<u>INVITATION TO TENDER BONDS FOR PURCHASE</u>

made by

LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN

to the Beneficial Owners of

LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN

Utility System Revenue Refunding Bonds, Series 2017A **Utility System Revenue Bonds, Series 2019A**

Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable)

of the maturities and corresponding CUSIP numbers listed on pages (i) and (ii) hereof for cash.

THIS INVITATION TO TENDER BONDS FOR PURCHASE WILL EXPIRE AT 5:00 P.M., EASTERN TIME, ON JANUARY 26, 2026, UNLESS CANCELED OR EXTENDED AS DESCRIBED HEREIN. TENDERED TARGET BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE. SEE "TERMS OF THIS INVITATION."

The Lansing Board of Water and Light (the "BWL"), with the assistance of BofA Securities, Inc., as dealer manager (the "Dealer Manager"), makes this Invitation to Tender Bonds for Purchase, dated January 9, 2026 (as it may be amended or supplemented, including the cover page, inside cover pages and appendices, this "Invitation"), to the beneficial owners (the "Holders" or "Bondholders") of certain maturities of the BWL's outstanding Utility System Revenue Refunding Bonds, Series 2017A (the "2017A Target Bonds"); Utility System Revenue Bonds, Series 2019A (the "2019A Target Bonds"); and Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable) (the "2019B Target Bonds") (collectively, the "Target Bonds") set forth on the inside cover pages of this Invitation. Pursuant to this Invitation, the BWL invites each Bondholder to tender to the BWL (an "Offer"), for cash purchase, all or part of its beneficial ownership interests in the Target Bonds, subject to the provisions set forth herein.

Should the BWL accept an Offer to purchase a validly tendered Target Bond, the purchase price for such Target Bond (the "Purchase Price") will be determined as follows:

- With respect to the 2017A Target Bonds and 2019A Target Bonds (collectively, the "Tax-Exempt Target Bonds") listed in Table 1 of this Invitation, the Offer price will be the Purchase Price set forth therein (the "Tax-Exempt Purchase Price").
- With respect to the 2019B Target Bonds (also referred to herein as the "Taxable Target Bonds") listed in Table 2 of this Invitation, the BWL will calculate the Purchase Price (the "Taxable Purchase Price") using a yield determined by adding a fixed spread (each a "Purchase Spread") to the Treasury Security Yield (as defined herein) on the relevant reference United States Treasury Security (each, a "Reference Treasury Security").
- In addition to the applicable Purchase Price, the BWL will pay Bondholders accrued and unpaid interest ("Accrued Interest") on Target Bonds accepted for purchase, from each such Target Bond's last interest payment date up to, but not including, the Settlement Date.

If the BWL accepts for purchase any validly tendered Target Bonds, and all conditions to this Invitation have been satisfied or waived by the BWL, the BWL will pay on February 17, 2026 (the "Settlement Date") the Purchase Price of and Accrued Interest on each such Target Bond; provided, that the BWL may extend such Settlement Date. If the BWL selects any Offer for Target Bonds of a particular CUSIP number (excluding 2019A Target Bonds due in 2044, CUSIP: 516391DC0), the BWL will purchase all Target Bonds of that CUSIP number tendered under such Offer. Should the BWL choose to purchase some but not all the 2019A Target Bonds due in 2044, CUSIP: 516391DC0, tendered for purchase, the BWL may accept those 2019A Target Bonds due in 2044, CUSIP: 516391DC0, on a pro rata basis. The BWL expects to pay the aggregate total of all Purchase Prices of Target Bonds accepted for purchase hereunder (the "Aggregate Purchase Price") using net proceeds of a portion of the BWL's Utility System Revenue Refunding Bonds, Series 2026B (the "2026B Refunding Bonds"), which the BWL intends to issue on the Settlement Date. The BWL will issue the 2026B Refunding Bonds in the manner, on the terms and with the security described in the Preliminary Official Statement, dated January 9, 2026, attached as APPENDIX A (the "2026 BWL POS"). The BWL expects to pay Accrued Interest on all Target Bonds accepted for purchase with legally available BWL funds. The BWL's purchase of any Target Bonds tendered pursuant to this Invitation is contingent upon, among other things, the issuance of the 2026B Refunding Bonds, and is subject to the Financing Conditions (as defined herein). See "INTRODUCTION—General."

To make an informed decision regarding whether and how to tender Target Bonds for purchase pursuant to this Invitation, Bondholders should carefully read this Invitation in its entirety, including APPENDIX A, and consult with their brokers, account executives, financial advisors, attorneys and/or other professionals (each a "Financial Representative"). For further information regarding risks concerning this Invitation, please see "ADDITIONAL CONSIDERATIONS."

Any Bondholder wishing to tender Target Bonds must follow the procedures for Offers more specifically described in this Invitation. Bondholders and their Financial Representatives with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent.

Key Dates and Times

All of these dates and times are subject to change. All times are Eastern Time.
Notices of changes will be sent in the manner provided for in this Invitation.

Launch Date	January 9, 2026
Expiration Date	5:00 P.M. on January 26, 2026
Notice of Results	January 26, 2026
Determination of Purchase Prices for Taxable Target Bonds	10:00 A.M. on January 27, 2026
Notice of Purchase Prices for Taxable Target Bonds	January 27, 2026
Acceptance Date	January 28, 2026
Settlement Date	February 17, 2026

The Dealer Manager is: The Information and Tender Agent is:

BofA Securities, Inc. **Globic Advisors Inc.**

LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN

TARGET BONDS SUBJECT TO THIS INVITATION

TABLE 1: TAX-EXEMPT TARGET BONDS[1]

Series	CUSIP[2]	Maturity	Interest Rate	Outstanding Principal Amount	Par Call Date	Purchase Price (% of Principal Amount)
2017A	516391CE7	7/1/2030	5.000%	$2,615,000	7/1/2027	104.505
2017A	516391CF4	7/1/2031	5.000	2,740,000	7/1/2027	104.427
2017A	516391CG2	7/1/2032	5.000	2,870,000	7/1/2027	104.319
2019A	516391CV9	7/1/2033	5.000	4,010,000	7/1/2029	109.436
2019A	516391CW7	7/1/2034	5.000	4,215,000	7/1/2029	109.205
2019A	516391CX5	7/1/2035	5.000	4,425,000	7/1/2029	108.942
2019A	516391CY3	7/1/2036	5.000	4,645,000	7/1/2029	108.580
2019A	516391CZ0	7/1/2037	5.000	4,875,000	7/1/2029	108.461
2019A	516391DA4	7/1/2038	5.000	5,120,000	7/1/2029	108.276
2019A	516391DB2	7/1/2039	5.000	5,380,000	7/1/2029	107.802
2019A[3]	516391DC0	7/1/2044	5.000	103,140,000	7/1/2029	105.472

(1) Preliminary; subject to change.
(2) CUSIP Global Services ("CGS") has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Invitation's inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. None of the BWL, the City, the Dealer Manager, the Information and Tender Agent, or their respective agents or counsel assumes responsibility for the data's accuracy.
(3) Term Bonds subject to mandatory sinking fund redemption in specified annual principal amounts prior to their maturity date. See TERMS OF THIS INVITATION—"Sinking Fund Amortization of Certain Unpurchased Bonds."

LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN

TARGET BONDS SUBJECT TO THIS INVITATION

TABLE 2: TAXABLE TARGET BONDS[(1)]

Series	CUSIP[(2)]	Maturity	Interest Rate	Outstanding Principal Amount	Par Call Date	Reference Treasury Security	Purchase Spread (Basis Points)
2019B	516391DK2	7/1/2027	2.490%	$6,385,000	--	UST 3.375% due 12/31/2027 CUSIP:91282CPS4	-30.0
2019B	516391DL0	7/1/2028	2.590	9,425,000	--	UST 3.375% due 12/31/2027 CUSIP:91282CPS4	-37.5
2019B	516391DM8	7/1/2029	2.640	9,410,000	--	UST 3.500% due 12/15/2028 CUSIP:91282CPP0	-32.5
2019B	516391DN6	7/1/2030	2.740	6,810,000	7/1/2029	UST 3.625% due 12/31/2030 CUSIP:91282CPR6	-40.0
2019B	516391DP1	7/1/2031	2.840	11,010,000	7/1/2029	UST 3.625% due 12/31/2030 CUSIP:91282CPR6	-30.0
2019B	516391DQ9	7/1/2032	2.940	7,745,000	7/1/2029	UST 3.875% due 12/31/2032 CUSIP:91282CPQ8	-35.0
2019B	516391DR7	7/1/2033	3.040	10,615,000	7/1/2029	UST 3.875% due 12/31/2032 CUSIP:91282CPQ8	-25.0
2019B	516391DS5	7/1/2034	3.170	15,345,000	7/1/2029	UST 4.000% due 11/15/2035 CUSIP:91282CPJ4	-37.5
2019B	516391DT3	7/1/2035	3.240	11,650,000	7/1/2029	UST 4.000% due 11/15/2035 CUSIP:91282CPJ4	-25.0
2019B[(3)]	516391DU0	7/1/2041	3.525	88,130,000	7/1/2029	UST 4.000% due 11/15/2035 CUSIP:91282CPJ4	+20.0

(1) Preliminary; subject to change.

(2) CUSIP Global Services ("CGS") has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Invitation's inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. None of the BWL, the City, the Dealer Manager, the Information and Tender Agent, or their respective agents or counsel assumes responsibility for the data's accuracy.

(3) Term Bonds subject to mandatory sinking fund redemption in specified annual principal amounts prior to their maturity date. See TERMS OF THIS INVITATION—"Sinking Fund Amortization of Certain Unpurchased Bonds."

IMPORTANT INFORMATION

This Invitation and other information with respect to this Invitation are and will be available from BofA Securities, Inc. as dealer manager (the "Dealer Manager") and Globic Advisors Inc. (the "Information and Tender Agent") at http://emma.msrb.org and https://www.globic.com/lansingbwl. Bondholders wishing to tender their Target Bonds for purchase pursuant to this Invitation must follow the procedures described in this Invitation. The BWL reserves the right to cancel or modify this Invitation at any time on or prior to the Expiration Date, as further described herein, and reserves the right to make a future tender offer at prices different than the prices described in this Invitation in its sole discretion. The BWL has no obligation to accept tendered Target Bonds for purchase, or to purchase Target Bonds tendered and accepted for purchase if (i) this Invitation is withdrawn or modified, (ii) the BWL is unable to issue the 2026B Refunding Bonds or (iii) any other conditions set forth in this Invitation are not satisfied. The BWL reserves the right to accept nonconforming Offers or waive irregularities in any Offer of Target Bonds. The sale of the 2026B Refunding Bonds is subject to market conditions and other conditions to be satisfied on or prior to the Settlement Date. This Invitation is also subject to certain other conditions as described herein.

TARGET BONDS NOT TENDERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AND TARGET BONDS THE BWL DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (COLLECTIVELY, THE "UNPURCHASED BONDS"), WILL REMAIN OUTSTANDING. THE BWL RESERVES THE RIGHT TO DEFEASE AND/OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNPURCHASED BONDS. TARGET BONDS TENDERED TO, BUT NOT PURCHASED BY, THE BWL WILL BE RETURNED TO THE RESPECTIVE HOLDERS OF SUCH BONDS. THE BWL MAY AT ANY TIME REFUND, REDEEM, DEFEASE, OFFER TO PURCHASE OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS ACCORDING TO THEIR TERMS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE BWL IS NOT EXTENDING THIS INVITATION TO, AND WILL NOT ACCEPT TARGET BONDS TENDERED FROM OR ON BEHALF OF, BONDHOLDERS IN ANY JURISDICTION IN WHICH THIS INVITATION OR SUCH OFFER OR SUCH ACCEPTANCE THEREOF WOULD NOT COMPLY WITH THE LAWS OF SUCH JURISDICTION. IN ANY JURISDICTION WHERE THE SECURITIES, "BLUE SKY" OR OTHER LAWS REQUIRE THAT A LICENSED OR REGISTERED BROKER OR DEALER MAKE THIS INVITATION, THIS INVITATION SHALL BE DEEMED TO BE MADE ON BEHALF OF THE BWL THROUGH THE DEALER MANAGER.

This Invitation includes website addresses, which may appear in hyperlink form, for informational purposes only and solely for the reader's convenience. Unless specified otherwise, such websites, links and the information contained therein are not incorporated into, and are not a part of, this Invitation.

The BWL and the City of Lansing, Michigan (the "City") have not authorized any dealer, salesperson or other person to provide any information or make any representations except as contained in this Invitation, including APPENDIX A. Investors must not rely upon any such unauthorized information or representations.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the BWL or the City since the date hereof. The information contained in this Invitation is as of the date of this Invitation only and is subject to change, completion, or amendment without notice. None of the BWL, the City, the Dealer Manager or the Information and Tender Agent are responsible (i) for transmitting any Offer or (ii) for the Depository Trust Company ("DTC") process and Holders' interactions with DTC and the DTC participants.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including APPENDIX A. The Dealer Manager has not independently verified any of the information contained herein and assumes no responsibility for the accuracy or completeness of any such information.

None of the BWL, the City, the Dealer Manager or the Information and Tender Agent makes any recommendation that any Bondholder tender or refrain from tendering for purchase all or any portion of such Bondholder's Target Bonds. Bondholders must make their own decisions, and should read this Invitation carefully and consult with their Financial Representatives in making these decisions.

This Invitation contains estimates, projections, forecasts, and other forward-looking statements not intended as statements of fact, and which investors should not interpret as such. Terms such as "forecast," "plan," "expect," "estimate," "budget" or similar words and expressions may identify such statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The BWL does not intend to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Invitation, including APPENDIX A, contains important information that should be read in its entirety before any decision is made with respect to this Invitation.

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INVITATION TO TENDER BONDS FOR PURCHASE

made by
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN

to the Beneficial Owners of

LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN

Utility System Revenue Refunding Bonds, Series 2017A **Utility System Revenue Bonds, Series 2019A**

Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable)

of the maturities and corresponding CUSIP numbers in Table 1 and Table 2 hereof for cash.

INTRODUCTION

General

The Lansing Board of Water and Light (the "BWL"), with the assistance of BofA Securities, Inc. as dealer manager (the "Dealer Manager"), makes this Invitation to Tender Bonds for Purchase, dated January 9, 2026 (as it may be amended or supplemented, including the cover page, inside cover page and appendices, this "Invitation"), to the beneficial owners (the "Holders" or "Bondholders") of certain maturities of the BWL's outstanding Utility System Revenue Refunding Bonds, Series 2017A (the "2017A Target Bonds"); Utility System Revenue Bonds, Series 2019A (the "2019A Target Bonds"); and Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable) (the "2019B Target Bonds") (collectively, the "Target Bonds") set forth on pages (i) and (ii) of this Invitation. Pursuant to this Invitation, the BWL invites each Bondholder to tender to the BWL (an "Offer"), for cash purchase, all or part of its beneficial ownership interests in the Target Bonds.

Should the BWL accept an Offer to purchase a validly tendered Target Bond, the purchase price for such Target Bond (the "Purchase Price") will be determined as follows:

- With respect to any of the 2017A Target Bonds or 2019A Target Bonds (collectively, the "Tax-Exempt Target Bonds") listed in Table 1 of this Invitation, the Offer price will be the Purchase Price set forth therein (the "Tax-Exempt Purchase Price").
- With respect to any of the 2019B Target Bonds (also referred to herein as the "Taxable Target Bonds") listed in Table 2 of this Invitation, the BWL will calculate the Purchase Price (the "Taxable Purchase Price") using a yield determined by adding a fixed spread (each a "Purchase Spread") to the Treasury Security Yield (as defined herein) on the relevant reference United States Treasury Security (each, a "Reference Treasury Security").
- In addition, the BWL will pay Bondholders accrued and unpaid interest ("Accrued Interest") on Target Bonds accepted for purchase, from the applicable last interest payment date up to, but not including, the Settlement Date.

If the BWL accepts for purchase any Target Bonds, and all conditions to this Invitation have been satisfied or waived by the BWL, the BWL will pay on February 17, 2026 (the "Settlement Date") the Purchase Price of and Accrued Interest on each such Target Bond; provided, that the BWL may extend the Settlement Date. **If the BWL selects any purchase Offer for Target Bonds of a particular CUSIP number (excluding 2019A Target Bonds due in 2044, CUSIP: 516391DC0), the BWL will purchase all Target Bonds of that CUSIP number tendered under such Offer. Should the BWL choose to purchase some but not all the 2019A Target Bonds due in 2044, CUSIP: 516391DC0, tendered for purchase, the BWL may accept those 2019A Target Bonds due in 2044, CUSIP: 516391DC0, on a pro rata basis.**

Bondholders must submit Offers by 5:00 P.M., Eastern Time, on January 26, 2026 (or such later date as the BWL may determine, the "Expiration Date"). The BWL may extend, amend, waive the terms of or otherwise modify this

Invitation at any time on or prior to the Expiration Date. The BWL may also, at any time prior to the Settlement Date, cancel this Invitation if the conditions set forth herein are not satisfied or waived, in which case the BWL will have no obligation to purchase any tendered Target Bonds. See "TERMS OF THIS INVITATION—Extension, Termination and Amendment of each Offer; Changes to Terms" for a description of the BWL's right to extend, cancel, amend, waive the terms of or otherwise modify this Invitation, and related notice requirements.

The BWL expects to pay the aggregate total of all Purchase Prices of Target Bonds accepted for purchase hereunder (the "Aggregate Purchase Price") with net proceeds of a portion of the BWL's Utility System Revenue Refunding Bonds, Series 2026B (the "2026B Refunding Bonds"), which the BWL intends to issue on the Settlement Date. The BWL expects to pay Accrued Interest on all Target Bonds validly tendered and accepted for purchase with legally available BWL funds.

The purchase of any Target Bonds tendered pursuant to this Invitation is contingent upon the issuance of the 2026B Refunding Bonds, and subject to the Financing Conditions (as defined below).

Financing Conditions

Notwithstanding any other provision of this Invitation, the BWL has no obligation to accept for purchase any tendered Target Bonds, and its obligation to pay the Purchase Price of Target Bonds accepted for purchase is subject to the satisfaction or waiver of the following conditions, on or prior to the Settlement Date (collectively, the "Financing Conditions"):

(a) the BWL must successfully complete a debt financing transaction (the "Proposed Financing"), including the issuance of the 2026B Refunding Bonds, the proceeds of which are sufficient to (x) fund the Aggregate Purchase Price of all Target Bonds accepted for purchase and (y) pay all fees and expenses associated with the Proposed Financing and this Invitation; and

(b) the purchase by the BWL of Target Bonds tendered pursuant to this Invitation, in conjunction with the Proposed Financing, must provide economic benefit to the BWL, enable the BWL to meet or exceed its debt service savings objectives, satisfy applicable tax and other legal requirements, and use a structure reasonably acceptable to the BWL.

The BWL reserves the right to withdraw this Invitation at any time prior to the Settlement Date if the conditions set forth herein are not satisfied or waived by giving notice to the Information Services of such cancellation, in which case the BWL will have no obligation to purchase Target Bonds. **The BWL reserves the right to determine whether each Financing Condition has been satisfied, or whether to waive any Financing Condition. The BWL may withdraw this Invitation at any time prior to the Expiration Date.**

Purpose

The BWL is issuing this Invitation pursuant to a plan of finance in which the BWL will use proceeds from the sale of the 2026B Refunding Bonds to purchase Target Bonds tendered pursuant to this Invitation. The BWL's purchase of such Target Bonds is contingent upon the receipt of sufficient proceeds from the issuance of the 2026B Refunding Bonds, together with other available BWL funds, to accomplish such purpose. The BWL cannot offer assurances as to if or when the 2026B Refunding Bonds will be issued, or whether the proceeds thereof, together with other available funds of the BWL, will be sufficient to enable the BWL to purchase any or all of the Target Bonds tendered for purchase.

The BWL's purpose in issuing the 2026B Refunding Bonds is to produce present value debt service savings that meet or exceed the BWL's debt service savings threshold requirements. Accordingly, the BWL will determine which tendered Target Bonds to purchase, if any, based upon market conditions associated with the sale of the 2026B Refunding Bonds and other factors outside of the BWL's control. See "INTRODUCTION—Financing Conditions" above.

Consideration for Invitation

Tax-Exempt Bonds. The Tax-Exempt Purchase Price for each CUSIP for the Tax-Exempt Target Bonds listed in Table 1 of this Invitation represents the price, expressed as a percent of principal amount, at which the BWL will purchase such Tax-Exempt Target Bonds. In addition to the Tax-Exempt Purchase Prices of the Tax-Exempt Target Bonds accepted for purchase by the BWL, Accrued Interest on such Tax-Exempt Target Bonds will be paid by the BWL to the tendering Bondholders on the Settlement Date.

Taxable Bonds. The Purchase Spread for each CUSIP for the Taxable Target Bonds in Table 2 of this Invitation represents the yield, expressed as an interest rate percentage, above the yield on the indicated Reference Treasury Security at which the BWL will purchase such Taxable Target Bonds.

The applicable Purchase Spread for a CUSIP will represent the spread which will be added to the yield on the Reference U.S. Treasury Security corresponding thereto to arrive at a yield (the "Purchase Yield") used to calculate the Taxable Purchase Price for each maturity and corresponding CUSIP of the Taxable Target Bonds.

The yields on the Reference Treasury Securities (each, a "Treasury Security Yield") will be determined at 10:00 A.M. Eastern Time on January 27, 2026, based on the bid-side price of the U.S. Reference Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages. The Purchase Spread will be added to the Treasury Security Yield to arrive at a Purchase Yield. The Reference Treasury Security for each CUSIP is identified on the inside cover page of this Invitation.

The Purchase Yield will be used to calculate the Taxable Purchase Prices for Taxable Target Bonds. The Taxable Purchase Prices for Taxable Target Bonds will be equal to: the sum of (i) the present value of all remaining scheduled principal and interest on the applicable Taxable Target Bonds, discounted at the Purchase Yield to the Settlement Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus (ii) Accrued Interest up to but not including the Settlement Date. The BWL will publish a Notice of Purchase Prices for Taxable Target Bonds on January 27, 2026. In addition to the Taxable Purchase Prices of the Taxable Target Bonds accepted for purchase by the BWL, Accrued Interest on such Taxable Target Bonds will be paid by the BWL to the tendering Bondholders on the Settlement Date.

The table that follows provides an example of the Taxable Purchase Prices realized by Bondholders who submit an Offer based on the following closing yields as of January 8, 2026 for the Reference Treasury Securities provided below and the Purchase Spreads. ***THIS EXAMPLE IS PROVIDED FOR CONVENIENCE ONLY AND IS NOT TO BE RELIED UPON BY A BONDHOLDER AS AN INDICATION OF THE PURCHASE YIELD OR TAXABLE PURCHASE PRICES THAT MAY BE ACCEPTED BY THE BWL.***

Based on these Treasury Security Yields, the following Taxable Purchase Prices would result:

TABLE 3:
Taxable Purchase Prices*

Series	CUSIP	Maturity	Reference Treasury Security	Illustrative Reference Yield	Purchase Spread (Basis Points)	Illustrative Purchase Yield	Illustrative Purchase Price (% of Principal Amount)
2019B	516391DK2	7/1/2027	UST 3.375% due 12/31/2027 CUSIP:91282CPS4	3.490%	-30.0	3.190%	99.065
2019B	516391DL0	7/1/2028	UST 3.375% due 12/31/2027 CUSIP:91282CPS4	3.490	-37.5	3.115	98.806
2019B	516391DM8	7/1/2029	UST 3.500% due 12/15/2028 CUSIP:91282CPP0	3.550	-32.5	3.225	98.142
2019B	516391DN6	7/1/2030	UST 3.625% due 12/31/2030 CUSIP:91282CPR6	3.729	-40.0	3.329	97.619
2019B	516391DP1	7/1/2031	UST 3.625% due 12/31/2030 CUSIP:91282CPR6	3.729	-30.0	3.429	97.130
2019B	516391DQ9	7/1/2032	UST 3.875% due 12/31/2032 CUSIP:91282CPQ8	3.937	-35.0	3.587	96.341
2019B	516391DR7	7/1/2033	UST 3.875% due 12/31/2032 CUSIP:91282CPQ8	3.937	-25.0	3.687	95.853
2019B	516391DS5	7/1/2034	UST 4.000% due 11/15/2035 CUSIP:91282CPJ4	4.169	-37.5	3.794	95.557
2019B	516391DT3	7/1/2035	UST 4.000% due 11/15/2035 CUSIP:91282CPJ4	4.169	-25.0	3.919	94.713
2019B	516391DU0	7/1/2041	UST 4.000% due 11/15/2035 CUSIP:91282CPJ4	4.169	+20.0	4.369	91.459

* For illustrative purposes only, the above table provides an example of the Taxable Purchase Prices realized by Bondholders that submit an Offer based on the following closing yields as of January 8, 2026 for the Reference Treasury Securities provided above and the Purchase Spreads. On January 27, 2026, the BWL will determine the Taxable Purchase Prices for the Taxable Target Bonds pursuant to the calculations described in this Invitation and will publish the respective Taxable Purchase Prices.

The Notice of Purchase Prices for Taxable Target Bonds will be made available: (i) by the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org ("EMMA"), using the CUSIP numbers for the Taxable Target Bonds listed in Table 2 on the inside cover pages hereof; (ii) to DTC (defined herein) and to the DTC participants holding the Taxable Target Bonds; and (iii) by posting electronically on the website of the Information and Tender Agent at https://www.globic.com/lansingbwl.

Binding Contract to Sell

If the BWL accepts an Offer by the time specified herein, the offering Bondholder will be obligated to sell, and the BWL will be obligated to purchase, such Target Bonds on the Settlement Date at the Purchase Price for such Target Bonds, plus Accrued Interest, subject to the conditions described herein.

Sources of Funds to Purchase Target Bonds and Pay Accrued Interest

The BWL expects to pay the Aggregate Purchase Price with net proceeds of the 2026B Refunding Bonds, and expects to pay Accrued Interest on all Target Bonds accepted for purchase with legally available BWL funds. **The BWL's purchase of Target Bonds tendered pursuant to this Invitation is contingent upon the issuance of the 2026B Refunding Bonds, which issuance is subject to market conditions, and other conditions to be satisfied on or prior to the Settlement Date.** The 2026B Refunding Bonds are described in the 2026 BWL POS. The BWL is not offering any 2026B Refunding Bonds for sale pursuant to this Invitation.

Allocation Priority

The BWL has advised BofA Securities Inc., as the underwriter (the "Underwriter") for the 2026B Refunding Bonds, that any Holder of Target Bonds who tenders Target Bonds pursuant to this Invitation and who submits an order to purchase any 2026B Refunding Bonds may, subject to certain limitations, have a preference of allocation of the 2026B Refunding Bonds up to the principal amount of the Target Bonds that such Bondholder is tendering. The Underwriter has the discretion to accept orders outside of the BWL's advised priorities if it determines that it is in the best interests of the Underwriter of the 2026B Refunding Bonds, as provided in the rules of the Municipal Securities Rulemaking Board. The BWL also has the discretion to alter its advised priorities.

Brokerage Commissions and Other Fees

Bondholders will not be obligated to pay any brokerage commissions or other fees to the BWL, the Dealer Manager, or the Information and Tender Agent in connection with this Invitation. Bondholders should consult the Financial

Representative who maintains the account in which their Target Bonds are held to determine whether such Financial Representative will charge any commissions or fees.

Unpurchased Bonds

Unpurchased Bonds will continue to be outstanding, and payable and secured pursuant to their terms. Unpurchased Bonds tendered but not purchased by the BWL will be returned to their respective Holders. Holders of Unpurchased Bonds will continue to bear the risk of ownership of such bonds.

For information concerning the operations of the BWL relevant to the Target Bonds, see the 2026 BWL POS attached as APPENDIX A. Bondholders must read the entirety of this Invitation, including APPENDIX A, in order to make an informed decision.

The BWL may redeem, refund (on an advance or current basis), or defease, all or any portion of the Unpurchased Bonds, or may invite Holders to tender such Target Bonds for purchase by the BWL. See "ADDITIONAL CONSIDERATIONS."

Dealer Manager, Information and Tender Agent

BofA Securities, Inc. is Dealer Manager and Globic Advisors Inc. is Information and Tender Agent for this Invitation. Investors with questions about this Invitation should contact the Dealer Manager or Information and Tender Agent using the contact information under the heading "MISCELLANEOUS."

TERMS OF THIS INVITATION

Expiration Date

The BWL's invitation to submit Offers will expire at 5:00 P.M., Eastern Time, on the Expiration Date. Holders tendering Target Bonds must follow the procedures described herein. The BWL may accept for purchase Target Bonds offered after 5:00 P.M., Eastern Time, on the Expiration Date and prior to the acceptance of Offers by the BWL as described below under the heading "–Irrevocability of Offers; Return of Target Bonds Not Purchased" upon satisfaction or waiver of the Financing Conditions.

The BWL may extend the Expiration Date, the Acceptance Date or the Settlement Date, or cancel, amend or otherwise modify or waive any conditions of this Invitation. See "—Extension, Cancellation and Amendment of Each Offer; Changes to Terms."

Offers Only Through the DTC ATOP Account

The Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company ("DTC"), New York, New York, as depository for the Target Bonds. The BWL, through the Information and Tender Agent, will establish an Automated Tender Offer Program ("ATOP") account (the "DTC ATOP Account") at DTC for the Target Bonds promptly following the date of this Invitation.

THE BWL WILL ONLY ACCEPT OFFERS MADE THROUGH THE DTC ATOP ACCOUNT. AS A RESULT, BONDHOLDERS WHO ARE NOT DTC PARTICIPANTS MAY ONLY MAKE OFFERS THROUGH THE FINANCIAL INSTITUTION THAT MAINTAINS THE DTC ACCOUNT IN WHICH THEIR TARGET BONDS ARE HELD. THE BWL WILL NOT ACCEPT OFFERS BY MEANS OF LETTERS OF TRANSMITTAL.

Any financial institution that is a DTC participant may make a book-entry tender of a Target Bond by causing DTC to transfer such Target Bond into the DTC ATOP Account relating to this Invitation, and the applicable series, maturity and CUSIP number, in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants may only tender Target Bonds pursuant to this Invitation by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target Bonds through the DTC ATOP Account. To ensure a Bondholder's Target Bonds are tendered to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Target Bonds to the DTC ATOP Account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative requires the Bondholder's instructions in order to tender the Bondholder's Target Bonds to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date. See "—Tender of Target Bonds by Financial Institutions; DTC ATOP Account."

The BWL, the Dealer Manager, and the Information and Tender Agent are not responsible for the transfer of any tendered Target Bonds to the DTC ATOP Account or for any mistakes, errors or omissions in the transfer of any tendered Target Bonds.

Information to Bondholders

The BWL may provide information regarding this Invitation to the market and Bondholders by delivery of such information to the DTC and to MSRB through EMMA (collectively, with the Information and Tender Agent, the "Information Services"). Additionally, the BWL may provide information regarding this Invitation to the Information and Tender Agent. The Information and Tender Agent will publish such information through its website, https://www.globic.com/lansingbwl. Delivery of information to the Information Services, by or on behalf of the BWL, will be deemed to constitute delivery of such information to each Bondholder.

The BWL, the Dealer Manager, and the Information and Tender Agent have no obligation to ensure that a Bondholder actually receives any information provided to the Information Services.

Bondholders wishing to receive information transmitted by or on behalf of the BWL to the Information Services may receive such information from the Dealer Manager or the Information and Tender Agent by contacting them using the contact information under the heading "MISCELLANEOUS."

Any updates to this Invitation, including any supplements to the 2026 BWL POS, will be distributed through the Information Services. Assuming the BWL issues the 2026B Refunding Bonds, the final Official Statement with respect to such bonds will be posted to EMMA subsequent to the Acceptance Date and prior to the Settlement Date.

Minimum Denominations

A Bondholder may submit one or more Offers to tender their Target Bonds of a particular CUSIP number in a principal amount of their choosing; provided, such principal amount must equal the minimum denomination of $5,000 (the "Minimum Authorized Denomination") or any integral multiple of $5,000 in excess thereof; and such principal amount may not exceed the principal amount of such Target Bonds owned by such Bondholder.

Accrued Interest

The Purchase Price of a Target Bond does not include any amount representing Accrued Interest thereon. The BWL will pay on the Settlement Date any Accrued Interest on purchased Target Bonds using legally available funds of the BWL.

Provisions Applicable to All Tenders

Need for Advice. Bondholders should seek assistance from their Financial Representatives in determining: (a) whether to tender Target Bonds for purchase, and (b) the principal amount of Target Bonds to tender for purchase. None of the BWL, the City, the Dealer Manager, or the Information and Tender Agent will charge any Bondholder for submitting Offers or tendering Target Bonds.

Need for Specificity of Tender. No Offer of Target Bonds of a CUSIP may exceed the principal amount of Target Bonds of such CUSIP owned by the Bondholder. Each Offer must include (a) the CUSIP number(s) of the Target Bonds being offered, and (b) the principal amount of the Target Bonds being tendered for purchase. The principal amount of the Target Bonds being tendered for purchase must be stated in Authorized Denominations; if not so stated, for Offers to sell less than all of the Bondholder's position in the Target Bonds, such principal amount will be reduced to the greatest integral multiple of $5,000. Any Bondholder located outside of the United States should consult with their Financial Representative to determine if any additional minimal increments, alternative settlement timing restrictions or other limitations apply.

ALL OFFERS FOR PURCHASE MUST BE MADE THROUGH THE DTC ATOP ACCOUNT. THE BWL WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH THE DTC ATOP ACCOUNT. THE BWL WILL NOT ACCEPT OFFERS BY MEANS OF LETTERS OF TRANSMITTAL. See "—Tender of Target Bonds by Financial Institutions; DTC ATOP Account."

General. A Bondholder may only make an Offer for Target Bonds that it owns or controls. All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders wishing to receive information furnished by the BWL to the Information Services can review the EMMA website or the website of the Information and Tender Agent at https://www.globic.com/lansingbwl, or make arrangements with their Financial Representatives or the Information and Tender Agent to obtain the information.

Representations by Tendering Bondholders to the BWL

By tendering Target Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the BWL that:

(a) the Bondholder has received this Invitation and the 2026 BWL POS and has had the opportunity to review such materials prior to making its decision to submit an Offer to tender Target Bonds;

(b) if the Bondholder submits an Offer to tender Target Bonds and the BWL accepts such an Offer, the Bondholder will be obligated to sell such tendered Target Bonds on the terms and conditions set forth in this Invitation, and if the BWL purchases any tendered Target Bonds, it shall be on the terms and conditions set forth in this Invitation;

(c) the Bondholder has full power and authority to offer to tender, sell, assign and transfer any Target Bonds tendered thereby; and if the BWL accepts the Bondholder's Offer to tender such bonds, on the Settlement Date, the BWL will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s), plus Accrued Interest;

(d) the Bondholder has made their own independent decision to Offer and tender Target Bonds for purchase pursuant to this Invitation, under the terms hereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has consulted;

(e) the Bondholder is not relying on any communication from the BWL, the City, the Dealer Manager or the Information and Tender Agent as investment advice or as a recommendation to Offer and tender the Bondholder's Target Bonds, it being understood that the information from the BWL, the City, the Dealer Manager and the Information and Tender Agent related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to Offer and tender Target Bonds; and

(f) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Invitation and the Bondholder's Offer.

Tender of Target Bonds by Financial Institutions; DTC ATOP Account

The BWL, through the Information and Tender Agent, will establish the DTC ATOP Account for purposes of this Invitation within three Business Days (as defined below) after the date of this Invitation. A tender of Target Bonds in accordance with this Invitation may be made to the BWL through the DTC ATOP Account. Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer the applicable Target Bonds into the DTC ATOP Account in accordance with DTC's procedures. Concurrently with the delivery of Target Bonds through book-entry transfer into the DTC ATOP Account, an Agent's Message (defined below) in connection with such book-entry transfer must be transmitted to and received at the DTC ATOP Account by not later than 5:00 P.M., Eastern Time, on the Expiration Date (as this date may have been changed pursuant to this Invitation).

The confirmation of a book-entry transfer into the DTC ATOP Account as described above is referred to as a "Book-Entry Confirmation." The term "Agent's Message" means a message transmitted by DTC to, and received by, the DTC participant and forming a part of the Book-Entry Confirmation that states that DTC has received an express acknowledgment from the DTC participant tendering the Target Bonds that are the subject of such Book-Entry Confirmation, stating (1) the CUSIP number, series, and principal amount of the Target Bonds that have been tendered by such participant pursuant to this Invitation, and (2) that such participant on behalf of the related Bondholder agrees to be bound by the terms of this Invitation.

By causing DTC to transfer Target Bonds into the DTC ATOP Account, a financial institution warrants to the BWL that it has full authority, and has received from the Bondholder(s) of such Target Bonds all direction necessary, to tender and sell such Target Bonds as set forth in this Invitation. Bondholders who are not DTC participants can only tender Target Bonds pursuant to this Invitation by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target Bonds through the DTC ATOP Account. To ensure a Bondholder's Target Bonds are tendered to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Target Bonds to the DTC ATOP Account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Target Bonds to the DTC ATOP Account by 5:00 P.M., Eastern Time, on the Expiration Date.

"Business Day" means a DTC business day, which is any day other than (i) a Saturday or a Sunday, or (ii) a day on which the offices of the BWL or banking institutions in New York, New York, are required or authorized by law to be closed.

NONE OF THE BWL, THE CITY, THE DEALER MANAGER, OR THE INFORMATION AND TENDER AGENT ARE RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED TARGET BONDS TO THE DTC ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED TARGET BONDS.

Determinations as to Form and Validity of Offer; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the DTC ATOP Account), form, eligibility and acceptance of Offers will be determined by the BWL in its sole discretion and such determinations will be final, conclusive and binding.

The BWL reserves the right to waive any irregularities or defects in any Offer. The BWL, the Dealer Manager, and the Information and Tender Agent are not obligated to give notice of any defects or irregularities in Offers and they will have no liability for failing to give such notice.

The BWL reserves the absolute right to reject any and all Offers, whether or not they comply with the terms of this Invitation.

Amendment or Withdrawals of Tenders Prior to an Expiration Date

A Bondholder may amend its Offer by causing a withdrawal message for the Offer to be received at the DTC ATOP Account with a new Offer for the same Target Bonds to be submitted to the DTC ATOP Account by not later than 5:00 P.M., Eastern Time, on the Expiration Date.

A Bondholder may withdraw its Target Bonds tendered for purchase pursuant to this Invitation by causing a withdrawal notice to be transmitted via the DTC ATOP Account to, and received by, the Information and Tender Agent by not later than 5:00 P.M., Eastern Time, on the Expiration Date.

Any amendment or withdrawal must be submitted in substantially the same manner as an Offer in response to this Invitation. ***All amendments or withdrawal notices must be made through the DTC ATOP Account. The BWL will not accept any amendments or withdrawals that are not made through the DTC ATOP Account.*** Holders who are not DTC participants can only amend or withdraw their Offer by making arrangements with and instructing their DTC participant to submit the Bondholder's amended Offer or the Bondholder's notice of withdrawal through the DTC ATOP Account.

Bondholders who have tendered their Target Bonds for purchase will not receive any information from the BWL, the City, the Dealer Manager or the Information and Tender Agent concerning Offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their Offers after 5:00 P.M., Eastern Time, on the Expiration Date. An amended or withdrawn Offer must specify the applicable CUSIP number, and with respect to amended Offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the BWL in its sole discretion and will be final, conclusive and binding.

Irrevocability of Offers; Return of Target Bonds Not Purchased

All Offers will become irrevocable at 5:00 P.M., Eastern Time, on the Expiration Date, subject to change as set forth in "– Extension, Cancellation and Amendment of Each Offer; Changes to Terms."

The BWL will instruct DTC to return to the offering institutions those Target Bonds offered but not accepted for purchase. None of the BWL, the City, the Dealer Manager or the Information and Tender Agent is responsible or liable for the return of Target Bonds to offering institutions or Bondholders or for when such Target Bonds are returned.

Sinking Fund Amortization of Certain Unpurchased Bonds

The 2019A Target Bonds maturing on July 1, 2044 and the 2019B Target Bonds maturing on July 1, 2041 (collectively, the "Target Term Bonds") are subject to mandatory sinking fund redemption in specified annual principal amounts prior to their maturity date. Since fewer than all of such Target Term Bonds may be purchased by the BWL pursuant to this Invitation, if any of such Target Term Bonds are purchased, each of the original principal amounts to be redeemed on each mandatory sinking fund redemption date or paid at maturity of such Target Term Bonds may be reduced. The BWL is permitted to and intends to apply purchases of such Target Term Bonds to any sinking fund redemption requirement of its choosing including, without limitation, to the earliest sinking fund requirements. Such application could result in the extension of the average life of such Unpurchased Bonds. As such, those Unpurchased Bonds will continue to be subject to mandatory sinking fund redemption in annual amounts that will be reflected on a revised mandatory sinking fund redemption schedule.

Acceptance of Tenders for Purchase

As of the Acceptance Date, upon the terms and subject to the conditions of this Invitation, the BWL may accept for purchase validly tendered Target Bonds (or defectively tendered Target Bonds, if such defect has been waived by the BWL). Target Bonds accepted for purchase will be indicated by CUSIP. Any such acceptance is subject to the satisfaction, or waiver by the BWL, of the conditions to the purchase of tendered Target Bonds. See "—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results."

The BWL will have no obligation to purchase Target Bonds tendered and accepted for purchase if the BWL fails to issue the 2026B Refunding Bonds, or if other Financing Conditions are not satisfied or waived. The BWL has the right to purchase none, some or all of the Target Bonds offered, notwithstanding any information contained herein regarding the BWL's current intentions to purchase Target Bonds. With respect to Unpurchased Bonds, the BWL has the right to refund or redeem some or all of the Target Bonds, or invite Bondholders to tender their Target Bonds for purchase by the BWL.

After the Expiration Date, the BWL will determine the amount (if any) of the tendered Target Bonds that it will purchase upon satisfaction or waiver of the Financing Conditions. If the BWL selects any Offer for Target Bonds of a particular CUSIP number (excluding 2019A Target Bonds due in 2044, CUSIP: 516391DC0), the BWL will purchase all Target Bonds of that CUSIP number tendered under such Offer. Should the BWL choose to purchase some but not all the 2019A Target Bonds due in 2044, CUSIP: 516391DC0, tendered for purchase, the BWL may accept those 2019A Target Bonds due in 2044, CUSIP: 516391DC0, on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the BWL determines to purchase of such CUSIP to (b) the aggregate principal amount of valid offers to sell received (the "Proration Factor"). If, as a result of any *pro rata* acceptance, the BWL would be required to accept a principal amount of the 2019A Target Bonds due in 2044, CUSIP: 516391DC0, that is not equal to an authorized denomination, the BWL will, in such manner as is in its sole discretion, round up the principal amount of the 2019A Target Bonds due in 2044, CUSIP: 516391DC0, to be accepted from any affected Bondholder so that the principal amount of the 2019A Target Bonds due in 2044, CUSIP: 516391DC0, accepted will be equal to an authorized denomination. All such determinations and allocations will be final and binding. The Proration Factor will take into consideration rounding procedures.

Notwithstanding any other provision of this Invitation, the BWL's obligation to accept for purchase, and to pay for Target Bonds validly tendered (and not validly withdrawn) pursuant to this Invitation, are subject to the satisfaction of or waiver of the Financing Conditions and the other conditions set forth herein. The BWL reserves the right, subject to applicable law, to amend any of the Financing Conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date or from time to time to waive any Financing Conditions. This Invitation may be withdrawn by the BWL at any time prior to 5:00 P.M., Eastern Time, on the Expiration Date.

Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the BWL of Target Bonds tendered for purchase will constitute an irrevocable agreement between the offering Bondholder and the BWL to sell and purchase such Target Bonds, subject to satisfaction of all conditions to the BWL's obligation to purchase tendered Target Bonds and the other terms of this Invitation. See "—Minimum Denominations" herein.

The acceptance of Target Bonds tendered for purchase is expected to be made by notification to the Information Services no later than 5:00 P.M., Eastern Time, on the Acceptance Date. This notification will state the principal amount of the Target Bonds of each CUSIP number that the BWL has agreed to purchase, in accordance with this Invitation, which may be zero for a particular CUSIP number.

Settlement Date; Purchase of Target Bonds

Subject to satisfaction of all conditions to the BWL's obligation to purchase Target Bonds offered and accepted for purchase pursuant to this Invitation, as described herein, including, without limitation, the Financing Conditions, on the Settlement Date, the BWL will purchase and pay for all Target Bonds validly tendered for purchase to the BWL pursuant to accepted Offers, at the applicable Purchase Price, plus Accrued Interest and the tendering Bondholders will sell such Target Bonds to the BWL for such consideration.

If the conditions to the BWL's obligation to purchase Target Bonds are satisfied or waived, the BWL will pay the Aggregate Purchase Price in immediately available funds on the Settlement Date by deposit of such amount with DTC. The BWL expects that, in accordance with DTC's standard procedures, DTC will transmit amounts sufficient to purchase the tendered Target Bonds at their respective Purchase Prices in immediately available funds to its participant financial institutions that hold such tendered Target Bonds for delivery to the Bondholders. **None of the BWL, the City, the Dealer Manager, and the Information and Tender Agent are responsible or liable for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.**

Extension, Termination and Amendment of Each Offer; Changes to Terms

The BWL may extend this Invitation by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Expiration Date, or any prior extension thereof. Notice of an extension of the Expiration Date will be effective when such notice is given.

The BWL may extend the Acceptance Date and/or the Settlement Date by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Acceptance Date and/or Settlement Date, as applicable, or any prior extension thereof. Notice of an extension of the Acceptance Date and/or the Settlement Date will be effective when such notice is given.

The BWL may amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date, by giving notice to the Information Services of such amendment, waiver or other modification. The amendment, waiver or modification will be effective at the time specified in such notice.

The BWL may, at any time prior to the Settlement Date, cancel this Invitation with respect to the Target Bonds if the Financing Conditions set forth herein are not satisfied or waived by providing notice to the Information Services of such cancellation. The BWL will have no obligation to purchase Target Bonds if cancellation of this Invitation occurs or if the BWL fails to accept Offers.

If the BWL amends, modifies or waives any of the terms or conditions of this Invitation in any respect, the BWL may (but is not required to) disseminate additional Invitation materials and extend this Invitation to the extent required to allow, in the BWL's judgment, reasonable time for dissemination to Holders and for Holders to respond.

If the BWL amends the terms of this Invitation that relate to the consideration offered for the Target Bonds in any material respect, notice of such amendment will be given no later than five (5) Business Days before the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Holders and for Holders to respond.

If the BWL amends the terms of this Invitation (other than any term that relates to the consideration offered for the Target Bonds), which amendment may include a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than three (3) Business Days before the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Holders and for Holders to respond.

No extension or amendment or other modification or waiver of the terms or conditions of this Invitation will change the BWL's right to decline to purchase Target Bonds without liability on the conditions stated herein or give rise to any liability of the BWL, or the Information and Tender Agent to any Bondholder or nominee.

AVAILABLE INFORMATION

Certain information relating to the Target Bonds and the BWL may be obtained by contacting the Dealer Manager or Information and Tender Agent at the contact information set forth under "MISCELLANEOUS." Such information is limited to (i) this Invitation, including the information set forth in the 2026 BWL POS attached hereto as APPENDIX A, and (ii) information regarding the BWL available through EMMA.

ADDITIONAL CONSIDERATIONS

None of the BWL, the City, the Dealer Manager or the Information and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering for purchase all or any portion of the Target Bonds. Each Bondholder must make their own decision and should read this Invitation and the 2026 BWL POS and consult with their Financial Representative in making such decision.

In deciding whether to submit an Offer in response to this Invitation, each Bondholder should consider carefully, in addition to the other information contained in this Invitation, the following:

Unpurchased Bonds. Holders of Unpurchased Bonds will continue to hold such Unpurchased Bonds and such Unpurchased Bonds will remain outstanding unless otherwise refunded, redeemed or defeased. See “INTRODUCTION—Unpurchased Bonds.” The average life of those Unpurchased Bonds that are term bonds subject to annual sinking fund redemption may be extended. See “TERMS OF THIS INVITATION—Sinking Fund Amortization of Certain Unpurchased Bonds.”

Future Refunding or Tender. The BWL may refund (on an advance or current basis), redeem or defease, all or any portion of the Unpurchased Bonds or may invite Holders to tender such Target Bonds for purchase by the BWL. Accordingly, it is possible that such Target Bonds would be redeemed or purchased at a more or less advantageous price than will be available through this Invitation.

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to sell Target Bonds at a price greater than the Purchase Price(s).

Ratings. Moody’s Ratings and S&P Global Ratings have assigned their ratings of “Aa3” and “AA-”, respectively, to the Target Bonds. Such ratings reflect only the views of such organizations. Any desired explanation of the significance of such ratings and any outlooks or other statements given by such rating agency with respect thereto should be obtained from such rating agency.

There is no assurance that the current ratings assigned to the Target Bonds will continue for any given period of time or that any of such ratings will not be revised upward or downward, suspended or withdrawn entirely by any rating agency. Any such upward or downward revision, suspension or withdrawal of such ratings may have an effect on the availability of a market for or the market price of the Target Bonds. Each Bondholder should review these ratings and consult with its Financial Representatives concerning them.

Market Conditions for the 2026B Refunding Bonds. The purpose of the sale of the 2026B Refunding Bonds associated with this Invitation is to meet or exceed the BWL’s debt service savings threshold requirements. Thus, the final decision to purchase Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by the BWL, will be based upon market conditions associated with the sale of the 2026B Refunding Bonds and other factors outside of the control of the BWL.

Financing Timetable. There is currently a period of approximately two (2) Business Days between the Expiration Date and the date on which BWL will determine the Target Bonds that it will accept for purchase, as required by the timetable for the marketing and sale of the 2026B Refunding Bonds. Bondholders that tender their Target Bonds will not be able to sell or otherwise dispose of their Target Bonds so tendered during this time period, even if their Target Bonds are not initially or ultimately accepted for purchase by the BWL.

Certain Potential Effects of This Invitation on Target Bonds Not Purchased. The purchase of Target Bonds by the BWL may have certain potential adverse effects on Holders of Unpurchased Bonds, including that the principal amount of the Unpurchased Bonds available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Unpurchased Bonds. The respective average lives of Unpurchased Bonds that are Term Bonds are likely to change.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for tendering Bondholders. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Target Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws. Tendering Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS"), and no assurance can be given that the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the BWL, or any of their advisors or agents, to the Bondholders, and Bondholders therefore should not rely upon such discussion.

The tender of a Target Bond will be a taxable event for U.S. federal income tax purposes. A Bondholder who tenders their Target Bonds for cash pursuant to this Invitation generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized, which is generally the Purchase Price (not including Accrued Interest) received by the Bondholder, and the Bondholder's adjusted tax basis in its tendered Target Bonds. The gain or loss may be capital gain or loss or may be ordinary income or loss, depending on the particular circumstances of the Bondholder. The deductibility of capital losses is subject to various limitations. A Bondholder's amount realized and adjusted tax basis are determined as set forth in the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder.

Bondholders should consult with their own tax advisors regarding the U.S. federal, state, local or non-U.S. tax consequences of tendering Target Bonds pursuant to this Invitation.

DEALER MANAGER

The BWL has retained BofA Securities, Inc. ("BofA Securities") as Dealer Manager for this Invitation. The BWL has agreed to pay the Dealer Manager fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to this Invitation. References in this Invitation to the Dealer Manager are to BofA Securities only in its capacity as the Dealer Manager. The compensation of the Dealer Manager is based upon the amount of Target Bonds tendered to and accepted by the BWL.

The Dealer Manager may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The Dealer Manager, together with its affiliates, comprises a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the BWL for which it received or will receive fees and expenses. In the ordinary course of its various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of their respective customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the BWL, including the Target Bonds. In addition to its role as Dealer Manager for the Target Bonds, BofA Securities is serving as Underwriter for the 2026B Refunding Bonds as described in APPENDIX A, and as such, they will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

The Dealer Manager is not acting as financial or municipal advisor to the BWL in connection with this Invitation.

INFORMATION AND TENDER AGENT

Globic Advisors Inc. has been retained to serve as Information and Tender Agent for this Invitation. The BWL has agreed to pay the Information and Tender Agent fees for its services and to reimburse the Information and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation.

MISCELLANEOUS

No one has been authorized by the BWL, the City, the Dealer Manager, or the Information and Tender Agent to recommend to any Bondholder whether to tender Target Bonds pursuant to this Invitation or the amount of Target Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the BWL, the City, the Dealer Manager or the Information and Tender Agent.

None of the BWL, the City, the Dealer Manager, or the Information and Tender Agent make any recommendation that any Bondholder tender or refrain from tendering all or any portion of the principal amount of such Bondholder's Target Bonds. Bondholders must make their own decisions and should read this Invitation carefully and consult with their Financial Representative in making these decisions.

Investors with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent. The contact information for the Dealer Manager and the Information and Tender Agent is as follows:

The Dealer Manager for this Invitation is:

BofA Securities, Inc.
One Bryant Park, 12th Floor
New York, New York 10036
Tel: (215) 446-7020
Attn: Contact your BofA Securities representative or
the Municipal Liability Management Group
Email: dg.muni-lm@bofa.com

The Information and Tender Agent for this Invitation is:

Globic Advisors Inc.
Attn: Adrianna Cova
477 Madison Ave, 6th Floor
New York, New York 10022
Tel: (212) 227-9611
Email: acova@globic.com
Document Website: www.globic.com/lansingbwl

APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

(ATTACHED)

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PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 9, 2026

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS+:
Moody's: Aa3
S&P: AA–

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the Lansing Board of Water and Light (the "Board" or the "BWL"), (i) interest on the BWL's Utility System Revenue Refunding Bonds, Series 2026A (Mandatory Put Bonds) and Utility System Revenue Refunding Bonds, Series 2026B (collectively, the "Bonds") is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax and (iii) the Bonds and interest thereon are exempt from all taxation by the State of Michigan (the "State") or by any taxing authority within the State except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and "Appendix E – FORM OF APPROVING OPINIONS" for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

$72,000,000*
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026A (MANDATORY PUT BONDS)

$__________*
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026B

Hometown People. Hometown Power.

Dated: Date of Delivery **Due: July 1, as shown on the inside cover page**

The Utility System Revenue Refunding Bonds, Series 2026A (Mandatory Put Bonds) (the "Series 2026A Bonds") and the Utility System Revenue Refunding Bonds, Series 2026B (the "Series 2026B Bonds" and, together with the Series 2026A Bonds, the "Bonds") will be issued by the Lansing Board of Water and Light (the "Board" or the "BWL") to provide funds for the purposes of (i) refunding certain outstanding bonds of the BWL, (ii) paying the purchase price of BWL bonds tendered and accepted for purchase pursuant to the BWL Tender Offer (as more fully described herein), and (iii) paying costs of issuance of the Bonds. The Bonds are authorized to be issued pursuant to the Revenue Bond Act of 1933, Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), an Amended and Restated Utility System Revenue Bond Resolution adopted by the Board on March 27, 2018, as amended on March 26, 2019 and November 17, 2020 and supplemented by a Fourth Supplemental Utility System Revenue Bond Resolution adopted by the Board on November 18, 2025 (collectively, the "Bond Resolution"), and a Sale Order executed by the BWL on January __, 2026, approving the sale and terms of the Bonds (the "Sale Order," and together with the Bond Resolution, the "Resolution").

The Bonds are secured by a statutory lien on, and payable solely from, Net Revenues, as defined herein, of the System, as defined herein. **The Bonds are not a general obligation of the City of Lansing, Michigan (the "City") and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the principal of and interest on the Bonds. The Bonds do not constitute an indebtedness of the City within any constitutional, statutory or charter limitation.**

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable by U.S. Bank Trust Company, National Association, as Transfer Agent, to Cede & Co., as nominee for DTC, and payment thereof will be made to purchasers by DTC direct participants or indirect participants, as described herein. Purchasers will acquire beneficial ownership interests in denominations of $5,000 or integral multiples thereof.

The Series 2026A Bonds denoted as a term bond on the inside front cover of this Official Statement will be initially issued as a term bond in the Initial Term Interest Rate Period. The Business Day following the last day of the Initial Term Interest Rate Period will be a Purchase Date on which the Series 2026A Bonds shall be subject to mandatory tender for purchase, as well as Conversion to another Interest Rate Period or redemption. The Purchase Date for the Series 2026A Bonds is ____________. The Bonds are also subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS—Optional Redemption Prior to Maturity," "—Mandatory Redemption Prior to Maturity," and "—Mandatory Tender for Purchase." The Bonds will bear interest at the rate set forth on the inside cover of this Official Statement, payable semiannually on January 1 and July 1 of each year until maturity, earlier redemption or mandatory purchase, commencing July 1, 2026. During the Initial Term Interest Rate Period, interest on the Series 2026A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 2026B Bonds also will be calculated on the basis of a 360-day year consisting of twelve 30-day months. See Appendix H—"SALE ORDER TERMS AND PROVISIONS." With respect to the Series 2026A Bonds, this Official Statement describes certain terms of the Series 2026A Bonds applicable during the Initial Term Interest Rate Period. There are significant differences in the terms of the Series 2026A Bonds in other Interest Rate Periods, including Term Interest Rate Periods other than the Initial Term Interest Rate Period. This Official Statement is not intended nor should it be relied upon to provide information with respect to the Series 2026A Bonds during any Interest Rate Period other than the Initial Term Interest Rate Period. Capitalized terms used in this paragraph that are not otherwise defined in this Official Statement have the meanings set forth in the Sale Order as reflected in Appendix H.

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approving opinion of Bond Counsel, Miller, Canfield, Paddock and Stone, P.L.C., Lansing and Detroit, Michigan. PFM Financial Advisors LLC is serving as the municipal advisor to the BWL in connection with the sale and issuance of the Bonds. Certain matters will be passed on for the Underwriter by its counsel, Dickinson Wright PLLC, Lansing, Michigan. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about ____________, 2026.

This cover page contains certain information for quick reference only. It is not a summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BofA Securities

The date of this Official Statement is: _____________, 2026.

+ See "Ratings" herein.

* Preliminary, subject to change.

$72,000,000*
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026A
(MANDATORY PUT BONDS)

$72,000,000* Term Bond

Final Maturity July 1*	Initial Term Interest Rate	Par Call Date	Purchase Date+	Price	CUSIP† Base No. 516391
2051					

$__________*
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026B

$__________* Serial Bonds

Final Maturity July 1*	Principal Amount	Interest Rate	Yield	Price	CUSIP† Base No. 516391

* Preliminary, subject to change.
+ Unless all of the Series 2026A Bonds are purchased on the Purchase Date, none of the Series 2026A Bonds will be purchased. In such event, the Registrar will return all of the Series 2026A Bonds to the owners thereof, and a Delayed Remarketing Period shall commence during which the Series 2026A Bonds will bear interest at a Stepped Interest Rate until all of the Series 2026A Bonds are purchased pursuant to a Conversion, redeemed or paid at maturity as further described herein. See "THE BONDS—Mandatory Tender for Purchase."
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau of CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau database. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the BWL does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

Certain information contained in this Official Statement has been obtained by the BWL, the City and from DTC and other sources that are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriter. Nothing contained in this Official Statement is or shall be relied on as a promise or representation by the Underwriter. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information in it is correct as of any time subsequent to its date.

No dealer, broker, salesman, or other person has been authorized by the BWL, the City or by the Underwriter, to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

U.S. Bank Trust Company, National Association, Detroit, Michigan (the "Transfer Agent"), by acceptance of its duties as Transfer Agent, has not reviewed this Official Statement and has made no representations as to the information contained herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any other sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the BWL.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The registration or qualification of the Bonds in accordance with the applicable provisions of securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BWL AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan" or "continue." These forward-looking statements are based on the current plans and expectations of the BWL and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the BWL's control, that could significantly affect current plans and expectations and the BWL's future financial position and results of operations. These factors include, but are not limited to, (i) changes in economic and fiscal conditions, and (ii) the outcome of pending and any future litigation. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of the BWL. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. Neither the BWL nor the City undertakes any duty to update any forward-looking statements.

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TABLE OF CONTENTS

CITY OF LANSING OFFICIALS
Mayor
Andy Schor

City Council

Tamera Carter	Jeremy A. Garza	Adam Hussain
Ryan Kost	Clara Martinez*	Deyanira Nevarez Martinez*
Trini Pehlivanoglu	Peter Spadafore	

* Elected November 4, 2025 as a new member to City Council effective January 1, 2026.

LANSING BOARD OF WATER AND LIGHT OFFICIALS
Board of Commissioners

Chair
David J. Price

Vice Chair
Sandra Zerkle

Beth Graham	Chris Harkins	Semone James
DeShon Leek	Anthony H. Mullen	Dale Schrader

BWL Administration

General Manager
Richard R. Peffley

Assistant General Manager
Heather Shawa

Chief Operations Officer
Roberto Hodge

General Counsel
Mark Matus

Chief Human Resources Officer
Michael Flowers

Chief Financial Officer
Scott Taylor

Lansing Board of Water & Light
P.O. Box 13007
Lansing, Michigan 48901
Phone: (517) 702-6000
www.LBWL.com

PROFESSIONAL SERVICES

Auditor:	Baker Tilly US, LLP, Madison, Wisconsin
Bond Counsel:	Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan
Municipal Advisor:	PFM Financial Advisors LLC, Charlotte, North Carolina
Transfer/Paying Agent:	U.S. Bank Trust Company, National Association, Detroit, Michigan
Underwriter's Counsel:	Dickinson Wright PLLC, Lansing, Michigan

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OFFICIAL STATEMENT

$72,000,000[*]
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026A
(MANDATORY PUT BONDS)

$__________[*]
LANSING BOARD OF WATER AND LIGHT
CITY OF LANSING, MICHIGAN
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026B

INTRODUCTION

The Lansing Board of Water and Light (the "Board" or the "BWL") is issuing its $72,000,000[*] Utility System Revenue Refunding Bonds, Series 2026A (Mandatory Put Bonds) (the "Series 2026A Bonds") and its $__________[*] Utility System Revenue Refunding Bonds, Series 2026B (the "Series 2026B Bonds" and, together with the Series 2026A Bonds, the "Bonds") for the purposes of: (i) refunding certain outstanding bonds of the BWL, (ii) paying the purchase price of BWL bonds tendered and accepted for purchase pursuant to the BWL Tender Offer (as more fully described herein), and (iii) paying costs of issuance of the Bonds.

The City of Lansing, Michigan (the "City"), located in the Counties of Ingham and Eaton, is a municipal corporation of the State of Michigan (the "State"), organized and existing under the laws of the State including the City's Charter, as amended (the "Charter"). Under the Charter, the BWL is an administrative board and permanent agency of the City and has full and exclusive management of the water, heat, steam and electric utility services of the City.

The Bonds are authorized to be issued pursuant to the Revenue Bond Act of 1933, Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and an Amended and Restated Utility System Revenue Bond Resolution adopted by the Board on March 27, 2018, as amended on March 26, 2019 and November 17, 2020 and supplemented by a Fourth Supplemental Utility System Revenue Bond Resolution adopted by the Board on November 18, 2025 (collectively, the "Bond Resolution"), and a Sale Order executed by the BWL on January __, 2026, approving the sale and terms of the Bonds (the "Sale Order," and together with the Bond Resolution, the "Resolution"). U.S. Bank Trust Company, National Association, Detroit, Michigan, is currently the Transfer Agent and bond registrar under the Bond Resolution.

The Series 2026A Bonds denoted as a term bond on the inside front cover of this Official Statement will be initially issued as a term bond in the Initial Term Interest Rate Period. The Series 2026B Bonds will be issued as serial, Fixed Rate Bonds. The Business Day following the last day of the Initial Term Interest Rate Period will be a Purchase Date on which the Series 2026A Bonds shall be subject to mandatory tender for purchase, as well as Conversion to another Interest Rate Period or redemption. The Purchase Date for the Series 2026A Bonds is __________. The Bonds are also subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS—Optional Redemption Prior to Maturity," "—Mandatory Redemption Prior to Maturity," and "—Mandatory Tender for Purchase." The Bonds will bear interest at the rates set forth on the inside cover of this Official Statement, payable semiannually on January 1 and July 1 of each year until maturity, earlier redemption or mandatory purchase, commencing July 1, 2026. During the Initial Term Interest Rate Period, interest on the Series 2026A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 2026B Bonds also will be calculated on the basis of a 360-day year consisting of twelve 30-day months. See Appendix H—"SALE ORDER TERMS AND PROVISIONS." With respect to the Series 2026A Bonds, this Official Statement describes certain terms of the Series 2026A Bonds applicable during the Initial Term Interest Rate Period. There are significant differences in the terms of the Series 2026A Bonds in other Interest Rate Periods, including Term Interest Rate Periods other than the Initial Term Interest Rate Period. This Official Statement is not intended nor should it be relied upon to provide information with respect to the Series 2026A Bonds during any Interest Rate Period other than the Initial Term Interest Rate Period. Capitalized terms used herein that are not otherwise defined in this Official Statement have the meanings set forth in the Sale Order. See Appendix H.

Pursuant to the Bond Resolution, all bonds issued and outstanding thereunder, except for Junior Lien Bonds and Junior Lien Notes (as defined in the Bond Resolution), are of equal standing and parity of lien and equally secured by the pledges and covenants in the Bond Resolution. See herein "THE BONDS—Security." The outstanding bonds previously issued on a parity basis with and excluding the Bonds are called the "Outstanding Bonds" herein. Under the Bond Resolution, the BWL can issue Junior Lien Bonds and Junior Lien Notes which are of junior standing and junior priority of lien to the Bonds with respect to the Net Revenues.

[*] Preliminary, subject to change.

THE BONDS

Interest Rate Period

Pursuant to the Sale Order, the Series 2026A Bonds may bear interest as Fixed Rate Bonds or as Variable Rate Bonds. If the Series 2026A Bonds are Variable Rate Bonds, they may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Term Interest Rate, an Index Floating Rate, a Flexible Rate, or a Direct Purchase Rate, as each is more particularly described in the Sale Order. See Appendix H—"SALE ORDER TERMS AND PROVISIONS."

The Series 2026A Bonds are being issued initially as Variable Rate Bonds bearing interest at a Term Interest Rate for the Initial Term Interest Rate Period.

This Official Statement describes the terms and conditions of the Series 2026A Bonds only during the Initial Term Interest Rate Period. The Series 2026A Bonds in the Initial Term Interest Rate Period may, after the Par Call Date or after the Purchase Date, be purchased, continued at a Term Interest Rate for a new Term Interest Rate Period, or converted to another Interest Rate Period or Periods. There are significant differences in the terms of the Series 2026A Bonds in other Interest Rate Periods. This Official Statement is not intended and may not be relied upon to provide information with respect to the Series 2026A Bonds in any other interest rate mode other than the Initial Term Interest Rate during the Initial Term Interest Rate Period. In the event the Series 2026A Bonds are converted to bear interest in another Interest Rate Period, the BWL expects to deliver a supplement to the Official Statement, a new Official Statement, or other descriptive offering materials describing the terms of such Interest Rate Period and certain provisions of the Sale Order related to such Interest Rate Period.

The Series 2026B Bonds are being issued as serial, Fixed Rate Bonds.

Description of the Bonds

The Bonds will be issued in the original aggregate principal amounts as shown on the cover of this Official Statement. The Bonds will be dated as of the date of delivery and will bear interest from that date. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year commencing on July 1, 2026. Interest on the Bonds shall be computed using a 360-day year and twelve 30-day months. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the inside cover of this Official Statement.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee for DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS—Book-Entry-Only System and Transfer Outside Book-Entry-Only System" herein.

The principal and interest shall be payable at the designated corporate trust office of the Transfer Agent or such other Transfer Agent as the BWL may hereafter designate by notice mailed to the Bondholders. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Direct Participants and Indirect Participants (both as defined herein), as more fully described below. Interest shall be paid when due by check or draft mailed to the registered owners of Bonds as shown on the registration books as of the fifteenth day of the calendar month preceding the payment date for each interest payment.

Optional Redemption Prior to Maturity*

The Series 2026A Bonds or portions thereof in multiples of $5,000 in the Initial Term Interest Rate Period are subject to optional redemption or purchase prior to their stated Purchase Date or their Maturity Date, at the option of the Board, in such order of maturity as the Board shall determine, and within a single maturity by lot, on any Business Day on or after ____________ (the "Par Call Date") at par plus accrued interest to the date fixed for redemption, without premium.

* Preliminary, subject to change.

The Series 2026B Bonds or portions thereof in multiples of $5,000 maturing on or after __________, are subject to optional redemption prior to their Maturity Date, at the option of the Board, in such order of maturity as the Board shall determine, and within a single maturity by lot, on any Business Day on or after __________ at par plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption Prior to Maturity*

Unless the following schedule is modified in connection with a mandatory purchase and contemplated remarketing of the Series 2026A Bonds, after the applicable Purchase Date the Series 2026A Bonds in the Initial Term Interest Rate Period will be subject to mandatory redemption prior to maturity on the dates and in the amounts set forth below at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption, without premium, as follows:

Mandatory Redemption Date (July 1)	Principal Amount*
2026	$5,000
2027	5,000
2028	5,000
2029	5,000
2030	5,000
2031	5,000
2032	5,000
2033	5,000
2034	5,000
2035	5,000
2036	5,000
2037	5,000
2038	5,000
2039	5,000
2040	5,000
2041	5,000
2042	5,000
2043	5,000
2044	5,000
2045	5,000
2046	5,000
2047	5,000
2048	5,000
2049	23,140,000
2050	23,950,000
2051 (maturity)	24,795,000

Mandatory Tender for Purchase

For any Purchase Date occurring during the Initial Term Interest Rate Period (including the Purchase Date occurring at the end of such Initial Term Interest Rate Period), unless all of the Series 2026A Bonds are purchased, none of the Series 2026A Bonds will be purchased. In such event, the Registrar will return all of the Series 2026A Bonds to the owners thereof and the Series 2026A Bonds will remain outstanding and bear interest at the then-effective Term Interest Rate; provided, however, that if the Series 2026A Bonds are not purchased on the Purchase Date occurring on the Business Day succeeding the last day of the Initial Term Interest Rate Period, a Delayed Remarketing Period shall commence on such Purchase Date and from and after such date the Series 2026A Bonds shall accrue interest at the Stepped Interest Rate until the Series 2026A Bonds are purchased pursuant to a Conversion, redeemed or paid at maturity. The Stepped Interest Rate as set forth in the Bond Purchase Agreement is 6% for the first 90 days after the Purchase Date, then 8% thereafter.* The failure to pay the Purchase Price on the Purchase Date occurring on the Business Day succeeding the last day of the Initial Term Interest Rate Period shall not constitute an Event of Default under the Resolution.

* Preliminary, subject to change.

Notice and Manner of Redemption

Notice of redemption, either conditional or unconditional, shall be given as provided in the Sale Order to each registered owner of Bonds or portions thereof to be redeemed by mailing such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the bond register of the BWL. If redeemed, the 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.

Security

The principal of and interest and redemption premium, if any, on the Bonds are payable solely from and secured by the Net Revenues (as defined herein) of the System. The "System" is defined in the Bond Resolution as the complete facilities of the BWL for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, and all additions, extensions and improvements thereto existing or hereafter acquired by the BWL. Pursuant to Act 94 and the Bond Resolution, the Net Revenues are pledged to the Bonds and the Outstanding Bonds (as defined herein) on a parity basis, and there is created a statutory lien thereon that is a first lien on a parity basis. As of December 1, 2025, there was $995,095,000 in aggregate outstanding principal of Outstanding Bonds, but not including the Bonds described herein.

"Revenues" is defined in the Bond Resolution as the income derived from the rates charged for the services, facilities, and commodities furnished by the System, earnings on investment of funds and accounts of the System required to be deposited in the Receiving Fund pursuant to the Bond Resolution and other revenues derived from or pledged to the operation of the System. "Net Revenues" is defined in the Bond Resolution as the Revenues remaining after deducting the reasonable expenses of administration, operation, and maintenance of the System.

The statutory lien on the Net Revenues of the System securing the Bonds and the Outstanding Bonds is senior in priority to the statutory lien on Net Revenues of the System pledged to pay any outstanding Junior Lien Bonds and Junior Lien Notes. The Board has Junior Lien Bonds outstanding in the principal amount of $7,900,000 as of January 1, 2026.

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.

The Bonds are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the principal of and interest on the Bonds. The Bonds do not constitute an indebtedness of the City within any constitutional, statutory or charter limitation.

The Bond Resolution

The Bonds are authorized to be issued pursuant to the Bond Resolution. For a summary of the Amended and Restated Utility System Revenue Bond Resolution, see "Appendix D – BOND RESOLUTION CONSOLIDATED VERSION."

Rate Covenant

The BWL has covenanted and agreed that it will at all times fix, establish, maintain and collect rates, fees and charges for the sale of the output, capacity, use or service of the System which, together with other income, are reasonably expected to yield Net Revenues equal to at least 125% of the principal and interest due on the Bonds, the Outstanding Bonds and any Additional Bonds (as defined in the Bond Resolution) for the forthcoming 12-month period plus such amount as is necessary to comply with all covenants in the Bond Resolution and to pay all charges and liens whatsoever payable out of Net Revenues in such period.

Rate Setting Authority

The Charter provides that the BWL shall have full and exclusive management of the water supply, steam and electric utility services of the City and such other services as may be agreed upon by the BWL and the City. The Charter also provides that the BWL may, with proper notice, hearing and Board approval, fix just and reasonable rates as it deems necessary for such services. The implementation of new rates takes approximately four months and does not require any City, state or federal regulatory approval. It is the policy of the BWL to review all rates annually and to set such rates so that each respective utility (electric, water supply, steam and chilled water) is self-supporting. Rates are set on a cost of service basis. See "THE ELECTRIC UTILITY—Rates and Charges" for a discussion of the BWL's Power Supply Cost Recovery Adjustment for customers of the Electric Utility.

Bond Reserve Account

The Bond Resolution contains the following definition of "Reserve Requirement":

> "Reserve Requirement" shall mean the following: (i) if the long-term unenhanced credit ratings of the Outstanding Bonds are in at least the "A/A2" category without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies), $0, only upon the written direction of the Chief Financial Officer; or (ii) if the long-term unenhanced credit ratings of the Outstanding Bonds are reduced below the "A/A2" category without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies), the lesser of (1) 50% of the maximum annual debt service requirements on the Outstanding Bonds, (2) 62.5% of the average annual debt service requirements on the Outstanding Bonds, or (3) the total of 5% of the original aggregate face amount of each series of the Outstanding Bonds, reduced by the net original issue discount, if any; provided, however, that the Reserve Requirement shall not at any time exceed the amount allowed to be invested at an unrestricted yield pursuant to Treas. Reg. §1.148-2(f)(2) or any successor provision thereto applicable to the Bonds. For purposes of determining the Reserve Requirement, the long-term unenhanced credit ratings of the Outstanding Bonds shall be determined with regard only to the highest two long-term unenhanced ratings of such Bonds. Therefore, the foregoing section (ii) applies only if both such ratings are reduced below the "A/A2" category without regard to notching factors (or an equivalent rating as described above). The BWL may rely on the advice of its financial advisor as to which rating category or categories its ratings are within.

Pursuant to (i) above, the Chief Financial Officer has given written direction that the Reserve Requirement is $0 as long as the long-term unenhanced credit ratings of the Outstanding Bonds are in at least the "A/A2" category without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies). **Therefore, Bondholders should not expect moneys to be held in the Bond Reserve Account to secure the Bonds or any other Outstanding Bonds.**

However, in the event the Reserve Requirement is increased above $0 as a result of a reduction in the long-term unenhanced credit ratings of the Outstanding Bonds to a category below "A/A2" without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies) (a "Ratings Downgrade Event"), Section 18(B) of the Bond Resolution provides that the BWL must satisfy the Reserve Requirement either by: (i) transferring moneys to the Bond Reserve Account from an available source of funds (other than proceeds of Additional Bonds) in an amount equal to the Reserve Requirement in six (6) semi-annual installments beginning on the date which is 180 days of the Ratings Downgrade Event; (ii) obtaining a letter of credit, a surety bond, or an insurance policy within 180 days of the Ratings Downgrade Event; provided, however, the provider or issuer thereof shall be rated by any nationally recognized bond rating agency as high or higher than the Bonds at the time of purchase of the letter of credit, surety bond, or insurance policy; or (iii) transferring moneys to the Bond Reserve Account from proceeds of Additional Bonds within 180 days of the Ratings Downgrade Event. The BWL must adopt a plan to satisfy the Reserve Requirement within ninety (90) days of the Ratings Downgrade Event.

A Supplemental Resolution (as defined in the Bond Resolution) authorizing Additional Bonds may either (i) provide that the Additional Bonds are equally and ratably secured by the Bond Reserve Account funded according to the Reserve Requirement, or (ii) provide for the creation of a separate bond reserve account securing that series of Additional Bonds and a different reserve requirement, or state that no bond reserve account is required. See “Appendix D – BOND RESOLUTION CONSOLIDATED VERSION – Section 18. Funds and Accounts; Flow of Funds.”

Flow of Funds

All Revenues of the System shall be set aside as collected and credited to the Receiving Fund. Periodically, out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, a fund designated Operation and Maintenance Fund, a sum sufficient to provide for the payment during the succeeding period of the next month’s expenses of administration and operation of the System, including such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

After provision for the Operation and Maintenance Fund, there shall next be set aside, monthly, in the Bond and Interest Redemption Fund a sum proportionately sufficient to provide for the payment of the principal of, mandatory redemption requirements, if any, and interest on the Bonds and any Outstanding Bonds as and when the same become due and payable, subject to any credit therefor as provided in the Bond Ordinance. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the requirements for the next succeeding month.

If at any time it shall be necessary to use moneys credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required for expenses of administration, operation and maintenance of the System or for current principal and interest requirements on any of the Bonds.

If the BWL issues Junior Lien Bonds or Junior Lien Notes, revenues remaining in the Receiving Fund, after provision has been made for the requirements of the Operation and Maintenance Fund and of the Bond and Interest Redemption Fund, shall be set aside, but not more often than monthly, in the Junior Lien Redemption Fund for the purpose of paying the principal of, redemption premium, if any, and interest on such Junior Lien Bonds or Junior Lien Notes as they come due, in accordance with the resolution authorizing the issuance of the Junior Lien Bonds or Junior Lien Notes. See “THE BONDS – Security.”

Any Revenues in the Receiving Fund after satisfying all requirements of the Operation and Maintenance Fund, the Bond and Interest Redemption Fund, the Rebate Fund and the Junior Lien Redemption Fund shall be deemed to be surplus moneys and may be used for such purposes as the BWL deems to be for the best interests of the City.

If there should be any deficit in the Operation and Maintenance Fund, Bond and Interest Redemption Fund or the Rebate Fund on account of defaults in setting aside required amounts therein, then transfers shall be made from the moneys remaining in the Receiving Fund at the end of any operating year to those funds in the priority and order specified herein, to the extent of any deficit, before any other disposition is made of the moneys in the Receiving Fund at the end of any operating year.

For a complete description of the funds and accounts and flow of funds, see “Appendix D – BOND RESOLUTION CONSOLIDATED VERSION.”

Outstanding Parity Bonds

The Bonds are being issued by the BWL on parity with its outstanding Utility System Revenue Refunding Bonds, Series 2017A (the “Outstanding 2017A Bonds”), Utility System Revenue Bonds, Series 2019A (the “Outstanding 2019A Bonds”), Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable) (the “Outstanding 2019B Bonds”), Utility System Revenue Bonds, Series 2021A (the “Outstanding 2021A Bonds”), the Utility System Revenue Bonds, Series 2021B (Mandatory Put Bonds) (the “Outstanding 2021B Bonds”) and the Utility System Revenue and Revenue Refunding Bonds, Series 2024A (the “Outstanding 2024A Bonds” and together with Outstanding 2017A Bonds, the Outstanding 2019A Bonds, the Outstanding 2019B Bonds, the Outstanding 2021A Bonds, the Outstanding 2021B Bonds and the Outstanding 2024A Bonds, the “Outstanding Bonds”).

As of December 1, 2025, the BWL had the following Outstanding Bonds in the aggregate principal amounts with final maturities set forth below:

Table of Outstanding Bonds[1]

	Par Outstanding	Final Maturity
Utility System Revenue Refunding Bonds, Series 2017A	$17,555,000	July 1, 2032
Utility System Revenue Bonds, Series 2019A	306,955,000	July 1, 2048
Utility System Revenue Refunding Bonds, Series 2019B	181,930,000	July 1, 2041
Utility System Revenue Bonds, Series 2021A	55,870,000	July 1, 2051
Utility System Revenue Bonds, Series 2021B (Mandatory Put Bonds)	70,875,000	July 1, 2051
Utility System Revenue and Revenue Refunding Bonds, Series 2024A	361,910,000	July 1, 2054
Total	$995,095,000	

(1) Certain of the Outstanding Bonds may be subject to refunding and/or tender as more fully described herein.

For a description of the debt service on the Outstanding Bonds upon the issuance and sale of the Bonds, see "DEBT SERVICE REQUIREMENTS."

Additional Bonds

In determining whether Additional Bonds can be issued in compliance with the Bond Resolution, (i) if System rates, fees or charges shall be increased at or prior to the time of authorizing Additional Bonds, the Net Revenues may be augmented by an amount which in the opinion of the BWL's municipal advisor will reflect the effect of the increase had the System's billings during such time been at increased rates, and (ii) the actual Net Revenues may be augmented by the estimated increase in Net Revenues which in the opinion of the BWL's municipal advisor will accrue as a result of new customers which have not been serviced during the fiscal year described above or as a result of the acquisition of the repairs, extensions, enlargements and improvements to the System which have been made during or subsequent to the fiscal year described above or which will be acquired in whole or in part from the proceeds of the Additional Bonds to be issued.

Additional Bonds also may be issued to refund a part of the Outstanding Bonds and to pay costs of issuing such Additional Bonds, if after giving effect to the refunding, the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding.

Additional Bonds also may be issued without meeting any of the conditions and tests set forth above to pay the cost of acquisition and construction of any repairs, replacements, betterments, improvements, major renewals or corrections of any damage or loss to the System necessary, in the opinion of the Consulting Engineer (as defined in the Bond Resolution), to keep the System in good operating condition or to prevent a loss of revenues therefrom or to pay the cost of decommissioning, disposal or termination of the System.

For a complete description of the terms upon which Additional Bonds may be issued, see "Appendix D – BOND RESOLUTION CONSOLIDATED VERSION."

Book-Entry-Only System and Transfer Outside Book-Entry-Only System

DTC will act as securities depository for the Bonds. Additional information regarding DTC and the book-entry-only system is attached hereto as Appendix G. In the event the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent will act as transfer agent and bond registrar and shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Bond Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the 15 days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the BWL and Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Bond Resolution. No transfer or exchange made other than as described above and in the Bond Resolution shall be valid or effective for any purposes under the Bond Resolution.

THE FINANCING

Purpose of the Bonds

The Bonds are being issued for the purposes of (i) refunding certain Bonds to be Refunded (as described herein), (ii) paying the purchase price of the BWL Outstanding Bonds tendered for purchase pursuant to the BWL Tender Offer (as described herein) and accepted by the BWL, and (iii) paying costs of issuance of the Bonds. See "Appendix I – TENDERED BONDS."

Plan of Refunding

Description of the Bonds to be Refunded. A portion of the proceeds of the Series 2026A Bonds, together with certain other funds available under the Bond Resolution, will be used to provide funds to refund all or a portion of the Outstanding 2021B Bonds identified in the Table of Bonds to be Refunded set forth below (the "Bonds to be Refunded"). The Bonds to be Refunded were issued for the purposes of financing a portion of the costs of acquiring and constructing BWL's Delta Energy Park, as well as certain improvements to the System.

Table of Bonds to be Refunded

The following Outstanding 2021B Bonds are expected to be refunded from the proceeds of the Series 2026A Bonds in May of 2026. The list of bonds set forth below is not final and is subject to change. The BWL reserves the right not to refund any or all of the Bonds to be Refunded listed below and to refund any or all of its bonds not listed.

Maturity July 1	Principal Amount to be Refunded*	CUSIP[1] Base No. 516391
2051	$70,875,000	DV8

Refunding Plan. Pursuant to the terms of an Escrow Agreement (an "Escrow Agreement") to be entered into between the BWL and U.S. Bank Trust Company, National Association (the "Escrow Trustee"), the refunding of the Bonds to be Refunded will be effected by the BWL depositing with the Escrow Trustee into the escrow fund created under the Escrow Agreement (the "Escrow Fund"), certain proceeds of the Series 2026A Bonds and other amounts available for the Bonds to be Refunded, which will be used to purchase non-callable direct government obligations or held as cash.

The non-callable direct government obligations will bear interest at such rates, and will be scheduled to mature at such times and in such amounts so that, when paid in accordance with their respective terms, sufficient money will be available therefrom to pay, when due, the principal of, premium if any, and interest becoming due on the Bonds to be Refunded. Principal of and interest on the non-callable direct government obligations in the Escrow Fund will be held in trust and used solely for the payment of the principal, redemption premium, if any, and interest on the Bonds to be Refunded.

Verification Report. On or prior to the date of delivery of the Bonds, Robert Thomas CPA, LLC, independent certified public accountants, will deliver a report attesting to the mathematical accuracy of the computations contained in the schedules prepared by the Underwriter on behalf of the BWL relating to the adequacy of the government obligations and cash being deposited in the Escrow Fund.

The Tender Offer

On January 9, 2026, the BWL released an Invitation to Tender Bonds (the "Invitation"), inviting the beneficial owners of certain maturities of the BWL's Outstanding 2017A Bonds, Outstanding 2019A Bonds, and Outstanding 2019B Bonds identified in the Invitation (the "Target Bonds") to tender their Target Bonds for purchase by the BWL on the terms

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* Preliminary, subject to change.

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau of CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau database. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the BWL does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

and conditions set forth in the Invitation (the "BWL Tender Offer"). Pursuant to the Invitation, the owners of the Target Bonds may tender their Target Bonds, and the BWL may purchase some or all of the tendered Target Bonds at the purchase prices and subject to the other terms and conditions set forth in the Invitation, as supplemented or amended via pricing notices or otherwise. The tendered Target Bonds to be purchased will be cancelled on the date of issuance and delivery of the Series 2026B Bonds and will no longer be outstanding under the Bond Resolution. See "Appendix I – TENDERED BONDS."

The Target Bonds will be tendered to the BWL under the terms of the Invitation with the assistance of BofA Securities, Inc. ("BofA Securities"), in its capacity as the Dealer Manager of the BWL Tender Offer. BofA Securities will be reimbursed for any expenses it incurs as the Dealer Manager of the BWL Tender Offer. BofA Securities is also the Underwriter of the Bonds. See "UNDERWRITING" herein.

Based on the results of the BWL Tender Offer, some or all of the Target Bonds listed in the BWL Tender Offer (i) may be purchased with proceeds of the Series 2026B Bonds pursuant to the BWL Tender Offer, or (ii) will remain outstanding. The BWL is not required to purchase any of the tendered Target Bonds. See "Appendix I – TENDERED BONDS."

This discussion is not intended to summarize the terms of the Invitation, or to solicit offers to tender Target Bonds, and reference is made to the Invitation for a complete discussion of the terms of the Invitation and the conditions for the settlement of the Target Bonds validly tendered and accepted by the BWL for purchase. The BWL has filed the Invitation with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access service ("EMMA").

ESTIMATED SOURCES AND USES OF FUNDS

The Bonds

	Series 2026A	Series 2026B
Sources		
Aggregate Principal Amount	$	$
[Net] Original Issue [Premium]		
Other Available Funds		
Total Sources	$	$
Uses		
Escrow Fund Deposit	$	$
Purchase of Accepted Tendered Bonds		
Costs of Issuance[1]		
Underwriter's Discount		
Total Uses	$	$

[1] Includes legal, ratings, financial advisory and other costs of issuance, including costs associated with the BWL Tender Offer for the Series 2026B Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service on the BWL's Outstanding Bonds, as well as the principal of, interest on, and annual debt service on the Bonds.

Period Ending	Outstanding Bonds Debt Service(1)(2)*	Series 2026A Bonds Principal(3)	Series 2026A Bonds Interest	Series 2026A Bonds Debt Service	Series 2026B Bonds Principal	Series 2026B Bonds Interest	Series 2026B Bonds Debt Service	Total Debt Service
7/1/2026	58,547,261							
7/1/2027	63,688,174							
7/1/2028	63,685,263							
7/1/2029	63,685,730							
7/1/2030	63,689,081							
7/1/2031	63,684,562							
7/1/2032	63,684,453							
7/1/2033	63,688,325							
7/1/2034	63,686,704							
7/1/2035	63,684,093							
7/1/2036	63,688,208							
7/1/2037	63,688,283							
7/1/2038	63,685,939							
7/1/2039	63,686,269							
7/1/2040	63,685,744							
7/1/2041	63,687,306							
7/1/2042	63,688,575							
7/1/2043	63,685,900							
7/1/2044	63,687,475							
7/1/2045	63,688,800							
7/1/2046	63,685,375							
7/1/2047	63,687,700							
7/1/2048	63,685,525							
7/1/2049	63,683,850							
7/1/2050	63,688,800							
7/1/2051	63,688,088							
7/1/2052	63,685,625							
7/1/2053	63,688,875							
7/1/2054	63,684,300							
Total	$1,841,774,283	$________	$________	$________	$________	$________	$________	$________

* Preliminary, subject to change.
(1) Includes debt service on certain of the Outstanding Bonds that may be subject to refunding and/or the BWL Tender Offer as more fully described herein. Due to rounding, values may not add up.
(2) An interest rate of 3.50% per year is assumed for the Outstanding 2021B Bonds following the mandatory tender date of July 1, 2026.
(3) The 2026A Bonds will be a term rate bond that is subject to mandatory tender on __________.

THE LANSING BOARD OF WATER AND LIGHT

The City of Lansing

The City of Lansing, Counties of Ingham, Eaton and Clinton, is Michigan's state capital. Lansing's population of 113,466 people (U.S. Census Bureau) is distributed across an area of approximately 35 square miles. It is located approximately 85 miles northwest of Detroit and 65 miles southeast of Grand Rapids. It is estimated that the City of Lansing is within 90 miles of 90% of Michigan's population. Residential, commercial and industrial valuations account for approximately 55.26%, 30.8% and 6.7%, respectively, of the City's 2025 Taxable Valuation, as defined in Appendix A. The balance of the City's 2025 Taxable Valuation is personal property—primarily commercial and utility in nature. General Motors, the State of Michigan, and Michigan State University in adjacent East Lansing, are pillars of the local economy.

The Bonds are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the principal of and interest on the Bonds. The Bonds do not constitute an indebtedness of the City within any constitutional, statutory or charter limitation.

Organization and History

The BWL is a municipally owned utility with over 100,000 customers. It provides electric, water, steam, and chilled water services to the Greater Lansing region. The Charter provides that the BWL shall have full and exclusive management of the electric, water, chilled water and steam utility services of the City and such other services as may be agreed upon by the BWL and the City. The City Charter provides that the BWL may fix just and reasonable rates as it deems necessary for the services it provides. It is the BWL's practice to review all rates annually and to set such rates so that each respective utility within the System (electric, water, steam, and chilled water) is self-supporting.

The BWL is governed by an eight-member Board of Commissioners who are appointed by the Lansing mayor and approved by Lansing city council, serving four-year terms. On November 4, 2025, voters of the City approved changes to the City's 1978 charter. As part of the Charter amendments, as of January 1, 2026, BWL now is required to hold two public meetings before implementing a rate change (previously one), and the three non-voting advisory BWL board positions have been eliminated. City voters can elect a charter commission to revise the Charter every sixteen years (increased from twelve as of January 1, 2026).

The BWL was founded in 1885 by a vote of the City's electorate. Its original purpose was the provision of water for safe drinking and fire protection. In 1892, the BWL took control of a local power plant and began to provide street lighting. Steam service was added in 1919 with the acquisition of Michigan Heat and Power Company. The BWL further diversified revenues in 2001 when it began the sale of chilled water.

Strategic Plan

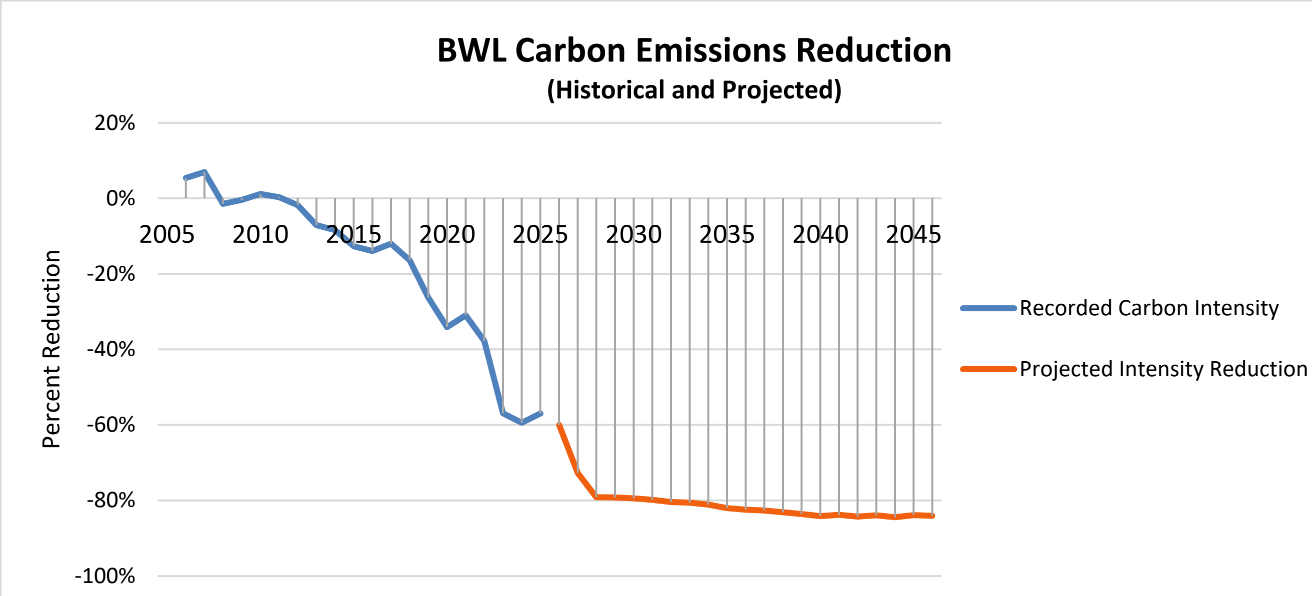
The BWL's 2026 Strategic Plan, approved by its Board of Commissioners, sets forth priorities for the organization's success for fiscal years 2026-2030 and emphasizes the following five priorities: Customer and Community, Workforce Development and Diversity, Climate and Environment, Operational Resiliency and Continuous Improvement, and Financial Stability. Complete details of the BWL's 2026 Strategic Plan are accessible at: https://www.lbwl.com/about-bwl/strategic-plan.

Clean Energy Program – An Update to the 2020 Integrated Resource Plan

Background Integrated Resource Planning and Clean Energy Strategy. Utilities use integrated resource planning ("IRP") to evaluate projected system needs against customer demand and to identify resources that will provide reliable and affordable energy while minimizing cost, operational, and environmental risks. The IRP process analyzes multiple future resource portfolios, considering factors such as cost, risk, reliability, operational flexibility, resilience, and environmental impact. The outcome of this analysis provides recommendations for meeting future electric and capacity requirements. While an IRP can help to inform the Board of Commissioners in developing its Strategic Plan, including the 2026 update, the IRP itself is not formally approved or adopted by the Board. Rather, it serves as a technical and policy foundation for future planning, capacity procurement, and clean energy strategy. BWL completed its most recent IRP in 2020 (the "2020 IRP") and is currently conducting a new IRP, expected to be completed in the first quarter of 2026 (the "2026 IRP"). The 2020 IRP recommended increased investment in energy waste reduction and renewable generation, as well as the retirement of the Erickson Station by 2025. BWL subsequently accelerated this retirement to November 2022, eliminating coal-fired generation from its owned portfolio three years ahead of schedule. These achievements position the utility to meet future requirements of both the 2026 IRP and the 2026 Strategic Plan, while continuing to balance reliability, affordability, and sustainability for customers. The 2026 IRP will evaluate the implications of Michigan Public Act 235 of 2023, which requires utilities in the state to achieve 50% renewable energy by 2030, 60% renewable energy by 2035, 80% clean energy (defined as renewable, nuclear, or carbon capture) by 2035, and 100% clean energy by 2040. In February 2025, BWL filed their first required renewable energy plan with the Michigan Public Service Commission ("MPSC"), which showed that its upcoming tranche of planned renewable projects will ensure compliance with PA 235 until 2035.

Clean and Renewable Energy Portfolio Update. The BWL continues to execute a long-term strategy to transition its power supply portfolio to cleaner resources, maintaining reliability and affordability, and achieving new state mandates for clean and renewable energy. In 2023, BWL announced a series of strategic actions to diversify its supply portfolio, reduce carbon emissions, and advance the development of renewable and clean energy resources. These actions reflect a balanced approach that integrates utility-owned generation, long-term purchased power agreements ("PPAs"), and customer-focused demand-side programs.

As of June 2025, the BWL served approximately 20% of its retail load with renewable energy and achieved an estimated 57% reduction in carbon intensity from 2005 levels. Carbon intensity will be further reduced and BWL's coal exposure eliminated, as DTE's Belle River Power Plant completes the transition to natural gas by early 2027. The BWL's success in reducing its emissions footprint is expected to lead and exceed established targets by the State's MI Healthy Climate Plan developed pursuant to the State Governor's Executive Directive 2020-10 regarding achieving a carbon-neutral State (the "MI Healthy Climate Plan") and targets announced by the federal government.



The BWL's planned portfolio of generation resources will incorporate a mix of renewable resources, energy waste reduction, and modern, flexible natural gas generation designed to support reliability during the energy transition. Planned additions through 2027 include approximately 28 MW of local solar, 115 MW of regional solar, 149 MW of regional wind, 1 MW of demand response, and 110 MW of new Reciprocating Internal Combustion Engine ("RICE") capacity capable of operating with future low-carbon fuels such as hydrogen, to help achieve the goals for clean and renewable energy included in PA 235.

These portfolio additions are the result of the BWL's first All-Source Request for Proposals, completed in July 2023, which competitively evaluated a broad range of resource types on the basis of cost, performance, environmental impact, and system reliability. The selected projects reflect a diversified clean energy strategy that supports both near-term and long-term planning objectives, including compliance with PA 235 and alignment with the resource pathways being evaluated in the 2026 IRP.

The BWL's clean energy transition is designed to increase renewable and clean energy production while safeguarding system reliability and resiliency. The addition of RICE units provides the operating flexibility needed to integrate larger quantities of variable renewable resources. The RICE technology provides fast-start, dispatchable capacity that can complement renewable energy and help support system reliability during periods of high demand or limited renewable generation.

In addition to supply-side resources, the BWL continues to expand demand-side and customer-focused programs that support efficient energy use. The BWL's Energy Waste Reduction programs and demand response initiatives help reduce system peaks, optimize usage, and empower customers to participate in the clean energy transition. Together, these programs enhance the value of the BWL's overall portfolio by reducing the need for incremental capacity additions and extending the useful life of existing resources.

Looking ahead, the BWL is actively evaluating additional clean energy opportunities to support future resource needs, including emerging technologies. As part of the 2026 IRP, the BWL is assessing the potential future role of advanced nuclear technologies, carbon capture and storage, and long-duration energy storage as possible components of a future clean energy portfolio. These technologies, while not currently part of the BWL's resource mix, may support long-term PA 235 compliance and offer pathways to achieve reliable, affordable, and fully clean energy supply over the coming decades. The advancements in the BWL's resource portfolio since 2020 demonstrate meaningful progress in the transition to cleaner energy while maintaining a clear focus on affordability, reliability, and customer impact. The results to date position the BWL to continue increasing the share of renewable and clean energy resources, compliance goals, and meet the future energy needs of its customers in a resilient, flexible, and fiscally responsible manner.

Environmental Initiatives

As a municipal utility, the BWL conducts business in a manner consistent with its commitments to the local communities it serves. In alignment with its values, the BWL believes that meeting or exceeding environmental standards will have a positive long-term impact on the economy and health of the greater Lansing region. Accordingly, the BWL prioritizes environmental stewardship and sustainability in each stage of planning and operations. In 2010, the BWL owned and operated fourteen coal-fired generation units.* Just three years later, this number was cut in half† and today, the BWL has retired all of its owned coal-fired assets, and all PPA facilities are slated to transition away from coal by early 2027.

Energy Waste Reduction & Renewable Portfolio Standard. In 2007, the BWL began plans for a comprehensive energy waste reduction program. In 2008, the State promulgated renewable energy and energy waste reduction standards for all utilities providing natural gas or electric services within the State. Michigan Public Act 295 of 2008 required utilities to reach a standard of at least 10% renewable energy in 2015, and to implement energy efficiency to reduce retail electric consumption by 1% annually beginning in 2012. Michigan Public Act 295 of 2008 was amended in 2016 by Michigan Public Act 342 of 2016 ("Act 342") to increase the renewable energy standard to 12.5% in 2019 and 2020, and 15% in 2021. Act 342 left the 1% annual energy waste reduction goal for municipal utilities unchanged, however the compliance requirement with the MPSC sunset for municipal utilities after December 31, 2021. In 2023, the State passed PA 235, which raises the Energy Waste Reduction savings targets to 1.5% for municipal utilities starting in 2026. The BWL has measured energy waste reduction savings since 2009. For information on the BWL's future energy waste reduction goals, see "CERTAIN RISK FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Renewable Energy and Energy Waste Reduction Standards."

The BWL has historically met or exceeded all statutory requirements related to energy waste reduction savings and renewables.

Calendar Year	Actual Efficiency Savings as % of Retail Energy Sales
2015	1.42
2016	1.03
2017	1.31
2018	1.03
2019	1.19
2020	1.08
2021	1.05
2022	1.31
2023	1.51
2024	1.79

Source: Lansing Board of Water and Light

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* Ten of the fourteen units generated electricity. Four of the units were located at Moores Park and generated steam for the BWL customers in the City's downtown.

† Units that came offline between 2010 and 2013 were three electric generating units comprising half of Eckert Station and all four steam generating units at Moores Park.

Dramatic Reductions in Coal Consumption and Air Emissions. With the growth of its renewable energy portfolio, continued investment in energy waste reduction programming, construction of additional gas-fired generation and the closure of its coal plants in 2020 and 2022, the BWL has charted a cleaner energy future. As previously stated, the BWL has reduced its carbon intensity by 57% from 2005 levels. Additionally, nitrogen oxide (NO_X) and sulfur dioxide (SO_2) emissions have decreased by 95% and 99.9%, respectively, from 2005 values. The table below shows BWL's coal consumption levels.

Calendar Year	Coal Consumed at BWL Facilities (Tons)
2016	888,795
2017	871,601
2018	748,651
2019	466,577
2020	362,336
2021	441,139
2022	496,071
2023	0
2024	0
2025	0

Source: Lansing Board of Water and Light

Coal-fired power plants are significant emitters of NO_X, SO_2, and the greenhouse gas CO_2. By transitioning to cleaner energy sources and renewables, the BWL has simultaneously reduced both its emissions and dependence on coal.

A Proactive Approach to Coal Combustion Residuals ("CCRs"). The BWL fueled its power plants with coal for over 100 years. The resulting disposal of coal ash has impacted several parcels of property in the Lansing area. While those disposal practices were commonplace in the industry and entirely lawful at the time, they are no longer compatible with the BWL's increased environmental consciousness. Over the years, the BWL completed projects to remove ash from two of its three legacy sites:

- Erickson Station—Excavation and removal of ash from Erickson's 33-acre impoundment was completed in 2013. Approximately 562,663 cubic yards of coal ash was removed and disposed in an offsite landfill. A new system was installed to decant the ash and transport it to an offsite licensed landfill. Since 2014, the majority of the ash generated was disposed offsite. The decant water was sent to a new 5-acre impoundment system designed to clarify the process water to make it suitable for reuse in the plant until it closed in November 2022. BWL did not believe the new system was subject to the Coal Combustion Residuals Rule (effective in 2015) because the ash impoundment was removed. BWL later became aware that the new system, though effective in removing the vast majority of CCR, was allowing slightly more than a de minimis quantity of fine CCR to pass through to the existing impoundments. BWL then commenced its compliance program, but it was after several of the required dates had passed. BWL expects to enter to into a consent order with both the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") and the United States Environmental Protection Agency (the "EPA") to address these nonconformities. To date, ash has been removed and sampling to confirm removal was completed and approved by EGLE. BWL has also installed a groundwater monitoring network as required by both the state and federal CCR rule. The BWL does not anticipate a material impact as a result of a final consent order.

- Comfort Street—Between 2009 and 2013, approximately 900,000 cubic yards of ash were excavated from this former landfill and disposed of in a licensed landfill. The entire site was backfilled with clean soil. Groundwater monitoring is underway in anticipation of obtaining approval for final site closure from the Michigan Department of Environment, Great Lakes and Energy.

- North Lansing Landfill—This former ash disposal site has been capped and contained. The BWL is meeting its remediation obligations by utilizing a slurry wall and four groundwater extraction wells. The wells discharge to the sanitary sewer system for treatment.

Eckert Station has never had an ash impoundment or landfill onsite.

Drinking Water Quality. In December 2016, the BWL completed a 12-year Lead Service Line Replacement ("LSLR") project at a cost of $44.5 million. The BWL was the first utility in the State and the second in the United States to remove all its lead service lines. As a trailblazer in lead replacement, the BWL has been a go-to resource for utilities and regulatory authorities seeking to follow in the BWL's footsteps.

In 2018, the State promulgated a more stringent Lead and Copper Rule ("LCR"), effectively reducing the lead action level below the federal standard. The purpose of the LCR is to protect public health by minimizing lead and copper levels in drinking water. There are several revisions to the LCR that will continue to impact Michigan utilities which provide drinking water. Under the LCR, drinking water utilities must inventory all water system materials to determine how much of their distribution networks are composed of lead. Additionally, drinking water utilities must periodically collect water samples from customer taps to test for the presence of these metals.

The BWL is ahead of the curve with regard to Michigan's LCR regulations. Owing to its elimination of lead service lines, the BWL was able to complete the system materials inventory in short order. Also due to LSLR, the BWL can take advantage of cost savings associated with reduced water sampling requirements. Water utilities must periodically collect tap samples from several customers for testing. The BWL is only obligated to collect a single water sample every three years for each customer tested, while some other utilities with lead service lines must collect two different specimens per tested customer and do so annually.

In addition to lead, another water quality issue that has seen increased public awareness is the presence of per- and polyfluoroalkyl substances ("PFAS"). Instead of waiting on federal guidelines, Governor Gretchen Whitmer directed the Michigan Department of Environment, Great Lakes and Energy to begin developing drinking water standards for PFAS. PFAS regulations for Michigan were established on August 3, 2020, which require the BWL to monitor annually at both water conditioning plants. This is another instance where the BWL is positioned ahead of most utilities, as the BWL has been testing annually for PFAS since 2018. The BWL's finished water has had no PFAS compounds detected.

The BWL has a demonstrated history of providing customers with safe, clean and affordable drinking water. By continually monitoring for changes in water quality, the BWL meets or exceeds state and federal standards for drinking water purity. A link to the latest annual BWL Water Quality Report may be found at www.lbwl.com/water.

Sustainability and Pollution Prevention. The BWL issued its first ever Sustainability Report representing data for Fiscal Year 2022. The Sustainability Report, issued annually, allows the BWL to measure, monitor and communicate its progress in reducing its environmental impact and promoting a more sustainable future. The BWL remains committed to enhancing efforts towards its mission, vision and values while maintaining climate consciousness and leading in environmental stewardship.

The BWL's Corporate Sustainability program is supported through the highest administrative body – the Board of Commissioners – Resolution 2021-03-04. This policy replaced Resolution 2013-03-01 on environmental stewardship. Resolution 2021-03-04 directs the General Manager to develop a Corporate Sustainability program that includes procedures and methods for monitoring, measuring, promoting and improving Corporate Sustainability. The program currently includes various climate response measures, practices, investments and tactics that incorporate greenhouse gas reductions and activities in alignment with its carbon neutrality goals. These include, but are not limited to:

- Eco-friendly vendors and materials
- Energy, water and material waste reduction
- Recycling materials, equipment and appliances
- Reducing paper usage
- Renewable energy programs for customers such as distributed generation
- Renewable energy purchasing programs
- Greenhouse gas emissions (GHG) measurement and analysis
- Beneficial electrification for transportation, buildings, and other equipment
- Usage of "Green" cleaning products and practices
- Live vegetation "Greenery" within facilities
- Energy efficiency education programs for local schools

In addition, the BWL has been named an American Public Power Association ("APPA") Smart Energy Provider, a national award given to public power utilities that show commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives.

Load Growth

Many utilities in the United States experienced flat or declining load growth for years. Underlying growth rates of 1% were historically offset by energy efficiency programs, which kept energy sales flat. The BWL has experienced this since 2010. However, recent industrial developments in the City have led, and are expected to continue to lead, to significant growth. Additionally, the rise in data center deployments is driving new load growth across the country. The BWL has received interest from multiple such customers and has entered into service discussions with several of them. The BWL is committed to providing a high level of reliable service to all customers desiring to locate within its territory however has not yet entered into any contractual arrangements with these customers. Given their size relative to the existing customer base, the BWL intends to move forward only with all necessary protective contractual provisions in place including, but not limited to, long-term commitments, minimum billing requirements, exit fees, advance payment for construction, and financial security, with the intent of ensuring only beneficial impact to existing customers.

The LG Energy Solution battery cell manufacturing plant opened in Lansing in late 2024 and is under a long-term industrial electric load agreement that is in effect for twenty years. The plant currently produces electric vehicle battery cells utilizing an advanced and efficient battery cell manufacturing process. The plant is already a catalyst for growth in the region. Once fully operational (planned for 2027), the plant is expected ultimately to create 1,700 new jobs (with staffing having approximately doubled in the last six months) and the BWL's energy sales are expected to increase by 35 percent, compared to fiscal year 2023, when the contract was developed. The firm load under the agreement is expected to be 120 MW at full capacity. The contracted rate consists of fixed and variable components, and is subjected to the power supply cost recovery mechanism and other applicable surcharges. This project is expected to represent approximately 10-11% of electric retail revenue by 2027. Considerations have been made to address contingencies that might occur over the life of the contract.

Energy Risk Management

In 2013, the BWL formally adopted an Energy Risk Management Program. The Energy Risk Management Program is reviewed annually. The most recent revision was approved in May 2025.

The purpose of the BWL's Energy Risk Management Program is to secure power supply that is adequate to meet expected retail load while maintaining sufficient reserves and minimizing costs. Additionally, the program is responsible for helping the BWL achieve the following objectives:

- Minimizing risk of wholesale price volatility to better manage budget results
- Optimizing resources and the value of BWL assets
- Minimizing the risk of high energy input costs
- Minimizing BWL's operational and financial exposure

Under this program, the BWL has been able to consistently and significantly minimize its exposure to the volatile natural gas market while also generating significant fuel cost savings over time. This savings is largely attributable to key value- and time-based hedging triggers defined within the program. The value-based triggers allow for gas purchase commitments to be made up to five years in advance of consumption in various quantities based on a comparison of current and historical market prices as well as the amount of time until the gas will be consumed. The time-based triggers ensure that the BWL always maintains at least a partially hedged position and is never fully exposed to the market. In compliance with the Energy Risk Management Program, coverage for total budgeted gas volumes for the following calendar years are:

2026	2027	2028	2029	2030
50%	10%	20%	15%	5%

Source: Lansing Board of Water and Light

Under this program, actual gas volume coverages for future years may vary as the noted considerations are continuously monitored.

In addition, the BWL has recently engaged in two long-term natural gas prepay transactions with the Municipal Gas Authority of Georgia. The terms of the first transaction involve an average daily volume of 10,000 MMBtu, accompanied by a discount of $0.54 and a potential additional discount of $0.06 annually. This initial transaction spans from November 2024 to October 2054, with repricing required after 7 years. The second transaction entails a daily volume of 5,000 MMBtu, featuring a discount of $0.46 and a potential additional discount of $0.04 annually. This second transaction is scheduled from November 2025 to October 2055, with a repricing required after 10 years. The cost of commodity and delivery variables remain subject to market conditions. Additionally, at the required repricing of these transactions, BWL can make no assurances that the respective transaction will continue nor are there any assurances about the level of savings.

Critical Infrastructure and Digital Security

The BWL, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the BWL is potentially subject to multiple cyber threats, including, without limitation hacking, viruses, ransomware, malware and other attacks. United States government agencies have in the past issued warnings indicating that critical infrastructure sectors such as electric systems may be specific targets of cybersecurity threats. The BWL has implemented industry best practices, engineering and procedures and has made the necessary investment to protect against and mitigate the adverse effects of cyberattacks, including steps to harden its cybersecurity and provide training for employees in cyber awareness and the use of the BWL's digital networks and systems. No assurance can be given that the BWL's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or disrupt the operation of the Electric System. However, the cyber security controls put in place over the last five years have led to a decrease in cyber insurance premiums, which is a rarity.

The BWL operates in multiple critical infrastructure sectors, and as such, the BWL business practices place continued emphasis on digital security and resilience. Accordingly, the BWL continues to reinforce and create redundancy among network infrastructures for both operations and information technology. Current operational technology initiatives include substation modernization to support smart grid enhancements, the BWL-owned fiber WAN upgrades enabling improved physical security controls, and continued network hardening to comply with North American Electric Reliability Corporation, Critical Infrastructure Protection ("NERC-CIP") requirements. Recently completed information technology initiatives include a network hardware lifecycle refresh, the addition of redundant wide-area network connections between data centers using AT&T switched ethernet for failover from the BWL's private fiber ring, and in-process network transformation to include more network segmentation and routing for increased stability and performance. The BWL's SSD-based storage area network ("SAN") synchronizes data between the two data centers for improved resilience.

The BWL is aware of accelerated efforts by domestic and international actors seeking unauthorized access to utility industry networks and systems. In 2016, BWL information systems were interrupted by a ransomware attacker. The BWL was able to continue providing electric, water, steam, and chilled water utility services to all customers during the incident. Ultimately, BWL's digital security posture emerged from the breach more robust than ever. Since 2016, the BWL has not identified any successful, notable instances of malicious cyber-intrusion in either OT or IT networks. The BWL maintains cyber security insurance.

The BWL uses the following techniques and cutting-edge tools to defend against threats that could compromise utility services, trade secrets, financial performance, or customer information:[*]

- Installation of Next-Generation firewalls with automated threat feeds, anti-malware, and IPS/IDS functionality
- Implementation of Microsoft Advanced Threat Protection, Safe Links and Safe Attachments for email
- DMARC domain protection and anti-spam
- Multi-factor authentication configured for remote and Office 365 users
- Multi-factor authentication configured for Virtual Private Network Access (VPN) in alliance with conditional access policies
- Enterprise implementation of next-generation anti-virus and end-point detection and response tool with third-party 24/7 monitoring and remediation of threats
- Installation of server application white-listing tool
- Ransomware-resistant, encrypted backup technology with regular offsite cloud backup
- Participation in Department of Homeland Security (DHS) penetration testing and vulnerability scanning programs

* Since the BWL operates in multiple critical infrastructure sectors, the BWL considers its records and information related to its security software and hardware technology, including, but not limited to its organizational information system infrastructure, hardware, software, information systems, and any information systems or otherwise designed to protect ongoing security measures for BWL as a public utility, as confidential and exempt from disclosure pursuant to Michigan Compiled Laws 15.243(y) and (z).

- Continuous operating system and network patching
- End-user phish reporting and remediation tool
- End-user phish training and phish simulation testing
- Refresh of the vendor cyber security process to incorporate requirements for NERC CIP supply chain risk management
- Network segmentation between operational and information technologies

Cash Management

The Board first adopted a minimum cash reserve requirement policy in 2018, which was updated and approved in 2025 to include a minimum of 150 days cash on hand, as well as other minor revisions. By defining BWL's minimum cash reserve requirement, the policy bolsters financial strength, situational resilience, fiscal responsibility, and credit quality. This policy was developed through a systematic examination of the operating and economic risks facing the BWL and relied on best practices from credit rating agencies, utility experts, and other municipal utilities.

The policy states that the minimum cash reserve requirement will be calculated annually for each year of the six-year budget and forecast period. The current policy (FY 2026-2031) has calculated a minimum cash reserve requirement ranging from 153-170 days cash.

For the fiscal year ended June 30, 2025, BWL exceeded its minimum cash reserve requirement with 195 days cash on hand. See "SYSTEM FINANCIAL INFORMATION—Historical and Projected Operating Cash Flows and Debt Service Coverage" herein.

Capital Improvement Plan

The BWL has a six-year capital improvement plan that is updated and adopted annually (the "Plan"). The Plan addresses current and future capital needs of the System to reliably meet existing and projected demand for the BWL services. The current plan covering the next six years (FY 2026-2031) was adopted in May 2025 and consists of approximately $744.8 million in capital expenditures. Regular CIP projects are shown in Figure 1 below, new energy portfolio projects are shown in Figure 2, and the Steam-to-Hot-Water conversion projects are shown in Figure 3. In 2025, BWL began its steam to hot water conversion project, a strategic, 15-year investment to convert the steam utility to a hot water system. See "THE STEAM UTILITY—Steam to Hot Water Conversion".

Lansing Board of Water and Light
Capital Improvement Plan by Utility
Fiscal Years 2026-2031

Figure 1

	Fiscal Year Ended June 30					
	2026	2027	2028	2029	2030	2031
Electric	$43,386,105	$44,370,978	$28,501,611	$35,914,457	$38,701,929	$47,279,273
Water	22,628,430	18,028,568	19,010,214	26,361,408	27,661,645	27,119,079
Steam	2,064,000	2,067,000	2,070,000	2,073,000	2,076,000	2,079,000
Chilled Water	212,789	52,008	53,069	54,594	54,594	67,000
Common	6,187,918	7,700,891	11,078,202	5,739,648	13,427,666	16,981,069
Total	$74,479,242	$72,219,445	$60,713,096	$70,143,107	$81,921,834	$93,525,421

Source: Lansing Board of Water and Light

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Lansing Board of Water and Light
Capital Improvement Plan for the New Energy Projects
Fiscal Years 2026-2031

Figure 2

	Fiscal Year Ended June 30					
	2026	2027	2028	2029	2030	2031
Natural Gas Reciprocating Engine	$41,122,589	$2,848,442	$0	$0	$0	$0
Solar Energy	45,188,429	34,019,844	18,500,000	0	0	0
Battery Storage[1]	46,159,164	11,214,049	20,000,000	20,000,000	0	0
Total	$132,470,182	$48,082,335	$38,500,000	$20,000,000	$0	$0

Source: Lansing Board of Water and Light
[1] BWL is re-evaluating battery storage options and strategy for the next phase of the Capital Improvement Plan. The current scope of the battery storage project is reduced to construction of the renewable switchyard only.

Lansing Board of Water and Light
Steam to Hot Water Conversion
Fiscal Years 2026-2031

Figure 3

	Fiscal Year Ended June 30					
	2026	2027	2028	2029	2030	2031
Distribution Transmission	$2,633,000	$2,511,000	$2,064,000	$2,578,000	$2,644,000	$3,159,000
Distribution Services	267,000	1,538,000	1,124,000	789,000	1,054,000	971,000
Customer Conversion	798,000	2,014,500	2,332,500	2,339,500	2,764,000	2,917,500
Customer Disconnection	71,500	174,000	415,000	438,500	899,500	773,500
Production	4,216,667	0	1,244,500	1,244,500	4,304,500	4,433,500
Total	$7,986,167	$6,237,500	$7,180,000	$7,389,500	$11,666,000	$12,254,500

Source: Lansing Board of Water and Light

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Board of Water and Light Administrators

Richard Peffley joined the BWL in 1976 and, was named General Manger by the BWL Board of Commissioners on September 22, 2015. He previously served as Interim General Manager in 2006-2007 and January to September 2015. Mr. Peffley also serves as a board member for the Michigan Municipal Electric Association. Mr. Peffley's experience at the BWL is extensive, having served in many capacities in the electric and water utilities. In January 2022, he oversaw contract negotiations between General Motors and Ultium Cells (currently known as LG Energy Solution Battery Plant) for the BWL to provide power for a new battery cell manufacturing plant, a transformational $2.6 billion investment that will support electric vehicle production in the City for the next generation. He oversaw the development and construction of the $500 million natural gas-fired Delta Energy Park, and in 2021, successfully renegotiated a coal contract which resulted in $52 million of savings over two years. Mr. Peffley was the project manager for the $182 million natural gas-fired REO Cogeneration Plant and Headquarters which came in on time and on budget in 2013. He was the project manager for the $23 million repair and refurbishment of the Wise Road Water Conditioning Plant following a chemical accident. Mr. Peffley oversaw the completion to remove all lead water service lines in 2016, the second utility in the country to do so, and led the Water Department's efforts that distributed a record-breaking 1 billion gallons of water in a single month to customers during the heat wave in July 2013. Mr. Peffley was also the project manager for the $20 million Chilled Water Plant, named after his father, the BWL retiree Roy E. Peffley. He previously served as Executive Director of Operations and was Plant Manager at the Erickson Power Station and Eckert Power Station.

Heather Shawa joined the BWL in 2015 and currently serves as the Assistant General Manager. Before being appointed as the Assistant General Manager in 2025, she served as the utility's Chief Financial Officer. Ms. Shawa is responsible for overseeing the BWL's supply chain, information technology, customer operations, business development, public relations, accounting, finance, and planning functions. Ms. Shawa oversaw the bond offering for the $500 million Delta Energy Park that replaced the BWL's coal-fired power station and served as executive sponsor for the $70 million BSmart corporate technology program which added advanced metering, customer information system, GIS, and advanced distribution/outage management system. She serves as the BWL corporate sponsor for ATHENA WIN and Advancing Women in Energy memberships that provide women with mentorship and professional development opportunities. Ms. Shawa also serves as the Board Vice President of Peckham Inc., a non-profit vocational rehabilitation organization that provides job training opportunities for people with significant disabilities and other barriers to employment. She previously served as a member of the City's Mayor's Financial Health Team, the Lansing Regional Chamber of Commerce Board, the Big Brothers Big Sisters Michigan Capital Region Board of Directors, and is an active member of the Lansing Regional Chamber Political Action Committee. Before joining the BWL, Ms. Shawa served as the Chief Financial Officer and Vice President of Operations for Demmer Corporation, a privately held manufacturing company that served defense, automotive and aerospace industries. Ms. Shawa was also part of the executive management of Demmer Investments, INC., which handled the acquisitions and portfolio for the Demmer family, which is still in operation today. Ms. Shawa received her Bachelor of Business Administration degree in accounting from Northwood University and a Master's of Science degree in business from Central Michigan University. In 2023, Ms. Shawa was recognized by Crain's Detroit as a Notable Leader for her work in the energy industry.

Roberto Hodge joined the BWL in 2008 and serves as the Chief Operations Officer. Mr. Hodge also served as the Project Director for Delta Energy Park ("DEP"), where he led the commissioning and operations of the $500 million Delta Energy Plant, which replaced the BWL's coal-fired power station. He oversaw the design and development of the BWL's new energy projects on the DEP site, including the Delta Energy Plant 2, battery storage and a 10MW solar array. He also managed the decommissioning of the BWL's two coal-fired power plants, Eckert and Erickson power stations. Mr. Hodge serves as a commissioner on the Michigan Public Power Agency, a joint action agency that supports municipal-owned utilities in the planning, development and management of energy asset. Mr. Hodge served in the United States Navy for over nine years. He received both his Bachelor's and Master's degree in Business Administration from Northwood University.

Mark Matus joined the BWL in 2011 and serves as General Counsel. His background with the BWL includes serving as the Manager of Environmental Services, as well as Director of Technical Services. Before joining the BWL, he spent 25 years as an Assistant Attorney General for the State of Michigan. Mr. Matus received his Bachelor of Science degree from Grand Valley State College and his Juris Doctorate from Wayne State University. His current community service includes serving as a board member for Habitat for Humanity Capital Region and formerly for Big Brothers Big Sisters Michigan Capital Region.

Michael Flowers joined the BWL in 2008 and is the Chief Human Resources Officer, overseeing labor relations & employment activities, health & wellness, benefits, payroll, organizational change management, training & development, safety, security and emergency management. Mr. Flowers previously worked in human resources for both Accident Fund Insurance Company of America and Sparrow Health System, as well as taught human resources at Lansing Community College. Mr. Flowers also serves in a number of community capacities, including as trustee on the Ingham Intermediate School District Board of Education, President of Peckham Industries Board of Directors, advisory board member for the Wharton Center of Performing Arts. He previously served on the boards for Capital Region Community Foundation, Lansing Community College Foundation and Dr. Martin Luther King Jr. Commission of Mid-Michigan. Mr. Flowers has a Bachelor's degree in Business Administration from Northwood University and a Master's degree in Labor Relations and Human Resources from Michigan State University.

Scott Taylor joined the BWL in 2002 and currently serves as the utility's Chief Financial Officer. He is responsible for overseeing the company's accounting, finance, treasury, internal control, supply chain and grant funding operations. In addition, Mr. Taylor chairs the BWL's Risk Advisory Committee, Capital Project Development Committee and Retirement Plan Committee, which is responsible for over $700M in retirement assets. He has also served for over 13 years as a trustee of MICLASS, a local government investment pool that has grown from $250M to over $5B in the last ten years. Mr. Taylor earned both an undergraduate degree in Accounting and an MBA in Finance from Central Michigan University. He is also a Certified Public Accountant and a Certified Treasury Professional.

Labor Relations and Personnel Matters

As of June 30, 2025, the BWL employed 789 people, 457 of whom were considered general System employees. The balance of utility-specific employees included 235, 92, and 5 persons serving the electric, combined water, and steam utilities, respectively.

The International Brotherhood of Electric Workers, AFL-CIO, Local Union 352, represents approximately 444 of the BWL's employees. Remaining employees of the BWL are not represented by a union.

Collection and Enforcement

The BWL's metered customers are billed monthly. Depending upon credit history, new customers may be required to submit a refundable deposit to establish services. Bills are due twenty-one days after distribution. Customers who do not pay in full by the due date incur a 5 percent late fee monthly on the late charges. Services may be eligible to be disconnected when the unpaid balance is 28 days past due. Many community resources, including programs funded partly by the BWL, are available to low-income customers and those who have trouble paying their utility bills. Closed accounts over 60 days past due are sent to an external collection agency. Uncollectable customer debts accounted for 0.58 percent of retail revenues during fiscal year 2024, compared to 0.43 percent in fiscal year 2025. Unmetered or non-traditional customers, including pole attachments, traffic signals, and water supply for fire hydrants, accounted for an immaterial share of the BWL's revenues during fiscal year 2025. Unmetered services are budgeted to account for less than 1 percent of revenues during fiscal year 2026.

Insurance

The BWL maintains multiple property and casualty insurance policies to protect against possible financial losses arising from various risks. The deductibles, scope and limits of coverage vary from time to time depending on such factors as pricing and availability.

Current BWL coverage for property loss is limited to $600 million, most of which is insured on a replacement-cost basis. With the exception of turbine generators, all policy deductibles range from $250,000 to $1,500,000. Combined liability coverages total $36 million for each occurrence and $70 million general aggregate for certain bodily injury and property damage claims. The BWL also carries cyber insurance. See "Critical Infrastructure and Digital Security," above.

THE ELECTRIC UTILITY

General

The BWL's Electric Utility (the "Electric Utility") has provided services for over 120 years. It is the largest municipally owned electric utility in Michigan with approximately 100,000 customers. The BWL serves the greater Lansing area with a combination of generated and purchased power. Electric rates and charges have historically accounted for approximately 83% of gross System revenues. A map of the Electric Utility's service area appears in Appendix B.

Owned Electric Generation

The Electric Utility's primary generating assets are two natural gas generating facilities. One plant is a cogeneration facility and the other is a combined-cycle plant with a simple cycle combustion turbine. The newest generation asset the BWL owns is the Delta Energy Park, which has been in service since March 16, 2022. Delta Energy Park's construction was completed on time and within budget. Delta Energy Park replaced the aging, coal-fired power plants which were retired in 2020 and 2022.

Delta Energy Park is a 260.3 MW combined-cycle facility fueled by natural gas and coupled with a 138-kilovolt ("kV") switchyard. The highly efficient plant is powered by two natural gas combustion turbines capable of combined or simple-cycle operation in a three-step process to produce electricity. First, a gas turbine burns natural gas to directly power an electric generator. Second, hot exhaust from the gas turbine is captured and used to produce steam in a Heat Recovery Steam Generator. Third, the steam produced is sent through a Steam Turbine Generator to produce additional electricity. There is also a simple cycle unit used for peak generation. Delta Energy Park was built in Delta Township, at the site of the BWL's closed Erickson Station.

The REO Town Plant is a combined-cycle cogeneration facility fueled by natural gas that was put in service in 2013. The plant generates steam and electricity (119.7 MW nameplate capacity) in a two-step process. First, a gas turbine burns natural gas to directly power an electric generator. Second, hot exhaust from the gas turbine is captured and used to produce steam in a once-through steam generator. The steam produced can be utilized by steam-heating customers or for turning a second electric generator. REO Town Plant can meet the BWL's projected maximum steam demand capacity of 300,000 pounds per hour even if one steam production unit is out of service.

The Electric Utility owns multiple solar generation sites in the City, including the Cedar Street Solar Array, which came online in 2011. At the time the array was constructed in 2009, it was the largest solar site in Michigan. These BWL-owned solar panels generate less than 1 MW in total.

Joint Action Agency Participation

The Michigan Public Power Agency ("MPPA") is an alliance of electric system owner-operators established in the late 1970s under Michigan Public Act 448 of 1976, as amended. MPPA's purpose is to help member utilities share the benefits of joint action in planning, development, acquisition, and management of energy assets and services. Subject to approval of a municipality's governing body and that of existing MPPA members, any Michigan municipality engaged in the generation, transmission, or distribution of electricity is eligible to join MPPA.

The BWL joined MPPA in 1992. Including the BWL, MPPA consists of 22 member utilities. Seven additional utilities participate in MPPA as associate members. The BWL participates in two MPPA projects—transmission and Belle River. The Belle River project is discussed in detail below. See "Purchased Power" herein. In 2006, the BWL along with 12 other municipalities purchased a bulk interest in certain transmission lines. This purchase allows participating members to receive power from other entities without having to pay additional transportation costs to use the electric power grid. Additional information regarding MPPA and details about its members are available at www.mpower.org.

Purchased Power

Located in St. Clair County, Michigan, DTE Energy Company's ("DTE") "Belle River" coal-fired generating Units 1 and 2 have a combined nameplate capacity rating of 1,260 MW. Belle River commenced commercial operation in July 1985. MPPA, through its purchase agreements with DTE, owns 18.61 percent of Belle River Units 1 and 2. Through its participation in MPPA, the BWL has purchased a capacity and energy entitlement of 150.8 MW, or 64.29 percent of MPPA's share. The BWL is entitled to its proportionate share of the capacity and energy from Belle River. The BWL utilizes its full capacity and energy entitlement from Belle River.

The Belle River plant operated by DTE was slated to be decommissioned by 2028, but instead filed an IRP with the MPSC to convert the coal-fired plant to natural gas, which was approved. As a result, the Belle River plant will be converted from coal to natural gas, with the conversion of unit 1 having begun in 2025, followed by unit 2 in 2026 or 2027. The plant will become a peaking plant and will run until the end of 2039.

Through its participation in the MPPA project, the BWL is responsible for a percentage of the resulting debt service associated with the transition of Belle River as well as other operating expenses. This percentage is expected to be commensurate with MPPA's 18.61 percent ownership in Belle River Units 1 and 2 and the BWL's 64.29 percent participation in the MPPA's Belle River project. In 2024, MPPA issued revenue bonds to fund the Belle River plant capital improvement projects. BWL's final share of debt service is $22,501,500.

BWL has two current contracts with MPPA related to Belle River—one for power sales and one for project support. Under the terms of the power sales contract, BWL is required to pay MPPA for BWL's proportionate share of Belle River operation and maintenance expenses so long as power is available. These charges are an operating expense of the Electric Utility and, as such, have priority over the lien securing the Bonds.

BWL is contractually bound to assume a pro rata share of the obligations of a defaulting Belle River participant should any of the other ten participants default, to an extent that does not exceed 25 percent of BWL's original obligation. In this scenario, the BWL would also become entitled to the pro rata share of capacity and energy previously allotted to the defaulted participant. To date, MPPA has not experienced any default among Belle River participants.

Under the terms of the project support contract, BWL's obligations are unconditional; payment must be made regardless of whether Belle River is in operation and notwithstanding the suspension or curtailment of Belle River output. The obligations of the BWL under the project support contract are not an operating expense of the Electric Utility, and therefore, are made after payment of operating expenses of the Electric Utility and after payment of debt service on the Bonds and certain other bonds of the BWL issued pursuant to Act 94.

Belle River power cost during the fiscal year ended 2025 was 7.35 cents per kilowatt hour. Excluding possible transmission losses, the following table projects the Belle River power cost per kilowatt hour ("kWh").

Lansing Board of Water and Light
Electric Utility
Projected Belle River Power Costs per kWh as of December 2025
Fiscal Years Ending June 30, 2026 through 2030

Year	Cents Per kWh
2026	7.16
2027	13.65
2028	19.81
2029	16.03
2030	15.88

Source: Lansing Board of Water and Light

The BWL has a 20-year power purchase agreement with Beebe 1B Renewable Energy LLC ("Beebe"). Beebe's Gratiot County, Michigan site has been generating 19.2 MW of wind power for the BWL since 2014.

The BWL has 25-year power purchase agreements with Delta Solar I LLC and Delta Solar II LLC (together, "Delta Solar"). Delta Solar is a subsidiary of CMS Energy Corporation. Delta Solar's Delta Township, Michigan sites have been generating a total 24 MW of solar power for the BWL since 2018.

The BWL has a 20-year power purchase agreement with NextEra Energy Marketing LLC ("Pegasus Wind"). Pegasus Wind's Tuscola County, Michigan site has been generating 68 MW of wind power for the BWL since August 2020.

The BWL has a power purchase agreement with Community Energy Options, LLC for 0.345 MW of solar power generated from a site in East Lansing, Michigan. This arrangement gives the BWL electric customers a chance to participate in the leasing of solar panels. The site went live in 2018 under a 25-year agreement.

The BWL has a 25-year power purchase agreement with Invenergy's Solar Development North America LLC ("Calhoun Solar Energy Center"). Calhoun Solar Energy Center's Calhoun County, Michigan site has been generating 10 MW of solar power for the BWL since 2023.

The BWL has two 25-year power purchase agreements with Assembly Solar LLC ("Ranger Assembly") for 10 MW and 70 MW of solar power. Ranger Assembly's Shiawassee County, Michigan site has been generating 80 MW of solar power for the BWL since 2021.

Transmission Arrangements

In addition to its generating facilities, the Electric Utility maintains 72 miles of transmission lines, 16 substations, 2,172 miles of overhead distribution lines and 1,399 miles of underground distribution lines. The 138 kV transmission lines loop through the 99 square mile service area and connect with transmission facilities owned by Michigan Electric Transmission Company ("METC"), an operating subsidiary of the International Transmission Company (the "ITC"), at two locations. The bulk of the BWL's distribution lines are operated at 13.2 kV. The balance are operated at 4.16 kV and are in the process of conversion to 13.2 kV.

ITC is the principal transmission owner in the lower peninsula of Michigan and a member of the MISO organization. ITC has turned operation of its transmission facilities over to MISO and operates under MISO's Open Access Transmission, Energy, and Operating Reserve Tariff ("Midwest Market").

In December 2012, the BWL became a non-transmission-owning member of MISO. Although the BWL owns transmission facilities, becoming a transmission-owning member of MISO would require the Electric Utility to reconfigure its generation and transmission assets within the Midwest Market. The BWL has assessed possibilities for this asset reconfiguration and determined that such a plan is unlikely to produce a net financial benefit to the Electric Utility due to the Midwest Market transactional costs.

Unlike the BWL, transmission-owning MISO participants have experienced increased transmission charges due to MISO's transmission investments and overhead costs. Without sufficient behind-the-meter generation, it may be necessary for the BWL to become a transmission-owning MISO member.

The BWL's 138 kV transmission system interconnects with the ITC system and is governed by the MISO Tariff. Prior to 2016, the BWL had two interconnection ties with the ITC system, one at the Davis substation and the other at the Enterprise substation, with an import capability of 480 mega volt amps ("MVA"). In 2016, to cover the contingency requirements of NERC reliability standards, BWL installed two additional lines at the Enterprise Substation. This increased total interconnections to four and total import capability to 960 MVA.

Through its non-transmission-owning MISO membership, the BWL's Electric Utility has secured entitlement to 12.5 MW of network transmission service and 150 MW of firm network transmission service through its membership in various MPPA projects. The 150 MW of network entitlement is a grandfathered transmission agreement ("GFA"). The Electric Utility does purchase additional point-to-point transmission from MISO during instances which are financially advantageous or to accommodate generation outages.

In September 2004, the Federal Energy Regulatory Commission ("FERC") issued an order addressing the treatment of GFAs within the Midwest Market. The order included MPPA transmission agreements relating to the Belle River Project, which were designated as GFAs and thus "carved out" of the Midwest Market. The GFA designation exempts the BWL from various Midwest Market charges and market congestion costs for the energy delivered from the Belle River Plant to the Electric Utility. The BWL does not anticipate any changes from FERC that will impact this exemption.

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Operating Statistics

The following tables show the gross generation, net generation, availability factor and net capacity factor for the REO Town Plant and Delta Energy Park during the fiscal years ended June 30, 2021 through 2025.

REO Town Plant

FY Ended 06/30	Gross Generation (MWh)	Net Generation (MWh)	Availability Factor (%)	Net Capacity Factor (%)
2021	676,131	644,898	93.61%	77.29%
2022	671,498	639,226	88.67%	76.61%
2023	558,910	529,692	72.17%	43.59%
2024	503,714	475,661	70.50%	57.00%
2025	550,872	525,012	68.30%	63.10%

Delta Energy Park

FY Ended 06/30	Gross Generation (MWh)	Net Generation (MWh)	Availability Factor (%)	Net Capacity Factor (%)
2022	174,412	166,565	43.77%	24.00%
2023	774,908	744,739	68.91%	35.67%
2024	887,087	856,039	74.90%	40.90%
2025	1,436,114	1,385,850	93.20%	66.42%

Source: Lansing Board of Water and Light

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The following table shows nameplate capacity and energy mix by fuel type for the fiscal year ended June 30, 2025 for major generating contributors to the Electric Utility.

Lansing Board of Water and Light
Electric Utility
Nameplate Capacity and Energy Mix by Fuel Type
Fiscal Year Ended June 30, 2025

Name	Fuel	Nameplate Capacity (MW)	Capacity Credit (MW)*	Annual Energy (kWh)
REO Town	Gas	119.7	80	527,121,970
Delta Energy Park	Gas	260.3	196	1,390,385,206
Belle River	Coal	146	146	829,690,139
Beebe	Wind	19.2	4	48,554,900
Pegasus	Wind	68	16	207,409,200
Delta Solar I & II	Solar	24	10	38,565,010
Ranger Assembly Solar I & II	Solar	80	29	167,542,562
Calhoun Solar Energy Center	Solar	10	4	17,002,080

*Average MISO accredited capacity based on planned run/outage schedule.
Source: Lansing Board of Water and Light

Fuel Supply and Delivery

The BWL is a transportation customer on the Consumers Energy Company natural gas system and has firm delivery service from Consumers Energy Company to provide natural gas to both the REO Town Plant and Delta Energy Park. The BWL has contracted with StoneX to provide natural gas procurement services. Forward purchases of natural gas are made in accordance with the BWL's Energy Risk Management Program. For additional information on the BWL's Energy Risk Management Program, see "THE LANSING BOARD OF WATER AND LIGHT – Energy Risk Management."

To protect the BWL's natural gas-fired generation facilities against market volatility and to minimize the risk of high energy input costs, the BWL employs a disciplined approach to hedging natural gas consumption. The hedge strategy incorporates multiple components designed to identify historical value opportunities and to implement protective measures based on time when value is not attainable. This is accomplished by making strategic hedge deals when forward natural gas pricing hits a designated value trigger. Hedges are made up to five years in advance.

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Power Requirements

During the fiscal years ended June 30 from 2021 through 2025, the Electric Utility produced between 51.68 percent to 59.11 percent of the total MWh available. Nearly all of the Electric Utility's remaining power requirements are met by way of the BWL's energy entitlement from Belle River. The following table sets forth the Electric Utility's total power requirements, sales and losses in MWh for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Electric Utility
Power Availability, Sales and Losses in MWh[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
	2021	2022	2023	2024	2025
MWh Generated[2]	1,361,409	1,669,652	1,603,924	1,331,837	1,917,641
MWh Purchased[3]	1,202,588	1,261,381	1,337,891	1,245,445	1,326,358
Total MWh Available	2,563,999	2,931,033	2,941,815	2,577,282	3,243,999
Less MWh Sold[4]	2,509,388	2,802,336	2,882,669	2,503,947	3,174,327
Transmission and Distribution Losses	54,611	128,697	59,146	73,335	69,672
Losses as % of MWh Available	2.13%	4.39%	2.01%	2.85%	2.15%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
[2] See "Owned Electric Generation" herein.
[3] Primarily from Belle River. See "Purchased Power" herein.
[4] Includes wholesale sales.
Source: Lansing Board of Water and Light

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The following table sets forth the Electric Utility's peak demand, total power requirements and load factor for the fiscal years ended June 30, 2021 through 2025. Peak demand is measured by MW and total power requirements are measured in MWh. Peak demand represents the highest sixty-minute interval of continuous demand during the fiscal year. Load Factor is the percentage of total power requirements to annualized peak demand.

Lansing Board of Water and Light
Electric Utility
Peak Demand, Total Power Requirement and Load Factor
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
	2021	2022	2023	2024	2025
Peak Demand MW	439.283	443.290	418.817	439.495	475.951
% Change Peak Demand	1.56%	0.91%	-5.52%	4.94%	8.29%
Total Power Requirement MWh	2,084,403	2,113,992	2,073,867	1,970,628	2,096,172
% Change Power Requirement	1.88%	1.42%	-1.90%	-4.98%	6.37%
Load Factor %	54.17%	54.44%	56.53%	51.19%	50.28%

Source: Lansing Board of Water and Light

Environmental Regulations

Cross State Air Pollution Rule ("CSAPR"). The Cross-State Air Pollution Rule addresses NO_X and SO_2 emissions from upwind states that cross state lines and affect air quality in downwind states. The rule establishes a pollution limit (emissions budget) for each state that is subject, including Michigan. Since permanent shutdown of the BWL's last coal-fired power plant in 2022, compliance with CSAPR is maintained through use of clean fuels (i.e., natural gas) and efficient technology (combined-cycle turbines).

U.S. Climate Change Regulations. The BWL's Delta Energy Park is subject to Federal Standards of Performance for Greenhouse Gas Emissions from Electric Utility Generating Units. The requirements include complying with an output-based emission standard of 1,000 pounds CO_2 per MWh, achievable through operating efficient natural gas combined-cycle technology, and operating under reduced hours in simple cycle mode. Currently, there are no standards applicable to existing natural gas turbine facilities and therefore there are no requirements for the REO Town Cogeneration Plant.

CCR Rule. The CCR rule became effective October 14, 2015, and established new requirements for the disposal of CCR in landfills and surface impoundments. Prior to the effective date of the rule, the BWL minimized the impact of the CCR rule by excavating CCR from two sites and modifying its bottom ash disposal practices at Erickson Station. See "THE LANSING BOARD OF WATER AND LIGHT – Environmental Initiatives" for information about the BWL's excavation of CCRs and its practice modifications. To comply with CCR rule requirements, the BWL has installed a groundwater monitoring network and has removed the remaining ash. Eckert Station has never had an ash impoundment or landfill onsite and is therefore not impacted by this rule. Additionally, EPA has recently proposed changes to the CCR rule to include areas at closed power plants where CCR may have been placed on land. CCR has been removed from BWL's Eckert and Erickson sites so additional impacts are not anticipated.

New Source Review ("NSR") & State Air Permits. The Clean Air Act ("CAA") requires that a permit be obtained from the appropriate regulatory authority, in this case EGLE, when work performed at a facility constitutes a modification that results in a significant increase in air pollution emissions. To that end, the BWL conducts a thorough review and associated documentation regarding periodic maintenance conducted at its natural gas turbine plants to ensure NSR requirements are met when applicable.

General. The evolving nature of environmental regulations means that practices that once met regulations may no longer comply with new standards. Occasionally, this requires remediation programs. To separately identify and recover the cost of these programs and new environmental compliance related costs, the BWL has adopted an environmental surcharge. The surcharge is levied on a kWh basis and is currently $.0030/kWh.

Service Area

The Electric Utility provides electric service to the City and Lansing Township, most of the City of East Lansing and Delta Township, and portions of Meridian, Watertown, Windsor, Delhi and DeWitt Townships. Michigan State University, which is located in the City of East Lansing, generates its own electricity and is not serviced by the Electric Utility. BWL uses a Geographic Information System ("GIS") to monitor data across the Electric Utility's network, whose primary distribution lines cover approximately 99 square miles. The estimated population in the Greater Lansing Area is 547,953. By comparison, the City encompasses an area of approximately 35 square miles and has a 2025 estimated population of approximately 113,466. Electric service outside of the Electric Utility's service area is provided by Consumers Energy Company.

Franchises

Article VII, Section 29 of the Michigan Constitution of 1963 provides that a utility must have a franchise to render service within a local governmental unit. A description of the Electric Utility's existing franchises is included in the table below.

Lansing Board of Water and Light
Electric Utility
Electric Franchises

Municipality	Franchise Period	Effective Date[1]	Expiration Date
City of East Lansing	30 Years	06/14/2017	06/13/2047
Delhi Township	30 Years	10/28/2021	10/27/2051
Delta Township	30 Years	01/08/2018	01/01/2048
DeWitt Township	30 Years	06/30/2020	06/29/2050
Lansing Township	30 Years	04/09/2012	04/08/2042
Meridian Township	30 Years	02/04/1988	02/03/2018[2]
Watertown Township	20 Years	05/23/1989	05/22/2009[2]
Windsor Township	30 Years	01/26/2019	02/05/2049

[1] Effective date does not necessarily reflect the beginning of an agreement's term. Depending upon the agreement, the term may be considered to commence on the date of BWL's acceptance of the agreement. Therefore, franchise expiration date does not necessarily equal effective date plus term.
[2] The BWL is pursuing updates to the agreements. BWL continues to provide service under the terms of the prior agreements until they are terminated or renewed.
Source: Lansing Board of Water and Light

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Customers

The Electric Utility currently serves over 99,000 customers within its service area. The following tables set forth the number and percent of customers by location and classification for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Electric Utility
Average Number and Percent of Customers by Location[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Location	2021	2022	2023	2024	2025
City	60,942	60,611	60,584	60,619	60,864
Outside of City	38,591	38,547	38,553	38,738	38,781
Total	99,533	99,158	99,137	99,357	99,645
City	61.23%	61.13%	61.11%	61.01%	61.08%
Outside of City	38.77	38.87	38.89	38.99	38.92
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Electric Utility
Average Number and Percent of Customers by Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023	2024	2025
Residential	86,662	86,814	86,769	87,130	87,481
Commercial	12,670	12,096	12,222	12,120	12,108
Industrial	201	248	146[2]	107[2]	56[2]
Total	99,533	99,158	99,137	99,357	99,645
Classification					
Residential	87.07%	87.55%	87.52%	87.69%	87.79%
Commercial	12.73	12.20	12.33	12.20	12.15
Industrial	0.20	0.25	0.15	0.11	0.06
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
[2] During fiscal year 2023, the BWL implemented a new rate structure that better aligned customer rates with the BWL's expense projections and industry standards. This resulted in continued customer reclassifications between commercial and industrial classes.
Source: Lansing Board of Water and Light

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Ten Largest Customers

The following table sets forth the ten largest customers of the Electric Utility by revenue and kWh used for the fiscal year ended June 30, 2025.

Lansing Board of Water and Light
Electric Utility
Ten Largest Customers[(1)]
Fiscal Year Ended June 30, 2025

Name	Industry	Revenue[(2)]	% Total Electric Revenue[(3)]	kWh	% Total kWh[(4)]
General Motors	Automotive Manufacturing	$29,971,249	7.77%	259,404,715	8.17%
City of Lansing	Municipal Government	9,683,705	2.51	23,596,845	0.74
State of Michigan	State Government	8,127,668	2.11	57,314,892	1.81
Sparrow Hospital	Health Care	7,774,542	2.02	67,175,825	2.12
Meijer, Inc.	Retail & Warehouse	7,537,087	1.96	65,117,322	2.05
LG Battery Plant	Manufacturing	6,291,866	1.63	70,192,299	2.21
McLaren-Greater Lansing	Health Care	3,096,890	0.80	25,497,039	0.80
Liquid Web Inc.	Web Hosting	3,052,457	0.79	29,709,610	0.94
Jackson National Life	Insurance	2,972,097	0.77	25,635,923	0.81
Auto Owners Insurance	Insurance	2,797,817	0.73	21,186,865	0.67
Total		$81,305,378	21.09%	644,831,335	20.31%

(1) Due to rounding, values may not add up or percentages may not precisely calculate.
(2) City of Lansing and State of Michigan revenues include Street Lighting and Traffic Signal billings.
(3) Based on total revenues of $385,524,610 for the fiscal year ended June 30, 2025.
(4) Based on total sales of 3,174,327 MWh for the fiscal year ended June 30, 2025.
Source: Lansing Board of Water and Light

Rates and Charges

The Charter provides that the BWL shall have full and exclusive management of the water, heat, steam and electric utility services of the City and such other services as may be agreed upon by the BWL and the City. The Charter also provides that the BWL may, with proper notice and hearing, fix just and reasonable rates as it deems necessary for such services. The implementation of new rates takes approximately four months and does not require any local, state or federal regulatory approval. It is the policy of the BWL to review all rates annually and to set such rates so that each utility is self-supporting. Rates are set on a cost of service basis.

In 2024, the BWL Board of Commissioners approved a two-year rate strategy which took effect October 1, 2024. The two-year plan implemented gradual increases in customer and commodity charges annually on October 1 during the years 2024 and 2025. The revised rate strategy better aligned customer rates with the BWL's expense projections, industry standards and provided more complete coverage of fixed costs.

The BWL currently offers the following specialty electric rates:

- Time-of-use rates for the following customers:
  - Residential
  - Commercial
  - Industrial
  - Economic Development
  - Electric Vehicles ("EVs") with separate metering or time of use rate enrollment – The BWL encourages the adoption of EVs by offering lower rates for charging during off-peak hours. This allows customers of the BWL to reduce the environmental impact of their transportation choices, while also saving money and reducing impacts to the grid during times of higher energy usage.

- GreenWise Power – Customers can purchase some or all of their power from 100% renewable sources for a premium of 1.3 cents per kWh.
- Renewable Energy Distributed Generation – Customers who have installed solar at their property and have been approved through the BWL's interconnection process are compensated for excess electrical energy sent back to the grid through a market rate credit based on the on-peak energy prices for the billing month, including capacity, energy, and renewable energy credits ("RECs") generated.

Customers of the Electric Utility pay basic service and capacity charges based on customer classification and an energy charge based on kWh used. All energy charges per kWh are subject to a power supply cost recovery ("PSCR") adjustment (previously known as "Energy Cost Adjustment") on a monthly basis for the cost of fuel used in supplying electricity. Customers are billed monthly.

PSCR adjustments permit the monthly adjustment of rates for the costs incurred in the supplying of electricity. All electric rates with a kWh billing determinant are subjected to the PSCR adjustment and eligible rates are detailed in the BWL's PSCR tariff. The costs incurred in supplying electricity include, but are not limited to, fuel burned and fuel related costs, fuel transportation, pre- and post-combustion fuel additives, fuel procurement, environmental allowances, costs of power purchase agreements, market energy, capacity, ancillary service costs, and transmission costs.

Historical electric rate increases are set forth in the table below. These rate adjustments represent average system increases or increase in base-rate revenue. As such, rate adjustments by rate class or rate component may deviate from these percentages. BWL has not yet approved any rate adjustments beyond October 1, 2025. Any additional rate adjustments will be subject to the Board's rate approval process.

Lansing Board of Water and Light
Electric Utility
Historical System Average Electric Rate Increases

Effective Date	11/1/2021	11/1/2022	11/1/2023	10/1/2024	10/1/2025
Rate Increase	0.00%	2.05%	2.05%	6.95%	6.00%

Source: Lansing Board of Water and Light

Historical and existing rates and charges by customer classification are set forth in the table on the following pages.

Remainder of page intentionally left blank.

Lansing Board of Water and Light
Electric Utility
Historical and Existing Rates by Customer Classifications

Standard Residential Electric Service (Prev. Rate No. 1 – Residential service)	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service Charge/month	$19.00	$19.75	$20.50	$21.75	$22.50
Commodity charge/kWh					
Summer Months (June-Oct)					
1st 500 kWh	0.1242	0.1295			
over 500 kWh	0.1297	0.1350			
June through September per On-Peak kWh			0.1445	0.1596	0.1740
June through September per Off-Peak kWh			0.1314	0.1406	0.1504
Winter Months (Nov-May)					
1st 500 kWh	0.1242	0.1295			
over 500 kWh	0.1277	0.1330			
October through May per On-Peak kWh			0.1445	0.1596	0.1740
October through May per Off-Peak kWh			0.1314	0.1406	0.1504
Electric Environmental charge/kWh	0.0006	0.0006	0.0020	0.0020	0.0030
Energy Waste Reduction Surcharge/kWh	0.004099	0.00	0.00	0.00	0.00
Renewable Energy Plan Surcharge/Month	0.00	0.00	0.00	0.00	0.00

Standard Small Commercial Service (Prev. Rate No. 3-General Secondary Voltage Service)	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service Charge/month	$36.00	$36.00	$36.00	$37.00	$38.00
Commodity charge/kWh					
Summer Months (June-Oct)	0.1478				
Winter Months (Nov-May)	0.1439				
Summer Months (June-Sept)		0.1478	0.1478	0.1554	0.1617
Winter Months (Oct-May)		0.1439	0.1439	0.1515	0.1578
Electric Environmental charge/kWh	0.0006	0.0006	0.0020	0.0020	0.0030
Energy Waste Reduction Surcharge/month	0.00	0.00	0.00	0.00	0.00
Renewable Energy Plan Surcharge/Month	0.00	0.00	0.00	0.00	0.00

Standard Midsize Commercial Service (Prev. Rate No. 4-Large General Secondary Voltage)	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service Charge/month	$200.00	$120.00	$120.00	$75.00	$75.00
Capacity Charge / kW of max Demand	20.50	12.01	12.01		
Capacity Charge Per kW for all kW over 15kW				14.50	15.50
Commodity charge/kWh					
Summer Months (June-Oct)	0.0717				
Winter Months (Nov-May)	0.0672				
Summer Months (June-Sept)		0.0952	0.0977		
Winter Months (Oct-May)		0.0913	0.0938		
Summer Months (June-Sept) 0-5,000 kWh				0.1393	0.1198
Summer Months (June-Sept) over 5,000 kWh				0.1119	0.1491
Winter Months (Oct-May) 0-5,000 kWh				0.1338	0.1154
Winter Months (Oct-May) over 5,000 kWh				0.1075	0.1436
Reactive Power/kvar	0.0106				
Electric Environmental charge/kWh	0.0006	0.0006	0.0020	0.0020	0.0030
Energy Waste Reduction Surcharge/month	0.00	0.00	0.00	0.00	0.00
Renewable Energy Plan Surcharge per kWh	0.00	0.00	0.00	0.00	0.00

Standard Large Commercial Service (Prev. Rate No. 5 Primary Service)	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service Charge/month	$320.00	$320.00	$320.00	$330.00	$340.00
Capacity Charge					
Per kW On-peak Billing Demand	16.25	15.25	15.25	16.00	17.00
Per kW on maximum Demand	6.20	6.52	6.52	6.75	7.00
Commodity charge/kWh					
Summer Months (June-Oct)					
On-peak	0.0678				
Off-peak	0.0634				
Summer Months (June-Sept)					

On-peak		0.0703	0.0718	0.0766	0.0801
Off-peak		0.0659	0.0674	0.0722	0.0757
Winter Months (Nov-May)					
On-peak	0.0654				
Off-peak	0.0634				
Winter Months (Oct-May)					
On-peak		0.0679	0.0694	0.0742	0.0777
Off-peak		0.0659	0.0674	0.0722	0.0757
Reactive Power/kvar	0.0106	0.00	0.00	0.00	0.00
Electric Environmental charge/kWh	0.00	0.0006	0.0006	0.0020	0.0030
Energy Waste Reduction Surcharge/delivery point	0.00	0.00	0.00	0.00	0.00
Renewable Energy Plan Surcharge/delivery point	0.00	0.00	0.00	0.00	0.00

Standard Extra Large Commercial Service (Prev. Rate No. 8 Primary Service)	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service Charge/month	$490.00	$500.00	$500.00	$515.00	$530.00
Capacity Charge					
Per kW on-peak Billing Demand	17.00	17.00	17.00	18.00	19.00
Per kW on maximum Demand	2.75	2.75	2.75	3.00	3.25
Commodity charge/kWh					
Summer Months (June-Sept)					
On-peak	0.0745	0.0745	0.0745	0.0786	0.0819
Off-peak	0.0689	0.0689	0.0689	0.0730	0.0763
Winter Months (Oct-May)					
On-peak	0.0729	0.0729	0.0729	0.0770	0.0803
Off-peak	0.0689	0.0689	0.0689	0.0730	0.0763
Reactive Power/kvar	0.0106				
Electric Environmental charge/kWh	0.0006	0.0006	0.0020	0.0020	0.0030
Energy Waste Reduction Surcharge/delivery point	819.95	0.00	0.00	0.00	0.00
Renewable Energy Plan Surcharge/delivery point	0.00	0.00	0.00	0.00	0.00

Source: Lansing Board of Water and Light

In addition to the above rates and charges, the Electric Utility has separate rate schedules for large capacity service, primary high load factor service, traffic lights, street lighting, security lighting, municipal water pumping, and electric space heating.

Based on rates and charges currently in effect, the following table provides an estimate of the total monthly payments a residential customer of the Electric Utility would make at various usage levels.

Lansing Board of Water and Light
Electric Utility
Estimated Monthly Residential Bill
As of June 2025

kWh Usage Per Month	Basic Service Charge	Energy Charge	Total Estimated Monthly Billing
250	$22.50	$39.32	$61.82
500	$22.50	$78.64	$101.14
750	$22.50	$117.96	$140.46
1,000	$22.50	$157.28	$179.78

Source: Lansing Board of Water and Light

Electric Sales

The following table sets forth the sales and percent of sales by customer classification for the fiscal years ended June 30, 2021 through 2025. Sales are shown in MWh.

Lansing Board of Water and Light
Electric Utility
Amount in MWh and Percent of Sales by Customer Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023[2]	2024	2025
Residential	598,936	600,198	557,741	533,012	548,034
Commercial	1,034,198	1,100,022	999,304	935,031	965,866
Industrial	340,760	300,906	432,286	478,378	561,965
Wholesale	510,072[3]	775,332[3]	870,478[3]	534,135[4]	1,076,598
Other	25,422	25,876	22,859	23,391	21,864
Total	2,509,388	2,802,335	2,882,668	2,503,947	3,174,327
Classification					
Residential	23.87%	21.42%	19.35%	21.29%	17.26%
Commercial	41.21	39.25	34.67	37.34	30.43
Industrial	13.58	10.74	15.00	19.10	17.70
Wholesale	20.33[3]	27.67[3]	30.20[3]	21.33	33.92
Other	1.01	0.92	0.79	0.93	0.69
Total	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Due to rounding, values may not add up or percentages may not precisely calculate.
(2) During fiscal year 2023, the BWL implemented a new rate structure that better aligned customer rates with the BWL's expense projections and industry standards. This resulted in customer reclassifications between commercial and industrial classes.
(3) Wholesale MWh volume increases are attributed to Belle River and Delta Energy Park.
(4) Wholesale MWh volume decrease due to generation outage and low market prices.
Source: Lansing Board of Water and Light

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Electric Revenues

Electric rates and charges have historically accounted for approximately 83% of gross System revenues. The following table sets forth the amount and percent of electric revenues by customer classification for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Electric Utility
Amount and Percent of Revenues by Customer Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023[2]	2024	2025
Residential	$ 97,892,018	$ 94,566,901	$ 96,971,867	$ 97,299,935	$101,269,075
Commercial	141,962,168	141,042,598	141,927,435	136,203,304	142,085,343
Industrial	39,973,133	36,581,944	54,409,018	60,234,014	65,310,732
Wholesale	16,678,280	43,085,379	62,951,601	21,022,840	45,712,660
Other	15,438,193	14,776,087	22,531,795	27,216,172	31,146,801
Total	$311,943,793	$330,052,908	$378,791,716	$341,976,264	$385,524,610
Classification					
Residential	31.38%	28.65%	25.60%	28.42%	26.27%
Commercial	45.51	42.73	37.47	39.83	36.86
Industrial	12.81	11.08	14.36	17.61	16.94
Wholesale	5.35	13.05	16.62	6.15	11.86
Other	4.95	4.48	5.95	7.96	8.08
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
[2] During fiscal year 2023, the BWL implemented a new rate structure that better aligned customer rates with the BWL's expense projections and industry standards. This resulted in customer reclassifications between commercial and industrial classes.
Source: Lansing Board of Water and Light

THE WATER UTILITY

General

The Water Utility component of the System was established in 1885 and currently serves more than 58,000 customers. Water sales have historically accounted for approximately 13% of gross System Revenues. Water is obtained from 123 wells averaging 400 feet in depth with a total hydraulic capacity of approximately 68.3 million gallons per day ("MGD"). During the fiscal year ending June 30, 2025, the average and maximum daily flows were approximately 18.21 MGD and 26.3 MGD, respectively. The Water Utility has two water conditioning plants that soften water in a process that reduces hardness from about 450 parts per million to 85-100 parts per million. The two conditioning plants are interconnected and have a combined capacity of 50 MGD. Water is fluoridated and virtually all water is supplied through meters. The distribution system has 820 miles of mains, most of which are six inches or more in diameter. The Water Utility has four covered reservoirs with a combined capacity of 24 million gallons.

Lead Service Replacement and Regulation

The BWL began a project to remove all 13,500 lead service lines (approximate) from its distribution system in 2004. The BWL completed the removal of all active lead service lines in December of 2016.

In June of 2018, the State of Michigan promulgated a new Lead and Copper Rule. This rule reduces the acceptable level of lead in the State of Michigan from 15 ppb to 12 ppb by 2024. It further requires the replacement of all lead service lines within 20 years and changed requirements for lead sampling and reporting.

The BWL is in full compliance and will continue to be in full compliance with the rule. BWL conducts sampling for lead and copper every three (3) years as required by the state and federal rules. Results of the testing indicate that BWL water consistently exhibits lead and copper concentrations well below (and far safer than) the limits provided by all state and federal public health standards.

Service Area and Customer Base

Appendix B and the table below illustrate the BWL retail and wholesale service territory in addition to jurisdictional boundaries that are served. The BWL has contracts set up with jurisdictions outside of the City of Lansing to serve water on either a retail or wholesale basis.

Lansing Board of Water and Light
Water Utility
Water Supply Contracts

Municipality	Service Type	Expiration Year
City of Lansing	Retail	NA
Bath Township	Retail	2028
DeWitt Township	Retail	2025[(1)]
City of DeWitt	Retail	2030
Watertown Township	Retail	2026
Windsor Township	Retail	2031
Delhi Township	Retail	2043
Alaiedon Township	Retail	2029
Lansing Township	Retail	2032
Lansing Township West Side Water	Wholesale	2049
Delta Township	Wholesale	2034
ELMWSA (Meridian Township, south pressure zone)	Wholesale	2030

Source: Lansing Board of Water and Light
(1) BWL is pursuing an update to this contract and continues to provide service under the terms of the contract.

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The following tables set forth the average number and percent of water customers by customer classification and location for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Water Utility
Average Number and Percent of Water Customers by Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023[2]	2024	2025
Residential	50,739	50,606	50,560	50,801	51,013
Commercial	6,883	6,856	7,017	6,996	7,050
Industrial	95	97	82	78	81
Total	57,717	57,559	57,659	57,875	58,144
Classification					
Residential	87.91%	87.92%	87.69%	87.78%	87.74%
Commercial	11.93	11.91	12.17	12.09	12.12
Industrial	0.16	0.17	0.14	0.13	0.14
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
[2] During fiscal year 2023, the BWL implemented a new rate structure that better aligned customer rates with the BWL's expense projections and industry standards. This resulted in customer reclassifications between commercial and industrial classes.
Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Water Utility
Average Number and Percent of Water Customers by Location[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Location	2021	2022	2023	2024	2025
Inside of City	41,228	40,959	40,903	41,040	41,172
Outside of City	16,489	16,600	16,756	16,836	16,972
Total	57,717	57,559	57,659	57,876	58,144
Location					
Inside of City	71.43%	71.16%	70.94%	70.91%	70.81%
Outside of City	28.57	28.84	29.06	29.09	29.19
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
Source: Lansing Board of Water and Light

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Ten Largest Customers

The following sets forth the principal product or service as well as the water revenues and volume as billed for the ten largest customers of the Water Utility for the fiscal year ended June 30, 2025.

Lansing Board of Water and Light
Water Utility
Ten Largest Water Customers[1]
Fiscal Year Ended June 30, 2025

Name	Principal Product or Service	Revenue	% of Total Revenue[2]	100 CF	% of Total 100 CF[3]
City of Lansing	Municipal Government	$859,283	1.40%	147,455	1.83%
Sparrow Hospital	Healthcare	772,259	1.26	107,921	1.34
State of Michigan	State Government	759,020	1.24	57,669	0.72
General Motors Corp	Automotive Manufacturing	558,887	0.91	85,424	1.06
Lansing School District	Education	332,253	0.54	27,896	0.35
McLaren-Greater Lansing	Healthcare	315,041	0.51	24,792	0.31
Trappers Cove	Apartment Rental	314,722	0.51	54,634	0.68
Emergent Bio Solutions	Pharmaceutical	298,273	0.49	51,492	0.64
Sohn Linen Service	Laundry Service	297,823	0.48	51,398	0.64
Lansing Community College	Education	201,106	0.33	15,693	0.19
Total		$4,708,666	7.66%	624,374	7.75%

(1) Due to rounding, values may not add up or percentages may not precisely calculate.
(2) Based on total revenues of $61,455,924 for the fiscal year ended June 30, 2025.
(3) Based on total sales of 8,054,460 CCF for the fiscal year ended June 30, 2025.
Source: Lansing Board of Water and Light

Rates and Charges

The Charter provides that the BWL shall have full and exclusive management of the water, heat, steam and electric services of the City and such other services as may be agreed upon by the BWL and the City. The Charter also provides that the BWL may, with proper notice and hearing, fix just and reasonable rates as it deems necessary for such services. The implementation of new rates takes approximately four months and does not require any local, state or federal regulatory approval. It is the policy of the BWL to review all rates annually and to set such rates so that each utility is self-supporting. Rates are set on a cost of service basis.

In 2024, the BWL Board of Commissioners approved a two-year rate strategy which took effect October 1, 2024. The two-year plan implemented gradual increases in customer and commodity charges annually on October 1 during the years 2024 and 2025. The goal of the revised rate strategy is to better align customer rates with the BWL's expense projections, industry standards and to provide more complete coverage of fixed costs. The BWL attempts to implement rate adjustments in a manner that minimizes customer impact. The approved rate strategy provides all residential water customers a tiered rate structure that offers a discounted first 2 CCF's (1,500 gallons) per month. The tiered rate structure helps ensure water affordability, allows low usage water customers on average to benefit, and encourages water conservation.

Retail customers of the Water Utility pay basic service and water commodity charges. Basic service charges are based on water meter size. Water commodity charges are based on metered water usage. Water usage is measured in cubic feet ("cf") and 100 CF ("ccf"). All retail customers are subject to a power and chemical cost adjustment ("Power and Chemical Adjustment"). The Power and Chemical Adjustment permits the monthly increase or decrease in the water commodity charge based on the cost of power and chemicals required to deliver treated water to customers. Customers are billed monthly.

Historic rate increases are set forth in the table below. These rate increases represent average system increases or increase in base-rate revenue. As such, rate adjustments by rate class or rate component may deviate from these percentages. BWL has not yet approved any rate adjustments beyond October 1, 2025. Any additional rate adjustments will be subject to the Board's rate approval process.

Lansing Board of Water and Light
Water Utility
Historical System Average Water Rate Increases

Effective Date	11/1/2021	11/1/2022	11/1/2023	10/1/2024	10/1/2025
Rate Increase	0%	9.50%	9.50%	9.23%	9.16%

Source: Lansing Board of Water and Light

The following tables set forth historical and current Water Utility basic service and water commodity charges as well as an estimate of the monthly bill for a residential customer at various usage levels.

Lansing Board of Water and Light
Water Utility
Monthly Basic Service Charge by Water Meter Size

	Effective Date				
Meter Size	2/1/2020	11/1/2022	11/1/2023	10/1/2024	10/1/2025
5/8"	$15.86	$16.36	$16.86	$17.36	$17.86
3/4"	15.86	16.36	16.86	17.36	17.86
1"	38.72	38.72	38.72	39.00	39.50
1¼" or 1½"	86.35	86.35	86.35	87.00	88.00
2"	151.81	151.81	151.81	153.00	155.00
3"	342.33	342.33	342.33	342.33	342.33
4"	610.26	610.26	610.26	610.26	610.26
6"	1,372.22	1,372.22	1,372.22	1,372.22	1,372.22
8"	2,438.06	2,438.06	2,438.06	2,438.06	2,438.06
10"	3,810.41	3,810.41	3,810.41	3,810.41	3,810.41

Source: Lansing Board of Water and Light

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Lansing Board of Water and Light
Water Utility
Residential Monthly Water Commodity Charge per ccf of Metered Usage

Effective Date	Charge Per ccf
February 1, 2020	$3.40
November 1, 2022	
Block 1 - For first 2 CCF of water	$3.40
Block 2 - All CCF over 2 CCF	$4.35
November 1, 2023	
Block 1 - For first 2 CCF of water	$3.40
Block 2 - All CCF over 2 CCF	$5.42
October 1, 2024	
Block 1 - For first 2 CCF of water	$3.83
Block 2 - All CCF over 2 CCF	$6.28
October 1, 2025	
Block 1 - For first 2 CCF of water	$4.23
Block 2 - All CCF over 2 CCF	$7.25

Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Water Utility
Estimated Monthly Residential Bill - Meter Size 5/8" or 3/4"
As of June 2025

CCF Usage Per Month	Basic Service Charge	Water Charge	Total Estimated Monthly Billing
2 CCF	$17.36	$7.66	$25.02
4 CCF	17.36	20.22	37.58
6 CCF	17.36	32.78	50.14
8 CCF	17.36	45.34	62.70

Source: Lansing Board of Water and Light

The tiered rate structure ensures water affordability and allows low usage water customers on average to benefit while also encouraging water conservation.

Water Volume

Water volume is measured in ccf. There are 748 gallons of water in 1 ccf. The following tables set forth information regarding total, average and peak water volume as pumped and/or billed by customer classification and location for the fiscal years ended June 30, 2021 through 2025.

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Lansing Board of Water and Light
Water Utility
Total Water Volume in ccf as Billed
Fiscal Years Ended June 30, 2021 through 2025

Fiscal Year Ended June 30	Water Sales (ccf)	% Increase (Decrease)
2021	8,750,346	5.99%
2022	7,909,676	(9.61)%
2023	8,198,580	3.65%
2024	8,014,932	(2.24)%
2025	8,054,460	0.49%

Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Water Utility
Total Water Volume in ccf as Pumped and Billed
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Water Volume	2021	2022	2023	2024	2025
Pumped	9,494,017	8,884,693	9,283,880	8,864,545	9,355,635
Billed	8,750,346	7,909,676	8,198,580	8,014,932	8,054,460
Unaccounted[1]	743,671	975,017	1,085,300	849,613	1,301,175
Unaccounted as a Percent of Pumped	7.83%	10.97%	11.70%	9.58%	13.91%

[1] Unaccounted water volume is due primarily to the flushing of lines, fire flows, pressure releases during routine maintenance, line loss and slow meters. As part of its quality control efforts, the Water Utility routinely flushes transmission lines.
Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Water Utility
Average and Peak Daily Water Volume in MGD as Pumped
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Water Volume	2021	2022	2023	2024	2025
Average Daily	19.45	18.20	19.03	18.17	18.21
Peak Daily	31.80	27.80	30.55	27.20	26.30
Peak as a Percent of Average	163.50%	152.75%	160.54%	149.70%	144.43%

Source: Lansing Board of Water and Light

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Lansing Board of Water and Light
Water Utility
Amount and Percent of Water Volume in ccf as Billed by Customer Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023	2024	2025
Residential	3,004,414	2,753,583	2,785,911	2,715,661	2,648,301
Commercial	2,766,135	2,811,726	2,848,814	2,726,491	2,782,134
Industrial	615,626	309,823	264,549	288,415	239,068
Sales for Resale[2]	2,251,527	1,921,900	2,186,662	2,171,721	2,264,928
Other	112,644	112,644	112,644	112,644	120,029
Total	8,750,346	7,909,676	8,198,580	8,014,932	8,054,460
Classification					
Residential	34.33%	34.81%	33.98%	33.88%	32.88%
Commercial	31.61	35.55	34.75	34.02	34.54
Industrial	7.04	3.92	3.23	3.60	2.97
Sales for Resale[2]	25.73	24.30	26.67	27.10	28.12
Other	1.29	1.42	1.37	1.41	1.49
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
[2] Includes the wholesale sales to Delta Township, Lansing Township and the East Lansing-Meridian Water and Sewer Authority.
Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Water Utility
Amount and Percent of Water Volume in ccf as Billed by Location
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Location	2021	2022	2023	2024	2025
Inside of City	4,594,121	4,176,232	4,098,485	4,097,532	4,028,925
Outside of City[1]	4,156,225	3,733,444	4,100,095	3,917,400	4,025,535
Total	8,750,346	7,909,676	8,198,580	8,014,932	8,054,460
Location					
Inside of City	52.50%	52.80%	49.99%	51.12%	50.02%
Outside of City[1]	47.50	47.20	50.01	48.88	49.98
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Includes the wholesale sales to Delta Township, Lansing Township and the East Lansing-Meridian Water and Sewer Authority.
Source: Lansing Board of Water and Light

Water Revenues

Water sales have historically accounted for approximately 13% of gross System Revenues. The following tables set forth the amount and percent of water sales by customer classification and location for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Water Utility
Amount and Percent of Water Sales by Customer Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023	2024	2025
Residential	$20,278,263	$18,711,422	$21,056,591	$22,514,769	$24,728,448
Commercial	15,626,938	20,836,719	18,383,670	21,632,527	24,120,144
Industrial	3,017,521	967,335	1,687,103	1,735,715	1,501,910
Sales for Resale[2]	4,002,606	3,633,209	4,420,717	4,641,232	5,450,652
Other	7,105,137	4,879,801	5,135,685	5,233,064	5,654,771
Total	$50,030,466	$49,028,486	$50,683,766	$55,757,307	$61,455,924
Classification					
Residential	40.53%	38.16%	41.55%	40.38%	40.24%
Commercial	31.23	42.50	36.27	38.80	39.25
Industrial	6.03	1.97	3.33	3.11	2.44
Sales for Resale[2]	8.00	7.41	8.72	8.32	8.87
Other	14.20	9.95	10.13	9.39	9.20
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
[2] Represents the wholesale sales to Delta Township, Lansing Township and the East Lansing-Meridian Water and Sewer Authority.
Source: Lansing Board of Water and Light

Lansing Board of Water and Light
Water Utility
Amount and Percent of Water Revenues by Location
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Location	2021	2022	2023	2024	2025
Inside of City	$31,490,660	$31,802,961	$31,993,266	$32,857,731	$40,706,212
Outside of City[1]	18,539,806	17,225,524	18,690,500	22,899,576	20,749,712
Total	$50,030,466	$49,028,486	$50,683,766	$55,757,307	$61,455,924
Location					
Inside of City	62.94%	64.87%	63.12%	58.93%	66.24%
Outside of City[1]	37.06	35.13	36.88	41.07	33.76
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Includes the wholesale sales to Delta Township, Lansing Township and the East Lansing-Meridian Water and Sewer Authority.
Source: Lansing Board of Water and Light

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THE STEAM UTILITY

General

The Steam Utility component of the System was established in the early 1900s when the Michigan Heat and Power Company was purchased by the BWL. Steam is currently supplied to approximately 80 square blocks in the City's downtown business district as well as a GM plant in the City. In addition to heat, some downtown buildings use steam in absorption units to provide air conditioning and GM utilizes steam for processing. Steam sales have historically accounted for approximately 3% of gross System Revenues.

During the fiscal year ended June 30, 2025, the Steam Utility served approximately 138 customers. The following table sets forth average number and percent of steam customers by classification for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Steam Utility
Average Number and Percent of Customers by Classification
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023	2024	2025
Residential	4	6	6	5	4
Commercial	150	148	149	140	133
Industrial	1	1	1	1	1
Total	155	155	156	146	138
Classification					
Residential	2.58%	3.87%	3.85%	3.42%	2.90%
Commercial	96.77	95.48	95.51	95.89	96.38
Industrial	0.65	0.65	0.64	0.68	0.72
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Lansing Board of Water and Light

Steam Generation

BWL produces steam and electricity at its REO Town Plant through the combustion of natural gas. The simultaneous production of steam and electricity is known as cogeneration. To generate steam, the REO Town Plant utilizes two, once-through heat recovery generators and a single auxiliary boiler. Each generator can produce 175,000 pounds of steam per hour. Though the generators normally run simultaneously, the REO Town Plant can meet maximum demand capacity of 300,000 pounds per hour even if one generator fails. When steam production exceeds demand, the excess steam is routed to the electric generation cycle, where it results in increased efficiency.

With the closure of Eckert Station in 2020, BWL constructed a back-up ("Emergency Boiler Infrastructure") to the REO Town Plant. The Emergency Boiler Infrastructure provides redundancy to the steam utility by adding two 75,000 pounds of steam per hour back-up steam units. The two units are equal to one of the REO Town units and could maintain pressure and steam production if the REO Town Plant had an interruption of service.

Steam to Hot Water Conversion

The BWL is enhancing system reliability and efficiency by converting its downtown Lansing steam system to a closed loop hot water network. The decision to convert to a hot water system was driven through evaluation of the current and future steam utility resource needs along with anticipated BWL and customer benefits from efficiency gains, fuel reductions, and capital savings that will result from a hot water system conversion. BWL currently estimates $118 million of capital investment into this conversion through 2040.

The hot water system will operate at lower temperatures with less fluctuations in comparison with the steam system resulting in energy and efficiency savings from a decrease in heating needs. In addition, hot water will transition to a closed loop system which will reduce energy loss and recovery demands by returning warm water to the BWL to be reheated and recirculated through the system. The steam system is an aging and inefficient open loop infrastructure that does not offer the same reliability of a closed loop hot water system that cycles hot water and uses less energy to heat/re-heat. The improvements along with production redundancies, projected decreases in future operations and maintenance costs, and reductions in fuel water and fuel inputs required will lead to lower costs and improved system integrity.

The capital investment into the hot water system is also expected to be significantly less than the capital improvements required to maintain the current steam system over the next 15 years. A portion of the capital funding for hot water will also be eligible for coverage through grant funding, $5 million of which has already been awarded by state appropriation for 2025. Capital cost reductions are projected to significantly reduce the estimated future rate increases that the current steam system would require to meet its capital improvement needs.

Overall, the hot water conversion project aligns with BWL's mission to provide a safe, reliable and affordable utility experience through public ownership, climate consciousness, and innovative strategies.

Rates and Charges

The Charter provides that the BWL shall have full and exclusive management of the water, heat, steam and electric services of the City and such other services as may be agreed upon by the BWL and the City. The Charter also provides that the BWL may, with proper notice and hearing, fix just and reasonable rates as it deems necessary for such services. The implementation of new rates takes approximately four months and does not require any local, state or federal regulatory approval. It is the policy of the BWL to review all rates annually and to set such rates so that each utility is self-supporting. Rates are set on a cost of service basis.

In 2024, the BWL Board of Commissioners approved a two-year rate strategy which took effect October 1, 2024. The two-year plan implemented gradual increases in customer and commodity charges annually on October 1 during the years 2024 and 2025. The revised rate strategy better aligned customer rates with BWL's expense projections, industry standards and provided more complete coverage of fixed costs. BWL attempts to implement rate adjustments gradually, in a manner that minimizes customer impacts.

Customers of the Steam Utility pay a steam commodity charge as well as a basic service charge or a demand charge. The steam commodity charge is based on metered steam usage that is measured in thousand pounds ("Mlbs"). The basic service charge is based on a maximum gauge pressure of 15 pounds per square inch ("psi"). The demand charge replaces the customer charge for large industrial users. The demand charge is based on contracted hours of use. All customers are subject to a Fuel Cost Adjustment. The Fuel Cost Adjustment permits the monthly increase or decrease in steam commodity charges for the cost of fuel used in supplying steam. In addition, customers are subject to a monthly environmental charge. Customers are billed monthly.

Historical rate increases are set forth in the table below. These rate increases represent average system increases in base-rate revenue. As such, rate adjustments by rate class or rate component may deviate from these percentages. BWL has not yet approved any rate adjustments beyond October 1, 2025. Any additional rate adjustments will be subject to the Board's rate approval process.

Lansing Board of Water and Light
Steam Utility
Historical System Average Steam Rate Increases

Effective Date	11/1/2021	11/1/2022	11/1/2023	10/1/2024	10/1/2025
Rate Increase	0.00%	9.95%	9.95%	9.95%	9.75%

Source: Lansing Board of Water and Light

The table on the following page sets forth a history of the Steam Utility's customer, demand and commodity charges.

Lansing Board of Water and Light
Steam Utility
Historical and Existing Rates by Customer Classification

Rate No. 1-General Steam Service

Effective Date	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service charge	$16.54	$18.54	$20.54	$22.54	$22.54
Commodity Charge per Mlbs					
Summer Months (June-Nov.)					
First 200,000 lbs	18.86	21.05	23.46	25.78	28.32
Over 200,000 lbs	19.80	22.10	24.62	27.05	29.72
Winter Months (Dec.-May)					
First 200,000 lbs	19.08	21.27	23.68	26.02	28.59
Over 200,000 lbs	20.04	22.34	24.87	27.32	30.02
Environmental Charge (Per Mlb)	0.30	0.30	0.30	0.30	0.30

Rate No. 2-Industrial Steam Service

Effective Date	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Monthly Rate:					
Demand Charge per lb per hour					
Lbs per hour of Contract Demand	$1.91	$2.10	$2.31	$2.54	$2.78
Lbs per hour over Contract Demand	1.64	1.80	1.98	2.17	2.38
Commodity Charge per Mlbs	11.60	12.75	14.02	15.40	16.92
Environmental Charge (Per Mlb)	0.30	0.30	0.30	0.30	0.30

Rate No. 5-Residential Steam Service

Effective Date	**2/1/2020**	**11/1/2022**	**11/1/2023**	**10/1/2024**	**10/1/2025**
Basic Service charge	$12.25	$14.25	$16.25	$18.25	$20.25
Commodity Charge per Mlbs					
Summer Months (June-Nov.)					
First 200,000 lbs	14.61	16.34	18.26	19.99	21.89
Over 200,000 lbs	15.29	17.10	19.11	20.92	22.91
Winter Months (Dec.-May)					
First 200,000 lbs	14.78	16.51	18.43	20.17	22.10
Over 200,000 lbs	15.47	17.28	19.29	21.11	23.13
Environmental Charge (Per Mlb)	0.30	0.30	0.30	0.30	0.30

Source: Lansing Board of Water and Light

Steam Volume

Steam volume is measured in Mlbs. The following table sets forth the amount and percent of steam as billed by customer classification for the fiscal years ended June 30, 2021 through 2025.

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Lansing Board of Water and Light
Steam Utility
Amount and Percent of Steam as Billed in Mlbs by Customer Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023	2024	2025
Residential	1,153	1,267	1,015	806	922
Commercial	411,168	384,384	385,379	374,548	368,817
Industrial	188,607	161,009	147,432	124,765	120,857
Other	70,439	1,407	2,234	1,489	1,756
Total	671,367	548,067	536,060	501,608	492,352
Classification					
Residential	0.17%	0.23%	0.19%	0.16%	0.19%
Commercial	61.24	70.13	71.89	74.67	74.91
Industrial	28.09	29.38	27.50	24.87	24.55
Other	10.49	0.26	0.42	0.30	0.36
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add up or percentages may not precisely calculate.
Source: Lansing Board of Water and Light

Steam Revenues

Steam sales have historically accounted for approximately 3% of gross System Revenues. The following table sets forth amount and percent of steam revenue as billed by customer classification for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Steam Utility
Amount and Percent of Steam Revenues as Billed by Customer Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Classification	2021	2022	2023	2024	2025
Residential	$17,074	$24,713	$20,779	$16,985	$20,413
Commercial	8,181,477	9,005,889	9,483,848	9,609,689	10,325,426
Industrial	2,779,708	2,734,843	2,948,163	2,984,035	4,167,362
Other	1,590,572	169,071	208,478	175,219	178,374
Total	$12,568,830	$11,934,516	$12,661,267	$12,785,928	$14,691,575
Classification					
Residential	0.14%	0.21%	0.16%	0.13%	0.14%
Commercial	65.09	75.46	74.90	75.16	70.28
Industrial	22.12	22.92	23.28	23.34	28.37
Other	12.65	1.42	1.65	1.37	1.21
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Due to rounding, values may not add to totals or percentages may not precisely calculate.
Source: Lansing Board of Water and Light

Ten Largest Customers

The following sets forth the principal product or service as well as the steam revenues and volume as billed for the ten largest customers of the Steam Utility for the fiscal year ended June 30, 2025.

Lansing Board of Water and Light
Steam Utility
Ten Largest Steam Customers[1]
Fiscal Year Ended June 30, 2025

Name	Product /Service	Revenue	% of Revenues[2]	Mlbs	% of Mlbs[3]
State of Michigan	State Government	$5,140,906	34.99%	189,908	38.57%
General Motors Corp	Automotive Manufacturing	3,995,133	27.19	120,857	24.55
Lansing Community College	Education	915,450	6.23	34,191	6.94
LEPFA	Entertainment	443,891	3.02	16,532	3.36
City of Lansing	Municipal Government	390,490	2.66	14,414	2.93
Boji Group	Real Estate Management	294,517	2.00	10,944	2.22
Blue Cross/Blue Sheild	Insurance	292,388	1.99	10,906	2.22
Ingham County	Municipal Government	277,096	1.89	10,547	2.14
VREI 120 North LLC	Real Estate Management	209,979	1.43	7,887	1.60
Lansing Hotel Investors	Real Estate Management	183,993	1.25	6,841	1.39
Total		$12,143,842	82.66%	423,027	85.92%

(1) Due to rounding, values may not add up or percentages may not precisely calculate.
(2) Based on total revenues of $14,691,575 for the fiscal year ended June 30, 2025.
(3) Based on total sales of 492,352 Mlb for the fiscal year ended June 30, 2025.
Source: Lansing Board of Water and Light

THE CHILLED WATER UTILITY

General

In June of 2001, the Chilled Water Utility component of the System commenced operations upon completion of its chilled water production and distribution facilities. Beginning with the fiscal year ended June 30, 2006, the Chilled Water Utility was separated from the Steam Utility. Chilled water sales have historically accounted for approximately 2% of gross System Revenues. The BWL's 8,000 ton hour chilled water production facility was completed in 2009.

Service Area and Customer Base

During the fiscal year ended June 30, 2025, the Chilled Water Utility served 19 commercial accounts in the City's downtown business district. At this time the Utility does not serve any residential, industrial or other type of customer besides these 19 commercial accounts. The following table sets forth the number of service leads and chilled water volume for the fiscal years ended June 30, 2021 through 2025. Chilled water sales are measured in thousand ton hours ("Thrs").

Lansing Board of Water and Light
Chilled Water Utility
Number of Service Leads and Volume in MThrs* by Classification
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
	2021	2022	2023	2024	2025
Commercial Customers	19	19	19	19	19
Sales	9,058	9,555	9,055	9,238	8,948

*1 MThr equals 1,000 ton-hours.
Source: Lansing Board of Water and Light

Rates and Charges

The Charter provides that the BWL shall have full and exclusive management of the water, heat, steam and electric services of the City and such other services as may be agreed upon by the BWL and the City, such as chilled water. The Charter also provides that the BWL may, with proper notice and hearing, fix just and reasonable rates as it deems necessary for such services. The implementation of new rates takes approximately four months and does not require any local, state or federal regulatory approval. It is the policy of the BWL to review all rates annually and to set such rates so that each utility is self-supporting. Rates are set on a cost of service basis.

In 2024, the BWL Board of Commissioners approved a two-year rate strategy which took effect October 1, 2024. The two-year plan implemented gradual increases in customer and commodity charges annually on October 1 during the years 2024 and 2025. The revised rate strategy better aligned customer rates with the BWL's expense projections, industry standards and provided more complete coverage of fixed costs. The BWL attempts to implement rate adjustments gradually, in a manner that minimizes customer impacts.

Customers of the Chilled Water Utility pay capacity and commodity charges. Capacity charges are based on contracted tons of use. Chilled water commodity charges are based on metered usage measured in Thrs. Customers are billed monthly.

Historical rate adjustments are set forth in the table below. These rate adjustments represent average system increases or increase in base-rate revenue. As such, adjustments by rate class or rate component may deviate from these percentages. BWL has not yet approved any rate adjustments after October 1, 2025. Any additional rate adjustments will be subject to the Board's rate approval process.

Lansing Board of Water and Light
Chilled Water Utility
Historical System Average Water Rate Increases

Effective Date	11/1/2021	11/1/2022	11/1/2023	10/1/2024	10/1/2025
Rate Increase	0.00%	4.00%	4.00%	2.00%	1.50%

Source: Lansing Board of Water and Light

The following table sets forth a history of the Chilled Water Utility's capacity and commodity charges.

Lansing Board of Water and Light
Chilled Water Utility
Historical and Existing Rates

Gen. Chilled Water Service	11/1/2014	11/1/2022	11/1/2023	10/1/2024	10/1/2025
Capacity Charge per Thrs					
Up to 105% of Contract Demand	$45.05	$47.22	$49.49	$50.00	$50.00
Over 105% of Contract Demand	$63.08	$66.12	$69.30	$70.00	$70.00
Commodity Charge per Thrs	$0.128	$0.130	$0.132	$0.142	$0.155

Source: Lansing Board of Water and Light

Chilled Water Revenues

Chilled water sales have historically accounted for approximately 2% of gross System Revenues. The following table sets forth amount and percent of chilled water revenue as billed by customer classification for the fiscal years ended June 30, 2021 through 2025.

Lansing Board of Water and Light
Chilled Water Utility
Chilled Water Revenues by Classification[1]
Fiscal Years Ended June 30, 2021 through 2025

	Fiscal Year Ended June 30				
Customer Classification	2021	2022	2023	2024	2025
Residential	$0	$0	$0	$0	$0
Commercial	6,035,559	6,133,254	6,740,010	6,915,341	6,775,779
Industrial	0	0	0	0	0
Total	$6,035,559	$6,133,254	$6,740,010	$6,915,341	$6,775,779

(1) Includes billed and accrued, unbilled revenues.
Source: Lansing Board of Water and Light

Chilled Water Customers by Volume and Revenues

The following sets forth the principal product or service as well as the chilled water revenues and volume as billed for the customers of the Chilled Water Utility for the fiscal year ended June 30, 2025.

Lansing Board of Water and Light
Chilled Water Utility
Five Largest Chilled Water Customers by Volume and Revenues[1]
Fiscal Year Ended June 30, 2025

Name	Industry	Revenue	% Total Chilled Water Revenue[2]	Thrs	% Total Thrs[3]
State of Michigan (DTMB)[4]	Government	$4,828,092	71.26%	6,121,319	68.41%
Accident Fund (BCBS)	Insurance	453,970	6.70	734,234	8.21
Grand Tower	Real Estate	376,031	5.55	815,093	9.11
Ingham County	Government	266,439	3.93	646,753	7.23
River St. Triangle	Property Management	200,622	2.96	183,676	2.05
Total		$6,125,154	90.40%	8,501,075	95.01%

(1) Due to rounding, values may not add up or percentages may not precisely calculate.
(2) Based on total chilled water revenues of $6,775,779_ for the fiscal year ended June 30, 2025.
(3) Based on total chilled water sales of 8,948 MThrs for the fiscal year ended June 30, 2025.
(4) The State of Michigan has multiple service leads.
Source: Lansing Board of Water and Light

SYSTEM FINANCIAL INFORMATION

Historical and Projected Operating Cash Flows and Debt Service Coverage

The following tables set forth the historical operating cash flow and debt service coverage for the fiscal years ended June 30, 2021 through 2025, as well as the projected operating cash flow and debt service coverage of the System, including the Bonds described herein, for the fiscal years ending June 30, 2026 through 2031. The projections and assumptions are subject in all respects to unforeseen forces and events beyond the control of the BWL. Such projections and assumptions, while believed by the BWL to be reasonable, may not be realized. Investors should form their own judgment as to the reasonableness of the assumptions and accuracy of the projections.

Lansing Board of Water and Light
Historical Operating Cash Flow and Debt Service Coverage
Fiscal Years Ended June 30, 2021 through 2025

	2021	2022	2023	2024	2025
Operating Revenues					
Water	$50,030,466	$49,028,486	$50,683,766	$55,757,309	$61,455,925
Electric	311,943,793	330,052,908	378,791,716	341,976,263	385,524,610
Steam	12,568,831	11,934,516	12,661,267	12,785,927	14,691,575
Chilled Water	6,035,559	6,133,254	6,740,010	6,915,341	6,775,779
Total Operating Revenues	$380,578,649	$397,149,164	$448,876,759	$417,434,840	$468,447,889
Operating Expenses					
Production	139,681,752	163,647,135	190,744,813	161,509,951	183,330,629
Transmission and distribution	27,674,460	27,355,472	31,259,753	38,691,173	37,363,392
Administrative and general	59,408,186	75,850,273	87,448,518	93,398,015	98,253,370
Return on equity(1)	25,000,000	25,000,000	26,428,992	26,028,591	28,057,140
Depreciation	48,428,670	56,503,061	70,371,305	68,302,725	68,414,785
Total Operating Expenses	$300,193,068	$348,355,940	$406,253,381	$387,930,455	$415,419,316
Non-Operating Revenues (Expenses)					
Investment income	218,186	(5,372,203)	3,682,036	14,264,806	18,181,899
Other (Expense) Income	(2,563,980)	(4,949,145)	(3,840,612)	(1,480,080)	(2,323,228)
Bonded debt interest expense	(25,277,445)	(26,862,101)	(26,376,856)	(32,361,141)	(40,773,265)
Other interest expense	(29,007)	(20,721)	(39,109)	(35,748)	(502,882)
Net Income (Loss)	$52,733,335	$11,589,054	$16,048,837	$9,892,222	$27,611,097
Add:					
Depreciation and impairment	48,428,670	56,503,061	70,371,305	68,302,725	68,414,785
Interest on long-term debt-revenue bonds	25,277,445	26,862,101	26,376,856	32,361,141	40,773,265
Total Additions/Deductions	73,706,115	83,365,162	96,748,161	100,663,866	109,188,050
Net Income Available For Debt Service	$126,439,450	$94,954,216	$112,796,998	$110,556,088	$136,799,147
Debt Service Requirements					
2011A Bonds	4,163,250				
2013A Bonds	2,324,750	2,323,000	2,322,000	2,208,250	
2017A Bonds	3,094,250	3,087,250	3,076,250	3,071,250	3,061,750
2019A Bonds		14,990,162	18,993,800	18,991,300	18,991,050
2019B Bonds	7,748,315	14,063,315	14,075,046	13,370,044	10,998,735
2021A Bonds		2,100,750	2,801,000	2,801,000	2,951,000
2021B Bonds		1,063,125	1,417,500	1,417,500	1,417,500
2024A Bonds(2)				831,024	4,696,250
Total Existing Revenue Bond Debt Service	17,330,565	37,627,603	42,685,596	42,690,369	42,116,285
Senior Lien Debt Service Coverage	7.30x	2.52x	2.64x	2.59x	3.25x
Total Debt Service Coverage	7.30x	2.52x	2.64x	2.59x	3.25x
Unrestricted Cash Balance(3)	$190,202,811	$207,216,540	$152,336,451	$140,211,523	$185,213,009
Days Cash on Hand	276	259	166	160	195

(1) Payment in lieu of taxes is now reflected as return on equity.
(2) Net of capitalized interest.
(3) Unrestricted Cash includes the Operating Fund and Unrestricted Cash Investments.
Source: Lansing Board of Water and Light

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Lansing Board of Water and Light
Projected Operating Cash Flow and Debt Service Coverage
Fiscal Years Ended June 30, 2026 through 2031

	2026	2027	2028	2029	2030	2031
Operating Revenues						
Water	$65,064,334	$68,367,758	$70,582,292	$73,912,987	$77,790,448	$82,080,533
Electric	400,162,403	421,708,128	459,264,201	475,635,500	491,560,652	508,486,179
Steam	18,638,243	18,137,759	15,215,158	12,871,680	12,503,507	12,867,838
Chilled Water	7,074,512	7,228,373	7,267,950	7,327,741	7,394,974	7,456,787
Total Operating Revenues	$490,939,493	$515,442,018	$552,329,602	$569,747,908	$589,249,582	$610,891,338
Operating Expenses						
Production	183,871,860	189,764,484	211,758,662	214,924,403	218,820,724	223,818,606
Transmission and distribution	39,350,953	42,242,967	43,461,839	46,112,074	48,878,962	51,817,482
Administrative and general	107,558,086	115,462,836	118,794,384	126,038,279	133,601,023	141,632,889
Return on equity	29,456,370	30,446,521	32,647,512	33,678,044	34,833,057	36,115,931
Depreciation	68,660,360	70,830,337	71,927,728	70,363,082	72,168,267	73,729,160
Total Operating Expenses	$428,897,628	$448,747,144	$478,590,125	$491,115,883	$508,302,034	$527,114,068
Operating Income (Loss)	$62,041,865	$66,694,874	$73,739,476	$78,632,025	$80,947,548	$83,777,270
Non-Operating Revenues (Expenses)						
Investment Income	$11,122,505	$9,491,855	$7,624,544	$6,965,796	$6,804,268	$6,766,047
Gain / (Loss) on Disposal of Fixed Assets	(2,562,884)	(2,438,021)	(2,484,256)	(2,531,618)	(2,580,134)	(2,459,832)
Bonded Debt Interest Expense	(46,983,140)	(49,055,701)	(48,242,649)	(47,292,016)	(46,370,439)	(45,403,378)
Other	1,164,824	1,461,938	1,773,566	1,875,830	1,910,036	2,198,057
Net Income (Loss)	$24,783,169	$26,154,945	$32,410,680	$37,650,016	$40,711,280	$44,878,163
Add:						
Depreciation and impairment	$68,660,360	$70,830,337	$71,927,728	$70,363,082	$72,168,267	$73,729,160
Interest on long-term debt-revenue bonds	46,983,140	49,055,701	48,242,649	47,292,016	46,370,439	45,403,378
Total Additions/Deductions	$115,643,500	$119,886,038	$120,170,377	$117,655,099	$118,538,706	$119,132,538
Net Income Available for Debt Service	$140,426,669	$146,040,983	$152,581,058	$155,305,115	$159,249,986	$164,010,701
Bonded Debt Service Requirements						
2017A Bonds	$3,052,750	$3,044,000	$3,040,250	$3,031,000	$3,026,250	$3,020,500
2019A Bonds	18,992,550	18,480,300	18,484,550	18,485,300	18,482,500	18,485,500
2019B Bonds	11,207,961	12,056,674	14,937,688	14,678,580	11,830,156	15,843,562
2021A Bonds	2,943,500	2,936,000	2,928,500	2,921,000	2,913,500	2,906,000
2021B Bonds	711,250	-	-	-	-	-
2023 Junior Lien Bond - DWSRF(2)	460,187	460,187	460,187	460,187	460,187	460,187
2024A Bonds(3)	4,490,500	24,685,750	21,809,000	22,084,750	24,951,750	20,944,250
2026 Bonds(4)	5,655,659	6,366,909	6,366,909	6,366,909	6,366,909	6,366,909
2027 Bonds(5)	-	2,406,903	2,406,903	2,406,903	2,406,903	2,406,903
Steam to Hot Water(6)	117,432	1,314,583	1,314,583	1,314,583	1,314,583	1,314,583
Total Existing Revenue Bond Debt Service	$47,631,790	$71,751,305	$71,748,569	$71,749,211	$71,752,737	$71,748,393
Total Bonded Debt Service Coverage(7)	2.95x	2.04x	2.13x	2.16x	2.22x	2.29x
Unrestricted Cash Balance(8)	$173,301,329	$190,471,501	$236,942,828	$256,309,530	$261,559,696	$258,644,103
Days Cash on Hand	176	184	213	222	219	208

(1) All revenues, operating expenses, and non-operating revenues (expenses) are based upon the BWL 2026-2031 budget and forecast.
(2) Projection for finalized debt service payment for DWSRF.
(3) Net of capitalized interest and subject to estimates/market conditions for investment returns in the Capitalized Interest Fund.
(4) Projection for 2021B Put Bond Refinance and $27M New Energy Bond Issuance in FY26.
(5) Projection for $37M New Energy Bond Issuance in FY27.
(6) Projection for Steam to Hot Water Conversion Bonding for $2M in FY26 and $21M in FY27.
(7) The current Debt Service Coverage target is 2.00x Coverage. See Appendix D, Section 16, “Rate Covenant” herein.
(8) Unrestricted Cash includes the Operating Fund and Unrestricted Cash Investments.
Source: Lansing Board of Water and Light

Recent Financial Performance

The following table compares the BWL's budgeted financial performance with its actual financial performance for the first quarter of fiscal year ending June 30, 2026.

Lansing Board of Water and Light
Comparison of Actual and Budgeted Financial Performance
First Quarter of Fiscal Year Ending June 30, 2026

	Budget	**Actual**	**Variance**	**Variance (%)**
Water - CCF	$17,277,492	$17,235,890	$(41,602)	(0.24)%
Electric Retail - MWh	89,965,761	93,413,083	3,447,322	3.83
Electric Wholesale - MWh	10,923,881	12,991,035	2,067,154	18.92
Steam - MLB	1,876,951	1,791,421	(85,530)	(4.56)
Chilled Water - MTHR	1,663,822	1,429,568	(234,254)	(14.08)
Total Operating Revenue	121,707,907	126,860,997	5,153,090	4.23
Total Operating Expenses	102,887,223	99,933,206	(2,954,017)	(2.87)
Operating Income	18,820,684	26,927,791	8,107,107	43.08
Non-Operating Revenue (Expenses)	(9,174,420)	(6,448,014)	2,726,406	(29.72)
Net Income (Loss)	$9,646,264	$20,479,777	$10,833,512	112.31%

Source: Lansing Board of Water and Light

The variance in the BWL's Net Income was primarily the result of increased electric retail sales volume, operating efficiencies, timing of operating expense, and favorable interest income.

PENSION AND RETIREMENT SYSTEMS

The BWL sponsors three types of retirement plans for the exclusive benefit of employees, retirees, and their dependents:

1. The Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions (the "Defined Benefit Plan and Trust"): A tax-qualified, single-employer, noncontributory, pension plan for public employees.
2. The Lansing Board of Water and Light Defined Contribution Plan and Trust 1 (the "Defined Contribution Plan and Trust"): A tax-qualified, single-employer, noncontributory, participant-directed, retirement savings plan.
3. The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (the "Retiree Benefit Plan and Trust"): A tax-qualified, single-employer, defined-benefit plan to administer and fund retiree healthcare benefits.

Defined Benefit Plan and Trust

The Defined Benefit Plan and Trust was established by the BWL in 1939 under Section 5-203 of the City Charter and has been revised several times. The latest revision took effect on July 1, 2024.

The Defined Benefit Plan and Trust was closed to employees hired after December 31, 1996. At that time, participants were required to make an irrevocable choice to either remain in this plan or move to the newly established defined contribution plan. Of 760 employees required to make this choice, 602 elected to convert their retirement benefits and received a lump-sum distribution that was rolled into 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 and Trust.

The Defined Benefit Plan and Trust 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 be non-increasing or increasing only as follows: (i) 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; (ii) 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 dies or is no longer the employee's beneficiary; (iii) to provide cash refunds of employee contributions upon the employee's death; or (iv) to pay increased benefits that result from a plan amendment.

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 Board of Commissioners retains an independent actuary to determine the annual contribution. The actuarially determined rate 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 needed for the fiscal years ended June 30, 2024 and 2025.

Net Pension Liability – The components of the net pension liability of the BWL at June 30, 2024 and June 30, 2025 were as follows (in thousands):[1]

	2024	2025
Total pension liability	$42,054	$39,344
Plan fiduciary net position	$48,534	$47,990
Plan's net pension liability	($6,480)	($8,646)
Funded Status	115.41%	121.98%

[1] Due to rounding, values may not add up or percentages may not calculate precisely.
Source: Lansing Board of Water and Light

Actuarial Assumptions – The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions applied to each annual period included in the measurement: inflation, 2.25%; salary increases, 3.50%; investment rate of return, 6.00%; discount rate, 6.00%. Mortality rates were based on the Pre- and Post-retirement – PUB-2010 General Employees Mortality Table, Male and Female, projected generationally using the MP-2021 improvement scale.

Defined Contribution Plan and Trust

The Defined Contribution Plan and Trust 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 operates as a money purchase pension plan and meets the requirements of Section 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 non-bargaining employees.

During the years ended June 30, 2024 and 2025, the BWL contributed $9,435,006 and $8,970,407, respectively.

Retiree Benefit Plan and Trust

The Retiree Benefit Plan and Trust (the "Plan") is a single-employer retiree healthcare plan. In October 1999, the BWL established the Plan as a Voluntary Employee Beneficiary Association ("VEBA") under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended. The Plan provides medical, dental, and life insurance benefits in accordance with Section 5-203 of the City Charter. Substantially all BWL employees may become eligible for lifetime healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL. There were 748 participants eligible to receive benefits as of June 30, 2025.

The purpose of the associated trust is to accumulate assets sufficient to fund retiree healthcare insurance costs in future years. During the years ended June 30, 2024 and 2025, the cost to the BWL of maintaining the Plan was $259,200 and $370,387, respectively. The BWL establishes its minimum contribution based on the actuarially determined rate.

Funding status and funding progress trend information is as follows:

Valuation Date	Market Value of Assets	Total OPEB Liability	Net OPEB Liability	Funded Status	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
6/30/2021	$247,743,227	$147,644,491	($100,098,736)	167.80%	$60,269,205	(166.09%)
6/30/2022	228,140,094	156,408,876	(71,731,218)	145.86	62,975,762	(113.90)
6/30/2023	238,470,571	163,828,911	(74,641,660)	145.56	69,744,202	(107.02)
6/30/2024	253,395,982	168,403,443	(84,992,538)	150.47	77,109,399	(110.22)
6/30/2025	268,356,875	188,048,537	(80,308,338)	142.71	82,439,802	(97.41)

Source: Lansing Board of Water and Light

Actuarial Assumptions – The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement: inflation, 2.25% annually; projected healthcare trend rates ranging from 4.50 – 7.50% annually; amortization method, level dollar over a 27-year period; investment rate of return, 6.50% annually; discount rate, 6.50% annually. Mortality rates were based on the Pre- and Post-retirement – [PUBH-2010] General Employees Mortality Table, Male and Female, projected generationally using the MP-2021 improvement scale.

RETURN ON CITY EQUITY

The City and BWL have been parties to a return on equity agreement since 1992. The agreement requires BWL to pay a portion of those BWL revenues derived from the retail and wholesale sales of electricity, steam, water, and chilled water to the City annually.

Effective July 1, 2025, the parties amended the agreement as follows. The BWL agreed to pay a flat percentage of 6% on all operating revenues. This amended agreement is valid for one year, through June 30, 2026.

Fiscal Year Ended June 30	Payment to City
2021	$25,000,000
2022	25,000,000
2023	26,428,992
2024	26,028,951
2025	28,057,140

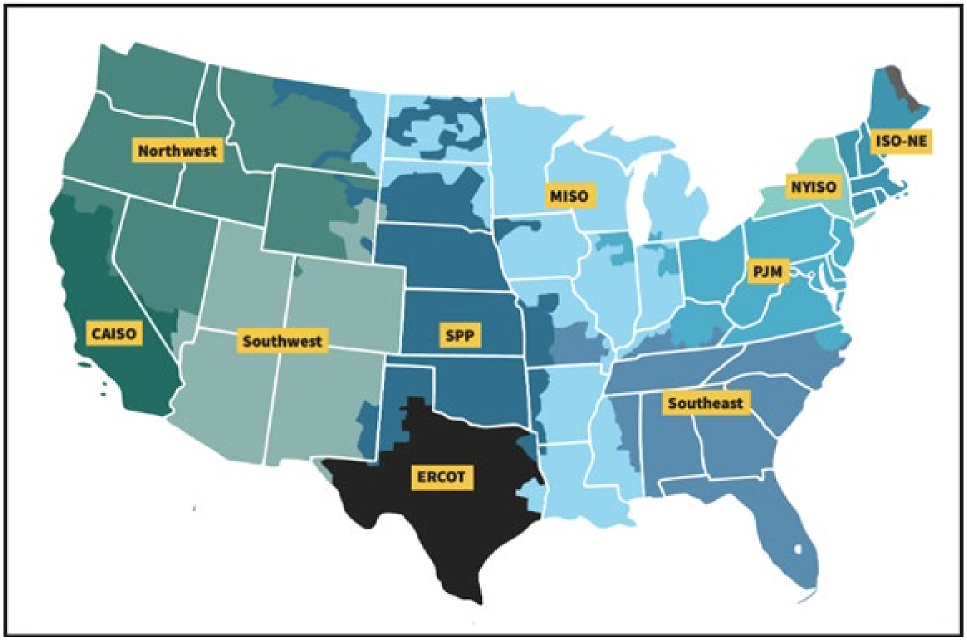
Source: Lansing Board of Water and Light

CERTAIN RISK FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The Electric Utility Industry Generally

The electric utility industry has been, and in the future may be, affected by a number of factors which could affect the financial condition of electric utilities, such as the Electric Utility. Such factors include, among others, (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (ii) changes resulting from energy waste reduction and demand-side management programs on the timing and use of electric energy, (iii) other federal and state legislative changes particularly with respect to renewable energy requirements, (iv) "self-generation" and distributed generation by customers, (v) issues relating to the ability to issue tax-exempt obligations, (vi) restrictions on the ability to sell electricity from generation projects financed with outstanding tax-exempt obligations to non-governmental entities, (vii) changes from projected future load requirements, (viii) increases in costs, (ix) shifts in the availability and relative costs of different fuels, (x) restructuring of the electric industry, (xi) supply chain constraints, (xii) cybersecurity and physical security threats, and (xiii) extreme weather. Some of these factors are discussed in greater detail below.

Regional Transmission Organization, Midwest Market, and Wholesale Competition



Source: Federal Energy Regulatory Commission, Lansing Board of Water and Light

General. Traditional wholesale electricity markets exist primarily in the Southeast, Southwest and Northwest where utilities are responsible for system operations and management, and, typically, for providing power to retail consumers. Utilities in these markets are frequently vertically integrated – they own the generation, transmission and distribution systems used to serve electricity consumers. They may also include federal systems, such as the Bonneville Power Administration, the Tennessee Valley Authority and the Western Area Power Administration. Wholesale physical power trade typically occurs through bilateral transactions, and while the industry had historically traded electricity through bilateral transactions and power pool agreements, FERC Order No. 888 promoted the concept of independent system operators ("ISOs").

Along with facilitating open-access to transmission, ISOs operate the transmission system independently of, and foster competition for electricity generation among, wholesale market participants. Several groups of transmission owners formed ISOs, some from existing power pools. In FERC Order No. 2000, the Commission encouraged utilities to join regional transmission organizations ("RTOs") which, like an ISO, would operate the transmission systems and develop innovative procedures to manage transmission equitably. Each of the ISOs and RTOs have energy and ancillary services markets in which buyers and sellers could bid for or offer generation. The ISOs and RTOs use bid-based markets to determine economic dispatch. While major sections of the country operate under more traditional market structures, two-thirds of the nation's electricity load is served in RTO regions.

Exposure to Dealings with Third Parties. The BWL manages all trading with third parties in accordance with its Risk Management Program. All forward trading is limited to hedging exposure of physical assets. Forward trading involves fuel purchasing for power plant use, power purchases as necessary for retail load requirements and power sales when excess generation is available and economic. The BWL does have several long-term power purchase agreements for its renewable portfolio. The BWL believes that its exposure to these agreements is negligible.

FERC Initiatives. On July 20, 2006, FERC issued Order No. 679, which adopted incentive-based rate treatment for transmission of electricity in interstate commerce by public utilities. This final rule is intended to encourage transmission infrastructure investment. The ITC has approval to automatically adjust transmission rates based on a forward-looking test year, which will make it more likely transmission rates will increase. It has also received approval to collect incentive rates for transmission service. This could increase transmission costs for the Electric Utility. However, BWL currently has point to point customers and only buys transmission when resources are not available.

The FERC has approved a MISO tariff request to create a new category of transmission projects referred to as Multi Value Projects ("MVP"). The MISO Tariff requires annual review of all approved MVP portfolios for a period of six years after approval. These reviews provide an updated view into the projected economic, public policy and qualitative benefits of the approved MVP Portfolio to identify potential modifications to the project criteria and cost allocation methodologies for projects to be approved at a future date. MVP reviews do not impact the existing MVP Portfolio approval status or cost allocation. MISO's rate request results in the cost of these projects being charged to all transmission customers regardless of where the project occurs in the MISO footprint or to whom the benefits may accrue. In the future, MVP transmission related rate increases could be significant to most transmission customers. Because of its GFA carve-out and generation connected to its system, the BWL does not anticipate that the MVP rate treatment will have a significant impact on its electric transmission costs or its financial condition.

Midcontinent (MISO)

Source: Federal Energy Regulatory Commission, Lansing Board of Water and Light

The Midcontinent Independent System Operator. MISO, which was originally created under FERC's jurisdiction to assure open and non-discriminatory access to the bulk transmission system, has substantially expanded its activities. MISO has effectively implemented a version of FERC's Standard Market Design which is known as the "Midwest Market Initiative" (Midwest Market) and "MISO Day 2." Under the Midwest Market arrangements, MISO has significantly changed wholesale electric purchases, sales, and operations within its footprint. The Electric Utility is a market participant of and is affected by the Midwest Market.

MISO performs the following services for the Midwest Market:

1. MISO performs scheduling and dispatching of most of the electric generating units in the MISO footprint. The goal of this is to achieve lower cost energy through a more efficient dispatch of resources than can be obtained by utilities making separate generation scheduling and dispatching decisions.

2. MISO has replaced traditional transmission congestion management where transmission transactions were interrupted to relieve congestion with an arrangement that uses generation re-dispatch and energy pricing signals to encourage transmission users to avoid transactions that cause transmission congestion. Under this arrangement, MISO will use generation re-dispatch as much as possible to relieve transmission congestion, and only interrupt transactions as a last resort.

3. MISO operates day-ahead and real time energy and ancillary services markets based on the Locational Marginal Price ("LMP") at the various injection and withdrawal points on the transmission grid. LMP is calculated by MISO as the cost to supply the next increment of load using the bids that have been made by market participants to either supply additional energy or reduce energy usage.

4. MISO implemented its ancillary services and operating reserves market in January 2009. Ancillary services include regulation and operating reserves that market participants can self-supply or purchase from the MISO. Suppliers can sell these services to other market participants.

Beginning in January 2011, the BWL became a market participant with a load and a generation asset in the Midwest Market. The BWL has placed Delta Energy Park and the REO Town Plant "behind the meter" and uses its GFA from Belle River to serve retail customers. This configuration allows the Electric Utility to minimize transmission costs, participate in the Midwest Market, and maintain reliability.

In the future, the BWL may consider placing part or all of its generation "in front of the meter" should that configuration produce economic benefits or improved reliability.

Participation in the Midwest Market has had a net positive impact on the BWL's electric operations. The BWL sells excess generation into wholesales markets on an hourly basis at LMP prices and to third parties for durations ranging from one day up to three years. In addition, the BWL sells excess capacity used by third parties for compliance with MISO's Planning Reserve Margin requirements on an annual basis consistent with MISO's planning year.

The BWL's wholesale portfolio consists of seasonal and opportunity sales. Aside from day-ahead sales into the Midwest Market, all of the Electric Utility's sales are system firm, and the Electric Utility is not obligated to provide electric energy in the event units are unavailable. The Electric Utility has used the system firm sale structure for the past twelve years.

Retail Wheeling. The State of Michigan enacted the "Customer Choice and Electric Reliability Act" ("PA 141") in 2000 as a means to promote electric competition in Michigan. The Electric Utility was subject to PA 141 until October of 2008. Between 2000 and 2008, the Electric Utility did not lose any customers to alternate electric suppliers. In October 2008, the Michigan Legislature adopted major changes to the electric utility industry in Michigan through PA 295 of 2008 and PA 141 as amended by PA 286 of 2008. Most of the changes affected utilities under the jurisdiction of the MPSC, which are investor-owned utilities and certain electric cooperative utilities. Since municipal utilities are not under the jurisdiction of the MPSC, many of the changes did not affect the Electric Utility. However two provisions in the legislation were applicable to the Electric Utility. The first required all electric utilities to meet certain renewable energy and energy waste reduction standards. The second changed the scope of Michigan's retail customer choice program, relieving municipal utilities of any obligation to offer retail customer choice in their service territories. With this change, the Electric Utility is no longer subject to retail electric competition within its service territory. It remains subject to competition with neighboring utilities for new customers that locate in areas served by both the neighboring utilities and the Electric Utility, except within the Lansing city boundaries within which only the Electric Utility can serve.

Renewable Energy and Energy Waste Reduction Standards

In October 2008, the Michigan Legislature adopted Public Act 295 ("PA 295"), which required all Michigan electric utilities to meet certain renewable energy and energy efficiency (now known as energy waste reduction) targets. Starting in 2012, the renewable energy standards were phased-in over four years and required each utility to purchase or generate a growing percentage of the power used to serve its retail customers from a qualifying renewable energy facility (as defined by the State). The renewable energy standard required that 15% of retail sales be from renewable energy sources. Each megawatt hour ("MWh") produced by a qualifying renewable energy facility creates one Renewable Energy Credit ("REC") that can be used to meet the renewable energy standard. RECs are provided for Michigan-made sources that meet certain characteristics. Utilities comply with the requirements by either generating electric energy from qualifying facilities, or by purchasing RECs from third-party facilities that have a surplus of RECs. The BWL achieved compliance by the deadline of 2021 and continues to achieve on an annual basis through the production of its power purchase agreements with Michigan solar and wind facilities.

PA 295 also required each Michigan electric utility to meet energy efficiency (i.e., energy waste reduction) targets. The goal of the energy waste reduction standard is to reduce electric energy consumption by retail customers through deployment of energy efficient appliances and devices. Each year after 2012, PA 295 required electric utilities to save 1% of retail energy sales through energy waste reduction programs.

PA 295 was amended by 2023 PA 229 ("PA 229"), which increased Michigan's energy efficiency standards to 1.5% energy savings through energy waste reduction programs and optional electrification programs, as a percentage of retail sales, beginning in 2026. PA 295 was also amended by 2023 PA 235 ("PA 235"), which increased Michigan's renewable energy standards to 50% renewables, as a percentage of retail sales, beginning in 2030 and 60% renewables, as a percentage of retail sales, beginning in 2035. With the addition of the Clean Energy Projects announced as part of the All-Source RFP, the BWL is on track to meet targets set forth in the MI Healthy Climate Plan for renewable energy.

The BWL's most recent Strategic Plan ensures that the BWL reaches the target of 100% electric retail sales from clean energy by the end of 2040. "Clean energy" is combined cumulative energy waste reduction savings and renewable energy generation. Collectively, the renewable energy and energy efficiency programs have provided environmental compliance and generation planning benefits to the Electric Utility and have been popular with customers of the BWL. These programs will continue to grow and add additional resources to the Electric Utility's portfolio while contributing to the goal of carbon neutrality by 2040.

Grants and Capital Cost Offsets

Initially in recognition of the opportunities created through the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, the BWL established a dedicated staff position focused on Grant Acquisition, Grant Management and elective pay opportunities made possible by the acts. Given the magnitude, complexity and evolving nature of these programs and inherent time constraints, the BWL engaged with Baker Tilly, a top ten advisory tax and assurance firm, to provide additional expertise and support to the BWL's efforts under these historic Acts. To date, grant awards are over $75 million, and anticipated elective pay for planned new energy projects are expected to provide $19.1 million in capital cost offsets. The BWL is actively scanning the grant landscape at the federal, state, and local levels to grow BWL's grant and elective pay revenue streams.

LITIGATION

There is no litigation pending or, to the knowledge of the BWL, threatened in any court (either state or federal) restraining or enjoining the issuance or delivery of the Bonds, or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge by the BWL of the moneys and other property pledged under the Bond Resolution, or (iv) the legal existence of the BWL or the City or the title to office of the present officials of the BWL or the City.

In 2024 the BWL filed suit against the Siemens Energy Corporation presenting damage claims related to the design, manufacture and performance of Siemens natural gas combustion turbines and related equipment installed at the Delta Energy Park, and Siemens filed a counter claim against the BWL for certain repair work it performed, Ingham County Circuit Court Case No. CB 24-0321. The litigation is ongoing, but the result of such litigation is not anticipated to adversely impact the operations of BWL.

BOND RATINGS

Moody's Investors Service and S&P Global Ratings have assigned their ratings of "Aa3" (stable outlook) and "AA-" (stable outlook) respectively, to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. The BWL has furnished to the rating agencies certain information to be considered in evaluating the Bonds. The above ratings reflect the independent judgments of the rating agencies and there is no assurance that such ratings will prevail for any given period of time or that they will not be revised or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such revision or withdrawal of such ratings may have an effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

MUNICIPAL FINANCE QUALIFYING STATEMENT

The BWL has filed a Qualifying Statement for the fiscal year ended June 30, 2025. The Michigan Department of Treasury has determined that the BWL is in material compliance with the criteria identified in Act 34 of the Public Acts of Michigan 2001, as amended.

TAX MATTERS

The Series 2026A Bonds and the Series 2026B Bonds will be treated as one issue for certain federal income tax purposes. Failures to comply with federal tax law requirements with respect to any one of the Bonds may cause interest on all the Bonds to be income in gross income for federal tax purposes.

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel to the Board, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinion on federal tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Board contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The Board has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the Board's certifications and representations and the continuing compliance with the Board's covenants. Noncompliance with these covenants by the Board may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

Bond Counsel will express no opinion regarding the effect on the exclusion of interest on the Series 2026A Bonds from gross income for federal income tax purposes of (i) the establishment of a new Term Interest Rate Period for the Series 2026A Bonds following the termination of the Initial Term Interest Rate Period commencing on ___________, 2026 or (ii) any future conversion of the Series 2026A Bonds to a different interest rate mode.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Board in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Board as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to federal or State of Michigan income taxation or otherwise prevent the holders from realizing the full current benefit

of the status of the interest thereon. In addition, such legislation, whether currently proposed, proposed in the future or enacted, could adversely affect the market price or marketability of the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal or State of Michigan tax legislation.

Further, no assurance can be given that any actions of the IRS, including, but not limited to, selection of the Bonds for audit examination, or the course or result of any examination of the Bonds, or other bonds which present similar tax issues, will not affect the market price of the Bonds.

Investors should consult with their tax advisors as to the tax consequences of their acquisition, holding or disposition of the Bonds, including the impact of any pending or proposed federal or State of Michigan tax legislation.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Lansing and Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be delivered with the Bonds, which opinion will be substantially in the form as set forth in Appendix E. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with their approving opinion are expected to be paid from the proceeds of the Bonds. Certain matters will be passed on for the Underwriter by its counsel, Dickinson Wright PLLC, Lansing, Michigan.

Miller, Canfield, Paddock and Stone, P.L.C. has represented BofA Securities, Inc., the Underwriter, in connection with matters unrelated to the issuance of the Bonds. Miller, Canfield, Paddock and Stone, P.L.C. has not, and will not, represent the Underwriter with respect to any matters relating to the issuance or sale of the Bonds.

Dickinson Wright PLLC has represented the BWL in connection with matters unrelated to the issuance of the Bonds. Dickinson Wright PLLC has not, and will not, represent the BWL with respect to any matters relating to the issuance or sale of the Bonds.

UNDERWRITING

The Bonds are being purchased from the BWL, subject to certain conditions, by BofA Securities, Inc. (the "Underwriter" or "BofA Securities"). The Bond Purchase Agreement provides for the Underwriter to purchase all of the Bonds, if any are purchased, at a purchase price of $_______________, representing the $______________ principal amount of the Bonds, plus [premium] of $_________________, less an underwriter's discount of $_____________.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that the market price of the Bonds or their marketability shall not have been materially adversely affected by the occurrence of certain events.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the BWL for which they received and will receive customary fees and expenses.

BofA Securities, as the underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the BWL.

MUNICIPAL ADVISOR TO THE BWL

PFM Financial Advisors LLC, has served as municipal advisor (the "Municipal Advisor") to the BWL with respect to the issuance of the Bonds. The BWL has retained PFM Financial Advisors LLC as Municipal Advisor in connection with various matters relating to the delivery of the Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the underwriting or distribution of securities.

CONTINUING DISCLOSURE UNDERTAKING

Prior to delivery of the Bonds, the BWL will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of Beneficial Owners (as defined in the Undertaking) of the Bonds to cause certain annually updated information and notice of certain events to be filed with the MSRB by electronic transmission through the Electronic Municipal Market Access Dataport of the MSRB, pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking are as set forth in "Appendix F – FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

A failure by the BWL to comply with the Undertaking will not constitute an event of default under the Bond Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking.

The BWL has not failed to comply with the requirements as described in Section (b)(5) of the Rule of any undertaking made by the BWL for the previous five years.

A failure by the BWL to comply with the undertaking must be reported by the BWL in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BWL'S DISCLOSURE DISSEMINATION AGENT

In order to provide continuing disclosure with respect to the Bonds, the BWL has entered into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") with Digital Assurance Certification, LLC ("DAC"), under which the BWL has designated DAC as Disclosure Dissemination Agent.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the BWL has provided such information to the Disclosure Dissemination Agent as required by the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Financial Information, Audited Financial Statements, notice of the occurrence of reportable events or voluntary disclosures, or any other information, disclosures or notices provided to it by the BWL and shall not be deemed to be acting in any fiduciary capacity for the BWL, the Bondholders or any other party. The Disclosure Dissemination Agent has no responsibility for the BWL's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the BWL has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the BWL at all times.

MISCELLANEOUS

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original source thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of such information. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The execution and delivery of this Official Statement by the BWL's Chief Financial Officer have been duly authorized by the BWL.

Lansing Board of Water and Light

By:________________________________
Scott Taylor
Its: Chief Financial Officer

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Appendix A

GENERAL INFORMATION REGARDING THE CITY OF LANSING

The following information on the City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City") is provided for informational purposes only. The Bonds are payable solely from the Net Revenues of the System. See "THE BONDS." The Bonds are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the principal of and interest on the Bonds. The Bonds do not constitute an indebtedness of the City within any constitutional, statutory or charter limitation.

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APPENDIX A

CITY OF LANSING
GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION

Description

The City of Lansing, Counties of Ingham, Eaton and Clinton, State of Michigan (the "City"), the capital of the State of Michigan (the "State"), encompasses an area of approximately 35 square miles in the northwestern corner of Ingham County, the northeastern corner of Eaton County, and along the southern border of Clinton County.

The City is located the following distances from these commercial and industrial areas:

63 miles northwest of Ann Arbor
65 miles southeast of Grand Rapids
73 miles northeast of Kalamazoo
85 miles northwest of Detroit

Property Valuations

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State Equalized Valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, to the local board of review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the county's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes are: churches, government property, and public schools, and are not included in the SEV and Taxable Value data below. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended ("Act 198"), or Act 255, Public Acts of Michigan, 1978, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data below except as noted. Under limited circumstances, other State laws permit the partial abatement of certain taxes for other types of property for periods of up to 12 years.

Historical Valuation

Table 1 - Equalized and Taxable Valuation

Tax Year	Fiscal Year Ending June 30	Real Property SEV	Personal Property SEV	Total Assessed (SEV) Valuation	Taxable Valuation
2025	2026	$3,995,850,417	$227,145,900	$4,222,996,317	$3,156,438,492
2024	2025	3,669,814,100	232,512,700	3,902,326,800	3,051,460,785
2023	2024	3,353,016,852	201,680,300	3,554,697,152	2,764,648,003
2022	2023	3,120,077,143	172,959,000	3,293,036,143	2,661,453,483
2021	2022	2,885,888,700	171,927,400	3,057,816,100	2,498,510,833
2020	2021	2,680,302,476	157,132,900	2,837,435,376	2,327,970,320
2019	2020	2,423,395,000	143,567,100	2,566,962,100	2,177,263,492

Source: Equalization Departments of Clinton, Eaton, and Ingham County

2025 Ad Valorem Taxable Valuation	$3,156,438,492
Plus: 2025 IFT Equivalent Taxable Value(1)	50,203,920
Total 2025 Ad Valorem Taxable & IFT Valuation:	$3,206,642,412
Less: 2025 Disabled Veterans Exemption Taxable Value(2)	(13,814,259)
Net 2025 Annual Equivalent Valuation	$3,192,828,153

(1) See "Industrial Facilities Tax" herein.
(2) Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.

Table Per Capita Valuation

Using the City's 2020 Census population of 112,644, the table below provides the per capita valuation by type of valuation.

Table 2 - Per Capita Valuation

2025 Per Capita Taxable Valuation	$28,021.36
2025 Per Capita State Equalized Valuation	$37,489.76
2025 Per Capita Total Taxable & IFT Valuation	$28,467.05

Source: U.S. Census Bureau

Industrial Facilities Tax

Act 198 provides significant property tax incentives to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages, and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property tax owners situated in such districts pay an Industrial Facility Tax ("IFT") in lieu of ad valorem taxes on the facility and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the TV of the obsolete industrial property in the year before the effective date of the Act 198 abatement certificate multiplied by the total mills levied by all taxing units within which the facility and equipment is situated in the current year. New plants and equipment receiving their abatement certificate prior to January 1, 1994, are taxed at one-half the total mills levied by all taxing units, other than mills levied for local and intermediate school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the total mills levied as ad valorem property taxes by all taxing units within which the facility and equipment is situated except mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land are not reduced in any way since land is specifically excluded under Act 198.

There are several Act 198 abatements within the City's boundaries. The tax year 2025 equivalent taxable value for all Act 198 abated property within the City's boundaries is $50,203,920.

Tax Increment Finance Authority ("TIFA")

A TIFA was established within the City in 1981, under the authority of Act 450, Public Acts of Michigan, 1980, commonly referred to as the TIFA Act. The TIFA Act gave the City the authority to designate certain districts within its city limits as TIFA Districts (defined below). The purpose of the TIFA is to create and execute plans for public improvements, economic development, historic preservation, and avoidance of deterioration in property values within these districts through implementing finance and development plans. The TIFA Act also allowed the TIFA to issue debt and finance public infrastructure and facilities by capturing certain taxes levied by other local units of government within the TIFA District.

In 2018, the TIFA Act was repealed and recodified as part of the Recodified Tax Increment Financing Act, Act 57, Public Acts of Michigan, 2018 ("Act 57"), which authorizes the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, and Local Development Finance Authority ("LDFA") Districts. Act 381 of the Public Act of Michigan, 1996, as amended (the "Brownfield Act") authorizes the designation of specific districts known as Brownfield Redevelopment Authority ("BRDA") Districts. Each of these four types of districts is referred to as a "TIF District". These two acts authorize the formulation of tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation, and environmental cleanup within the TIF Districts.

Tax increment financing permits a TIFA, DDA, LDFA, or BRDA to capture tax revenues attributable to increases in taxable value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established TIF District are in place. Subject to an executed reimbursement agreement, up to 100% of these captured revenues are used by the TIF District and portions of the captured tax increment revenues are not passed through to the local taxing authorities.

The table below provides the TIFA's historical, audited Tax Increment Revenue for the fiscal years ending 2021 through 2025.

Table 3 - TIFA Historical Tax Increment Revenue

Tax Year	Fiscal Year Ending	Total Tax Increment Revenue	Percent Change in Total Tax Increment Revenue
2024	2025	$6,867,884	-0.19%
2023	2024	6,881,202	36.63
2022	2023	5,036,311	10.20
2021	2022	4,570,190	14.00
2020	2021	4,009,038	17.27

Source: Audited financial statements of the TIFA

Michigan Property Tax Reform

The voters of the State approved enactment of Acts 153 and 154, Public Acts of Michigan, 2013 and Acts 80 and 86 through 93, Public Acts of Michigan, 2014 by referendum on August 5, 2014 (collectively, the "PPT Reform Acts"), which significantly reformed personal property tax in Michigan.

Under the PPT Reform Acts, owners of certain industrial and commercial personal property may file an affidavit claiming a personal property tax exemption. To be eligible for the exemption, all of the commercial or industrial personal property within a city or township that is owned by, leased to, or controlled by the claimant must have an accumulated true cash value of $80,000 or less. Beginning in calendar year 2016, owners of certain manufacturing personal property that was either purchased after December 31, 2012, or that is at least 10 years old may claim an exemption from personal property tax. In 2022, all eligible manufacturing personal property would be at least 10 years old if purchased after December 31, 2012, and so could be exempted from personal property tax.

To replace personal property tax revenues lost by local governments, including cities, the PPT Reform Acts divided the existing state use tax into two components, a "state share tax" and a "local community stabilization share tax," and established the Local Community Stabilization Authority (the "LCSA") to administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The LCSA began distributions of the local community stabilization share tax to local governments, including cities, on November 21, 2016. The City received $747,992.97 from the LCSA to replace personal property tax revenue lost during fiscal year ending 2025, per Michigan Department of Treasury.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on a local unit's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefore and the operations of the City.

Major Taxpayers

The top ten taxpayers in the City and their tax year 2025 Taxable Valuations and equivalent Industrial Facilities Tax Valuations are as follows:

Table 4 - Top Ten Taxpayers

Taxpayer	Product/Service	Ad Valorem Taxable Valuation	Equivalent IFT Valuation	Total Valuation
Consumers Energy	Utility	$107,287,955	--	$107,287,955
General Motors	Automotive	59,376,862	$4,807,279	64,184,141
LG Energy Solution	Battery Cell Manufacturer	--	43,750,433	43,750,433
Jackson National Life	Insurance	42,865,778	--	42,865,778
Accident Fund Ins. Co. of America	Insurance	29,008,800	--	29,008,800
GS Skyvue Property Owner LLC	Apartments	26,950,500	--	26,950,500
Neogen Corporation	Developer	23,995,656	397,368	24,393,024
USSH MSU Propco., LLC	Student Housing	23,163,423	--	23,163,423
Lansing Retail Center LLC	Shopping Center	15,066,629	--	15,066,629
Lansing MI Multifamily DST	Apartments	14,857,122	--	14,857,122
TOTAL		**$342,572,725**	**$48,955,080**	**$391,527,805**

Source: City of Lansing and the Equalization Departments of Ingham, Eaton, and Clinton Counties

The Total Valuation of the above taxpayers represents 12.21% of the City's tax year 2025 Ad Valorem Taxable Valuation & equivalent IFT Valuation of $3,206,642,412.

Employment Characteristics

The following companies located in the Lansing region offer employment opportunities for residents.

Table 5 - Employment Characteristics

Lansing Region (500 or more employed)	Product/Service	Approx. No. Employed
State of Michigan	Government	13,880
Michigan State University	Higher Education	11,118
University of Michigan Health - Sparrow	Healthcare	9,000
Auto Owners Insurance (HQ)	Insurance	5,943
General Motors	Manufacturing / Auto Assembly	4,183
Jackson National Life Insurance	Insurance	2,907
Peckham Industries	Textiles, Auto Parts	2,200
Dart Container Corp.	Manufacturing / Containers	1,800
Meijer Distribution Center	Logistics	1,500
Lansing Community College	Higher Education	1,490
Lansing School District	Education	1,439
McLaren Health	Healthcare	1,401
Dean Transportation	Transportation Equipment	800
Delta Dental	Insurance	800
MSUFCU	Financial Services	800
Michigan Farm Bureau Family of Companies	Insurance	750
Quality Dairy	Food Processing	730
Spartan Motors Chassis	Automotive	730
Dakkota Integrated Systems	Automotive	670
Multi-packaging Solutions (John Henry)	Logistics	600
Neogen Corp	Biotech	550
Bridgewater Interiors (Johnson Controls)	Automotive	500
Orchid Orthopedic Solutions	Medical Device	500
Pratt & Whitney	Aerospace	500
PNC Bank	Financial Services	500

The approximate number of employees listed above is as reported in the sources indicated below. Because of reporting time lags and other factors inherent in collecting and reporting such information, the numbers may not reflect recent changes in employment levels, if any.

Source: Lansing Economic Area Partnership, via purelansing.com, and individual employers.

Employment Breakdown

The U.S. Census 2019-2023 American Community Survey estimates the occupational breakdown of persons 16 years and over in the City of Lansing is as follows:

Table 6 - Employment by Occupation

	Number	**Percent**
PERSONS BY OCCUPATION	56,217	100.00%
Professional Specialty Occupations	20,678	36.78
Service Occupations	11,204	19.93
Sales & Office Occupations	10,767	19.15
Construction & Maintenance Occupations	3,576	6.37
Transportation & Material Moving Occupations	9,992	17.77

Source: American Community Survey via U.S. Census Bureau

The U.S. Census 2019-2023 American Community Survey estimates the breakdown by industry for persons 16 years and over in the City of Lansing is as follows:

Table 7 - Employment by Industry

	Number	**Percent**
PERSONS BY INDUSTRY	56,217	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	484	0.86
Construction	2,052	3.65
Manufacturing	6,202	11.03
Wholesale Trade	876	1.56
Retail Trade	6,210	11.05
Transportation	3,738	6.65
Information	817	1.45
Finance, Insurance, & Real Estate	3,792	6.75
Professional & Management Services	5,454	9.70
Educational, Health & Social Services	14,221	25.29
Arts, Entertainment, Recreation & Food Services	5,265	9.37
Other Professional and Related Services	2,890	5.14
Public Administration	4,216	7.50

Source: American Community Survey via U.S. Census Bureau

Unemployment

The Michigan Department of Technology, Management & Budget, Bureau of Labor Market Information and Strategic Initiatives, reports unadjusted unemployment averages for the City and the State of Michigan is as follows:

Table 8 – Unemployment

	Lansing City	State of Michigan
2025 (August) – Preliminary	7.1%	5.0%
2024 Annual Average	5.9	4.7
2023 Annual Average	5.1	3.9
2022 Annual Average	5.6	4.2
2021 Annual Average	6.9	5.7
2020 Annual Average	10.1	10.0

Source: Michigan Department of Technology, Management & Budget – Michigan Labor Market Information via milmi.org

Population by Age

The U.S. Census 2019-2023 American Community Survey estimates of population by age for the City is as follows:

Table 9 - Population by Age

	Number	Percent
Total Population	112,546	100.00%
0 through 19 years	27,149	24.12
20 through 64 years	70,687	62.81
65 years and over	14,710	13.07
Median Age	33.5 years	

Source: American Community Survey via U.S. Census Bureau

Income

The U.S. Census 2019-2023 American Community Survey estimates of household income for County of Ingham is as follows:

Table 10 - Household Income

	Number	Percent
HOUSEHOLDS BY INCOME	51,129	100.00%
Less than $10,000	3,642	7.12
$10,000 to $14,999	2,849	5.57
$15,000 to $24,999	4,856	9.50
$25,000 to $34,999	5,207	10.18
$35,000 to $49,999	7,896	15.44
$50,000 to $74,999	11,249	22.00
$75,000 to $99,999	6,444	12.60
$100,000 to $149,999	5,780	11.30
$150,000 to $199,999	1,952	3.83
$200,000 or more	1,254	2.46
Median Household Income	$52,170	

Source: American Community Survey via U.S. Census Bureau

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Appendix B

SERVICE AREA MAPS FOR THE ELECTRIC, WATER, STEAM, AND CHILLED WATER UTILITIES

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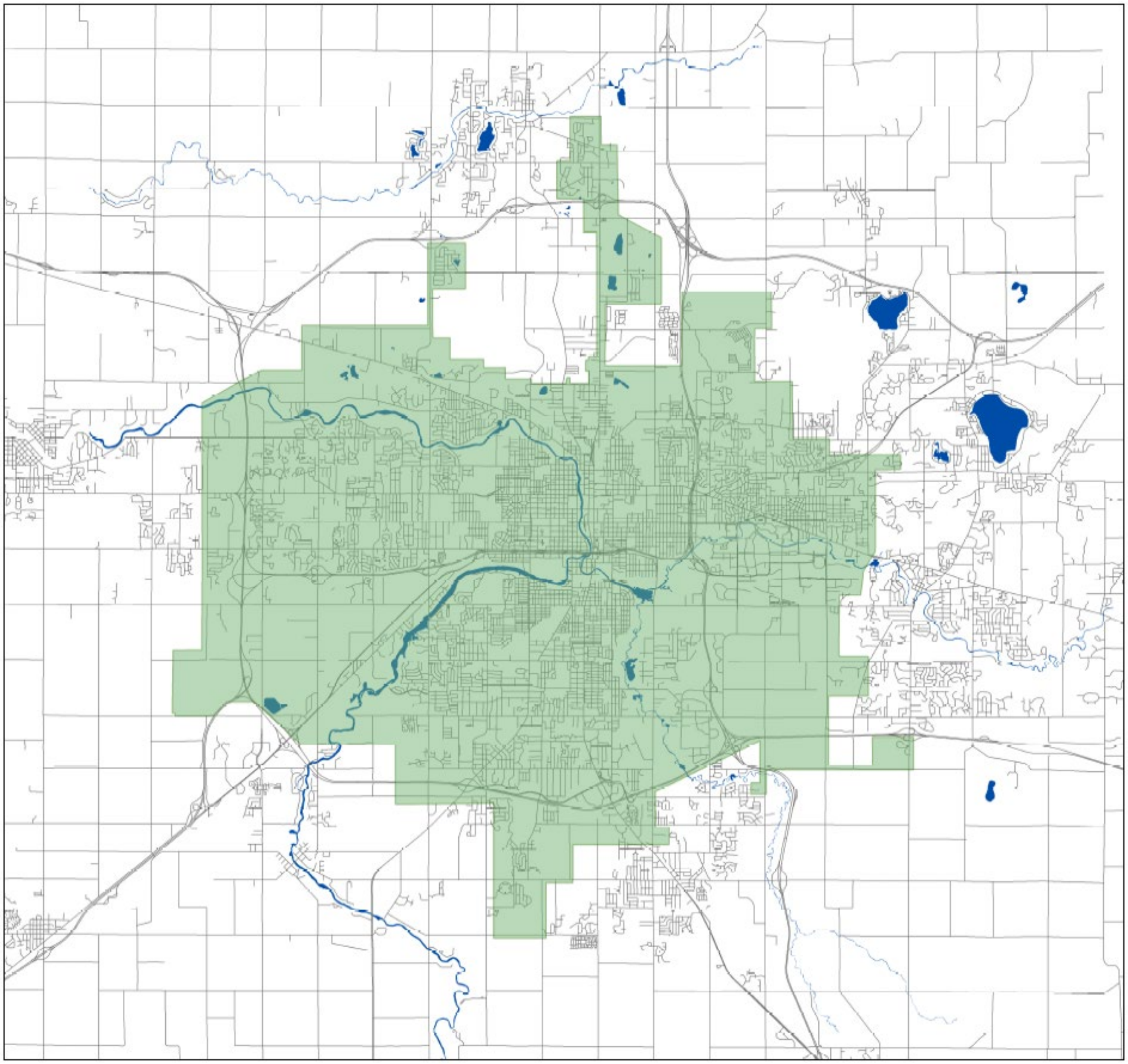
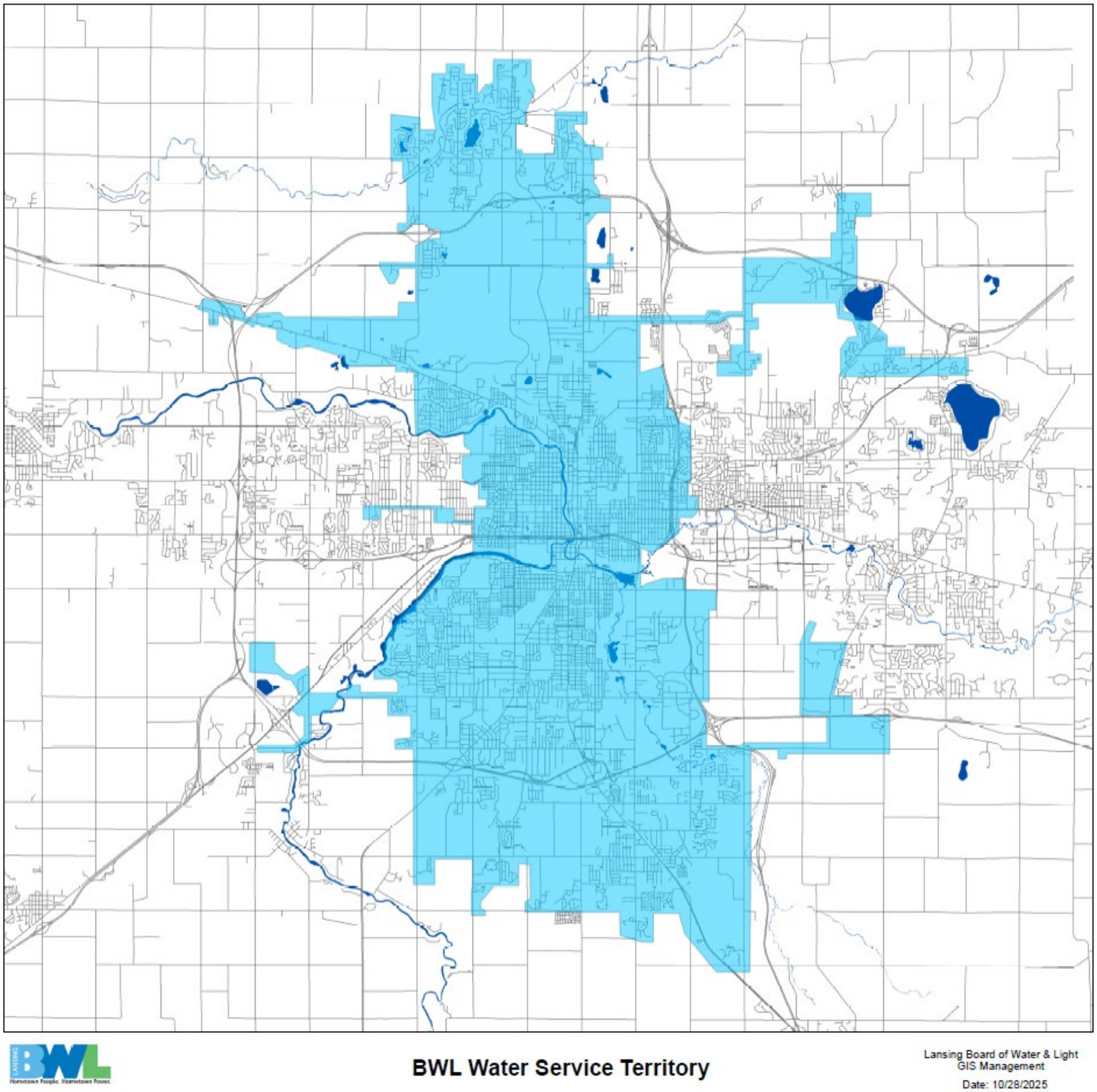
ELECTRIC SERVICE AREA



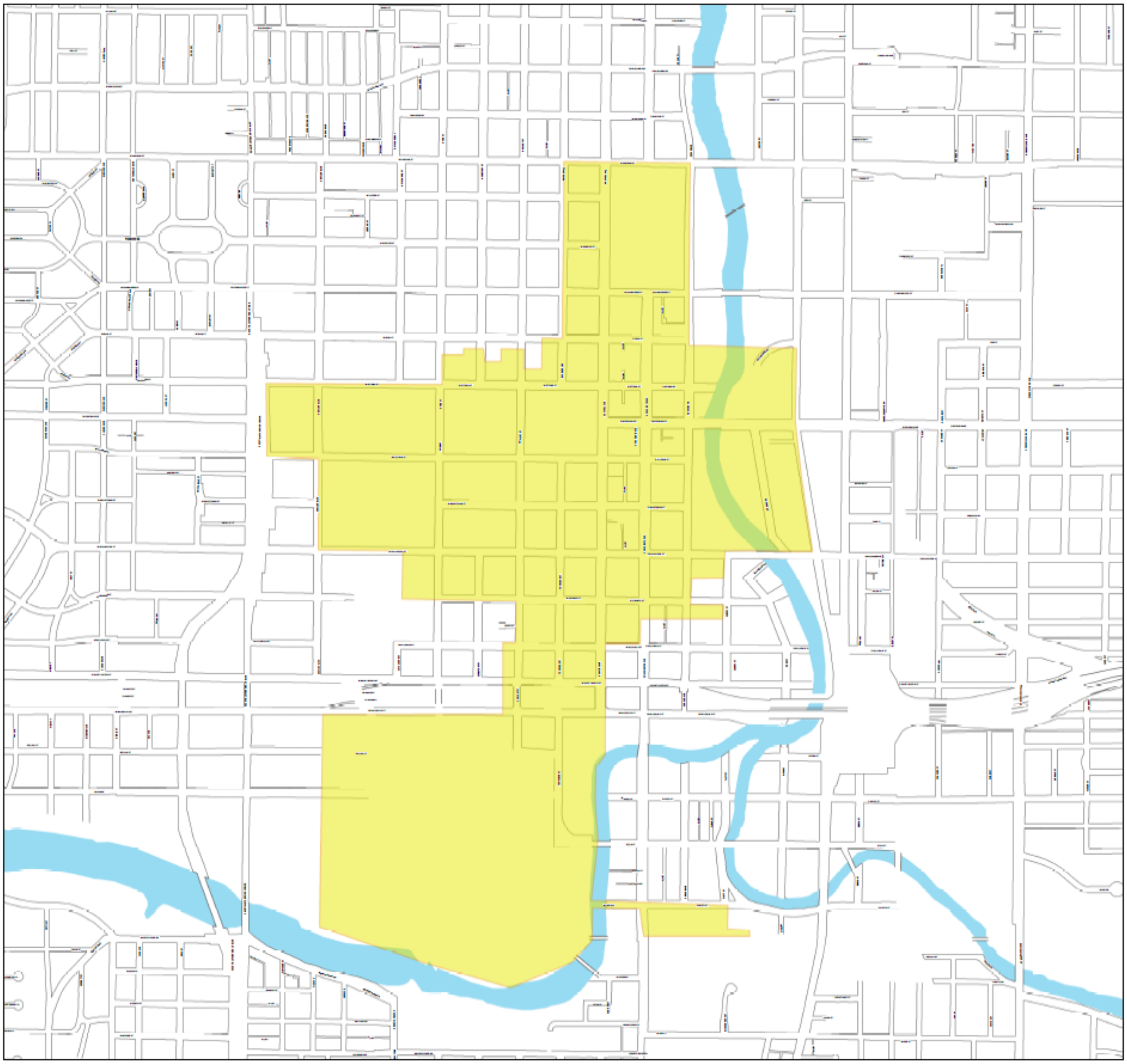
BWL Electric Service Territory

Lansing Board of Water & Light
GIS Management
Date: 10/28/2025

WATER SERVICE AREA



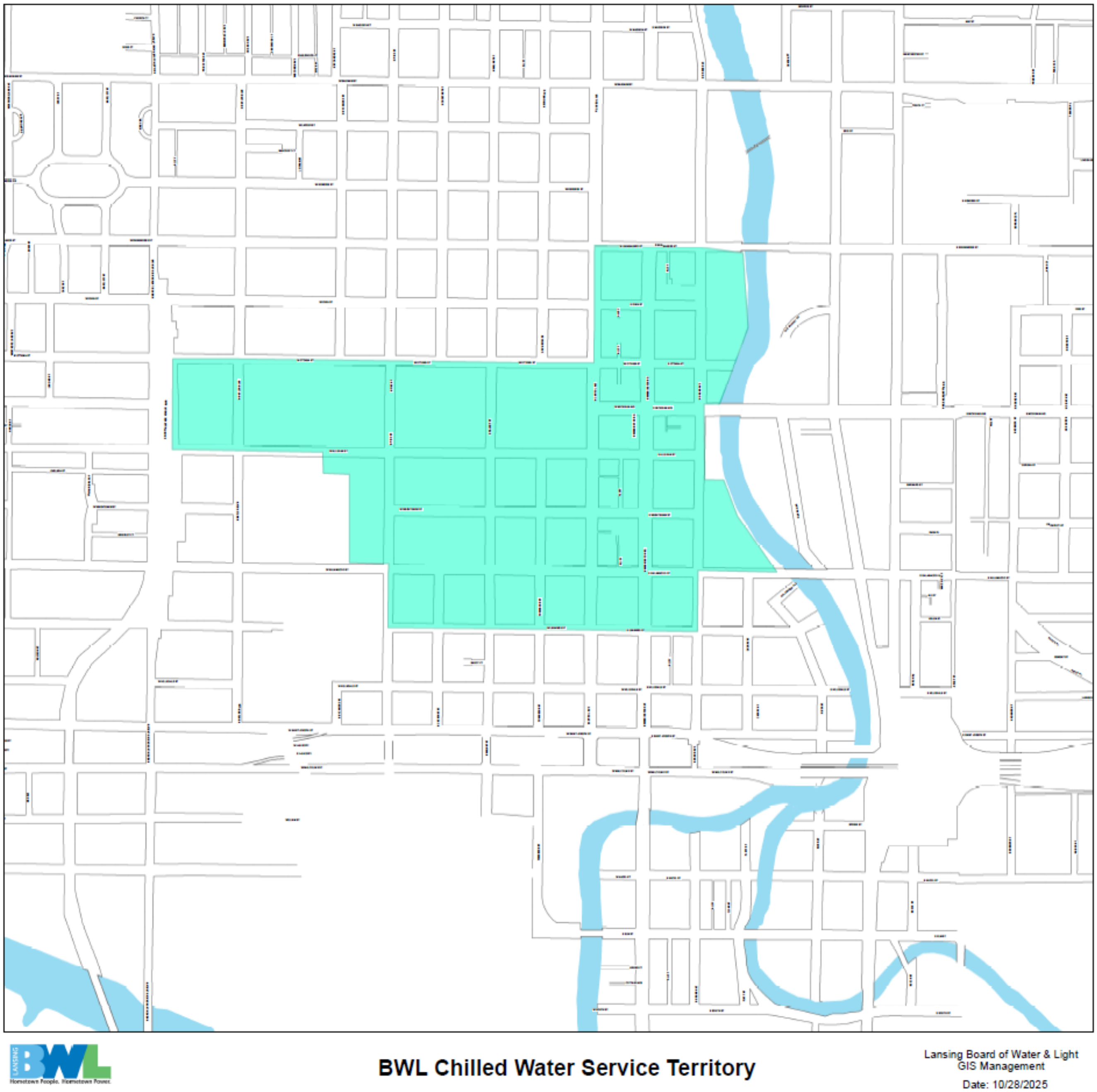
STEAM SERVICE AREA



BWL Steam Service Territory

Lansing Board of Water & Light
GIS Management
Date: 10/28/2025

CHILLED WATER SERVICE AREA



Appendix C

FINANCIAL STATEMENTS AND RELATED NOTES

This Appendix contains the audited financial statements of the BWL for the fiscal years ended June 30, 2025 and 2024. Baker Tilly Virchow Krause, LLP, BWL's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Tilly Virchow Krause, LLP, has also not performed any procedures relating to this Official Statement.

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Lansing Board of Water & Light - City of Lansing, Michigan

Financial Report

With Additional Information

June 30, 2025 and 2024

Lansing Board of Water & Light - City of Lansing, Michigan

Table of Contents
June 30, 2025 and 2024

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Lansing Board of Water and Light (BWL), as of and for the years ended June 30, 2025 and 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the BWL as of June 30, 2025 and 2024, and the 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards).* 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 the 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. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards.*

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 raise 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 basic financial statements as a whole. The 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2025 on our consideration of the BWL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BWL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BWL's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
October 3, 2025

This section explains the general financial condition and results of operations for the Lansing Board of Water & 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, 2024 and 2025.

Overview of Business

The BWL owns and operates an electric system which generates, purchases and distributes electric energy to approximately 99,600 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 60% 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 current and planned renewable energy generation puts BWL on a path to meet state legislative requirements of 50% renewable energy by 2030 as well as move towards its own internal goal of 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 approximately 58,100 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 139 customers. The 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 $202.8 million in fiscal year 2025, $191.3 million in fiscal year 2024 and $112.2 million in fiscal year 2023.

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 Supplemental Information section of this financial report.

Condensed Financial Information (Dollars in Millions)

	As of June 30			% Change	% Change
	2025	2024	2023	2024 to 2025	2023 to 2024
Assets					
Utility plant	$ 1,398.3	$ 1,273.9	$ 1,183.3	% 9.8	% 7.7
Current assets	373.5	340.3	306.2	9.8	11.1
Other assets	311.5	426.7	167.0	(27.0)	155.5
Total assets	2,083.3	2,040.9	1,656.5	2.1	23.2
Deferred outflow of resources	19.7	11.8	26.8	66.9	(56.0)
Liabilities					
Long-term liabilities	1,187.2	1,167.3	824.4	1.7	41.6
Other liabilities	148.5	141.5	113.9	4.9	24.2
Total liabilities	1,335.7	1308.9	938.3	2.0	39.5
Deferred inflow of resources	16.9	21.0	32.1	(19.5)	(34.6)
Net position					
Net investment in capital assets	408.9	389.6	381.4	5.0	2.1
Restricted for debt service	70.1	80.0	48.1	(12.4)	66.3
Restricted for pension	8.7	6.5	5.0	32.3	30.0
Restricted for OPEB	80.3	85.0	74.6	(5.5)	13.9
Unrestricted	182.5	161.7	203.7	12.9	(20.6)
Net position	**$ 750.5**	**$ 722.8**	**$ 712.9**	**% 3.8**	**% 1.4**

Capital expenditures in FY2025 exceeded depreciation, impairments and retirements thereby increasing Utility plant assets by $124.4 million. Current Assets increased by $33.2 million primarily due to an increase in cash and investments, Other Assets decreased by $115.2 million primarily due to drawdown of 2024A revenue bonds fund. Deferred Outflows increased by $7.9 million primarily due to higher projected healthcare costs for the OPEB retirement plan. Total liabilities increased by $26.8 million primarily driven by a higher environmental remediation liability. Deferred Inflows decreased by $4.1 million primarily due to changes of assumptions within the OPEB retirement plan.

Capital expenditures in FY2024 exceeded depreciation, impairments and retirements thereby increasing Utility plant assets by $90.6 million. Current Assets increased by $34.1 million primarily due to funding of 2024A bonds capitalized interest and cash recovery associated with fuel and environmental remediation costs. Other Assets increased by $259.7 million primarily due to issuance of 2024A bonds. Deferred Outflows decreased by $15.0 million primarily due to higher investment returns on OPEB retirement plan. Total liabilities increased by $370 million driven by the 2024A series bond issuance. Deferred Inflows decreased by $11.1 million primarily due to amortization of prior changes within the OPEB retirement plan.

	For the Year Ended June 30			% Change	% Change
	2025	2024	2023	2024 to 2025	2023 to 2024
Result of operations					
Operating revenue	$ 468.4	$ 417.4	$ 448.9	% 12.2	% (7.0)
Operating expense	415.4	387.9	406.2	7.1	(4.5)
Nonoperating expense - net	(25.4)	(19.6)	(26.6)	29.6	(26.3)
Changes in net position	**$ 27.6**	**$ 9.9**	**$ 16.1**	**% 178.8**	**% (38.5)**

The $51.0 million increase in FY2025 operating revenue is primarily driven by increases in electric wholesale as a result of higher market prices and sales volume. The $27.5 million increase in FY2025 operating expense is attributable primarily to increased fuel costs of $23.3 million, increased administrative and general costs of $4.9 million, and increased Return on Equity of $2.0 million, offset by decreased operational and maintenance costs of $2.7 million.

The $31.5 million decrease in FY2024 operating revenue is primarily driven by decreases in electric wholesale as a result of decreased market prices and sales volume. The $18.3 million decrease in FY2024 operating expense is attributable primarily to the net result of decreased fuel costs of $33.9 million, increased administrative and general costs of $9.7 million and increased transmission and distribution costs of $5.9 million.

Budget

The BWL Commissioners approved a $338.5 million operating expense budget (excluding depreciation and Return on Equity) for FY2025. Actual expenses (excluding depreciation and Return on Equity) were $318.9 million. The capital expenditure budget, net of customer contributions in aid of construction, was $187.6 million for FY2025, and actual net capital expenditures were $195.7 million.

Financing Activities

During 2023, the BWL was authorized to issue $32,220,000 of Drinking Water State Revolving Fund (DWSRF) revenue bonds, of which the first $20,000,000 is eligible for principal forgiveness. As of June 30, 2025, $28,590,875 has been drawn down. The total amount the BWL expects to be financed by project completion or upon disbursement of the total authorized amount is $12,220,000. The total amount to be repaid as of June 30, 2025 is $8,590,875.

In January of 2024, $364,625,000 of Utility System Revenue and Revenue Refunding Bonds, Series 2024A, were issued for the purposes of paying costs for system improvements, capitalized interest, tendering a portion of 2019B bonds, and refunding a portion of 2013A bonds.

Contacting Management

The financial report is intended to provide a general overview of the BWL’s finances and to demonstrate accountability for the funds it administers. Questions about this report should be submitted to Lansing Board of Water and Light, P.O. Box 13007, Lansing, Michigan 48901-3007.

Lansing Board of Water & Light - City of Lansing, Michigan

Statements of Net Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Restricted cash and investments (Notes 2 and 3)	$ 92,638,741	$ 101,353,712
Cash and investments (Notes 1 and 2)	90,782,942	50,954,526
Designated cash and investments (Notes 1 and 2)	94,430,067	89,256,997
Accounts receivable, net (Note 1)	49,175,782	50,807,763
Estimated unbilled accounts receivable (Note 1)	22,768,968	23,567,761
Inventories (Note 1)	20,102,028	18,423,558
Prepayments (Note 1)	3,654,910	5,963,382
Total current assets	373,553,438	340,327,699
Other Assets		
Restricted assets:		
Net pension asset (Note 8)	8,646,252	6,479,599
Net OPEB asset (Note 8)	80,308,338	84,992,538
Restricted cash and investments (Notes 2 and 3)	144,247,959	259,946,436
Recoverable environmental remediation (Note 6)	52,492,879	20,853,276
Recoverable energy asset (Note 6)	5,858,054	26,154,048
Special deposit (Note 1)	17,644,728	25,230,262
Other (Note 1)	2,274,002	3,080,515
Total other assets	311,472,212	426,736,674
Utility Plant (Notes 1 and 4)		
Water	396,343,074	380,759,488
Electric	1,334,862,264	1,278,077,851
Steam	101,724,692	100,366,159
Chilled water	34,105,305	34,105,305
Common facilities	139,081,975	131,931,308
Total plant in service	2,006,117,310	1,925,240,111
Less accumulated depreciation	852,321,134	793,981,863
Net plant in service	1,153,796,176	1,131,258,248
Construction in progress	244,531,511	142,601,832
Total utility plant	1,398,327,687	1,273,860,080
Total assets	2,083,353,337	2,040,924,453
Deferred Outflows of Resources		
Bond refunding loss being amortized (Note 1)	1,456,198	1,703,891
Pension deferred outflows (Note 8)	-	204,912
OPEB deferred outflows (Note 8)	18,300,807	9,881,923
Total deferred outflows of resources	19,757,005	11,790,726

See notes to financial statements

	2025	2024
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ 96,242,700	$ 88,906,185
Accrued payroll and related taxes	5,171,456	6,514,032
Customer deposits	3,354,208	3,521,026
Accrued compensated absences (Note 1)	6,920,515	6,581,232
Accrued interest	58,984	57,774
Current portion of long-term debt (Note 5)	766,153	777,438
Current liabilities payable from restricted assets:		
Current portion of long-term debt (Note 5)	13,495,000	13,890,000
Accrued interest	22,529,392	21,298,139
Total current liabilities	148,538,408	141,545,826
Compensated Absences, Net of Current Portion (Note 1)	7,018,163	7,730,937
Other Long-Term Liabilities		
Workers' compensation (Note 12)	1,700,000	2,200,000
Environmental remediation liability (Note 9)	46,056,766	16,098,612
Arbitrage rebate requirement (Notes 4 and 12)	4,403,955	-
Other	6,417,042	9,320,770
Total other long-term liabilities	58,577,763	27,619,382
Long-Term Debt, Net, Less Current Portion (Note 5)	1,121,605,301	1,131,994,669
Total liabilities	1,335,739,635	1,308,890,814
Deferred Inflows of Resources		
Revenue intended to cover future costs (Note 6)	4,398,098	6,343,647
Pension deferred inflows (Note 8)	744,696	-
OPEB deferred inflows (Note 8)	11,770,821	14,634,723
Total deferred inflows of resources	16,913,615	20,978,370
Net Position (Note 1)		
Net investment in capital assets	408,931,543	389,625,738
Restricted for debt service	70,109,349	80,055,573
Restricted for pension	8,646,252	6,479,599
Restricted for OPEB	80,308,338	84,992,538
Unrestricted	182,461,610	161,692,547
Total net position	$ 750,457,092	$ 722,845,995

See notes to financial statements

Lansing Board of Water & Light - City of Lansing, Michigan

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenues (Note 1)		
Water	$ 61,455,925	$ 55,757,309
Electric	385,524,610	341,976,263
Steam	14,691,575	12,785,927
Chilled water	6,775,779	6,915,341
Total operating revenues	468,447,889	417,434,840
Operating Expenses		
Production:		
Fuel, purchased power and other operating expenses	162,042,369	138,777,452
Maintenance	21,288,260	22,732,499
Transmission and distribution:		
Operating expenses	13,841,237	14,757,338
Maintenance	23,522,155	23,933,835
Administrative and general	98,253,370	93,398,015
Return on equity (Note 7)	28,057,140	26,028,591
Depreciation (Note 1)	68,414,785	68,302,725
Total operating expenses	415,419,316	387,930,455
Operating income	53,028,573	29,504,385
Nonoperating Income (Expenses)		
Investment income	18,181,899	14,264,806
Other expense	(2,323,228)	(1,480,080)
Bonded debt interest expense	(40,773,265)	(32,361,141)
Other interest expense	(502,882)	(35,748)
Total nonoperating income (expenses), net	(25,417,476)	(19,612,163)
Net income (changes in net position)	27,611,097	9,892,222
Net Position, Beginning	722,845,995	712,953,773
Net Position, Ending	$ 750,457,092	$ 722,845,995

See notes to financial statements

Lansing Board of Water & Light - City of Lansing, Michigan

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 486,405,880	$ 413,044,418
Cash paid to suppliers	(223,267,028)	(206,579,720)
Cash paid to employees	(92,865,169)	(77,075,359)
Return on equity (Note 7)	(28,057,140)	(26,028,591)
Cash from customer deposits	(166,818)	(2,102,068)
Other interest expense	(475,376)	(35,748)
Net cash flows from operating activities	141,574,349	101,222,932
Cash Flows From Capital and Related Financing Activities		
Planned, bonded, and annual construction	(190,030,684)	(142,913,213)
Principal payments on debt	(14,667,438)	(14,004,724)
Proceeds from new borrowings net of premium received	8,590,875	360,835,763
Principal payments on subscription-based IT arrangements	(3,425,213)	(3,538,950)
Interest on debt	(44,012,199)	(29,463,795)
Net cash flows from capital and related financing activities	(243,544,659)	170,915,081
Cash Flows From Investing Activities		
Proceeds from the sale and maturity of investments	171,911,917	99,919,225
Interest received	16,679,975	10,315,739
Purchase of investments	(38,566,382)	(270,547,587)
Net cash flows from investing activities	150,025,510	(160,312,623)
Net change in cash and cash equivalents	48,055,200	111,825,390
Cash and Cash Equivalents, Beginning	204,968,623	93,143,233
Cash and Cash Equivalents, Ending	$ 253,023,823	$ 204,968,623

See notes to financial statements

Lansing Board of Water & Light - City of Lansing, Michigan

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Restricted cash and investments	$ 92,638,741	$ 101,353,712
Cash and investments	90,782,942	50,954,526
Designated cash and investments	94,430,067	89,256,997
Noncurrent restricted cash and investments	144,247,959	259,946,436
Total cash and investments	422,099,709	501,511,671
Less noncash investments	(169,075,886)	(296,543,048)
Cash and cash equivalents, ending	$ 253,023,823	$ 204,968,623
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	$ 53,028,573	$ 29,504,385
Adjustments to reconcile operating income to net cash from operating activities:		
Other nonoperating	(3,636,927)	(2,813,134)
Depreciation	68,414,785	68,302,725
Sewerage collection fees	1,313,699	1,333,054
Other interest expenses	(475,376)	(35,748)
Decrease (increase) in assets:		
Accounts receivable (Note 1)	1,631,981	(7,696,106)
Unbilled accounts receivable (Note 1)	798,793	(1,199,620)
Inventories	(1,678,470)	1,301,532
Other postemployment benefits asset and deferrals	(6,598,586)	(11,793,398)
Special deposit	7,585,534	6,103,761
Net pension asset	(2,166,653)	(1,470,501)
Prepayments	2,301,378	(852,225)
Regulatory asset	(31,639,603)	(913,318)
(Decrease) increase in liabilities and deferred outflows/inflows of resources:		
Accounts payable and other accrued expenses	34,905,621	13,570,246
Customer deposits	(166,818)	(2,102,068)
Net pension asset deferrals	949,608	1,431,149
Deferred inflows, energy cost adjustments	18,350,445	5,985,384
Other	(1,343,635)	2,566,814
Total adjustments	88,545,776	71,718,547
Net cash provided by operating activities	$ 141,574,349	$ 101,222,932
Noncash Capital and Financing Activities		
Increase (decrease) in noncash investment valuations	$ 5,878,373	$ 3,949,067
Subscription-based IT arrangements	$ 751,683	$ -
Amortization of bond premium	$ 4,471,397	$ 3,757,493
Bond proceeds placed directly to escrow in refunding	$ -	$ 45,634,991

See notes to financial statements

Lansing Board of Water & Light - City of Lansing, Michigan

Statements of Fiduciary Net Position -
Pension and OPEB Trust Funds
June 30, 2025 and 2024

	2025	2024
Assets		
Receivable, investment interest receivable	$ 815,712	$ 14,641
Participant notes receivable	3,422,732	3,532,182
Cash and cash equivalents	25,768,448	28,368,369
Investments at fair value:		
Mutual funds, bonds	100,482,077	96,482,199
Mutual funds, equity	364,809,221	333,580,797
Real estate trust investment	40,244,890	42,233,893
Self-directed brokerage account:		
Equity securities/stocks	18,377,421	12,507,716
Certificates of deposit (negotiable)	-	100,039
Mutual funds, equity	827,483	598,099
Total assets	554,747,984	517,417,935
Liabilities		
Trade payable, due to broker/other	812,171	317,309
Reimbursement for benefits paid by employer	5,011,279	2,448,357
Net position, held in trust for pension and other employee benefits	$ 548,924,534	$ 514,652,269

Lansing Board of Water & Light - City of Lansing, Michigan

Statements of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2025 and 2024

	2025	2024
Increases		
Investment income:		
Net appreciation in fair value of investments	$ 45,644,769	$ 44,546,231
Interest and dividend income	10,024,968	9,769,087
Net investment income	55,669,737	54,315,318
Employer contributions	9,032,259	9,500,292
Interest from participant notes receivable	226,953	189,210
Other	480,908	269,948
Total increases	65,409,857	64,274,768
Decreases		
Retiree benefits paid	30,021,653	27,701,902
Loan defaults	412,246	331,152
Participants' note and administrative fees	703,693	539,761
Total decreases	31,137,592	28,572,815
Change in net position held in trust	34,272,265	35,701,953
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning	514,652,269	478,950,316
Ending	$ 548,924,534	$ 514,652,269

See notes to financial statements

1. Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Lansing Board of Water & 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 Employees' Pensions, which accumulate resources for benefit payments to participants.

2. The Postretirement 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 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.

The BWL continues to follow 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 and deferred inflows and outflows 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.

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.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented July 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

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.

Designated Cash and 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	
	2025	**2024**
Designated purpose:		
Litigation, environmental and uninsured losses	$ 22,091,779	$ 20,876,509
Future water facilities	4,459,209	4,211,679
Subtotal	26,550,988	25,088,188
Special purpose, future construction	67,879,079	64,168,809
Total	$ 94,430,067	$ 89,256,997

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 2025 and 2024 are as follows:

	2025	**2024**
Customer receivables	$ 32,060,580	$ 29,571,916
Sewerage collections	2,805,555	2,728,219
Wholesale sales receivables	4,174,924	4,613,189
Grant receivables	4,999,576	6,197,388
Refundable deposit	-	6,103,762
Miscellaneous	7,635,147	4,593,289
Less allowance for doubtful accounts	(2,500,000)	(3,000,000)
Net	$ 49,175,782	$ 50,807,763

Unbilled Accounts Receivable and Revenue

Unbilled accounts receivable at June 30, 2025 and 2024 represent 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.

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. The BWL has made installment payments totaling $46,280,000. During 2025 and 2024, the BWL recovered $7,585,534 and $6,103,762, respectively, back due to pipeline usage. 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 $17,603,563 in 2025 and $25,189,097 in 2024. The BWL has $41,165 of miscellaneous other deposits as of June 30, 2025 and 2024.

Inventories

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

	2025	2024
Gas	$ 2,168,849	$ 1,225,790
Materials and supplies	17,933,179	17,197,768
Total	$ 20,102,028	$ 18,423,558

Prepayments

Prepayments relate to advanced payments on goods or services that will be consumed in future periods.

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.

Depreciation

Depreciation of the utility plant is computed using the straight-line method based on estimated useful lives. The resulting provisions for depreciation in 2025 and 2024, expressed as a percentage of the average depreciable cost of the related assets, are as follows:

		Average Rate (Percent)	
	Life (Years)	2025	2024
Classification of utility plant:			
Water	4-100	2.0	2.0
Electric	4-50	3.5	3.6
Steam	5-50	2.9	2.8
Chilled water	5-50	2.2	3.4
Common facilities	2-50	5.3	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 liabilities 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, such as FMLA, Bereavement, or Jury Duty. This liability is accrued as employees earn the rights to such benefits. A portion of the current liability is included in accrued payroll for earned and used but unpaid vacation and sick time. The BWL estimates the total current and noncurrent portions of the accrued compensated absence liability to be $13,938,678 and $14,312,169 as of June 30, 2025 and 2024, 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, steam and chilled water 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.

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 three 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.

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 four 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."

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 the Net Pension Asset, Net OPEB Asset, Restricted Cash and Investments and 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.

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 Postretirement 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 $7,083,455 and $6,281,268 in 2025 and 2024, 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.

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, 2025 and 2024, the fair value of the MI CLASS' assets were substantially equal to the BWL'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:

The 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, 2025 and 2024, the BWL had $19,286,941 and $20,225,479, 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. All the investments and securities under custodial care are owned by the BWL and only held by independent, third-party custodians for safekeeping. The BWL's investment policy has addressed custodial credit risk by owning all investments and registering each in the name of the government.

At June 30, 2025, the following investment securities were uninsured but registered in BWL's name, with securities held by the counterparty or by its trust department or agent:

Type of Investment	Fair Value	How Held
U.S. agency bond or notes	$ 39,189,690	Counterparty
U.S. treasury bonds	168,161,274	Counterparty

At June 30, 2024, the following investment securities were uninsured but registered in BWL's name, with securities held by the counterparty or by its trust department or agent:

Type of Investment	Fair Value	How Held
U.S. agency bond or notes	$ 45,719,291	Counterparty
U.S. treasury bonds	277,330,789	Counterparty
State and local bonds	553,117	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.

At June 30, 2025, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year	1-5 Years	6+ Years
Pooled investment funds	$ 62,014,516	$ 62,014,516	$ -	$ -
U.S. treasury bonds	168,161,274	100,021,806	68,139,468	-
U.S. agency bonds/notes	39,189,690	1,297,303	31,512,732	6,379,655
Total	$ 269,365,480	$ 163,333,625	$ 99,652,200	$ 6,379,655

At June 30, 2024, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year	1-5 Years	6+ Years
Pooled investment funds	$ 108,854,651	$ 108,854,651	$ -	$ -
U.S. treasury bonds	277,330,789	129,439,631	147,891,158	-
State and local bonds	553,117	553,117	-	-
U.S. agency bonds/notes	45,719,291	6,030,413	31,421,906	8,266,972
Supra national agency bonds	247,122	247,122	-	-
Mutual funds, bonds	51,134,416	-	51,134,416	-
Total	$ 483,839,386	$ 245,124,934	$ 230,447,480	$ 8,266,972

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, 2025, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 62,014,516	AAAm	S&P
U.S. treasury bonds	168,161,274	AA+ (Aa1)	S&P (Moody's)
U.S. agency bonds/notes	39,189,690	AA+ (Aa1)	S&P (Moody's)

As of June 30, 2024, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 108,854,651	AAAm	S&P
U.S. treasury bonds	277,330,789	AA+ (Aaa)	S&P (Moody's)
U.S. agency bonds/notes	45,719,291	AA+ (Aaa)	S&P (Moody's)
Supra national agency bonds	247,122	AAA+ (Aaa)	S&P (Moody's)
State and local bonds	553,117	AA/AA1	S&P (Moody's)
Mutual funds, bonds	51,134,416	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. The Board's policy limits the amount of investments with an individual issuer, with the exception of the U.S. government. As of June 30, 2025 and 2024, the BWL's investment portfolio was concentrated as follows:

Investment	2025	2024
Freddie Mac	12 %	7 %

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.

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

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
U.S. treasury bonds	$ -	$ 168,161,274	$ -	$ 168,161,274
Federal agency mortgage-backed security	-	28,633,584	-	28,633,584
Federal agency collateralized mortgage obligation	-	2,106,033	-	2,106,033
Federal agency bond/note	-	8,450,073	-	8,450,073
Total investments at fair value level	$ -	$ 207,350,964	$ -	$ 207,350,964

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
U.S. treasury bonds	$ -	$ 277,330,789	$ -	$ 277,330,789
Supra national agency bonds	-	247,122	-	247,122
Federal agency mortgage-backed security	-	30,142,641	-	30,142,641
Federal agency collateralized mortgage obligation	-	2,302,719	-	2,302,719
State and local bonds	-	553,117	-	553,117
Federal agency bond/note	-	13,273,931	-	13,273,931
Mutual funds, bonds	-	51,134,416	-	51,134,416
Total investments at fair value level	$ -	$ 374,984,735	$ -	$ 374,984,735

Fiduciary Fund Investments

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plans' deposits may not be returned to them. The Plans require that financial institutions must meet minimum criteria to offer adequate safety to the Plans. At June 30, 2025 and 2024, the BWL had $1,043,398 and $2,245,772, respectively, of bank deposits that were uninsured and uncollateralized. The Plans evaluate each financial institution with which they deposit 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 Plans will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The Plans' investment policies addresses this risk by requiring the Plans to hold all investments subject to custodial credit risk in their name.

Interest Rate Risk - Pension and OPEB Trust Funds

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plans investment policy does not restrict investment maturities.

At June 30, 2025, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in Years)
Mutual fund, bonds	$ 100,482,077	8.9

At June 30, 2024, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in Years)
Mutual fund, bonds	$ 96,482,199	8.8
Certificates of deposit (negotiable)	100,039	0.6

Credit Risk - Pension and OPEB Trust Funds

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plans have no investment policy that would further limit its investment choices. As of June 30, 2025, 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, bonds	$ 100,482,077	Not rated	Not rated

As of June 30, 2024, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 96,482,199	Not rated	Not rated
Certificates of deposit (negotiable)	100,039	Not rated	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plans have no investments subject to concentration of credit risk as of June 30, 2025 and June 30, 2024.

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; and
- 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.

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, 2025 and 2024:

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.

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, 2025 and 2024:

	June 30, 2025			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ 77,927,338	$ 22,554,739	$ -	$ 100,482,077
Mutual funds, equities	302,281,953	62,527,268	-	364,809,221
Self-directed brokerage account, equities	18,377,421	-	-	18,377,421
Self-directed brokerage account, mutual funds, equity	827,483	-	-	827,483
Total investments by fair value level	$ 399,414,195	$ 85,082,007	$ -	$ 484,496,202
Investments measured at the net asset value (NAV):				
Real estate fund investments				40,244,890
Total investments measured at fair value				$ 524,741,092

	June 30, 2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ 17,497,649	$ 78,984,550	$ -	$ 96,482,199
Mutual funds, equities	279,521,028	54,059,769	-	333,580,797
Self-directed brokerage account, equities	12,507,716	-	-	12,507,716
Self-directed brokerage account, mutual funds, equity	598,099	-	-	598,099
Certificates of deposit	-	100,039	-	100,039
Total investments by fair value level	$ 310,124,492	$ 133,144,358	$ -	$ 443,268,850
Investments measured at the net asset value (NAV):				
Real estate fund investments				42,233,893
Total investments measured at fair value				$ 485,502,743

3. Restricted Assets

Restricted assets are required under the 2013A, 2017A, 2019A, 2019B, 2021A, 2021B and 2024A Revenue Bond resolutions and the related Nonarbitrage and Tax Compliance Certificates. These assets are segregated into the following funds:

	Carrying Value 2025	Carrying Value 2024
Operations and maintenance fund	$ 39,230,603	$ 39,896,170
Bond and interest redemption fund	53,408,138	61,457,542
Construction Fund	144,247,959	259,946,436
Total	$ 236,886,700	$ 361,300,148

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 2025 and 2024.

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 2013A, 2017A, 2019A, 2019B, 2021A, 2021B and 2024A Revenue Bonds.

Construction Fund - Restricted for utility system upgrades as required by the 2024A 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.

4. Utility Plant

The tables below reflect the capital asset activity of the utility plant categories for the years ended June 30, 2025 and 2024:

Capital Asset Activity for Year Ended June 30, 2025

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 380,759,488	$ 16,322,362	$ 813,607	$ (738,776)	$ 397,156,681
Electric	1,278,077,851	63,211,913	-	(6,427,500)	1,334,862,264
Steam	100,366,159	4,288,802	-	(2,930,269)	101,724,692
Chilled	34,105,305	-	-	-	34,105,305
Common	131,931,308	11,056,016	751,681	(5,470,637)	138,268,368
AUC	142,601,832	(94,879,093)	197,628,220	(819,448)	244,531,511
Total	$ 2,067,841,943	$ -	$ 199,193,508	$ (16,386,630)	$ 2,250,648,821

Accumulated Depreciation for Year Ended June 30, 2025

	Accumulated Depreciation FY Start	Depreciation Transfers	Depreciation / Amortization and Impairment for Year	Depreciation Retirement	Accumulated Depreciation FY End
Water	$ (143,459,691)	$ (889)	$ (8,785,741)	$ 369,291	$ (151,877,030)
Electric	(514,235,813)	136,333	(45,998,483)	2,105,014	(557,992,949)
Steam	(34,104,264)	-	(2,889,472)	1,651,967	(35,341,769)
Chilled	(19,616,585)	-	(747,255)	-	(20,363,840)
Common	(82,565,510)	(135,444)	(9,511,433)	5,466,841	(86,745,546)
Total	$ (793,981,863)	$ -	$ (67,932,384)	$ 9,593,113	$ (852,321,134)

Nondepreciable Assets - Included in the table above are nondepreciable assets of $2,204,045 for water, $18,678,915 for electric, $124,099 for steam, $412,339 for common facilities and $244,531,511 for AUC.

Capital Asset Activity for Year Ended June 30, 2024

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 367,082,687	$ 15,216,703	$ -	$ (1,539,902)	$ 380,759,488
Electric	1,246,833,576	34,269,839	-	(3,025,564)	1,278,077,851
Steam	96,662,683	3,708,614	-	(5,138)	100,366,159
Chilled	34,105,305	-	-	-	34,105,305
Common	123,933,055	2,206,851	8,055,371	(2,263,969)	131,931,308
AUC	45,813,286	(55,402,008)	154,272,797	(2,082,243)	142,601,832
Total	$ 1,914,430,592	$ -	$ 162,328,168	$ (8,916,816)	$ 2,067,841,943

Accumulated Depreciation for Year Ended June 30, 2024

	Accumulated Depreciation FY Start	Depreciation Transfers	Depreciation / Amortization and Impairment for Year	Depreciation Retirement	Accumulated Depreciation FY End
Water	$ (135,995,162)	$ (9,230)	$ (8,301,141)	$ 845,842	$ (143,459,691)
Electric	(471,205,697)	-	(44,860,132)	1,830,016	(514,235,813)
Steam	(31,341,987)	-	(2,767,415)	5,138	(34,104,264)
Chilled	(18,451,534)	-	(1,165,051)	-	(19,616,585)
Common	(74,127,245)	9,230	(10,710,340)	2,262,845	(82,565,510)
Total	$ (731,121,625)	$ -	$ (67,804,079)	$ 4,943,841	$ (793,981,863)

Nondepreciable Assets - Included in the table above are nondepreciable assets of $2,204,045 for water, $17,449,965 for electric, $124,099 for steam, $412,339 for common facilities and $142,601,832 for AUC

5. Long-Term Debt

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

	2025	2024
Water Supply, Steam, Chilled Water and Electric Utility System Revenue and revenue refunding Bonds, Series 2024A, due in annual principal installments beginning July 1, 2025, and continuing through July 1, 2054, plus interest at rates ranging from 5.00% to 5.25%. Original amount of issue $364,625,000.	$ 364,625,000	$ 364,625,000
Utility System Junior Lien Revenue Bonds, Series 2023, due in annual principal installments beginning October 1, 2026, and continuing through October 1, 2066, plus interest at a rate of 1.875%. Original amount of issue $8,590,875 as of June 30, 2025.	8,590,875* (1)	-
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 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 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. During fiscal year 2024 $45,625,000 of the 2019B original issuance was tendered as part of the 2024A issuance.	187,010,000	193,605,000
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.	310,425,000	313,730,000
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.	19,635,000	21,625,000

	2025	2024
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. During fiscal year 2024, $4,330,000 of the 2013A original issuance was refunded as part of the 2024A issuance.	$ -	$ 2,000,000
Promissory note, due to the City of Lansing in semi-annual installments through October 1, 2031, plus interest at a rate of 2.50%. Original amount of issue $13,225,385.	2,717,630*	3,368,762*
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.	2,526,107*	2,652,412*
Total	1,022,424,612	1,028,501,175
Less current portion	(14,261,153)	(14,667,438)
Plus unamortized premium	113,441,842	118,160,932
Total	$ 1,121,605,301	$ 1,131,994,669

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.

(1) - During 2023, the BWL was authorized to issue $32,220,000 of Drinking Water State Revolving Fund (DWSRF) revenue bonds, of which the first $20,000,000 is eligible for principal forgiveness. As of June 30, 2025, $28,590,875 has been drawn down. The repayment schedule will be determined upon project completion or upon disbursement of the total authorized amount. The repayment schedules will reflect DWSRF repayments in the first fiscal year that the schedule is finalized. Therefore, the future debt service is not included in the current repayment schedule.

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

Years Ending June 30:	Principal	Interest	Total
2026	$ 13,495,000	$ 44,790,523	$ 58,285,523
2027	14,025,000	44,772,718	58,797,718
2028	18,665,000	44,636,718	63,301,718
2029	19,435,000	43,877,996	63,312,996
2030	20,180,000	43,112,406	63,292,406
2031-2035	113,910,000	202,195,630	316,105,630
2036-2040	140,035,000	175,363,616	315,398,616
2041-2045	172,985,000	141,411,528	314,396,528
2046-2050	219,740,000	93,368,750	313,108,750
2051-2055	276,120,000	35,678,788	311,798,788
Total	$ 1,008,590,000	$ 869,208,673	$ 1,877,798,673

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

Years Ending June 30:	Principal	Interest	Total
2026	$ 766,153	$ 165,789	$ 931,942
2027	712,205	147,609	859,814
2028	658,250	130,396	788,646
2029	575,934	114,230	690,164
2030	423,896	99,906	523,802
2031-2035	844,244	374,508	1,218,752
2036-2040	631,527	227,170	858,697
2041-2045	631,528	85,189	716,717
Total	$ 5,243,737	$ 1,344,797	$ 6,588,534

All Water Supply and Electric Utility System Revenue Bonds were issued by the 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.

The Series 2024A Bonds maturing in the years 2025 through 2034, inclusive, shall not be subject to optional redemption prior to maturity. The Series 2024A Bonds, or portions of the Series 2024A Bonds in multiples of $5,000 maturing or subject to mandatory redemption in the years 2035 and thereafter shall be subject to redemption at the option of the Board in such order of maturity as the Board shall determine, and within a single maturity by lot, on any date on or after July 1, 2034 at par plus accrued interest to the date fixed for redemption. The Term Bonds maturing on July 1, 2049, the 5.00% Term Bonds maturing on July 1, 2054, and the 5.25% Term Bonds July 1, 2054 are subject to mandatory redemption prior to maturity in part by lot on July 1 in the years and in the principal amounts set forth below at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, without premium.

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 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 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. During fiscal year 2024 $45,625,000 of the 2019B original issuance was tendered as part of the 2024A issuance.

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.

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 2025, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2025 shall be subject to redemption at the option of the BWL on or after July 1, 2024 as a whole or in part at any time and by lot within a maturity at par plus accrued interest to the redemption date. During fiscal year 2024, $4,330,000 of the 2013A original issuance was refunded as part of the 2024A issuance.

Current Refunding

On January 31, 2024, BWL issued $364,625,000 in bonds (new bonds), which included a premium of $41,845,754, at a rate of 5.00% to refund $4,364,100 (Principal & Interest) in outstanding 2013A Bonds and $41,597,960 (Principal & Interest) in outstanding 2019B Bonds with an average rate of 4.3% and 3.25%, respectively. Of the principal amount issued, $39,625,000 went to refund the aforementioned bonds and $325,000,000 was new money.

The cash flow requirements on the old bonds prior to the current refunding were $45,962,060 through July 1, 2037. The cash flow requirements for the new bonds are $58,314,774 through July 1, 2054. The current refunding resulted in an economic gain of $4,987,279.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2013A Bonds and a portion of the 2019B Bonds. As a result, the 2013A Bonds and a portion of the 2019B Bonds are considered defeased and the liability for these bonds has been removed from the Statement of Net Position.

The long-term debt activity for the year ended June 30, 2025 is as follows:

	Revenue Bonds (Net of Unamortized Premiums)	Other Notes	Total
Beginning balance	$ 1,140,640,932	$ 6,021,175	$ 1,146,662,107
Additions	8,590,875	-	8,590,875
Reductions	(18,609,090)	(777,438)	(19,386,528)
Ending balance	$ 1,130,622,717	$ 5,243,737	$ 1,135,866,454
Due with-in one year	$ 13,495,000	$ 766,153	$ 14,261,153

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. In fiscal year 2025, the remaining principal and interest to be paid on the bonds total $1,877,798,673. During fiscal year 2025, net revenues of the BWL were $137,302,035 compared to the annual debt requirements of $41,915,898. In fiscal year 2024, the remaining principal and interest to be paid on the bonds total $1,935,516,206. During fiscal year 2024, net revenues of the BWL were $106,854,384 compared to the annual debt requirements of $41,859,344.

The long-term debt activity for the year ended June 30, 2024 is as follows:

	Revenue Bonds (Net of Unamortized Premiums)	Other Notes	Total
Beginning balance	$ 802,300,266	$ 6,840,810	$ 809,141,076
Additions	406,470,754	-	406,470,754
Reductions	(68,130,088)	(819,635)	(68,949,723)
Ending balance	$ 1,140,640,932	$ 6,021,175	$ 1,146,662,107
Due with-in one year	$ 13,890,000	$ 777,438	$ 14,667,438

6. Costs/Credits Recoverable in Future Years

Environmental Remediation

During the fiscal year ended June 30, 2004, the GASB 49 environmental remediation liability related to a landfill site operated by the BWL was approved for regulatory accounting under GASB 62. The balance of the regulatory asset related to this first landfill site at June 30, 2025 and 2024 was $470,113 and $0, respectively. During the fiscal 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, 2025 and 2024 was $98,899 and $0, 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, 2025 and 2024 for additional sites was $51,923,867 and $20,853,276 respectively. The increase in environmental liabilities is primarily driven by a groundwater remediation project. During fiscal 2025, the BWL received information regarding potential remedies that may be used at the site.

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), fuel cost adjustment (FCA) and chilled water fuel cost adjustment (CWFCA). These affect the amount to be billed to retail electric, water, steam and chilled water customers to reflect the difference between the BWL's actual material costs and the amounts incorporated into rates. This resulted in recoverable assets of $5,858,054 and $26,154,048 at June 30, 2025 and 2024, 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 $549,482 and $1,292,134 as of June 30, 2025 and 2024, 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 $0 and $220,271 as of June 30, 2025 and 2024, respectively. The BWL will recognize this as revenue monthly over the life of the new chilled water plant to offset depreciation expense.

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, 2025 and 2024 was $3,848,616 and $4,831,242, respectively.

7. Transactions With the City of Lansing, Michigan

Operations

The BWL recognized revenue of $10,301,584 and $10,547,324 in 2025 and 2024, respectively, for water, electric and steam services provided to the City. The BWL incurred expenses for sewerage services purchased from the City of $2,250,103 and $2,213,195 in 2025 and 2024, respectively.

Additionally, the BWL bills and collects sewerage fees for the City. In connection with these services, the BWL received sewerage collection fees of $1,313,699 and $1,333,054 in 2025 and 2024, 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. Effective March 1, 2002, the formula to calculate the amount owed to the City was modified to 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 amount for fiscal years 2021 through 2022. In fiscal year 2023, a flat percentage of 6% was applied to reported operating revenues, excluding inter-utility sales from providing retail water, electric, steam and chilled water services. In fiscal year 2024 and 2025, a flat percentage of 6% was applied to budgeted operating revenues, excluding inter-utility sales from providing retail water, electric, steam and chilled water services. Under terms of these agreements, the BWL paid to the City $28,057,140 and $26,028,591 for 2025 and 2024, respectively, of operational cash flow in excess of debt service requirements.

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 plan (Defined Contribution Plan). The BWL also has a tax-qualified, single-employer, retiree benefit plan to administer and fund retiree benefits (Retiree Benefit Plan).

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 and 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, 2025 and 2024.

Employees Covered by Benefit Terms - At February 28, 2025 and February 29, 2024 (the most recent actuarial valuation for funding purposes), Defined Benefit Plan membership consisted of the following:

	2025	2024
Inactive plan members or beneficiaries currently receiving benefits	236	255
Inactive plan members entitled to but not yet receiving benefits	1	1
Active plan members	3	3
Total	240	259

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 retirement savings 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.

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 nonincreasing 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, external 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, 2024 and 2025. Plan documents do not require participant contributions.

Net Pension Asset - The components of the net pension asset of the BWL at June 30, 2025 and June 30, 2024 were as follows (in thousands):

	2025	2024
Total pension liability	$ 39,344	$ 42,054
Plan fiduciary net pension	47,990	48,534
Total	$ (8,646)	$ (6,480)
Plan fiduciary net position, as a percentage of the total pension liability	121.98 %	115.41 %

The BWL has chosen to use June 30, 2025 as its measurement date for fiscal year 2025. The June 30, 2025 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2025. The June 30, 2025 total pension liability was determined by an actuarial valuation as of February 28, 2025, which used update procedures to roll forward the estimated liability to June 30, 2025.

The BWL has chosen to use June 30, 2024 as its measurement date for fiscal year 2024. The June 30, 2024 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2024. The June 30, 2024 total pension liability was determined by an actuarial valuation as of February 29, 2024, which used update procedures to roll forward the estimated liability to June 30, 2024.

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

	In Thousands		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance, June 30, 2023	$ 44,514	$ 49,523	$ (5,009)
Changes for the year:			
Service cost	31	-	31
Interest	2,523	-	2,523
Differences between expected and actual experience	(18)	-	(18)
Changes in assumptions	-	-	-
Net investment income	-	4,134	(4,134)
Benefit payments, including refunds	(4,996)	(4,996)	-
Administrative expenses	-	(127)	127
Miscellaneous other charges	-	-	-
Net changes	(2,460)	(989)	(1,471)
Balances, June 30, 2024	42,054	48,534	(6,480)
Changes for the year:			
Service cost	32	-	32
Interest	2,382	-	2,382
Differences between expected and actual experience	(352)	-	(352)
Changes in assumptions	-	-	-
Net investment income	-	4,393	(4,393)
Benefit payments, including refunds	(4,772)	(4,772)	-
Administrative expenses	-	(165)	165
Miscellaneous other charges	-	-	-
Net changes	(2,710)	(544)	(2,166)
Balance, June 30, 2025	$ 39,344	$ 47,990	$ (8,646)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2025, the BWL recognized pension expense of ($1,217,045). At 2025, 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	$ -	$ 744,696

For the year ended June 30, 2024, the BWL recognized pension expense of ($39,352). At June 30, 2024, 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	$ 204,912	$ -

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:	
2026	$ 1,007,204
2027	(838,231)
2028	(588,209)
2029	(325,460)
Total	$ (744,696)

Actuarial Assumptions - The total pension liability in the June 30, 2025 and June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2025	2024
Inflation	2.25 %	2.25 %
Salary increases	3.50	3.50
Investment rate of return	6.00	6.00

Mortality rates were based on the PUB-2010 General Mortality Table with MP-2021 Improvement Scale for the June 30, 2025 and 2024 valuations.

The most recent experience review was completed in 2014. Since the Defined Benefit Plan covered 3 active participants in fiscal year 2025 and fiscal year 2024, 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 6.0% in 2025 and 2024. 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.

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, 2025 and 2024 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	2025 Long-Term Expected Real Rate of Return	2024 Long-Term Expected Real Rate of Return
Core bonds	2.52 %	2.56 %
Multi-sector	3.44	3.50
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.20	7.15
U.S. small cap equity	8.59	8.58
Non-U.S. equity	8.20	8.26
Core real estate	6.45	6.49

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, 2025, 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 (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ (4,981,548)	$ (8,646,252)	$ (10,354,287)

The following presents the net pension asset of the BWL at June 30, 2024, 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 (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ (2,557,349)	$ (6,479,599)	$ (8,368,884)

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.

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 5-203.10 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 and 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, 2025 and 2024, the BWL contributed $8,970,407 and $9,435,006, 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*.

Valuation of Investments and Income Recognition - The Defined Contribution Plan investments are stated at fair 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.

Retiree Benefit Plan (OPEB)

Plan Description - The Postretirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (Retiree Benefit Plan) is a single-employer retiree benefit 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 actively employed full-time by working for the BWL. There were 748 participants eligible to receive benefits at June 30, 2025 and 755 participants eligible at June 30, 2024.

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, 2025 and 2024, the cost to BWL of maintaining the Retiree Benefit Plan and Trust was $61,852 and $65,286, of which respectively, was incurred as direct costs of benefits.

The Retiree Benefit Plan issues a publicly available financial report. That report may be obtained by writing to the Postretirement 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.

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, 2025, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	791
Disabled participants	65
Retired participants	534
Surviving spouses	149
Total	1,539

At June 30, 2024, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	778
Disabled participants	67
Retired participants	532
Surviving spouses	156
Total	1,533

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, 2025 and 2024, the actual contribution rates of the BWL were 0.08% of covered-employee payroll.

Net OPEB Liability (Asset) - The BWL has chosen to use June 30, 2025 as its measurement date for fiscal year 2025. The June 30, 2025 reported net OPEB liability (asset) was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2025. The June 30, 2025 total OPEB liability was determined by an actuarial valuation as of February 28, 2025, which used update procedures to roll forward the estimated liability to June 30, 2025.

The BWL has chosen to use June 30, 2024 as its measurement date for fiscal year 2024. The June 30, 2024 reported net OPEB liability (asset) was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2024. The June 30, 2024 total OPEB liability was determined by an actuarial valuation as of February 29, 2024, which used update procedures to roll forward the estimated liability to June 30, 2024.

Actuarial Assumptions - The total OPEB liability in the June 30, 2025 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**
2025	7.50%	5.75%	4.00%	4.00%
2026	7.25	5.50	4.25	4.00
2027	7.00	5.25	4.50	4.00
2028	6.75	5.00	4.75	4.00
2029	6.50	4.75	5.00	4.00
2030	6.25	4.50	5.00	4.00
2031	6.00	4.50	5.00	4.00
2032	5.75	4.50	5.00	4.00
2033	5.50	4.50	5.00	4.00
2034	5.25	4.50	5.00	4.00
2035	5.00	4.50	5.00	4.00
2036	4.75	4.50	5.00	4.00
2037+	4.50	4.50	5.00	4.00

The total OPEB liability in the June 30, 2024 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**
2024	7.25%	5.50%	3.75%	4.25%
2025	7.00	5.25	4.00	4.00
2026	6.75	5.00	4.25	4.00
2027	6.50	4.75	4.50	4.00
2028	6.25	4.50	4.75	4.00
2029	6.00	4.50	5.00	4.00
2030	5.75	4.50	5.00	4.00
2031	5.50	4.50	5.00	4.00
2032	5.25	4.50	5.00	4.00
2033	5.00	4.50	5.00	4.00
2034	4.75	4.50	5.00	4.00
2035+	4.50	4.50	5.00	4.00

2025 and 2024 Mortality rates were based on the PUBH-2010 General Employee Mortality Table fully generational using Scale MP-2021.

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, 2025 and 2024:

Asset Class	2025 Target Allocation	2024 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	25.00	25.00
U.S. small cap equity	15.00	15.00
Non-U.S. equity	20.00	20.00
Core real estate	8.00	8.00
Value add real estate	7.00	7.00

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, 2025 and 2024 are summarized in the following table:

Asset Class	2025 Long-Term Expected Real Rate of Return	2024 Long-Term Expected Real Rate of Return
Core bonds	2.52 %	2.56 %
Multi-sector	3.44	3.50
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.20	7.15
U.S. small cap equity	8.59	8.58
Non-U.S. equity	8.20	8.26
Core real estate	6.45	6.49
Value add real estate	7.95	7.99

For the June 30, 2025 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, 2025 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 Current Year	Long-Term Expected Real Rate of Return Prior Year
Fidelity 20-year GO Municipal Bond Index	4.71 %	3.97 %
Actual Discount Rate Used	6.50	6.50

Discount Rate - The discount rate used to measure the total OPEB liability was 6.50% for June 30, 2025 and 2024. 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.

	In Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance, June 30, 2024	$ 168,403	$ 253,396	$ (84,993)
Changes for the year:			
Service cost	4,479	-	4,479
Interest	10,640	-	10,640
Change in benefit terms	-	-	-
Differences between expected and actual experience	11,189	-	11,189
Changes in assumptions	2,901	-	2,901
Contributions, employer	-	62	(62)
Contributions, employee	-	-	-
Net investment income	-	24,832	(24,832)
Benefit payments	(9,563)	(9,563)	-
Administrative expenses	-	(370)	370
Net changes	19,645	14,961	4,684
Balance, June 30, 2025	$ 188,049	$ 268,357	$ (80,308)

	In Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance, June 30, 2023	$ 163,829	$ 238,471	$ (74,642)
Changes for the year:			
Service cost	4,201	-	4,201
Interest	10,355	-	10,355
Change in benefit terms	-	-	-
Differences between expected and actual experience	(801)	-	(801)
Changes in assumptions	-	-	-
Contributions, employer	-	65	(65)
Contributions, employee	-	-	-
Net investment income	-	24,300	(24,300)
Benefit payments	(9,181)	(9,181)	-
Administrative expenses	-	(259)	259
Net changes	4,575	14,925	(10,350)
Balance, June 30, 2024	$ 168,403	$ 253,396	$ (84,993)

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, 2025:

	June 30, 2025		
	1% Decrease	Current Discount Rate	1% Increase
NET OPEB liability (asset)	$ (56,789,611)	$ (80,308,338)	$ (99,892,293)

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, 2024:

	June 30, 2024		
	1% Decrease	Current Discount Rate	1% Increase
NET OPEB liability (asset)	$ (65,718,636)	$ (84,992,538)	$ (101,207,086)

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, 2025:

	June 30, 2025		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ (101,368,187)	$ (80,308,338)	$ (54,595,655)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trent 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, 2024:

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ (102,871,148)	$ (84,992,538)	$ (63,323,723)

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Postretirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light June 30, 2025 GASB 74/75 Report, issued July 29, 2025.

For the year ended June 30, 2025, the Plan recognized OPEB expense of ($6,536,734). At June 30, 2025, 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	$ 12,031,440	$ 3,146,457
Changes of assumptions	6,269,367	840,143
Net difference between projected and actual earnings on OPEB plan investments	-	7,784,221
Total	$ 18,300,807	$ 11,770,821

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

Years Ending June 30:	
2026	$ 4,721,458
2027	(1,555,111)
2028	(677,517)
2029	460,656
2030	2,011,348
Thereafter	1,569,152
Total	$ 6,529,986

For the year ended June 30, 2024, the Plan recognized OPEB expense of $(11,728,112). At June 30, 2024, 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	$ 3,256,591	$ 6,079,101
Changes of assumptions	6,625,332	4,762,702
Net difference between projected and actual earnings on OPEB plan investments	-	3,792,920
Total	$ 9,881,923	$ 14,634,723

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.

9. Commitments and Contingencies

At June 30, 2025 and 2024, the BWL has two letters of credit in the amounts of $817,000 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.

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 $5,451,766 and $5,389,412 for the years ended June 30, 2025 and 2024, 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 litigation reserve of $1,350,000 as of June 30, 2025, and $1,300,000 as of June 30, 2024 in regard to specific pending legal cases.

Construction in progress consists of projects for expansion or additions to the utility plant. The estimated additional cost to complete various projects is approximately $311,018,326 and $382,841,704 at June 30, 2025 and 2024, respectively. These projects will be funded through operational cash flow, revenue bonds and grant funding, including the project funds reported as other assets.

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.

Years	Capital	Estimated Fixed Operating Costs	Total Required
2026	$ 7,209,374	$ 19,089,625	$ 26,298,999
2027	7,206,328	17,752,801	24,959,129
2028	7,015,895	15,121,539	22,137,434
2029	4,314,902	16,093,497	20,408,399
2030	4,314,699	16,969,952	21,284,651

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 2025 and 2024 of $45,472,716 and $41,402,193, 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.

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 2013A, 2017A, 2019A, 2021A, 2021B and 2024A 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 $4,403,955 and $0 at 2025 and 2024, respectively. 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.

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		
	2025	2024	2023	2025	2024	2023
Unpaid claims, beginning	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,893,351	$ 1,686,723	$ 1,773,595
Incurred claims, including claims incurred but not reported	52,674	49,474	24,127	26,150,581	23,176,317	20,178,663
Claim payments	(52,674)	(49,474)	(24,127)	(25,952,169)	(22,969,689)	(20,265,535)
Liability reduction	(500,000)	-	-	-	-	-
Unpaid claims ending	$ 1,700,000	$ 2,200,000	$ 2,200,000	$ 2,091,763	$ 1,893,351	$ 1,686,723

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

13. Upcoming Pronouncements

GASB has approved, Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets*. When they become effective, application of these standards may restate portions of these financial statements.

14. Subsequent Events

The Board evaluated subsequent events through October 3, 2025, 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 warranting disclosures.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 32	$ 31	$ 29	$ 26	$ 26	$ 42	$ 60	$ 50	$ 113	$ 223
Interest	2,382	2,523	2,721	2,974	3,212	3,566	3,691	4,031	4,317	4,625
Differences between expected and actual experience	(352)	(18)	(981)	179	(968)	(919)	(743)	(230)	(383)	299
Changes in assumptions	-	-	-	1,730	(366)	1,555	1,210	1,419	(857)	(1,468)
Benefit payments, including refunds	(4,772)	(4,996)	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)
Net Change in Total Pension Liability	(2,710)	(2,460)	(3,373)	(557)	(3,754)	(1,628)	(1,925)	(1,144)	(4,283)	(4,217)
Total Pension Liability, Beginning	42,054	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395
Total Pension Liability, Ending	39,344	42,054	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178
Plan Net Position										
Net investment income	4,393	4,134	4,134	(5,399)	11,853	1,658	4,381	3,112	8,272	47
Administrative expenses	(165)	(128)	(127)	(134)	(123)	(145)	(183)	(255)	(317)	(388)
Benefit payments, including refunds	(4,772)	(4,996)	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)
Other	-	-	-	-	-	(477)	-	-	-	-
Net change in Net Position Held in Trust	(544)	(990)	(1,135)	(10,999)	6,072	(4,836)	(1,945)	(3,557)	482	(8,237)
Net Position Restricted for Pensions, Beginning	48,534	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679
Net Position Restricted for Pensions, Ending	47,990	48,534	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442
BWL Net Pension Asset, Ending	$ (8,646)	$ (6,480)	$ (5,009)	$ (2,772)	$ (13,214)	$ (3,388)	$ (6,596)	$ (6,616)	$ (9,029)	$ (4,264)
Plan Net Position as a % of Total Pension Liability	122%	115%	111%	106%	127%	106%	112%	112%	116%	107%
Covered Employee Payroll	$ 266	$ 262	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772
BWL's Net Pension Asset as a % of Covered Employee Payroll	(3,250%)	(2,473%)	(2,020%)	(1,165%)	(5,576%)	(1,412%)	(1,625%)	(1,097%)	(1,541%)	(552%)

See notes to required supplementary information

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

Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 266	$ 262	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772
Contributions as a Percentage of Covered Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

See notes to required supplementary information

Postretirement 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 (Asset) and Related Ratios
Last Ten Fiscal Years*
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	$ 4,479	$ 4,201	$ 3,452	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130
Interest	10,640	10,355	9,827	9,871	10,535	10,804	14,920	15,039	14,226
Changes in benefit terms	-	-	-	-	-	-	(415)	-	-
Differences between expected and actual experience	11,189	(801)	4,770	(1,084)	(8,794)	(6,093)	(5,231)	(9,880)	5,281
Changes in assumptions	2,901	-	-	10,173	(3,752)	7,254	(59,336)	(1,728)	(2,027)
Benefit payments, including refunds	(9,563)	(9,181)	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)
Net Change in Total OPEB Liability	19,646	4,574	7,421	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036
Total OPEB Liability, Beginning	168,403	163,829	156,410	147,644	154,603	148,550	203,487	205,624	194,588
Total OPEB Liability, Ending	188,049	168,403	163,831	156,410	147,644	154,603	148,550	203,487	205,624
Trust Net Position									
Contributions, employer	62	65	68	13,493	8,344	9,157	9,278	10,395	9,574
Net investment income	24,832	24,300	21,226	(19,247)	49,387	4,158	11,688	11,039	18,040
Administrative expenses	(370)	(259)	(336)	(354)	(449)	(512)	(569)	(634)	(705)
Benefit payments, including refunds	(9,563)	(9,181)	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)
Net change in Net Position Held in Trust	14,961	14,925	10,330	(19,601)	48,938	3,646	11,119	10,405	17,335
Trust Fiduciary Net Position, Beginning	253,396	238,471	228,142	247,743	198,805	195,159	184,040	173,635	156,300
Trust Fiduciary Net Position, Ending	268,357	253,396	238,472	228,142	247,743	198,805	195,159	184,040	173,635
BWL Net OPEB Liability (Asset), Ending	$ (80,308)	$ (84,993)	$ (74,641)	$ (71,732)	$ (100,099)	$ (44,202)	$ (46,609)	$ 19,447	$ 31,989
Trust Fiduciary Net Position as a % of Total OPEB Liability (Asset)	142.71%	150.47%	145.56%	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%
Covered Employee Payroll	$ 82,440	$ 77,109	$ 69,744	$ 62,976	$ 60,269	$ 58,198	$ 56,785	$ 55,650	$ 54,383
BWL's Net OPEB Liability (Asset) as a % of Covered Employee Payroll	(97.41%)	(110.22%)	(107.02%)	(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 2016 is not available and this schedule will be presented on a prospective basis.

See notes to required supplementary information

Postretirement 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		Difference of Required to Actual Contributions	Covered Employee Payroll	Percentage of Actual Contributions to Covered Payroll
	Required	Actual			
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%
6/30/2023	-	68	68	69,744	0%
6/30/2024	-	65	65	77,109	0%
6/30/2025	-	62	62	82,440	0%

See notes to required supplementary information

1. Defined Benefit Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2025, based on roll-forward of February 28, 2025 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:	No changes in assumptions.

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2024, based on roll-forward of February 29, 2024 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:	No changes in assumptions.

Significant Changes

June 30, 2025

- Difference between actual and expected experience - The $352.4K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2025 is primarily attributable to favorable demographic experience.

- Assumption change - None.

- Investment gain - The plan experienced a $1.63M gain on plan assets during the fiscal year ending June 30, 2025 due to the actual return on assets equaling 9.52% vs. an expected return of 6.00%.

June 30, 2024

- Difference between actual and expected experience - The $18.1K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2024 is primarily attributable to favorable demographic experience.

- Assumption change - None.

June 30, 2023

- Difference between actual and expected experience - The $981K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2023 is primarily attributable to participant deaths.

- Assumption change - None.

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.

2. Postretirement Benefit Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2025, based on roll-forward of February 28, 2025 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	23 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, 2024, based on roll-forward of February 29, 2024 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	24 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

Significant Changes:

June 30, 2025

- Difference between actual and expected experience - The $11.2M actuarial loss on the Total OPEB Liability for the fiscal year ending June 30, 2025 is primarily attributable to higher than expected 2025 per capita claims cost. The 2025 Humana premiums for post-65 participants increased 46% when compared to premiums for 2024.

- Assumption Change - The $2.9M actuarial loss on the Total OPEB Liability for the fiscal year ending June 30, 2025 is attributable to updating the medical trend assumptions to those described in the Michigan Uniform Assumptions for 2025.

- Investment gain - The $8.7M investment gain during the fiscal year ending June 30, 2025 is attributable an actual return on assets of 9.99% vs. an expected return of 6.50%.

June 30, 2024

- Difference between actual and expected experience - The $800.9K actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2024 is attributable to the combination of favorable demographic experience and lower than expected per capita claims cost.

- Assumption change - None.

- Investment gain - The $9.1M investment gain during the fiscal year ending June 30, 2024 is attributable an actual return on assets of 10.39% vs. an expected return of 6.50%.

June 30, 2023

- Difference between actual and expected experience - The $4.77M actuarial loss on the Total OPEB Liability for the fiscal year ending June 30, 2023 is attributable to the combination of unfavorable demographic experience and unfavorable claims experience for the pre-Medicare retirees. $1.86M of the actuarial loss is associated with demographic experience. The remaining $2.91M of the actuarial loss is due to higher than expected 2023 per capita claims cost.

- Assumption change - None.

- Investment gain - The $6.75M investment gain during the fiscal year ending June 30, 2023 is attributable an actual return on assets of 9.52% vs. an expected return of 6.50%.

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 June 30, 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 to 2006 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

Lansing Board of Water & Light - City of Lansing, Michigan

Income Available for Revenue Bond Debt Retirement
Years Ended June 30, 2025 and 2024

	2025	2024
Income, Before Capital Contributions Per Statement of Revenues, Expenses and Changes in Net Position	$ 27,611,097	$ 9,892,222
Adjustments to Income		
Depreciation	68,414,785	68,302,725
Interest on long-term debt:		
Notes	502,882	35,748
Revenue bonds	40,773,265	32,361,141
Total additional income	109,690,932	100,699,614
Income Available for Revenue Bonds and Interest Redemption	137,302,029	110,591,836
Debt Retirement Pertaining to Revenue Bonds		
Principal	13,495,000	13,890,000
Interest	28,420,898	26,892,515
Total	$ 41,915,898	$ 40,782,515
Percent Coverage of Revenue Bonds and Interest Requirements	328%	271%

Lansing Board of Water & Light - City of Lansing, Michigan

Detail of Statements of Revenues and Expenses

Years Ended June 30, 2025 and 2024

	Combined		Water		Electric		Steam		Chilled Water	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Operating Revenues										
Water	$ 61,455,925	$ 55,757,309	$ 61,455,925	$ 55,757,309	$ -	$ -	$ -	$ -	$ -	$ -
Electric:										
Retail	339,811,950	320,953,423	-	-	339,811,950	320,953,423	-	-	-	-
Sales for resale	45,712,660	21,022,840	-	-	45,712,660	21,022,840	-	-	-	-
Steam	14,691,575	12,785,927	-	-	-	-	14,691,575	12,785,927	-	-
Chilled water	6,775,779	6,915,341	-	-	-	-	-	-	6,775,779	6,915,341
Total operating revenues	468,447,889	417,434,840	61,455,925	55,757,309	385,524,610	341,976,263	14,691,575	12,785,927	6,775,779	6,915,341
Operating Expenses										
Production:										
Fuel, purchased power and other operating expenses	162,042,369	138,777,452	13,104,702	11,937,645	143,170,294	120,777,854	3,544,070	3,748,279	2,223,303	2,313,674
Maintenance	21,288,260	22,732,499	4,914,461	4,829,509	14,408,264	16,417,358	977,292	847,694	988,243	637,938
Transmission and distribution:										
Operating expenses	13,841,237	14,757,338	2,109,194	1,723,667	11,459,984	12,824,290	272,059	209,381	-	-
Maintenance	23,522,155	23,933,835	5,344,811	4,318,783	17,600,971	18,930,788	576,373	684,264	-	-
Administrative and general	98,253,370	93,398,015	20,791,617	20,268,440	73,130,801	67,809,873	3,058,116	3,331,409	1,272,836	1,988,293
Return on equity	28,057,140	26,028,591	3,458,385	3,052,498	23,417,418	21,813,339	798,642	793,022	382,695	369,732
Depreciation	68,414,785	68,302,725	9,346,893	9,296,051	54,739,935	54,230,343	3,420,854	3,400,940	907,103	1,375,391
Total operating expenses	415,419,316	387,930,455	59,070,063	55,426,593	337,927,667	312,803,845	12,647,406	13,014,989	5,774,180	6,685,028
Operating income	53,028,573	29,504,385	2,385,862	330,716	47,596,943	29,172,418	2,044,169	(229,062)	1,001,599	230,313
Nonoperating Income (Expenses)										
Investment income (loss)	18,181,899	14,264,806	1,897,918	1,155,936	15,306,399	12,267,458	767,911	619,445	209,671	221,967
Other (expense) income	(2,323,228)	(1,480,080)	1,951,263	736,040	(3,226,442)	(2,470,239)	(1,263,259)	28,970	215,210	225,149
Bonded debt interest expense	(40,773,265)	(32,361,141)	(1,290,088)	(1,383,139)	(37,766,806)	(28,982,836)	(1,645,586)	(1,818,781)	(70,785)	(176,385)
Other interest expense	(502,882)	(35,748)	(84,546)	(3,682)	(417,722)	(32,026)	(614)	(40)	-	-
Total nonoperating expense	(25,417,476)	(19,612,163)	2,474,547	505,155	(26,104,571)	(19,217,643)	(2,141,548)	(1,170,406)	354,096	270,731
Net income (loss)	$ 27,611,097	$ 9,892,222	$ 4,860,409	$ 835,871	$ 21,492,372	$ 9,954,775	$ (97,379)	$ (1,399,468)	$ 1,355,695	$ 501,044

Detail of Statements of Changes in Net Position
Years Ended June 30, 2025 and 2024

	Combined	Water	Electric	Steam	Chilled Water
Net Position, June 30, 2023	$ 712,953,773	$ 103,184,771	$ 612,552,311	$ (14,494,666)	$ 11,711,357
Income (loss) before contributions	9,892,222	835,871	9,954,775	(1,399,468)	501,044
Net Position, June 30, 2024	722,845,995	104,020,642	622,507,086	(15,894,134)	12,212,401
Income (loss) before contributions	27,611,097	4,860,409	21,492,372	(97,379)	1,355,695
Net Position, June 30, 2025	$ 750,457,092	$ 108,881,051	$ 643,999,458	$ (15,991,513)	$ 13,568,096

Lansing Board of Water & Light - City of Lansing, Michigan

Detail of Fiduciary Statements of Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2025 and 2024

	2025			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Assets				
Receivable, investment interest receivable	$ -	$ 116,055	$ 699,657	$ 815,712
Cash and cash equivalents	24,667,291	605,254	495,903	25,768,448
Investments at fair value:				
Mutual funds, bonds	18,283,837	22,554,739	59,643,501	100,482,077
Mutual funds, equity	166,998,488	21,790,236	176,020,497	364,809,221
Real estate fund investment	-	3,038,367	37,206,523	40,244,890
Self-directed brokerage account				
Equity securities/stocks	18,377,421	-	-	18,377,421
Mutual funds, equity	827,483	-	-	827,483
Participants note receivable	3,422,732	-	-	3,422,732
Total assets	232,577,252	48,104,651	274,066,081	554,747,984
Liabilities				
Trade payable, due to broker/other	-	114,244	697,927	812,171
Reimbursement for benefits paid by employer	-	-	5,011,279	5,011,279
Net Position, Held in Trust for Pension and Other Employee Benefits	$ 232,577,252	$ 47,990,407	$ 268,356,875	$ 548,924,534

	2024			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Assets				
Receivable, investment interest receivable	$ -	$ -	$ 14,641	$ 14,641
Cash and cash equivalents	26,073,272	437,821	1,857,276	28,368,369
Investments at fair value:				
Mutual funds, bonds	17,497,649	23,149,441	55,835,109	96,482,199
Mutual funds, equity	152,413,555	21,335,946	159,831,296	333,580,797
Real estate fund investment	-	3,668,689	38,565,204	42,233,893
Self-directed brokerage account				
Equity securities/stocks	12,507,716	-	-	12,507,716
Certificates of deposit (negotiable)	100,039	-	-	100,039
Mutual funds, equity	598,099	-	-	598,099
Participants note receivable	3,532,182	-	-	3,532,182
	-	-	-	-
Total assets	212,722,512	48,591,897	256,103,526	517,417,935
Liabilities				
Trade payable, due to broker/other	-	58,122	259,187	317,309
Reimbursement for benefits paid by employer	-	-	2,448,357	2,448,357
Net Position, Held in Trust for Pension and Other Employee Benefits	$ 212,722,512	$ 48,533,775	$ 253,395,982	$ 514,652,269

Lansing Board of Water & Light - City of Lansing, Michigan

Detail of Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2025 and 2024

	2025			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Increases				
Investment income:				
Net appreciation in fair value of investments	$ 22,795,649	$ 3,355,509	$ 19,493,611	$ 45,644,769
Interest and dividend income	3,648,273	1,037,880	5,338,815	10,024,968
Net investment income	26,443,922	4,393,389	24,832,426	55,669,737
Employer contributions	8,970,407	-	61,852	9,032,259
Interest from participant notes receivable	226,953	-	-	226,953
Other	480,908	-	-	480,908
Total increases	36,122,190	4,393,389	24,894,278	65,409,857
Decreases				
Retiree benefits paid	15,686,771	4,771,884	9,562,998	30,021,653
Loan defaults	412,246	-	-	412,246
Participants' note and administrative fees	168,433	164,873	370,387	703,693
Total decreases	16,267,450	4,936,757	9,933,385	31,137,592
Change in net position held in trust	19,854,740	(543,368)	14,960,893	34,272,265
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning	212,722,512	48,533,775	253,395,982	514,652,269
Ending	$ 232,577,252	$ 47,990,407	$ 268,356,875	$ 548,924,534

Detail of Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2025 and 2024

	2024			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Increases				
Investment income:				
Net appreciation in fair value of investments	$ 22,518,517	$ 2,980,011	$ 19,047,703	$ 44,546,231
Interest and dividend income	3,363,114	1,153,670	5,252,303	9,769,087
Net investment income	25,881,631	4,133,681	24,300,006	54,315,318
Employer contributions	9,435,006	-	65,286	9,500,292
Interest from participant notes receivable	189,210	-	-	189,210
Other	269,948	-	-	269,948
Total increases	35,775,795	4,133,681	24,365,292	64,274,768
Decreases				
Retiree benefits paid	13,525,681	4,995,541	9,180,680	27,701,902
Loan defaults	331,152	-	-	331,152
Participants' note and administrative fees	152,962	127,598	259,201	539,761
Total decreases	14,009,795	5,123,139	9,439,881	28,572,815
Change in net position held in trust	21,766,000	(989,458)	14,925,411	35,701,953
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning	190,956,512	49,523,233	238,470,571	478,950,316
Ending	$ 212,722,512	$ 48,533,775	$ 253,395,982	$ 514,652,269

Appendix D

BOND RESOLUTION CONSOLIDATED VERSION

The Bond Resolution is presented in this Appendix D in consolidated form, and certain details with respect to the Bonds have been omitted.

The series-specific provisions of the Bond Resolution refer to the "Series 2026 Bonds" throughout. Pursuant to the authority granted to the Chief Financial Officer under the Bond Resolution, and as described in this official statement, the bonds to be issued under the Bond Resolution will be issued in two series, designated Utility System Revenue Refunding Bonds, Series 2026A (Mandatory Put Bonds), and Utility System Revenue Refunding Bonds, Series 2026B. Therefore, all references to the "Series 2026 Bonds" apply to both the Series 2026A Bonds and the Series 2026B Bonds.

Copies of the Amended and Restated Utility System Revenue Bond Resolution and any supplements or amendments may be obtained from the Chief Financial Officer of the BWL.

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AMENDED AND RESTATED UTILITY SYSTEM REVENUE BOND RESOLUTION, AS AMENDED

Section 1. Definitions. Whenever used in this Bond Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

(a) "Act 94" means Act 94, Public Acts of Michigan 1933, as amended.

(b) "Additional Bonds" means any additional bonds of equal standing with the Bonds issued pursuant to Section 24 of this Bond Resolution.

(c) "Aggregate Debt Service" for any period means, as of any date of calculation by the Board, the sum of the amounts of the debt service for such period with respect to all Outstanding Bonds. In the event that any of the Outstanding Bonds bear interest at a variable rate, such Bonds shall, for purposes of calculating Aggregate Debt Service, be assumed by the Board to bear interest at a fixed rate of interest equal to the greater of the actual rate of interest then borne by such variable rate Bonds or the Certified Interest Rate applicable thereto.

(d) "Aggregate Debt Service Requirement" means for any period, and as of any date of calculation, Aggregate Debt Service for such period, less any capitalized interest to be paid from the proceeds of the Bonds.

(e) "Board" means the Board of Water and Light established pursuant to Section 5-201 of Chapter 2 of the City Charter of the City.

(f) "Bond Reserve Account" means the Bond Reserve Account established pursuant to Section 18(B) of this Bond Resolution.

(g) "Bond Resolution" means this Amended and Restated Bond Resolution and any other resolution amendatory to or supplemental to this Amended and Restated Bond Resolution.

(h) "Bonds" or "Senior Lien Bonds" means the Outstanding portion of the Water Supply, Steam, Chilled Water and Electric Utility System Revenue Bonds, Series 2008A, the Utility System Revenue Bonds, Series 2011A, the Utility System Revenue Refunding Bonds, Series 2012A, the Utility System Revenue Refunding Bonds, the 2017A Bonds, and the Series 2019 Bonds, and any Additional Bonds of equal standing hereafter issued.

(i) "Certified Interest Rate" shall mean the interest rate determined by a certificate of the Chief Financial Officer executed on or prior to the date of delivery of variable rate Bonds as the rate of interest the variable rate Bonds would bear if they were issued at a fixed rate of interest based on the Bond Buyer Revenue Bond Index and assuming the same maturity date, terms and provisions (other than interest rate) as the variable rate Bonds, and on the basis of the Board's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party). Determination of the Certified Interest Rate as described in the prior sentence shall be conclusive.

(j) "Chief Financial Officer" means the Board's Chief Financial Officer.

(k) "City" means the City of Lansing, Michigan.

(l) "Consulting Engineer" means the engineer or engineering firm or firms appointed from time to time, and having a favorable reputation for skill and experience in the design and operation of municipal utility systems, at the time retained by the Board to perform the acts and carry out the duties provided for such Consulting Engineer in the Bond Resolution.

(m) "Event of Default" means an Event of Default specified in Section 25 of this Bond Resolution.

(n) "Government Obligations" means (i) direct obligations of (including obligations issued or held in book entry form on the books of) the United States of America, (ii) obligations the payment on which is guaranteed by the United States of America including, but not limited to, stripped interest components of obligations issued by the Resolution Funding Corporation (REFCORP) and non-callable, non-prepayable debt obligations of the United States Agency for International Development (US AID), which pay principal and interest at least three (3) business days prior to any respective escrow requirement dates, or (iii) non-callable, senior debt obligations of any government-sponsored enterprise or federal agency, corporation, or instrumentality of the United States of America created by an act of congress including, but not limited to, the Federal Home Loan Banks, Freddie Mac, Federal Farm Credit Banks Funding Corporation, and Fannie Mae.

(o) “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

(p) “Investment Obligations” means, to the extent authorized by law, (i) United States government obligations; (ii) obligations the principal and interest on which is fully guaranteed by the United States; (iii) repurchase agreements that are secured by United States government obligations or obligations fully guaranteed by the United States and that are held by an independent third party; (iv) certificates of deposit or other accounts of, or bankers acceptances of, 1 or more of the following: (a) banks that are members of the federal deposit insurance corporation; (b) savings and loan associations that are members of the federal savings and loan insurance corporation; (c) credit unions whose accounts are insured by the national credit union share insurance fund; (v) commercial paper that is rated in the highest category by a nationally recognized rating agency; (vi) obligations of a state of the United States or of a political subdivision of a state of the United States that are rated in 1 of the 3 highest categories by a nationally recognized rating agency; (vii) a collective investment fund that invests solely in 1 or more of the securities described above; and (viii) Government Obligations.

(q) “Junior Lien Bonds” and “Junior Lien Notes” means bonds, bond anticipation notes issued under Act 34, Public Acts of Michigan, 2001, as amended, or other obligations which may be issued or incurred by the Board to provide funds for any lawful purpose of the System which are of junior standing and priority of lien with respect to the Net Revenues to the claim of the Bonds.

(r) “Municipal Obligation” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call on the date specified in the notice, and (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition of Municipal Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this definition of Municipal Obligation, as appropriate, and (iv) which are rated, based on the escrow, in the highest rating category of Standard & Poor’s Corporation, Fitch Ratings, Moody’s Investors Service, Inc. or any successors thereto.

(s) “Net Revenues” means the Revenues remaining after deducting the reasonable expenses of administration, operation, and maintenance of the System.

(t) “Operation and Maintenance Fund” means the Operation and Maintenance Fund established pursuant to Section 18(A) of this Bond Resolution.

(u) “Outstanding Bonds” means Bonds issued under this Bond Resolution except:

(i) Bonds cancelled by the Transfer Agent at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys or Government Obligations, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Bond Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in this Bond Resolution or provision satisfactory to the Transfer Agent shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered hereunder; and

(iv) Bonds no longer deemed to be Outstanding Bonds as provided in Section 5 of this Bond Resolution.

(v) “Rebate Fund” means the Rebate Fund established pursuant to Section 19 of this Bond Resolution.

(w) “Receiving Fund” means the Receiving Fund established pursuant to Section 18 of this Bond Resolution.

(x) "Redemption Fund" means the Bond and Interest Redemption Fund established pursuant to Section 18(B) of this Bond Resolution.

(y) "Registered Owner" means the owner of a Bond as shown by the registration records kept by the Transfer Agent.

(z) "Reserve Requirement" shall mean the following: (i) if the long-term unenhanced credit ratings of the Outstanding Bonds are in at least the "A/A2" category without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies), $0, only upon the written direction of the Chief Financial Officer; or (ii) if the long-term unenhanced credit ratings of the Outstanding Bonds are reduced below the "A/A2" category without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies), the lesser of (1) 50% of the maximum annual debt service requirements on the Outstanding Bonds, (2) 62.5% of the average annual debt service requirements on the Outstanding Bonds, or (3) the total of 5% of the original aggregate face amount of each series of the Outstanding Bonds, reduced by the net original issue discount, if any; provided, however, that the Reserve Requirement shall not at any time exceed the amount allowed to be invested at an unrestricted yield pursuant to Treas. Reg. §1.148-2(f)(2) or any successor provision thereto applicable to the Bonds. For purposes of determining the Reserve Requirement, the long-term unenhanced credit ratings of the Outstanding Bonds shall be determined with regard only to the highest two long-term unenhanced ratings of such Bonds. Therefore, subsection (z)(ii) applies only if both such ratings are reduced below the "A/A2" category without regard to notching factors (or an equivalent rating as described above). The Board may rely on the advice of its financial advisor as to which rating category or categories its ratings are within.

(aa) "Revenues" means the income derived from the rates charged for the services, facilities, and commodities furnished by the System, earnings on investment of funds and accounts of the System required to be deposited in the Receiving Fund pursuant to this Bond Resolution and other revenues derived from or pledged to the operation of the System.

(bb) "Senior Lien Bonds" means the Bonds and does not include the Junior Lien Bonds and Junior Lien Notes.

(cc) *[Omitted]*

(dd) *[Omitted]*

(ee) *[Omitted]*

(ff) *[Omitted]*

(gg) "Sufficient" means with respect to (i) cash or (ii) Government Obligations or (iii) Municipal Obligations, or any combination thereof, not redeemable at the option of the issuer thereof, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts, as to be fully sufficient to pay the interest as it comes due on the Bonds or any portion thereof and the principal and redemption premium, if any, on the Bonds or any portion thereof as they come due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations or cash shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the Transfer Agent.

(hh) "System" means the complete facilities of the Board for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, and all additions, extensions and improvements thereto existing or hereafter acquired by the Board.

(ii) "Transfer Agent" means U.S. Bank National Association, or such other bank selected by the Board for payment of the Bonds.

[Sections 2-11 Related to the Issuance of Series 2019 Bonds Omitted]

Section 12. Payment of Bonds; Defeasance. The Bonds and the interest thereon shall be payable solely from the Net Revenues, and to secure such payment, there is hereby created a statutory lien upon the whole of the Net Revenues. Pursuant to provisions of Act 94, the City, by and through its Board, hereby pledges to the repayment of principal of, redemption premium, if any, and interest on the Bonds, the funds and accounts established by this Bond Resolution, and a statutory lien is hereby created on such funds and accounts. The liens and pledge provided by this Bond Resolution shall continue until payment in full of the principal of and interest on all Bonds payable from Net Revenues, or, until Sufficient cash, Sufficient Government Obligations, Sufficient Municipal Obligations or any combination thereof shall have been deposited in trust for payment in full of the principal of and the interest on all Bonds to be paid to their maturity, or, if called or if irrevocable instructions have been given to call Bonds for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of Sufficient cash, Sufficient Government Obligations, Sufficient Municipal Obligations or any combination thereof, the statutory lien created by this Bond Resolution shall be terminated with respect to the Bonds to be paid from the cash, Government Obligations or Municipal Obligations, or combination thereof, the Registered Owners of such Bonds shall have no further rights under this Bond Resolution except for payment from the deposited funds and for the rights of replacement, registration and transfer provided by this Bond Resolution, and such Bonds shall no longer be considered to be Outstanding Bonds under this Bond Resolution.

Section 13. Management. The operation, repair and management of the System shall be under the supervision and control of the Board.

Section 14. Charges. The rates to be charged for service furnished by the System and the methods of collection and enforcement of the collection of the rates shall be those permitted by law and established by the Board and in effect on the date of adoption of this Bond Resolution and thereafter as established by the Board.

Section 15. No Free Service. No free service shall be furnished by the System to any person, firm or corporation public or private, or to any public agency or instrumentality.

Section 16. Rate Covenant. The Board will at all times fix, establish, maintain and collect rates, fees and charges for the sale of the output, capacity, use or service of the System which, together with other income, are reasonably expected to yield Net Revenues equal to at least 125% of the Aggregate Debt Service Requirement for the forthcoming twelve month period plus such amount as is necessary to comply with all covenants in the Bond Resolution and to pay all charges and liens whatsoever payable out of Net Revenues in such period.

Section 17. Operating Year. The System shall continue to be operated on the basis of an operating year commencing on July 1st and ending on the 30th day of the following June. For purposes of determining the annual Aggregate Debt Service Requirement on the Bonds for any operating year, payments of principal and interest due on July 1st shall be considered to be part of the Aggregate Debt Service Requirement for the preceding operating year.

Section 18. Funds and Accounts: Flow of Funds. All Revenues of the System shall be set aside as collected and credited to a fund established with the Depository to be designated UTILITY SYSTEM RECEIVING FUND. The Revenues so credited are pledged for the purpose of the following funds and shall be transferred from the Receiving Fund periodically in the manner and at the times hereinafter specified:

A. OPERATION AND MAINTENANCE FUND: Periodically, out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, a fund designated OPERATION AND MAINTENANCE FUND, a sum sufficient to provide for the payment during the succeeding period of the next month's expenses of administration and operation of the System, including such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

B. BOND AND INTEREST REDEMPTION FUND: There shall be established and maintained a fund designated BOND AND INTEREST REDEMPTION FUND, the moneys on deposit therein from time to time to be used solely, except for required deposits to the Rebate Fund, for the purpose of paying the principal of, redemption premium, if any, and interest on the Bonds.

Out of the Revenues remaining in the Receiving Fund, after provision for the credit or deposit to the Operation and Maintenance Fund, there shall next be set aside, monthly, in the Redemption Fund a sum proportionately sufficient to provide for the payment of the principal of, mandatory redemption requirements, if any, and interest on the Bonds as and when the same shall become due and payable, subject to any credit therefor as provided in this Section 18(B). If there is any deficiency in the amount previously set aside, that deficiency shall be added to the requirements for the next succeeding month.

There shall be established a separate account in the Redemption Fund to be known as the BOND RESERVE ACCOUNT. If, as a result of a reduction in the long-term unenhanced credit ratings of the Outstanding Bonds to a category below "A/A2" without regard to notching factors (or an equivalent rating in at least the third highest category of nationally recognized bond rating agencies) as described in Section 1(z)(ii) (a "Ratings Downgrade Event"), the Reserve Requirement is increased from $0, and amounts then held in the Bond Reserve Account are insufficient to meet the Reserve Requirement, then the Board must satisfy the Reserve Requirement either by:

(i) transferring moneys to the Bond Reserve Account from an available source of funds (other than proceeds of Additional Bonds) in an amount equal to the Reserve Requirement in six (6) semi-annual installments beginning on the date which is 180 days following the Ratings Downgrade Event; or

(ii) purchasing a letter of credit, a surety bond, or an insurance policy within 180 days of the Ratings Downgrade Event; provided, however, the provider or issuer thereof shall be rated by any nationally recognized bond rating agency as high or higher than the Bonds at the time of purchase of the letter of credit, surety bond, or insurance policy; or

(iii) transferring moneys to the Bond Reserve Account from proceeds of Additional Bonds within 180 days of the Ratings Downgrade Event.

The Board must adopt a plan to satisfy the Reserve Requirement pursuant to either Subsection (i), (ii) or (iii) above within ninety (90) days of the Ratings Downgrade Event.

Except as otherwise provided in this Bond Resolution, the moneys credited to the Bond Reserve Account shall be used solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds as to which there would otherwise be a default. If, at any time, it shall be necessary to use moneys credited to the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the Net Revenues first received thereafter which are not required for expenses of administration, operation, and maintenance of the System or for current principal and interest requirements on any of the Bonds.

If at any time the amount in the Bond Reserve Account exceeds the Reserve Requirement, the excess may be transferred to such fund or account as the Board may direct; provided, however, if the excess is allocable to proceeds of tax-exempt Outstanding Bonds (or proceeds of tax-exempt Bonds refunded by the Outstanding Bonds) then such excess shall be transferred to a segregated account to pay the costs of the Power Plant Project or the System Improvements Project, unless it is determined by nationally recognized bond counsel that such transfer is not required to maintain the tax-exempt status of each series of the Outstanding Bonds.

C. JUNIOR LIEN REDEMPTION FUND: If the Board shall ever issue Junior Lien Bonds or Junior Lien Notes, there shall be established and maintained a separable depositary fund for the purpose of paying the principal of, redemption premium, if any, and interest on such Junior Lien Bonds or Junior Lien Notes as they come due (the "Junior Lien Redemption Fund"). Revenues remaining in the Receiving Fund, after provision has been made for the requirements of the Operation and Maintenance Fund and of the Redemption Fund, shall be set aside, but not more often than monthly, in a fund for the Junior Lien Bonds or Junior Lien Notes in accordance with the resolution authorizing the issuance thereof. A separate account may also be established within such fund as a bond reserve account to be funded on a junior lien basis in accordance with the resolution authorizing the issuance of the Junior Lien Bonds or Junior Lien Notes. The detail of the establishment and maintenance of such fund shall be provided in the resolution of the Board authorizing the issuance thereof.

D. SURPLUS MONEYS: Any Revenues in the Receiving Fund after satisfying all requirements of the Operation and Maintenance Fund, the Redemption Fund, the Rebate Fund and the Junior Lien Redemption Fund shall be deemed to be surplus moneys and may be used for such purposes as the Board deems to be for the best interests of the City.

If there should be any deficit in the Operation and Maintenance Fund, Redemption Fund or the Rebate Fund on account of defaults in setting aside required amounts therein, then transfers shall be made from the moneys remaining in the Receiving Fund at the end of any operating year to those funds in the priority and order specified herein, to the extent of any deficit, before any other disposition is made of the moneys in the Receiving Fund at the end of any operating year.

Section 19. Rebate Fund. There shall be established and maintained a fund designated the REBATE FUND. Moneys representing investment earnings or profits shall be transferred annually from all funds and accounts established under this Bond Resolution and deposited in the Rebate Fund in an amount sufficient to enable the City to rebate investment earnings to the federal government, if necessary, in accordance with the requirements of the Code. Funds on deposit in the Rebate Fund are not pledged as security for the Bonds. Moneys shall be deposited in the Rebate Fund and shall be rebated to the federal government unless the City has received an opinion of nationally recognized bond counsel that failure to take such actions will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Bonds.

Section 20. Priority of Funds. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund or the Rebate Fund or the Junior Lien Redemption Fund, any moneys or securities in other funds of the System, except the proceeds of sale of the Bonds, shall be credited or transferred, first, to the Operation and Maintenance Fund, second, to the Redemption Fund, to the extent of any deficit therein, third, to the Rebate Fund and fourth, to the Junior Lien Redemption Fund.

Section 21. Investments. Moneys in the funds and account established herein, and moneys derived from the proceeds of sale of the Bonds, may be invested by the Board on behalf of the City in Investment Obligations. Investment of moneys in the Redemption Fund being accumulated for payment of the next maturing principal or interest on the Bonds shall be limited to Government Obligations bearing maturity dates prior to the date of the next maturing principal or interest payment respectively on the Bonds. Investment of moneys in any other funds or account, including moneys derived from the proceeds of sale of the Bonds, shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the holder thereof, not later than the time estimated by the City when the moneys from such investments will be required. Any securities representing investments shall be kept on deposit with the bank or trust company having on deposit the fund or funds or account from which such purchase was made. Earnings or profits on any investment of funds in any fund or account established in this Bond Resolution shall be deposited in or credited to the Rebate Fund to the extent necessary as required by Section 19 of this Bond Resolution and any earnings or profits remaining in the Receiving Fund, Operation and Maintenance Fund and Redemption Fund, shall be deposited in or credited to the Receiving Fund. Investments of moneys in the Bond Reserve Account shall be valued at amortized cost, including any amount paid as accrued interest at the time of purchase until the payment of such interest or the next interest payment date.

Section 22. Applicable Law. The Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 23. Covenants. The City and the Board covenant and agree with the Registered Owners of the Bonds that so long as any of the Bonds remain as Outstanding Bonds and unpaid as to either principal or interest:

(a) The Board will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan and this Bond Resolution.

(b) The City and the Board will not sell, lease, mortgage or otherwise dispose of any part of the System, except for sales or exchanges of property or facilities (1) which are not useful in the operation of the System, or (2) for which the proceeds received are, or the fair market value of the subject property is, less than 1% of the Revenues for the preceding fiscal year, or (3) which will not impair the ability of the Board to comply with the rate covenant described in Section 16 of this Bond Resolution.

(c) The City and the Board will not grant any franchise or other rights to any person, firm or corporation to operate an electric system that will compete with the System unless required or authorized by law and the City and the Board will not operate a system that will compete with the System.

(d) The Board will use their best efforts to enforce any contracts to which they are a party regarding providing of electrical service.

(e) The Board will not issue additional bonds of prior standing to the Bonds.

The Chief Financial Officer is authorized on behalf of the Board to make any additional covenants with the purchaser of a series of Bonds as may be deemed advisable and approved by bond counsel and the municipal advisor.

Section 24. Additional Bonds. The right is reserved, in accordance with the provisions of Act 94, to issue additional bonds payable from the Net Revenues of the System which shall be of equal standing and priority of lien on the Net Revenues of the System with the Bonds, but only for the following purposes and under the following terms and conditions:

(a) For repairs, extensions, enlargements and improvements to the System or for the purpose of refunding a part of any Outstanding Bonds (unless such partial refunding is done in compliance with (b) below) and paying costs of issuing such Additional Bonds, including deposits which may be required to be made to a bond reserve account. Bonds for such purposes shall not be issued pursuant to this subparagraph (a) unless the actual or augmented Net Revenues of the System for the fiscal year of the System ending not more than 15 months prior to the sale of Additional Bonds shall be equal to at least one hundred twenty-five (125%) percent of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Additional Bonds then being issued. If the Additional Bonds are to be issued in whole or in part for refunding Outstanding Bonds, the maximum Aggregate Debt Service shall be determined by deducting from the principal and interest requirements for each operating year the annual Aggregate Debt Service Requirement of any Bonds to be refunded from the proceeds of the Additional Bonds.

Net Revenues may be augmented as follows for the purposes of this subsection (a):

(1) If the System rates, fees or charges shall be increased at or prior to the time of authorizing the Additional Bonds, the Net Revenues may be augmented by an amount which in the opinion of the Board's financial advisor will reflect the effect of the increase had the System's billings during such time been at the increased rates.

(2) The actual Net Revenues may be augmented by the estimated increase in Net Revenues which in the opinion of the Board's financial advisor will accrue as a result of new customers which have not been serviced during the fiscal year described in paragraph (a) above or as a result of the acquisition of the repairs, extensions, enlargements and improvements to the System which have been made during or subsequent to the fiscal year described in paragraph (a) above or which will be acquired in whole or in part from the proceeds of the Additional Bonds to be issued.

No Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in subparagraphs (a) or (c) if the City shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

(b) For refunding all of the Outstanding Bonds and paying costs of issuing such Additional Bonds. For refunding a part of the Outstanding Bonds and paying costs of issuing such Additional Bonds, if after giving effect to the refunding the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding.

(c) Additional Bonds may be issued without meeting any of the conditions and tests set forth in subsection (a) above for any one or more of the following purposes: (i) to pay the cost of acquisition and construction of any repairs, replacements, betterments, improvements, major renewals or corrections of any damage or loss to the System necessary, in the opinion of the Consulting Engineer, to keep the System in good operating condition or to prevent a loss of Revenues therefrom or (ii) to pay the cost of decommissioning, disposal or termination of the System.

Determination by the Board as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive.

Notwithstanding the foregoing requirements of Section 24, the Board reserves the right to issue Junior Lien Bonds and Junior Lien Notes payable as provided herein.

Section 25. Events of Default. Each of the following events, with respect to an issue of Bonds, is hereby declared an "Event of Default":

(a) default in the payment of the principal of, or interest, or redemption premium, if any, on any Bond after the same shall become due, whether at maturity or upon call for redemption; or

(b) default by the City or the Board in the performance or observance of any other of the covenants, agreements or conditions on their part in this Bond Resolution, or contained in the Bonds; provided no default shall constitute an Event of Default until written notice thereof shall have been given by the Registered Owners of not less than twenty percent (20%) in principal amount of the Outstanding Bonds to the City and the City shall have had sixty (60) days after receipt of such notice to correct such default or cause the same to be corrected and shall not have corrected such default or caused the same to be corrected within such period; and provided, further, that if the default be such that it cannot be corrected within such period, it shall not constitute an Event of Default if action to correct the same is instituted within such period and diligently pursued until the default is corrected.

Section 26. Appointment of Receiver and Statutory Rights. The Registered Owners of Bonds representing in the aggregate principal amount not less than twenty percent (20%) of all Outstanding Bonds, may protect and enforce the statutory lien and pledge of the funds and accounts and Net Revenues created by Act 94, and enforce and compel the performance of all duties of the officials of the City and the Board, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of Revenues, and the proper application of Revenues. In addition to the rights conferred to Registered Owners by the Resolution, the Registered Owners shall have all the rights conferred by Act 94. The statutory lien upon the Net Revenues, however, shall not be construed to compel the sale of the System or any part thereof.

Section 27. Effect of Waiver and Other Circumstances. No delay or omission of any Registered Owner to exercise any right or power arising upon the happening or an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein and every power and remedy given by this Bond Resolution to the Registered Owners may be exercised from time to time and as often as may be deemed expedient by the Registered Owners.

Section 28. Amendments: Consent of Registered Owners.

(a) *Amendments Without Consent of Registered Owners*. The City, from time to time and at any time, subject to the conditions and restrictions in this Bond Resolution, may by and through its Board, adopt one or more supplemental or amendatory resolutions which thereafter shall form a part hereof, for any one or more or all of the following purposes:

(i) To issue Additional Bonds or Junior Lien Bonds or Junior Lien Notes;

(ii) To add to the covenants and agreements of the City contained in this Bond Resolution, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City and the Board (including but not limited to the right to issue Additional Bonds);

(iii) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions contained in this Bond Resolution, or in regard to matters or questions arising under this Bond Resolution, as the City may deem necessary or desirable and not inconsistent with this Bond Resolution and which shall not have a material, adverse effect on the interests of the Registered Owners of the Bonds;

(iv) To increase the size or scope of the System; and

(v) To make such modifications in the provisions hereof as may be deemed advisable by the City provided that the Board has confirmed in writing with each rating agency rating Outstanding Bonds to which the provision will apply that the adoption of such provision with not result in the reduction or withdrawal of any rating on such Bonds.

Any amendment or supplemental resolution or resolution authorized by the provisions of this Section 28(a) may be adopted by the City, by and through its Board, without the consent of or notice to the Registered Owners of any of the Outstanding Bonds, notwithstanding any of the provisions of Section 28(b) below.

(b) *Amendments Requiring Consent of Registered Owners*. With the consent of the Registered Owners of not less than fifty one percent (51%) in principal amount of the Bonds then outstanding the City, by and through its Board, may from time to time and at any time adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Bond Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall (i) extend the fixed maturity of any Bond, change a mandatory redemption requirement for any series of Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce or extend the time for payment of any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Registered Owners of the Bonds required to approve any such supplemental resolution, or (iii) deprive the Registered Owners of the Bonds, except as aforesaid, of the right to payment of the Bonds from the Net Revenues, without the consent of the Registered Owners of all the Outstanding Bonds or, (iv) cause any modification or reduction of the lien on or pledge of the Net Revenues or the funds or accounts established hereunder. No amendment may be made under this Section 28(b) which affects the rights or duties of the insurer of any of the Bonds without its consent. It shall not be necessary for the consent of the Registered Owners under this Section 28(b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the adoption by the City of any supplemental resolution pursuant to the provisions of this Section 28(b), the City shall cause the Transfer Agent to mail a notice by registered or certified mail to the Registered Owners of all Outstanding Bonds at their addresses shown on the bond register or at such other address as is furnished in writing by such Registered Owner to the Transfer Agent setting forth in general terms the substance of such supplemental resolution.

Section 29. Negotiated Sale of the Bonds; Appointment of Senior Managing Underwriter. *[2019 Bond details omitted]*

Section 30. Bond Ratings and Bond Insurance. The Chief Financial Officer is hereby authorized to apply for bond ratings from such municipal bond rating agencies as deemed appropriate, in consultation with the Municipal Advisor. If the Municipal Advisor recommends that the Board consider purchase of municipal bond insurance, then the Chief Financial Officer is hereby authorized to negotiate with insurers regarding acquisition of municipal bond insurance, and, in consultation with the Municipal Advisor, to select an insurer and determine which bonds, if any, shall be insured, and the Chief Financial Officer is hereby authorized to execute an agreement with the insurer relating to procedures for paying debt service on the insured bonds and notifying the insurer of any need to draw on the insurance and other matters.

Section 31.Official Statement. *[Omitted]*

Section 32. Continuing Disclosure. *[Omitted]*

Section 33. Sale of Series 2019 Bonds. *[Omitted]*

Section 34. Other Actions. *[Omitted]*

Section 35. Applicability of the Outstanding Bond Resolutions. *[Omitted]*

Section 36. Conflicting Resolutions. *[Omitted]*

Section 37. Severability and Paragraph Headings. *[Omitted]*

Section 38 Publication and Recordation. *[Omitted]*

Section 39. Effective Date. *[Omitted]*

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FOURTH SUPPLEMENTAL UTILITY SYSTEM REVENUE BOND RESOLUTION

Section 1. Definitions. All terms not defined herein shall have the meanings set forth in the Bond Resolution, and whenever used in this Fourth Supplemental Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

(a) "Additional Bonds" means any Additional Bonds of equal standing with the outstanding Senior Lien Bonds issued pursuant to Section 24 of the Bond Resolution adopted on March 27, 2018.

(b) "Assistant General Manager" means the Board's Assistant General Manager.

(c) "Bond Resolution" means the Amended and Restated Utility System Revenue Bond Resolution adopted by the Board on March 27, 2018, as amended on March 26, 2019 and November 17, 2020, and as supplemented on November 19, 2019, July 20, 2023, and November 14, 2023, and by this Fourth Supplemental Resolution, and any other resolution which amends or supplements the Bond Resolution.

(d) "Bonds" or "Senior Lien Bonds" means the outstanding portion of the Board's Series 2017A Bonds, Series 2019A Bonds, Series 2019B Bonds, Utility System Revenue Bonds, Series 2021A, dated January 26, 2021, Series 2021B Bonds, Utility System Revenue and Revenue Refunding Bonds, Series 2024A, dated January 31, 2024, Series 2026 Bonds, and any Additional Bonds of equal standing hereafter issued.

(e) "Chief Financial Officer" means the Board's Chief Financial Officer.

(f) "Escrow Agreement" means, for purposes of this Fourth Supplemental Resolution, one or more escrow agreements described in this Fourth Supplemental Resolution to provide for payment of principal of and interest on the Prior Bonds being refunded.

(g) "Escrow Fund" means, for purposes of this Fourth Supplemental Resolution, one or more escrow funds established pursuant to the Escrow Agreement to hold the cash and investments necessary to provide for payment of principal of and interest on the Prior Bonds being refunded.

(h) "Fourth Supplemental Resolution" means this Fourth Supplemental Utility System Revenue Bond Resolution.

(i) "Prior Bonds" means, for purposes of this Fourth Supplemental Resolution, the Series 2017A Bonds, the Series 2019A Bonds, the Series 2019B Bonds and the Series 2021B Bonds.

(j) "Refunding Bonds" means, for purposes of this Fourth Supplemental Resolution, the Series 2026 Bonds, and all or any series of refunding bonds issued as Additional Bonds pursuant to this Fourth Supplemental Resolution.

(k) "Series 2026 Bonds" means the Refunding Bonds issued in one or more series pursuant to this Fourth Supplemental Resolution.

(l) "System" means the complete facilities of the Board for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, and all additions, extensions and improvements thereto existing or hereafter acquired by the Board.

Section 2. Conditions Permitting Issuance of Additional Bonds. Pursuant to Section 24(b) of the Bond Resolution, the Board hereby determines that the Series 2026 Bonds shall be issued as Additional Bonds that are Senior Lien Bonds of equal standing and priority of lien with the Outstanding Bonds only if, after giving effect to the refunding of the Prior Bonds, the maximum amount of Aggregate Debt Service in each future fiscal year shall be less than the Aggregate Debt Service in each future fiscal year prior to giving effect to the refunding.

The Board hereby determines that the Board is not in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Section 3. Refunding Bonds Authorized: If, upon the advice of the Municipal Advisor, refunding all or a portion of the Prior Bonds will accomplish debt service savings, then in order to pay costs of the refunding, including the payment of the costs of legal, financial and other expenses incident thereto and incident to the issuance and sale of the Refunding Bonds, the City, acting by and through the Board, shall borrow the sum of not-to-exceed

Three Hundred Forty Million Dollars ($340,000,000), and issue the Refunding Bonds therefor in one or more series. The Refunding Bonds shall be designated as the "UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026" or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the sequence and the year of sale or delivery of the series or to otherwise distinguish the series from other series of Bonds.

The Series 2026 Bonds shall be payable solely out of the Net Revenues of the System, and the City Council of the City shall not be requested to pledge the full faith and credit of the City for payment of the Series 2026 Bonds. The Series 2026 Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 4. Series 2026 Bond Details. The Series 2026 Bonds shall be issued as fully registered bonds in the denomination of $5,000 or integral multiples thereof and shall be numbered in consecutive order of registration or authentication from 1 upwards. The Series 2026 Bonds shall be dated as of the date of delivery thereof or such other date as determined at the time of sale of the Series 2026 Bonds, and shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Series 2026 Bonds.

The Series 2026 Bonds shall be subject to optional and mandatory redemption prior to maturity at the times and prices as finally determined at the time of sale of the Series 2026 Bonds.

The Series 2026 Bonds shall bear interest at a rate or rates to be determined on sale thereof, payable on July 1, 2026, or such other date as provided at the time of sale of the Series 2026 Bonds, and semi-annually thereafter on January 1st and July 1st of each year.

The Series 2026 Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Series 2026 Bond shall be valid until authenticated by an authorized representative of the Transfer Agent. The Series 2026 Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser in accordance with instructions from the Chief Financial Officer upon payment of the purchase price for the Series 2026 Bonds.

Section 5. Registration and Transfer. *[Omitted]*

Section 6. Refunding Bond Proceeds. From the proceeds of sale of the Refunding Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest, if any, received on delivery of the Refunding Bonds, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest on the Refunding Bonds. All or a portion of any premium received upon delivery of the Refunding Bonds may be deposited in either the Redemption Fund or the Escrow Fund, as determined by the Chief Financial Officer in consultation with Bond Counsel.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated by the Chief Financial Officer at the time of sale of the Refunding Bonds.

After any deposit to the Bond Reserve Account, proceeds of the Refunding Bonds shall next be deposited as follows:

(a) Proceeds of sale of Refunding Bonds issued to refund any Prior Bonds other than Repurchased Bonds shall be deposited in the Escrow Fund and held in cash and investments in Government Obligations or Municipal Obligations not redeemable at the option of the Board. U.S. Bank Trust Company, National Association, Detroit, Michigan, is hereby appointed to act as escrow trustee (the "Escrow Trustee") under the Escrow Agreement. The Escrow Trustee shall hold the Escrow Fund in trust pursuant to the Escrow Agreement which shall irrevocably direct the Escrow Trustee to take all necessary steps to call such Prior Bonds being refunded for redemption as specified in the Escrow Agreement. The Chief Financial Officer is hereby authorized to execute and deliver the Escrow Agreement, to transfer any moneys as he may deem necessary from the Redemption Fund, or other fund or account of the Board, to the Escrow Fund, and to purchase, or cause to be purchased, escrow securities consisting of Government Obligations, including, but not limited to, United States Treasury Obligations – State and Local Government Series (SLGS), or Municipal Obligations, for deposit in the Escrow Fund. The Chief Financial Officer is directed to deposit to the Escrow Fund, from Refunding Bond proceeds and other moneys as necessary, an amount which, together with investment proceeds to be received thereon, will be sufficient, without reinvestment, to pay the principal of and interest on such Prior Bonds being refunded as they become due or upon call for redemption.

(b) Proceeds of the sale of Refunding Bonds issued to repurchase Repurchased Bonds shall be deposited and applied in accordance with the instructions for settlement of the tender and repurchase of the Repurchased Bonds.

The remaining proceeds of the Refunding Bonds shall be deposited in a fund which may be established to pay costs of issuance of the Series 2026 Bonds and the costs of refunding the Prior Bonds and of purchasing the Repurchased Bonds. Any moneys remaining after payment of costs of issuance and costs of refunding the Prior Bonds being refunded shall be transferred to the Redemption Fund and used to pay interest on the Refunding Bonds.

Section 7. Bond Form. *[Omitted]*

Section 8. Municipal Advisor. *[Omitted]*.

Section 9. Bond Counsel. *[Omitted]*

Section 10. Tax Covenant. Any series of Series 2026 Bonds may be issued on a tax-exempt basis or a taxable basis. The Board hereby covenants that it shall not invest, reinvest or accumulate any moneys deemed to be proceeds of a tax-exempt series of Series 2026 Bonds pursuant to the Internal Revenue Code of 1986, as amended, in such a manner as to cause such tax-exempt Series 2026 Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code. The Board hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of interest on such tax-exempt Series 2026 Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds, all as more fully set forth in the non-arbitrage and tax compliance certificate to be delivered by the Board on the date of delivery of such tax-exempt Series 2026 Bonds.

Section 11. Negotiated Sale of Bonds; Appointment of Senior Managing Underwriter. Based on the advice of the Municipal Advisor, it is hereby determined to be in the best interest of the Board to sell the Series 2026 Bonds by negotiated sale in order to enable the Board to select and adjust terms for the Series 2026 Bonds, to enter the market on short notice at a point in time which appears to be most advantageous, and thereby possibly obtain a lower rate of interest on the Series 2026 Bonds, to achieve sale efficiencies so as to reduce the cost of issuance and interest expense.

The Chief Financial Officer is hereby authorized to select one or more managing underwriters and to name additional co-managers and/or to develop a selling group in consultation with the Municipal Advisor. By adoption of this resolution the Board assumes no obligations or liability to the underwriter for any loss or damage that may result to the underwriter from the adoption of this resolution, and all costs and expenses incurred by the underwriter in preparing for sale of the Series 2026 Bonds shall be paid from the proceeds of the Series 2026 Bonds, if issued, except as may be otherwise provided in the Bond Purchase Agreement for Series 2026 Bonds.

Section 12. Bond Ratings and Bond Insurance. *[Omitted]*

Section 13. Official Statement. *[Omitted]*

Section 14. Continuing Disclosure. *[Omitted]*

Section 15. Sale of Series 2026 Bonds. The Chief Financial Officer is authorized, in consultation with the Municipal Advisor, to accept an offer to purchase the Series 2026 Bonds without further resolution of this Board. This authorization includes, but is not limited to, determination of original principal amount of the Series 2026 Bonds; the prices at which the Series 2026 Bonds are sold; the date of the Series 2026 Bonds; the schedule of principal maturities and whether the Series 2026 Bonds shall mature serially or as term bonds; provisions for early redemption, if any, including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Series 2026 Bonds; application of the proceeds of the Series 2026 Bonds, and, if necessary to meet the requirements of the bond underwriters or purchasers, deposit to the Bond Reserve Account from funds on hand or proceeds of the Series 2026 Bonds. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by the Chief Financial Officer's execution of the Bond Purchase Agreement for the Series 2026 Bonds or other offer to purchase the Series 2026 Bonds, or Sale Order, or the Official Statement.

The maximum interest rate on the Series 2026 Bonds shall not exceed 5.5%. The first maturity of principal on the Series 2026 Bonds shall occur no earlier than July 1, 2026. The Refunding Bonds shall not be sold unless there shall be net present value savings after payment of costs of issuance of the Series 2026 Bonds and costs of refunding the Prior Bonds being refunded. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Municipal Advisor.

Section 16. Verification Agent. *[Omitted]*

Section 17. Tender Agent and Solicitation to Tender the Series 2017A Bonds, the Series 2019A Bonds and the 2019B Bonds. Upon the recommendation of the Municipal Advisor and with the approval of the Underwriter (hereby selected to serve as Dealer Manager for the Invitation (the "Dealer Manager")), the Chief Financial Officer is hereby authorized to approve the selection of a tender, information and repurchase agent (the "Tender Agent") to issue the Invitation for the tender, repurchase and cancellation of the Repurchased Bonds. The Chief Financial Officer is further authorized, upon the recommendation of the Municipal Advisor, Dealer Manager and the Tender Agent, to take the following actions relating to such tender: (a) approve and deliver any and all notices, solicitations and disclosures (including, but not limited to, one or more Invitations to tender, a tender offer disclosure statement, if necessary, and related informational statements); (b) negotiate, execute and deliver any and all agreements; (c) file any and all documents with State or federal agencies; (d) seek any and all approvals; (e) approve the selection of which portion or all of the Series 2017A Bonds, the Series 2019A Bonds and Series 2019B Bonds tendered that will be repurchased and cancelled; and (f) take all other actions necessary or appropriate to accomplish the repurchase and cancellation of the Repurchased Bonds.

Section 18. Other Actions. *[Omitted]*

Section 19. Applicability of the Outstanding Bond Resolutions. Except to the extent supplemented or otherwise provided in this resolution, all of the provisions and covenants provided in the Bond Resolution shall apply to the Series 2026 Bonds issued pursuant to provisions of this resolution, such provisions of the Bond Resolution being made applicable to the Series 2026 Bonds.

Section 20. Conflicting Resolutions. *[Omitted]*

Section 21. Severability and Paragraph Headings. *[Omitted]*

Section 22. Publication and Recordation. *[Omitted]*

Section 23. Effective Date. *[Omitted]*

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Appendix E

FORM OF APPROVING OPINIONS

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Founded in 1852
by Sidney Davy Miller

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Form of Approving Opinion
Series 2026A Bonds

Lansing Board of Water and Light
City of Lansing
State of Michigan

We have acted as bond counsel to the City of Lansing, State of Michigan, acting through the governing body of the Lansing Board of Water and Light (the "Issuer") in connection with the issuance by the Issuer of the following bonds: $___________ UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026A (MANDATORY PUT BONDS) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and a bond resolution adopted by the Issuer as supplemented and amended from time to time (the "Bond Resolution"). Under the Bond Resolution, the Issuer has pledged certain revenues for the payment of the principal and interest on the Bonds when due.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, bearing original issue date of __________, 2026, payable as to principal and interest as provided in the Bonds, and are subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the representations of the Issuer contained in the Bond Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding obligations of the Issuer, according to their tenor, payable solely and only from and secured by a statutory first lien on the revenues of the Issuer's facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (collectively, the "System"), after payment of the expenses of

administration, operation and maintenance thereof (the "Net Revenues"), and are entitled to the benefits of the Bond Resolution and Act 94.

2. The Bonds are of equal standing and priority of lien as to the Net Revenues of the System with the Issuer's outstanding Utility System Revenue Refunding Bonds, Series 2017A, Utility System Revenue Bonds, Series 2019A, Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable), Utility System Revenue Bonds, Series 2021A, Utility System Revenue and Revenue Refunding Bonds, Series 2024A and Utility System Revenue Refunding Bonds, Series 2026B (collectively, the "Outstanding Senior Lien Bonds"). The Issuer has reserved the right to issue additional bonds of equal standing and priority of lien as to the Net Revenues of the System with the Bonds and the Outstanding Senior Lien Bonds on conditions stated in the Bond Resolution.

3. The Issuer is obligated to charge and collect rates from every user of the service supplied by the System sufficient to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the System and for the payment of the principal of and interest on the Bonds, the Outstanding Senior Lien Bonds and all other bonds payable from the revenues of the System, and to provide for such other expenditures and funds for the Bonds, the Outstanding Senior Lien Bonds and the System as are required by the Bond Resolution.

4. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

5. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

We express no opinion regarding the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes of (i) the establishment of a new Term Interest Rate Period for the Bonds following the termination of the Initial Term Interest Rate Period commencing on the date hereof or (ii) any future conversion of the Bonds to a different interest rate mode (as such capitalized terms are defined in the sale order for the Bonds).

Except as stated in paragraphs 4 and 5 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

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.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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Form of Approving Opinion
Series 2026B Bonds

Lansing Board of Water and Light
City of Lansing
State of Michigan

We have acted as bond counsel to the City of Lansing, State of Michigan, acting through the governing body of the Lansing Board of Water and Light (the "Issuer") in connection with the issuance by the Issuer of the following bonds: $___________ UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026B (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and a bond resolution adopted by the Issuer as supplemented and amended from time to time (the "Bond Resolution"). Under the Bond Resolution, the Issuer has pledged certain revenues for the payment of the principal and interest on the Bonds when due.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, bearing original issue date of __________, 2026, payable as to principal and interest as provided in the Bonds, and are subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

As to questions of fact material to our opinion, we have relied on the representations of the Issuer contained in the Bond Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding obligations of the Issuer, according to their tenor, payable solely and only from and secured by a statutory first lien on the revenues of the Issuer's facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (collectively, the "System"), after payment of the

expenses of administration, operation and maintenance thereof (the "Net Revenues"), and are entitled to the benefits of the Bond Resolution and Act 94.

2. The Bonds are of equal standing and priority of lien as to the Net Revenues of the System with the Issuer's outstanding Utility System Revenue Refunding Bonds, Series 2017A, Utility System Revenue Bonds, Series 2019A, Utility System Revenue Refunding Bonds, Series 2019B (Federally Taxable), Utility System Revenue Bonds, Series 2021A, Utility System Revenue and Revenue Refunding Bonds, Series 2024A and Utility System Revenue Refunding Bonds, Series 2026A (Mandatory Put Bonds) (collectively, the "Outstanding Senior Lien Bonds"). The Issuer has reserved the right to issue additional bonds of equal standing and priority of lien as to the Net Revenues of the System with the Bonds and the Outstanding Senior Lien Bonds on conditions stated in the Bond Resolution.

3. The Issuer is obligated to charge and collect rates from every user of the service supplied by the System sufficient to provide adequate revenues for the payment of the expenses of administration, operation and maintenance of the System and for the payment of the principal of and interest on the Bonds, the Outstanding Senior Lien Bonds and all other bonds payable from the revenues of the System, and to provide for such other expenditures and funds for the Bonds, the Outstanding Senior Lien Bonds and the System as are required by the Bond Resolution.

4. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

5. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Except as stated in paragraphs 4 and 5 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

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.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

Appendix F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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Continuing Disclosure Undertaking

LANSING BOARD OF WATER AND LIGHT
City of Lansing, State of Michigan

$_____________	$_____________
UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026A (MANDATORY PUT BONDS)	UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026B

The Lansing Board of Water and Light (the "Issuer"), an administrative Board of the City of Lansing, State of Michigan existing under the City's Charter, hereby executes and delivers this Continuing Disclosure Undertaking (the "Undertaking") in connection with the issuance by the Issuer of its $__________ Utility System Revenue Refunding Bonds, Series 2026A (Mandatory Put Bonds) and its $__________ Utility System Revenue Refunding Bonds, Series 2026B (together, the "Bonds"). The Issuer hereby 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 annual audited financial statements pertaining to the Issuer 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.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"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, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

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

"Undertaking" means this Continuing Disclosure Undertaking.

(b) *Continuing Disclosure.* The Issuer 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 month after the end of the fiscal year of the Issuer, the following annual financial information and operating data or data of substantially the same nature, commencing with the fiscal year ending June 30, 2026, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data (excluding any pictorial representation), or data of substantially the same nature, included in the official statement for the Bonds (the "Official Statement") appearing in the Tables or under the headings as described in Exhibit A.

(2) Audited Financial Statements, or in the event audited financial statements are not available, the Issuer agrees to provide unaudited financial statements, and then provide audited financial statements immediately after they become available.

(3) Such additional financial information or operating data as may be determined by the Issuer 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 Issuer or by specific reference to documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the Issuer.

If the fiscal year of the Issuer is changed, the Issuer agrees to send a 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 Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of holders of the Bonds, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

(f) *Identifying Information*. All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation*. The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders*. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking 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 Issuer's obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *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 Issuer, provided that the Issuer 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 Issuer 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 Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of 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 Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

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

LANSING BOARD OF WATER AND LIGHT

By ______________________________________

Its: Chief Financial Officer

Dated: ____________ 2026

EXHIBIT A
CONTINUING DISCLOSURE UNDERTAKING
TABLES IN THE OFFICIAL STATEMENT TO BE UPDATED ANNUALLY

The Lansing Board of Water and Light will update the numerical financial information and operating data included in the following Official Statement tables for the current year:

THE ELECTRIC UTILITY:

Power Requirements:
Electric Utility – Power Availability, Sales and Losses in MWh;

Customers:
Electric Utility – Average Number and Percent of Customers by Classification;

Ten Largest Customers:
Electric Utility – Ten Largest Customers;

Rates and Charges:
Electric Utility – Estimated Monthly Residential Bill;

Electric Sales:
Electric Utility – Amount in MWh and Percent of Sales by Customer Classification; and

Electric Revenues:
Electric Utility – Amount and Percent of Revenues by Customer Classification.

THE WATER UTILITY:

Service Area and Customer Base:
Water Utility - Average Number and Percent of Water Customers by Classification;

Ten Largest Customers:
Water Utility - Ten Largest Water Customers;

Rates and Charges:
Water Utility - Monthly Basic Service Charge by Water Meter Size; and

Water Revenues:
Water Utility - Amount and Percent of Water Sales by Customer Classification.

THE STEAM UTILITY:

General:
Steam Utility - Average Number and Percent of Customers by Classification;

Rates and Charges:
Steam Utility - Historical and Existing Rates by Customer Classification;

Steam Revenues:
Steam Utility - Amount and Percent of Steam Revenues as Billed by Customer Classification; and

Ten Largest Customers:
Steam Utility - Ten Largest Steam Customers.

THE CHILLED WATER UTILITY:

Service Area and Customer Base:
Chilled Water Utility - Number of Service Leads and Volume in MThrs by Classification;

Rates and Charges:
Chilled Water Utility - Historical and Existing Rates;

Chilled Water Revenues:
Chilled Water Utility - Chilled Water Revenues by Classification; and

Chilled Water Customers by Volume and Revenues:
Chilled Water Utility – Five Largest Chilled Water Customers by Volume and Revenues.

SYSTEM FINANCIAL INFORMATION:

Historical and Projected Operating Cash Flows and Debt Service Coverage.

Appendix G

BOOK-ENTRY-ONLY SYSTEM

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The information set forth in this Appendix G is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream Banking (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems") currently in effect. The information set forth in this Appendix G concerning the Clearing Systems has been obtained from sources that that the BWL believes to be reliable, but none of the BWL, Bond Counsel, the Transfer Agent, or the Underwriter takes any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The BWL will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC Book-Entry-Only System

The information in this appendix has been furnished by DTC. No representation is made by the BWL, Bond Counsel, the Transfer Agent, or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the BWL, Bond Counsel, the Transfer Agent, or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the BWL nor the Transfer Agent will have any responsibility or obligation to DTC Direct Participants, Indirect Participants or the persons for which they act as nominees with respect to the Bonds, or for any principal or interest payment thereof.

The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC, as registered owner of the Bonds. So long as Cede & Co., as nominee of DTC, is the registered holder of all of the Bonds, one bond certificate will be issued for the Bonds in the aggregate principal amount thereof and will be deposited with DTC. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. By purchasing a Bond, a Beneficial Owner shall be deemed to have waived the right to receive a bond certificate, except under the circumstances described herein. For purposes of this Official Statement, so long as all Bonds are immobilized in the custody of DTC, references to Bondowners or holders means DTC or its nominee.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Neither the BWL nor the Transfer Agent is responsible or liable for sending transaction statements or for maintaining, supervising or reviewing such records.

The BWL and the Transfer Agent will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the BWL as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the BWL or Transfer Agent, on payable date in accordance with their respective holdings on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Transfer Agent or the BWL, subject to any statutory or regulatory requires as may be in effect from time to time. Payments of principal, redemption proceeds, distributions and divided payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the BWL or Transfer Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the BWL or the Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to DTC.

The BWL may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The BWL, Bond Counsel, the Transfer Agent, and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest on the Bonds, (ii) any document representing or confirming beneficial ownership interests in the Bonds, or (iii) notices sent to DTC or Cede & Co. its nominee, as the registered owner of the Bonds, or that it will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with the Participants are on file with DTC.

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the BWL believes to be reliable, but the BWL takes no responsibility for the accuracy thereof.

Neither the BWL, Bond Counsel, the Transfer Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (a) the Bonds; (b) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (c) the payment by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any amount due with respect to the principal of or interest on the Bonds; (d) the delivery by DTC to any participant, or by and Direct Participant or Indirect Participant to any Beneficial Owner of any notice which is required or permitted under the terms of the authorizing resolution for each issue to be given to Bondholders; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (f) any consent given or other action taken by DTC as Bondholder.

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Appendix H

SALE ORDER TERMS AND PROVISIONS

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Terms and Provisions Applicable to the Series 2026A Bonds

ARTICLE I. DEFINITIONS

As used in this exhibit, the following terms shall have the following meanings:

"Adjusted SIFMA Rate" means the SIFMA Index plus the Index Floating Rate Spread.

"Alternate Credit Facility" means a letter of credit, insurance policy, line of credit, surety bond or other security issued as a replacement or substitute for any Credit Facility then in effect.

"Applicable Factor" means during any Direct Purchase Period, a percentage designated by the Market Agent or, with a Favorable Opinion of Bond Counsel, such other percentage as may be designated as the Applicable Factor for such Direct Purchase Period pursuant to Section 2.08 hereof.

"Applicable Spread" means, with respect to each Direct Purchase Period, the number of basis points determined on or before the first day of such Direct Purchase Period and designated in writing by the Board, the Market Agent or the Direct Purchaser in accordance with Section 2.08 hereof that, when added to the product of (x) the Direct Purchase Index multiplied by (y) the Applicable Factor, would equal the minimum interest rate per annum that would enable the Direct Purchase Bonds to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

"Authorized Denominations" means, with respect to any (a) Fixed Rate Bonds and any Bonds bearing interest at the Term Interest Rate or Index Floating Rate, $5,000 or any integral multiple thereof within a series and maturity, (b) Bonds bearing interest in the Flexible Rate, Daily Interest Rate or Weekly Interest Rate, $100,000 or any integral multiple of $5,000 in excess of $100,000 within a series and maturity and (c) Direct Purchase Bonds, $250,000 and any integral multiple of $5,000 in excess of $250,000.

"Bank Bond" means a Bond that is purchased by the Registrar with amounts paid or provided by a Credit Provider under a Credit Facility.

"Bank Rate" means that rate of interest borne by a Bank Bond, as specified and/or determined in accordance with a Credit Facility.

"Beneficial Owner" means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bond Fund" means the Bond and Interest Redemption Fund created by the Resolution.

"Bond Purchase Agreement" means for each series of Bonds, the contract for the purchase of such Bonds between the applicable Underwriter and the Board.

"Bond Purchase Account" means the account with that name established pursuant to Section 6.07.

“Bondholder Agreement” means during any Direct Purchase Period, any continuing covenant agreement, bondholder agreement or similar agreement between the Board and a Direct Purchaser.

“Bond Register” means the records kept by the Registrar on behalf of the Board containing the name and mailing address of each owner of the Bonds or nominee of such owner, and such other information as the Registrar shall determine.

“Bonds” mean the Series 2026A Bonds.

“Business Day” means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York, New York.

“Code” means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

“Continuing Disclosure Undertaking” means a written undertaking for the benefit of the owners and Beneficial Owners of such Bonds as required by Section (b)(5) of the Rule.

“Conversion” means a conversion of a series of Variable Rate Bonds or a portion of a series of Variable Rate Bonds from one Interest Rate Period to another Interest Rate Period (including the establishment of a new Term Interest Rate or Index Floating Rate).

“Conversion Date” means the effective date of a Conversion of a series of Variable Rate Bonds or a portion of Variable Rate Bonds.

“Credit Facility” means any letter of credit, insurance policy, line of credit, surety bond or other security, if any, to be issued by the Credit Provider in connection with the Conversion of Variable Rate Bonds to a Weekly Interest Rate, a Daily Interest Rate, or other interest rate mode, that secures the payment when due of the principal and Purchase Price of and interest on the Variable Rate Bonds, including any Alternate Credit Facility, or any extensions, amendments or replacements thereof pursuant to its terms.

“Credit Facility Purchase Account” means the account with that name established pursuant to Section 6.07.

“Credit Provider” means any bank, insurance company, pension fund or other financial institution which provides a Credit Facility or Alternate Credit Facility for Variable Rate Bonds.

“Daily Interest Rate” means a variable interest rate for the Variable Rate Bonds established in accordance with the Resolution.

“Daily Interest Rate Period” means each period during which a Daily Interest Rate is in effect.

“Delayed Remarketing Period” means the period during which some or all of the Variable Rate Bonds bearing interest at an Index Floating Rate or all of the Variable Rate Bonds bearing interest at a Term Interest Rate are not remarketed as set forth herein.

“Designated Representative” means the Chief Financial Officer and any successor to the functions of such office.

“Direct Purchase Bonds” means Bonds that bear interest at a Direct Purchase Rate, and any Unremarketed Bonds, if any.

“Direct Purchase Index” means during any Direct Purchase Period, such index as may be designated by the Market Agent as the Direct Purchase Index for such Direct Purchase Period pursuant to Section 2.08.

“Direct Purchase Interest Rate Period” means each period during the Direct Purchase Period for which a particular Direct Purchase Rate is in effect.

“Direct Purchase Period” means the entire period during which Bonds constitute Direct Purchase Bonds, which Direct Purchase Period shall generally be comprised of multiple Direct Purchase Interest Rate Periods, during which Direct Purchase Rates are in effect. A Direct Purchase Period shall also include any period during which any Unremarketed Bonds remain Outstanding.

“Direct Purchase Period Earliest Redemption Date” means during any Direct Purchase Period, the date or dates on which Direct Purchase Bonds are subject to optional redemption during the applicable Direct Purchase Period, as established by the Board, the Market Agent or the Direct Purchaser or as set forth in the applicable Bondholder Agreement in accordance with the provisions of Section 2.08.

“Direct Purchase Rate” means the interest rate per annum on Direct Purchase Bonds determined on a periodic basis as provided in Section 2.08.

“Direct Purchase Rate Determination Date” means during any Direct Purchase Period, such date established as such by the Board, the Market Agent or the Direct Purchaser as set forth in the applicable Bondholder Agreement.

“Direct Purchase Rate Mandatory Purchase Date” means the first day following the last day of each Direct Purchase Interest Rate Period, or any other date established as such in a Bondholder Agreement.

“Direct Purchaser” means, during any Direct Purchase Period, the Holder of the Direct Purchase Bonds, if there is a single Holder of all of the Direct Purchase Bonds and provided, however, that the Bonds are not then held under the book-entry system. If there is more than one Holder of the Direct Purchase Bonds, “Direct Purchaser” means the Holders owning a majority in aggregate principal amount of the Direct Purchase Bonds then Outstanding. If the Direct Purchase Bonds are then held under the book-entry system, “Direct Purchaser” means the Beneficial Owner of the Direct Purchase Bonds, if there is a single Beneficial Owner of all of the Direct Purchase Bonds. If there is more than one Beneficial Owner of the Direct Purchase Bonds, “Direct Purchaser” means the Beneficial Owners who are the Beneficial Owners of a majority in aggregate principal amount of the Direct Purchase Bonds then Outstanding.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to the Resolution.

"Electronic Means" means the following communications methods: e-mail as a portable document format ("pdf") or other replicating image attached to an e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Registrar, or another method or system specified by the Registrar as available for use in connection with its services hereunder.

"Favorable Opinion of Bond Counsel" means a written legal opinion of bond counsel and/or tax counsel to the Board, as applicable, addressed to the Board, the Registrar, the Credit Provider, if any, and the Remarketing Agent, if any, as applicable, to the effect that (a) such action is permitted under the Resolution and (b) will not impair the exclusion of interest on the Tax-Exempt Bonds of such series from gross income for purposes of federal income taxation (subject to customary exceptions).

"Fiscal Year" means the Fiscal Year used by the Board at any time. At the time of the adoption of the Resolution, the Fiscal Year is the 12-month period beginning July 1 of each year.

"Fixed Rate Bonds" means, Bonds that bear interest at a fixed rate(s) of interest for the term of such bonds from the Issuance Date to the date of maturity or payment in full. Fixed Rate Bonds shall not be subject to Conversion to a different interest rate mode while such Bonds are outstanding.

"Flexible Rate" means the per annum interest rate on Flexible Rate Bonds determined for such Bonds pursuant to Section 2.09 hereof. Flexible Rate Bonds may bear interest at different Flexible Rates.

"Flexible Rate Bonds" means Bonds that bear interest at a Flexible Rate.

"Flexible Rate Determination Date" means the first day of each Flexible Rate Period.

"Flexible Rate Period" means the period of from one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established pursuant to Section 2.09 hereof. Flexible Rate Bonds may be in different Flexible Rate Periods.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies exercising such powers or functions, such as the European Union or the European Central Bank).

"Holder," **"Bondholder**," **"Registered Owner**," **"owner"** or **"holder"** whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered; provided, however, that any time the Bonds are held in a book-entry system, "Holder" or "Bondholder" shall mean Beneficial Owner of the Bonds.

"Index" means the SIFMA Index or any other index chosen by the Board.

"Index Floating Rate" means a variable interest rate for a series of Variable Rate Bonds established in accordance with the Resolution.

"Index Floating Rate Percentage" means the percentage of the Index Floating Rate determined by a Designated Representative pursuant to the Resolution.

"Index Floating Rate Period" means each period during which an Index Floating Rate is in effect for a series of Variable Rate Bonds.

"Index Floating Rate Spread" means, for any Bonds issued hereunder as Variable Rate Bonds initially bearing interest at the Index Floating Rate, initially the amount specified in the Bond Purchase Agreement, and with respect to any Conversion to an Index Floating Rate Period, the spread determined by the Remarketing Agent on or prior to the Conversion Date pursuant to the Resolution.

"Initial Term Interest Rate" means, if any, the initial fixed rate(s) of interest for any series of Variable Rate Bonds issued hereunder initially bearing interest at a Term Interest Rate.

"Initial Term Interest Rate Period" means, if any, the period commencing on the Issuance Date and ending on the first Purchase Date or at the end of a Delayed Remarketing Period, if applicable.

"Interest Accrual Date" with respect to any Bonds of a series issued as Variable Rate Bonds means:

(a) for any Weekly Interest Rate Period or Daily Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date;

(b) for each Term Interest Rate Period, the first day thereof and, thereafter, each January 1 and July 1 during that Term Interest Rate Period;

(c) for each Index Floating Rate Period, the first day thereof and, thereafter, the first Business Day of each calendar month during such Index Floating Rate Period;

(d) with respect to any Flexible Rate Period, the first day thereof; and

(e) with respect to any Direct Purchase Interest Rate Period, either the first calendar day of each month or the first Business Day of each calendar month.

"Interest Accrual Period" means, during any Direct Purchase Period, the Interest Accrual Period established in the applicable Bondholder Agreement.

"Interest Determination Date" means:

(a) for any Index Floating Rate Period during which the Index is the SIFMA Index, the first day of such Index Floating Rate Period and, thereafter, each Wednesday during such Index

Floating Rate Period or, if any such Wednesday is not a Business Day, the succeeding Business Day;

(b) for any Index Floating Rate Period during which a different Index is selected by the Board, the date selected by a Designated Representative and, thereafter, each Interest Reset Date during such Index Floating Rate Period.

"Interest Payment Date" means:

(a) for any Variable Rate Bonds issued hereunder, interest accrued in:

(1) any Weekly Interest Rate Period or Daily Interest Rate Period, the first Business Day of each calendar month;

(2) any Term Interest Rate Period, each January 1 and July 1, or if any January 1 or July 1 is not a Business Day, the next succeeding Business Day;

(3) any Index Floating Rate Period, the first Business Day of each month;

(4) any Flexible Rate Period, each Mandatory Purchase Date applicable thereto;

(5) any Direct Purchase Period, the first Business Day of each calendar month, or as may otherwise be established in the applicable Bondholder Agreement.

(b) for any Fixed Rate Bonds issued hereunder, each January 1 and July 1, or if any January 1 or July 1 is not a Business Day, the next succeeding Business Day.

"Interest Rate Period" means, for any Variable Rate Bonds, each Daily Interest Rate Period, Weekly Interest Rate Period, Term Interest Rate Period, Flexible Rate Period, Direct Purchase Interest Rate Period or Index Floating Rate Period.

"Interest Reset Date" with respect to any Bonds of a series issued as Variable Rate Bonds means:

(a) for each Index Floating Rate Period during which the Index is the SIFMA Index, each Thursday during such Index Floating Rate Period; and

(b) for each Index Floating Rate Period during which an Index other than as set forth in (a) or (b) is selected, the date selected by the Designated Representative during such Index Floating Rate Period.

"Issuance Date" means the date the Bonds of a series are initially delivered to the applicable Underwriter.

"Mandatory Purchase Date" means any Purchase Date on which Bonds are subject to mandatory purchase pursuant to Section 2.08 or 2.09, including as set forth in the applicable Bondholder Agreement.

"Market Agent" means the Person, if any, appointed by the Board to serve as market agent in connection with any Direct Purchase Period.

“Maximum Interest Rate” means, (a) with respect to any Bonds of a series issued as Variable Rate Bonds, 12% per annum, calculated in the same manner as interest is calculated for the interest rate on such Bonds then in effect.

“Par Call Date” for any Variable Rate Bonds issued hereunder:

(a) during the Initial Term Interest Rate Period and subsequent Term Interest Rate Periods, the first Business Day on which the Bonds are subject to call for optional redemption at a price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, if and as set forth in the applicable Bond Purchase Agreement;

(b) during any Index Floating Rate Period that is two years or longer in duration, the first Business Day that is on or after the date that is six months prior to the end of such Index Floating Rate Period or the date established by a Designated Representative with a Favorable Opinion of Bond Counsel; and

(c) during any other Index Floating Rate Period, the first Business Day after the end of such Index Floating Rate Period.

“Purchase Date” means each date on which Bonds issued as Variable Rate Bonds are required to be purchased pursuant to the Resolution or a Bond Purchase Agreement.

“Purchase Price” means the purchase price to be paid to the Registered Owners of Bonds issued as Variable Rate Bonds and purchased pursuant to the Resolution or a Bond Purchase Agreement, which shall be equal to the principal amount thereof tendered for purchase, without premium, plus accrued interest from the immediately preceding Interest Accrual Date to the Purchase Date (if the Purchase Date is not an Interest Payment Date); provided, however, that in the case of a proposed Conversion from a Term Interest Rate Period on a date on which the Variable Rate Bonds being converted would otherwise be subject to optional redemption pursuant to the Resolution if such Conversion did not occur, the Purchase Price shall also include the optional redemption premium, if any, provided for such date under the Resolution.

“Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial institution for the account of the Board on behalf of the owners of the Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest rating categories by Moody's Investors Service or S&P Global Ratings or their comparably recognized business successors.

“Record Date” means (a) with respect to any Interest Payment Date in a Daily Interest Rate Period, the last Business Day of each calendar month or, in the case of the last Interest Payment Date in a Daily Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (b) with respect to any Interest Payment Date for Fixed Rate Bonds or during in any Index Floating Rate Period or any Term Interest Rate Period, the 15th day immediately preceding that Interest Payment Date, and (c) with respect to any Interest Payment Date in any Weekly Interest Rate Period, the Business Day preceding the Interest Payment Date.

“Redemption Price” means, when used with respect to any Bonds issued as Variable Rate Bonds hereunder, the principal amount thereof plus the applicable premium, if any, plus accrued interest, if any, payable upon redemption thereof pursuant to the Resolution.

"Registrar" means the registrar, authenticating agent, paying agent, calculation agent and transfer agent appointed pursuant to the Resolution, its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Resolution.

"Reimbursement Agreement" means any agreement between the Board and a Credit Provider, pursuant to which a Credit Facility is issued by the Credit Provider, as the same may be amended or supplemented.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York.

"Remarketing Account" means the account with that name established pursuant to Section 6.08.

"Remarketing Agent" means each remarketing firm qualified under the terms of the Resolution to act as Remarketing Agent for the Bonds and appointed by a Designated Representative.

"Remarketing Agreement" means any Remarketing Agreement between the Board and the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the Remarketing Agent under the Resolution.

"Resolution" means the Amended and Restated Bond Resolution approved by the Board on March 27, 2018, as amended on March 26, 2019 and November 17, 2020, and as supplemented by a Fourth Supplemental Utility System Revenue Bond Resolution adopted by the Board on November 18, 2025, together with the Sale Order.

"Rule" means Rule 15c2-12 of the SEC promulgated under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

"Sale Order" means the order of the Chief Financial Officer executed and delivered on January 27, 2026 approving the sale and terms of the Bonds, and to which this exhibit is attached and into which the provisions herein are incorporated by reference.

"SEC" means the Securities and Exchange Commission.

"Serial Bonds" mean Bonds other than Term Bonds.

"SIFMA" means the Securities Industry and Financial Markets Association.

"SIFMA Index" means the seven-day high grade market index of tax-exempt variable rate demand obligations produced by Municipal Market Data and published or made available by SIFMA or any person acting in cooperation with or under the sponsorship of SIFMA. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Interest Reset Date or most recently published prior to the Interest Reset Date. If at any time neither such index is available, the Registrar shall use instead an index that the Registrar, after consultation with the

Remarketing Agent, if any, and the Board, determines most closely approximates the SIFMA Index.

"SIFMA Rate" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and is issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day

"Sinking Fund Requirement" means, for any Fiscal Year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed or paid at maturity in such Fiscal Year as established by the resolution of the Board authorizing the issuance of such Term Bonds.

"Stepped Interest Rate" means, for the period beginning on the applicable Purchase Date, a per annum interest rate or rates set forth in the applicable Bond Purchase Agreement.

"Tax-Exempt Bonds" means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to the Resolution.

"Term Bonds" means Bonds of any principal maturity which are subject to mandatory distribution or redemption or for which mandatory sinking fund payments are required.

"Term Interest Rate" means a term, non-variable interest rate established in accordance with the Resolution.

"Term Interest Rate Period" means each period during which a Term Interest Rate is in effect.

"Term Out Period" means, during any Direct Purchase Period, the Term Out Period, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Bondholder Agreement.

"Term Out Rate" means, during any Direct Purchase Period, the Term Out Rate, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Bondholder Agreement.

"Undelivered Bond" means any Bond which constitutes an Undelivered Bond under the provisions of the Resolution.

"Underwriter" means the underwriter or underwriters for a series of Bonds as selected by a Designated Representative pursuant to the Resolution.

"Unremarketed Bonds" means Direct Purchase Bonds for which the Holders have not received the full Purchase Price of all of their Bonds on the applicable Direct Purchase Rate Mandatory Purchase Date.

"Variable Rate" means a variable interest rate or rates to be borne by the Bonds or any one or more maturities of the Bonds. Such variable interest rate shall be subject to a Maximum Interest Rate and there may be an initial rate specified, in each case as provided in such resolution. Such resolution shall also specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

"Variable Rate Bonds" means, for any period of time the Bonds, which during such period bear interest at a Variable Rate, provided that Bonds the interest rate on which shall have been fixed for the remainder of the term to the maturity thereof shall no longer be Variable Rate Bonds.

"Weekly Interest Rate" means a variable interest rate for the Bonds established in accordance with the Resolution.

"Weekly Interest Rate Period" means each period during which a Weekly Interest Rate is in effect for a series of Bonds.

Rules of Interpretation. In the Sale Order, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein, "hereunder" and any similar terms, as used in the Resolution, refer to the Resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the Resolution;

(b) Words of any gender shall mean and include correlative words of any other genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of the Sale Order, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of the Resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Words importing the singular number include the plural number and vice versa.

ARTICLE II. INTEREST RATE ON VARIABLE RATE BONDS; CONVERSION PROVISIONS.

Section 2.01 General. The interest rate and Interest Rate Period for any series of Bonds issued under the Resolution as Variable Rate Bonds may be adjusted as set forth in this Article II. All Variable Rate Bonds of a series issued hereunder initially shall bear the same interest rate for the same Interest Rate Period. The initial interest rate mode, Interest Rate Period and other interest rate provisions for any series of Variable Rate Bonds shall be determined by a Designated Representative and set forth in the applicable Bond Purchase Agreement.

At any given time, any Variable Rate Bonds issued hereunder or any portion of such Variable Rate Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Term Interest Rate or at an Index Floating Rate. If portions of the Variable Rate Bonds of issued hereunder bear interest at different rates, references to Variable Rate Bonds in a particular rate shall mean those Variable Rate Bonds of such series bearing interest at the applicable interest rate mode. The Interest Rate Period for any Variable Rate Bonds of a series issued hereunder may not be adjusted as set forth in this Article II prior to a Purchase Date.

Section 2.02 Payment of Interest. Interest on any Variable Rate Bonds shall be paid on each Interest Payment Date, on any redemption date, on any Purchase Date and on the maturity date.

Section 2.03 Interest Accrual and Payment.

(a) Interest on Variable Rate Bonds issued hereunder during a Daily Interest Rate Period, a Weekly Interest Rate Period or an Index Floating Rate Period during which the Index is the SIFMA Index shall accrue on the basis of the actual number of days elapsed in a 365-day year (or a 366-day year in a leap year). Interest on the Variable Rate Bonds during a Term Interest Rate Period shall accrue on the basis of a 360-day year composed of twelve 30-day months.

(b) Each Variable Rate Bond shall bear interest from and including the Interest Accrual Date preceding the date of authentication thereof or, if such date of authentication is an Interest Accrual Date to which interest on such Variable Rate Bond has been paid in full or duly provided for, from such date of authentication. However, if, as shown by the records of the Registrar, interest on such Variable Rate Bonds is in default, Bonds issued in exchange for Bonds surrendered for registration or transfer or exchange shall bear interest from the date to which interest on such surrendered Bonds had been paid or duly provided for or, if no interest has been paid on such surrendered Bonds, from the date of authentication of such surrendered Bonds.

(c) During each Daily Interest Rate Period, interest on such Variable Rate Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date preceding the prior Interest Payment Date and ending on the last day of the month in which such Interest Accrual Date occurs.

(d) During each Weekly Interest Rate Period, interest on such Variable Rate Bonds shall be payable on each Interest Payment Date for the period commencing on the preceding Interest Accrual Date (or, if any such Interest Payment Date is not a Wednesday, commencing on the second preceding Interest Accrual Date) and ending on and including the Tuesday preceding such Interest Payment Date (or, if sooner, the last day of such Weekly Interest Rate Period).

(e) During each Index Floating Rate Period, interest on such Variable Rate Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date of the preceding month, and ending on the day preceding such Interest Payment Date.

(f) During each Term Interest Rate Period, interest on such Variable Rate Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date that occurs at the beginning of the immediately preceding six-month period and ending on the day preceding the Interest Accrual Date that occurs at the end of such six-month period.

(g) For any Direct Purchase Period, interest shall be payable on each Interest Payment Date for each Interest Accrual Period.

(h) In any event, interest on such Variable Rate Bonds shall be payable for the final Interest Rate Period to the date on which such Bonds have been paid in full.

Section 2.04 Weekly Interest Rate and Weekly Interest Rate Period.

(a) Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Variable Rate Bonds of a series shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 5:00 p.m., New York time, on Tuesday of each week, or if such day is not a Business Day, then on the succeeding Business Day. The first Weekly Interest Rate for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall be in effect for the period commencing on and including the first day of such Weekly Interest Rate Period and ending on and including the succeeding Tuesday. Thereafter, each Weekly Interest Rate shall be in effect for the period commencing on and including Wednesday and ending on and including the succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall be in effect for the period commencing on and including the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period.

(i) Each Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of obligations comparable, in the judgment of the Remarketing Agent, to the Variable Rate Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by such Variable Rate Bonds, would enable the Remarketing Agent to sell all of such Variable Rate Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof.

(ii) If the Remarketing Agent fails to establish any Weekly Interest Rate, then the Weekly Interest Rate shall be the same as the preceding Weekly Interest Rate if such Weekly Interest Rate was determined by the Remarketing Agent. If the preceding Weekly Interest Rate was not determined by the Remarketing Agent, or if the Weekly Interest Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Interest Rate shall be equal a percentage of the SIFMA Index to be defined in the applicable Bond Purchase Agreement, or if such index is no longer available, an alternative interest rate to be defined in the applicable Bond Purchase Agreement.

(b) Conversion to Weekly Interest Rate. Subject to Section 2.13, the Board may, from time to time, by written notice to the Credit Provider (if any), the Registrar and the

Remarketing Agent (if any), elect that a series of Variable Rate Bonds issued hereunder shall bear interest at a Weekly Interest Rate. The notice of the Designated Representative shall (i) specify the proposed Conversion Date, which shall be (A) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Registrar of such notice; (B) in the case of a Conversion from a Term Interest Rate Period, the day following the last day of such Term Interest Rate Period or a day on which the Bonds would otherwise be subject to optional redemption pursuant to the Resolution if such Conversion did not occur; and (C) in the case of a Conversion from an Index Floating Rate Period, the day following the last day of such Index Floating Rate Period or on or after a Par Call Date; and (ii) state whether a Credit Facility is to be in effect on the Conversion Date.

(c) Notice of Conversion to Weekly Interest Rate Period. The Registrar shall give notice of a Conversion to a Weekly Interest Rate Period to the Registered Owners of such Variable Rate Bonds not less than 30 days prior to the proposed Conversion Date. Such notice shall state (i) that the interest rate shall be converted to a Weekly Interest Rate unless the Board rescinds its election to convert the interest rate to a Weekly Interest Rate as provided herein; (ii) the proposed Conversion Date; (iii) that such Variable Rate Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for purchase of such Variable Rate Bonds; and (iv) the information set forth in Section 5.05.

Section 2.05 Daily Interest Rate and Daily Interest Rate Period.

(a) Determination of Daily Interest Rate. During each Daily Interest Rate Period, the Variable Rate Bonds of a series shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m., New York time, on each Business Day. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the preceding Business Day.

(i) Each Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of obligations comparable, in the judgment of the Remarketing Agent, to the Variable Rate Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by such Variable Rate Bonds, would enable the Remarketing Agent to sell all of such Variable Rate Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof.

(ii) If the Remarketing Agent fails to establish any Daily Interest Rate, then the Daily Interest Rate for such Business Day shall be the same as the preceding Daily Interest Rate and such Daily Interest Rate shall continue to be in effect until the earlier of (i) the date on which the Remarketing Agent determines a new Daily Interest Rate or (ii) the seventh day succeeding the first day on which the Daily Interest Rate was not determined by the Remarketing Agent. If the Daily Interest Rate is held to be invalid or unenforceable by a court of law, or the Remarketing Agent fails to determine the Daily Interest Rate for a period of seven days as described in clause (ii) of the preceding sentence, then the Daily Interest Rate shall be equal to a percentage of the SIFMA Index to be defined in the applicable Bond Purchase Agreement, or if such index is no longer available, an alternative interest rate to be defined in the applicable Bond Purchase Agreement.

(b) Conversion to Daily Interest Rate. Subject to Section 2.13, the Board may, from time to time, by written notice to the Credit Provider (if any), the Registrar and the Remarketing Agent (if any), elect that Variable Rate Bonds issued hereunder shall bear interest at a Daily Interest Rate. The notice of the Designated Representative shall (i) specify the proposed Conversion Date, which shall be (A) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Registrar of such notice; (B) in the case of a Conversion from a Term Interest Rate Period, the day following the last day of such Term Interest Rate Period or a day on which the Bonds would otherwise be subject to optional redemption pursuant to the Resolution if such Conversion did not occur; and (C) in the case of a Conversion from an Index Floating Rate Period, the day following the last day of such Index Floating Rate Period or on or after a Par Call Date; and (ii) state whether a Credit Facility is to be in effect on the Conversion Date.

(c) Notice of Conversion to Daily Interest Rate Period. The Registrar shall give notice of a Conversion to a Daily Interest Rate Period to the Registered Owners of such Variable Rate Bonds not less than 30 days prior to the proposed Conversion Date. Such notice shall state (i) that the interest rate shall be converted to a Daily Interest Rate unless the Board rescinds its election to convert the interest rate to a Daily Interest Rate as provided herein; (ii) the proposed Conversion Date; (iii) that the Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for purchase of such Variable Rate Bonds; and (iv) the information set forth in Section 5.05.

Section 2.06 Term Interest Rate and Term Interest Rate Period.

(a) Determination of Term Interest Rate.

(i) During each Term Interest Rate Period, the Variable Rate Bonds shall bear interest at the Term Interest Rate. The Business Day following the last day of each Term Interest Rate Period shall be a Purchase Date on which such Variable Rate Bonds are subject to mandatory tender pursuant to the Resolution. If Variable Rate Bonds issued under the Resolution are to initially bear interest at a Term Interest Rate, the Initial Term Interest Rate shall be set forth in the applicable Bond Purchase Agreement. The Term Interest Rate for each additional Term Interest Rate Period shall be determined by the Remarketing Agent on a Business Day no later than the first day of such Term Interest Rate Period.

(ii) For other than the Initial Term Interest Rate, the Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of obligations comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate at which the Remarketing Agent will agree to purchase the Bonds on the effective date of that rate for resale at a price (without regard to accrued interest) equal to the principal amount thereof.

(b) Conversion to Term Interest Rate.

(i) Subject to Section 2.13, the Board may, from time to time, by written notice to the Credit Provider (if any), the Registrar and the Remarketing Agent (if any), elect that Variable Rate Bonds issued hereunder shall bear, or continue to bear, interest at the Term Interest Rate. The notice of the Designated Representative shall specify (1) the proposed Conversion Date, which shall be (a) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Registrar of such notice; (b) in the case of a Conversion from a Term Interest Rate Period, the day following the last day of such Term Interest Rate Period or a day on which the Bonds would otherwise be subject to optional redemption pursuant to the Resolution if such Conversion did not occur; and (c) in the case of a Conversion from an Index Floating Rate Period, the day following the last day of such Index Floating Rate Period or on or after a Par Call Date; and (2) the last day of the Term Interest Rate Period, which shall be either the day prior to the maturity date or a day which both immediately precedes a Business Day and is at least 181 days after the proposed Conversion Date.

(ii) If, by the second Business Day preceding the 29th day prior to the last day of any Term Interest Rate Period, the Registrar has not received notice of the Board's election to effect a Conversion to a new Interest Rate Period, such Variable Rate Bonds shall nevertheless be subject to mandatory tender for purchase as provided in the Resolution on the Business Day following the last day of each Term Interest Rate Period.

(c) Notice of Conversion to a Term Interest Rate Period. The Registrar shall give notice of a Conversion to a Term Interest Rate Period to the Registered Owners of such Variable Rate Bonds not less than 30 days prior to the proposed Conversion Date. Such notice shall state (i) that the interest rate shall be converted to, or continue to be, a Term Interest Rate unless (A) the Board rescinds its election to convert the interest rate to the Term Interest Rate as provided in Section 2.13 or (B) all such Variable Rate Bonds are not remarketed on the proposed Conversion Date, in which case the provisions of Sections 2.12 and 5.05 shall apply; (b) the proposed Conversion Date, the Par Call Date (if any), the last day of the new Term Interest Rate Period; (c) that such Variable Rate Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for purchase of such Variable Rate Bonds; and (d) the information set forth in Section 5.05. In addition, the Designated Representative may provide for such additional terms and conditions to apply to a Term Interest Rate Period (subsequent to the Initial Term Interest Rate Period) as are substantially similar to the terms provided for the Initial Term Interest Rate Period or are not otherwise inconsistent with the Resolution.

Section 2.07 Index Floating Rate and Index Floating Rate Period.

(a) Determination of Index Floating Rate. During each Index Floating Rate Period, the Variable Rate Bonds shall bear interest at the Index Floating Rate, which shall be if the Index is the SIFMA Index, the Adjusted SIFMA Rate. The Index Floating Rate Spread to be in effect during each Index Floating Rate Period shall be determined by the Remarketing Agent, on the initial Interest Determination Date for such Index Floating Rate Period, and such Index Floating Rate shall be in effect for the period commencing on the first day of such Index Floating Rate Period to but excluding the first Interest Reset Date of such Index Floating Rate Period.

Thereafter, the Index Floating Rate shall be calculated by the Registrar on each Interest Determination Date, and such Index Floating Rate shall be in effect for the period commencing on each Interest Reset Date to but excluding the following Interest Reset Date.

(i) Each Index Floating Rate Spread shall be the spread determined by the Underwriter or Remarketing Agent (based on an examination of obligations comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum spread which, when added to the Index (multiplied, if applicable, by the Index Floating Rate Percentage), equals the interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell all of the Bonds on the Interest Reset Date at a price (without regard to accrued interest) equal to the principal amount thereof.

(ii) If a Designated Representative selects an alternate index other than the SIFMA Index, a Favorable Opinion of Bond Counsel shall be obtained and a certificate signed by a Designated Representative shall be prepared and sent to the Registrar setting forth the Index, the Index Floating Rate Spread, if any, and other appropriate terms.

(b) Conversion to Index Floating Rate.

(i) Subject to Section 2.13, the Board may, from time to time, by written notice to the Credit Provider (if any), the Registrar and the Remarketing Agent (if any), elect that Variable Rate Bonds issued hereunder shall bear, or continue to bear, interest at an Index Floating Rate. The notice of the Designated Representative shall specify (A) the proposed Conversion Date, which shall be (x) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Registrar of such notice; (y) in the case of a Conversion from a Term Interest Rate Period, the day following the last day of such Term Interest Rate Period or a day on which the Bonds would otherwise be subject to optional redemption pursuant to the Resolution if such Conversion did not occur; and (z) in the case of a Conversion from an Index Floating Rate Period, the day following the last day of such Index Floating Rate Period or on or after a Par Call Date; (B) the Conversion Date on which the Index Floating Rate Period is to end or, if applicable, that the Index Floating Rate Period is to end on the day prior to the maturity date; (C) the Index to be in effect and, if applicable, the Index Floating Rate Percentage; and (D) each Par Call Date for such Index Floating Rate Period.

(ii) If, by the second Business Day preceding the 29th day prior to the last day of any Index Floating Rate Period, the Registrar has not received notice of the Board's election that, during the succeeding Interest Rate Period, such Variable Rate Bonds shall bear interest at the Weekly Interest Rate, the Daily Interest Rate, the Term Interest Rate or another Index Floating Rate, (A) the next Interest Rate Period shall be an Index Floating Rate Period, (B) the Index (and, if applicable, the Index Floating Rate Percentage) for such Index Floating Rate Period shall remain the same and (C) the term of such Index Floating Rate Period shall be the same as the preceding Index Floating Rate Period (but which shall not extend beyond the day prior to the maturity date).

(c) Notice of Conversion to Index Floating Rate Period. The Registrar shall give notice of a Conversion to an Index Floating Rate Period to the Registered Owners of the

Bonds not less than 30 days prior to the proposed Conversion Date. Such notice shall state (i) that the interest rate shall be converted to, or continue to be, an Index Floating Rate, unless the Board rescinds its election to convert the interest rate to an Index Floating Rate as provided in Section 2.13); (ii) the proposed Conversion Date and the Conversion Date on which the Index Floating Rate Period is to end or, if applicable, that the Index Floating Rate Period is to end on the day prior to the maturity date; and (iii) that the Variable Rate Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for purchase of the Variable Rate Bonds; and (iv) the information set forth in Section 5.05.

Section 2.08 Direct Purchase Rate and Direct Purchase Rate Period

(a) Direct Purchase Bonds. The following shall apply during each Direct Purchase Period:

(i) The Direct Purchase Bonds shall be in Authorized Denominations.

(ii) Unless the Direct Purchaser gives a written direction otherwise, all payments with respect to the Direct Purchase Bonds are to be made directly by the Board to the Direct Purchaser for so long as it is the Holder of all of the Direct Purchase Bonds.

(iii) The Direct Purchase Bonds shall be registered in the name of the Direct Purchaser, and shall not have a CUSIP number assigned thereto (unless the Direct Purchaser consents thereto or directs that the Bonds be in book-entry form), and shall not be held under a Securities Depository system, including but not limited to the book-entry only system of DTC and (unless the Direct Purchaser consents thereto or directs that the Bonds be in book-entry form) shall not be registered in the name of "Cede & Co." or otherwise be DTC eligible. The Direct Purchase Bonds, without the prior written consent of the Direct Purchaser, shall not be rated by any Rating Agency and shall not be marketed during any period in which the Direct Purchase Bonds are held by the Direct Purchaser pursuant to any official statement, offering memorandum or any other disclosure documentation (other than in connection with any Conversion to an Interest Rate Period other than a Direct Purchase Period).

(iv) Unless otherwise directed by the Direct Purchaser, the Board shall cause physical delivery of the Direct Purchase Bonds to the Direct Purchaser in the form attached to the Resolution, with such modifications as shall be necessary for Direct Purchase Bonds. Each Bond bearing interest at the Direct Purchase Rate shall contain a legend indicating that the transferability of such Bond is subject to the restrictions set forth in the Resolution.

(v) No modifications or amendments to, or waivers of, the terms of the Direct Purchase Bonds, the Resolution, the Bondholder Agreement, or any related documents, by the Direct Purchaser shall be made or granted without the receipt by the Board of a Favorable Opinion of Bond Counsel.

(vi) Subject to the provisions of the Resolution, during any Direct Purchase Period, the Direct Purchaser, as the sole Holder of such Direct Purchase Bonds, shall have the right to enforce the rights and remedies provided to Bondholders under the Resolution and to control all proceedings relating to the exercise of such rights and remedies in its own name and not subject to the restrictions contained herein.

(b) Determination of Direct Purchase Rates. During each Direct Purchase Period with respect to the Bonds, the Bonds shall bear interest at the Direct Purchase Rate. For any Direct Purchase Period, interest on the Bonds shall be payable on each Interest Payment Date for each applicable Interest Accrual Period commencing on the Interest Accrual Date preceding such Interest Payment Date. For any Direct Purchase Period, the Direct Purchase Rate shall be determined by utilizing the Applicable Spread, the Applicable Factor and the Direct Purchase Index for such Direct Purchase Period, all in a manner determined by the Direct Purchaser or the Market Agent prior to the Conversion to any Direct Purchase Period or as otherwise set forth in the applicable Bondholder Agreement (the Direct Purchase Rate, unless otherwise established in a Bondholder Agreement, to be the sum of (i) the Applicable Factor multiplied by the Direct Purchase Index plus (ii) the Applicable Spread, per annum). The Market Agent shall determine the Direct Purchase Rate on each Direct Purchase Rate Determination Date to become effective on the immediately succeeding Index Reset Date during the Direct Purchase Period, and interest shall accrue at such rate for each day during the Interest Accrual Period commencing on the Index Reset Date. The Direct Purchase Rate shall be rounded, if necessary, to the third decimal place. For each Direct Purchase Period, prior to the commencement of such Direct Purchase Period, the Direct Purchaser or the Market Agent shall also determine the Direct Purchase Period, the Interest Accrual Period, the Direct Purchase Rate Mandatory Purchase Date, the Direct Purchase Period Earliest Redemption Date (if applicable), the Term Out Period (if applicable), and the Term Out Rate (if applicable). During each Direct Purchase Period, the Direct Purchase Bonds shall be subject to optional redemption as provided in Section 4.01(e) hereof.

(c) Conversion to Direct Purchase Period. Subject to Section 2.13, at any time, the Board, by Electronic Notice to the Registrar, the Credit Facility Provider, if any, the Liquidity Facility Provider, if any, and the Remarketing Agent, may direct that all, but not less than all, Bonds shall be converted to bear interest at a Direct Purchase Rate. Such direction of the Board shall specify the proposed Conversion Date, which shall be (1) a Business Day not earlier than the twentieth (20th) day following receipt by the Registrar of such direction and (2) in the case of a Conversion of Fixed Rate Bonds, only on any date during the period such Fixed Rate Bonds are subject to optional redemption pursuant to Section 4.01(a) hereof. In addition, such direction shall be accompanied by a letter of Bond Counsel that it expects to be able to render a Favorable Opinion of Bond Counsel on the proposed Conversion Date. In addition, such direction shall specify the duration of the Direct Purchase Period immediately following the proposed Conversion Date.

(d) Notice of Conversion to Direct Purchase Period. The Registrar shall give notice of a Conversion to a Direct Purchase Period to the Registered Owners of such Variable Rate Bonds not less than 30 days prior to the proposed Conversion Date. Such notice shall state (i) that the interest rate shall be converted to a Direct Purchase Period unless the Board rescinds its election to convert the interest rate to a Direct Purchase Period as provided herein; (ii) the proposed Conversion Date; (iii) that such Variable Rate Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for purchase of such Variable Rate Bonds; and (iv) the information set forth in Section 5.05

Section 2.09 Flexible Rate and Flexible Rate Period

(a) Determination of Flexible Rate Periods. A Flexible Rate Period for Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on a day preceding a Business Day or the maturity date, as the Remarketing Agent shall determine in accordance with the provisions of this Section; provided, however, that no Flexible Rate Period set after delivery by the Board of the notice of the intention to effect a Conversion pursuant to Section 2.15 hereof that has been received by the Remarketing Agent shall extend beyond the Mandatory Purchase Date of the Bonds subject to such Conversion. A Flexible Rate Bond can have a Flexible Rate Period and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Flexible Rate Periods, subject to limitations imposed by the second preceding sentence and in Section 2.02 hereof, on each Flexible Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent, in consultation with the Board, shall select for such Bond the Flexible Rate Period which would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest average interest cost for all Flexible Rate Bonds; provided, however, that if the Remarketing Agent has received notice from the Board that the Bonds are to be converted from the Flexible Rate Period to any other Interest Rate Period, the Remarketing Agent shall select Flexible Rate Periods which do not extend beyond the resulting applicable Mandatory Purchase Date of the Bonds. The Remarketing Agent shall notify the Registrar in writing of the terms of the Flexible Rate Period and the Bonds affected.

(b) Determination of Flexible Rates. By 1:00 p.m., New York City time, on each Flexible Rate Determination Date, the Remarketing Agent, with respect to each Bond in the Flexible Rate Period which is subject to adjustment on such date, shall determine the Flexible Rate Period then selected for such Bond as described above and shall give notice by Electronic Means to the Registrar and the Board, of the Flexible Rate Period, the Mandatory Purchase Date and the Flexible Rate for such Bond. The Remarketing Agent shall make the Flexible Rate and Flexible Rate Period available after 2:00 p.m., New York City time, on each Flexible Rate Determination Date by telephone or Electronic Means to any Beneficial Owner requesting such information.

(c) Conversion to Flexible Rate Period. Subject to Section 2.13, the Board may, from time to time, by written notice to the Credit Provider (if any), the Registrar and the Remarketing Agent (if any), elect that all, but not less than all, Bonds shall be converted to bear interest at a Flexible Rate. Such direction of the Board shall specify the proposed Conversion Date, which shall be (1) a Business Day not earlier than the twentieth (20th) day following receipt by the Registrar of such direction and (2) in the case of a Conversion of Fixed Rate Bonds, only on any date during the period such Fixed Rate Bonds are subject to optional redemption pursuant to Section 4.01(a) hereof. In addition, such direction shall be accompanied by a letter of Bond Counsel that it expects to be able to render a Favorable Opinion of Bond Counsel on the proposed Conversion Date. In addition, such direction shall specify the duration of the Flexible Rate Period immediately following the proposed Conversion Date.

(d) Notice of Conversion to Flexible Rate Period. The Registrar shall give notice of a Conversion to a Flexible Rate Period to the Registered Owners of such Variable Rate Bonds not less than 30 days prior to the proposed Conversion Date. Such notice shall state (i) that the interest rate shall be converted to a Flexible Rate Period unless the Board rescinds its election to convert the interest rate to a Flexible Rate Period as provided herein; (ii) the proposed

Conversion Date; (iii) that such Variable Rate Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for purchase of such Variable Rate Bonds; and (iv) the information set forth in Section 5.05.

Section 2.10 Determinations of Remarketing Agent and Registrar Binding. All percentages resulting from any calculation of any interest rate for Variable Rate Bonds shall be truncated to the nearest one thousandth of a percentage point and all dollar amounts rounded to the nearest cent, with one-half cent being rounded upward. The Remarketing Agent, if any, and the Registrar shall provide prompt notice of each determination of the interest rate for the Variable Rate Bonds to the Board, the Registrar and the Remarketing Agent (if any). The Registrar shall provide notice of any such determination to each Registered Owner or Beneficial Owner of the Variable Rate Bonds upon request. Absent manifest error, each such determination shall be conclusive and binding upon the Board, the Registrar, the Remarketing Agent and the Registered Owners and Beneficial Owners of the Variable Rate Bonds.

Section 2.11 Maximum Interest Rate. Notwithstanding any provision in the Resolution to the contrary, at no time shall the Variable Rate Bonds issued hereunder bear interest at a rate higher than the Maximum Interest Rate.

Section 2.12 Delayed Remarketing Period. If the entire amount of the Purchase Price of all of the Variable Rate Bonds bearing interest at a Term Interest Rate that are required to be purchased on the Purchase Date occurring at the end of the Initial Term Interest Rate Period cannot be paid, none of the Variable Rate Bonds will be purchased and a Delayed Remarketing Period will commence on such date with respect to such Variable Rate Bonds. If the Purchase Price of all of the Variable Rate Bonds bearing interest at an Index Floating Rate that are required to be purchased on a Purchase Date cannot be paid, only a portion of such Variable Rate Bonds (selected pro rata) in an amount equal to the funds available to pay the Purchase Price thereof in accordance with Section 6.08 will be purchased on such Purchase Date, and the remainder of such Variable Rate Bonds for which there are not sufficient available funds to pay the full Purchase Price thereof will not be purchased and a Delayed Remarketing Period will commence on such date with respect only to such Variable Rate Bonds. In such an event, a Delayed Remarketing Period will not commence for any Variable Rate Bonds that were not subject to mandatory tender on such Purchase Date. During a Delayed Remarketing Period, the following will apply to the Variable Rate Bonds subject to such Delayed Remarketing Period:

(a) All of the applicable Variable Rate Bonds will bear interest at the Stepped Interest Rate;

(b) The Remarketing Agent will continue to be obligated to remarket the applicable Variable Rate Bonds;

(c) The applicable Variable Rate Bonds will continue to be subject to optional redemption by the Board as described herein;

(d) The Designated Representative, by notice to the Registrar and the Remarketing Agent, may direct a Conversion of the applicable Variable Rate Bonds as described in Section 2.13;

(e) Interest on the applicable Variable Rate Bonds shall continue to be due and payable on each Interest Payment Date and also shall be payable on the last day of the Delayed Remarketing Period; and

(f) If the applicable Variable Rate Bonds are successfully remarketed as described in Section 6.06, the Registered Owners of the applicable Variable Rate Bonds will be obligated to tender their Variable Rate Bonds to the Registrar.

Section 2.13 Conversion of Interest Rate Periods.

(a) Rescission of Election. A Designated Representative may rescind any election to effect a Conversion by delivering to the Credit Provider (if any), the Registrar and the Remarketing Agent (if any), on or prior to 10:00 a.m., New York time, on the second Business Day preceding a proposed Conversion Date, a notice to the effect that the Board elects to rescind its election to effect such Conversion. If the Board rescinds its election to effect a Conversion at the end of a Term Interest Rate Period, a Delayed Remarketing Period shall commence on the Purchase Date and the Variable Rate Bonds shall bear interest at a Stepped Interest Rate as set forth herein or, (i) if a Daily Interest Rate Period is in effect immediately prior to the proposed Conversion, the Variable Rate Bonds shall continue to bear interest at the Daily Interest Rate or (ii) if an Index Floating Rate Period is in effect immediately prior to the proposed Conversion, the Variable Rate Bonds shall continue to bear interest at the applicable Index Floating Rate. If notice of a Conversion has been mailed to the Registered Owners of the Variable Rate Bonds as provided in Section 2.04(c), 2.05(c), 2.06(c), 2.07(c), 2.08(d) or 2.09(d), as applicable, and the Board rescinds its election to effect such Conversion, the Variable Rate Bonds shall nevertheless be subject to mandatory tender for purchase on the proposed Conversion Date.

(b) Certain Additional Conditions. No Conversion shall take effect unless each of the following conditions, to the extent applicable, shall have been satisfied:

(i) The Board shall have obtained the written consent of the Credit Provider, if any.

(ii) If required pursuant to the notice of Conversion, a Credit Facility shall be in effect on the Conversion Date.

(iii) The Board shall have received a Favorable Opinion of Bond Counsel with respect to such Conversion dated the Conversion Date.

(iv) The Registrar shall have sufficient remarketing or refunding proceeds, proceeds of a draw on the Credit Facility or other funds made available by the Board to pay the Purchase Price of the Variable Rate Bonds on the Conversion Date.

ARTICLE III. REPURCHASE OF BONDS.

Subject to the terms of the Resolution, the Board reserves the right to use money in the Receiving Fund or any other funds legally available therefor at any time to purchase any of the Bonds in the open market if such purchase shall be found by the Board to be economically advantageous and in the best interest of the Board. Any purchases of Bonds may be made with or without tenders of Bonds and at either public or private sale in such amount and at such price as the Board shall, in its discretion, deem to be in its best interest. Any money which is to be applied to the purchase or redemption of Bonds shall, prior to such purchase or redemption, be transferred to and deposited in the Bond Fund to the credit of the appropriate account therein. Purchases of Term Bonds may be credited against the Sinking Fund Requirement for such Term Bonds. Bonds purchased pursuant to this Article III shall be cancelled.

ARTICLE IV. REDEMPTION OF BONDS.

Section 4.01 Optional Redemption.

(a) Fixed Rate Bonds. Fixed Rate Bonds issued hereunder shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the applicable Bond Purchase Agreement approved by a Designated Representative.

(b) Weekly Interest Rate Period, Daily Interest Rate Period and Index Floating Rate Period.

(i) During a Daily Interest Rate Period or a Weekly Interest Rate Period, Bonds shall be subject to optional redemption at the written direction of a Designated Representative on any Business Day, in whole or in part, at a Redemption Price of 100% of the principal amount thereof plus interest, if any, accrued to the date fixed for redemption.

(ii) During an Index Floating Rate Period, Bonds shall be subject to optional redemption at the written direction of a Designated Representative on or after any Par Call Date, in whole or in part, at a Redemption Price of 100% of the principal amount thereof plus interest, if any, accrued to the date fixed for redemption.

(c) Term Interest Rate Period.

(i) During the Initial Term Interest Rate Period, Bonds shall be subject to optional redemption at the written direction of a Designated Representative on or after the Par Call Date specified in the Bond Purchase Agreement, in whole or in part, at a Redemption Price of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption.

(ii) For any Term Interest Rate Period other than the Initial Term Interest Rate Period, Bonds shall be subject to optional redemption at the written direction of a Designated Representative, at the Redemption Price or Redemption Prices set forth in the applicable Bond Purchase Agreement.

(iii) Notwithstanding anything herein to the contrary, the above table may be amended by a Designated Representative prior to a Conversion to a Term Interest Rate Period upon delivery of a Favorable Opinion of Bond Counsel.

(iv) In the event that the Conversion Date for Bonds converted to a Term Interest Rate Period is other than a day which would be an Interest Payment Date during such

Term Interest Rate Period, then the date on which such Bonds shall first be subject to redemption pursuant to the foregoing table (after the first day of such Term Interest Rate Period) shall be the first Interest Payment Date succeeding the date on which such Bonds otherwise would be subject to redemption, and the Redemption Price shall be adjusted on each anniversary of that Interest Payment Date as provided in such table.

(d) Flexible Rate Bonds. During a Flexible Rate Period, Bonds are not subject to optional redemption prior to their respective Purchase Dates. Flexible Rate Bonds shall be subject to redemption at the option of the Board, in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium.

(e) Direct Purchase Bonds. Direct Purchase Bonds are subject to redemption prior to their maturity date, at the option of the Board, in whole or in part at any time on or after their Direct Purchase Period Earliest Redemption Date, if any, at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium, or, with a Favorable Opinion of Bond Counsel, as is set forth in the applicable Bondholder Agreement.

Section 4.02 Mandatory Redemption. A Designated Representative may specify in the Bond Purchase Agreement or in a notice of Conversion that all or a portion of the Bonds are Term Bonds subject to mandatory sinking fund redemption at a Redemption Price of 100% of the principal amount thereof plus interest, if any, accrued to the date fixed for redemption, on the dates and with the Sinking Fund Requirements specified in the Bond Purchase Agreement or the notice of Conversion. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the Board and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled Sinking Fund Requirements for that Term Bond. The Designated Representative shall determine the manner in which the credit is to be allocated and shall notify the Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

Section 4.03 Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds of a series or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the price therein specified, and, if the Registrar then holds sufficient funds to effect such redemption, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

Section 4.04 Additional Notice. In addition to the foregoing notice, further notice shall be given by the Board as set out below, but no defect in said 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 above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus

(i) the CUSIP numbers of all Bonds being redeemed; (ii) the Issuance Date of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 30 days before the redemption date to each party entitled to receive notice pursuant to a Continuing Disclosure Undertaking and with such additional information as the Board shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

Section 4.05 Amendment of Notice Provisions. The foregoing notice provisions of this Section, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

ARTICLE V. PURCHASE OF VARIABLE RATE BONDS.

Section 5.01 Optional Tender for Purchase During Weekly Interest Rate Period.

(a) During any Weekly Interest Rate Period that the Variable Rate Bonds are not in a book-entry only system, such Variable Rate Bonds shall be purchased in an Authorized Denomination (provided that the amount of any such Variable Rate Bonds not to be purchased shall also be in an Authorized Denomination) from their respective Registered Owner at the option of the Registered Owner on any Business Day at the Purchase Price, from the sources specified in Section 5.07, payable in immediately available funds, upon delivery to the Registrar at its designated office for delivery of Variable Rate Bonds and to the Remarketing Agent of an irrevocable written notice which states the principal amount of such Variable Rate Bonds to be purchased and the Purchase Date, which shall be a Business Day not prior to the seventh day after the date of the delivery of such notice to the Registrar and the Remarketing Agent. Any notice delivered to the Registrar or the Remarketing Agent after 4:00 p.m., New York time, shall be deemed to have been received on the succeeding Business Day. Variable Rate Bonds to be so purchased must be delivered at or prior to 10:00 a.m., New York time, on the Purchase Date to the Registrar at its designated office for delivery of Variable Rate Bonds accompanied by an instrument of transfer, in form satisfactory to the Registrar.

(b) If during any Weekly Interest Rate Period the Variable Rate Bonds are in a book-entry only system, the Variable Rate Bonds shall be purchased in an Authorized Denomination (provided that the amount of any such Variable Rate Bonds not to be purchased shall also be in an Authorized Denomination) from the Registered Owner or respective Participant (subject to confirmation by DTC to the Registrar that the Participant has the required ownership interest in the Variable Rate Bonds) at the option of the Registered Owner or Participant on any Business Day at the Purchase Price, from the sources specified in Section 5.07, payable in immediately available funds to the Registered Owner, and not to the Participant, upon delivery to the Registrar at its designated office for delivery of Variable Rate Bonds and to the Remarketing Agent of an irrevocable written notice which states the principal amount of such Variable Rate Bonds to be purchased and the Purchase Date, which shall be a Business Day not prior to the seventh day after the date of the delivery of such notice to the Registrar and the Remarketing

Agent. Any notice delivered to the Registrar or the Remarketing Agent after 4:00 p.m., New York time, shall be deemed to have been received on the succeeding Business Day.

(c) Payment of the Purchase Price of such Variable Rate Bonds shall be made by the Registrar by 3:00 p.m., New York time, on the Purchase Date specified in such notice, or as soon as practicable thereafter, upon the receipt by the Registrar of the Purchase Price as set forth in Section 6.08 on the Purchase Date.

Section 5.02 Optional Tender for Purchase During Daily Interest Rate Period.

(a) During any Daily Interest Rate Period in which the Variable Rate Bonds of a series are not subject to a book-entry only system, such Variable Rate Bonds shall be purchased in an Authorized Denomination (provided that the amount of any such Variable Rate Bonds not to be purchased shall also be in an Authorized Denomination) from their respective Registered Owner at the option of the Registered Owner on any Business Day at the Purchase Price, from the sources specified in Section 5.07, payable in immediately available funds, upon delivery to the Registrar at its designated office for delivery of Variable Rate Bonds and to the Remarketing Agent by no later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing, which states the principal amount of such Variable Rate Bonds to be purchased and the Purchase Date. Any notice delivered to the Registrar or the Remarketing Agent after 11:00 a.m., New York time, shall be deemed to have been received on the succeeding Business Day. Variable Rate Bonds to be so purchased must be delivered at or prior to 12:00 noon, New York time, on the Purchase Date to the Registrar at its designated office for delivery of Variable Rate Bonds accompanied by an instrument of transfer, in form satisfactory to the Registrar.

(b) During any Daily Interest Rate Period the Variable Rate Bonds of a series are in a book-entry only system, the Variable Rate Bonds shall be purchased in an Authorized Denomination (provided that the amount of any such Variable Rate Bonds not to be purchased shall also be in an Authorized Denomination) from the respective Registered Owner or Participant at the option of the Registered Owner or Participant on any Business Day at the Purchase Price, from the sources specified in Section 5.07, payable in immediately available funds to the Registered Owner (and not to the Participant), upon delivery to the Registrar at its designated office for delivery of Variable Rate Bonds and to the Remarketing Agent by no later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed by telecopy or other writing, which states the principal amount of such Variable Rate Bonds to be purchased and the Purchase Date. Any notice delivered to the Registrar or the Remarketing Agent after 11:00 a.m., New York time, shall be deemed to have been received on the succeeding Business Day.

(c) Payment of the Purchase Price of such Variable Rate Bonds shall be made by the Registrar by 3:00 p.m., New York time, on the Purchase Date specified in such notice, or as soon as practicable thereafter, upon the receipt by the Registrar of the Purchase Price as set forth in Section 6.08 on the Purchase Date.

Section 5.03 Mandatory Tender for Purchase.

(a) Except as provided in the next paragraph, the Variable Rate Bonds shall be subject to mandatory tender for purchase at the Purchase Price on the first day of each Interest Rate Period, on each proposed Conversion Date for which notice has been given to the Registered Owners and on or after each Par Call Date for which notice has been given to the Registered Owners. During the Initial Term Interest Rate Period or any subsequent Term Interest Rate Period if elected by the Designated Representative, the Variable Rate Bonds shall be subject to mandatory tender for purchase on the Business Day following the last day of such Term Interest Rate Period, regardless of whether the Board has provided (or rescinded) notice of intent to effect a Conversion to a new Interest Rate Period. If insufficient funds are available to the Registrar to pay the Purchase Price of all of such Variable Rate Bonds, none of the Variable Rate Bonds may be purchased and a Delayed Remarketing Period shall commence with respect to such Variable Rate Bonds in accordance with Section 2.12, and the failure to pay the Purchase Price on such Purchase Date shall not constitute an Event of Default under the Resolution.

(b) For any Purchase Date occurring during the Initial Term Interest Rate Period (including the Purchase Date occurring at the end of such Initial Term Interest Rate Period), unless all of the applicable Variable Rate Bonds are purchased, none of such Variable Rate Bonds will be purchased. In such event, the Registrar will return all of the Variable Rate Bonds to the owners thereof and the Variable Rate Bonds will remain outstanding and bear interest at the then-effective Term Interest Rate; provided, however, that if the Variable Rate Bonds are not purchased on the Purchase Date occurring on the Business Day succeeding the last day of the Initial Term Interest Rate Period, a Delayed Remarketing Period shall commence on such Purchase Date and from and after such date the Variable Rate Bonds shall accrue interest at the Stepped Interest Rate until such Variable Rate Bonds are purchased pursuant to a Conversion, redeemed or paid at maturity.

(c) Payment of the Purchase Price of such Variable Rate Bonds shall be made by the Registrar by 3:00 p.m., New York time, on the Purchase Date specified in the notice of Conversion or call, or as soon as practicable thereafter, upon the receipt by the Registrar of the Purchase Price as set forth in Section 6.08 on the Purchase Date. Variable Rate Bonds to be so purchased that are not subject to a book-entry only system must be delivered at or prior to 10:00 a.m., New York time, on the Purchase Date to the Registrar at its designated office for delivery of Variable Rate Bonds accompanied by an instrument of transfer, in form satisfactory to the Registrar.

Section 5.04 Mandatory Tender for Purchase upon Termination, Replacement or Expiration of the Credit Facility.

(a) The Variable Rate Bonds shall be subject to mandatory tender for purchase at the Purchase Price if at any time the Registrar receives notice that the Variable Rate Bonds shall cease to be subject to purchase pursuant to the Credit Facility then in effect as a result of (1) the termination, replacement or expiration of such Credit Facility, including termination at the option of the Board in accordance with the terms of any Reimbursement Agreement or upon an event of default under the Reimbursement Agreement or (2) a Conversion. The Purchase Date shall be (i) the fifth Business Day preceding any such expiration or termination of such Credit Facility if no

Alternate Credit Facility is to be delivered to the Registrar, (ii) the date such Alternate Credit Facility is delivered to the Registrar or (iii) the Conversion Date.

(b) Payment of the Purchase Price of such Variable Rate Bonds shall be made by the Registrar by 3:00 p.m., New York time, on the Purchase Date specified in the notice given pursuant to Section 5.05, or as soon as practicable thereafter, upon the receipt by the Registrar of the Purchase Price as set forth in Section 5.5 on the Purchase Date. Variable Rate Bonds to be so purchased that are not subject to a book-entry only system must be delivered at or prior to 10:00 a.m., New York time, on the Purchase Date to the Registrar at its designated office for delivery of Variable Rate Bonds accompanied by an instrument of transfer, in form satisfactory to the Registrar.

Section 5.05 Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of Variable Rate Bonds in accordance with Section 5.03 or 5.04, the Registrar shall give the notice required by this Section 5.05 (if applicable, as a part of the notice given pursuant to Section 2.04(c), 2.05(c), 2.06(c), 2.07(c), 2.08(d) or 2.09(d)). Such notice shall state (1) in the case of a mandatory tender for purchase pursuant to Section 5.03, the type of Interest Rate Period to which the Variable Rate Bonds will be converted on the Purchase Date; (2) in the case of a mandatory tender for purchase pursuant to Section 5.04, that the Credit Facility will expire, terminate or be replaced and that after the Purchase Date, the Variable Rate Bonds will no longer be purchased pursuant to the Credit Facility then in effect and that the short-term ratings applicable to the Variable Rate Bonds may be reduced or withdrawn; (3) that, provided the Purchase Price shall have been provided to the Registrar from remarketing or refunding proceeds, proceeds of a draw on the Credit Facility or other funds made available by the Board, the Variable Rate Bonds shall be purchased on the Purchase Date; and (4) that in the case of Variable Rate Bonds that are not subject to a book-entry only system, the Purchase Price shall be payable only upon surrender of the Variable Rate Bonds to the Registrar at its designated office for delivery of Variable Rate Bonds, accompanied by an instrument of transfer, in form satisfactory to the Registrar, executed in blank by the Registered Owner or its duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange, and that if the Registered Owner of any such Variable Rate Bond does not surrender that Variable Rate Bond to the Registrar for purchase on the Purchase Date, then that Variable Rate Bond shall be deemed to be an Undelivered Bond, no interest shall accrue on such Bond on and after the Purchase Date and that the Registered Owner shall have no rights under the Resolution other than to receive payment of the Purchase Price.

Section 5.06 Irrevocable Notice Deemed to be Tender of Bonds; Undelivered Bonds.

(a) The giving of optional tender to purchase notice by a Registered Owner of Bonds or Participant as provided in Section 5.01 or 5.02 shall constitute the irrevocable tender for purchase of each Variable Rate Bond with respect to which such notice is given regardless of whether that Variable Rate Bond is delivered to the Registrar for purchase on the applicable Purchase Date.

(b) If the Registered Owner of a Variable Rate Bond subject to mandatory tender for purchase that is not subject to a book-entry only system shall fail to deliver its Variable Rate Bond to the Registrar at the place and on the Purchase Date and by the time specified, or shall fail to deliver its Variable Rate Bond properly endorsed, such Variable Rate Bond shall constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bond are available for payment to the Registered Owner thereof on the Purchase Date and at the time specified, then from and after the Purchase Date and time of that required delivery (i) the Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be outstanding under the Resolution; (ii) interest shall no longer accrue on the Undelivered Bond; and (iii) funds in the amount of the Purchase Price of the Undelivered Bond shall be held uninvested and without liability for interest by the Registrar for the benefit of the Registered Owner thereof, to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Registrar at its designated office for delivery of Variable Rate Bonds.

Section 5.07 Source of Funds for Payment of Purchase Price. The Purchase Price of Variable Rate Bonds to be purchased on any Purchase Date shall be made from the following sources and in the following order of priority:

(a) proceeds of the remarketing of the Variable Rate Bonds;

(b) proceeds of refunding bonds issued by the Board;

(c) proceeds of a draw on the Credit Facility, if any; and

(d) other funds made available by the Board.

ARTICLE VI. CREDIT FACILITY; BANK BONDS.

Section 6.01 Draws on Credit Facility. When a Credit Facility is in effect, the Registrar shall draw on the Credit Facility in accordance with the terms of the Credit Facility and the provisions of the Reimbursement Agreement to the extent necessary to pay when due the principal and Purchase Price of and interest on the Variable Rate Bonds.

Section 6.02 Acceptance by Registrar. If at any time there are delivered to the Registrar (1) a Credit Facility, (2) all required opinions and information, and (3) all information required to give the notice of mandatory tender for purchase of the Variable Rate Bonds, then the Registrar shall accept such Credit Facility and, after the date of the mandatory tender for purchase established pursuant to Section 5.03 or 5.04, promptly surrender any Credit Facility then in effect to the issuer thereof for cancellation in accordance with its terms.

Section 6.03 Notice of Termination. The Registrar shall give notice to the Remarketing Agent and the Registered Owners of the Variable Rate Bonds of the termination or expiration of any Credit Facility in accordance with its terms.

Section 6.04 Bank Bonds. A Credit Facility may provide that a Variable Rate Bond that is purchased by the Board with amounts paid or provided by a Credit Provider under a Credit Facility shall become a Bank Bond and shall bear interest at the Bank Rate for each day from and including the day such Bank Bond becomes a Bank Bond to and excluding the day such Bank Bond ceases to be a Bank Bond or is paid in full. Interest on each Bank Bond shall be calculated and be payable on the dates and in the manner specified in the Credit Facility or Reimbursement

Agreement. To the extent there are not remarketing proceeds or refunding bond proceeds available to pay a Bank Bond on any interest or principal payment date for those Bank Bonds, the Board shall make such payment to the Registrar from the Bond Fund.

Section 6.05 Remarketing Agent. A Designated Representative shall appoint a Remarketing Agent for Variable Rate Bonds to be converted to a Daily Interest Rate, Weekly Interest Rate or Term Interest Rate or to remarket Variable Rate Bonds upon a Purchase Date and enter into a Remarketing Agreement with such Remarketing Agent. Each Remarketing Agent appointed by the Board shall designate its principal office in the Remarketing Agreement. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed upon it under the Resolution by a written instrument of acceptance (which may be the Remarketing Agreement) delivered to the Board, the Registrar and the Credit Provider, if any, under which the Remarketing Agent shall agree to keep such books and records related to the remarketing of the Variable Rate Bonds as shall be consistent with prudent industry practice and to make such books and records related to the remarketing of the Variable Rate Bonds available for inspection by the Board, the Registrar and the Credit Provider, if any, at all reasonable times.

Each Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least $50,000,000 and authorized by law to perform all the duties imposed upon it by the Resolution and the Remarketing Agreement. Each Remarketing Agent shall be acceptable to the Credit Provider, if any. A Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving notice to the Board, the Registrar and the Credit Provider, if any. Such resignation shall take effect on the 30th day after the receipt by the Board of the notice of resignation. A Remarketing Agent may be removed at any time on 15 days prior written notice, by an instrument signed by the Board, approved by the Credit Provider, if any, and delivered to the Remarketing Agent, the Registrar and the Credit Provider.

Section 6.06 Remarketing of Variable Rate Bonds; Notice of Interest Rates.

(a) Remarketing. Upon a mandatory tender for purchase of the Variable Rate Bonds as required by Section 5.03 or 5.04 or notice of optional tender for purchase of Variable Rate Bonds under Section 5.01 or 5.02, the Remarketing Agent shall offer for sale and use its best efforts to sell such Variable Rate Bonds on the Purchase Date and, if not remarketed on the Purchase Date, thereafter until sold, at the Purchase Price. Variable Rate Bonds shall not be remarketed to the Board.

(b) Notice of Purchase and Remarketing. The Remarketing Agent shall give notice, in no event later than 9:30 a.m., New York time, on the Purchase Date, by facsimile transmission, telephone, telecopy, e-mail or similar electronic means promptly confirmed by a written notice, to the Registrar and the Board on each date on which Variable Rate Bonds have been purchased pursuant to Article V, specifying the principal amount of such Variable Rate Bonds, if any, remarketed, and if the Variable Rate Bonds are not in book-entry form, a list of the purchasers showing the names and denominations in which such Variable Rate Bonds are to be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

Section 6.07 Bond Purchase Account. There shall be created and established a separate an account within the Bond Fund to be designated the "Bond Purchase Account." The Registrar shall further establish within the Bond Purchase Account a separate subaccount to be designated the "Remarketing Account" and, if a Credit Facility is delivered in connection with a Conversion, a separate trust account to be designated the "Credit Facility Purchase Account." Amounts contributed by the Board to the Purchase Price as provided in Article III shall be transferred from the Bond Fund to the Registrar and deposited into the Bond Purchase Account.

Section 6.08 Remarketing Account. Upon receipt of the proceeds of a remarketing of Variable Rate Bonds on a Purchase Date pursuant to Section 6.06, the Registrar shall deposit such proceeds in the Remarketing Account of the Bond Purchase Account for application to the Purchase Price of such Bonds in accordance with Section 6.06.

Section 6.09 Credit Facility Purchase Account. Upon receipt from the Credit Provider of funds drawn on a Credit Facility, the Board shall deposit such funds in the Credit Facility Purchase Account of the Bond Purchase Account for application to the Purchase Price of the Variable Rate Bonds required to be purchased on a Purchase Date to the extent that the money on deposit in the Remarketing Account of the Bond Purchase Account shall not be sufficient. Any amounts deposited in the Credit Facility Purchase Account and not needed on any Purchase Date for the payment of the Purchase Price for any Variable Rate Bonds shall be immediately returned to the Credit Provider. Any amounts in the Credit Facility Purchase Account shall only be used to repay the Variable Rate Bonds.

Section 6.10 Reimbursement Obligations. In the event that the Board elects additionally to secure Variable Rate Bonds through the use of a letter of credit, insurance or other credit enhancement device, the Board may contract with the entity providing such letter of credit, insurance or other credit enhancement device that the Board's reimbursement obligation, if any, to such entity ranks on a parity of lien with the Bonds; provided that the payments due under such reimbursement obligation are such that if such reimbursement obligation were a series of additional bonds under the Resolution and assuming that such credit enhancement device were to be drawn upon for the full amount available, such additional could be issued in compliance with the provisions of Section 24 of the Resolution excluding Annual Debt Service on the Variable Rate Bonds.

Appendix I

TENDERED BONDS

If the BWL Tender Offer is consummated, the final Official Statement will include a schedule of Tendered Bonds substantially similar to the table below:

Tendered Bonds

Series	CUSIP[(1)]	Maturity Date (July 1)	Interest Rate	Outstanding Principal Amount	Par Amount of Bonds Accepted for Tender	Purchase Price (% of Principal Amount)

[(1)] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau of CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau database. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the BWL does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

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$72,000,000*

LANSING BOARD OF WATER AND LIGHT

CITY OF LANSING, MICHIGAN

UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026A

(MANDATORY PUT BONDS)

and

$__________*

LANSING BOARD OF WATER AND LIGHT

CITY OF LANSING, MICHIGAN

UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2026B

* Preliminary, subject to change.

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