

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, September 8, 2009**

At

**5:15 p.m.**

In The

**Traverse City Light & Power Service Center**

1131 Hastings Street  
Traverse City, MI 49686

Traverse City Light and Power will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon notice to Traverse City Light and Power. Individuals with disabilities requiring auxiliary aids or services should contact the Light and Power Department by writing or calling the following.

Jessica Dezelski,  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4543

Traverse City Light and Power  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 922-4940

Posting Date: 09-04-09  
5:00 p.m.

**PLEDGE OF ALLEGIANCE**

**1. ROLL CALL**

**2. CONSENT CALENDAR**

*The purpose of the consent calendar is to expedite business by grouping non-controversial items together to be dealt with by one Board motion without discussion. Any member of the Board, staff or the public may ask that any item on the consent calendar be removed therefrom and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected. If an item is not removed from the consent calendar, the action noted in parentheses on the agenda is approved by a single Board action adopting the consent calendar.*

- A. Consideration of approving minutes of the Regular Meeting of August 25, 2009.
- B. Consideration of approving minutes of the Closed Session of August 25, 2009.

**3. OLD BUSINESS**

- A. None as of September 4, 2009

**4. NEW BUSINESS**

- A. Consideration of approving Mark Rollenhagen's retirement purchase request.  
(Rollenhagen)

**5. REPORTS AND COMMUNICATIONS**

- A. From Legal Counsel:  
None as of September 4, 2009
- B. From Staff:
  - (1) Update on Wind Project (Rice)
  - (2) Update on Biomass Project (Rice)
  - (3) Update on Fiber Project (Rice)
- C. From Board:  
None as of September 4, 2009

**6. PUBLIC COMMENT**

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, August 25, 2009

**BOARD MEMBERS -**

Present: Linda Johnson, Michael Coco, John Welch, James Hoogesteger, John Snodgrass, Ralph Soffredine, Jim Carruthers

Absent: None

**EX OFFICIO MEMBER -**

Present: R. Ben Bifoss

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Karen Feahr, W. Peter Doren

The meeting was called to order at 5:15 p.m. by Chairperson Johnson.

**2. CONSENT CALENDAR**

Moved by Soffredine, seconded by Welch, that the following items, as recommended on the Consent Calendar portion of the agenda, be approved:

- A. Consideration of approving minutes of the Regular Meeting of August 11, 2009.
- B. Consideration of appointing Michigan Public Power Agency alternates. (Approval recommended) (Rice).

CARRIED unanimously.

**3. OLD BUSINESS**

Moved by Welch, seconded by Coco, that the Light and Power Board go into Closed Session following Public Comment.

Roll call vote:

Yes: Johnson, Coco, Welch, Hoogesteger, Snodgrass, Soffredine, Carruthers

No: None

CARRIED

**4. NEW BUSINESS**

- A. Tino Breithaupt of Traverse Bay Economic Development Corporation presented an update on the economic development activity.

Moved by Soffredine, seconded by Coco, that the Light and Power Board approve contributing \$25,000 to the Traverse Bay Economic Development Corporation for 2009-10 economic development services; and further that a representative report back to the Board at a future meeting.

Public Comment:

Steve Perdue, 2953 Sugarwood Drive  
Chris Morse, 3563 Lone Lookout Road  
Doug Luciani, President and CEO of Traverse City Area Chamber of Commerce

Roll call vote:

Yes: Johnson, Coco, Welch, Hoogesteger, Snodgrass, Soffredine  
No: Carruthers

CARRIED

**5. REPORTS AND COMMUNICATIONS**

A. Legal Counsel Report:

- (1) W. Peter Doren spoke re: correcting inconsistencies within the L&P Purchasing Policy.

Commissioner Carruthers moved that the Board of Light & Power amend the Purchase Policy to include a competitive bid process and professional and contractual services and general purchasing of materials supporting a fair, open and equal competitive process.

Motion failed due to lack of support.

B. Staff Reports:

- (1) Jessica Dezelski spoke re: the Regular Board meeting on September 8, 2009 to be held at the Light & Power Service Center.

C. Board Reports:

- (1) Commissioner Carruthers spoke re: MHA Schooner Festival.
- (2) Commissioner Carruthers spoke re: MHA relations.
- (3) Commissioner Carruthers spoke re: email communication.

**6. PUBLIC COMMENT**

Gerry Harsch, 803 S. Union

The Board went into Closed Session at 6:46 p.m.  
Commissioner Soffredine left at 6:55 p.m.  
Commissioner Carruthers left at 7:12 p.m.  
The Board came out of Closed Session at 7:14 p.m.


The meeting adjourned at 7:15 p.m.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board

**From:** Denise Kuschell, Human Resource Specialist 

**Date:** September 2, 2009

**Subject:** Employee Purchase of Pension Service Credit using 457 Deferred Compensation Assets

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The 2001 Tax Relief Act, effective January 1, 2002, allows a governmental employee to purchase generic service credit in a defined benefit pension plan using assets from their deferred compensation 457 plan.

Our defined benefit pension plan is with MERS (Michigan Employees' Retirement System) and allows an employee the option to purchase up to five (5) years of generic service credit.

The Act provides the employee the flexibility to use all or a portion of their 457 account balance for the purchase of generic pension service credit.

I request that Light and Power Board support Mark Rollenhagen's request.

Following L&P Board approval, the City Commission must approve the following resolution:

As provided by the MERS Plan Document, the above additional credited service is granted this member by resolution adopted by \_\_\_\_\_ (Governing Body) at its meeting on \_\_\_\_\_. It is understood that calculation of the actuarial cost is based on the assumptions approved by the Retirement Board on the date the calculation was prepared. Actual, future events and experience may result in changes different than those assumed, and liability different than the estimated.

If the Board is in approval of Mark Rollenhagen's request the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE LIGHT AND POWER BOARD APPROVE THE PURCHASE OF GENERIC CREDITED SERVICE TIME FOR MARK ROLLENHAGEN, AT HIS EXPENSE, UNDER THE MICHIGAN EMPLOYEES' RETIREMENT SYSTEM (MERS) AND RECOMMEND THE CITY COMMISSION ADOPT THE ABOVE RESOLUTION AS REQUIRED BY MERS.**

September 4, 2009

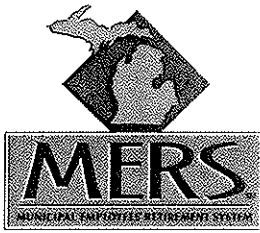
Traverse City Light and Power Board

I am applying to purchase five years of retirement time. I am doing this in order to consolidate previously acquired retirement benefits into one investment. This will also move these benefits from some investments that are more volatile and risky and move them to a more stable instrument. I am doing this as I am at an age where I should be reducing my risk and shifting to a more stable investment strategy. Even with this purchase I will have less than the 25 years required for any early retirement options offered through the MERS plan. The MERS representative has assured the City Commission that there would be no adverse financial impact upon the City of Traverse City or Traverse City Light and Power due to the purchase of retirement time by employees.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Rollenhagen', with a long horizontal flourish extending to the right.

Mark Rollenhagen, PE  
Operations Manager, TCL&P



**Municipal Employees' Retirement System of Michigan**  
1134 Municipal Way, Lansing, Michigan 48917

Office of Employee & Retiree Services - Direct Line (800) 767-2308 • Fax (517) 703-9706

Phone (517) 703-9030 • (800) 767-6377 • Fax (517) 327-8336 • Web site: www.mersofmich.com

**APPLICATION FOR ADDITIONAL CREDITED SERVICE  
Member Certification and Governing Body Resolution**

**MEMBER**

Name: Mark William Rollenhagen  
SSN: XXX-XX-7250  
DOB: 7/19/1955  
Age: 54 years, 1 months  
Spouse's DOB: 4/7/1958

**CALCULATION DATE - 9/1/2009**

(Estimate Not Valid After 2 Months)

**BENEFIT PROGRAMS**

Benefit B-3 (80% max)  
Benefit F55 (With 25 Years of Service)  
Benefit FAC-5 (5 Year Final Average Compensation)  
10 Year Vesting  
E2 COLA Benefit

**EMPLOYER**

Name: Traverse City, City of  
Number/Div: 2801 / 10

**ESTIMATED FAC ON CALCULATION DATE:** \$97,043.99

**CREDITED SERVICE**

Member's Service Credit as of Calculation Date: 8 years, 7 months  
Type of Credited Service to be Granted: Generic  
Amount of Credited Service to be Granted: 5 years, 0 months (may not be used for vesting)  
**Total Estimated Actuarial Cost of Additional Credited Service:** **\$107,008.00** [Payment Options on Reverse]

**BENEFIT CALCULATION ASSUMPTIONS**

1. It is assumed that the Member will continue working until the earliest date for unreduced retirement benefits. If the Member terminates prior to becoming eligible for unreduced benefits, the Employer understands and accepts that the actuarial cost will be different from the actuarial cost shown above.
2. The Member's Final Average Compensation (FAC) is projected to increase 4.5% annually from the date of purchase to the date of retirement.
3. The Plan's Investment Return is projected to be 8% annually.

**NOTE: Special Information regarding the calculation of the cost of this Service Credit Purchase is on page 2 of this report.**

**THE ADDITIONAL CREDITED SERVICE IS PROJECTED TO RESULT IN THE FOLLOWING CHANGES:**

	Retirement Date	Age	Service Through	Total Service	FAC	Annual Benefit
Before Purchase	8/1/2015	60 yrs., 0 mths.	7/31/2015	14 yrs., 6 mths.	\$125,913.81	\$41,079.36
After Purchase	8/1/2015	60 yrs., 0 mths.	7/31/2015	19 yrs., 6 mths.	\$125,913.81	\$55,244.64

Note: MERS is not responsible for any Member or Employer supplied information, or any losses which may result if actual experience differs from actuarial assumptions. The Member and Employer are responsible for reviewing the information contained herein for accuracy, and assuming the risk that actual experience results in liability different than that estimated.

**MEMBER CERTIFICATION**

I certify that the above information is correct and accurate. If this is a purchase of qualifying "other governmental" service, I certify that the service has not and will not be recognized for the purpose of obtaining or increasing a pension under another defined benefit retirement plan.

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Date

**GOVERNING BODY RESOLUTION**

As provided by the MERS Plan Document, and in accordance with the Employer's policy there under, the additional credited service described above is hereby granted this Member by Resolution of the Governing Body of \_\_\_\_\_, at its meeting on \_\_\_\_\_. The Employer understands this is an estimated cost, calculated using actuarial assumptions approved by the Retirement Board. Any difference between the assumptions and actual experience will affect the true cost of the additional service. For example, changes in benefit programs through adoption or transfer of the affected employee to a division with 'better' benefits; increases in wages other than 4.5% per year; and changes to the anticipated date of termination, will affect the actual cost of the additional service (increase or decrease). Thus, actual future events and experience may result in changes different than those assumed, and liability different than that estimated. The Employer understands and agrees that it is accountable for any difference between estimated and actual costs.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Date



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**To:** Light & Power Board  
**From:** Ed Rice, Executive Director  
**Date:** September 3, 2009  
**Subject:** Wind Project Update

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*ER*

TCL&P staff updated the L&P Board at the July 28, 2009 board meeting concerning the Norwood Township Wind Farm site. That update indicated that the site capacity factor was estimated to be at 17% due to tower limitation height imposed by the FAA because of the site proximity to the Charlevoix Municipal Airport. This caused the site economics to be less than projected for the project. Wind data continues to be collected from this site.

L&P staff has subsequently identified two (2) new sites and is expediting analysis and availability for a viable L&P wind farm.

Site I

- The location is 5.3 miles from Traverse City.
- The anticipated capacity factor is 24% at 400 feet.
- L&P staff have met with the property owners and they have indicated a strong desire to sell the property.
- The property owners have indicated a willingness to sign an option agreement.
- The property size is approximately 220 acres.
- The electric output is proposed to be connected directly to the L&P distribution system thereby eliminating the need for a transmission interconnection and associated substation.
- L&P staff has initiated a property appraisal to determine a fair market value.
- L&P staff has initiated an FAA permit and 2<sup>nd</sup> opinion.
- L&P staff has met with and alerted the affected township. No approval was sought or expected.
- The capacity of the site is approximate 10MW.
- Zoning for MET tower and wind turbine installation does not presently exist in the township.
- A cost analysis and expected \$/kw has been performed.

Site II


- The location is in Antrim County.
- The L&P staff have met with the property owners and toured the site.
- The property owners are willing to sign a lease agreement.
- The property site is remote and contains approximately 640 acres.

- The anticipated capacity factor is 24%.
- The site would require approximately 3.5 miles of 46kv line and a substation to connect the electrical output to the grid.
- The nominal site capacity is approximately 16MW.
- The site would require an extensive electric distribution collection system.
- A MET tower is planned to be installed by 1/1/2010.
- The affected township does not presently have zoning for MET towers or wind turbines. Township authorities have indicated that a construction permit would suffice for such a temporary installation as a MET tower.
- A conceptual cast analysis is currently being developed.



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Ed Rice, Executive Director   
**Date:** September 3, 2009  
**Subject:** Wood Fueled Biomass Electric Generation Project

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The L&P staff continues to apply significant effort and emphasis to develop distributive CHP wood fueled biomass electric generation projects for Light & Power.

Major Activities:

- Four (4) viable sites have been identified to facilitate the placement of biomass facilities.
- On-going discussions by L&P staff with site property owners are progressing with favorable results.
- Relevant hot water/steam loads have been gathered for each site to facilitate specific site design.
- Two independent wood fuel availability studies have been commissioned with an expected completion date of 1/1/10.
- Three (3) of the sites would connect directly to the TCL&P transmission or distribution system.
- Discussions are underway with a facilitator to lead a community education process for wood fueled biomass electric generation facilities.
- A preliminary FAA evaluation has been commissioned to determine exhaust stack FAA height restrictions. No conflicts were identified.
- Meetings have been convened with adjacent township officials to alert them of TCL&P activities in their townships.
- Four (4) requests for feasibility studies have been issued to determine conceptual project costs and differing technology concepts. i.e. stoker-grate vs gas synthesis technology.
- L&P staff has visited an under construction gas synthesis project near Howard City, Michigan that is privately owned. The project, although small – 500kw CHP – was impressive and has application to five (5) MW.
- One of the feasibility studies uses a Rankin Cycle technology heat capture system that is 90% efficient. Several of these facilities are currently in service in Europe. The Rankin Cycle technology results in very low exhaust gas temperatures thereby reducing the need for cooling.
- L&P staff will probably require the assistance of several Subject Matter Experts (SMEs) to properly analyze project requirements. i.e. – Emission permitting – water treatment – financial modules – best financing sources – legal services.
- L&P staff has applied for a \$15m grant available through the DOE for a CHP installation. There was considerable effort applied to the application in a “short”

notice from the U.S. Government. Letters of support were sought from Senators Levin and Stabenow; Governor Granholm; and Congressman Camp. All but Governor Granholm confirmed letters of support with special emphasis of support by Senator Levin.

- Several investigations have been performed by the Energy Supply Manager to ensure that opportunities are being identified. i.e. – Renewable Energy Credit (REC) values.



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Ed Rice, Executive Director *ERR*  
**Date:** September 3, 2009  
**Subject:** TCL&P Fiber Project Update

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Considerable emphasis continues on the TCL&P Fiber Project to ensure the accomplishment of the project objective. The backbone system is complete with redundant loops.

See Attachment A for current financial comparison.

Major Activities:

- The SCADA project to transfer control and data acquisition for TCL&P substations from AT&T lines to the TCL&P network is 90% complete. The expected completion date is November 1, 2009.
- Munson Medical Center has requested a reimbursable upgrade on their system. The upgrade consists of replacing jumper connections (300) with fiber fusion splices. \$40k revenue.
- A radio link is being established for the new Gray Road substation to connect to the fiber system.
- A project is underway with the DDA to establish fiber connectivity between the parking garage and the administrative office.
- Discussions have commenced with the City DPW to establish fiber connection to various City facilities.
- Discussions have commenced with a major insurance company to provide fiber connectivity to their planned new data center.
- TCL&P has joined the TBEDC in their endeavor to develop a "4-County High - Speed Broadband Strategy" (Attachment B). This is a significant undertaking as it may result in TCL&P "liting" its fiber which is at least 2 years in advance of this planned activity. In conjunction with this activity discussions are taking place on the implementation of broadband connectivity for the State Theater to facilitate movie production capabilities.

Traverse City Light & Power  
Fiber Optics Fund Financial Forecast  
August 31, 2009

<u>Business Performance:</u>	Unaudited 6/30/2009	FY 09/10 Budget	Projected 6/30/2010	Projected 6/30/2011
Fiber Business Revenues	\$ 192,976	\$ 220,900	\$ 240,479	\$ 241,264
Fiber Business Expenses	145,922	100,300	99,093	105,200
Capital Expenditures	195,201	0	50,000	0
Net Business Cashflow	\$ (148,147)	\$ 120,600	\$ 91,386	\$ 136,064
	(see note 1)			

<u>L&amp;P Advance Activity:</u>	Unaudited 6/30/2009	FY 09/10 6/30/2010	Projected 6/30/2010	Projected 6/30/2011
Beginning L&P Advance	\$ (1,208,876)	\$ (1,357,023)	\$ (1,236,423)	\$ (1,145,037)
Cash Flow Activity	(148,147)	120,600	91,386	136,064
Ending L&P Advance	\$ (1,357,023)	\$ (1,236,423)	\$ (1,145,037)	\$ (1,008,973)
<i>Updated Business Plan Projections</i>	<i>(1,285,876)</i>	<i>(1,088,049)</i>	<i>(1,088,049)</i>	<i>(989,135)</i>
Variance from Business Plan	\$ (71,147)	\$ (148,374)	\$ (56,988)	\$ (19,838)

**Note 1:**

\$ 77,150	2008-09 Budgeted Deficit
32,000	Delay in planned revenue from L&P
42,000	Settlement of Mobilecentric Contract
<u>\$ 151,150</u>	



TRAVERSE BAY ECONOMIC  
DEVELOPMENT CORPORATION

## 4-County High-Speed Broadband Strategy

The Traverse Bay Economic Development Corporation is pursuing high-speed broadband availability and increased capacity across the four-county region, (Benzie, Grand Traverse, Leelanau and Kalkaska Counties). The approach is segmented into three phases with funding collaboration across each participating county and the Traverse Bay EDC. The objective and goal of this initiative is to collect county asset information and develop broadband investment strategies at both the county and regional level.

As the regional economic development organization, the Traverse Bay EDC will lead each phase of this initiative. It is envisioned that the Traverse Bay EDC will be the public agent for each county with regards to the assessment work in each individual County that is being proposed for Phase 1.

With the introduction of the American Recovery and Re-investment Act at the Federal level, there is an opportunity to apply for Federal grant funds. However, based upon the National Telecommunications and Information Administration's funding schedule released on July 1, 2009 and the proposed work to be performed within each participating county and regional level, there is not a realistic opportunity to submit a quality application for Round 1 funding. Dependent on county approval for Phase 1 of the project, it is reasonable Phase 2 could be completed that allows an application to be submitted for Round 2 this coming December, 2009.

### Phase 1

The purpose of Phase 1 is to deliver an inventory of broadband related assets and needs that exist in an individual county. This includes, but is not limited to, physical assets, census tracts, existing providers servicing each county, zoning, etc. It seeks to identify rural and urban segments within the county and the associated bandwidth needs at both a residential and commercial level. As it will identify current broadband coverage, it will have a primary focus of identifying those areas that are un-served or underserved within each county. For each County, there will be documentation of phone interviews with private company stakeholders, county, and township government officials to collect information and assess any plans related to ARRA BTOP and RUS funding and/or any expectations for public-private partnerships. Upon completion, each County will obtain a compiled inventory, interview results, and a basic business case model. The Traverse Bay EDC, along with each County is determining and establishing the appropriate funding source to satisfy a Phase 1 completion. Leelanau County has already committed funds for Phase 1, which is currently in progress. The Traverse Bay EDC is working with the Benzie County EDC and Grand Traverse County EDC to finalize funding for Phase 1 activities. Funding opportunities are continuing to be explored within Kalkaska County. Upon approval from two or more counties for Phase 1, the Traverse Bay EDC will seek to fund Phase 2 of the project.

## Phase 2

The purpose of Phase 2 is to compile the county information collected in Phase 1 and develop a county and regional investment strategy. The Traverse Bay EDC will construct investment scenarios that will outline the appropriate funding strategy and participants to address Broadband availability within the county and region. With a baseline scenario developed, a strong business case will be developed that supports the investment strategy. Upon completion, the county(s) and region will obtain a strategic investment plan that can be utilized with local units of governments, service providers, and private investors. It will also be instrumental as a business case for applying for Federal funds under the ARRA for a Round 2 submission, which has a December proposal deadline.

## Phase 3

Based upon the outcomes of Phase 1 and Phase 2, Phase 3 focuses on the application for Federal grant dollars in support of the developed investment strategy. It is proposed that the application would be submitted at the regional level and contain both an urban and rural component of increasing broadband capacity in the urban core and providing broadband availability to un-served and underserved areas throughout the 4-county region. Activity associated to Phase 3 includes the grant application development and management through the federal grant process.