaining the Retiree Benefit Plan and Trust was $13,492,757 and $8,343,977, of which respectively, was incurred as direct costs of benefits.

The Retiree Benefit Plan and Trust issues a publicly available financial report. That report may be obtained by writing to the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Note 8 - Retirement Plans (Continued)

Benefits Provided - The Plan provides medical, dental, and life insurance benefits in accordance with Section 5-203 of the City Charter. Benefits are provided through third-party insurers carriers. The plan coverage includes payment of deductibles and co-pays for health services to all employees hired before January 1, 2009. All employees hired after that date must pay a percentage of their health premium.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	696
Disabled participants	71
Retired participants	537
Surviving spouses	153
Total	1,457

At June 30, 2021, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	698
Disabled participants	72
Retired participants	526
Surviving spouses	149
Total	1,445

Contributions - Section 5-203 of the City Charter grants the authority to establish and amend the contribution requirement to the BWL. The BWL establishes its minimum contribution based on an actuarially determined rate. For the years ended June 30, 2022 and 2021, the actual contribution rates of the BWL were 21.4% and 13.8% of covered-employee payroll, respectively.

Net OPEB Liability (Asset) - The BWL has chosen to use June 30, 2022 as its measurement date for fiscal year 2022. The June 30, 2022 reported net OPEB liability (asset) was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2022. The June 30, 2022 total OPEB liability was determined by an actuarial valuation as of February 28, 2022, which used update procedures to roll forward the estimated liability to June 30, 2022.

Note 8 – Retirement Plans (Continued)

The BWL has chosen to use June 30, 2021 as its measurement date for fiscal year 2021. The June 30, 2021 reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2021. The June 30, 2021 total OPEB liability was determined by an actuarial valuation as of February 28, 2021, which used update procedures to roll forward the estimated liability to June 30, 2021.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements, unless otherwise specified:

Inflation	2.25%
Payroll Growth	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit/productivity increases.
Investment rate of return	6.5%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	

	Medical / RX			
FYE	Pre-65	Post-65	Part B	Dental
2022	7.25%	5.50%	3.75%	4.25%
2023	7.00%	5.25%	4.00%	4.00%
2024	6.75%	5.00%	4.25%	4.00%
2025	6.50%	4.75%	4.50%	4.00%
2026	6.25%	4.50%	4.75%	4.00%
2027	6.00%	4.50%	5.00%	4.00%
2028	5.75%	4.50%	5.00%	4.00%
2029	5.50%	4.50%	5.00%	4.00%
2030	5.25%	4.50%	5.00%	4.00%
2031	5.00%	4.50%	5.00%	4.00%
2032	4.75%	4.50%	5.00%	4.00%
2033	4.50%	4.50%	5.00%	4.00%

Note 8 - Retirement Plans (Continued)

The total OPEB liability in the June 30, 2021 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurements, unless otherwise specified:

Inflation	2.75%
Payroll Growth	9.3% growth at age 25 and decreases to 6.4% for ages 60+. This percentage includes general wage inflation and merit/productivity increases.
Investment rate of return	7.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	

	Medical / RX			
FYE	Pre-65	Post-65	Part B	Dental
2021	7.50%	5.75%	3.50%	4.50%
2022	7.25%	5.50%	3.75%	4.25%
2023	7.00%	5.25%	4.00%	4.00%
2024	6.75%	5.00%	4.25%	4.00%
2025	6.50%	4.75%	4.50%	4.00%
2026	6.25%	4.50%	4.75%	4.00%
2027	6.00%	4.50%	5.00%	4.00%
2028	5.75%	4.50%	5.00%	4.00%
2029	5.50%	4.50%	5.00%	4.00%
2030	5.25%	4.50%	5.00%	4.00%
2031	5.00%	4.50%	5.00%	4.00%
2032	4.75%	4.50%	5.00%	4.00%
2033	4.50%	4.50%	5.00%	4.00%
2034	4.50%	4.50%	5.00%	4.00%
2035	4.50%	4.50%	5.00%	4.00%

Note 8 - Retirement Plans (Continued)

2022 Mortality rates were based on the PUBH-2010 General Employee Mortality Table fully generational using Scale MP-2021.

2021 Mortality rates were based on the PUBH-2010 General Employee Mortality Table fully generational using Scale MP-2020.

Best actuarial practices call for a periodic assumption review and BWL completed an experience study in 2022.

BWL's policy in regard to the allocation of invested assets is established and may be amended by the BWL by a majority vote of the Board of Commissioners. It is the policy of the BWL to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the adopted asset allocation policy as of June 30, 2022 and 2021:

Asset Class	2022 Target Allocation	2021 Target Allocation
Core Bonds	15.00%	15.00%
Multi-Sector	5.00%	5.00%
Liquid Absolute Return	5.00%	5.00%
U.S. Large Cap Equity	30.00%	30.00%
U.S. Small Cap Equity	10.00%	10.00%
Non-U.S. Equity	20.00%	20.00%
Core Real Estate	8.00%	8.00%
Value add Real Estate	7.00%	7.00%

Note 8 - Retirement Plans (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 and June 30, 2021 are summarized in the following table:

Asset Class	2022 Long-term Expected Real Rate of Return	2021 Long-term Expected Real Rate of Return
Core Bonds	2.58%	2.58%
Multi-Sector	3.53%	3.42%
Liquid Absolute Return	3.25%	3.26%
U.S. Large Cap Equity	7.13%	7.15%
U.S. Small Cap Equity	8.53%	8.44%
Non-U.S. Equity	8.22%	8.15%
Core Real Estate	6.60%	6.66%
Value add Real Estate	8.10%	8.16%

Note 8 - Retirement Plans (Continued)

For the June 30, 2022 valuation, the long-term expected rate of return was 6.50%. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown. The final equivalent single discount rate used for the June 30, 2022 valuation was 6.50% with the expectation that BWL will continue contributing the actuarially determined contribution and/or paying for the pay-go cost.

Asset Class	Long-Term Expected Real Rate of Return
Fidelity 20-year Go Municipal Bond Index	2.82%
Actual Discount Rate Used	6.50%

Discount rate - The discount rate used to measure the total OPEB liability as of June 30, 2022 and June 30, 2021 was 6.5% and 7.0%. The projection of cash flows used to determine the discount rate assumed that BWL contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 8 - Retirement Plans (Continued)

	(in thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at 6/30/2021	$ 147,644	$ 247,743	$ (100,099)
Changes for the year:			
Service cost	3,300	-	3,300
Interest	9,871	-	9,871
Change in benefit terms	-	-	-
Differences between expected and actual experience	(1,084)	-	(1,084)
Changes in assumptions	10,173	-	10,173
Contributions-employer	-	13,493	(13,493)
Contributions-employee	-	-	-
Net investment income	-	(19,427)	19,427
Benefit payments	(13,493)	(13,493)	-
Administrative expense	-	(354)	354
Net changes	8,767	(19,601)	28,368
Balances at 6/30/2022	$ 156,410	$ 228,142	$ (71,731)

Note 8 - Retirement Plans (Continued)

	(in thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at 6/30/2020	$ 154,603	$ 198,805	$ (44,202)
Changes for the year:			
Service cost	3,396	–	3,396
Interest	10,535	–	10,535
Change in benefit terms	–	–	–
Differences between expected and actual experience	(8,794)	–	(8,794)
Changes in assumptions	(3,752)	–	(3,752)
Contributions-employer	–	8,344	(8,344)
Contributions-employee	–	–	–
Net investment income	–	49.387	(49.387)
Benefit payments	(8,344)	(8.344)	–
Administrative expense	–	(449)	449
Net changes	(6,959)	48,938	(55,897)
Balances at 6/30/2021	$ 147,644	$ 247,743	$ (100,099)

Note 8 – Retirement Plans (Continued)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate – The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher 7.5%) than the current discount rate (6.5%) as of June 30, 2022:

	June 30, 2022		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (Asset)	$(53,297,418)	$(71,731,218)	$(87,189,127)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate – The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate (7.0%) as of June 30, 2021:

	June 30, 2021		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (Asset)	$(83,406,607)	$(100,098,736)	$(114,179,696)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates – The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates as of June 30, 2022:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (asset)	$(88,432,330)	$(71,731,218)	$(51,458,308)

Note 8 - Retirement Plans (Continued)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates - The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates as of June 30, 2021:

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (asset)	$(115,475,352)	$(100,098,736)	$(81,548,417)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light June 30, 2022 GASB 74/75 Report, issued July 27, 2022.

For the year ended June 30, 2022, the Plan recognized OPEB expense of $(12,431,882). At June 30, 2022, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 406,196	$ 14,216,180
Changes of assumptions	12,279,164	25,122,623
Net difference between projected and actual earnings on OPEB plan investments	12,572,867	-
Total	$ 25,258,227	$ 39,338,803

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	$ (9,268,278)
2024	(8,809,401)
2025	(3,689,128)
2026	6,903,603
2027	627,035
Thereafter	155,593

Note 8 – Retirement Plans (Continued)

For the year ended June 30, 2021, the Plan recognized OPEB expense of $(18,208,418). At June 30, 2021, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,218,588	$ 18,020,740
Changes of assumptions	4,932,918	35,620,502
Net difference between projected and actual earnings on OPEB plan investments	–	20,882,998
Total	$ 6,151,506	$ 74,524,240

Other Postretirement Benefits

The BWL offers its employees a deferred compensation plan, created in accordance with IRC 457. The BWL makes contributions of $1,000 annually for the employees as of January 1 of each year, during the month of January. The BWL also will match employee contributions at one dollar for every one dollar up to $1,500 in a calendar year.

Note 9 – Commitments and Contingencies

At June 30, 2022, and 2021, the BWL has two letters of credit in the amounts of $817,000 and $1,000,000 issued to the Michigan Department of Natural Resources. The letters of credit were issued to satisfy requirements of the Michigan Department of Natural Resources to provide financial assurance to the State of Michigan for the cost of closure and post closure monitoring and maintenance of a landfill site operated by the BWL.

Note 9 – Commitments and Contingencies (Continued)

Through monitoring tests performed on the landfill sites operated by the BWL, it has been discovered that the sites are contaminating the groundwater. The contamination does not pose a significant health risk but does lower the quality of the groundwater. The BWL received landfill closure approval as well as interim remediation approval. The BWL has estimated the total cost for remediation, including closure and post closure cost of the landfills, and has recorded a liability of $6,002,869 and $6,074,152 for the years ended June 30, 2022 and 2021, respectively. Certain remediation activities have commenced and are in progress. The landfill sites are no longer receiving waste products. Landfill closure and post closure requirements are associated with the Michigan Department of Environmental Quality. Annual post closure costs of these landfill sites are not expected to exceed $380,000 annually and are included in the liability above. Estimates will be revised as approvals are received from the State. In accordance with the regulatory basis of accounting as per GASB 62 (see Note 1), the BWL recorded a corresponding regulatory asset (see Note 6).

The BWL is subject to various laws and regulations with respect to environmental matters such as air and water quality, soil contamination, solid waste disposal, handling of hazardous materials, and other similar matters. Compliance with these various laws and regulations could result in substantial expenditures. The BWL has established a Designated Purpose Fund (see Note 1), of which one of the purposes of the fund is to meet extraordinary expenditures resulting from responsibilities under environmental laws and regulations. Management believes that all known or expected responsibilities to these various laws and regulations by the BWL will be sufficiently covered by the Designated Purpose Fund and the environmental remediation liability.

The BWL is involved in various other legal actions which have arisen in the normal course of business. Such actions are usually brought for claims in excess of possible settlement or awards, if any, that may result. After taking into consideration legal counsel's evaluation of pending actions, management has recorded an adequate reserve as of June 30, 2022 and 2021 in regard to specific pending legal cases.

The BWL has entered into contracts to purchase coal totaling $740,000 through December 31, 2022. In addition, the BWL has entered into contracts for the rail services related to shipping the coal. Commitments for future rail services to be purchased are approximately $10,320,696 through December 2022.

Note 9 – Commitments and Contingencies (Continued)

Construction in progress consists of projects for expansion or additions to the utility plant. The estimated additional cost to complete various projects is approximately $244,965,107 and $343,018,000 at June 30, 2022 and 2021, respectively, including commitments on existing construction contracts approximating $237,400,234 and $218,591,000 at June 30, 2022 and 2021, respectively. These projects will be funded through revenue bonds and operational cash flow, including the project funds reported as other assets.

Note 10 – Power Supply Purchase

In 1983, the BWL entered into power supply and project support contracts with MPPA, of which the BWL is a member. Under the agreement, the BWL has the ability to purchase power from MPPA, will sell power to MPPA at an agreed-upon rate, and will purchase 64.29% of the energy generated by MPPA's 37.22% ownership in Detroit Edison's Belle River Plant (Belle River), which became operational in August 1984.

Under the terms of its contract, the BWL must make minimum annual payments equal to its share of capital and its share of the fixed operating costs of Belle River. The estimated required payments presented below assume no early calls or refinancing of existing revenue bonds and a 3.0% annual inflation of fixed operating costs, which include expected major maintenance projects.

Year	Capital	Estimated Fixed Operating Costs	Total Required
2023	$ 14,047,216	$ 16,605,229	$ 30,652,445
2024	6,429,000	15,009,080	21,438,080
2025	3,214,500	17,316,382	20,530,882
2026	1,607,250	17,706,616	19,313,866
2027	1,285,800	18,129,401	19,415,201

Note 10 - Power Supply Purchase (Continued)

In addition to the above required payments, the BWL must pay for fuel, other operating costs, and transmission costs related to any kilowatt hours (KWHs) purchased under these contracts.

The BWL recognized expenses for 2022 and 2021 of $42,244,891 and $33,742,551, respectively, to purchase power under the terms of this contract. The price of this power was calculated on a basis, as specified in the contracts, to enable MPPA to recover its production, transmission, and capital costs.

The BWL has entered into agreements with Energy Developments Limited, formerly Granger Electric Company, to purchase power generated from landfill gases. The agreements were set to expire as of June 30, 2028 and September 30, 2028, and included an early termination option. The power to be purchased in the contract is 11.2 megawatts. On September 30, 2020, the BWL agreed to utilize the early termination option. The total termination payment paid was $14,135,424. The estimated total cost of electricity expected to be purchased is $600,854.

Note 11 - Estimated Liability for Excess Earnings on Water Supply and Electric Utility System Revenue Bonds

In accordance with Section 148(f)(2) of the IRC of 1986, as amended, the BWL is required on each anniversary date (July 1) of the Water Supply, Electric Utility, and Steam Utility System Revenue Bonds, Series 2011A, 2013A, 2017A, 2019A, 2021A and 2021B to compute amounts representing the cumulative excess earnings on such bonds. That amount essentially represents a defined portion of any excess of interest earned on funds borrowed over the interest cost of the tax-exempt borrowings. Expense is charged (credited) annually in an amount equal to the estimated increase (decrease) in the cumulative excess earnings for the year. On every fifth anniversary date and upon final maturity of the bonds, the BWL is required to remit to the Internal Revenue Service the amount of any cumulative excess earnings computed on the date of such maturity plus an amount equal to estimated interest earned on previous years' segregated funds. The estimated liability for excess earnings was $0 at June 30, 2022 and 2021. In accordance with the requirements of the bond indenture, the BWL is required to set aside any current year additions to this estimated liability in a rebate fund within 60 days of the anniversary date of the bonds.

Note 12 - Risk Management and Insurance

The BWL is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The BWL has purchased commercial insurance for certain general liability, business auto, excess liability, property and boiler and machinery, public officials and employee liability claims, specific excess health insurance claims, and specific excess workers' compensation claims, subject to policy terms, limits, limitations, and deductibles. The BWL is self-insured for most workers' compensation and health insurance claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The BWL estimates the liability for self-insured workers' compensation and health insurance claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past three fiscal years were as follows:

	Workers' Compensation			Health Insurance		
	2022	2021	2020	2022	2021	2020
Unpaid claims - Beginning of year	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,334,297	$ 1,317,540	$ 1,167,466
Incurred claims, including claims incurred but not reported	75,737	360,798	75,235	16,793,719	13,401,747	14,848,056
Claim payments	(75,737)	(360,798)	(75,235)	(16,354,421)	(13,384,990)	(14,697,982)
Unpaid claims - End of year	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,773,595	$ 1,334,297	$ 1,317,540

The liability for health insurance is included with accounts payable on the statement of net position.

Note 13 – Upcoming Pronouncements

GASB has approved Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements,* Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, Statement No. 99*, Omnibus 2022*, Statement No. 100*, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62,* and Statement No. 101*, Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

Note 14 – Subsequent Events

The Board evaluated subsequent events through September 12, 2022, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements. There are no subsequent events requiring disclosure.

Required Supplementary Information

Required Supplemental Information (Unaudited)
Schedule of Changes in the BWL's
Net Pension Asset and Related Ratios
Last Ten Fiscal Years
(in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	$ 26	$ 26	$ 42	$ 60	$ 50	$ 113	$ 223	$ 274	$ 349	$ 407
Interest	2,974	3,212	3,566	3,691	4,031	4,317	4,625	4,919	4,751	5,085
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	179	(968)	(919)	(743)	(230)	(383)	299	(1,093)	964	(1,716)
Changes in assumptions	1,730	(366)	1,555	1,210	1,419	(857)	(1,468)	-	4,538	-
Benefit payments, including refunds	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,046)	(8,541)	(7,777)
Net Change in Total Pension Liability	(557)	(3,754)	(1,628)	(1,925)	(1,144)	(4,283)	(4,217)	(3,946)	2,061	(4,001)
Total Pension Liability - Beginning of year	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341	67,280	71,281
Total Pension Liability - End of year	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341	67,280
Plan Net Position										
Contributions - Employer	-	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	(5,399)	11,853	1,658	4,381	3,112	8,272	47	1,771	14,243	10,170
Administrative expenses	(134)	(123)	(145)	(183)	(255)	(317)	(388)	(576)	(596)	(536)
Benefit payments, including refunds	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,045)	(8,541)	(7,777)
Other	-	-	(477)	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	(10,999)	6,072	(4,836)	(1,945)	(3,557)	482	(8,237)	(6,850)	5,106	1,857
Net Position Restricted for Pensions - Beginning of year	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,529	75,424	73,567
Net Position Restricted for Pensions - End of year	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,530	75,424
BWL Net Pension Asset - Ending	**$ (2,772)**	**$ (13,214)**	**$ (3,388)**	**$ (6,596)**	**$ (6,616)**	**$ (9,029)**	**$ (4,264)**	**$ (8,284)**	**$ (11,189)**	**$ (8,144)**
Plan Net Position as a % of Total Pension Liability	105.79%	127.28%	106.49%	112.25%	111.87%	115.87%	106.97%	112.67%	116.14%	112.10%
Covered Employee Payroll	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018	$ 1,225	$ 1,684
BWL's Net Pension Asset as a % of Covered Employee Payroll	(1,165%)	(5,576%)	(1,412%)	(1,625%)	(1,097%)	(1,541%)	(552%)	(814%)	(913%)	(484%)

See Notes to Required Supplementary Information.

Lansing Board of Water and Light
Defined Benefit Plan and Trust for Employees' Pensions

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018	$ 1,225	$ 1,684
Contributions as a Percentage of Covered Employee Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

See Notes to Required Supplementary Information.

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Changes in BWL's
Net OPEB Liability and Related Ratios
Last Ten Fiscal Years
(in thousands)

	2022	2021	2020	2019	2018	2017	2016*	2015*	2014*	2013*
Total OPEB Liability										
Service cost	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130	$ -	$ -	$ -	$ -
Interest	9,871	10,535	10,804	14,920	15,039	14,226	-	-	-	-
Changes in benefit terms	-	-	-	(415)	-	-	-	-	-	-
Differences between expected and actual experience	(1,084)	(8,794)	(6,093)	(5,231)	(9,880)	5,281	-	-	-	-
Changes in assumptions	10,173	(3,752)	7,254	(59,336)	(1,728)	(2,027)	-	-	-	-
Benefit payments, including refunds	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-	-
Net Change in Total OPEB Liability	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036	-	-	-	-
Total OPEB Liability - Beginning of year	147,644	154,603	148,550	203,487	205,624	194,588	-	-	-	-
Total OPEB Liability - End of year	156,410	147,644	154,603	148,550	203,487	205,624	-	-	-	-
Trust Net Position										
Contributions - Employer	13,493	8,344	9,157	9,278	10,395	9,574	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	(19,247)	49,387	4,158	11,688	11,039	18,040	-	-	-	-
Administrative expenses	(354)	(449)	(512)	(569)	(634)	(705)	-	-	-	-
Benefit payments, including refunds	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	(19,601)	48,938	3,646	11,119	10,405	17,335	-	-	-	-
Trust fiduciary net position - Beginning of year	247,743	198,805	195,159	184,040	173,635	156,300	-	-	-	-
Trust fiduciary net position - End of year	228,142	247,743	198,805	195,159	184,040	173,635	-	-	-	-
BWL Net OPEB Liability (Asset) - Ending	**$ (71,732)**	**$ (100,099)**	**$ (44,202)**	**$ (46,609)**	**$ 19,447**	**$ 31,989**	**$ -**	**$ -**	**$ -**	**$ -**
Trust Fiduciary Net Position as a % of Total OPEB Liability (Asset)	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%	- %	- %	- %	- %
Covered Employee Payroll	$ 62,976	$ 60,269	$ 58,198	$ 56,785	$ 55,650	$ 54,383	$ -	$ -	$ -	$ -
BWL's Net OPEB Liability (Asset) as a % of Covered Employee Payroll	(113.90%)	(166.09%)	(75.95%)	(82.08%)	34.95%	58.82%	- %	- %	- %	- %

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2013 - 2016 is not available and this schedule will be presented on a prospective basis.

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended	Employer Contributions Required	Employer Contributions Actual	Difference of Required to Actual Contributions	Covered Employee Payroll	Percentage of Actual Contributions to Covered Payroll
6/30/2013	$ 13,994	$ 14,045	$ 51	$ 47,468	30%
6/30/2014	9,200	9,268	68	46,971	20%
6/30/2015	5,762	9,671	3,909	50,885	19%
6/30/2016	5,788	9,423	3,635	53,893	17%
6/30/2017	7,508	9,574	2,066	54,383	18%
6/30/2018	7,535	10,395	2,860	55,650	19%
6/30/2019	7,031	9,278	2,247	56,785	16%
6/30/2020	-	9,157	9,157	58,198	16%
6/30/2021	220	8,344	8,124	60,269	14%
6/30/2022	-	13,493	13,493	62,976	21%

See Notes to Required Supplementary Information.

Defined Benefit Plan:

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2022, based on roll-forward of February 28, 2022 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	2.25%
Salary increases	3.5% per year
Investment rate of return	6.0% per year compounded annually
Mortality	PUB-2010 General Mortality Table with MP-2021 Improvement Scale

Changes to assumptions: The mortality improvement scale was updated to the MP-2021 improvement scale. The discount rate was decreased from 6.50% to 6.00%.

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2021, based on roll-forward of February 28, 2021 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	2.25%
Salary increases	3.5% per year
Investment rate of return	6.5% per year compounded annually
Mortality	PUB-2010 General Mortality Table with MP-2019 Improvement Scale

Changes to assumptions: The mortality improvement scale was updated to the MP-2019 improvement scale. The discount rate was decreased from 7.00% to 6.50%.

Significant Changes:

June 30, 2022

> Difference between actual and expected experience - The $179K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2022 is primarily attributable to the difference between actual experience and demographic assumptions.

> Assumption change - The plan experienced a $1.73MM actuarial loss due to the change in the mortality improvement scale and the decrease in the discount rate from 6.50% to 6.00%. Updating the mortality improvement scale to the MP-2021 scale resulted in a $120K actuarial loss and decreasing the discount rate resulted in a $1.61MM actuarial loss. The combination of these two changes resulted in an overall actuarial loss of $1.73MM.

June 30, 2021

> Difference between actual and expected experience - The $968K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2021 is primarily attributable to participant deaths.

> Assumption change - The plan experienced a $366K actuarial gain due to the change in the mortality improvement scale.

June 30, 2020

> Difference between actual and expected experience - The $.92MM actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2020 is primarily attributable to participant deaths.

> Assumption change - The plan experienced a $1.55MM actuarial loss due to the change in the mortality improvement scale and the decrease the discount rate from 7.00% to 6.50%. Updating the mortality improvement scale to the MP-2019 scale resulted in a $.22MM actuarial gain and decreasing the discount rate resulted in a $1.77MM actuarial loss. The combination of these two changes resulted in an overall actuarial loss of $1.55MM.

June 30, 2019

> Difference between actual and expected experience - The $.74MM gain on the Total Pension Liability for the fiscal year ending June 30, 2019 is primarily attributable to participant deaths.

> Assumption change - The plan experienced a $1.21MM loss due to the change of the mortality assumption from the RP-2014 Total Dataset Mortality adjusted to 2006 and projected generationally using the MP-2017 improvement scale to the PUB-2010 General Employees Mortality, projected generationally using the MP-2018 improvement scale.

June 30, 2018

> Difference between actual and expected experience – The $230,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2018 is primarily attributable to participant deaths.

> Assumption change – Assumptions for the discount rate and expected return on assets were decreased from 7.50% to 7.00% to reflect the expected long term rate of return on the trust.

June 30, 2017

> Difference between actual and expected experience – The $383,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2017 is primarily attributable to participant deaths.

> Assumption change – The plan experienced a $.86MM gain due to the change of the mortality assumption from the RP-2014 table projected generationally with Scale MP-2014 with MP-2016 Improvement Scale.

June 30, 2016

> Difference between actual and expected experience – The $299,000 loss on the Total Pension Liability for the fiscal year ending June 30, 2016 is primarily attributable to participant deaths.

> Assumption change – The plan experienced a $1.47MM gain due to the change of the mortality assumption from the RP-2014 table projected generationally with Scale MP-2014 with MP-2015 Improvement Scale.

June 30, 2015

> Difference between actual and expected experience – The $1.01MM gain on the Total Pension Liability for the fiscal year ending June 30, 2015 is primarily attributable to participant deaths.

> Assumption change – There were no impacts associated with assumption changes.

June 30, 2014

> Difference between actual and expected experience – The $964,000 loss on the Total Pension Liability for the fiscal year ending June 30, 2014 is primarily attributable to participant deaths.

> Assumption change – The plan experienced a $4.54MM loss due to the change of the mortality assumption from the RP2000CH table projected to 2018 with Scale AA to the RP-2014 table projected generationally with Scale MP-2014.

Post Retirement Benefit Plan:

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2022, based on roll-forward of February 28, 2022 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	26 years
Inflation	2.25%
Salary increases	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	6.5% per year compounded annually
Mortality	PUBH-2010 General Employees Mortality Table projected generationally using MP-2021 scale

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2021, based on roll-forward of February 28, 2021 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	27 years
Inflation	2.25%
Salary increases	9.3% growth at age 25 and decreases to 6.4% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	7.0% per year compounded annually
Mortality	PUBH-2010 General Employees Mortality Table projected generationally using MP-2020 scale

Significant Changes:

June 30, 2022

> Difference between actual and expected experience - The $1.08MM actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2022 is attributable to favorable demographic experience. The favorable demographic experience is mainly attributable to deaths (25 participants), termination of active participants and changes in coverage elections.

> Assumption change - The $10.17MM actuarial loss on the Total OPEB liability for the fiscal year ending June 30, 2022 is attributable to updating the mortality improvement scale to the MP-2021 scale, updating the demographic assumptions to reflect the results of the 2022 experience analysis and decreasing the discount rate from 7.0% to 6.5%. Updating the mortality improvement scale resulted in a $.38MM actuarial loss. Updating the demographic assumptions resulted in a $1.73MM actuarial loss. The remaining $8.06MM of actuarial loss is attributable to decreasing the discount rate from 7.0% to 6.5%.

June 30, 2021

> Difference between actual and expected experience - The $8.79MM actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2021 is attributable to the combination of favorable demographic experience and lower than expected 2021 per capita claims cost. $3.94MM of the actuarial gain is associated with demographic experience and is mainly attributable to deaths (37 participants), termination of active participants and changes in coverage elections. The remaining $4.85MM of the actuarial gain is due to less than expected 2021 per capita claims cost. The 2021 Humana premiums are slightly lower than what was expected for 2021 ($321.92 per month vs. $347.80 per month)

> Assumption change - The $3.75MM actuarial gain on the Total OPEB liability for the fiscal year ending June 30, 2021 is attributable to updating the mortality improvement scale to the MP-2020 scale and reflecting the updated healthcare trend assumptions set forth in the Michigan Uniform Assumptions memo for the 2021 fiscal year. Updating the mortality improvement scale resulted in a $1.18MM actuarial gain. The remaining $2.57MM of the actuarial gain is attributable to reflecting the updated trend assumptions.

June 30, 2020

> Difference between actual and expected experience - The $6.09MM gain on the Total OPEB Liability for the fiscal year ending June 30, 2020 is attributable to the combination of unfavorable demographic experience and a reduction in the per capita claims cost used in the June 30, 2020 valuation. The $1.13MM loss associated with demographic experience is mainly attributable to active participant retirements. The $7.22MM gain due to a reduction in per capita claims cost is attributable a decrease in the Pre-65 medical and prescription drug premiums for 2021. The 2020 Pre-65 medical and Rx monthly premium for a retiree was $1,073.13. For 2020, the Pre-65 medical and Rx monthly premium for a retiree is $957.99. An 11% reduction in monthly premium. The combination of the demographic loss and the reduction in monthly premiums resulted in the overall $6.09MM actuarial gain.

> Assumption change - The $7.25MM loss on the Total OPEB liability for the fiscal year ending June30, 2020 is attributable to updating the mortality improvement scale to the MP-2019 scale and decreasing the discount rate from 7.50% to 7.00%. Updating the mortality improvement scale resulted in a $.53MM actuarial gain. Whereas, decreasing the discount rate resulted in a $7.78MM actuarial loss. The combination of these changes resulted in the overall $7.25MM actuarial loss.

June 30, 2019

> Difference between actual and expected experience - The $5.2 million gain on the Total OPEB Liability for the fiscal year ending June 30, 2019 is primarily due to favorable demographic experience. The favorable experience is mainly attributable to terminations of active participants and deaths of participants with and without beneficiaries.

> Assumption changes - (1) The plan experienced a $54.4 million gain on the Total OPEB Liability due to a change of the assumed per capita claims cost. The Board changed the Plan's insurance provider for Medicare eligible participants from The Hartford and Envision Insurance to Humana. Doing so resulted in a dramatic decrease in both the medical and prescription drug monthly premiums from the prior fiscal year ($98.99 per month vs. $219.54 per month for medical coverage and $213.47 per month vs. $305.00 per month for prescription drug coverage); (2) The Plan experienced a $3.8 million loss on the mortality assumption change. The mortality assumption was updated from the RPH-2014 Total Dataset mortality, adjusted to2006 and projected generationally using the MP-2017 improvement scale to the PUBH-2010 General Employees mortality, projected generationally using the MP-2018 improvement scale; and (3) The Plan experienced a $8.7 million gain on a change to the medical and prescription drug trend assumptions. The trend assumptions were changed to those prescribed under the Michigan Uniform Assumptions for the 2019 fiscal year.

> Change in benefit terms - The Plan experienced a $.4 million gain due to an expected increase in the retiree contribution percentage for employees hired on or after January 1, 2009. The expected contribution percentage was increased from 14% to 20% of the premium charged to active employees.

June 30, 2018

- Difference between actual and expected experience - The $9.9 million gain on the Total OPEB Liability for the fiscal year ending June 30, 2018, is attributable to a reduction in the per capita claims cost used in the June 30, 2018 valuation. Better than expected claims experience during the fiscal year resulted in a decrease in the projected claims when compared to those used in the June 30, 2017, valuation.

- Assumption change - The mortality improvement scale was updated to the MP-2017 scale.

Supplementary Information

Income Available for Revenue Bond Debt Retirement

	For the Year Ended June 30	
	2022	2021
Income - Before capital contributions per statement of revenues, expenses, and changes in net position	$ 11,589,054	$ 52,733,335
Adjustments to Income		
Depreciation	56,503,060	48,428,670
Interest on long-term debt:		
Notes	20,721	29,007
Revenue bonds	26,862,101	25,277,445
Total additional income	83,385,882	73,735,122
Income Available for Revenue Bonds and Interest Redemption	**$ 94,974,936**	**$ 126,468,457**
Debt Retirement Pertaining to Revenue Bonds		
Principal	$ 12,950,000	$ 7,440,000
Interest	29,639,615	27,514,414
Total	**$ 42,589,615**	**$ 34,954,414**
Percent Coverage of Revenue Bonds and Interest Requirements	**223**	**362**

Detail of Statements of Revenues and Expenses
For the Years Ended June 30, 2022 and 2021

	Combined		Water		Electric		Steam		Chilled Water	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating Revenues										
Water	$ 49,028,486	$ 50,030,466	$ 49,028,486	$ 50,030,466	$ -	$ -	$ -	$ -	$ -	$ -
Electric:										
Retail	286,967,530	295,355,513	-	-	286,967,530	295,355,513	-	-	-	-
Sales for resale	43,085,378	16,588,280	-	-	43,085,378	16,588,280	-	-	-	-
Steam	11,934,456	12,568,831	-	-	-	-	11,934,456	12,568,831	-	-
Chilled water	6,133,314	6,035,559	-	-	-	-	-	-	6,133,314	6,035,559
Total operating revenues	397,149,164	380,578,649	49,028,486	50,030,466	330,052,908	311,943,793	11,934,456	12,568,831	6,133,314	6,035,559
Operating Expenses										
Production:										
Fuel, purchased power, and other operating expenses	149,112,738	127,372,727	9,435,991	10,150,287	133,144,945	111,241,360	4,737,969	4,024,575	1,793,833	1,956,505
Maintenance	14,534,397	12,309,025	4,013,107	3,510,272	9,271,738	7,581,050	663,163	584,772	586,389	632,931
Transmission and distribution:										
Operating expenses	8,314,546	7,843,891	1,313,728	1,369,531	6,882,226	6,367,489	118,592	106,871	-	-
Maintenance	19,040,926	19,830,569	4,022,344	4,144,835	14,546,121	15,338,418	472,461	347,316	-	-
Administrative and general	75,850,273	59,408,186	15,832,019	12,634,583	56,017,223	43,348,858	2,853,043	2,404,161	1,147,988	1,020,584
Return on Equity	25,000,000	25,000,000	3,146,386	3,146,384	20,675,402	20,675,405	754,748	754,748	423,464	423,463
Depreciation	56,503,060	48,428,670	8,967,060	8,200,492	42,223,210	35,608,404	3,886,888	3,241,191	1,425,902	1,378,583
Total operating expenses	348,355,940	300,193,068	46,730,635	43,156,384	282,760,865	240,160,984	13,486,864	11,463,634	5,377,576	5,412,066
Operating Income	48,793,224	80,385,581	2,297,851	6,874,082	47,292,043	71,782,809	(1,552,408)	1,105,197	755,738	623,493
Nonoperating Income (Expenses)										
Investment income	(5,372,203)	218,186	(558,864)	37,705	(4,513,675)	147,618	(222,773)	26,571	(76,891)	6,292
Other (expense) income	(4,949,145)	(2,563,980)	776,667	814,534	(5,626,918)	(3,419,169)	(319,953)	(175,023)	221,059	215,678
Impairment on Eckert Plant	-	-	-	-	-	-	-	-	-	-
Impairment on Erickson Plant	-	-	-	-	-	-				
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Bonded debt interest expense	(26,862,101)	(25,277,445)	(1,624,972)	(1,645,822)	(22,903,999)	(21,294,130)	(1,966,468)	(1,897,899)	(366,662)	(439,594)
Amortization - Central Utilities Complex	-	-	-	-	-	-	-	-	-	-
Other interest expense	(20,721)	(29,007)	(1,541)	(3,320)	(19,169)	(25,663)	(11)	(24)	-	-
Total nonoperating expense	(37,204,170)	(27,652,246)	(1,408,710)	(796,903)	(33,063,761)	(24,591,344)	(2,509,205)	(2,046,375)	(222,494)	(217,624)
Net Income (Loss)	**$ 11,589,054**	**$ 52,733,335**	**$ 889,141**	**$ 6,077,179**	**$ 14,228,282**	**$ 47,191,465**	**$ (4,061,613)**	**$ (941,178)**	**$ 533,244**	**$ 405,869**

Board of Water and Light - City of Lansing, Michigan

Detail of Statements of Changes in Net Position

	Combined	Water	Electric	Steam	Chilled Water
Net Position - June 30, 2020	$ 632,582,547	97,486,226	532,073,582	(6,620,187)	9,642,926
Income (loss) before contributions	52,733,335	6,077,179	47,191,465	(941,178)	405,869
Net Position - June 30, 2021	685,315,882	103,563,405	579,265,047	(7,561,365)	10,048,795
Income (loss) before contributions	11,589,054	889,141	14,228,282	(4,061,613)	533,244
Net Position - June 30, 2022	$ 696,904,936	$ 104,452,546	$ 593,493,329	$ (11,622,978)	$ 10,582,039

Pension and OPEB Trust Funds - Detail of Fiduciary Statements of Net Position

	As of June 30, 2022			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Assets				
Receivable - investment interest receivable	$ -	$ 1,171	$ 3,091	$ 4,262
Trade receivable - due from broker	-	500,000	-	500,000
Investments at fair value:				
Cash and money market trust fund	-	1,308,877	957,009	2,265,886
Fixed income securities	-	-	-	-
Mutual funds	139,302,720	24,919,695	108,461,092	272,683,507
Stable value	29,720,419	-	-	29,720,419
Common collective funds	-	18,671,886	88,879,109	107,550,995
Common stock	-	5,259,217	29,852,049	35,111,266
Self-directed brokerage account	11,157,807	-	-	11,157,807
Participants note receivable	3,302,591	-	-	3,302,591
Total investments	183,483,537	50,159,675	228,149,259	461,792,471
Liabilities				
Trade payable - due to broker	-	2,072	12,256	14,328
Net Position - Held in trust for pension and other employee benefits	**$ 183,483,537**	**$ 50,658,774**	**$ 228,140,094**	**$ 462,282,405**

	As of June 30, 2021			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Assets				
Receivable - investment interest receivable	$ -	$ 1,964	$ 12,481	$ 14,445
Trade receivable - due from broker	-	20,550	135,656	156,206
Investments at fair value:				
Cash and money market trust fund	-	1,401,780	1,042,711	2,444,491
Fixed income securities	-	-	286	286
Mutual funds	159,281,467	33,017,321	120,768,939	313,067,727
Stable value	35,542,619	-	-	35,542,619
Common collective funds	-	19,776,148	76,041,081	95,817,229
Common stock	-	7,460,769	49,879,749	57,340,518
Self-directed brokerage account	12,317,950	-	-	12,317,950
Participants note receivable	3,424,144	-	-	3,424,144
	-	-	-	-
Total investments	210,566,180	61,656,018	247,732,766	519,954,964
Liabilities				
Trade payable - due to broker	-	20,433	137,676	158,109
Net Position - Held in trust for pension and other employee benefits	**$ 210,566,180**	**$ 61,658,099**	**$ 247,743,227**	**$ 519,967,506**

Board of Water and Light - City of Lansing, Michigan

Pension and OPEB Trust Funds - Detail of Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2022

	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Increases				
Investment income:				
Net appreciation in				
fair value of investments	$ (20,323,831)	$ (7,500,562)	$ (27,121,349)	$ (54,945,742)
Interest and dividend income	2,665,738	2,102,005	7,872,032	12,639,775
Net investment income	(17,658,093)	(5,398,557)	(19,249,317)	(42,305,967)
Employer contributions	11,134,555	-	13,492,757	24,627,312
Interest from participant notes receivable	729,619	-	-	729,619
Total increases	(5,793,919)	(5,398,557)	(5,756,560)	(16,949,036)
Decreases				
Retiree benefits paid	20,560,553	5,466,158	13,492,757	39,519,468
Loan defaults	577,197	-	-	577,197
Participants' note and administrative fees	150,974	134,610	353,816	639,400
Total decreases	21,288,724	5,600,768	13,846,573	40,736,065
Change in Net Position Held in Trust	(27,082,643)	(10,999,325)	(19,603,133)	(57,685,101)
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning of year	210,566,180	61,658,099	247,743,227	519,967,506
End of year	**$ 183,483,537**	**$ 50,658,774**	**$ 228,140,094**	**$ 462,282,405**

Pension Trust Funds - Detail of Statement of Changes in Net Position
For the Year Ended June 30, 2021

	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Increases				
Investment income:				
Net appreciation in				
fair value of investments	$ 33,701,209	$ 10,760,058	$ 47,489,394	$ 91,950,661
Interest and dividend income	5,992,880	1,092,666	1,899,331	8,984,877
Net investment income	39,694,089	11,852,724	49,388,725	100,935,538
Employer contributions	7,863,510	-	8,343,977	16,207,487
Participant rollover contributions	467,189	-	-	467,189
Interest from participant notes receivable	227,245	-	-	227,245
Other	121,370	-	-	121,370
Total increases	48,373,403	11,852,724	57,732,702	117,958,829
Decreases				
Retiree benefits paid	41,414,977	5,658,372	8,343,977	55,417,326
Loan defaults	231,871	-	-	231,871
Participants' note and administrative fees	165,584	123,148	450,300	739,032
Total decreases	41,812,432	5,781,520	8,794,277	56,388,229
Change in Net Position Held in Trust	6,560,971	6,071,204	48,938,425	61,570,600
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning of year	204,005,209	55,586,895	198,804,802	458,396,906
End of year	**$ 210,566,180**	**$ 61,658,099**	**$ 247,743,227**	**$ 519,967,506**

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the City Council of the City of Lansing deems it advisable and necessary to provide for the acquisition, construction, operation, and maintenance of a public media center and arts and cultural performance venue, and appurtenant properties and facilities therefor; and

WHEREAS, Act 31 of the Public Acts of Michigan 1948 (First Extra Session), as amended ("Act 31") enables a City to incorporate one or more authorities for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating, and maintaining buildings, automobile parking lots or structures, transit-oriented developments, transit-oriented facilities, recreational facilities, stadiums, and the necessary site or sites therefor, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, for use for any legitimate public purpose of the City; and

WHEREAS, the City Council deems it advisable and necessary and in the best interest of the City to create and establish an Authority under the provisions of Act 31, for the purpose of accomplishing the aforesaid, to be designated the Lansing Public Media Authority; and

WHEREAS, Articles of Incorporation for the proposed Lansing Public Media Authority under Act 31 have been reviewed by the City Council;

NOW THEREFORE BE IT RESOLVED THAT:

1. The attached Articles of Incorporation of the Lansing Public Media Authority are hereby approved and adopted.

2. The Mayor and City Clerk of the City are hereby authorized and directed to execute the Articles of Incorporation of the Lansing Public Media Authority for and on behalf of the City.

3. The City Clerk shall cause a copy of the Articles of Incorporation of the Lansing Public Media Authority or a summary of the Articles to be published once in a newspaper circulated within the City as provided in Act 31, such publication to be accompanied by a notice that valid incorporation of the Lansing Public Media Authority shall be conclusively presumed unless questioned in a court of competent jurisdiction as provided in Act 31.

4. The City Clerk shall file a certified copy of the executed Articles of Incorporation of the Authority with the County Clerks of the Counties of Ingham and Eaton, and the Secretary of State of the State of Michigan, together with a certificate stating the date and newspaper of publication of the Articles of Incorporation. The City Clerk is hereby authorized and directed to file the originally executed Articles of

Incorporation with the recording secretary of the Authority, when selected, and to take such steps as are necessary under the provisions of State law to perfect the Articles of Incorporation of said authority.

5. All other resolutions and parts of resolutions in so far as they conflict with the provisions of this Resolution are hereby rescinded.

ARTICLFS OF INCORPORATION OF
LANSING PUBLIC MEDIA AUTHORITY

WHEREAS, the City of Lansing has the power pursuant to the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended to incorporate one or more authorities for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining a building or buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefor, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, for use for any legitimate public purpose of the City; and

WHEREAS, the City desires to incorporate an authority pursuant to the provisions of said Act 31 for the purpose of acquisition, construction, operation, and maintenance of a public media center and arts and cultural performance venue, and appurtenant properties and facilities therefor;

NOW, THEREFORE, these Articles of Incorporation are adopted, signed and acknowledged by the City for the purpose of forming the Lansing Public Media Authority as a nonprofit Authority under the provisions of said Act 31, the Articles being as follows:

ARTICLE I

The name of the corporation and authority created by these articles is the LANSING PUBLIC MEDIA AUTHORITY (the "Authority").

ARTICLE II

The incorporating unit of the Authority is the City of Lansing (the "City"), Counties of Ingham and Eaton, State of Michigan, a municipal corporation of the State of Michigan, pursuant to action taken by the City Council of the City (the "City Council").

ARTICLE III

This Authority is incorporated for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining a building or buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefor, together with appurtenant properties and facilities necessary or convenient for the effective use thereof for use of any legitimate public purpose of the City, including but not limited to the acquisition, constructions, operation, and maintenance of a public media center and arts and cultural performance venue, and appurtenant properties and facilities therefor.

ARTICLE IV

Section 1. The Authority shall possess all the powers necessary to carry out the purpose of its incorporation, including the incidental powers necessary thereto, granted to the Authority by Act 31, Public Acts of Michigan, 1948 (First Extra Session) as now or hereafter amended ("Act

31"). The powers granted in these Articles of Incorporation shall be in addition to those granted by any statute or charter, and the enumeration of any power in either these Articles of Incorporation or in Act 31 shall not be construed as a limitation upon such general powers.

Section 2. The Authority shall be a body corporate with power to sue and be sued in any court of the State of Michigan.

Section 3. The Authority shall have the power to enter into a contract or contracts with the City pursuant to which the Authority will acquire, furnish, equip, own, improve, enlarge, operate, and maintain property necessary to accomplish the purposes of this incorporation and contemplated by the terms of Act 31 and lease said property to the City for a period of not to exceed fifty (50) years, except as may be otherwise provided in Act 31. The City shall have such rights to sublet or assign property leased from the Authority which are provided in Act 31.

Section 4. For the purpose of accomplishing the objects of its incorporation, the Authority may accept property transferred to the Authority by the City, and the Authority may, subject to the prior approval of the City Council, acquire property by purchase, construction, lease, gift, devise or condemnation, and for the purpose of condemnation, it may proceed under the provisions of Act 149 of the Public Acts of Michigan, 1911, as amended, or any other appropriate statute.

Section 5. All property owned by the Authority shall be exempt from taxation by the State of Michigan or any taxing unit therein.

Section 6. In order to carry out its responsibilities, the Authority may employ personnel as it deems necessary, subject to terms and conditions of employment as determined by the Authority, and the Authority may contract with others, public or private, for the provision of all or a portion of the services necessary for the management and operation of the property and facilities under its control.

Section 7. The term of this corporation and Authority shall be perpetual, or until terminated in accordance with law, and in any event shall not be less than or terminated prior to the time that all bonds or other obligations of the Authority are paid in full. In the event of dissolution or termination of the Authority, the title to any property, real or personal, then owned by the Authority, and any contract rights, revenue rights received or receivable, or anything else of value held or owned by the Authority, shall automatically vest in and become the property of the City.

ARTICLE V

Section 1. The Authority shall be directed and governed by a Board of Commissioners of eight (8) voting members known as the "Commission." The Commissioners shall include the persons holding the City of Lansing offices of City Attorney, Finance Director, and Director of the Office of Community Media of the City, an additional member to be designated as the Mayor's Representative, and four (4) members of the public selected by the Mayor with the advice and consent of the City Council. Two (2) of the three (3) Lansing Public Media Authority Commissioners selected by the Mayor with the advice and consent of the City Council shall reside within the corporate limits of the City. The Mayor and the members of the City Council shall not be eligible for membership or appointment to the Commission.

Section 2. The terms of the Commissioners serving by virtue of holding the offices of City of Lansing offices of City Attorney, Finance Director, and Director of the Office of Community Media of the City shall continue as long as the Commissioner holds said office. In the event of a vacancy in one of said offices, the person fulfilling the duties of said office on an interim basis shall serve on the Commission. The term of the Commissioner serving as the designated Mayor's Representative shall continue to serve at the pleasure of the Mayor and may be removed or replaced at any time by the Mayor.

Section 3. The terms of the three (3) Commissioners selected by the Mayor with the advice and consent of the City Council to serve on the first Commission shall be for a term of years as follows: one Commissioner for a term ending on June 30, 2024, one Commissioner for a term ending on June 30, 2025, and one Commissioner for a term ending on June 30, 2026. Each succeeding Commissioner shall serve for a 3-year term beginning on July 1 following the expiration of the term of the Commission whom he or she succeeds and expiring June 30 of the last year of such term. Each Commissioner shall serve during the term for which he or she is appointed and thereafter until his or her successor is appointed and qualified.

Section 4. The Commissioners shall not be subject to personal liability of accountability for the actions and debts of the Authority.

Section 5. The Commission shall adopt and may amend bylaws and rules of procedure consonant with the provisions of Act 31 and provide therein for regular meetings of the Commission. The Commission shall conduct all business at public meetings held in compliance with Act 267, Public Acts of Michigan, 1976, as amended.

Section 6. The Commission shall adopt a corporate seal.

Section 7. The Commission shall designate a Chairperson, and a Vice Chairperson who shall be Commissioners, and a Secretary and a Treasurer who may but need not be Commissioners, each to be designated for such term in office as may be fixed by the bylaws. The offices of Secretary and Treasurer may be combined and held by one person to be known as the Secretary/Treasurer if provided in the bylaws.

Section 8. The Chairperson shall preside at meetings of the Commission and may sign and execute all authorized bonds, contracts, checks and other obligations in the name of the Authority when so authorized by the Commission. The Chairperson shall do and perform such other duties as may be fixed by the bylaws and from time to tie assigned to him or her by the Commission. In the absence or disability of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson.

Section 9. The Secretary shall keep the minutes of all meetings pof the Commission, and of all committees thereof, in books provided for that purpose. The Secretary shall attend to the giving, serving, and receiving of all notices or process of or against the Authority. The Secretary may sign with the Chairperson in the name of the Authority all bonds, contracts, and other obligations authorized by the Commission, and when so ordered, the Secretary shall affix the seal of the

Authority thereto. The Secretary shall have charge of all books and records, which shall at all reasonable times be open to inspection and examination of the Commission or any member thereof, and, in general, perform all the duties incident to the office of Secretary.

Section 10. The Treasurer shall have custody of all the funds and securities of the Authority which may come into his or her hands or possession. When necessary or proper, the Treasurer shall endorse on behalf of the Authority for collection, checks, notes, and other obligations, and shall deposit them to the credit of the Authority in a designated bank or depository. The Treasurer shall sign all receipts and vouchers for payment made to the Authority. The Treasurer shall jointly with such other officer or officers as may be designated by the Commission sign all checks, promissory notes, and other obligations of the Authority when so ordered by the Commission. The Treasurer shall render a statement of his or her cash accounts when required by the Commission. The Treasurer shall enter regularly in the books of the Authority to be kept by him or her for the purpose full and accurate accounts of all moneys received and paid by him or her on account of the Authority, and shall, at all reasonable times, exhibit the books and accounts kept by the Treasurer to the Commission or any Commissioner when so required. The Treasurer shall perform all acts incidental to the position of Treasurer fixed by the bylaws and as assigned to him or her from time to time by the Commission. The Treasurer shall be bonded for the faithful discharge of his or her duties as Treasurer, the bond to be of such character, form and in such amount as the Commission may require.

Section 11. Compensation, per diem fees and mileage for attending meetings, if any, for the members of the Commission shall be fixed by the Commission when approved by a majority of the City Council. No Commissioner who holds any paid public office or public employment shall receive any salary as such Commissioner.

Section 12. Vacancies occurring in the office of the Commission described in Section 3 of this Article V shall be filled by the Mayor with the advice and consent of the City Council for the unexpired term.

Section 13. A Commissioner, other than an ex officio Commission or Mayor's Representative, may be removed from office for cause by an affirmative majority vote of the City Council.

Section 14. The books and records of the Authority and of the Commission, officers and agents thereof shall be open to inspection and audit by the Finance Director of the City at all reasonable times. The Authority shall submit an annual report to the City Council.

ARTICLE VI

The City Clerk of the City shall cause a copy of these Articles of Incorporation to be published once in a newspaper circulated within the City as provided in Act 31, such publication to be accompanied by a notice that valid incorporation of the Authority shall be conclusively presumed unless questioned in a court of competent jurisdiction as provided in Act 31.

ARTICLE VII

Amendments may be made to these Articles of Incorporation as provided in Act 31.

ARTICLE VII

Location of registered office and post office address is:

Office of the City Clerk
Lansing City Hall
124 W. Michigan Ave.
Lansing, Michigan 48933

ARTICLE IX

Dissolution of the Authority may be accomplished in the same manner provided in Act 31 for incorporation of an authority, in so far as applicable, or in any manner provided for dissolution of an authority under the provisions of Act 31, provided that the Authority shall not be dissolved until payment or provision for payment is made regarding all obligations of the Authority.

ARTICLE X

These Articles of Incorporation shall become effective and be in full force and effect as provided in Section 6 of Act 31 ten (10) days after their adoption by City Council.

IN WITNESS WHEREOF, the City of Lansing has adopted and authorized to be executed these Articles of Incorporation on behalf of the City, a municipal corporation of the State of Michigan, by its Mayor and Clerk.

CITY OF LANSING, MICHIGAN

By________________________________

Mayor

By________________________________
City Clerk

The foregoing Articles of Incorporation were adopted by the City Council of the City of Lansing, Counties of Ingham and Eaton, Michigan, at a meeting duly held on the ____ day of _______________, 202__.

____
City Clerk, City of Lansing, Michigan

Dated:______________________.

RESOLUTION #2022-###

City of Lansing
Counties of Ingham and Eaton, State of Michigan

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
LIMITED TAX GENERAL OBLIGATION BONDS

A RESOLUTION TO APPROVE:

- Up to $20,000,000 of Limited Tax General Obligation Bonds to finance lawful capital improvement needs of the City;
- Sale of Bonds in one or more series;
- Pledge of City's full faith and credit for the payment of the Bonds;
- Authorized Officers to sell Bonds without further Council action;
- Rating application, official statement, and continuing disclosure; and
- Other matters necessary to sell and deliver the Bonds.

WHEREAS, the City, a municipal corporation of the State, has been duly created under the provisions of Act 279, pursuant to which the City has the comprehensive home rule power conferred upon it by Act 279 and the Constitution, subject only to the limitations on the exercise of that power contained in the Constitution, by statute of the State or by provisions of the Charter; and

WHEREAS, the City determines it to be necessary for the public health, safety and welfare of the City and its residents to acquire and construct within the City certain capital improvements, including a public media and performing arts center, with parking and other necessary appurtenances and infrastructure (collectively, the "Capital Improvements"); and

WHEREAS, under the provisions of Section 517 of Act 34 a City may issue municipal securities to pay the cost of any capital improvement items within the limitations provided by law; and

WHEREAS, staff of the City recommend that issuance by the City of its Capital Improvement Bonds (Limited Tax General Obligation) under Section 517 of Act 34 in an amount not to exceed Twenty Million Dollars ($20,000,000) (the "Bonds") for the purpose of financing costs of acquisition and construction of the Capital Improvements is the most practical means to that end; and

WHEREAS, it is proposed that the Bonds be limited tax general obligation bonds secured by a pledge of the City's full faith and credit, subject to constitutional, statutory and charter limitations; and

WHEREAS, as additional security for the Bonds, the City anticipates contractually pledging certain public, education and government access facilities and services fees

("PEG Fees") it receives as a franchising entity pursuant to 2006 Michigan Public Act 480 (the Uniform Video Services Local Franchise Act); and

WHEREAS, not less than 45 days prior to the issuance of the Bonds, a notice of intent to issue bonds must be published in accordance with Section 517 of Act 34, a form of which is attached as Exhibit B ("Notice of Intent"), which will provide that the proposed Bonds may be issued without a vote of the electors of the City unless the requisite petitions for an election on the question of the issuance of the Bonds are filed with the Clerk of the City ("City Clerk") within a period of 45 days from the date of publication; and

WHEREAS, Act 34 permits the City to authorize, within limitations which shall be contained in the authorizing resolution of the governing body, an Authorized Officer to sell and deliver and receive payment for obligations, approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters and procedures necessary to complete the transactions authorized; and

WHEREAS, the City Council of the City ("Council") wishes to authorize an Authorized Officer to sell and deliver and receive payment for the Bonds without the necessity of Council taking further action prior to sale and delivery of the Bonds.

WHEREAS, the Bonds will be issued pursuant to such terms and bear interest at such rates as finally determined at the time of sale of such Bonds in one or more Sale Orders in accordance with the parameters of this Resolution or the terms of a Bond Purchase Agreement; and

WHEREAS, the Council desires to delegate to any Authorized Officer the authority to make certain determinations with respect to the Bonds, if necessary, within the parameters of this Resolution and to take such other actions and make such other determinations as may be necessary to accomplish the sale and delivery of the Bonds and the transactions contemplated by this Resolution, as shall be confirmed in one or more Sale Orders or a Bond Purchase Agreement; and

WHEREAS, the Council wishes to authorize the determination of the method of sale of the Bonds pursuant to a Sale Order, which sale will be by either (a) negotiated sale to one or more underwriters, (b) public/competitive sale or (c) private placement with a designated purchaser; and

WHEREAS, if the Bonds are sold pursuant to a negotiated or public/competitive sale, the Council desires to authorize the submission of disclosure information in connection with the distribution of one or more preliminary official statements (together with any supplements thereto, each a "Preliminary Official Statement") and final official statements (together with any supplements thereto, each an "Official Statement") in connection with the offering for sale of a certain series or all of the Bonds; and

WHEREAS, if the Bonds are sold pursuant to a negotiated or public/competitive sale, it will be required, as a condition precedent to the purchase of the Bonds, that the City agree to provide continuing disclosure as required by Section (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended; and

WHEREAS, the Bonds may be issued as tax-exempt bonds pursuant to the requirements of the Code, in reliance on the advice of the City's Municipal Advisor and the City's Bond Counsel, each as appointed and defined below.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY THAT:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 101. Definitions. The words and terms defined in the preambles and recitals hereof and the following words and terms as used in this Resolution shall have the meanings ascribed therein or herein to them unless a different meaning clearly appears from the context:

"Act 34" means the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended.

"Act 279" means the Home Rule City Act, Act 279, Public Acts of Michigan, 1909, as amended.

"Authorized Officer" means each of the Mayor, the Deputy Mayor, the City Clerk, the Chief Strategy Officer and the Finance Director of the City.

"Bond Counsel" means Dykema Gossett PLLC, attorneys of Lansing, Michigan.

"Bondholder," "Bondowner," "Owner" or "Registered Owner" means, with respect to any Bond, the person in whose name such Bond is registered in the Bond Registry.

"Bond Insurer" means the issuer of a Municipal Bond Insurance Policy with respect to the Bonds, if any, named in the Sale Order.

"Bond Purchase Agreement" means each bond purchase agreement between the City and the Underwriters or purchaser or purchasers of the Bonds providing for the terms and conditions of the purchase of the Bonds.

"Bond Registry" means the books for the registration of Bonds maintained by the applicable Transfer Agent.

"Bonds" means the City's 2022 or 2023 Limited Tax General Obligation Bonds, issued in one or more series, as authorized by Article III of this Resolution.

"Bonds Maximum Interest Rate" means a rate of interest not to exceed the maximum rate permitted by law.

"Bonds Maximum Principal Amount" means an amount not to exceed twenty million dollars ($20,000,000).

"Capital Improvement Fund" means the fund so designated and established under Section 501 hereof.

"Charter" means the Home Rule Charter of the City, as amended from time to time.

"City" means the City of Lansing, Counties of Ingham and Eaton, State of Michigan.

"Code" means the Internal Revenue Code of 1986, as amended.

"Constitution" means the Constitution of the State of Michigan of 1963, as amended.

"Council" means the City Council of the City of Lansing, Michigan.

"Debt Retirement Fund" means the fund so designated and established under Section 501 hereof.

"Fiscal Year" means the fiscal year of the City as in effect from time to time.

"Interest Payment Date" has the meaning given such term in Section 303.

"Mayor" means the mayor of the City or his designee.

"Municipal Advisor" means Robert W. Baird & Co. Incorporated, Lansing, Michigan.

"Municipal Bond Insurance Policy" means one or more policies of municipal bond insurance, if any, issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds determined to be insured as set forth in a Sale Order.

"Non-Arbitrage and Tax Compliance Certificate" means each Non-Arbitrage and Tax Compliance Certificate of the City regarding rebate requirements and other tax responsibilities of the City relating to the Bonds under the Code.

"Regular Record Date" has the meaning given such term in Section 303.

"Resolution" means this Resolution, as supplemented by one or more Sale Orders.

"Sale Order" means the order or orders executed by an Authorized Officer approving the sale of any series of Bonds and making certain determinations and/or confirming the final details of such Bonds upon the sale thereof in accordance with the parameters of this Resolution and the terms of the Bond Purchase Agreement.

"State" means the State of Michigan.

"Transfer Agent" means a bank or trust company to be selected by an Authorized Officer of the City to serve as the transfer agent or paying agent.

"Underwriters" means such underwriter or underwriters as shall be designated in the Sale Order.

Section 102. Interpretation. (a) Words of the feminine or masculine genders include the correlative words of the other gender or the neuter gender.

(b) Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons.

(c) Articles and Sections referred to by number mean the corresponding Articles and Sections of this Resolution.

(d) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Resolution, refer to this Resolution as a whole unless otherwise expressly stated.

ARTICLE II
DETERMINATIONS

Section 201. Authorization of Bonds: Finding and Declaration of Need to Borrow. The Council hereby finds and declares that it is necessary for the City to borrow hereunder such sum as shall be determined by an Authorized Officer not in excess of the Bonds Maximum Principal Amount and to evidence such borrowing by the issuance of the Bonds not in excess, in aggregate principal amount, of such Bonds Maximum Principal Amount, pursuant to the Charter and in accordance with the provisions hereof, for the purpose of paying all or part of the costs of acquiring and constructing the Capital Improvements, including the costs incidental to the issuance, sale and delivery of the Bonds, all as finally confirmed by an Authorized Officer in the Sale Order.

The Bonds shall consist of bonds in fully-registered form in denominations of $5,000, or integral multiples thereof, or in minimum denominations of $100,000 and $5,000 additional integral multiples thereof, not exceeding for each maturity the maximum principal amount of that maturity, numbered as determined by the Transfer Agent (as hereinafter defined). The Bonds shall bear interest at the rates determined upon sale of the Bonds but in any event the net interest cost of any Tax-Exempt Bonds (as defined below) shall not exceed 6.00% per annum and the net interest cost of any Taxable Bonds (as defined below) shall not exceed 9.00% per annum. The Bonds shall bear interest, mature as serial bonds, term bonds or drawdown bonds, and be payable at the times and in the manner as may be determined by the Authorized Officer in a Sale Order at the time of sale of the Bonds. The Bonds shall be dated as of the date of delivery thereof or as may be otherwise determined by the Authorized Officer at the time of sale of the Bonds. The Bonds may be subject to redemption prior to maturity at the times and prices and in the manner as may be determined by the Authorized Officer at the time of sale of the Bonds.

The Bonds may be issued in book-entry only form through The Depository Trust Company in New York, New York ("DTC") and the Authorized Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry only form, and to make such changes in the form of the Bonds within the parameters of this resolution as may be required to accomplish the foregoing.

Interest on the Bonds shall be payable to the registered owner of record as of the fifteenth (15^{th}) day of the month prior to the payment date for each interest payment. The record date of determination of registered owners for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. Interest shall be payable by check or draft drawn on the Transfer Agent mailed to the registered owner at the registered address, as shown on the registration books of the City maintained by the Transfer Agent. The principal of the Bonds shall be payable upon presentation and surrender of such Bonds to the Transfer Agent. Notwithstanding the foregoing, if the Bonds are held in book-entry form by DTC, payment shall be made in the manner prescribed by DTC.

The Authorized Officer is hereby authorized to appoint a bank or trust company to act as bond registrar, paying agent and transfer agent (the "Transfer Agent") for the Bonds. The Authorized Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the City. The City reserves the right to replace the Transfer Agent at any time, provided written notice of such replacement is given to the registered owners of record of the Bonds not less than sixty (60) days prior to an interest payment date.

ARTICLE III
AUTHORIZATION; PLEDGE; SECURITY; DESIGNATIONS; REDEMPTION OF THE BONDS

Section 301. Limited Tax Pledge; Security. (a) The City hereby irrevocably pledges its limited tax full faith and credit for the prompt payment of the Bonds. The Bonds will be a first budget obligation of the City, payable from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations. The City shall levy annually ad valorem taxes on all the taxable property in the City which, taking into consideration estimated delinquencies in tax collections, shall be fully sufficient to pay the principal and interest on the Bonds; provided, however, that if at the time of making any such tax levy there shall be other legally available funds for the payment of principal of and interest on the Bonds, then credit therefor may be taken against the levy for payment of the Bonds. The rights or remedies of Bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

(b) Each Authorized officer is authorized to further contract for or otherwise obligate the PEG Fees toward payment of the Bonds

(c) Each Authorized Officer is hereby authorized to negotiate and execute any indenture or indentures, or agreements as shall be deemed necessary by an Authorized Officer and confirmed in a Sale Order for and on behalf of the City, to provide for the pledge of security and otherwise to secure payment of the Bonds.

Section 302. <u>Tax-Exempt Bonds; Taxable Bonds</u>. The Authorized Officers are each hereby authorized and directed to determine whether all or any portion of the Bonds shall be sold as: (i) Bonds the interest on which is excluded from gross income for federal income tax purposes ("Tax-Exempt Bonds"), or (ii) taxable Bonds the interest on which, if any, is included in gross income for federal income tax purposes under the Code ("Taxable Bonds"), or any combination thereof.

Section 303. <u>Designations, Dates, Interest Rates, Maturities, Redemption and Other Terms of the Bonds</u>.

(a) The Bonds shall be issued in one or more series to be designated as "LIMITED TAX GENERAL OBLIGATION BONDS", or such other designation determined by an Authorized Officer. The Bonds shall further bear a series designation corresponding to the year of issuance and other necessary identifying information as shall be provided in the Sale Order; shall be issued in fully registered form as serial bonds, term bonds, a combination thereof, or as a single instrument bond, as provided in the Sale Order. Each series of Bonds shall be dated and issued in authorized denominations all as determined in the Sale Order.

(b) In making the determinations set forth in this Resolution with respect to the Sale Order, the Authorized Officers shall be limited to the parameters as follow:

(1) The first maturity date or mandatory sinking fund redemption date for each series of the Bonds shall not be later than five (5) years from the date of issuance; and the final maturity dates for the Bonds shall not be later than the earlier of (i) the last year of the weighted average estimated period of usefulness of the Capital Improvements or (ii) 30 years.

(2) To the extent permitted by applicable law, the Bonds may be sold with an original issue premium or original issue discount in an amount as determined by an Authorized Officer.

(3) The maximum rate of interest on the Bonds shall not exceed the Bonds Maximum Interest Rate.

(c) The Bonds shall mature on such dates and shall bear interest at such rates on a fixed and/or variable and tax-exempt or taxable basis not in excess of the legal limit, and payable on such dates (each an "Interest Payment Date"), all as shall be provided in a Sale Order. Unless otherwise provided by an Authorized Officer in a Sale Order, interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall be payable as to principal and interest in lawful money of the United States of America.

(d) Except as may be otherwise provided by an Authorized Officer in a Sale Order, interest on the Bonds shall be payable on each Interest Payment Date to the Registered Owner of record as of the 15th day of the month, whether or not a Business Day (a "Regular Record Date"), prior to each Interest Payment Date. Interest on the Bonds shall be payable to such Registered Owners by check or draft drawn on the Transfer Agent on each Interest Payment Date and mailed by first class mail or, upon the written request of the Owner of $1,000,000 or more in aggregate principal amount of Bonds (with complete wiring instructions no later than the Regular Record Date for such Interest Payment Date), by wire transfer by the Transfer Agent to such Owner. Such a request may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked at any time prior to a Regular Record Date by subsequent written notice to the Transfer Agent.

(e) The principal of the Bonds shall be payable to the Owners of the Bonds upon the presentation of the Bonds to the Transfer Agent at the principal corporate trust office of the Transfer Agent. If the Bonds are held in book-entry form by the Depository Trust Company in New York, New York ("DTC"), payment shall be made in the manner prescribed by DTC

(f) The Bonds may be subject to redemption and/or tender for purchase prior to maturity or shall not be subject thereto, upon such terms and conditions as shall be provided by an Authorized Officer in the Sale Order delivered in connection with the Bonds.

Unless waived by any Registered Owner of the Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates, CUSIP numbers, if any; certificate numbers, and in the case of partial redemption, the called amounts of each certificate; the redemption date; the redemption price or premium; the place where the Bonds called for redemption are to be surrendered for payment; and that interest on the Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

(g) An Authorized Officer, after consultation with Bond Counsel and the Municipal Advisor, may designate and issue the Bonds as "qualified tax-exempt obligations" for purposes of interest expense by financial institutions as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 304. Execution, Authentication and Delivery of Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signatures of the Authorized Officers and authenticated by the Transfer Agent, or a trustee if an indenture is executed in connection with the issuance of the Bonds, and the seal of the City (or a facsimile thereof), if applicable, shall be impressed or imprinted on the Bonds. After the Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered to the purchasers thereof upon receipt of the purchase price. If the Bonds are not authenticated, then at least one signature on the Bonds shall be a manual signature. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser or other person in accordance with instructions from the Authorized Officer.

Section 305. Mutilated, Destroyed, Stolen or Lost Bonds. (a) Subject to the provisions of Act 354, Public Acts of Michigan, 1972, as amended, and any other applicable law, if (i) any mutilated Bond is surrendered to the City, and the City receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the City such security or indemnity as may be required by it to save the City harmless, then, in the absence of notice to the City that such Bond has been acquired by a bona fide purchaser, the City shall execute and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, pay such Bond.

(c) Any new Bond issued pursuant to this section in substitution for a Bond alleged to be mutilated, destroyed, stolen or lost shall constitute an original additional contractual obligation on the part of the City, and shall be equally secured by and entitled to equal proportionate benefits with all other Bonds of like tenor issued under this Resolution.

Section 306. Form of the Bonds. The Bonds shall be in substantially the following form with such insertions, omissions, substitutions and other variations as shall not be inconsistent with this Resolution or permitted by the Sale Order or as approved by an Authorized Officer and Bond Counsel:

[Remainder of page intentionally left blank]

[Form of Bond]

United States of America
State of Michigan
Counties of Ingham and Eaton

CITY OF LANSING
[2022/2023] LIMITED TAX GENERAL OBLIGATION BOND

Interest Rate	Date of Maturity	Date of Original Issue	CUSIP

Registered Owner:

Principal Amount: ___________ Dollars ($__________)

The CITY OF LANSING, Counties of Ingham and Eaton, State of Michigan (the "City"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on _________ 1, 20__ and semiannually thereafter. Principal of this bond is payable at the corporate trust office of _______________________, ___________, __________, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address.

The limited tax full faith, credit and resources of the City are pledged for the payment of the Bonds of this issue, and the City has pledged that it shall pay the principal of and interest on the Bonds of this issue as they mature as a first budget obligation from its general fund and, after taking into account funds which the City may have legally available for payment of principal of and interest on the Bonds of this issue, shall levy annually ad valorem taxes on all taxable property in the City sufficient to pay the principal of and interest on the Bonds of this issue subject to applicable constitutional, statutory, and charter tax rate limitations.

Additionally, the City has committed certain public, education and government access facilities and services fees ("PEG Fees") it receives as a franchising entity pursuant to 2006 Michigan Public Act 480 (the Uniform Video Services Local Franchise Act) toward payment of the principal of and interest on the Bonds, to the extent such funds continue to be available.

[This bond is one of a series of [2022/2033] Limited Tax General Obligation Bonds (the "Bonds") aggregating the principal sum of $______________, issued for the purpose of acquiring, constructing and installing within the City certain capital improvements, including a public media and performing arts center, with parking and other necessary appurtenances and infrastructure (collectively, the "Capital Improvements"), [paying capitalized interest] and paying costs incidental to the issuance of the Bonds.]

Bonds of this issue maturing in the years 20_ to __________, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds of this issue in multiples of $[5,000] maturing in the year ______ and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after ________ 1, _______, at par and accrued interest to the date fixed for redemption.

[Insert any term bond provisions, if applicable]

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called in part for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given by the Transfer Agent to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof. Bonds shall be called for redemption in multiples of $5,000, and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bonds by $5,000, and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that, upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof with the same interest rate and maturity. No further interest on bonds or portions of bonds called for redemption shall accrue after the date fixed for redemption, whether the bonds have been presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bonds or portion thereof.]

This bond is transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed. The Transfer Agent shall require the bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. [The Transfer Agent shall not be required to issue, register the transfer of, or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the day of that mailing.]

This bond, including the interest thereon, is payable as a first budget obligation of the City from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the City, including this bond, does not exceed any constitutional, statutory or charter debt limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Lansing by authority of its City Council, has caused this bond to be signed for and on its behalf and in its name by the manual or facsimile signatures of the Mayor and Clerk of the City, and the official seal of the City or a facsimile thereof to be impressed or printed hereon, all as of the Date of Original Issue.

CITY OF LANSING
Counties of Ingham and Eaton
State of Michigan

By____________________________________

Its Mayor

(SEAL)

Countersigned:

By___________________________________

Its City Clerk

Certificate of Authentication

This bond is one of the bonds described in the within-mentioned resolution.

____
________________, Michigan
Transfer Agent

By____
Its: Authorized Signature

Date of Authentication: _________________, [2022/2023]

Section 311. Sale of Bonds to Underwriters or Direct Purchaser. Any series of Bonds may, if deemed appropriate by an Authorized Officer, be sold to (i) the Underwriters pursuant to a Bond Purchase Agreement or (ii) a bank or other financial institution qualified by law to purchase and take delivery of such Bonds for its own investment, pursuant to a purchase contract, in which case (A) such purchaser shall deliver an investor letter in a form acceptable to an Authorized Officer and (B) the City's obligations hereunder relating to the Preliminary Official Statement, Official Statement and Undertaking (as defined below) may not apply.

ARTICLE IV
SPECIAL COVENANTS

Section 401. Reimbursement. For the purposes of complying with the reimbursement rules of Treasury Regulations 1.150-2 pursuant to the Code, the City reasonably expect to reimburse itself for expenditures for the costs of the Capital Improvements with proceeds of Bonds.

Section 402. Tax Exemption Covenant for Tax-Exempt Bonds. The City covenants that it will not take any action, or fail to take any action required to be taken, if taking such action or failing to take such action would adversely affect the general exclusion from gross income of interest on any Tax-Exempt Bonds, from federal income taxation under the Code.

Section 403. Arbitrage Covenant. (a) The City will not directly or indirectly (1) use or permit the use of any proceeds of any Tax-Exempt Bonds or other funds of the City or (2) take or omit to take any action required by Section 148(a) of the Code in order to maintain the exclusion from gross income of the interest on any Tax-Exempt Bonds for federal income tax purposes. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds and the requirements set forth in the Non-Arbitrage and Tax Compliance Certificate of the City.

(b) Without limiting the generality of subsection (a), above, the City agrees that there shall be paid by the City from time to time all amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code. This covenant shall survive payment in full or defeasance of the Tax-Exempt Bonds.

(c) Notwithstanding any provision of this Section, if the City obtains an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or that some further action is required, to maintain the exclusion from gross income of the interest of any Tax-Exempt Bonds for federal income tax purposes pursuant to Section 103 of the Code, the City may conclusively rely on such opinion in complying with the provisions hereof.

ARTICLE V
BONDS FUNDS AND ACCOUNTS; DISPOSITION OF BONDS PROCEEDS

Section 501. Establishment of Accounts and Funds. (a) Each Authorized Officer is hereby authorized to establish such accounts, subaccounts or other funds as shall be required for the payment of the Bonds, and for the payment of the Capital Improvements, including but not limited to, with such modifications or additions to facilitate the identification of such accounts, subaccounts or other funds:

A. Debt Retirement Fund; and
B. Capital Improvement Fund.

Each Authorized Officer is hereby authorized to establish such accounts, subaccounts or funds as shall be required for the issuance and delivery of the Bonds, if any, to accommodate the requirements of such series of Bonds, including, but not limited to, such accounts, subaccounts or funds necessary to facilitate the purchase and payment of variable rate bonds. Each Authorized Officer is hereby authorized to allocate any net original issue premium, if any, received upon the sale of the Bonds to such accounts and in such amounts as permitted by applicable law.

Section 502. Debt Retirement Fund. An Authorized Officer is authorized and directed to open a separate depository or trust account with a bank or trust company to be designated as the [2022/2023] CAPITAL IMPROVEMENT BONDS (LIMITED TAX GENERAL OBLIGATION) DEBT RETIREMENT FUND (the "Debt Retirement Fund"). The Debt Retirement Fund may be pooled or combined with other debt retirement funds for issues of bonds of like character as provided by Act 34 or other state law. An amount sufficient to assure timely payment of the principal of and interest on the Bonds shall be transferred each year into the Debt Retirement Fund from the general fund of the City or other funds legally available therefor. The moneys deposited in the fund shall be used solely for the purpose of paying the principal of and interest on the Bonds and, as may be necessary, to rebate arbitrage earnings, if any, to the United States Department of Treasury as required by the Internal Revenue Code of 1986, as amended. The accrued interest and premium, if any, received upon delivery of the Bonds shall also be deposited in the Debt Retirement Fund.

The City may provide for the payment of principal of any of the Bonds issued as term bonds through the purchase of municipal securities in the open market at a price not greater than that payable on the next redemption date in order to satisfy all or part of the next succeeding scheduled mandatory redemption.

Section 503. Capital Improvement Fund. The City Treasurer is authorized and directed to create a fund designated as the [2022/2023] CAPITAL IMPROVEMENT BONDS (LIMITED TAX GENERAL OBLIGATION) CAPITAL IMPROVEMENT FUND (the "Capital Improvement Fund"). The City Treasurer shall deposit the proceeds of the Bonds into the Capital Improvement Fund, less accrued interest and premium, if any, which shall be deposited into the Debt Retirement Fund. The moneys in the Capital Improvement Fund shall be used to pay the costs of the Capital Improvements and to pay the costs of issuance of the Bonds. Moneys remaining in the Capital Improvement Fund after completion of the Capital Improvements may be used for any purpose permitted by law.

Section 504. Investment of Monies in the Bonds Funds and Accounts. (a) An Authorized Officer shall direct the investment of monies on deposit in the funds and accounts established hereunder, and the Transfer Agent, upon written direction or upon oral direction promptly confirmed in writing by an Authorized Officer, shall use its best efforts to invest monies on deposit in the funds and accounts in accordance with such direction.

(b) Monies on deposit in the funds and accounts established under this Article V may be invested in such investments and to the extent permitted by applicable law.

ARTICLE VI
DEFEASANCE

Section 601. Defeasance. Bonds shall be deemed to be paid in full upon the deposit in trust of cash or direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, or any combination thereof, not redeemable at the option of the issuer thereof, the principal and interest payments upon which, without reinvestment thereof, will come due at such times and in such amounts, as to be fully sufficient to pay when due, the principal of such Bonds and interest to accrue thereon, as confirmed by a verification report prepared by an independent certified public accountant. Such cash and securities representing such obligations shall be deposited with a bank or trust company and held for the exclusive benefit of the Owners of such Bonds. After such deposit, such Bonds shall no longer be entitled to the benefits of this Resolution (except for any rights of transfer or exchange of Bonds as therein or herein provided for) and shall be payable solely from the funds deposited for such purpose and investment earnings, if any, thereon, and the lien of this Resolution for the benefit of such Bonds shall be discharged.

ARTICLE VII
OTHER PROVISIONS OF GENERAL APPLICATION

Section 701. Credit Enhancement. There is hereby authorized to be obtained a Municipal Bond Insurance Policy or other credit enhancement or a combination thereof to secure the payment of all or part of the Bonds, if, and provided that, it shall be determined by an Authorized Officer that such cost of such Municipal Bond Insurance Policy or other credit enhancement or a combination thereof is less than the interest rate savings therefrom or otherwise that it is in the best interest of the City. In the event a commitment for a Municipal Bond Insurance Policy is obtained or a commitment for other credit enhancement is obtained, each Authorized Officer is hereby authorized to approve the terms, perform such acts and execute such instruments that shall be required, necessary or desirable to effectuate the terms of such commitment and the transactions described therein and in this Resolution and the Sale Order provided that such terms are not materially adverse to the City.

Section 702. Approval of Other Documents and Actions; Treasury Approval. The Authorized Officers and any other officers or employees of the City are hereby authorized and directed on behalf of the City to take any and all other actions, perform any and all acts, including causing the publication of the Notice of Intent, and execute any and all documents that shall be required, necessary or desirable to implement this Resolution. The Bonds shall neither be sold nor issued unless and only so long as the issuance of the Bonds as provided herein shall have been authorized and approved in accordance with the applicable provisions of Act 34 and Act 279.

Each Authorized Officer is hereby authorized to do and perform any and all acts and things with respect to the Bonds which are necessary and appropriate, consistent with this Resolution, including to pay the related fees, if any, to the Michigan Department of Treasury (the "Department") at his or her discretion under Act 34 for an Order or Orders of Approval to issue all or a portion of the Bonds; to file applications with the Department for a waiver of the investment grade rating requirement; to enter into one or more dealer-manager agreements, remarketing agreements, indentures, letters of credit and reimbursement agreements, to seek such waivers or other Department approvals as necessary to implement the sale, delivery and security for the Bonds, and as required by the Department and Act 34; to pay any post-closing filing fees required by Act 34 to the Department or other specified agency, as a cost of issuance or from other legally available funds; to secure ratings by bond rating agencies, if cost effective; to negotiate and acquire a Municipal Bond Insurance Policy and/or other credit enhancement, if any, to further secure the Bonds or any portions thereof; to acquire an irrevocable surety bond to fulfill the City's obligation to fund any reserve account; and to incur and pay reasonable fees, costs and expenses incidental to the foregoing and other costs of issuance of the Bonds including, but not limited to fees and expenses of Bond Counsel, the Municipal Advisor, accountants and others, from Bond proceeds or other available funds, for and on behalf of the City.

Section 703. Continuing Disclosure Undertaking. If the Bonds are sold pursuant to a negotiated or public/competitive sale, or as otherwise required, the City shall enter into a continuing disclosure undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") for the benefit of the holders and beneficial owners of the Bonds as to which the Rule is applicable, as more specifically set forth in Exhibit A hereto (the "Undertaking"); provided, however, that the terms of the Undertaking are subject to completion and modification prior to delivery of the Bonds to such extent as an Authorized Officer shall deem necessary to comply with law or market requirements of the Underwriters. Each Authorized Officer is hereby authorized to execute and deliver the Undertaking after completion and modification as provided in this Resolution and the Sale Order.

Section 704. Delegation to Authorized Officers. (a) Prior to the sale date or dates for the Bonds, an Authorized Officer may cause the preparation and approve the form and distribution of necessary City disclosure for any Preliminary Official Statement or Official Statement and other offering materials to be used in conjunction with the sale or offering of the Bonds, and an Authorized Officer may deem the City's disclosure "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

(b) Pursuant to the authority of Section 315(1)(d) of Act 34, each Authorized Officer is hereby authorized to make the following determinations with respect to the Bonds within the parameters of this Resolution: (i) to determine the principal amounts of the Bonds to be issued on a fixed or variable interest rate basis and tax exempt or taxable basis; (ii) to determine the interest rate provisions, tender and other requirements for Bonds issued on a variable rate basis; (iii) to negotiate the terms for the sale of the Bonds to the Underwriters or other purchasers; (iv) to cause the Preliminary Official Statement and the final Official Statement for the Bonds to be prepared and circulated; and (v) to take such other actions and make such other determinations as may be necessary to accomplish the sale and delivery of the Bonds and the transactions contemplated by this Resolution, as shall be confirmed in the Sale Order.

(c) Except as otherwise provided herein, all determinations and decisions of an Authorized Officer with respect to the issuance and sale of the Bonds as permitted or required by this Resolution shall be confirmed in a Sale Order or Sale Orders, and such confirmations shall constitute determinations that any conditions precedent to such determinations and decisions of any Authorized Officer have been fulfilled.

Section 705. Approving Legal Opinions with Respect to the Bonds. The sale of the Bonds shall be conditioned upon receiving, at the time of delivery, the approving opinion of Bond Counsel, approving legality of the Bonds and, with respect to Bonds determined by an Authorized Officer to be issued as Tax-Exempt Bonds, the exclusion from gross income of the interest paid thereon from federal and State income taxation only.

Section 706. Method of Sale; Award. (a) The Bonds shall be sold at a negotiated sale described in subsection (b) below, or shall be sold at a public sale following the publication of an Official Notice of Sale as described in (c), below, all as shall be determined by an Authorized Officer to be in the best interests of the City based on the recommendation of Bond Counsel and the Municipal Advisor.

(b) *Negotiated Sale*. In order to optimize the interest rate upon the issuance of the Bonds and in order to provide flexibility with respect to the sale date for the Bonds, the Bonds are authorized to be sold via a negotiated sale or private placement, based on recommendations of Bond Counsel and the Municipal Advisor.

(c) *Public Sale*. If an Authorized Officer, based on recommendations of Bond Counsel and the Municipal Advisor, determines that it is in the best interests of the City to sell the Bonds at a public sale, then each Authorized Officer is authorized and directed to fix the date of sale of the Bonds and to publish an Official Notice of Sale relating to the Bonds in substantially the form attached as Exhibit C (the "Official Notice of Sale"), in accordance with law, once in either The Bond Buyer or other newspaper of general circulation at least seven days prior to the date fixed for receipt of bids for the purchase of the Bonds. The Authorized Officers, and each of them individually, are hereby authorized to act for and on behalf of the City to receive bids for the purchase of the Bonds and to take all other steps necessary in connection with the sale, award and delivery thereof.

Section 707. Delivery of Bonds. Subject to the provisions of the Sale Order, each Authorized Officer is hereby authorized to deliver the Bonds to the Underwriters upon receiving the purchase price therefor in lawful money of the United States.

Section 708. Official Statement. Each Authorized Officer is hereby authorized to execute the Official Statement or other offering materials with respect to the Bonds in the form approved by an Authorized Officer with such changes as an Authorized Officer may authorize. Such Official Statement or other offering materials to be used in conjunction with the sale or offering of the Bonds are hereby authorized to be printed and used by the Underwriters in connection with the sale of the Bonds to the public. Circulation of the Preliminary Official Statement, if any, or other preliminary offering materials by the Underwriters is hereby approved.

Section 709. Appointment of Bond Counsel, Municipal Advisor; Engagement of Other Parties. The appointment of the law firm of Dykema Gossett PLLC of Lansing, Michigan, as Bond Counsel for the Bonds is hereby ratified and confirmed, notwithstanding the periodic representation by Dykema Gossett PLLC in unrelated matters of other parties and potential parties to the issuance of the Bonds. The fees and expenses of Bond Counsel and other accumulated bond-related fees and expenses shall be payable as a cost of issuance from proceeds of the Bonds or other available funds in accordance with the letter of such firm on file with the City.

The appointment of Robert W. Baird & Co. Incorporated as Municipal Advisor for the Bonds is hereby ratified and confirmed. The fees and expenses of the Municipal Advisor and other accumulated bond related fees and expenses shall be payable as a cost of issuance from proceeds of the Bonds or other available funds in accordance with the letter of such firm on file with the City.

Each Authorized Officer is hereby authorized to engage other necessary professionals as he or she deems necessary and appropriate in connection with the sale, issuance and delivery of the Bonds and to pay the fees and expenses thereof from the proceeds of the Bonds or other available funds.

Section 710. No Recourse Under Resolution. All covenants, agreements and obligations of the City contained in this Resolution shall be deemed to be the covenants, agreements and obligations of the City and not of any councilperson, member, officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Resolution against any councilperson, member, officer or employee of the City or any person executing the Bonds in his or her official individual capacity.

Section 711. Severability. If any one or more sections, clauses or provisions of this Resolution shall be determined by a court of competent jurisdiction to be invalid or ineffective for any reason, such determination shall in no way affect the validity and effectiveness of the remaining sections, clauses and provisions hereof.

Section 712. Cover Page, Table of Contents and Article and Section Headings. The cover page, table of contents and Article and Section headings hereof are solely for convenience of reference and do not constitute a part of this Resolution, and none of them shall affect its meaning, construction or effect.

Section 713. Conflict. All resolutions or parts of resolutions or other proceedings of the City in conflict herewith shall be and the same hereby are repealed insofar as such conflict exists.

Section 714. Governing Law and Jurisdiction. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 715. Resolution and Sale Order are a Contract. The provisions of this Resolution and the Sale Order shall constitute a contract between the City, the Bondholders and the Bond Insurer, if any.

Section 716. Effective Date. This Resolution shall take effect immediately upon its adoption by the Council.

YEAS:
NAYS:
ABSTENTIONS:
ABSENT:

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN) ss.

COUNTIES OF INGHAM AND EATON)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regularly scheduled meeting of the City Council of the City of Lansing, Michigan held on the ____ day of __________, 2022 and said resolution is on file in the office of the City of Lansing and is available to the public. Public notice of the said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan 1976, including in the case of a special or re-scheduled meeting, notice by publication or posting of at least eighteen (18) hours prior to the time set for the meeting. In addition, said meeting was held in full compliance with the City's Charter. The members of the City Council present at the meeting constituted a quorum.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this ____ day of __________, 2022

____
Chris Swope, City Clerk
City of Lansing, Michigan

EXHIBIT A

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City") in connection with the issuance of its [______________________] (the "Bonds"). The City covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions*. The following terms used herein shall have the following meanings:

"Audited Financial Statements" means the City's audited financial statements prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

"Bondholders" shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

"City" means the City of Lansing, Counties of Ingham and Eaton, State of Michigan.

"Disclosure Representative" means the Finance Director of the City or her designee, or such other officer, employee, or agent as the City shall designate from time to time in writing.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

"Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited by an individual or firm of independent certified public accountants.

(b) *Continuing Disclosure*. The City hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the sixth (6^{th}) month following the end of the fiscal year of the City, commencing with the fiscal year ended June 30, 2019, in an electronic format as prescribed by the MSRB:

(1) Certain annual financial information and operating data reasonably available to the City in form and substance similar to the information appearing in the sections or tables in the [Main Body and Appendix #] of the Official Statement relating to the Bonds as described below:

[*TO BE CONFORMED TO HEADINGS USED IN APPLICABLE OFFICIAL STATEMENT]*

a. Appendix A - GENERAL FINANCIAL INFORMATION - Property Valuations - Historical Valuation;

b. Appendix A - GENERAL FINANCIAL INFORMATION - Major Taxpayers;

c. Appendix A - GENERAL FINANCIAL INFORMATION - Tax Rates (Per $1,000 of Valuation);

d. Appendix A - GENERAL FINANCIAL INFORMATION - Tax Levies and Collections;

e. Appendix A - GENERAL FINANCIAL INFORMATION - City Income Tax;

f. Appendix A - GENERAL FINANCIAL INFORMATION - Revenues From the State of Michigan;

g. Appendix A - GENERAL FINANCIAL INFORMATION - Labor Force;

h. Appendix A - GENERAL FINANCIAL INFORMATION - Pension Fund;

i. Appendix A - GENERAL FINANCIAL INFORMATION - Debt Statement - Direct Debt; and

j. Appendix B - General Fund Budget Summary.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the City and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the City or by specific reference to other documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the City or related public entities.

If the fiscal year of the City is changed, the City shall send notice of such change to the MSRB through EMMA prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose*. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, notice of a failure by the City to provide the Annual Financial Information with respect to the City described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The City agrees to provide or cause to be provided in a timely manner to the MSRB through EMMA, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds, if applicable, if material (each a "Material Event"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
(7) modifications to rights of holders of the Bonds;
(8) Bond calls;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds; and
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(e) Materiality Determined Under Federal Securities Laws. The City agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) Termination of Reporting Obligation. The obligation of the City to provide Annual Financial Information and notices of Material Events, as set forth above, shall be terminated if and when the City no longer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(g) Benefit of Bondholders. The City agrees that its undertaking pursuant to the Rule set forth in this Section is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds or under the Resolution.

(h) Amendments to the Undertaking. Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Disclosure Representative on behalf of the City, provided that the City agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including, any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the City in preparing the Audited Financial Statements are modified, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the

City to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

(i) *Additional Information*. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Material Event, in addition to that which is required by this Undertaking.

(j) [*Municipal Advisory Council of Michigan.* The City shall also file by electronic or other means any information or notice required to be filed with the MSRB through EMMA pursuant to this Undertaking in a timely manner with the Municipal Advisory Council of Michigan.]

(k) *Governing Law*. This Undertaking shall be construed and interpreted in accordance with the laws of the State of Michigan (the "State"), and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; *provided*, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the City has caused this Undertaking to be executed by its authorized officer.

CITY OF LANSING
Counties of Ingham and Eaton
State of Michigan

By____________________________________

Its

Dated: ______________________

EXHIBIT B

FORM NOTICE OF INTENT

NOTICE OF INTENTION OF THE CITY OF LANSING TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS AND OF RIGHT TO PETITION FOR REFERENDUM THEREON

TO ALL ELECTORS AND TAXPAYERS OF THE CITY OF LANSING:

PLEASE TAKE NOTICE that the City Council of the City of Lansing, Counties of Ingham and Eaton, Michigan (the "City"), intends to issue and sell the City's General Obligation Capital Improvement Bonds, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an aggregate principal amount not to exceed ___________________ Dollars ($__________) (the "Bonds"), for the purpose of acquiring, constructing and installing within the City certain capital improvements, including a public media and performing arts center, with parking and other necessary appurtenances and infrastructure (collectively, the "Capital Improvements").

SAID BONDS will be payable in annual installments, not to exceed thirty (30) in number, and will bear interest at the rate or rates to be determined at public or negotiated sale, but in no event shall the net interest cost exceed 6.00% per annum for Bonds issued on a tax-exempt basis or 9.00% per annum for Bonds issued on a taxable basis, with regard to the balance of the Bonds from time to time remaining unpaid. Payment of principal of and interest on the Bonds will be secured by the City's limited tax general obligation pledge as described below.

FULL FAITH AND CREDIT AND TAXING POWER OF THE CITY OF LANSING WILL BE PLEDGED

NOTICE IS FURTHER GIVEN that the Bonds will be general obligation bonds of the City. The full faith and credit of the City will be pledged to the payment of principal of and interest on the Bonds. Pursuant to such pledge of its full faith and credit, the City will be obligated to levy such ad valorem taxes upon all taxable property in the City as shall be necessary to make such payments of principal and interest, which taxes, however, will be subject to applicable statutory, constitutional and charter limitations on the taxing power of the City.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors and taxpayers of the City of Lansing to inform them of their right to petition for a referendum on the question of issuance of the Bonds. The City intends to issue the Bonds without a vote of the electors thereon, but the Bonds shall not be issued until 45 days after publication of this notice and until final approval by the City Council. If, within such 45-day period, a petition for referendum requesting an election on the issuance of the Bonds, signed by not less than 10% or 15,000 of the registered electors of the City, whichever is less, has been filed with the City Clerk, the Bonds shall not be issued unless and until approved by a majority of the electors of the City voting thereon at a general or special election.

This notice is given by order of the City Council. Further information may be obtained at the office of the City Clerk, 124 W. Michigan Avenue, 9th Floor, Lansing, Michigan 48933.

Chris Swope

City Clerk, City of Lansing

EXHIBIT C
FORM OF OFFICIAL NOTICE OF SALE

$__________
CITY OF LANSING

Counties of Ingham and Eaton, State of Michigan
[2022/2023] CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

BID OPENING: Bids for the purchase of the above bonds (the “Bonds”) will be publicly opened and read by an agent of the City of Lansing on [date], until [time] Eastern Time.

SEALED BIDS for the purchase of the Bonds will be received at the office of the Municipal Advisory Council of Michigan, 26211 Central Park Blvd, Ste 508, Southfield, Michigan 48076.

FAXED BIDS, signed by the bidder, may be submitted by members of the Municipal Advisory Council of Michigan to MAC at fax number (313) 963-0943 or by any bidder to the City at fax (517) [fax number], Attention: Chief Strategy and Financial Officer; provided that faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure.

ELECTRONIC BIDS: Electronic bids will be received by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or Client Services, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. If any provision of this Official Notice of Sale shall conflict with information provided by Bidcomp/Parity, as the approved provider of electronic bidding services, this Official Notice of Sale shall control. No change of the dated date will be allowed for the computation of the winning bid.

Bidders may choose any means to present bids but a bidder may not present a bid by more than one means. The City will award or reject bids on the date of the bid opening.

BOND DETAILS: The Bonds will be registered bonds of the denomination of $5,000 or integral multiples thereof up to the amount of that maturity, originally dated as of the date of delivery thereof (currently anticipated to be [date]), and will bear interest from their date payable on November 1, ____, and semiannually thereafter.

The Bonds will mature on May 1 of each year, as follows:

YEAR PRINCIPAL AMOUNT

Year	Amount		Year	Amount

2023			2028	
2024			2029	
2025			2030	
2026			2031	
2027			2032	

[Additional years to incorporate the useful life of the Capital Improvements]

INTEREST RATE AND BIDDING DETAILS: The Bonds shall bear interest at a rate or rates such that the net interest cost shall not exceed 6.00% per annum, if issued on a tax-exempt basis, or 9.00% per annum, if issued on a taxable basis, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one Bond shall be at one rate only and all Bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rate on the Bonds shall not exceed 1.00% per annum. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE RESPECTIVE PRECEDING YEAR. No proposal for the purchase of less than all of the Bonds or at a price less than 97% or more than 120% of their par value will be considered. In submitting a bid for the Bonds, the bidder agrees to the representation of the City by Dykema Gossett PLLC as bond counsel.

TERM BOND OPTION: Bidders shall have the option of designating the Bonds as term bonds or serial bonds or both. The bid must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted. If the term bond option is selected, then the principal amount of the term bonds of a maturity to be redeemed on the dates set forth above may be reduced by the principal amount of the term bonds of the same maturity which have been previously redeemed or called for redemption (other than as a result of a mandatory redemption) or purchased or acquired by the City and delivered to the transfer agent. The City may satisfy mandatory redemption requirements by the purchase and surrender of term bonds in lieu of the calling of such term bonds for redemption.

Notice of mandatory redemption of any Bond or portion thereof shall be given by the transfer agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the transfer agent. No further interest on a Bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the transfer agent to redeem the Bond or portion thereof. In case less than the full amount of an outstanding Bond is called for redemption, the transfer agent, upon presentation of the Bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new Bond in the principal amount of the portion of the original Bond not called for redemption.

[NO] OPTIONAL REDEMPTION: The bonds [are/are not] subject to optional redemption prior to maturity.

ADJUSTMENT IN PRINCIPAL AMOUNT: Following receipt of bids and prior to final award, the College reserves the right to increase or decrease the principal amount of the bonds. Such adjustment, if necessary, will be made in increments of $5,000, and may be made in one or more maturities. The purchase price will be adjusted proportionately to the adjustment in the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made as provided in this paragraph.

AWARD OF BONDS - TRUE INTEREST COST: The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on May 1, 2023 and semiannually thereafter) necessary to discount the debt service payments from their respective payment date to [date], [2022/2023] in an amount equal to the price bid. [date], [2022/2023] is the anticipated date of delivery of the Bonds. In the event there is an election to exercise the Term Bond option, true interest cost shall be calculated by applying the interest rate of such Term Bonds to each mandatory sinking fund redemption for such Term Bonds.

BOOK-ENTRY-ONLY OPTION: At the option of the purchaser of the Bonds, the Bonds will be issued in book-entry-only form as one fully registered Bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. If this option is selected, then an authorized agent of DTC will act as securities depository for the Bonds, purchase of the Bonds will be made in book-entry only form, in the denomination of $5,000 or any integral multiple of $5,000, and bondholders will not receive certificates representing their interest in Bonds purchased. The book-entry-only system is described further in the preliminary Official Statement for the Bonds. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds.

TRANSFER AGENT AND REGISTRATION: Principal and interest shall be payable to the registered owner of the Bonds at the designated office of a bank or trust company qualified to carry out such duties under the laws of the State of Michigan to be designated as transfer agent by the City. If the purchaser chooses the book-entry-only option, then as long as The Depository Trust Company or its nominee, Cede & Co., is the bondholder, payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC Participants and Indirect Participants as described in the preliminary official statement for the Bonds. Interest shall be paid by check or draft mailed to the registered owner of record as shown on the registration books kept by the transfer agent as of the 15th day of the month prior to an interest payment date. The Bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The Bonds are issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the City Council for the purpose of acquiring, constructing and installing within the City certain capital improvements, including a public media and performing arts center, with parking and other necessary appurtenances and infrastructure. The Bonds will pledge the limited tax full faith and credit of the City for payment of the principal and interest thereon, and will be payable as a first budget obligation from the general fund of the City, and from ad valorem taxes, which may be levied against all taxable property in the City, subject to applicable constitutional, statutory, and charter tax rate limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of $_______ payable to the order of the City Treasurer, will be required of the successful bidder. THE SUCCESSFUL BIDDER IS REQUIRED TO SUBMIT ITS GOOD FAITH DEPOSIT TO THE CITY AS INSTRUCTED BY THE CITY OR THE MUNICIPAL ADVISOR NOT LATER THAN NOON, EASTERN TIME, ON THE NEXT BUSINESS DAY FOLLOWING THE SALE. The good faith deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the Bonds shall be made at the closing.

[TAX MATTERS: In the opinion of Dykema Gossett PLLC, bond counsel, under existing law, assuming compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the Bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.]

[NOT] BANK QUALIFIED: The Bonds have [not] been designated as qualified tax exempt obligations for purposes of deduction of interest expense by financial institutions pursuant to the Internal Revenue Code.

[ISSUE PRICE CERTIFICATE: The successful bidder will be required to furnish, prior to the delivery of the Bonds, a certificate in a form acceptable to bond counsel as to the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended. Such certificate will include (i) for those maturities where 10% of each such maturity of the Bonds has been sold to members of the general public (excluding underwriters, brokers and dealers) prior to delivery of the Bonds, the price at which the first 10% of each such maturity was sold to members of the general public, and (ii) for those maturities where 10% of such maturity has not been sold to members of the general public (excluding underwriters, brokers and dealers) prior to delivery of the

Bonds, an agreement by the successful bidder to provide bond counsel with the prices at which the first 10% of each such maturity is ultimately sold to members of the general public.]

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dykema Gossett PLLC, attorneys of Lansing and Detroit, Michigan. The opinion will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Dykema Gossett PLLC, for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Dykema Gossett PLLC has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

DELIVERY OF BONDS: The City will furnish executed Bonds to be delivered at its expense to an authorized agent of DTC or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o'clock noon, Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the Bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the Bonds shall be made in immediately available funds.

BOND INSURANCE AT PURCHASER'S OPTION: If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser of the insurance. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

CUSIP NUMBERS: CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the [City of Lansing, Michigan/purchaser of the Bonds].

OFFICIAL STATEMENT: A preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from the City's Municipal Advisor, Robert W. Baird & Co. Incorporated at the address and telephone listed under MUNICIPAL ADVISOR below. The City will provide the winning bidder with a reasonable number of final Official Statements within 7 business days from the date of sale so as to permit the underwriter to comply with Rule 15c2-12. Additional copies of the Official Statement will be supplied by Robert W. Baird & Co. Incorporated upon request and agreement by the purchaser of the Bonds to pay the cost of additional copies. Requests for additional copies should be made to Robert W. Baird & Co. Incorporated within 24 hours of the date of sale.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City will execute and deliver prior to delivery of the Bonds a written continuing disclosure undertaking in order to enable the underwriters of the Bonds to comply with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

MUNICIPAL ADVISOR: Additional information may be obtained from the City's Municipal Advisor, Robert W. Baird & Co. Incorporated, attention: Brian J. Lefler, 124 West Allegan Street, Suite 2200, Lansing, Michigan 48933, telephone (517) 371-2607.

In submitting a bid for the Bonds, the bidder represents that it is not an "Iran linked business" within the meaning of the Iran Economic Sanctions Act, Act 517 of the Public Acts of Michigan of 2012.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for [2022/2023] Capital Improvement Bonds."

Chris Swope, City Clerk
City of Lansing, Michigan

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