

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, May 26, 2015

At

5:15 p.m.

In The

COMMISSION CHAMBERS
(2nd floor, Governmental Center)
400 Boardman Avenue

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.

Stephanie Tvardek
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: 05-21-15
4:00 p.m.

AGENDA

Pledge of Allegiance

1. Roll Call

Recognition of Dan Yanska for thirty years of service. (p. 4)

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 April 28, 2015. (Approval recommended) (p. 5)
- b. Consideration of authorizing a service order to AAI in the amount for \$55,760 for design, development of construction documents and project management services for the Hastings Street Storage Facility. (Approval recommended) (Arends) (p. 10)

3. Unfinished Business

- a. Consideration of approving the budget and capital plan for 2015-16. (Myers-Beman) (p. 11)

4. New Business

- a. Consideration of authorizing renewal of the License to Use Coal Dock and Bottomlands with Maritime Heritage Alliance, Inc. (Arends) (p. 13)

5. Appointments

- a. Consideration of designating a TCL&P board member as a representative on the Maritime Heritage Alliance Board. (Arends) (*Verbal*)

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Update on Navigant process. (Wheaton) (*Verbal*)
 2. Discussion regarding creating a fiber optic opportunity taskforce. (Arends) (p. 29)
 3. Discussion regarding TCL&P future financial participation with City of Traverse City and Downtown Development Authority projects. (Staff/Board) (p. 30)

c. From Board.

7. Public Comment

/st

**RECOGNITION OF
EXEMPLARY PUBLIC SERVICE**

Dan Yanska

WHEREAS, Dan Yanska has faithfully and capably served the Traverse City Light & Power (TCL&P) Board as an employee of the utility since 1984, and

WHEREAS, it is fitting and proper that the TCL&P Board recognize his service and contributions over the course of his 30 years of employment, and

WHEREAS, he began his career with the utility in August 1984 as a Maintenance Worker and within two years became part of the Meter Department and worked his way to becoming the Meter and Technical Services Lead in August 2003, and

WHEREAS, he significantly contributed to the customers and businesses served by the utility by helping to maintain exceptional service and reliability to our customers, and

WHEREAS, his positive attitude and professional work ethic has resulted in not only the respect and admiration of his co-workers, but their friendship as well, and

WHEREAS, in summary, all of the above listed endeavors and many others have been of great benefit to Traverse City Light & Power, its customers and the Traverse City community.

NOW, THEREFORE BE IT RESOLVED, that the TCL&P Board, hereby extends its sincere appreciation and gratitude to Dan Yanska in recognition of his many tireless years of exemplary service to Traverse City Light & Power, and

BE IT FURTHER RESOLVED, that the TCL&P Board extends its congratulations to Dan Yanska upon completion of 30 years of service, with highest esteem and warm wishes.

John Taylor, Board Chairman
Traverse City Light & Power

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, April 28, 2015

Board Members -

Present: Barbara Budros, Jim Carruthers, Pat McGuire, Jeff Palisin, Bob Spence,
Jan Geht, John Taylor

Ex Officio Member -

Present: Penny Hill, Acting City Manager

Others: Tim Arends, W. Peter Doren, Scott Menhart, Karla Myers-Beman, Tom
Olney, Stephanie Tvardek, Jessica Wheaton, Blake Wilson

The meeting was called to order at 5:15 p.m. by Chairman Taylor.

Item 2 on the Agenda being Consent Calendar

Moved by Carruthers, seconded by Palisin, that the following actions, as recommended on the Consent Calendar portion of the Agenda be approved:

- a. Minutes of the Regular Meeting of April 14, 2015.
- b. Purchase order to Power Line Supply in the amount of \$38,918.50 for optical ground wire and hardware for the West Side Transmission Line Upgrade Project.
- c. Purchase orders to G&W in the amount of \$45,651.00 and SEL in the amount of \$1,059.00, for reclosers and miscellaneous retrofit kits for the Cass Road Substation.

CARRIED unanimously.

Items Removed from the Consent Calendar

None.

Item 3 on the Agenda being Unfinished Business

None.

Item 4 on the Agenda being New Business

- a. Consideration of declaring two transformers surplus and authorizing their sale.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, President, GRP Engineering, Inc.
W. Peter Doren, General Counsel

Moved by Geht, seconded by Budros, that the Board declares the South Substation transformers surplus and authorize their sale to Wyandotte Municipal Services in the amount of \$601,696.00,

subject to TCL&P obtaining a waiver from GRP and GRP's insurance carrier waiving the failure to mitigate defense.

CARRIED unanimously.

- b. Consideration of awarding a bid for South Substation transformers.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, President, GRP Engineering, Inc.

Moved by Budros, seconded by Geht, that the Board authorize the Chairman and Secretary to execute a Procurement Agreement for two transformers for the South Substation with SPX in the amount of \$1,241,409; subject to approval as to substance by the Executive Director and approval as to form by General Counsel.

CARRIED unanimously.

- c. Consideration of authorizing a contract for the purchase of Hickory Hills distribution assets from Cherryland Electric.

The following individuals addressed the Board:

Tim Arends, Executive Director
W. Peter Doren, General Counsel
Penny Hill, Acting City Manager
Karla Myers-Beman, Controller
Michael McGeehan, President, GRP Engineering, Inc.

Moved by McGuire, seconded by Budros, that the Board authorizes the Chairman and Secretary to execute an agreement in the maximum amount of \$63,659 with Cherryland Electric Cooperative to serve the city owned facility, Hickory Hills.

CARRIED unanimously.

- d. Consideration of a Project Authorization Request for new service to Hickory Hills.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Carruthers, seconded by Geht, that the Board authorizes the staff to proceed with the Hickory Hills Distribution Underground Line Project and seek the necessary board approval for expenditures.

CARRIED unanimously.

- e. Consideration of awarding a construction contract for the West Side Transmission Line Upgrade and Hickory Hills new service Projects.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, President, GRP Engineering, Inc.
W. Peter Doren, General Counsel

Moved by Budros, seconded by Palisin, that the Board authorizes the Chairman and Secretary to execute a Construction Agreement in the amount of \$682,784 with CC Power, LLC for the West Side Transmission Line Upgrade Project in the amount of \$612,959 and the Hickory Hills Underground Line Project in the amount of \$69,825; subject to approval as to substance by the Executive Director and to form by General Counsel.

Further, authorizing the Executive Director to execute work orders for services and administer amendments and change orders that are in the best interest of the Light and Power Department.

CARRIED unanimously.

- f. Consideration of authorizing a purchase order to Laminated Wood Systems in the amount of \$51,173 for two self-supporting poles to be used in the Hickory Hills Ski Area.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Geht, seconded by Budros, that the Board authorize the Executive Director to issue a purchase order in the amount of \$51,173 to Laminated Wood Systems for two unguyed angle structures for the West Side Transmission Line Upgrade Project.

CARRIED unanimously.

- g. Consideration of authorizing a construction agreement for Cowell Family Cancer Center electrical cable and equipment installation.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, President, GRP Engineering, Inc.

Moved by Budros, seconded by Palisin, that the Board authorizes the Chairman and Secretary to execute a Construction Agreement in the amount of \$43,730.00 with CC Power, LLC for the Cowell Family Cancer Center Project; subject to approval as to substance by the Executive Director and to form by General Counsel.

CARRIED unanimously.

- h. Consideration of authorizing a construction agreement for Cowell Family Cancer Center redundant feed conduit installation.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, President, GRP Engineering, Inc.

Moved by Palisin, seconded by Budros, that the Board authorizes the Chairman and Secretary to execute a Construction Agreement in the amount of \$52,916.50 with Severance Electric for the

conduit installation for the Cowell Family Cancer Center Project; subject to approval as to substance by the Executive Director and to form by General Counsel.

CARRIED unanimously.

- i. Consideration of authorizing a purchase order to RESCO in the amount of \$53,710 for ATS Switchgear for the Cowell Family Cancer Center.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by McGuire, seconded by Budros, that the Board authorizes the Executive Director to issue a purchase order to RESCO in the amount of \$53,710 for ATS Switchgear to be used in the Cowell Family Cancer Center Project.

CARRIED unanimously.

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

- a. From Legal Counsel.

None.

- b. From Staff.

1. Tim Arends discussed a financial stewardship request received from the Joint Recreational Authority.

The following individuals addressed the Board:

Matt Cowall, Executive Director, Recreational Authority
Michael McGeehan, President, GRP Engineering, Inc.

- c. From Board.

1. Jim Carruthers spoke regarding having a TCL&P representative on the Maritime Heritage Alliance Board. Carruthers is currently the representative but MHA meetings conflict with City Commission meetings and he has been unable to attend. He requested another representative be chosen. Per Chairman Taylor, designation of a representative will be added to a future agenda.

Item 7 on the Agenda being Public Comment

No one from the public commented.

There being no objection, Chairman Taylor declared the meeting adjourned at 6:53 p.m.

/st

Tim Arends, Secretary
LIGHT AND POWER BOARD

DRAFT



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Karla Myers-Beman, Controller *KMB*
Date: May 19, 2015
Subject: AAI, Inc. Service Order

At the April 14, 2015 board meeting, the Board authorized moving forward with the bid for Hastings Street Storage Facility. Part of the project cost is AAI, Inc.'s design fees, development of construction documents ready for bidding along with construction management. These fees exceed the Executive Director's spending authority and required Board's approval per the Purchasing Policy.

As shown in the preliminary project cost estimate – masonry option, AAI, Inc.'s fees are \$42,400, which is broken down to \$29,680 for design fees with the remaining \$12,720 for bidding and construction management. Additionally, preliminary design costs of \$13,360 were incurred for a building in the original campus plan, which was subsequently changed to a different building type and location based on input received after the initial preliminary building designs were reviewed. Total expected expenses to be paid to AAI, Inc. for this project is \$55,760.

Staff recommends the issuance of a revised service order (the previous design fees/bidding/construction management was within the Executive Director's authority) in the amount of \$55,760 to AAI, Inc.

This item is appearing on the Consent Calendar as it is deemed by staff to be a non-controversial item. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion.

If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

**MOVED BY _____ SECONDED BY _____, THAT THE
BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE A REVISED SERVICE
ORDER TO AAI, INC. IN THE AMOUNT OF \$55,760 FOR DESIGN FEE, DEVELOPMENT OF
CONSTRUCTION DOCUMENTS, AND CONSTRUCTION MANAGEMENT.**



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Karla Myers-Beman, Controller *KMB*
Date: May 18, 2015
Subject: 2015-16 Budget Adoption

At its May 18, 2015 meeting the City Commission passed the Resolutions (attached) that authorizes the Light & Power Board to adopt the budget and capital plan it submitted for their consideration of approval, as required by City Charter. As a final step in the budget process, it is now appropriate for the Board to formally adopt the budget documents for the 2015-16 fiscal year.

This item is appearing on the Consent Calendar as staff deems it to be a non-controversial housekeeping matter, and recommends the Board adopts the 2015-16 operating budgets for the Electric and Fiber Optic Funds, and the Six Year Capital Improvements Plan. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the agenda as an item under Old Business. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT & POWER BOARD FORMALLY ADOPTS THE 2015-16 OPERATING BUDGETS FOR THE ELECTRIC UTILITY AND FIBER OPTIC FUNDS AND THE SIX YEAR CAPITAL IMPROVEMENTS PLAN.

The City of Traverse City

Office of the City Clerk


GOVERNMENTAL CENTER
400 Boardman Avenue
Traverse City, MI 49684
(231) 922-4480
tcclerk@traversecitymi.gov



**Resolution Adopting the Traverse City Light and Power Budget
for Fiscal Year 2015-2016 Including the Capital Improvement Plan**

- Resolved,** that the Traverse City Light and Power Board has caused a budget document, to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2015, and ending June 30, 2016, and that the proposed budget document of the Traverse City Light and Power Department for the fiscal period of July 1, 2015, through June 30, 2016, is hereby approved in its entirety in the amount of \$36,385,450 and the Fiber Optics Fund of \$319,100, pursuant to the Charter of the City of Traverse City, Section 179(j); and that the Traverse City Light and Power Board is hereby authorized to adopt this budget, as submitted; further, be it
- Resolved,** that the Traverse City Light and Power Board has caused a Capital Improvements Plan to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2015, and ending June 30, 2016, and is hereby approved in its entirety; and that the Traverse City Light and Power Board is hereby authorized to adopt this Capital Improvements Plan, as submitted.

I hereby certify that the above Resolution was adopted by the City Commission on May 18, 2015, at a regular meeting of the City Commission held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.


Benjamin C. Marentette, MMC, City Clerk



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 19, 2015
Subject: MHA License Renewal

Attached for your consideration is a License Agreement between Traverse City Light & Power and Maritime Heritage Alliance, Inc. (MHA) for the continued use of the Coal Dock and Bottomlands.

This License Agreement is nearly identical to the May 25, 2012 License and is enclosed for your review, with the exception of

#2. Use – The addition of Arcturos, Witchcraft, Gracie L and historic canoes listed under main boats and the removal of Welcome.

#13 Third Party Beneficiaries – The City of Traverse City was added as a third party beneficiary of this agreement to allow the contract to be signed over to the City if and when the coal dock is accepted by the City Commission.

Attachment A is not fully updated, MHA is supplying TCL&P with a new drawing of the dock with the expected boats to be docked at each location. Staff did not believe this was substantial enough to prevent the approval of the License Agreement.

If the Board is in agreement with staff's recommendation to approve the License Agreement to MHA, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

**THAT THE BOARD APPROVE THE LICENSE TO USE THE COAL DOCK AND
BOTTOMLANDS WITH MARITIME HERITAGE ALLIANCE, INC.**

**TRAVERSE CITY LIGHT & POWER DEPARTMENT
LICENSE TO USE COAL DOCK AND BOTTOMLANDS
BY MARITIME HERITAGE ALLIANCE, INC.**

This Agreement is made this ____ day of _____, 2015, by and between the TRAVERSE CITY LIGHT & POWER DEPARTMENT, whose address is 1131 Hastings Street, Traverse City, Michigan 49686, a Michigan municipal electric utility, (hereinafter referred to as ■Licensor●) and the MARITIME HERITAGE ALLIANCE, INC., a Michigan non-profit corporation, whose address is 13268 S. West Bay Shore Drive, Traverse City, Michigan 49684, (hereinafter referred to as ■Licensee●).

The parties agree as follows:

1. License. Licensor hereby grants to Licensee the right, privilege, and permission to install floating docks, access those docks, and utilize them, on a part of the property owned by Licensor in Elmwood Township on West Grand Traverse Bay. Licensor's property is shown on Attachment A and that part of it which is hereby made available to Licensee is also shown on Attachment A. The area shown as available to Licensee is hereinafter referred to as ■the Property●. This License is not exclusive. This License and Agreement supersede the Agreement between the parties dated May 25, 2012.

2. Use. The Property may be used by Licensee to install its floating docks and utilize them. Only those historic boats owned and titled to Licensee may be docked by Licensee at the Property. The main boats shall be the Madeline, the Champion, Arcturos, Witchcraft, Gracie L and historic canoes. They shall contain nothing but items normally associated with those boats. No maintenance shall be performed or storage shall occur on the Coal Dock part of the Property.

3. Care of Property. Licensee at all times shall keep the Property and all adjoining property clean and neat from all rubbish and other items deposited by Licensee or those acting under this License. Licensee shall take particular care to make sure that there is no spill or leakage of fuel or any other substances and, if there is such a spill or leakage, will report it immediately to the Executive Director of Licensor.

4. Waste. Licensee may cut grass and weeds, but shall not cut trees, excavate, move earth, plant trees or shrubs, or commit any waste on the Property.

5. Termination. If Licensee is not storing a boat at the Property in the off-season, from September 1 until April 15 either party may terminate this Agreement and the license at any time by specifying in writing the date of termination and giving written notice to the other party not less than 14 days prior to the date of termination specified in the notice. If Licensee is storing a boat at the Property in the off-season, either party may terminate this License by giving not less than 14 day prior notice with the effective date of termination to be May 15. From April 16 to August 31 notice of termination shall not be effective any earlier than September 15. After termination, Licensor may at Licensee's expense, remove anything on the Property including boats and the floating dock

systems placed there by Licensee. Licensee shall pay for or reimburse Licensor for all costs in connection with removal of items and shall hold harmless and indemnify Licensor.

6. Hold Harmless. Maritime Heritage Alliance, Inc., agrees to indemnify, defend, and save harmless Traverse City Light and Power Department, the City of Traverse City, and their officials and employees, from and against all loss or expense, including costs and attorney's fees, by reason of any claim against or liability imposed by law upon the City or Traverse City Light and Power Department, for damages because of bodily injury, including death, at any time resulting therefrom, arising out of, or in consequence of the performance of the operations of Maritime Heritage Alliance, Inc., unless such injury or damage is occasioned by the sole negligence of the City or Traverse City Light and Power Department, or a combination thereof. Neither the City nor Traverse City Light and Power Department waive the defense of governmental immunity by this Agreement or any undertaking pursuant to this Agreement.

7. Insurance. Licensee shall obtain and maintain general liability insurance with a coverage limit of not less than one million dollars (\$1,000,000) and shall name Licensor as an additional insured without restrictions under that policy. The policy shall contain a provision requiring that Licensor be given 30 days notice or more prior to cancellation of any such policy.

8. Assignment. This License is personal to Licensee and Licensee may not assign or transfer all or any part of said License without the prior written consent of Licensor. Licensor intends to assign this License to the City of Traverse City in connection with the transfer of the Coal Dock and bottomlands.

9. Consideration. The consideration paid by Licensee to Licensor for this license is \$1 annually and the good will generated from allowing Licensee to utilize the Property.

10. Moving Boats. Licensor at its sole discretion may require Licensee or the owner to move boats, and all other things to other dockage or moorage as it may deem necessary for its own utility purposes, for deliveries on the coal dock, for emergencies or other use deemed necessary by Licensor.

11. Term. This License shall automatically expire three years from the date hereof unless earlier terminated.

12. MDEQ Agreement. This Agreement is subject to and conditioned upon approval of the MDEQ. Use of the Property and bottomlands by Licensee shall comply with Attachment B, Agreement to Use and Occupy Unpatented Great Lakes Bottomlands for Private Purposes (MDEQ AS-162). Non-compliance with this MDEQ Agreement by Licensee shall be cause for early or immediate termination of this Agreement, at Licensor's sole determination.

13. Third Party Beneficiaries. The City of Traverse City is a third party beneficiary of this Agreement. There are no other third party beneficiaries.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above mentioned.

TRAVERSE CITY LIGHT & POWER DEPARTMENT

By: _____
John Taylor, Chairman

By: _____
Timothy Arends, Secretary

MARITIME HERITAGE ALLIANCE, INC.

By: _____
Richard D. Brauer, President

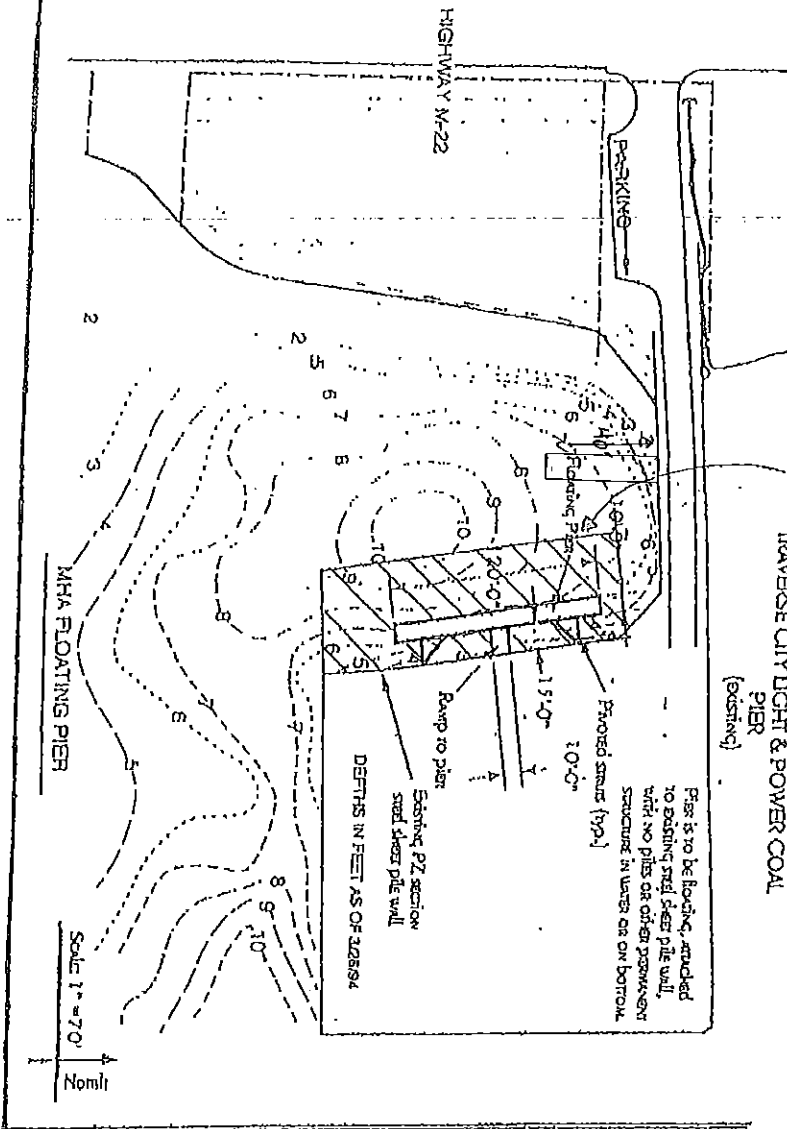
APPROVED AS TO SUBSTANCE

Timothy Arends, Executive Director
Traverse City Light and Power

APPROVED AS TO FORM:

W. Peter Doren, General Counsel
Traverse City Light & Power
General Counsel

Attachment A



Private Use Agreement
AS-107
0.25 acres

TRVERSE CITY LIGHT & POWER COAL
PIER
(existing)

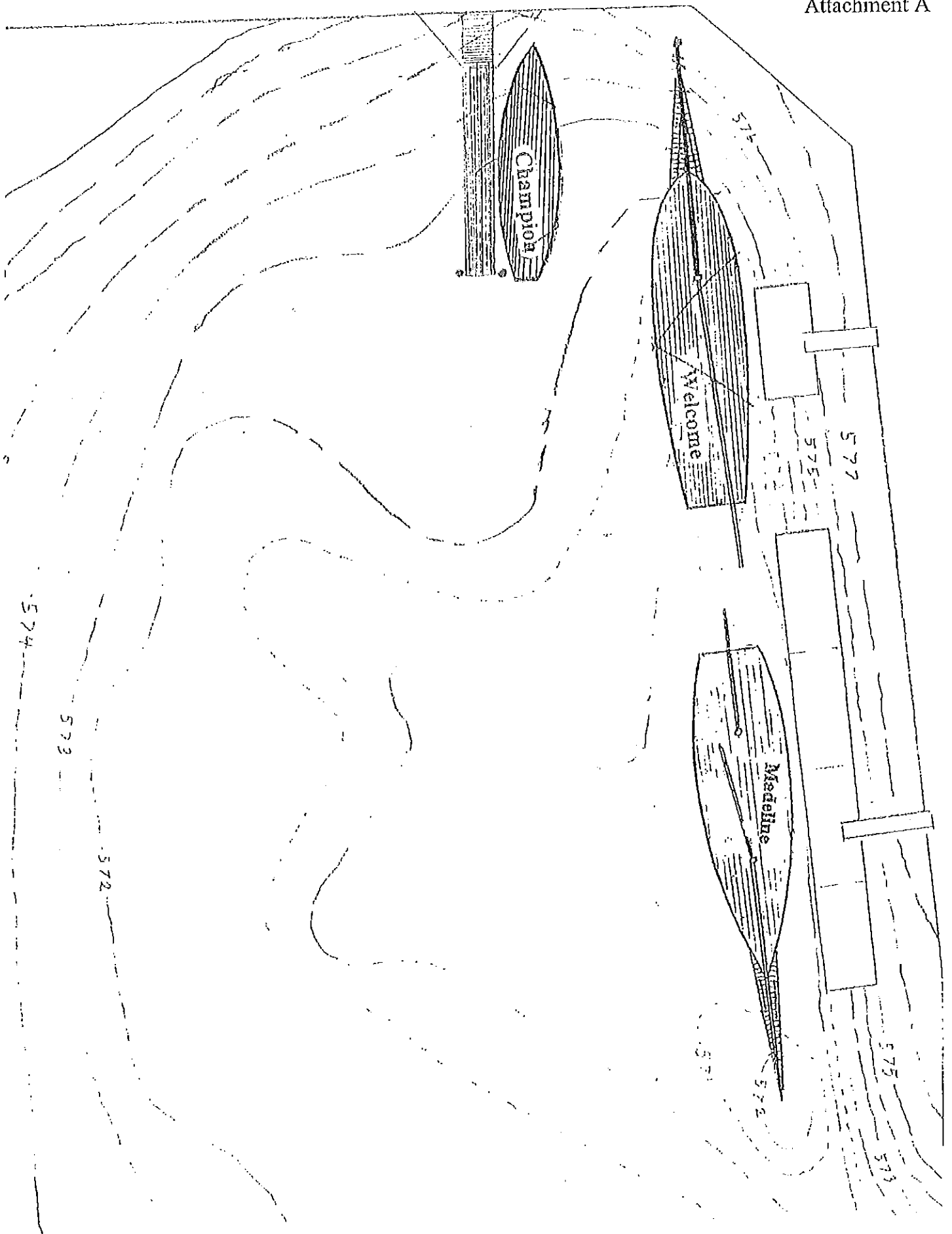
Pier is to be floating, attached to existing steel sheet pile wall with no piles or other permanent structure in water or on bottom.

The Property available to Licensee is highlighted.

MHM / Floating Dock Project
Grand Traverse Bay
Elinwood Trwp, Leelanau Co

WILL BE UPDATED

Attachment A



Attachment B

Agreement to Use and Occupy Unpatented Great Lakes Bottomlands for Private Purposes
(MDEQ AS-162)

Barbara Kirt 8P
Leelanau Register of Deeds
Recording Fees: 35.00
SUE Date 01/09/2006 Time 14:48:57
Page 1 of 8 01 887/484



AS-162

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND AND WATER MANAGEMENT DIVISION

AGREEMENT TO USE AND OCCUPY UNPATENTED GREAT LAKES
BOTTOMLANDS FOR PRIVATE PURPOSES

Pursuant to Part 325, Great Lakes Submerged Lands, of the Natural Resources and
Environmental Protection Act, 1994 PA 451, as amended (NREPA)

THIS AGREEMENT, made and executed this 13 day of December, 2005, between the
DEPARTMENT OF ENVIRONMENTAL QUALITY (DEPARTMENT) OF THE STATE OF MICHIGAN,
P.O. Box 30458, Lansing, Michigan 48909-7958, under the authority vested in said Department by
Part 325 of the NREPA, herein referred to as the grantor and Traverse City Light and Power, a
Michigan municipal electric utility department, 1131 Hastings Street, Traverse City, Michigan 49686
herein referred to as Grantee.

WITNESSETH:

WHEREAS, Grantee has applied for an agreement to use waters of the Great Lakes and to
occupy unpatented Great Lakes bottomlands herein described, the private purpose of viewing,
displaying, and interpretation of historical vessels for the general public. Those premises may also be
used by the City of Traverse City for non-commercial municipal purposes.

WHEREAS, Grantee has represented himself to be an occupant of or a riparian or littoral
owner or owners of property touching or situated opposite the unpatented bottomland and water area
of the Great Lakes that is the subject of this agreement, as hereinafter described.

WHEREAS, the Department has determined: 1) that the Grantee is an occupant or a riparian
or littoral owner or owners of the property situated opposite the unpatented bottomland or water area
over that area that is the subject of this agreement, 2) may develop, occupy and use the water area
and the unpatented bottom lands hereinafter described without impairing or substantially injuring the
public trust, and 3) has further determined that it is in the public interest to enter into an agreement
with the Grantee to use the waters and occupy the bottomlands described hereinafter for the
purposes stated and on the terms and conditions set forth hereinafter and,

WHEREAS, the State Administrative Board has duly considered the application of the Grantee
and at its meeting held on May 17, 2005, approved the issuance of this agreement, and,

WHEREAS, the Attorney General considered and approved this agreement contract as to
legal form,

NOW, THEREFORE, the grantor, for and in consideration of the fee hereinafter specified and
other good and valuable consideration, hereby authorizes Grantee to use all of the following
bottomlands of the Great Lakes or bays and harbors thereof belonging to the state of Michigan and
held in trust by it, situated and being in and adjacent to the county of Leelanau, state of Michigan, and
described as follows, to wit:

A parcel of unpatented Lake Michigan public trust bottomlands adjacent and contiguous to Government Lots 1 and 2, Section 33, Township 28 North, Range 11 West, Elmwood Township, Leelanau County, Michigan, more fully described as follows: commencing at the North 1/4 Corner of said Section 33; thence along the North line of said section N 89° 56' 59" E 1493.76 feet to the centerline of State Highway M-22; thence along said centerline 488.54 feet along the arc of a 1910.05 foot radius curve to the left, the chord of which bears S 00° 37' 48" E 487.20 feet; S 07° 57' 26" E 315.61 feet; and 373.25 feet along the arc of a 2864.98 foot radius curve to the right, the chord of which bears S 04° 13' 30" E 372.99 feet; thence leaving said centerline S 89° 39' 00" E 38.20 feet; thence S 89° 24' 45" E 120.17 feet; thence N 89° 24' 15" E 413.33 feet; thence S 01° 39' 15" W 233.35 feet to the point of beginning; thence N 89° 02' 45" W 204.53 feet; thence N 05° 50' 45" W 179.94 feet; thence N 50° 56' 45" W 31.12 feet; thence N 87° 56' 45" W 109.50 feet to the Ordinary High Water Mark (OHWM) of Lake Michigan; thence along said OHWM on the following five courses: S 42° 55' 49" W 52.08 feet; S 15° 31' 14" W 61.07 feet; S 08° 40' 20" W 76.37 feet; S 19° 28' 57" W 79.82 feet; and S 37° 02' 54" W 36.21 feet; thence S 89° 21' 43" E 466.04 feet; thence N 01° 39' 15" E 75.91 feet to the point of beginning containing 1.64 acres more or less, subject to all easements, conditions, reservations, exceptions, and restrictions contained in prior conveyances of record.

TO HAVE AND TO HOLD, the above-described premises for the purposes hereinafter designated, with the rights and privileges thereto attaching and belonging unto the Grantee for and during the term of 25 years, beginning 12-13-05. One renewal period of 25 years is available to the Grantee provided the Grantee makes written request at least three (3) months before expiration of the original twenty-five (25) year agreement period, provides satisfactory evidence of the Grantee's right to occupy the adjacent uplands, complies with the statutory requirements for leasing submerged Great Lakes bottomlands at the time of the expiration of the agreement, and the grantor determines that the Grantee complied with all the terms and conditions of the agreement during the original twenty-five (25) year agreement period, is not then in default, and subject to redetermination of the annual rent based upon the grantor's appraisal at the time.

PURPOSE OF LEASE AND LIMITATIONS ON USE AND TRANSFER OF LANDS

(A) The purpose of this agreement is to authorize the Grantee to utilize the state-owned unpatented bottomland and waters for the private purpose of viewing, displaying, and interpretation of historical vessels for the general public. These premises may also be used by the City of Traverse City for non-commercial municipal purposes and not for any other purpose. The Grantee agrees not to use the premises in any way or to allow or suffer the premises to be used in any way that unreasonably interferes with the public or any other riparian's use of any adjacent or adjoining public waters or bottomlands.

(B) The bottomlands interest and right to occupy associated waters conveyed herein are extended to the Grantee as owner or occupant of the adjacent upland for viewing, displaying, and interpretation of historical vessels for the general public. These premises may also be used by the City of Traverse City for non-commercial municipal purposes in connection with the Grantee's use of the adjacent upland. If the Grantee transfers occupancy, ownership, or control of the adjacent upland to any third party, said action is an act of default under this agreement and a forfeiture of the subject premises. No interest in the premises conveyed, or any part thereof, may be assigned, sublet, or conveyed to any other person in any form whatsoever. By way of illustration but without limitation, no condominium interest made up of or in any way including, the lands and/or waters of the premises conveyed may be conveyed to any third party or parties.

(C) Notwithstanding paragraph B, the Department may authorize Grantee to assign its entire remaining right and obligation under this agreement to a designated third party.

CONSIDERATION

(A) Grantee agrees to pay the grantor the sum of \$200 per year as the annual use fee for said premises. The use fee for the first year or proportionate part thereof is to be paid upon the signing of this agreement, and thereafter the use fee shall be paid each year in advance on or before the first day of each calendar year, payable at the Office of the Cashier, Department of Environmental Quality, P.O. Box 30473, Lansing, Michigan 48909-7973. The use fee rate shall be adjusted every five (5) years, with the first adjustment in 2010. The adjustment shall be directly proportional to the change in the Bureau of Labor "all-items" index or its successor index.

(A) Grantee covenants and agrees to obtain all required permits authorizing the uses contemplated herein prior to the expiration of the calendar year next following the creation of this right of use, and that upon failure to obtain said permit(s), the Grantee will be in default. Grantee further covenants and agrees that in the event any agency of the United States of America, the state of Michigan, or any political subdivision thereof, denies or disapproves any portion of any application by the Grantee for the stated use of the subject premises, or any portion thereof, this agreement shall be void as to the denied or disapproved use as of the date of such denial or disapproval and Grantee shall be in default. Failure of the Grantee to abide by or conform to the terms and conditions of any such permit(s) granted shall be an event of default under this agreement.

(B) Grantee covenants and agrees to comply with all federal, state, and local fair employment practices and equal opportunity laws, and Grantee covenants and agrees that it shall not discriminate against any employee or applicant for employment to be employed in the performance of this real estate contract, with respect to his or her hire, tenure, terms, conditions, or privileges; nor shall Grantee use or allow the use of the subject premises in any manner that discriminates against employees, customers, or clients, based upon race, sex, religion, or national origin.

(C) Grantee covenants and agrees to maintain the premises in compliance with the barrier free design requirements of 1966 PA 1, as amended, MCL 125.1351, *et seq* (Utilization of Public Facilities By Physically Handicap Act), applying to public facilities and facilities used by the public.

(D) Grantee covenants and agrees that the occupation and use of the property is subject to and will be exercised according to all applicable state, federal, and municipal statutes and ordinances and that this agreement does not limit the power of the state of Michigan, its political subdivisions or the United States of America to enact and enforce legislation, or to adopt and enforce regulations or ordinances affecting directly or indirectly, the activity of the Grantee or its agents in connection with this agreement or the value of the interest held under this agreement.

PAYMENT OF TAXES AND OTHER CHARGES

(A) Grantee covenants and agrees to bear, pay and discharge, in addition to the designated use fee, all rates, charges for revenue, and other assignments, levies, taxes real and personal, general and special, ordinary and extraordinary, of every name, nature, and kind whatsoever, which may be assessed, levied or imposed upon the subject premises interest hereby created so long as the Grantee shall occupy said premises under the terms and provisions appearing herein.

IMPROVEMENTS

(A) Grantee covenants and agrees to construct and maintain suitable buildings, structures, piling, facilities and appurtenances upon said premises at its own expense and with grantor's permission. The Grantee covenants and agrees to comply with all applicable laws, rules, regulations, and ordinances in the construction of buildings, structures, piling, facilities and appurtenances on said premises. All other structures, improvements, machinery, appliances, apparatuses or adjuncts now on the premises covered by said agreement or which may be constructed or placed upon it during the term of this agreement or any extension or renewal thereof, shall remain the property of the Grantee and shall be removed therefrom by the Grantee at its own expense upon the expiration of the agreement, as required by the grantor.

(B) Grantee covenants and agrees to inform the grantor of the name, address, and telephone number of its managing agent who can, on behalf of Grantee, order the repair or restoration of the facility or any part thereof, and to keep the grantor informed of the name, address, and telephone number of the owner of the facility.

(C) Attached to and made a part of this agreement as Exhibit A is a drawing representing the configuration of improvements authorized for the subject premises. Grantee agrees to update this drawing to reflect any changes in that configuration or in the authorization.

MAINTENANCE AND RESTORATION

(A) The Grantee covenants and agrees that it will at all times during the term of this agreement, at its sole cost, charge, and expense, put, keep and maintain in good and sufficient order

and repair the premises herein devised in accordance with all police, sanitary and other regulations imposed by any governmental authority and guard against fire or other damage thereto; prevent any pollution of adjacent or adjoining waters by and through said use of said premises; maintain said premises in a manner to protect game and fish in or on adjacent or adjoining waters and lands; and, upon request, permit the grantor or its authorized representatives to have free access at all times to said premises and any buildings or appurtenances thereon for inspection purposes.

(B) Grantee covenants and agrees that in the event the improvements and structures placed on the subject premises are substantially destroyed by fire or other casualty, and Grantee does not, within two (2) years following said casualty, rebuild or replace the affected improvements and structures, grantor may cancel the agreement upon thirty (30) days notice to Grantee. Such rebuilding shall not be undertaken by Grantee without the prior written approval of the grantor.

INDEMNIFICATION AND SECURITY

(A) Notwithstanding any concurrent negligence by the state of Michigan and/or the Department or their agents, officers or employees, Grantee agrees to defend, or cause to be defended, and to indemnify and hold the state of Michigan, the Department, their officers, agents and employees, harmless from all costs, damages, suits, actions at law, liability, or claims of liability, including reasonable attorney's fees, which may arise or grow out of any injury or death of persons or loss or damage to property arising out of, in whole or in part, the use or occupancy of subject premises by Grantee, its agents, contractors, employees, guests, invitees, permittees, or licensees.

In addition to the general indemnity agreement set forth in the immediately preceding paragraph, Grantee also specifically agrees to defend, or cause to be defended, the state of Michigan and the Department, their agents, officers, and employees, from any and all cost, damages, claims, suits at law or equity which may arise or grow out of grantor's reliance upon Grantee's representation that Grantee has a right to occupy the uplands adjacent to the subject premises and to exercise riparian rights in connection therewith.

(B) Grantee covenants and agrees to secure and maintain throughout the term of this agreement a liability insurance policy naming the Department as an additional insured providing coverage in a commercially reasonable amount to be determined by the Grantee but with a combined single limit coverage of not less than one million dollars for any claims or liability for bodily injury or property damage arising out of the ownership, use, occupancy, condition or maintenance of the subject property and all improvements located thereon. Such proof of a liability insurance policy naming the Department as an additional insured shall be provided to the Department.

(C) Grantee covenants and agrees to secure and maintain in force throughout the term of this agreement a surety bond or other assurance satisfactory to the Department to secure Grantee's performance of its obligations under this agreement and to protect grantor in the event of any abandonment, relinquishment, termination, forfeiture, cancellation, or default of this agreement. Said bond or other assurance shall be on such form and in such amount as the grantor shall approve and accept. The amount of said bond or other assurance shall be \$10,000. Such proof of a surety bond or other satisfactory assurance shall be provided to the Department with the annual use fee payment as described in the CONSIDERATION paragraph.

TERMINATION

Grantee shall have the right to terminate this agreement by notifying grantor at least thirty (30) days prior to the termination date. Upon termination, Grantee agrees to vacate the subject premises and remove all structures and personal property of Grantee located thereon, as required by the grantor. Use fees paid by Grantee for such terminated use shall be forfeited, unless otherwise agreed in writing by the grantor.

FORFEITURE, DEFAULT AND CANCELLATION

The following, as well as any other breach of covenant of this agreement, shall be deemed an event of default:

1. Failure of Grantee to pay when due any fee payable under this agreement.
2. Use of the premises by Grantee or by any others with Grantee's consent or sufferance for purposes or in any manner contrary to law or ordinance or for any purposes or in any manner other than for the purposes as set forth above, or contrary to the intent of such statement of purpose.

3. Failure of Grantee to start and proceed with due diligence to cause the development of the authorized use within a period of two (2) years from the date of this agreement.
4. Failure of Grantee to abide by or conform to the terms and conditions of any permit required to authorize the uses contemplated by this agreement.
5. Failure of Grantee to use the premises consecutively for a period of two (2) years.
6. Failure to pay in a timely fashion any taxes or other charges required to be paid by this agreement.
7. Abandonment of the premises by the Grantee.
8. Any alteration of the Improvements or the relationship of the Improvements without prior written consent of the grantor.
9. Any failure to maintain the premises and any Improvements in accord with the obligations of this agreement.
10. Any transfer of Grantee in fraud of creditors, or petition initiated by Grantee or adjudication of Grantee as bankrupt or insolvent in any proceeding.
11. Appointment of a receiver or trustee for all, or substantially all, assets of Grantee.
12. Transfer or attempted transfer of the use, occupation, control or ownership of the adjacent upland interest upon which this agreement was authorized.
13. Failure to maintain the insurance policy and security bond required by the agreement in full force and effect at all times during the term of this agreement.

Upon the occurrence of any event of default, grantor may, in addition to and not instead of, any other remedies available at law and equity, cancel this agreement without prior notice or demand to Grantee and enter onto and take possession of the subject premises. Grantee shall be liable to grantor for any loss and expenses incurred by grantor by reason of such entry.

If, prior to cancellation as provided for in the previous paragraph, the grantor chooses to notify lessee of any breach of covenant or of the events of default described in paragraphs 1, 2, 4, 6, 7 or 9 above, Grantee shall have thirty (30) days in which to cure such default before grantor may cancel the agreement.

Transfer of the occupation, control, or ownership of the adjacent upland interest upon which this agreement was authorized is, in addition to a default, a forfeiture of the Grantee's interest in the subject property.

In the event of any default, cancellation or termination of this agreement or if this agreement become void, Grantee covenants and agrees to quit, deliver up and surrender possession of the premises in good, sanitary, and marketable condition, order and repair, and free from any environmental contamination, and to execute and deliver a recordable release to any and all rights under the agreement to the grantor.

WAIVER

The receipt of compensation by the grantor, with or without knowledge of any default on the part of the Grantee, is not a waiver of any provision of this agreement. No failure on the part of the grantor to enforce any covenant or condition of this agreement, nor the waiver of any right under this agreement by the grantor, unless in writing, will discharge or invalidate the application of such covenant or condition. No forbearance or written waiver affects the right of the grantor to enforce any covenant or condition in the event of any subsequent default. The receipt of compensation of the grantor after determination or any notice of determination will not reinstate, continue, or extend this agreement, or destroy, or in any manner impair the validity of any notice of termination that may have been given prior to the receipt of the compensation, unless specifically stated by the grantor in writing.

RENEWAL

Upon normal expiration of the term of this agreement and upon fulfillment of all terms, conditions, and covenants of this agreement, and satisfaction of the terms and conditions for entry into a bottomlands agreement then operative, the Grantee shall be entitled to renew this agreement upon such terms and conditions as the grantor may deem proper.

RESERVATION OF RIGHTS

It is expressly agreed between the grantor and Grantee that the grantor shall save and except and always reserve unto itself all minerals, including but not limited to coal, oil, gas, sand, gravel, stone or other materials or products, lying and being on, within, or under the said [lands hereby leased][interest hereby conveyed], with full and free liberty and power to itself, its duly authorized officers, representatives and assigns, and its or their lessees, agents, and workman, and all other persons by its or their authority or permission, whether already given or hereafter to be given, at

anytime and from any time to time, to enter upon said lands and take all usual, necessary, or convenient means for exploring, mining, working, piping, getting, laying up, storing, dressing, making merchantable, and taking away the said minerals, pursuant to the provisions of section 32503, Part 325 of the NREPA.

IN WITNESS WHEREOF, the Department has hereunto subscribed its name and affixed the seal of said Department the day and year first hereinabove written.

Signed, Sealed and Delivered In Presence

DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF MICHIGAN

BY Mary Ellen Cromwell 12/13/05
Date
Mary Ellen Cromwell

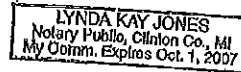
STATE OF MICHIGAN

County of Ingham

)
) ss.

On this 13th day of December, 2006, personally appeared Mary Ellen Cromwell of the Department of Environmental before me, a Notary Public in and for the county of Ingham, Quality (DEQ) personally known to me to be the same person who executed the foregoing Instrument, and who acknowledged the same to be her free act and deed, and the free act and deed of the DEQ in whose behalf acts, and for the purpose in said Instrument set forth.

Lynda Kay Jones
Notary Public, Clinton County
My Commission Expires: 10/01/07
Acting in Ingham County



BY Traverse City Light and Power
Grantee

By Lynda Johnson
Lynda Johnson

Its Chairperson

And Richard Smith
Richard Smith

Its Executive Director

Dated _____

STATE OF MICHIGAN

County of

)
) ss.
)

On this 2nd day of Dec, 2005, appeared Linda Shroy and Rich Smith to me personally known, and being by me duly sworn, did say that they are respectively the Chairman and Ex. Director of the TCL&P, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation, by authority of its Board of Directors and _____ and _____ acknowledge said instrument to be the free act and deed of said corporation.

James McCarty
Notary Public, Grand Traverse County
My Commission Expires: 7/28/2011
Acting in the County of Grand Traverse

STATE OF MICHIGAN

County of

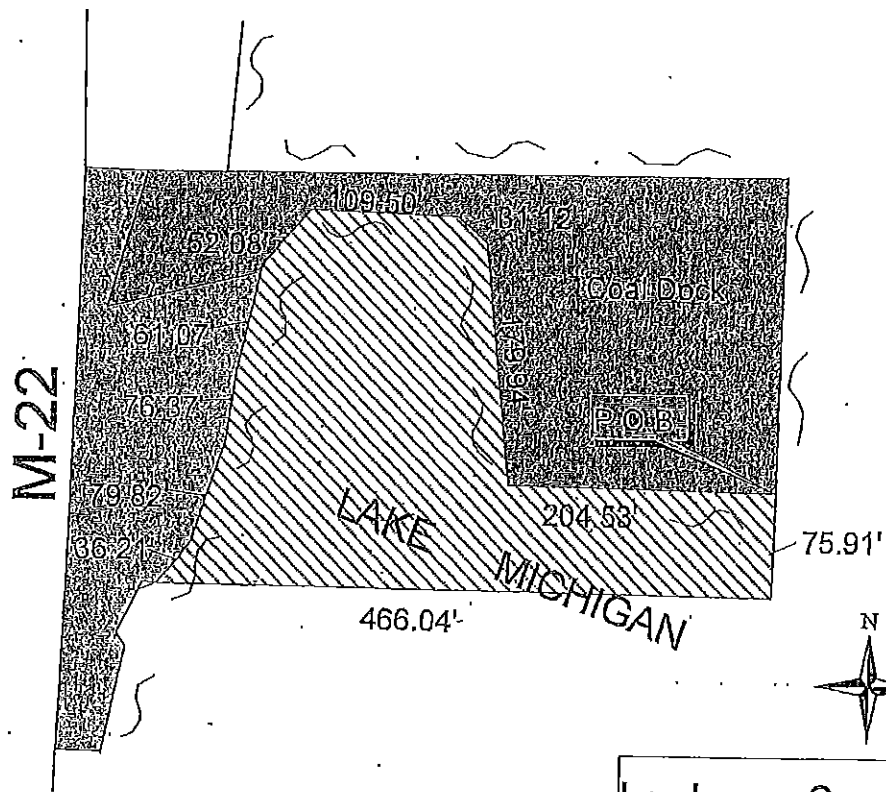
)
) ss.
)




On this _____ day of _____, 2005, personally appeared _____ before me, a Notary Public in and for the county of _____, known to me to be the person named in and who executed the above instrument, and acknowledged that _____ executed the same for the intent and purposes therein mentioned

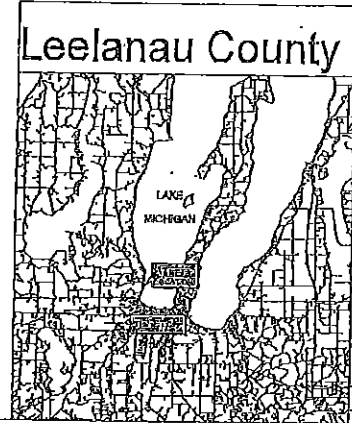
Notary Public, _____ County
My Commission Expires: _____

Prepared by and Return To:
Department of Environmental Quality
Land and Water Management Division
Wetlands and Submerged Lands Management Unit
P.O. Box 30458
Lansing, Michigan 48909-7958

Private Use Agreement of 1.64 Acres of Lake Michigan Public Trust Bottomlands in Elmwood Township, Leelanau County To: Traverse City Light and Power



-  Riparian Upland
-  Previously Deeded Area
-  Private Use Agreement





**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 19, 2015
Subject: Fiber Optic Opportunity Task force

On May 15, 2015 a meeting was held at TCL&P with a member from the City Commission, Downtown Development Authority (DDA), three staff members and the Board Chairman to discuss possible revenue generating and community economic development opportunities that can be generated from TCL&P's dark fiber asset.

Items preliminarily discussed were providing DAS service in the downtown area (antennas for supplemental broadband coverage for the major carriers), lit fiber, fiber to the corridors, lit fiber pilot projects, and leasing lines to different providers. Additionally, it was discussed while looking at the type of project the task force must take into consideration who to provide first, will it create value, what is the capital investment, what are the capabilities and does it support economic benefit.

At the conclusion of the meeting, consensus was to set up a committee/taskforce to research this topic thoroughly and present information to the TCL&P board. It was inquired of general counsel as to the options available to TCL&P. They are as follows:

1. Ad hoc subcommittee
2. The Chairman, with approval of the Board, could appoint non-board members to serve on an ad hoc subcommittee.
3. Task force seems better suited than a committee. It could be created by the Board or the Executive Director and invitations be given to participate in the task force to the other entities such as the City and DDA.
4. If TCL&P wanted to have a partner in the creation of a task force, the Board and another entity could adopt a joint resolution.

Additionally, general counsel mentioned whether it is called an ad hoc subcommittee or a task force. The new group shall have a specific charge or goal and target dates for reporting, etc. In the meeting it seemed the overarching topic or goal was to "Discuss and research revenue generating and economic development opportunities of the Fiber System," and to provide this information to the TCL&P Board. Staff will establish target dates within reason of the initiation of the committee/task force.

Staff recommends moving forward with the interest of looking at opportunities of the Fiber System through an Executive Director developed task force with invitations extended to the City Commission and DDA.

Staff will be seeking from the Board support moving forward with this taskforce.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 4, 2015
Subject: Discussion of participation in City capital projects

Staff is bringing to the Board the discussion of the Strategic Plan item, "Develop a board policy to provide guidance as to the appropriate utility contribution for City projects above the Charter required annual contribution." This strategic item initially began with the discussion of the appropriate funding level of the West Front Street Lighting Project. As more related capital projects are near in the future, staff thought it would be in the best interest of the Utility to address this item sooner than later.

INTERDEPARTMENTAL TRANSACTIONS

Staff thought it would be best to provide information on the interdepartmental transactions and financial benefits that are currently happening or have recently happened between TCL&P and the City.

Attached to this memo, staff has presented the past five years transactions made between the City of Traverse City and TCL&P. They are as follows:

- **City Fee**, which tends to be categorized as a payment in lieu of tax, or a replacement of property taxes if an investor owned utility or cooperative were serving the City rather than TCL&P.
- **Special Projects – Community Investment Fund**, previous funds allocated through the past TCL&P Community Investment Fund. The two amounts shown on the spreadsheet are a grant for a small boat launch feasibility study in the amount of \$15,000 along with the \$1,000,000 for Clinch Park.
- **Special Projects – Other**, these are funds provided for special projects including the wind/turbine/solar energy system unit located at the entrance of Clinch Park, the funding for the West Front Street Lighting Project and purchase of holiday LED lights authorized through the Sponsorship Policy for the downtown area.
- **Special Projects - Installing Lights for the Holiday Season**, TCL&P is responsible for installing the lights on the trees in the downtown area after it became difficult for the City to find other volunteer agencies to perform the service. TCL&P usually dedicates a two man crew to install and remove lights every year during the holiday season.
- **Street Lighting**, TCL&P, through a resolution, agreed to a written policy regarding the operations and maintenance of the street lighting system within the jurisdictional boundaries of the City of Traverse City, which states TCL&P, is the appropriate local unit of government for street lighting costs. Previous to this resolution this expenditure was absorbed by the City's General Fund.
- **Traffic signal**, TCL&P, through a Letter of Understanding, with the City in February 2010 agreed to absorb the traffic signal department, which at one time was part of TCL&P from the City's General Fund and it was further confirmed through a traffic signal maintenance agreement entered into in 2013.

FOR THE LIGHT & POWER BOARD MEETING OF MAY 26, 2015

- **Human Resources**, TCL&P payroll and benefits administration are through the City as it provides multiple efficiencies, such as limiting payroll processing costs and spreading the risk exposure of benefits across a larger employee pool. The cost is based on the Human Resources budget less the cost of TCL&P human resources wages attributed to the human resource function spread based on the total number of employees.
- **Treasurer's Office & Meter Reading Wages**, similar to human resources, TCL&P for efficiency purposes utilizes the Treasurer's office for many accounting and financial functions. This includes but is not all inclusive, payment of payables, invoicing, utility billing, cash receipts, collection function, and investment management.
- **Garage services**, TCL&P leases the majority of their equipment from the Garage Fund and this fund also provides for servicing the vehicles, fuels for the fleet along with an administrative overhead cost.

The items previously mentioned are the easily quantifiable items between TCL&P and the City of Traverse City. There are many other transactions that either both or one entity mutually or non-mutually benefits. These include, providing after hours service for the Water/Sewer department, providing fiber and electric rates lower than other vendors, providing the ability to loan funds for significant capital projects reducing the potential of borrowing costs, and the WIFI system to be eventually used in the Utility's AMI system.

FEEDBACK FROM OTHER ENTITIES

Staff requested feedback from other public power entities if they had developed any policies or formal mechanisms to fund municipal capital projects. Staff only received one response, which in summary stated they only fund General Fund capital projects to the extent the Electric Fund operations benefits from the investment. An example is investing in the City's computer network system which the Electric Fund operation utilizes. A capital project such as a reconstruction of a roadway or landscaping project would not be funded with the Electric Fund because these projects are typically funded through General Fund dollars and have no benefit to the Electric Fund.

As for operational costs, the Electric Fund pays for operational costs directly related to the Utility, which includes administrative expenses, IT services, and vehicle services.

However, a point was disclaimed that the Utility does not pay a franchise fee to operate within the City limits to the General Fund, which typically another entity such as a cable company would pay personal property taxes and a franchise fee, and philosophically this could be considered General Fund dollars.

POINTS TO TAKE INTO CONSIDERATION

Below with Board input, staff wanted to provide points to consider while discussing the steps to take forward in developing the plan, policy, or funding mechanism for future capital requests.

1. Type of capital request, does TCL&P have no ownership stake, partial ownership stake or full ownership stake. Examples of these projects are Clinch Park (no ownership stake), West Front Street (partial ownership stake) and Hickory Meadows (full ownership stake).
2. The purpose of providing the money. Examples are enabling economic development, to be good stewards in the community, to support the community, or to demonstrate leadership/vision on energy related projects.

OPTIONS TO MOVE FORWARD

FOR THE LIGHT & POWER BOARD MEETING OF MAY 26, 2015

In conclusion, staff met to discuss the alternative options to meet this strategic plan and is looking for guidance from the Board as to their opinion on what alternative they would like to do in moving forward. These alternatives include:

1. Survey or create a representative group of customers and obtain their opinion of how TCL&P should fund City capital projects based on ownership stake.
2. Research the option of increasing the annual City Fee for the City to receive a flat amount for requested capital project funding or preparing an annual budget appropriation based on requests submitted by the City on an annual basis with support from both governing boards (City and TCL&P).
3. Develop a policy where there would be criteria to be met based on the type of capital request submitted for funding. Criteria may be type of capital request, who would benefit from the capital request, and what is the benefit of the capital request.
4. The Board reviews each capital request by the City independently.

Traverse City Light and Power
 City Fee/Special Projects/Expenditures Absorbed/Cost Sharing
 May 2015

| Description | FYE 2010-11 | FYE 2011-12 | FYE 2012-13 | FYE 2013-14 | FYE 2014-15 | Total |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| City Fee required by Charter | 1,511,219.16 | 1,598,157.39 | 1,599,865.97 | 1,775,851.33 | 1,889,500.00 | 8,374,593.85 |
| Special Projects funded by TCL&P | | | | | | |
| Community Investment Fund | 15,000.00 | - | 1,000,000.00 | - | - | 1,015,000.00 |
| Wind Turbine/Solar Energy System Unit | - | - | - | 20,850.00 | - | 20,850.00 |
| West Front St Lighting Project | - | - | - | - | 527,000.00 | 527,000.00 |
| LED Holiday lighting | - | - | - | - | 10,000.00 | 10,000.00 |
| Installing Lights for Holiday Season | 64,473.31 | 51,469.28 | 32,426.63 | 33,295.22 | 25,714.89 | 207,379.33 |
| Total Special Projects funded by TCL&P | 79,473.31 | 51,469.28 | 1,032,426.63 | 54,145.22 | 562,714.89 | 1,780,229.33 |
| General Fund Expenditures absorbed by TCL&P | | | | | | |
| Street Lighting | 183,552.72 | 183,539.57 | 183,692.25 | 183,972.60 | 187,214.71 | 921,971.85 |
| Traffic Signal | | | | | | |
| Traffic Signal Employees (2 full-time) | 151,425.92 | 176,889.60 | 165,452.95 | 181,115.55 | 195,223.22 | 870,107.24 |
| Traffic Signal Truck | 21,192.00 | 28,440.00 | 28,500.00 | 20,700.00 | 20,700.00 | 119,532.00 |
| Traffic Signal Materials | 18,871.29 | 10,548.17 | 40,662.10 | 12,221.82 | 8,923.42 | 91,226.80 |
| Less MDOT Revenue | (6,844.99) | (2,624.76) | (2,055.54) | (2,455.95) | (443.43) | (14,424.67) |
| GT County Road Commission | (25,657.32) | (28,984.12) | (22,263.28) | (18,657.31) | (20,400.29) | (115,962.32) |
| Subtotal traffic signal | 158,986.90 | 184,268.89 | 210,296.23 | 192,924.11 | 204,002.92 | 950,479.05 |
| Total General Fund Expenditures absorbed by TCL&P | 342,539.62 | 367,808.46 | 393,988.48 | 376,896.71 | 391,217.63 | 1,872,450.90 |
| Cost Sharing Services between the City and TCL&P | | | | | | |
| Human Resources | 11,227.83 | 10,931.08 | 18,867.00 | 42,190.00 | 24,061.00 | 107,276.91 |
| Treasurer Office Wages | 217,999.11 | 225,760.45 | 228,283.26 | 240,636.08 | 235,406.17 | 1,148,085.07 |
| Meter Reading Wages | (195,157.22) | (202,968.95) | (196,880.37) | (211,154.47) | (222,914.00) | (1,029,075.01) |
| Garage | 287,929.00 | 356,439.00 | 399,379.00 | 479,787.00 | 420,533.17 | 1,944,067.17 |
| Total cost sharing services between the City and TCL&P | 321,998.72 | 390,161.58 | 449,648.89 | 551,458.61 | 457,086.34 | 2,170,354.14 |
| Grand Total | \$ 2,255,230.81 | \$ 2,407,596.71 | \$ 3,475,929.97 | \$ 2,758,351.87 | \$ 3,300,518.86 | \$ 14,197,628.22 |

Notes

- 1) 2014-15 fiscal year city fee was based on budgeted amount.
- 2) \$15,000 in Community Investment Fund was for universal small boat launch/Clinch Park.
- 3) Traffic signal employees costs was taken from corresponding year budget payroll spreadsheets.
- 4) Traffic signal truck was vehicle 106. Does not include gas consumption or normal maintenance.
- 5) Traffic signal materials was to date expenditures for the 2014-15 year.
- 6) Street lighting obtained from utility billing system.
- 7) Installing lights for holiday season costs directly from Cityworks.
- 8) MDOT Revenue and GT County Road Commission Revenue is to date.
- 9) Human Resource Allocation based on actual amount paid with 2014-15 estimated.
- 10) Treasurer Office and Meter Reading Wages based on payroll spreadsheets.
- 11) Garage costs determined based on general ledger detail with 2014-15 projected out based on costs incurred to date.