



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

January 24, 2023

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

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

Corporate Secretary, LaVella Todd, called the roll.

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

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

Corporate Secretary Todd declared a quorum.

Commissioner Mullen led the Pledge of Allegiance.

APPROVAL OF MINUTES

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

Action: Motion Carried.

PUBLIC COMMENTS ON AGENDA ITEMS

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

COMMUNICATIONS

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

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

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

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

COMMITTEE REPORTS

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

COMMITTEE OF THE WHOLE Meeting Minutes January 10, 2023

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, January 10, 2023.

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

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

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

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

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

Action: Motion carried. The minutes were approved.

Energy Risk Management Presentation

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

Security Threat Assessment

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

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

Action: Motion Carried.

The Corporate Secretary called the Roll Call Vote:

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

Nays: None.

Action: Motion Carried.

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

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

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

Action: Motion Carried.

Commissioner Zerkle asked the Corporate Secretary to call the roll.

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

The Corporate Secretary declared a quorum.

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

Other

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

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

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

General Manager Peffley gave an update on a \$45,000,000 State of Michigan grant opportunity for new energy with Michigan Public Service Commission. The grant funds will be used to start work on an energy

complex at the Delta Energy Plant. Mr. Peffley stated BWL applied for \$20,000,000 of the available grant funds by the deadline of January 6, 2023. The grant opportunity will be publicly posted for public comment for 45-days on January 13, 2023, with proposal modifications available through March 14, 2023. The grant is to be awarded in May or June of 2023.

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

Action: Motion Carried.

Adjourn

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

Respectfully Submitted
Sandra Zerkle, Chairperson
Committee of the Whole

Finance Committee Chairperson Dusty Horwitt presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes January 10, 2023

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, January 10, 2023.

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

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

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

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

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

Action: Motion Carried.

November YTD Financial Summary

CFO Shawa presented the November YTD Financial Summary. In response to Commissioner Zerkle, Ms. Shawa reported that the Budget YTD for O&M is \$5 million underspent. In response to Commissioner Mullen, Ms. Shawa reported that the debt to total assets ratio improves as we pay down Delta Energy

Park debt. In response to Commissioner Zerkle, General Manager Peffley reported the cost of preparing for the storm, including employees, crews, lodging and meals, was a quarter of a million dollars.

Retirement Plan Committee (RPC) Updates

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

Bi-Annual Internal Audit Open Management Responses Update

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

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

PA-95 Audit Report

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

Other

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

Action: Motion Carried.

Adjourn

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

Respectfully submitted
Dusty Horwitt, Chairperson
Finance Committee

MANAGER'S RECOMMENDATIONS

There were no Manager's Recommendations.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

RESOLUTIONS/ACTION ITEMS

There were no resolutions or action items.

MANAGER'S REMARKS

General Manager Peffley reported on the following:

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

COMMISSIONERS' REMARKS

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

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

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

EXCUSED ABSENCE

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

Action: Motion Carried.

PUBLIC COMMENTS

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

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

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

ADJOURNMENT

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

LaVella J. Todd, Corporate Secretary
Preliminary Minutes filed (electronically) with Lansing City Clerk 01-26-23
Approved by the Board of Commissioners: 03-28-23
Official Minutes filed (electronically) with Lansing City Clerk: 03-29-23