



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

March 28, 2023

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters at REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, March 28, 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, David Price, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Larry Merrill (Delta Township)

Absent: Commissioner Tony Mullen and Non-Voting Commissioners Douglas Jester (East Lansing) and Maggie Sanders (Lansing Charter Township)

Corporate Secretary Todd declared a quorum.

Commissioner Zerkle led the Pledge of Allegiance.

APPROVAL OF MINUTES

Motion by Commissioner Graham, **Seconded** by Commissioner Thomas, to approve the Board Meeting Minutes of January 24, 2023.

Action: Motion Carried. The minutes were approved.

PUBLIC COMMENTS ON AGENDA ITEMS

Kenneth Page, Lansing Board of Water & Light retiree, spoke regarding resolving a retirement benefit tax issue.

COMMUNICATIONS

Electronic mail received from Marni Holmes regarding tree trimming - *Referred to Management. Received and Placed on File.*

Electronic mail received from Laurie Douglass regarding customer request - *Referred to Management. Received and Placed on File.*

Communication received from Frank and Elaine Knox regarding winter outages prevention - *Referred to Management. Received and Placed on File.*

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

COMMITTEE REPORTS

Chairperson Semone James presented the Human Resources Committee Report for Human Resources Committee Chairperson Tony Mullen:

HUMAN RESOURCES COMMITTEE Meeting Minutes March 16, 2023

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

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

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

Absent: None.

Public Comments

There were no public comments.

Approval of Minutes

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

Action: Motion Carried. The minutes were approved.

Salary Review for Appointees

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

Performance Management Evaluation Questions for Appointees

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

A discussion was held on the planning and monitoring of Board expenditures by the Corporate Secretary, to meet organizational objectives, and the frequency of sharing the budget information with the Board of Commissioners. Commissioner James and Corporate Secretary Todd had proactively worked on the development of a budget and expense report for the Board of Commissioners. There was a discussion amongst the Commissioners as to the frequency of sharing the budget information with the Board of Commissioners. It was determined that the Corporate Secretary would present the budget and expense report quarterly and will be sent to the Board of Commissioners. A policy / procedure and resolution will be provided to the Human Resources Committee members at the next Human Resources Committee meeting for review and approval to send to the full Board of Commissioners.

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

Action: Motion Carried.

Procedure for Future Hires and Contract Renewals

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

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

Action: Motion Carried.

Other

There was no other business.

Adjourn

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

Respectfully Submitted,
Tony Mullen, Chairperson
Human Resources Committee

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

COMMITTEE OF THE WHOLE Meeting Minutes March 16, 2023

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Thursday, March 16, 2023. Committee of the Whole Chair Sandra Zerkle called the meeting to order at 5:33 p.m. and asked the Corporate Secretary to call the roll.

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

Absent: Commissioner Maggie Sanders

The Corporate Secretary declared a quorum.

Public Comments

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

Approval of Minutes

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

Action: Motion carried. The minutes were approved.

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

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

Erickson Groundwater Update

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

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

Other

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

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

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

Excused Absence

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

Action: Motion Carried.

Adjourn

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

Respectfully Submitted
Sandra Zerkle, Chairperson
Committee of the Whole

Finance Committee Chairperson Dusty Horwitt presented the Finance Committee Report:

FINANCE COMMITTEE

Meeting Minutes

March 16, 2023

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

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Thursday, March 16, 2023.

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

Present: Commissioners Dusty Horwitt, Semone James, David Price, and Sandra Zerkle

Absent: None

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

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

Action: Motion Carried. The minutes were approved.

January YTD Financial Summary

CFO Heather Shawa presented the January YTD Financial Summary.

Capital Project Report

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

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

Capital Project Exceedance – Water Annuals Resolution

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

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

Action: Motion Carried.

Capital Project Exceedance – Common Annuals Resolution

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

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

Action: Motion Carried.

Retirement Plan Committee (RPC) Updates

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

Drinking Water State Revolving Fund (DWSRF) Update

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

Internal Auditor RPC Audit Report

Internal Auditor Macciocca reported that he had completed the draft audit of the Retirement Planning Committee, provided a draft conclusion and stated that management would respond within 30 days. In developing the report, it was found that the Retirement Plan Committee is highly functioning and competent in the performance of its duties, and its activities as a fiduciary are in the best interest of its stakeholders. There are four recommendations under consideration:

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

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

Other

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

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

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

Commissioner Leek congratulated the staff on the new BWL commercial.

Adjourn

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

Respectfully submitted,
Dusty Horwitt, Chairperson
Finance Committee

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

RESOLUTION 2023-03-01

Capital Project Exceedance: AG – Water Annuals

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

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

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

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

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

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

Motion by Commissioner David Price, **Seconded** by Commissioner Dusty Horwitt, to approve the Resolution for the Capital Project Exceedance: Water Annuals at a Board meeting held on March 28, 2023.

Action: Motion Carried.

RESOLUTION 2023-03-02

Capital Project Exceedance: Common Annuals

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

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

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

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

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

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

Motion by Commissioner Sandra Zerkle, **Seconded** by Commissioner Beth Graham, to approve the Resolution for the Capital Project Exceedance: AG – Common Annuals at a Board meeting held on March 28, 2023.

Action: Motion Carried.

MANAGER’S REMARKS

General Manager Peffley reported on the following:

1. During the 2023 Ice Storm, BWL was the leader in restorations and lack of outages. The news media reported multiple positive stories on the BWL’s preparedness and quick restorations. BWL’s efforts since the 2013 Ice Storm are showing positive results. BWL has taken what was learned from the 2013 Ice Storm and incorporated the CRT recommendations. Tree trimming plays a big part in this success. It may have been difficult when BWL first started trimming, but it has clearly been worth the time and investment.
2. BWL hosted another Community Resource Fair on Tuesday, March 21 at the Alfreda Schmidt Community Center. The fair helps connect BWL residential customers and greater Lansing area residents who are behind on bills to information on resources and financial assistance per available funding and eligibility. There were 175 individuals that attended (and two dogs). To date, BWL has connected customers to \$2.6 million in BWL utility assistance – this doesn’t include other financial relief attendees may have received on their rent, mortgage, childcare etc. This also does not include monies collected at the March 2023 fair, as this information won’t be available for a few months.
3. Since the first week of March, the Delta Energy Park (DEP) units have been dispatched for operation. However, there is a restriction on running the units in cold weather due to concerns that the colder temperatures will have an adverse impact on the compressor blades. The Plant team is working with Siemens to have a final fix before next Fall.
4. During the first week of March, the BWL completed a seven-day surveillance audit to determine if the BWL was following the ISO 55000 standards. The ISO 55000 standards are considered internationally to represent the best practices for an organization regarding the management of their assets throughout their lifecycle. The audit found 3 non-conformances (2 minor, 1 major). Nonconformances were related to the completion of the documentation processes related to work in the plant. A major non-conformance occurs when it impacts multiple departments, whereas a minor non-conformance only impacts a single department. The findings by the audit team are considered as an opportunity to continue to improve the care of these assets. The recommended corrective actions will be completed within 60 days.
5. Appreciation was expressed by council members and the city attorney for the information provided at the Joint City Council and BWL Commissioners Committee meeting.

COMMISSIONERS' REMARKS

Commissioner Thomas and Chairperson James commended the BWL on the prevention of winter power outages since the winter storm in 2013 and the community resource fairs. Chairperson James also commended the BWL staff on the commercials produced.

EXCUSED ABSENCE

Motion by Commissioner Price, **Seconded** by Commissioner Horwitt, to excuse Commissioner Tony Mullen, Commissioner Douglas Jester and Commissioner Maggie Sanders from tonight's meeting.

Action: Motion Carried.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

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

LaVella J. Todd, Corporate Secretary

Preliminary Minutes filed (electronically) with Lansing City Clerk 04-07-23

Approved by the Board of Commissioners: 05-23-23

Official Minutes filed (electronically) with Lansing City Clerk: 05-31-23