

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, May 9, 2017

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.

Jennifer J. St. Amour
Administrative Assistant
1131 Hastings Street
Traverse City, MI 49686
(231) 922-4940 ext. 201

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

Posting Date: May 5, 2017
3:00 p.m.

AGENDA

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 the minutes of the Regular Meeting of April 11, 2017. (Approval recommended) (p.4)
- b. Receive and file minutes of HR Ad Hoc Committee meeting of April 24, 2017. (Approval recommended) (p.9)
- c. Receive and file minutes of HR Ad Hoc Committee meeting of May 2, 2017. (Approval recommended) (p.10)
- d. Consideration of confirming transfer of funds in the amount of \$125,000 from the Fiber Fund to Electric Fund. (Approval recommended) (Myers-Beman) (p.11)
- e. Consideration of authorizing a purchase order to RESCO in the amount of \$40,059.00 for transformers for BW-31 Distribution Circuit Rebuild Project. (Chartrand) (Approval recommended) (p.12)
- f. Consideration of approval of 60 month Lease Agreement with Gold and Jaye Jewelry at 130 Hall Street. (Approval recommended) (Arends) (p.14)
- g. Consideration of approval of Barlow Transformer #1 and #2 Project Authorization Request and authorizing staff to seek competitive bids. (Approval recommended) (Arends/Chartrand) (p.27)
- h. Consideration of approval of Critical and Large Customer Project Authorization Request and authorizing staff to seek competitive bids. (Approval recommended) (Arends/Chartrand) (p.30)
- i. Consideration of approval of a Construction Agreement in the amount of \$42,800.00 with 5 Star Directional Drilling Inc. for boring services for Costco Relocation Project. (Approval recommended) (Chartrand) (p.33)

Items Removed From Consent Calendar

- a.

3. Unfinished Business

- a. Consideration of awarding bid to Eaton for Advanced Metering Infrastructure Project. (Menhart/Arends) (p.34)
- b. Consideration of amending the Six Year Capital Improvements Plan -2017 to include Fiber to the Premises Project (FTTP). (Arends/Menhart) (p.43)

4. New Business

- a. Consideration of approval of Kalkaska Combustion Turbine Operations and Maintenance Agreement between TCL&P and MPPA. (Arends) (p.50)
- b. Consideration of the purchase of real property at 1125 Hastings Street. (Arends) (p.78)
- c. Consideration of M-72 Solar Proposal. (Arends) (p.86)

5. Appointments

- a. Consideration of establishing an FTTP Ad Hoc Committee. (Arends) (verbal)

6. Reports and Communications

- a. From Legal Counsel.

From Staff.

- 1. Report on Art on Utility Infrastructure. (Arends) (p.89)
- 2. Report on Alpena Line School visit. (Schroeder) (p.94)

From Board.

7. Public Comment

/js

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, April 11, 2017

Board Members -

Present: Jan Geht, Ross Hammersley, Pat McGuire, Jeff Palisin, Amy Shamroe,
Tim Werner

Absent: John Taylor

Ex Officio Member -

Present: Marty Colburn, City Manager

Others: Tim Arends, W. Peter Doren, Matt Nordfjord, Scott Menhart, Karla
Myers-Beman, Kelli Schroeder, Mark Watson, Tony Chartrand, Jennifer J.
St. Amour

The meeting was called to order at 5:15 p.m. by Secretary Arends.

Secretary Tim Arends opened the floor to nominations for Chairperson of the Light and Power Board:

McGuire nominated Jan Geht, Werner seconded.

Tim Arends closed the floor to nominations.

CARRIED unanimously. (Taylor absent)

Tim Arends turned the meeting over to Chairman Geht.

Chairman Geht opened the floor to nominations for Vice Chairperson of the Light and Power Board:

McGuire nominated Jeff Palisin, Werner seconded.

Chairman Geht closed the floor to nominations.

CARRIED unanimously. (Taylor absent)

Chairman Geht recommended Tim Arends be reappointed Secretary for the Light and Power Board. Consensus of the Board that Tim Arends be reappointed Secretary for the Light and Power Board.

Chairman Geht asked for volunteers to serve on the Human Resources Ad Hoc Committee. McGuire, Palisin, and Shamroe volunteered, with Taylor as the alternate.

CARRIED unanimously. (Taylor absent)

Tim Arends requested item 2e and item 6b (3) be removed from the Agenda.

Tim Werner requested item 2g be removed from the Consent Calendar for further discussion.

Item 2 on the Agenda being Consent Calendar

Moved by McGuire, seconded by Shamroe, that the following actions, as recommended on the Consent Calendar portion of the Agenda, as amended, be approved:

- a. Minutes of the Regular Meeting of March 14, 2017.
- b. Approval of the Electric Utility 2017-18 Operating Budget.
- c. Approval of the Fiber 2017-18 Operating Budget.
- d. Approval of the IBM Operating Agreement.
- e. *Removed by the Executive Director.*
- f. Approval to amend Board Rule No. 1- Regular Meetings.
- g. *Removed from the Consent Calendar for further discussion.*
- h. Approving the Grand Traverse Substation O&M Agreement.
- i. Tenant request to waive rent escalator.

CARRIED unanimously as amended. (Taylor absent)

Items Removed from the Consent Calendar

- a. Approval of a Pole Attachment License Agreement with Michigan Broadband Services.

The following individuals addressed the Board:

Tim Arends, Executive Director
Karla Myers-Beman, Controller

Moved by Werner, seconded by Shamroe, that the Board authorizes the Secretary and Chairman to execute a Pole Attachment Agreement with Michigan Broadband Services for the installation of fiber on Traverse City Light & Power poles per the requirements of the agreement as presented, subject to approval as to substance by the Executive Director and as to form by General Counsel.

CARRIED unanimously. (Taylor absent)

Item 3 on the Agenda being Unfinished Business

None.

Item 4 on the Agenda being New Business

- a. Consideration of a Project Authorization Request for removal and transfer of Hickory Meadows Distribution Line to Randolph Street.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by McGuire, seconded by Hammersley, that the Board authorizes the Staff to proceed with the removal and transfer of Hickory Meadows Distribution Line to Randolph St. and seek the necessary Board approval for expenditures.

CARRIED unanimously. (Taylor absent)

- b. Consideration of approving a Purchase Order for wire relating to the Costco Line Improvement Project.

The following individuals addressed the Board:

Tony Chartrand, System Engineer/Key Accounts

Moved by Shamroe, seconded by McGuire, that the Board authorizes the Executive Director to issue a Purchase Order to Power Line Supply in the amount of \$78,965.25, more or less, for wire for the Costco Project.

CARRIED unanimously. (Taylor absent)

- c. Discussion of TCL&P Collective Bargaining negotiations strategy.

The following individuals addressed the Board:

Tim Arends, Executive Director

Pete Doren, General Counsel

Matt Nordfjord, Shareholder, Cohl, Stoker & Toskey, PC

Moved by McGuire, seconded by Shamroe, that the Board enter into closed session following public comment to consider the strategy and negotiation of the Collective Bargaining Agreement between TCL&P Board and the Utility Workers Union of America, AFL-CIO, Local No. 25, and to adjourn immediately thereafter.

Roll Call:

Yes- McGuire, Hammersley, Palisin, Shamroe, Werner, Geht

CARRIED.

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

a. From Legal Counsel.

Pete Doren reported on Michigan Legislature – House Bill 4220

The following individuals addressed the Board:

Tim Arends, Executive Director
Marty Colburn, City Manager

b. From Staff.

1. Presentation of LaFranier/Barlow Transmission Line Upgrade Project close-out report.

The following individuals addressed the Board:

Karla Myers-Beman, Controller

2. Presentation of MPPA's Report Card on TCL&P.

The following individuals addressed the Board:

Karla Myers-Beman, Controller

3. Energy efficiency staffing plan.

Removed from the Agenda by Executive Director.

4. Fiber to The Home project update- Next steps.

The following individuals addressed the Board:

Scott Menhart, Manager of Telecom & Technology
Tim Arends, Executive Director

5. Presentation of options for 1MW solar installation within TCL&P's service territory.

The following individuals addressed the Board:

Tim Arends, Executive Director
Karla Myers-Beman, Controller
Marty Lagina, Founder & Chief Executive, Heritage Sustainable Energy, LLC

c. From Board

Amy Shamroe reminded the Board that it was the TCL&P Annual Seedling Giveaway beginning April 17, 2017

Marty Colburn reported that he, TCL&P employee Rod Solak, TC Fire Chief Tuller, and TC Fire Captain Mueller were attending a class funded by FEMA for Utility Distribution Systems.

Item 7 on the Agenda being Public Comment

a. General

No one from the public commented.

7:26 the Board entered into closed session.

Tim Arends, Secretary
LIGHT AND POWER BOARD

DRAFT

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes

Executive Director's Performance Evaluation Ad Hoc Committee
Held at 10:00 a.m., 2nd Floor, Governmental Center Committee Room
Monday, April 24, 2017

Committee Members -

Present: Jeff Palisin, Amy Shamroe, Pat McGuire

Others: Kelli Schroeder

The meeting was called to order at 10:03 a.m. by Amy Shamroe.

1. Discussion regarding the Executive Director's Performance Evaluation.

Committee members discussed the Executive Director's Performance Evaluation.

2. Public Comment

No one from the public commented.

There being no objection, Amy Shamroe declared the meeting adjourned at 10:40 a.m.

/js

Jan Geht, Chairman
LIGHT AND POWER BOARD

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes

Executive Director's Performance Evaluation Ad Hoc Committee

Held at 4:00 p.m., Large Conference Room

1131 Hastings Street

Tuesday, May 2, 2017

Committee Members -

Present (via conference call): Jeff Palisin (Ad Hoc Chair), Amy Shamroe, Pat McGuire

Others: Kelli Schroeder

The meeting was called to order at 4:02 p.m. by Jeff Palisin.

1. Discussion regarding the Executive Director's Performance Evaluation.

Committee members discussed the Executive Director's Performance Evaluation and recommend no changes to Tim Arends' June 9, 2016 Agreement. He shall receive a 3% increase effective June 9, 2017 for a total annual compensation of \$128,158.

For next year's evaluation, the Ad Hoc Committee recommends that a four tiered rating system be implemented, thus providing the Executive Director more guidance on his performance and areas needing improvement. The rating system would include the following: Exceeds Expectations; Satisfactory; Needs Improvement; Unsatisfactory.

Additionally, the Ad Hoc would like to propose that prior to the start of next year's evaluation, the Executive Director be invited to prepare a memo outlining his accomplishments and challenges throughout the year. This input will then be used to assist the Board Members during their review process.

2. Public Comment

No one from the public commented.

There being no objection, Jeff Palisin declared the meeting adjourned at 4:20 p.m.

/ks

Jan Geht, Chairman
LIGHT AND POWER BOARD



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Karla Myers-Beman, Controller
Date: May 2, 2017
Subject: Interfund transfer

As part of the budgeting process this year, staff projected and budgeted for the 2016-17 fiscal year a voluntary transfer from the Fiber Fund to the Electric Utility Fund in the amount of \$125,000. This voluntary transfer is for repayment of the initial capital contribution in the amount of \$1,208,876 made by the Electric Utility Fund to the Fiber Fund for the construction of the dark fiber system. The initial capital contribution was not originally recorded as an interfund loan between the two funds, because at the time it was not management's intention for the capital contribution to be repaid.

The March 31, 2017 Fiber Fund's balance sheet shows a cash balance of \$206,073 and staff has projected the Fiber Fund to have an approximate cash balance of \$258,463 not including the transfer as of June 30, 2017. Staff believes this is an adequate cash balance to allow for the voluntary transfer of \$125,000 in the 2016-17 fiscal year and is requesting authorization from the Board to make the transfer.

Staff will review this on an annual basis and bring this before the Board before the end of each fiscal year if the Fiber Fund warrants adequate cash balance for the voluntary transfer payment.

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

If any of the Board or member of the public wishes to discuss this matter, other than clarifying questions, it should be removed and place under "Items Removed from Consent Calendar" portion for 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 INTERFUND TRANSFER OF \$125,000 FROM THE FIBER FUND
TO THE ELECTRIC UTILITY FUND.**

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tony Chartrand, System Engineer/Key Accounts
Date: May 2, 2017
Subject: Purchase order for transformers for BW-31 Distribution Circuit Rebuild Project

Staff solicited quotes for transformers for the BW-31 Distribution Circuit Rebuild Project. Three vendors submitted quotes summarized below with one vendor submitting quotes by two different manufacturers:

Item Description	Qty	Power Line			
		Resco (ERMCO)	Supply (EATON)	Wesco (Howard)	Wesco (ABB)
		Extended Cost	Extended Cost	Extended Cost	Extended Cost
25KVA Polemount	23	\$ 20,102.00	\$ 18,883.00	\$ 23,529.00	\$ 18,009.00
50KVA Polemount	18	\$ 21,924.00	\$ 23,112.00	\$ 27,648.00	\$ 22,050.00
25KVA Padmount	7	\$ 9,415.00	\$ 13,041.00	\$ 11,837.00	NO BID
50KVA Padmount	8	\$ 12,912.00	\$ 18,448.00	\$ 17,792.00	NO BID
Extended Totals		\$ 64,353.00	\$ 73,484.00	\$ 80,806.00	\$ 40,059.00
Purchase Totals		\$ 22,327.00	\$ -	\$ -	\$ 40,059.00

On the above transformers staff took into consideration that transformers will have energy losses over their operating lifetime and in each of the transformer types above the cash bid amount represented the lowest transformer cost except for the 50 KVA Polemount. The total transformer cost was less with the higher bid of Wesco – ABB.

This was not an all-inclusive quote and therefore staff will be separating purchases to obtain the best pricing (those highlighted in green). The 25KVA and 50 KVA polemount transformers that will be purchased through Wesco - ABB, at a cost of \$18,009 and \$22,050, respectively, are not within the Executive Director’s spending authority and require board approval.

The remaining transformers, the 25KVA and 50KVA padmount transformers, at a cost of \$22,327 are within the Executive Director’s spending authority.

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.

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

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 PURCHASE ORDER TO
RESCO IN THE AMOUNT OF \$40,059. FOR TRANSFORMERS TO BE USED FOR THE BW-31
DISTRIBUTION CIRCUIT REBUILD PROJECT.**



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 2, 2017
Subject: Hall Street Tenant Lease Agreement

Staff is requesting approval of a lease agreement between Traverse City Light & Power and Jennifer Anderson d.b.a. Gold and Jaye Jewelry for the tenant space at 130 Hall Street.

Gold and Jaye Jewelry is highly recommended by the property manager based on information obtained through their application process. It is a local company that has been in business primarily online through the Etsy website, however, plans to expand by providing a retail store front with jewelry repairs and custom made jewelry.

The lease commences May 12, 2017 and provides the space at a cost of \$16.50 per square foot per month that incorporates nine parking spaces. The monthly lease revenue (not accounting for the partial month) is \$2,062.50 or an annual amount of \$24,750.00 with an annual escalation of 1.75%. The total lease revenue over the next five years will be \$129,488.20. The brokerage fee for placing this tenant is \$6,474.41, or 5% of the total lease revenue. The lease's monthly rental rate reflects the current market rate in the area and allows for inflationary increases on an annual basis.

This item is on the Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with staff's recommendations.

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 LIGHT AND POWER BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ENTER INTO A LEASE AGREEMENT WITH JENNIFER ANDERSON DBA GOLD AND JAYE JEWELRY AT THE TENANT SPACE AT 130 HALL STREET FOR A PERIOD OF 60 MONTHS, SUBJECT TO APPROVAL AS TO FORM BY COUNSEL.

LEASE

THIS LEASE, made this ____ day of _____, 2017 by and between the TRAVERSE CITY LIGHT & POWER DEPARTMENT, a Michigan municipal electric utility, of 1131 Hastings Street, Traverse City, Michigan 49684 ("Landlord") and, JENNIFER ANDERSON d.b.a. GOLD AND JAYE JEWELRY, of 3924 Prouty Rd. Apt. C, Traverse City, Michigan 49686, ("Tenant").

WITNESSETH:

ARTICLE 1: Premises.

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and on the conditions hereinafter provided, the space consisting of (i) approximately one thousand five hundred (1,500) square feet of ground floor area, and (ii) nine (9) parking spaces, all as depicted on the plan attached hereto and by this reference made a part hereof as Exhibit A, and all appurtenances thereto, located in the building owned by Landlord situated in the City of Traverse City, State of Michigan, and generally known as 130 Hall Street. Tenant further acknowledges that access to and use of the parking spaces may not be available during emergency situations occurring at Landlord's property. Landlord shall, when possible, provide Tenant advance notice of such situations.

The space described above and leased to Tenant is hereinafter called the "premises" and the structure on such premises enclosing the ground floor area is hereinafter called the "building."

ARTICLE 2: Use.

The building is hereby leased for retail, office, and jewelry manufacturing purposes. The parking spaces are hereby leased only for parking.

Notwithstanding anything contained herein to the contrary, it is expressly understood that Landlord shall not be construed or held to be a joint venturer, partner, or associate of Tenant in the conduct of its business, the relationship between the parties hereto being at all times that of landlord and tenant, and it is also agreed that Tenant shall be under no obligation or duty to continuously operate its business at the premises.

ARTICLE 3: Term.

The premises are hereby leased to Tenant to have and to hold for a term commencing on the "Commencement Date" (as herein defined) and continuing for a partial month, if any, and five (5) years, unless said term shall be terminated earlier or extended, as provided in this lease.

Provided that Tenant is not in default under this Lease during the original term and Tenant gives proper notice, Tenant shall have the option to extend this lease agreement for one additional term of five (5) years by providing Landlord written notice of its exercise of this option to renew not less than 120 days before the end of the original term. The additional term shall be on the same terms and conditions as this lease agreement, except for the provisions regarding rent and additional rent which shall be mutually agreed upon, if possible. The parties agree to begin negotiations regarding rent, at the request of either party, six

months before expiration of the original term. If rent and additional rent cannot be agreed upon, in writing, before there are less than 45 days left on the original term, the option to renew is extinguished, even if properly exercised.

ARTICLE 4: Delivery of Possession.

May 12, 2017 shall be the "Commencement Date" and the date of delivery of the premises to Tenant. After signing this lease, Tenant may enter the premises and perform, at its expense, all such work previously approved by Landlord, and to equip the premises with such trade fixtures and personal property necessary or desirable for such purposes. All such work by Tenant shall be done in a good and first-class workmanlike manner and in accordance with all applicable laws, ordinances and building codes.

ARTICLE 5: Security Deposit.

Upon signing, Tenant shall pay Landlord a security deposit of Two Thousand Sixty Two Dollars and Fifty Cents (\$2,062.50) within 30 days thereof, which may be commingled and used by Landlord, but an equivalent amount shall be applied upon vacancy by Tenant to cover any damage caused by Tenant or its invitees or applied to unpaid rent at the Landlord's discretion.

Upon termination of this lease the landlord shall within 30 days return such deposit to the Tenant less (1) any amounts expended to repair or clean the premises, (2) any unpaid rentals or late payment fees then due, and (3) the cost of performing any obligations imposed upon Tenant by this lease. The existence of this security deposit shall not excuse the payment of any monthly rental amount and, in particular, shall not excuse the payment of the last month's rent due under this lease agreement.

ARTICLE 6: Rent.

Throughout the term hereof, Tenant covenants and agrees rent shall be made payable to Landlord, and delivered to Schmidt-Rogers Management, LLC at 996 Garfield Woods Dr., Suite D, Traverse City, MI 49686 or at such other address as Landlord shall from time to time designate by written notice to Tenant. The Rent for the premises shall be as follows:

- (a) For the partial month immediately following the commencement date due upon execution of the lease, \$1,330.64;
- (b) For the first twelve (12) full calendar months of the term hereof, at the rate of \$24,750.00 per annum, payable in equal monthly installments of \$2,062.50 per month;
- (c) For each additional year of the five year term, the rent in subparagraph (b) above shall increase 1.75% per annum.
- (d) Rent shall be due and payable, in advance, on the first day of the month.
- (e) FEES/INTEREST - If any rent or additional rent is not paid within 5 days of the due date, Tenant shall pay a late payment charge of One Hundred dollars (\$100.00) for each such late payment, together with six percent (6%) per annum interest on all payments more

than 30 days delinquent. In addition, Lessee shall pay a twenty-five dollar \$25.00 returned check fee.

ARTICLE 7: Repairs.

- (a) Landlord agrees, at Landlord's own cost and expense, to maintain the exterior of the building in good and first-class order, condition and state of repair, and to make the following repairs relating to the premises:
 - i. all structural repairs;
 - ii. all repairs to and replacements of the roof and under flooring;
 - iii. all repairs to the exterior of the premises and the building, including sidewalks adjoining same;
 - iv. remove snow from the parking spaces leased herein;
 - v. all repairs and replacements to utilities systems and sewer lines;
 - vi. all repairs to any fire sprinkling main and system servicing the premises;
 - vii. all repairs to the interior of the premises if the need therefore arose as a result of Landlord's act or failure to act;
- (b) The Landlord shall not be responsible or liable to the tenant for any loss or damage resulting to the Tenant's property or to the Tenant from bursting, stoppage or leaking of water, gas, sewer, and sprinkler or steam pipes. Nor shall the Landlord be responsible for any repairs necessary by the acts of the Tenant, its employees or invitees.
- (c) Except as herein above provided, Tenant shall take good care of the premises, shall replace broken glass and shall do the work required to maintain the premises, the storefront and the fixtures and equipment therein, including the plumbing and electrical systems located in and serving the premises, in good working order, except in cases of damage and injury arising under the provisions of Articles 16 and 17 hereof. Tenant agrees to repair all damages caused by Tenant or its invitees. Tenant further agrees to remove snow from the sidewalk in front of the building along Hall Street between driveways.
- (d) If Landlord fails to make any of the repairs or to timely perform any of the other obligations required of Landlord under this lease within thirty (30) days after written notice from Tenant of the necessity therefore, Tenant, in addition to any other rights or remedies available to it hereunder, at law or in equity, shall have the right, but not the obligation, after notice and consultation with Landlord to make said repairs or to perform such obligations on behalf of Landlord and to deduct the entire cost thereof from rent due or to become due hereunder. If, in an emergency in Tenant's opinion, any such repairs are immediately necessary for the

proper use, enjoyment or preservation of the premises, no prior thirty (30) days' notice shall be required but Tenant shall give Landlord whatever notice is reasonable in the circumstances and may forthwith make said repairs on behalf of Landlord and deduct the entire cost thereof from rent due or to become due hereunder. In cases of emergency, Tenant may call Schmidt-Rogers Management at 231-941-0707.

- (e) At the end, expiration or other termination of the term hereby granted, Tenant shall promptly and fully vacate the premises and deliver up the premises in good order and condition, reasonable wear and tear and damage by casualty, fire, condemnation, the elements or Landlord excepted. Tenant shall promptly repair any damages to the premises or building caused by Tenant, its employees, agents or invitees, including but not limited to damage caused by removal of fixtures. Tenant shall promptly remove all of its personal property and fixtures.

ARTICLE 8: Compliance With Public Authorities.

Tenant shall during the term hereby granted comply with all statutes, ordinances, rules, orders, regulations or requirements of the federal, state and local governments which must be complied with by reason of the nature of the use of the premises by Tenant, and shall also comply with and execute all rules, orders and regulations issued or made by the Board of Fire Underwriters for the prevention of fires, which must be complied with by reason of the nature of the use of the premises by the Tenant. In no event, however, shall Tenant be required to make structural repairs or installations, to install a fire sprinkling system in the premises or to remove any asbestos containing material or other hazardous substance existing at the premises, it being understood and agreed all such work shall be Landlord's responsibility at its own expense if the same shall be necessary to comply with the aforesaid statutes, ordinances, rules, orders, regulations or requirements.

ARTICLE 9: Increase in Insurance.

Tenant shall not use or occupy the premises or permit the same to be used or occupied for any business or purpose deemed hazardous on account of fire or otherwise, and, if by reason of the use and occupancy of the premises hereunder the rate of fire insurance on the building in which the premises are located shall be increased, Tenant will, on demand, pay to Landlord the amount of such increase. Landlord, prior to making any demand therefore, shall give Tenant ten (10) days' written notice of any such future increased insurance premiums and an opportunity to cure the condition which caused such increase.

ARTICLE 10: Access to Premises.

Landlord, and its duly authorized agents and representatives, shall have the right, following reasonable prior notice to Tenant (except in the case of an emergency), to enter into and upon the premises during Tenant's business hours for the purpose of examining the same or making such repairs therein as may be necessary for the safety and preservation thereof.

Landlord shall have the right, following 24 hour notice to Tenant, during Tenant's business hours, to show the premises to persons wishing to purchase the building, and shall also have the right, following reasonable notice to Tenant, during the three (3) months preceding the expiration of the term

hereby granted and during Tenant's business hours, to show the premises to persons wishing to rent the premises. Reasonable notice shall include telephone call, voicemail, email, facsimile or standard mail.

Landlord agrees that any entry by it into the building shall be done in such a manner so as not to unreasonably interfere with the conduct of normal business operations therein. Landlord shall exert its best efforts to perform any and all work expeditiously and agrees to keep all interruptions to Tenant's business to a minimum. If as a result of any entry by Landlord into the building it is necessary to Tenant to suspend business operations therein, then rent shall abate for the period of time normal business operations are suspended.

ARTICLE 11: Alterations and Signs.

- (a) Tenant shall provide Landlord with a proposal for any and all alterations to the Premises. Landlord shall approve, disapprove or conditionally approve such proposals within 45 days, but if such proposals are for non-structural changes then Landlord shall approve, disapprove or conditionally approve such proposals within 15 days. Landlord reserves the right to contract for the performance of such alteration and to pay contractors in the first instance. In those situations where Landlord contracts for the alterations Tenant agrees to reimburse Landlord within 20 days of presentation of an invoice.

In all instances Tenant is responsible for obtaining bids for desired alteration work and selecting the desired contractor(s). Landlord reserves the right to approve the use of all vendors selected by Tenant to perform alterations.

- (b) All alterations, additions and improvements made by Tenant upon the premises shall remain upon the premises at the termination of this lease, except that any trade fixtures, furniture, equipment, signs and other personal property installed by Tenant in the premises during the term hereof shall be removed by Tenant from the premises at Tenant's cost and expense.
- (c) Tenant may from time to time, at its own expense, install and maintain, replace and relocate on the premises and building its standard identifying signs, parking and/or tow away zone signs, and lighting effects as are or may be, from time to time, used or adopted by Tenant. Tenant may place Tenant's standard professionally made signs in its windows in accordance with Tenant's regular advertising and promotional programs. However, all signs must be approved in advance by Landlord, which approval will not unreasonably be withheld.
- (d) Tenant shall not modify the facade of the building.
- (e) In all instances where the Tenant performs or contracts for the performance of alterations, tenant shall do all work at its own cost and expense and in full accordance with all rules and regulations of any governmental authority having jurisdiction and shall save

Landlord harmless on account of filing of mechanics' liens or for any other cause arising from Tenant's making of such alterations or installations.

ARTICLE 12: Utilities.

Utilities are the responsibilities of the Tenant. Any unpaid Tenant utility bills and/or associated penalties that create a liability to the Landlord or create a lien against the property may be paid for with any or all of the Security Deposit and Landlord may pursue his legal and equitable remedies under the law to gain full restitution for any amount in excess of the Security Deposit.

All dumpsters, if any, shall be placed in the designated parking space at the back of the building as depicted in Exhibit A and must be emptied at least once a week.

ARTICLE 13: Taxes.

Commencing with the Commencement Date, Tenant agrees to pay promptly personal property taxes which shall include trade fixtures and assessments levied against or based on the personal property on the premises for and payable during each tax fiscal year thereafter occurring during the term of this lease.

ARTICLE 14: Insurance.

- (a) Landlord represents that it is currently carrying and that throughout the term of this lease, Landlord shall carry fire and extended coverage insurance in so called "all risk" form upon the building and improvements thereof. Such coverage shall include damage by fire and other casualty typically covered under an "all risk" policy in the vicinity of the building, but in all events to include coverage for collapse, vandalism, water damage and sprinkler leakage, comprehensive boiler and machinery insurance and flood and earthquake insurance. Throughout the term of this lease, Landlord shall also carry a comprehensive general liability insurance policy with limits of liability of not less than one million dollars (\$1,000,000) covering the building and all common areas thereon or appurtenances thereto.
- (b) Tenant agrees to keep the premises insured under a comprehensive general liability policy, with single policy limits of not less than \$1,000,000 for personal injuries and \$250,000 for property damage and shall deliver to Landlord a certificate of such insurance naming Landlord as an "additional insured."

ARTICLE 15: Waiver of Subrogation.

Each of the parties hereto hereby waives any and all rights of action for negligence against the other party hereto which may hereafter arise during the term hereof for damage to the building or to the property therein resulting from any fire or other casualty of the kind covered by standard fire insurance policies with extended coverage, regardless of whether or not, or in what amounts, such insurance is now or may hereafter be carried by the parties hereto, or either of them.

ARTICLE 16: Fire & Casualty Damage.

- (a) Except as provided in paragraph (c) hereof, if during the term hereof the premises or the building shall be damaged in whole or in part by fire or other casualty, Landlord shall, proceeding with all reasonable diligence and at its expense, repair the damage and restore the premises and the building to the same condition as existed immediately prior to such damage.
- (b) Tenant shall be entitled to an abatement of all rent and charges to the extent and for the period during which the premises are untenable or incapable of Tenant's normal use, such abatement to continue until the first to occur of (i) the date Tenant reopens in the premises for its normal business, or (ii) one hundred twenty (120) days following the date on which Landlord completes its repair and restoration pursuant to paragraph (a) above. It is further agreed that the term of this lease shall, at Tenant's option, be extended by the same number of days as normal business shall not have been conducted in the premises due to the damage or destruction.
- (c) Notwithstanding the foregoing, if the premises or the building shall be damaged or destroyed by fire or other casualty and the damage is of such a nature that it cannot be reasonably restored with the exercise of due diligence within ninety (90) days following the date of damage, then either Landlord or Tenant may terminate this lease by notice given to the other within forty five (45) days after the date of the damage.
- (d) If this lease shall be terminated as aforesaid, then this lease shall terminate and come to an end as of the date of the damage giving rise to such termination with the same force and effect in all respects as if such termination was the expiration date set forth herein, and rent and other charges payable hereunder shall be apportioned and paid up to the date of said damage and any prepaid unearned rent and other charges payable hereunder shall forthwith be repaid by Landlord to Tenant.

ARTICLE 17: Condemnation.

- (a) In the event that during the term of this lease the building or any part thereof, or the use, possession or access thereof, is taken in condemnation proceedings, by any right of eminent domain or for any public or quasi-public use, this lease and the term hereby granted shall terminate and expire on the date when possession shall be taken by the condemning authorities, and rent and all other charges payable hereunder shall be apportioned and paid in full up to that date and all prepaid unearned rent and all other charges payable hereunder shall forthwith be repaid by Landlord to Tenant. As of such date of taking, this lease shall be deemed terminated and of no further force and effect and neither Landlord nor Tenant shall be liable to the other for any future rent or other charges payable hereunder.
- (b) Notwithstanding the foregoing, if only a part of the building shall be so taken or condemned, and, in Tenant's reasonable opinion, the remaining portion of the building shall be adequate and suitable for the purposes of its business, then this lease shall continue in full force and effect except that the annual rent and other charges payable

hereunder shall be reduced in the proportion that the gross floor area of the part so taken or condemned shall bear to the total gross floor area of the building immediately prior to such taking. In such case, Landlord shall, at Landlord's cost and expense, as speedily as circumstances permit, repair all damage to the premises and the building as shall have been caused by such partial condemnation and taking (including, but not limited to, the basic building, the storefront and all glass therein). Rent and all other charges payable hereunder shall abate until the premises have been restored to a tenable condition, including a reasonable period after the completion of Landlord's reconstruction for Tenant to re-fixture and restock the premises. Tenant hereby waives all rights in condemnation awards, except awards for Tenant's fixtures and equipment and any separate awards which may be made for Tenant's relocation expenses, value of improvements and the like.

ARTICLE 18: Subordination of Lease and Non-Disturbance.

This lease shall be subject and subordinate to the lien of any bank or institutional mortgage or mortgages or bond covenants now or hereafter in force against the land and building of which the premises are a part, and to all advances made upon the security thereof, provide the holder of such mortgage or deed of trust shall execute and deliver to Tenant an agreement in recordable form that it will recognize this lease and all of Tenant's rights hereunder and not disturb Tenant's possession of the premises in the event of foreclosure or the exercise of any other right or remedy if Tenant is not then in default hereunder beyond the expiration of all applicable grace, notice and cure periods. Tenant agrees to execute such further instrument or instruments as maybe necessary to subordinate this lease to the lien of any such mortgage or deed of trust.

ARTICLE 19: Assignment/Subletting.

Tenant may assign this lease or to sublease, but only upon Landlord's determination of acceptability and written approval.

ARTICLE 20: Default.

- (a) It is covenanted and agreed that if (i) Tenant shall default in the payment of the rent or any item of additional rent, or any part of either, and such default shall continue for fifteen (15) days after written notice to Tenant, or (ii) Tenant shall default in fulfilling any of the other covenants of this lease and such default shall continue for a period of thirty (30) days after written notice thereof from Landlord specifying such default, and such default shall thereafter continue beyond such period as is reasonably necessary to correct such default and Tenant is not diligently occupied in correcting the same, or (iii) the estate hereby created shall be taken on execution or by other process of law, or (iv) Tenant shall petition for bankruptcy or become insolvent according to law, or (v) any assignment shall be made of the property of Tenant for the benefit of creditors, and if a receiver, guardian, conservator, trustee in bankruptcy or other similar officer shall be appointed to take charge of all or any substantial part of Tenant's property by a court of competent jurisdiction, Landlord lawfully may, immediately or at any time thereafter, upon prior written notice, enter into and upon the premises or any part thereof in the name of the whole, and repossess

the same as of its former estate, and expel Tenant, and those claiming through or under it, and remove its or their effects without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant. Upon entry as aforesaid this lease shall terminate. Tenant covenants and agrees, notwithstanding any entry or re-entry by Landlord, whether by summary proceedings, termination or otherwise, to pay and be liable for on the days originally fixed herein for the payment thereof, amounts equal to the rent, additional rent, and other charges under the terms of this lease, when those become due as if this lease had not been terminated, or as if Landlord had not entered or re-entered, and whether the premises be relet or remain vacant, in whole or in part, for the remainder of the term or for a period less than the remainder of the term. If the premises are relet by Landlord, Tenant shall be entitled to a credit in the net amount of rent received by Landlord in reletting the premises, after deduction of all reasonable expenses (including, without limitation, reasonable brokerage fees, and the like), and in collecting the rent in connection therewith. In the event of termination by Landlord as aforesaid, Landlord agrees to use reasonable efforts to relet the premises so as to minimize the damages suffered by Landlord and payable by Tenant.

- (b) If Landlord shall fail to perform any of its obligations under this lease and as a result thereof Tenant closes its business operations on the premises, then, in such event, all rent and other payments required to be made by Tenant under this lease shall abate until such time as Tenant shall be able to reopen the premises for business.

ARTICLE 21: Miscellaneous Provisions.

- (a) Notices. Whenever by the terms of this lease any notice, request, demand or other communication shall or may be given, either to Landlord or to Tenant, the same must be in writing, and shall be sent by registered or certified mail (return receipt requested), postage prepaid, or shall be delivered by private overnight carrier or by messenger service as follows:

If to Landlord: addressed to Traverse City Light & Power Dept. c/o Schmidt-Rogers Management, LLC at 996 Garfield Woods Dr., Suite D, Traverse City, MI 49686 (or to such address or addresses as may from time to time hereafter be designated by Landlord by like notice);

If to Tenant: addressed to Tenant at the address set forth on the first page of this lease until occupancy and then at the premises, (or to such other address or addresses as may from time to time hereafter be designated by Tenant by like notice).

Except as otherwise specifically provided herein, all such notices shall be effective when actually received or refused by the party to whom it is addressed.

- (b) Force Majeure. In the event that either party shall be prevented, delayed or hindered in the performance of any of its obligations under this lease due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, enemy or hostile governmental action, riot, civil commotion, fire or other

casualty, or any cause otherwise beyond the reasonable control of the party obligated to perform (excluding the financial inability of such party to perform), such event shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage; provided, however, the foregoing shall not be applicable to the payment of rent or other sums due pursuant to this lease.

- (c) Holdover. Any statute, law, custom or practice to the contrary notwithstanding, this lease and the term hereby granted shall in any event terminate, expire and come to an end on the date herein specified for the termination thereof, without notice of any kind from either party to the other. In the event Tenant holds over after said date except under a renewal of this lease as hereinafter provided, then and in such event Tenant shall be deemed a month to month Tenant and at one and a half (1.5) times the current monthly fixed rental and otherwise on the same terms as herein provided.
- (d) Legal Costs. In the event of any lawsuit, action or proceeding by either of the parties hereto against the other by reason of any matter or thing arising out of this lease, the prevailing party shall recover from the other its costs and expenses relating thereto including not only its legal costs but actual attorneys' fees for the maintenance or defense of said action, suit or proceeding.
- (e) No Waiver. A waiver by either party of any breach or failure by the other to perform any of the covenants, agreements or conditions of this lease shall not bar the enforcement of any other rights or remedies for any subsequent breach or failure of any of the same or other covenants, agreements or conditions.
- (f) Estoppel Certificates. Landlord and Tenant agree, on the written request of the other, to provide each other promptly, with a written statement certifying the status of the lease, the dates of commencement or expiration hereof, the rentals payable hereunder, the existence (if any) of any defaults hereunder and/or any other matter or thing reasonably requested with regard to this lease or the effectiveness hereof.
- (g) Provisions Binding. Except as specifically stated herein, this lease and all of the terms and provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
- (h) Recording. This lease shall not be recorded. However, upon request of either Landlord or Tenant, the parties agree to enter into a short form notice of lease (in form proper for recording), which instrument may be recorded by, and at the expense of, the party so requesting.
- (i) Law To Govern. This lease shall be governed by and construed pursuant to the laws of the state of Michigan, as such laws may exist from time to time during the term hereof.
- (j) Transmittal of Lease. Notwithstanding any actions to the contrary, the transmittal of this lease and any discussion thereof by the parties is not a binding legal agreement,

and this lease shall be effective only upon actual execution and delivery thereof by both of the parties hereto.

- (k) Entire Agreement/Invalidity. This lease contains and embraces the entire agreement between the parties hereto and may not be changed or terminated orally or by any agreement unless such agreement shall be in writing and signed by the party against whom enforcement of such change or termination is sought. If any term, clause or provision of this lease shall be judged to be invalid, the validity of any other term, clause or provision hereof shall not be affected thereby.
- (l) Headings. It is agreed that the headings of the various paragraphs herein are for reference only and are not to be construed as part of this agreement.
- (m) Electronic Documents. After this lease has been duly signed, delivered and received, by either party to the other party by means of telecopy (fax) transmission or attached to an email (or similar electronic transmission) in an unalterable image format, this lease shall be considered as validly delivered as the physical delivery of the signed lease in paper form. In addition, it is further understood that this lease may be imaged and stored electronically and introduced as evidence in any proceeding as if an original business record; and neither party will object to the admissibility of such an image as evidence in any proceeding on account of having been stored electronically.
- (n) Grease Pits. At no time shall tenant have a grease pit within the building or on the premises.

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed on the day and year first above written.

LANDLORD:
TRAVERSE CITY LIGHT & POWER DEPARTMENT

Tim Arends, Executive Director

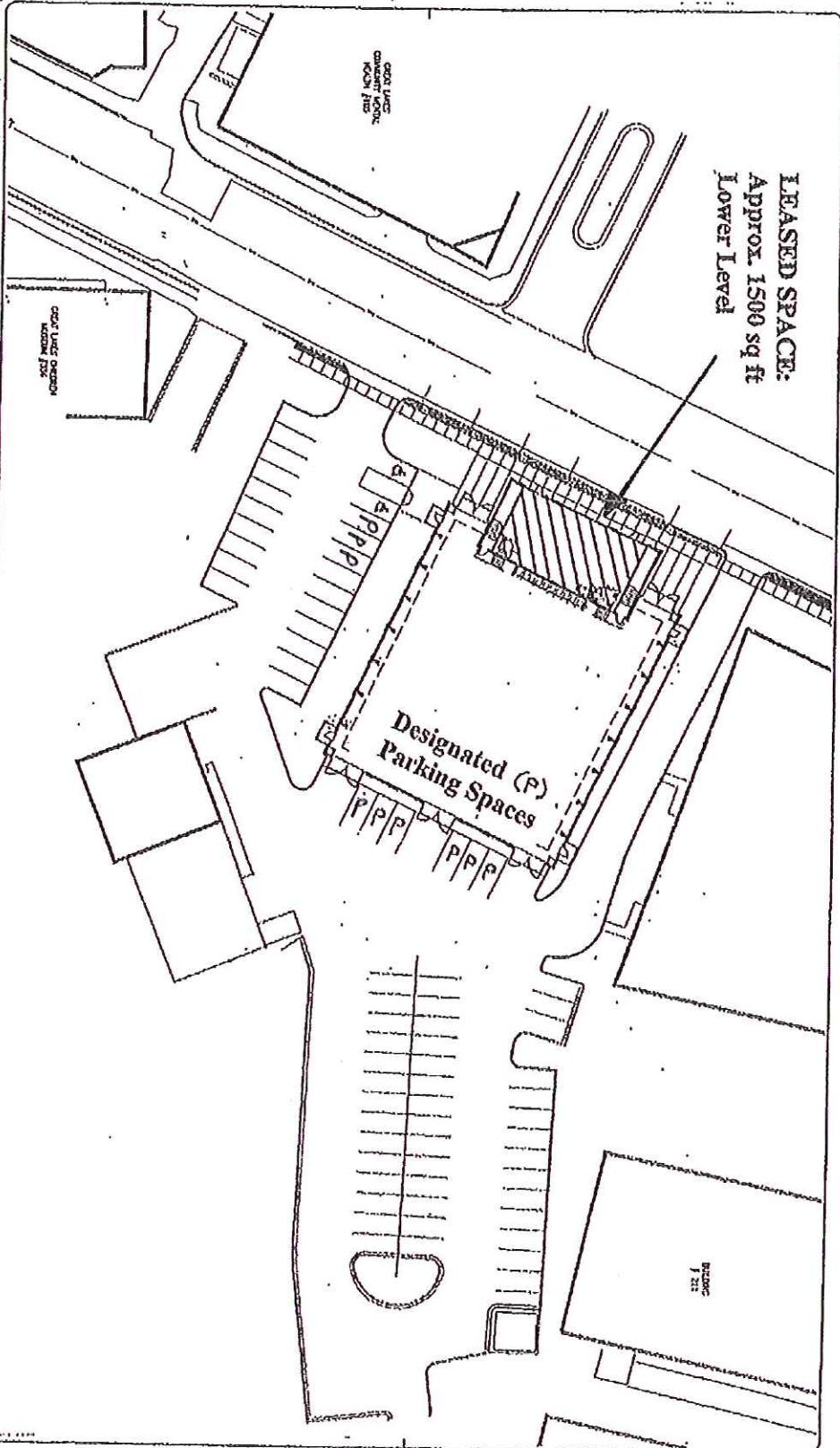
TENANT:

By: Jennifer Anderson d.b.a.
Gold and Jaye Jewelry

APPROVED AS TO FORM

W. Peter Doren
Traverse City Light & Power
General Counsel

**TRAVERSE CITY LIGHT & POWER
HALL STREET SUBSTATION**



TITLE: GENERAL PROPERTY LAYOUT
 URS URS CORPORATION, GRAND RAPIDS, MI., 616-574-2200

DATE: 02/04/03	JOB NO.: 14105002
BY: PAM	SHEET NO.:
CHK: PKL	PROP-1

EXHIBIT A



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tony Chartrand, System Engineer/Key Accounts
Date: May 2, 2017
Subject: Project Authorization Request – Barlow #1 and #2 Transformer Upgrade Project

Staff has prepared a packet of information following this memo and is requesting authorization from the TCL&P Board for staff to proceed with the development, design and installation of Barlow #1 and #2 Transformer Upgrades Project. This project was approved in the TCL&P Six Year Capital Improvements Plan.

Staff recommends Board approval of the project authorization for the Barlow #1 and #2 Transformer Upgrades Project and seeks the necessary board approvals for expenditures in order to complete the project by June 30, 2018.

This item is on Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with staff's recommendations.

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 APPROVE AS PRESENTED THE BARLOW #1 AND #2 TRANSFORMER
UPGRADE PROJECT AND DIRECTS STAFF TO SOLICIT CONSTRUCTION BIDS AND
MATERIAL QUOTES FOR THE BOARD'S CONSIDERATION OF APPROVAL.**

**69/13.8kv Barlow #1 and #2 Transformer Upgrades
PROJECT AUTHORIZATION REQUEST
PAR# 2017-2**



Date of Board Presentation/Consideration: May 9, 2017

Budgeted in Capital Plan: Yes **CIP:** \$1,500,000

Objective: Target Completion date of June 2018

Project Description:

Installation of higher rated transformers to replace the existing transformers that were installed in 1989 - Barlow Transformer #1 and nearing its end of its useful life and 1980- Barlow Transformer #2 at its end of its useful life. The existing transformers are 12/16 MVA and the replacement transformers are 12/16/20 MVA similar to the transformers located at South Substation.

Project Purpose and Necessity:

On February 13, 2017 the load tap changer (LTC) of the Barlow #1 substation malfunctioned and the LTC incorrectly reduced the transformer output voltage by the maximum 10%. Historically, the transformer has had these same issues with the LTC, but not to this extent. This change in voltage could lead to customer complaints due to interrupted service, and the possibility of damaging equipment within the system.

Additionally, the system study performed in August 2016 showed that Barlow Transformer #2 is operating at 51%, above the 40% threshold for a normal system peak load condition. The study stated that if one of the transformers was lost at Barlow Substation the other transformer would be significantly above the normal operating threshold and be at or near 80%. If this transformer unexpectedly had to pick up additional load from another substation it could exceed the load maximum. Operating at this level would only be recommended in short durations as it could lead to significant wear and irreparable damage to the substation transformer.

Project Benefits:

Staff plans on bidding both transformers out concurrently to obtain both economic and operational benefits. Economically, quoting more than one transformer tends to lead to better pricing.

Operationally, this will reduce risk exposure of a substation transformer causing voltage issues within the system that may cause customer service interruption along with potential equipment damage, because of significant LTC failures that TCL&P is currently experiencing at this substation. It will increase system reliability by reducing the contingency risk of overloading a transformer if one were to trip offline, because each new transformer could handle the load of both transformers.

Additionally, it will enhance operational efficiencies by having the transformers manufactured by the same vendor leading to systematic maintenance, and will increase ease of transferring the loads between the transformers.

**69/13.8kv Barlow #1 and #2 Transformer Upgrades
PROJECT AUTHORIZATION REQUEST
PAR# 2017-2**



Other Alternatives:

Replace the LTC controller at approximately \$300,000, but based on the ages of the transformer full replacement is recommended.

Timing of Project:

The transformers will be placed out for bid after this project authorization is approved with the bid award expected to be approved at the June 2017 board meeting for board approval. Installation of the transformers will take place spring of 2018 with final operation date of June 2018.

Timeline (Gant Charts) and Expenditures

<u>Description</u>	<u>Quantity</u>	<u>Cost</u>	<u>Revised Prelim. Board Approval Date</u>
• Engineering/Design/Const Mgmt	-	50k	Not applicable - internal
• Site Work	-	40k	Winter 2017/2018
• Transformer	2	1.2MM	June 2017
• Transformer installation	-	25k	June 2018
• Contingency (10%)	-	131.5k	
Total		1.45MM	

Preliminary Engineering Cost Estimate: \$1.45 M Target Completion date of June 2018

Financing Method:

Cash from TCL&P fund balance. Bonding will not be required.

Additional Revenues:

There will be no additional revenues, however, installation of new transformers will lessen the possibility of future outages due to equipment failure, which results in lost revenues.

Impact on O&M Expenses:

Reduce maintenance costs due to currently existing because of the LTC issues. However, periodic preventative maintenance plan will continue.

Staff Recommendation:

Staff recommends L&P Board approval of the Barlow #1 and #2 Transformer Upgrade Project Authorization and necessary expenditures in order to provide safe and reliable distribution service to its customers.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tony Chartrand, System Engineer/Key Accounts
Date: May 2, 2017
Subject: Project Authorization Request – Critical and Large Customer Improvements #1

Staff has prepared a packet of information and is requesting authorization from the TCL&P Board for staff to proceed with the development, design and construction of Critical and Large Customer Improvements #1 Project. This project was approved in the TCL&P Six Year Capital Improvements Plan.

Staff recommends Board approval of the project authorization for the Critical and Large Customer Improvements #1 Project and seeks the necessary board approvals for expenditures in order to complete the project by December 31, 2017.

This item is on Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with staff's recommendations.

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 APPROVE AS PRESENTED THE CRITICAL AND LARGE CUSTOMER
IMPROVEMENTS #1 PROJECT AND DIRECTS STAFF TO SOLICIT CONSTRUCTION BIDS
AND MATERIAL QUOTES FOR THE BOARD'S CONSIDERATION OF APPROVAL.**

**Critical and Large Customer Improvements #1
PROJECT AUTHORIZATION REQUEST
PAR# 2017-3**



Date of Board Presentation/Consideration: May 9, 2017

Budgeted in Capital Plan: Yes **CIP:** \$270,000

Objective: Target Completion date of December 31, 2017

Project Description:

In conjunction with the system study last summer, GRP Engineering, Inc. focused on the service reliability of the utility's top ten critical and largest customers. This project ranked first out of the Distribution Line Projects proposed within the study.

The project includes installing a new 15 kV recloser on Cass Road Bus #1 and reconfiguring the circuits within the substation to add a new circuit. Replacing the underground circuit exit CD22 at Cass Road Substation with 750kCM 15kV CU cable along with installing an automatic transfer switch and additional metering equipment.

Project Purpose and Necessity:

Increase system reliability to the utility's highest demand customer, which is also the second highest load customer, by replacing aged, undersized cable reducing the risk of cable failure. Minimizing long duration outages by adding a redundant feed off of the other transformer located at Cass Road Substation and installing an automatic transfer switch. The switch will allow for an automatic transfer of load to the redundant circuit feed if the feeding circuit was to fault or transformer was tripped offline.

Project Benefits:

This will benefit the large customer by allowing immediate restoration of service and minimally impacting their operations if a transformer trips offline or a circuit faults.

This project will enhance our ability to switch load within the Cass Road Substation as the utility has the ability to use the spare recloser for the redundant feed when not being utilized by the customer.

Other Alternatives:

None viable that will meet planning objectives

**Critical and Large Customer Improvements #1
PROJECT AUTHORIZATION REQUEST
PAR# 2017-3**



Timing of Project:

Material quotes, contractor's bid documents, and award of contract and purchase orders in summer and early fall of 2017 with preliminary work beginning in fall of 2017 with the project complete by the end of December 2017.

Project Budgeted Expenditures

<u>Description</u>	<u>Cost</u>
Labor and Equipment	\$72,900
Materials	131,600
Contingency	30,700
Engineering/Construction Mgmt.	<u>20,500</u>
Total	\$255,700

Preliminary Engineering Cost Estimate: \$255,700 Target Completion date of December 31, 2017.

Financing Method:

Cash from TCL&P fund balance as planned for. Bonding will not be required.

Additional Revenues:

There are no additional revenues expected except for potential load growth, however, the utility has had several outages in the last year. The results of outages particularly the length of them increases the amount of lost revenues to the TCL&P and impacts the operations of one of the utility's largest customer.

Impact on O&M Expenses:

No impact on O&M Expense

Staff Recommendation:

Staff recommends L&P Board approval of the Critical and Large Customer project authorization and necessary expenditures in order to provide safe and reliable distribution service to one of its key account customers.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tony Chartrand, System Engineer/Key Accounts
Date: May 2, 2017
Subject: Boring services for Costco Project

Staff solicited quotes for boring services from three contractors for the Costco Project and the related relocation of utility infrastructure because of the change in the right-of-way along South Airport Road. Only one contractor, 5 Star Directional Drilling Services, Inc., provided a proposal at a cost of \$42,800.

Staff is requesting a waiver of the Purchasing and Contracting Policy requiring sealed bids for contracted services because staff did not believe the costs of this job would exceed that threshold in addition to the time sensitivity relating to the project.

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 WAIVE THE SEALED BID
REQUIREMENT AND ISSUE A CONSTRUCTION AGREEMENT IN THE AMOUNT OF
\$42,800 WITH 5 STAR DIRECTIONAL DRILLING SERVICES, INC. FOR THE COSTCO
PROJECT; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE
DIRECTOR AND AS TO FORM BY GENERAL COUNSEL; AND FURTHER AUTHORIZES
THE EXECUTIVE DIRECTOR TO APPROVE CHANGE ORDERS IN THE BEST INTERESTS
OF THE UTILITY.**



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Scott Menhart, Manager of Telecom & Technology
Date: May 9, 2017
Subject: Advanced Metering Infrastructure (AMI) Project Bid Award

On August 9, 2016, the TCL&P Board authorized TCL&P via a Project Authorization Request to proceed with the Advanced Metering Infrastructure (AMI) Project. Since this time, TCL&P Staff has received and reviewed all bids submitted for the project. A bid tabulation sheet has been included in the packet of all bidders of the project for your review.

Throughout the bid review process, TCL&P Staff coordinated meetings with each bid respondent. The City of Traverse City was also included throughout the entirety of the bid process along with all correlating meetings to assure successful collaboration and integration with any solution selected. Given the length of each response, copies of the bids were shared with the City's Water Department, TCL&P's Metering Department, and TCL&P's Technology Department with each department reviewing their specific portion within their given expertise. TCL&P staff then coordinated follow-up meetings with all parties to cover all questions or comments that arose during the review process.

During the follow-up meetings, TCL&P and City Staff worked collectively to identify and narrow a solution that would best suit the City of Traverse City and Traverse City Light and Power. Staff also worked with each respondent to clarify bid pricing and select optional components within the bid to align with the future operational needs of the utility. As a result, final pricing differs from original bid tabulation, as necessary.

This was by far one of the most challenging bid reviews that I have been involved in. Each bid submission was 260-500 pages and the technology utilized was so drastically different in each bid that it took months to analyze the data in attempt to formulate an "apples-to-apples" comparison. Staff created a seven-point matrix to help with the selection process by identifying high-level minimum requirements that will future proof the system. These future proofing requirements were as follows:

- 1) TCL&P/City must have complete ownership of the system, network, and software to ensure that we can migrate the solution to another vendor should the need ever arise.

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

- 2) Any system must be meter agnostic for electric and water meters. This would allow for using any meters on the system to achieve the same desired outcome, thus not limiting the City or TCL&P into one meter forever.
- 3) Meter network must have overlapping routes to ensure successful communications to meters at all times. This eliminates a single point of contingency failure.
- 4) Can operate and run within TCL&P's datacenter. TCL&P owns and operates a large-scale fiber network and an on premise solution removes the dependency of a third party internet connection to access the data. This will maintain connectivity to the system for outage events when the system will be relied upon the most.
- 5) Ability to interface with current TCL&P Software without third party customization. This includes Milsoft WindMil, Milsoft Dispatch, ESRI, and SunGard Utility Solutions.
- 6) The system must contain standard open source protocols to allow for any future technical grid initiative that TCL&P may deploy in the future. These are protocols such as DNP, Multispeak, etc.
- 7) The system must have baseline engineering analytics included so Staff can accurately analyze the tremendous amount of data that this system will produce.

Note: Preference was for a full turnkey solutions, but was not an absolute requirement for meter installation alone. However, for network deployment, it was identified as necessary to ensure proper connectivity from meter endpoint to head-end system.

It is also worth noting that most of these requirements were in the bid specs and some bid submissions did not meet the specifications. However, given the magnitude of this project, Staff still reviewed each bid respectfully and met with all respondents for a thorough overview of their submissions to ensure clarity of their proposal. This was also coupled with a full demonstration of each application as well. These conversations allowed for any updates to the final submission, which included optional software module selections and final meter customization and selection.

After a combined effort between TCL&P and the City of Traverse City to thoroughly analyze each bid and apply the matrix above, Eaton's bid became the clear choice, as it was the only solution to hit every single point within the matrix. Their solution not only provided the most robust solution for the current operating state of TCL&P with easy integration, it also provided high levels of future proofing. As a result, Staff recommends the bid from Eaton as the best solution to perform the requirements necessary to bring TCL&P's infrastructure into advanced metering technologies. Eaton also submitted a turnkey solution for this project as well ensure successful network optimization and software integration.

Eaton's final bid tabulation pricing for TCL&P was \$3,573,292. The majority of the costs are associated with the electric meter replacements. These amounts were based on TCL&P doing the project solo, without the City of Traverse City. Should the City of Traverse City join the project,

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

there will be a cost reduction to TCL&P as the City will be participating in the cost of the network and any annual recurring costs associated with support.

There are additional expenditures for this project in addition to Eaton's final bid numbers. These are as follows: hardware to host the infrastructure (\$83,700 – price identified by Eaton), fiber construction to 14 locations (\$140,000), fiber annual fees (\$7,700) and a 10% contingency of the overall project (\$380,469) which is consistent with other TCL&P projects

The cost within the Capital Improvement Project (CIP) was set at \$5,000,000 and this cost falls within this scope. A bigger breakdown of these numbers and costs are contained within the packet for your review. Staff recommends Board approval to Eaton for AMI project, along with approving the other necessary expenditures identified in the memo. If the Board agrees with Staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AWARDS A BID TO EATON FOR AN ADVANCED METERING INFRASTRUCTURE SYSTEM FOR TRAVERSE CITY LIGHT AND POWER AND AUTHORIZES THE CHAIRMAN AND SECRETARY TO EXECUTE A CONTRACT FOR SERVICES, SUBJECT TO REVIEW AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL. FURTHER, THE BOARD DIRECTS STAFF TO OBTAIN QUOTES FOR THE REQUIRED ADDITIONAL EXPENSES FOR THE FIBER CONSTRUCTION AND HARDWARE TO SUPPORT THE SYSTEM.



TRAVERSE CITY
LIGHT & POWER

Investing Our Energy In You

AMI Pricing Totals

TCL&P Totals

Eaton Bid	\$3,573,292.45
Hardware	\$83,700.00
Fiber Install	\$140,000.00
Fiber Recurring	\$7,700.00
10% Contingency	\$380,469.25
Total	\$4,185,161.70



Powering Business Worldwide™

Eaton Pricing Summary

2S CL200 Residential Electric Disconnect Meters (One-Time)

Electric Meter Price	\$3,345,702.95
<i>Note: Water Meter Price \$2,448,274.75 (Not Included in this Total - CITY Cost)</i>	
Electric Meter Total	\$3,345,702.95

AMI Network & Hardware (One-Time)

AMI Network (Including Field Tools and Electric/Water Shipping)	\$164,589.50
<i>Hardware (Procured outside of Eaton) \$83,700.00</i>	
AMI Network & Hardware Total	\$164,589.50

Software Modules (One-Time)

DNP Protocol License (Included)	\$0.00
Volt/VAR Management License (TCL&P Only)	\$25,000.00
Software Module Total	\$25,000.00

Annual Recurring Fees (Annual)

Yukon ODMS Software Platform with DNP License (Included)	\$0.00
Consumer Portal to present Electric and Water Information (Shared)	\$19,500.00
Software Maintenance and Technical Support Fee (Shared)	\$13,500.00
Annual Maintenance and Support for DNP Protocol (Included)	\$0.00
Annual Maintenance and Support for Volt/VAR Management (TCL&P Only)	\$5,000.00
Annual Recurring Fees Total	\$38,000.00

Optional Software Modules (One-Time) - (Potential Future Add-Ons)

Demand Response/Load Management License	\$20,000.00
Optional Software Modules Total	\$20,000.00

Optional Annual Recurring Fees Software Modules (Annual) - (Potential Future Add-Ons)

Demand Response/Load Management License	\$4,000.00
Fee for On-site Consumer Portal Implementation	\$14,500.00
Add-on module to Consumer Portal for Prepaid Metering	\$12,500.00
Optional Software Recurring Fees Total	\$31,000.00

Total: TCL&P Costs (Solo without City)

Total One-Time Cost	\$3,535,292.45
Total Annual Recurring Fees	\$38,000.00
Total Year 1	\$3,573,292.45
Total Year 10	\$3,953,292.45

Note: \$83,700 for Hardware is not part of Eaton, but procured directly by TCL&P; therefore, not included in this bid. This is networking switches, etc.

Total: City Costs if joined

Water Meters	\$2,448,274.75
50% of Hardware at \$164,589.50 to TCL&P (AMI Network & Data Center)	\$82,294.75
50% of Annual Recurring Fees at \$33,000.00 to TCL&P	\$16,500.00
Total Year 1	\$2,547,069.50
Total Year 10	\$2,712,069.50

Total: TCL&P if City joins project

Total: TCL&P Costs if City Joins Project - 1 Year	\$3,474,497.70
Total: TCL&P Costs if City Joins Project - 10 Year	\$3,705,997.70

TCL&P Fiber Use

Gateway	Lat	Long	Height	Est Price	Yearly
1 ABAG (Willow Elem School)	44.77153	-85.64482	20	\$10,000.00	\$550.00
2 ABAF (Traverse City HS CapBank)	44.76935	-85.58294	20	\$10,000.00	\$550.00
3 ABAA (Hall Sub)	44.76500	-85.62741	33	\$10,000.00	\$550.00
4 ABAL (Oak Park Elementary)	44.76199	-85.59486	20	\$10,000.00	\$550.00
5 ABAK (Central Grade School)	44.76005	-85.62778	20	\$10,000.00	\$550.00
6 ABAN	44.76001	-85.61569	20	\$10,000.00	\$550.00
7 ABAE (Barlow Sub)	44.75809	-85.60506	33	\$10,000.00	\$550.00
8 ABAI	44.75635	-85.62825	20	\$10,000.00	\$550.00
9 ABAH (Traverse City Stadium)	44.75231	-85.62839	20	\$10,000.00	\$550.00
10 ABAJ (Traverse Hgts Elem School)	44.74987	-85.59924	20	\$10,000.00	\$550.00
11 ABAD (Parson Sub)	44.74749	-85.56934	33	\$10,000.00	\$550.00
12 ABAB (Cass Sub)	44.73492	-85.62179	33	\$10,000.00	\$550.00
13 ABAC (South Airport Sub)	44.7267	-85.6049	33	\$10,000.00	\$550.00
14 ABAM (W River Road)	44.6526	-85.5816	20	\$10,000.00	\$550.00
Totals				\$140,000.00	\$7,700.00
Fiber Year 10				\$140,000.00	\$77,000.00



Project Name: AMI


NOTE: RESULTS ARE PRELIMINARY AS WE ARE WORKING WITH RESPONDENTS FOR SOME CLARIFICATION

BIDDER	DESCRIPTION	BID SENT	TOTAL CONTRACTOR BASE BID PRICE	REMARKS
ETNA				
	INFRASTRUCTURE	\$ 217,940.00		
	WATER METERS	\$ 2,691,065.00		
	ELECTRIC METERS	\$ 1,635,995.00		
	PROJECT MANAGEMENT	\$ 84,000.00		
	MOBILIZATION	\$ 10,000.00		
	TOTAL		\$ 4,639,000.00	
WESCO DISTRIBUTION, INC.				
	ELECTRIC METERS	\$ 1,855,666.00		
	WATER METERS	\$ 566,960.00		
	AMI NETWORK PRICE	\$ 62,925.00		
	DATACENTER PRICE	\$ 325,000.00		
	HOSTED SOLUTION (10 YRS)	\$ 740,818.00		
	TOTAL HOSTED SOLUTION		\$ 3,226,369.00	
	TOTAL ON-PREMISE SOLUTION		\$ 2,810,551.00	
VANGUARD UTILITY SERVICE, INC.				INSTALLATION ONLY
	ELECTRIC METERS	\$ 330,249.92		
	WATER METERS	\$ 864,960.41		
	PROVIDE A POST PHOTO OF METER INSTALLATION W/ PROPER FACILITY ID	\$ 3,730.00		
	PROVIDE AN ESRI COMPATIBLE DATABASE OF ALL METERS AND METER LOCATIONS	\$ 1,500.00		
	VERIFY & CONFIRM NORMAL OPERATION AFTER INSTALL	\$ 9,938.50		
	TOTAL		\$ 1,210,378.83	
ACLARA				
	ELECTRIC METERS	\$ 2,191,290.05		

	WATER METERS	\$	2,280,308.88		
	AMI NETWORK	\$	359,771.49		
	DATA CENTER PRICE (HOSTED 1 YR)	\$	214,301.96		OPTION 1
	(HOSTED 10 YRS)	\$	1,237,529.60		
	FULL SERVICE LEGAL AGREEMENT (10 YRS)	\$	294,310.39		
	TOTAL HOSTED SOLUTION OVER 10 YRS	\$	6,283,201.98		
	TOTAL HOSTED SOLUTION 1 YR	\$	5,045,672.38		
	DATA CENTER PRICE (ON SITE SOLUTION)				OPTION 2
	UTILIZATION OWNERS EXISTING VIRTUAL ENVIRONMENT	\$	195,558.22		
	PROCURING ALL NEW HARDWARE	\$	23,538.03		
	TOTAL ON PREMISE SOLUTION 10 YRS	\$	5,347,777.11		
	TOTAL ON PREMISE SOLUTION 1 YR	\$	5,053,467.38		
	VERIZON				
	ELECTRIC METERS	\$	2,300,000.00		
	WATER METERS	\$	1,800,000.00		
	AMI NETWORK PRICE (ELECTRIC)		2.50 PER METER PER MONTH		
	AMI NETWORK PRICE (WATER)		1.25 PER METER PER MONTH		
	INSTALLATION	\$	1,000,000.00		
	TOTAL HOSTED SOLUTION (10 YRS)	\$	7,093,260.00		ONE TIME SET UP FEE \$51,000.00
	EATON				
	ELECTRIC METERS	\$	2,607,799.99		
	WATER METERS	\$	2,448,274.75		
	AMI NETWORK	\$	150,391.44		
	DATA CENTER PRICE (ON SITE SOLUTION)				
	UTILIZATION OWNERS EXISTING VIRTUAL ENVIRONMENT	\$	78,000.00		
	PROCURING ALL NEW HARDWARE	\$	109,200.00		
	HOSTED SOLUTION (10 YRS)	\$	240,000.00		



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director 
Date: April 24, 2017
Subject: Fiber to the Premises (FTTP) Action Item

HISTORY/STATUS: The board has discussed the FTTP project over the past sixteen months. This is a complex/complicated topic and understandably, the board was not in a position to either include or exclude this project from its Six Year Capital Improvements Plan (CIP). There was a need for more information for how a project like this would affect the utility, the benefits to the utility, and to the community as a whole.

Over these past months, staff has provided information to the board including presentation of a feasibility study on different options in going forward. At a recent meeting of the board where staff sought direction on a specific path forward there appeared to be many opinions on which path would be the right one, if the utility undertakes the project at all. However, there was no clear direction to staff from the board on which direction staff should take.

Therefore, after discussions with the Chairman about placing this item on the board's agenda, it was determined that we are at a crossroads, of sorts, and the board should answer the question "should TCL&P provide this service?" The question of "how" to provide the service, if at all, were also discussed by the board and that direction came to three options. Staff, however, cannot pursue three options at once, in my opinion. Any of the three options could be viable. Fatal flaws with an option, if there are any, will be vetted out as we proceed, which may lead to a different option. The options are as follows:

- TCL&P builds/maintains the fiber network and the utility is NOT the ISP. (12 – 18 months before construction commences, normal timeline for this option)
- TCL&P builds/maintains the fiber network and is the sole ISP provider. (18 – 24 months before construction commences, possible additional feasibility study in the amount of \$88K which would add six months minimum)
- Include the project in the CIP without selecting either option above (to be determined by an ad hoc, etc.) (18 – 24 months before construction commences, possible additional feasibility study in the amount of \$88K which would add six months minimum)

I believe the board should have enough information at this time that it could conceptually approve this project in its CIP. If the board fundamentally does not believe that TCL&P should pursue this project, regardless of any study's or future information

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

presented, that would not preclude the City from taking it from here and creating a separate Enterprise Fund under the control of the City Manager and City Commission. Of course, TCL&P would work with the City in leasing its fiber backbone to support their efforts.

Approval of including this project in an Amended CIP will require the City Planning Commission to hold a public hearing and approve/disapprove the CIP. Either way, this would then go to the City Commission for its approval/disapproval of the Amended CIP in its entirety. The City Commission cannot disapprove single projects in the CIP, just the Plan as a whole.

TIMING: If approved in the CIP, the timing of actually building the system is some time into the future. It is important for the board and public to understand the process and the reasons why TCL&P could not simply go out for bid and begin construction this year. The earliest, in my estimation, would be late fall of 2018 or spring 2019. In my opinion, these timelines will differ depending on the option selected by the board, as indicated above. Here is why:

With an approved project authorization request, staff would then solicit bids. This would take a few months and those bids would come back to the board for its consideration of a staff recommendation. This process would then give the project better cost estimates to determine how much bonding would be required to complete the project.

The city commission must approve bonding, in accordance with city charter. If approved by the city commission it may subject their vote to a voter-initiated referendum, either way they voted (I am uncertain at this time what the period is for a voter initiated referendum period). For these revenue bonds, the city treasurer would solicit bids for bond counsel and a bonding agent. A prospectus would have to be prepared and a bond auction held.

Selecting option #2 or #3 would almost certainly (it would be my recommendation) require another independent feasibility study for the utility. This would add at least six months due to bidding, awarding, creating and presenting that study.

As you can see, this is not going to be a fast process, much to the dismay of some, perhaps. I may have missed a few other steps in the process, but I wanted to give you a sense of some of the issues we will be dealing with if the board decides to go forward.

SUMMARY: Considering the above, staff is seeking direction from the board on whether to continue to commit staff resources to the FTTP project. While including it in the CIP does not commit the board to actually doing the project, it does provide staff with the assurance that it is a priority of the board to direct its human and financial resources to the project. Further, the options about how the utility should go forward, if it chooses to, have been fully vetted. Therefore, I recommend the board make the decision to either include or not include the project at this time, and give staff direction on how to proceed.

Staff does not have a recommendation of inclusion or exclusion of the project, or how the utility should proceed. We will follow the direction of the board. If the board does

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

not pass any of the following motions, we may know the direction from the board, or it may be for other reasons that we will learn from the board members to be considered going forward. These motions are not being presented to you in any preferential order.

The first motion to gain four votes will be the direction staff will take with this project.

1. MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AMEND ITS SIX -YEAR CAPITAL IMPROVEMENTS PLAN – 2017 FOR INCLUSION OF FIBER TO THE PREMISES PROJECT WITH THE UTILITY OWNING, OPERATING/MAINTAINING THE NETWORK BUT NOT ACTING AS THE ISP, AND FURTHER DIRECTS STAFF TO FORWARD THE AMENDED PLAN TO THE CITY PLANNING AND CITY COMMISSIONS FOR THEIR CONSIDERATION OF APPROVAL.

2. MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AMEND ITS SIX -YEAR CAPITAL IMPROVEMENTS PLAN – 2017 FOR INCLUSION OF FIBER TO THE PREMISES PROJECT WITH THE UTILITY OWNING, OPERATING/MAINTAINING THE NETWORK AND IS THE SOLE ISP PROVIDER OF SERVICES TO CUSTOMERS, AND FURTHER DIRECTS STAFF TO FORWARD THE AMENDED PLAN TO THE CITY PLANNING AND CITY COMMISSIONS FOR THEIR CONSIDERATION OF APPROVAL.

3. MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AMEND ITS SIX -YEAR CAPITAL IMPROVEMENTS PLAN – 2017 FOR INCLUSION OF FIBER TO THE PREMISES PROJECT, AND FURTHER DIRECTS STAFF TO FORWARD THE AMENDED PLAN TO THE CITY PLANNING AND CITY COMMISSIONS FOR THEIR CONSIDERATION OF APPROVAL.

TCL&P Board Meeting
5-9-17
TCNewTech on TCL&P High Speed Fiber Project

We believe the path for Traverse City Light & Power (TCL&P) to implement a sustainable high-speed fiber to the premise (FTTP) infrastructure in Traverse City is as follows.

1. The TCL&P Board should make a motion to place FTTP dollars (\$10 to \$16Mil, which ever number is appropriate) on the Capital Improvement Plan (CIP).
2. As part of the overall motion, the board should instruct staff to develop and issue a request for proposal (RFP) for the construction of a citywide dark fiber FTTP network for TCL&P (to be implemented in stages).
3. As part of the motion, the board should instruct staff to develop and issue an RFP for a third-party Internet service provider (ISP) to operate the internet service to connected FTTP customers. This initial ISP contract should be for a period of time (3 – 5 years, the board and staff should determine the time length that is most appropriate) with the understanding that at the end of the single source ISP contract period, the contract may be opened for access of multiple simultaneous competitive ISP providers at that time or even the option of TCL&P becoming the sole ISP provider at that time.
4. As part of the motion TCL&P should, instruct staff to develop an online citywide “sign-up” webpage that outlines estimated speed and pricing options for TCL&P customers. Customers will be instructed to sign up if they are interested in becoming a high-speed fiber optic customer. The website should be clear, concise and well-advertised across all media to encourage customers to visit and sign up so that TCL&P can determine demand. A nominal refundable deposit should be required at the time of sign-up to gauge the seriousness of customer’s intent. The conversion rate of customers that have paid a deposit will be very high (versus no deposit). This website should also be up and operational for a period of 4 to 6 weeks to give TCL&P customers adequate time to sign up for their preference.

After all the above are completed TCL&P will have all the information necessary to make an informed decision as to costs involved and the level of demand within the city. This information will allow TCL&P to accurately estimate the pay-back time on the cost of construction. After the above information is tallied, the TCL&P board can then have an informed vote at that time as to whether to proceed with the FTTP project or not.

We suggest the question of whether to provide TV and telephone access to FTTP customers should be left to the winning ISP bidder.

From: Taylor Steve <taylor@eventsnorth.com<mailto:taylor@eventsnorth.com>>
Date: Tue, May 2, 2017 at 12:47 PM
Subject: Supporting Fiber - TCLP Vote
To: ashamroe@traversecitymi.gov<mailto:ashamroe@traversecitymi.gov>

Hi Amy!

I hope all is well with you - I haven't seen you in a while!

I understand you serve on the Traverse City Light & Power board. I wanted to email you to let you know that I am in support of the buildout of the fiber network and feel it is important that it be included in the TCLP 6-Year Capital Improvement Plan that you will bring to vote on May 9th.

Thank you for your consideration of supporting this project. I appreciate being a customer of TCLP and look forward to the bright future ahead!

Talk to you soon!

Warm Regards,
Taylor Steve

Taylor Steve | Meeting & Event Manager | Events North | NEW ADDRESS: 310 West Front Street Suite 408 | Traverse City, MI 49684 | T: 989.992.1426 | EventsNorth.com<<http://eventsnorth.com>>
2016 Michigan Meetings + Events Magazine Reader's Choice - Best Event Planning Company



April 26, 2017

Mr. Timothy Arends, Executive Director
Traverse City Light and Power
1131 Hastings St
Traverse City, MI 49686

Dear Mr. Arends,

Thank you for your presentation to our Board at the meeting on April 11th, 2017. The Traverse City Area Chamber of Commerce would like to voice its support for the concept of Fiber to the Premise (FTTP).

High speed fiber internet has been a topic of discussion in our community and surrounding region for many years and we fear that we have already fallen behind other areas in Michigan. On April 12th 2017, the Chamber brought Governor Rick Snyder to Traverse City to have a focused discussion on Northern Michigan's strengths and challenges of the emerging technology industry in our area. The Governor specifically mentioned high speed fiber internet connectivity as one of the necessities of a successful 21st century economy.

We strongly believe that widespread and affordable high speed fiber internet will lay the foundation for future economic growth and business development. In order for our region to compete with other similar markets in attracting talent, infrastructure investment, and business development, we must act soon and bolster this key utility in the Traverse City area.

In addition, we have heard from many of our members that affordable access to high speed internet is a paramount concern for the future prosperity of their business. It is also a growing necessity for businesses looking to compete in and possibly relocate to our region. We fully support your ability and your effort to move this project forward.

Sincerely,

Max Anderson
Executive Director

CC: Bonnie Alfonso, Chair of the Board of Directors
Traverse City Area Chamber of Commerce



VENTURE NORTH

FUNDING | RESOURCES | CONNECTIONS

May 1, 2017

Mr. Timothy Arends, Executive Director
Traverse City Light and Power
1131 Hastings St
Traverse City, MI 49686

Dear Mr. Arends,

Venture North Funding & Development offers this letter in support of Traverse City Light & Power's investigation to develop a fiber-optic network to deliver high-speed internet service to businesses and residential customers in its service district.

Reliable and affordable high speed internet is a priority asset for employers who are considering expanding, relocating, or remaining in the area. Therefore, TCLP's consideration to strengthen its fiber-optic network would be a valuable economic development tool for the Traverse City area, and one that Venture North would promote to its clients who are considering establishing or expanding in the area.

Offering a lower-cost high speed internet option would provide internet access to a larger number of low-to-moderate income residents in the TCLP service area who are not able to afford current rates. In today's high tech society, internet access has become a necessity to secure and maintain employment. In line with Venture North's goals, stable employment alleviates poverty, lessens dependence on social services, and provides financial sustainability for low-income families.

Furthermore, reliable and affordable high speed internet is necessary for the implementation of cloud-based energy efficiency solutions (i.e. remote climate and lighting control from mobile devices, etc). An expanded fiber-optic network could position companies in the TCLP service area to increase energy efficiency efforts. This could contribute to increased usage of the Traverse City Light and Power Energy Efficiency Fund managed by Venture North.

Venture North looks forward to working with TCLP as it continues to explore the development of a fiber-optic network.

Sincerely,


Laura Galbraith
Executive Director

CC: Remos Lenio, Chairman, Venture North Board of Directors

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director 
Date: May 2, 2017
Subject: Combustion Turbine Operating Agreement

Over the past year staff has been working with Michigan Public Power Agency (“MPPA”) on reviewing, analyzing, and updating the Kalkaska Combustion Turbine Operations and Maintenance Agreement (“CT Agreement”). This process began by providing a response to a solicited proposal for operations and maintenance services and ended by revising the CT Agreement in place since September 13, 2010 between the two entities.

The main purpose of revisiting the CT Agreement was for MPPA to solicit proposals from various entities for operations and maintenance services and to compare the cost of external third parties to Traverse City Light & Power (“TCL&P”). The largest financial impact from the submitted TCL&P proposal was to allow for full reimbursement of payroll costs of personnel assigned to the Kalkaska Combustion Turbine (“CT”) instead of only direct actual hours worked and incorporating administration overhead costs. The results of the proposal process showed that TCL&P was very competitive with the other parties, but still provided the most cost effective bid.

The current CT Agreement is written to reflect this reimbursement change based on the cost of the FTE position assigned to the CT that will allow the utility to be reimbursed for indirect costs such as paid time off and benefits at actual cost instead of an estimated benefits percentage along with administration overhead costs. This results in the utility being provided a larger reimbursement from the other project participants.

Additionally, this document was revised to be more of a professional agreement and more clearly describes the responsibilities of each entity with current project needs, energy market requirements and operations and maintenance industry standards.

The term of this revised CT Agreement is from June 1, 2017 through December 31, 2021.

The CT Agreement has been approved by MPPA at their last board meeting on April 12, 2017 and has been reviewed by General Counsel.

Staff recommends the Board authorize Kalkaska Combustion Turbine Operations and Maintenance Agreement with MPPA as it allows for full recoupment of costs along with providing clarity to required responsibilities by each entity. If the Board agrees with the staff’s recommendation, the following motion is appropriate:

MOTION ON NEXT PAGE

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO ENTER INTO THE KALKASKA COMBUSTION TURBINE OPERATIONS AND MAINTENANCE AGREEMENT WITH MPPA; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL.

OPERATION & MAINTENANCE SERVICES AGREEMENT

Between

Michigan Public Power Agency

And

Light and Power Department of the City of Traverse City

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**OPERATION AND MAINTENANCE SERVICES AGREEMENT
BETWEEN
MICHIGAN PUBLIC POWER AGENCY AND
LIGHT AND POWER DEPARTMENT OF THE CITY OF TRAVERSE CITY**

This Agreement is made by and between Michigan Public Power Agency, a public body politic and corporate of the State of Michigan organized pursuant to Public Act No.448 of 1976, as amended (“OWNER”), and Light and Power Department of the City of Traverse City (“OPERATOR”), a Michigan municipal electric utility and Member of MPPA on June 1, 2017 (“Effective Date”). OWNER and OPERATOR are sometimes referred to herein as a (“Party”) and collectively as the (“Parties”).

RECITALS

WHEREAS, OWNER owns a natural gas fired Combustion Turbine Electric Generation Facility, including land and associated substation and structures, together known as the Combustion Turbine Unit No. 1 Project (“Project”), and

WHEREAS, OWNER has entered into Power Sales and Project Support Contracts with the Member Municipal Utilities of Charlevoix, Harbor Springs, Lowell, Petoskey and Light and Power Department of the City of Traverse City collectively known as the Combustion Turbine No. 1 Project participants (“Participants”) pursuant to which the Participants are entitled, in the aggregate, to 100% of the electric capacity and energy of the Project, and

WHEREAS, in order to reliably meet the energy and capacity commitments under those contracts OWNER must properly monitor, maintain and operate the Project, and

WHEREAS, OWNER conducted a competitive solicitation for the purpose of hiring an operator to perform Operation & Maintenance Services (“Services”) to ensure the Project operates reliably, and

WHEREAS, the Services consist of the Labor, Operations, Maintenance and Materials necessary to operate the Project in accordance with the tariff requirements of the wholesale electricity market, practices of the electric utility industry and the gas turbine manufacturer’s operating specifications, and

WHEREAS, the OPERATOR responded to the solicitation with a Services proposal that through negotiation with OWNER is the subject of the terms and conditions contained this Agreement, and

WHEREAS, OWNER and OPERATOR have created this Agreement to describe the accountability, responsibility and compensation for Services provided to the Project,

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and sufficient consideration, the receipt and adequacy of which is hereby acknowledged, the OWNER and OPERATOR hereto agree as follows:

ARTICLE 1. DEFINITIONS

- 1.1. "Annual Budget" is the 12 Month Estimate of revenue and costs prepared by the OWNER for the upcoming calendar year.
- 1.2. "Annual Project Maintenance Plan" is the document that details the maintenance, outage, and overhaul schedules, staffing, known capital and expense budget items, and operating plans, and will provide the underlying assumptions used in developing the proposed budgets and anticipated availability of the Project for the period.
- 1.3. "Bankruptcy" means a situation in which (i) a party's actions under applicable debtor relief laws demonstrate an inability to pay its debts as they mature or a need for protection from its creditors; (ii) a court of competent jurisdiction approves a petition filed against a party, which petition sought relief for the party's creditors, and the action of the court remains in effect for an aggregated period of 60 days (whether or not consecutive); (iii) a party admits in writing its inability to pay its debts as they mature; (iv) a party gives notice to any person or entity of its current (or pending) insolvency or suspension of operations; or (v) a party makes an assignment for the benefit of creditors or takes other similar action for the protection or benefit of its creditors.
- 1.4. "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required to close in United States.
- 1.5. "Contract Year" means: (i) for the first Contract Year, that period from the date of this Agreement in Article 3 to and including December 31 of such year; and (ii) for each Contract Year thereafter, the calendar year.
- 1.6. "EIA" means the United States Energy Information Administration.
- 1.7. "Environmental Regulatory Risk Policy" means the document containing the policies and procedures for compliance with federal and state regulations pertaining to the Project. Examples include the Spill Prevention, Control, and Countermeasure (SPCC) plan and the Greenhouse Gas (GHG) emissions plan to meet the EPA Clean Air Act & its Amendments.
- 1.8. "EPA" means the United States Environmental Protection Agency.
- 1.9. "FERC" means the Federal Energy Regulatory Commission.
- 1.10. "FTE" means Full-Time Equivalent (full-time worker).
- 1.11. "Force Majeure Event" means an event, condition or circumstance beyond the reasonable control of, and not due to the fault or negligence of, the party affected, and which could not have been avoided by due diligence and use of reasonable efforts, which prevents the performance by such affected party of its obligations hereunder; provided, that a "Force Majeure Event" shall not be deemed to have occurred or to be continuing unless the party claiming Force Majeure complies with the requirements of Article 9.3 (Force Majeure). Subject to the foregoing, "Force Majeure Event" shall include, as to either party, explosion and fire (in either case to the extent not attributable to the negligence of the affected party), flood, earthquake, storm or other natural calamity or act of God, strike or other labor dispute, war, insurrection or riot, actions or failures to act by governmental entities or officials, failure to obtain governmental permits or approvals (despite timely application therefor and due diligence) and changes in laws, rules, regulations, orders or ordinances affecting operation of the Project, which events were not pending on the date of this Agreement.
- 1.12. "Fuel Scheduler" is in general the entity that nominates fuel quantities with the natural gas

pipeline and storage on the Project's behalf.

- 1.13. "Generator Interconnection Agreement" is the Generator Interconnection and Operating Agreement between MPPA and Wolverine Power Supply Cooperative, Inc. entered into on 10/1/2002.
- 1.14. "Good Utility Practice" means (i) any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the country and geographic region where the Project is located during the relevant time period, or (ii) practices, methods and acts that, in the exercise of reasonable judgment on the facts known (or that reasonably should have been known) at the time a decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.
- 1.15. "Kalkaska Project Procedures" is in general the document containing the policies and procedures covering Project operations, maintenance, emergency response, security, safety, and environmental compliance jointly maintained by OPERATOR and OWNER.
- 1.16. "Lender(s)" means (i) any entity that has made loans to OWNER, its successors or permitted assigns for the financing or refinancing of the Project (or any part thereof).
- 1.17. "Local Balancing Authority" means the responsible entity for integrating electric generation resources plans ahead of time, maintains load-interchange-generation balance with a defined Balancing Authority Area and supports interconnection frequency in real-time.
- 1.18. "Market Scheduler" is in general the entity that interfaces with the Midcontinent ISO ("MISO") on the Project's behalf to enter market offers and receive dispatch communications.
- 1.19. "MDEQ" means the State of Michigan Department of Environmental Quality.
- 1.20. "MDNRE" means the State of Michigan Department of Natural Resources.
- 1.21. "NERC" means the North American Electric Reliability Corporation.
- 1.22. "O&M Annual Services Fee Table" means the Table of annual operating Service Fee estimates provided by OPERATOR to OWNER in their O&M Services proposal that represent not to exceed costs as set forth in Article 4.
- 1.23. "OEM" means Original Equipment Manufacturer or the entity that manufactured the natural gas turbines or Pratt & Whitney.
- 1.24. "OPERATOR" has the meaning set forth in the recitals.
- 1.25. "Operating Manuals" means the operating data, design drawings, specifications, vendors' manuals, warranty requirements, procedures (including those for maintenance of the Project and environmental and safety compliance), and similar materials with respect to the Project.
- 1.26. "OWNER" has the meaning set forth in the recitals.
- 1.27. "Parameter Monitoring Plan / Startup Shutdown Malfunction Plan (PMP/SSMP)" means the document that provides the operational and maintenance guidance for the Project during startup, shutdown, and malfunction events.
- 1.28. "Parametric Emissions Monitoring System (PEMS)" means the software program used for emissions monitoring.
- 1.29. "Project" means the Combustion Turbine Project No. 1 Facility Description in Attachment A, incorporated hereby reference, along with related assets, together with the piping, hardware, software, and the buildings at the site from the gas receipt point through the transmission system interconnection point, operating on real property in Kalkaska, Michigan.
- 1.30. "Project Agreements" means the agreements relating to the Project, Power Sales and Project

Support contracts, any resolution or supplemental resolutions related to the bonds that financed the Project and all other agreements applicable to the Project, permits, and licenses required for the operation, maintenance and management of the Project, as identified in writing by OWNER.

- 1.31. "Reimbursable Costs" has the meaning set forth in Article 4.2 and listed in Appendix E.
- 1.32. "Renewable Operating Permit" means the document constituting the OWNER's authority to operate the Project in accordance with the general conditions, special conditions and attachments issued by the MDEQ.
- 1.33. "Services" means the Operation, Maintenance, and Management Services described within this Agreement provided by OPERATOR to OWNER.
- 1.34. "Services Fee" means the costs described in Article 4 incurred by OPERATOR and charged to OWNER for providing the Services each calendar month of the Agreement.
- 1.35. "Transmission Provider" has the meaning set forth in the Generator Interconnection Agreement.
- 1.36. "Wholesale Electric System Operator" means the Midcontinent ISO or ("MISO") or its successors authorized by the Federal Energy Regulatory Commission to control and operate the regional electric transmission system.

ARTICLE 2. SERVICES

- 2.1. *Scope.* OPERATOR shall operate, maintain and manage the Project on behalf of OWNER and perform the specific duties as set forth in Appendices A through F of this Agreement, attached hereto and incorporated hereby reference, ("Services") required by the standards defined in Article 2.2.
- 2.2. *Standards for Performance.* OPERATOR shall perform the Services required under this Agreement in a prudent, reasonable, and efficient manner and in accordance with the (i) Project Agreements, (ii) all applicable laws, (iii) Good Utility Practice, (iv) the requirements of any Wholesale Electric System Operator, and (v) all insurance policies specified in Article 5 of this Agreement. OPERATOR shall use all reasonable efforts to optimize the useful life of the Project and to minimize Reimbursable Costs and Project outages, derates or other unavailability.
- 2.3. *OPERATOR's Personnel Standards.* OPERATOR shall provide as reasonably necessary all labor and professional, supervisory and managerial personnel as are required to perform the Services as set forth in Appendices A through F of this Agreement. Such personnel shall be qualified to perform the duties to which they are assigned and shall meet any requirements for Project personnel under the Project Agreements. All individuals employed by OPERATOR to perform the Services shall be employees of OPERATOR, and their working hours, rates of compensation and all other matters relating to their employment shall be determined solely by OPERATOR (subject to OWNER's approval rights with respect to the Annual Budget). With respect to labor matters, hiring personnel, and employment policies, OPERATOR shall comply with all applicable laws. OPERATOR also shall act in a reasonable manner that is consistent with the intent and purpose of this Agreement and with OPERATOR's acknowledgment (hereby given) that OPERATOR has no authority to enter into any contracts with respect to labor matters that purport to bind or otherwise obligate OWNER.
- 2.4. *Compliance.* OPERATOR shall comply with all laws applicable to the operation, maintenance and management of the Project and the performance of the Services. OPERATOR shall apply for and obtain, and OWNER shall assist OPERATOR in applying for and obtaining, all necessary permits, licenses and approvals (and renewals of the same) required to allow OPERATOR to do business or

perform the Services under this Agreement. OPERATOR shall provide reasonably necessary assistance to OWNER, to secure permits, licenses, and approvals (and renewals of the same) that OWNER is required to obtain from or file with any governmental agency regarding the Project. OPERATOR also shall file such reports, notices, and other communications as may be required by any governmental agency regarding the Project.

- 2.5. *Operating Records and Reports.* OPERATOR shall maintain, at a location acceptable to OWNER, the Project operating logs, records, and reports that document the operation and maintenance of the Project, all in form and substance sufficient to meet OWNER's reporting and retention requirements under the Project Agreements. OPERATOR shall provide OWNER reasonably necessary assistance in connection with OWNER's compliance with reporting requirements under the Project Agreements, applicable laws or any other agreement to which OWNER is a party relating to the Project. Such assistance shall include providing reports, records, logs and other information that OWNER may reasonably request as to the Project or its operation.
- 2.6. *No Liens or Encumbrances.* OPERATOR shall maintain the Project free and clear of all liens and encumbrances resulting from any action of OPERATOR, except for such liens or encumbrances that result directly from nonpayment by OWNER of amounts due and owing to OPERATOR under this Agreement.
- 2.7. *No Action.* OPERATOR shall not take any action that would cause a default under any Project Agreement, except where such action is expressly permitted by this Agreement.
- 2.8. *Emergency Action.* OPERATOR shall promptly notify OWNER and take all necessary action to attempt to prevent or mitigate any such threatened damage, injury or loss if an emergency endangering the safety or protection of persons, the Project, or property located near the Project. OPERATOR shall make reasonable efforts to minimize any cost associated with remedial action in case of such an emergency.
- 2.9. *Action in Extraordinary Circumstances.* In the event that:
- (a) the Project or major Project equipment suffers an unplanned outage (or OPERATOR reasonably believes that such an occurrence is imminent), and
 - (b) OPERATOR has made reasonable, but unsuccessful efforts to notify and communicate with OWNER regarding such occurrence or imminent occurrence in accordance with the terms of this Agreement, then
 - (c) OPERATOR shall:
 - (i) Take all necessary action to prevent or to mitigate such unplanned outage,
 - (ii) Make reasonable efforts to minimize any cost associated with such remedial action,
 - (iii) Continue to attempt to notify and communicate with OWNER regarding the occurrence and the remedial action
- 2.10. *OWNER Obligations.* The OWNER shall have such obligations as are stated herein and in Appendices B through E attached hereto and incorporated herein by reference.

ARTICLE 3. TERM

- 3.1. This Agreement shall commence on June 1, 2017 and remain in effect until December 31, 2021 unless terminated by either OWNER or OPERATOR after giving twelve [12] months prior written

notice.

- 3.1.1. OWNER and OPERATOR may waive the Term or Termination provisions of this Agreement if they mutually determine that a new arrangement or strategy with respect to the Project operation, ownership or Services to the Project are in the best interest of OWNER and the Participants.
- 3.1.2. Upon termination, OPERATOR will cooperate with OWNER in transferring or removing any equipment or documentation necessary for the continued reliable operation of the Project.
- 3.2. The September 13, 2010, Operating and Maintenance Agreement between the parties is superseded by this Agreement except to the extent of any reimbursement obligations of OWNER.

ARTICLE 4. FEES AND PAYMENT

4.1. *Services Fee.* As compensation to OPERATOR for performance of the Services hereunder, OWNER shall pay OPERATOR a Services Fee. OPERATOR will invoice OWNER for providing the Services each calendar month by calculating its cost of labor based on FTE provided in the proposal unless a different amount is agreed upon by both the OWNER and OPERATOR, actual overtime incurred for the project, benefits and administrative overhead along with supporting information sufficient to validate the charges.

4.1.1. The following O&M Annual Services Fee Table is provided by OPERATOR to OWNER as part of OPERATOR's O&M Services proposal and represent OPERATOR's best estimate of the *not to exceed costs* for providing the Services during each Contract Year from 2017 through December 31, 2021.

O&M Annual Services Fee Table:

Contract Year	Amount
2017	\$250,000
2018	\$465,000
2019	\$440,000
2020	\$412,500
2021	\$425,000

4.2. *Reimbursable Costs.* In addition to the Services Fee paid to OPERATOR, OWNER shall reimburse OPERATOR for approved out of pocket costs incurred by OPERATOR in performing the Services. Examples of such costs are set forth in Appendix E (collectively, the "Reimbursable Costs"). The Reimbursable Costs in Appendix E are presented as a best example of the types of charges or costs that could be incurred by OPERATOR in performing the Services but if a cost or charge is not stated in Appendix E and is incurred legitimately by OPERATOR subject to this Article 4 then OWNER shall reimburse OPERATOR for such cost or charge. OWNER's obligation under this provision is subject to (i) OWNER's express approval of the costs as part of an Annual Budget, (ii) separately approving the costs in writing, or (iii) OPERATOR incurring costs in accordance with Article 2.8 or 2.9. Expenditures made by OPERATOR in excess of the Annual Budget that are required to comply with any Law applicable to the Services to the Project, shall be approved and reimbursed by OWNER. OWNER shall pay Reimbursable Costs along with the monthly payment of the Services Fee in accordance with the Billing & Payment provisions of Article 4.4.

- 4.3. *Billing Period.* Unless otherwise specifically agreed upon by the Parties, the calendar month shall be the standard period for all invoices and payments under this Agreement
- 4.4. *Billing and Payment.* Within twenty (20) days following the end of each calendar month, OPERATOR shall submit to OWNER an Invoice for (a.) the Services Fee incurred during the previous month and (b.) the Reimbursable Costs incurred for such month.
- 4.4.1. Within thirty (30) days after receipt of any such invoice, OWNER shall pay OPERATOR the sum specified in such invoice, less (i) any amounts previously deposited with OPERATOR relating to such invoice, and (ii) any portion of such invoice amount that OWNER disputes in good faith or is permitted to offset under this Agreement.
- 4.5. *Disputes and Adjustments to Invoices.* A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party.

ARTICLE 5. INSURANCE

5.1. Coverage.

- 5.1.1. *OWNER Coverage.* OWNER shall maintain, or cause to be maintained, in force, insurance with responsible insurers with policies payable to the OWNER and OPERATOR, as their interests shall appear, against risk of direct physical loss, damage or destruction, at least to the extent that similar insurance is mandated by law or usually carried by utilities constructing and operating similar Projects and other properties or rights associated therewith, including liability insurance and property insurance, all to the extent available at a reasonable cost and subject to reasonable deductible provisions, but in no case less than will satisfy all applicable regulatory requirements, including any applicable permit or license requirements, and conform to Good Utility Practice. Notwithstanding the foregoing, OWNER may, to the extent permitted by the Project Agreements, and, subject to the approval of the MPPA Board of Commissioners, self-insure or participate in a program of self-insurance or group insurance to the extent it receives a written opinion of a qualified insurance consultant that such self-insurance, after consideration of any existing or required reserve deposits, is reasonable in light of existing programs or comparable utilities constructing and operating similar Projects. Owner will, upon request, furnish Operator with a certificate of insurance identifying the various coverages and insured limits in force at the time of the request. Owner agrees to use its best efforts to have Operator included as an additional insured on its policy documents.
- 5.1.2. *OPERATOR Coverage.* OPERATOR shall maintain, or cause to be maintained, in force, insurance with responsible insurers with policies payable to the OWNER and OPERATOR, as their interests shall appear, vehicle insurance and workers compensation insurance, against risk of direct physical loss, damage or destruction, at least to the extent that similar insurance is mandated by law or usually carried by utilities constructing and operating similar Projects and other properties or rights associated therewith, all to the extent available at a reasonable cost and subject to reasonable deductible provisions, but in no case

less than will satisfy all applicable regulatory requirements, including any applicable permit or license requirements, and conform to Good Utility Practice. Operator will, upon request, furnish Owner with a certificate of insurance identifying the various coverages and insured limits in force at the time of the request. Operator agrees to use its best efforts to have Owner included as an additional insured on its policy documents.

5.1.3. *Cost.* All costs incurred by OPERATOR with respect to payment of any deductible relating to the insurance coverage set forth in this Article 5 shall be deemed Reimbursable Costs.

5.2. *Certificates.* On or before the date on which insurance must be provided, each party shall furnish certificates of insurance to the other party evidencing the insurance required pursuant to this Agreement. Each party shall cooperate with the other to ensure collection from insurers for any loss under any such policy.

5.3. *Payment of Deductible Amounts.* Notwithstanding which party hereto shall have purchased, or been responsible for the purchase of, any insurance in respect of the Project or otherwise referred to in this Agreement, OPERATOR shall promptly pay to OWNER any deductible amount related to any claim against or other cost to OWNER covered under any such insurance policy which arose due to the gross negligence of OPERATOR.

ARTICLE 6. COMMUNICATION AND NOTICES

6.1. *Notices.* All notices and other communications (collectively "Notices") required or permitted under this Agreement shall be in writing and shall be given to each party at its address or fax number set forth below in Appendix F where appropriate.

6.2. *Designated Representatives.* Upon execution of this Agreement OWNER and OPERATOR will designate personnel that will act as the primary point of contact for day to day operational and maintenance issues of the Project as identified in Appendix F. If these Designated Representatives change during the course of the Agreement OWNER and OPERATOR must deliver such Notice in writing.

ARTICLE 7. INDEMNIFICATION

7.1. Indemnification.

(a) *Indemnification by OPERATOR.* OPERATOR shall, to the extent permitted by law, indemnify, defend and hold harmless OWNER, the members thereof, and their respective officers, directors, employees, agents, Affiliates and representatives (the "OWNER Indemnified Parties"), from and against any and all claims (in whatever form and to the fullest extent permitted by law) arising out of or in any way connected with, but only to the extent of, any gross negligence, fraud or willful misconduct of OPERATOR or anyone acting on OPERATOR's behalf or under its instructions, in connection with this Agreement and OPERATOR's obligations thereunder. Any costs or expenses incurred by OPERATOR pursuant to its indemnity obligations under this Article 7.1(a), including the cost of deductibles with respect to the insurance maintained by OPERATOR or OWNER

pursuant to Article 5 or losses in excess of such insurance coverage, shall not constitute a Reimbursable Cost under this Agreement.

(b) *Indemnification by OWNER.* OWNER shall, to the extent permitted by law, indemnify, defend and hold harmless OPERATOR, its officers, directors, employees, agents, Affiliates and representatives (the "OPERATOR Indemnified Parties") from and against any and all claims (in whatever form and to the fullest extent permitted by law) arising out of or in any way connected with, but only to the extent of, any gross negligence, fraud or willful misconduct of OWNER or anyone acting on OWNER's behalf or under its instructions (other than OPERATOR and its suppliers, subcontractors, vendors, and their subcontractors and vendors and any employee or agent of the foregoing), in connection with this Agreement and OWNER's obligations thereunder.

7.2. Environmental Liability.

(a) *OPERATOR Liability.* OPERATOR shall not be responsible or be required to carry environmental pollution insurance for claims directly or indirectly related to hazardous materials present at the Project before the date of this Agreement, except to the extent OPERATOR acted with respect to such materials in a grossly negligent manner. OWNER shall, to the extent permitted by law, defend, indemnify and hold OPERATOR harmless against such claims, except to the extent such claims arise from OPERATOR's grossly negligent or intentional acts.

(b) *OWNER Liability.* OWNER shall not be responsible for claims directly related to hazardous materials at the Project arising out of the grossly negligent or intentional acts of OPERATOR. This provision of the Agreement shall not be construed to require OPERATOR to take corrective action with respect to any hazardous materials at the Project before the date of this Agreement.

(c) *Governmental Actions.* If action is required at the Project to comply with any applicable environmental laws during the term of this Agreement, OWNER (with OPERATOR's assistance) shall be responsible for the costs of compliance. Costs for compliance action shall only be incurred by OPERATOR as a Reimbursable Cost with OWNER's prior written consent, unless a governmental authority requires OPERATOR to incur such costs and expenses prior to obtaining such written consent.

ARTICLE 8. LIMITATION OF LIABILITY

8.1. Limitations of Liability.

(a) *Consequential Damages.* Notwithstanding any provision in this Agreement to the contrary, OPERATOR and OWNER each agree not to assert against the other any claim, demand or suit for consequential, incidental, indirect or special damages arising from any aspect of the performance or nonperformance of the other party or any third-party engaged by such other party under this Agreement, and each party hereto waives any such claim, demand or suit against the other in connection with this Agreement.

(b) *Damages Limited to Annual O&M Services Fee.* The aggregate liability of OPERATOR (except for those claims that are subject to the provisions of Article 7.1(a) (Indemnification by OPERATOR) or covered by the insurance set forth in Article 5, and then only to the extent such claims are actually covered thereby, after giving effect to any deductibles, exclusions, limits, or self-insured retentions

thereunder) with respect to claims of OWNER arising out of the performance or nonperformance of obligations under this Agreement shall in no event exceed, during any Contract Year, the Annual O&M Services Fee payable to OPERATOR during such Contract Year plus the amount necessary to satisfy OPERATOR's indemnification responsibilities under Article 7.

(c) *Personal Liability Limited.* OPERATOR and OWNER each understand and agree that there shall be absolutely no personal liability on the part of any of the members, partners, officers, employees, directors, agents, authorized representatives or Affiliates of OWNER or OPERATOR for the payment of any amounts due hereunder, or performance of any obligations hereunder.

(d) *Survival.* The parties further agree that the waivers and disclaimers of liability, indemnities, releases from liability, and limitations on liability expressed in this Agreement shall survive termination or expiration of this Agreement, and shall apply at all times (unless otherwise expressly indicated), regardless of fault, negligence, strict liability, or breach of warranty of the party indemnified, released or whose liabilities are limited, and shall extend to the members, partners, principals, officers, employees, controlling persons, executives, directors, agents, authorized representatives, and affiliates of such party.

(e) *Exclusivity.* The provisions of this Agreement constitute OPERATOR's and OWNER's exclusive liability, respectively, to each other, and OPERATOR's and OWNER's exclusive remedy, respectively, with respect to the Services to be performed hereunder and OWNER hereby releases OPERATOR performing Services hereunder, and OPERATOR hereby releases OWNER performing its obligations hereunder, from any further liability.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1. *Assignment.* Neither OWNER nor OPERATOR may assign its rights or obligations under this Agreement without the prior written consent of the other party hereto, except that this Agreement may be assigned by OWNER without such prior consent to any successor of OWNER, to a person or entity acquiring all or a majority share of the Project.

9.2. *Access to Project.*

(a) OWNER and its representatives shall have access at all times to the Project and any documents, materials and records and accounts relating to Project operations for purposes of inspection and review. Upon the request of OWNER, OPERATOR shall make available to such persons or entities identified by OWNER as an Agent or Representative of OWNER any operating data, operating logs, documents, materials or records.

(b) During any such inspection or review of the Project, OWNER and OPERATOR shall cooperate with each other to have third parties conduct such inspection and review in a manner which causes minimal interference with OPERATOR's activities. OPERATOR agrees to cooperate in providing requested information and documentation for the support of any financial or legal transactions associated with the Project.

9.3. *Force Majeure.* If either OWNER or OPERATOR is rendered wholly or partially unable to perform its obligations under this Agreement (other than payment obligations) due to a Force Majeure Event, the party affected by such Force Majeure Event shall be excused from whatever performance is impaired by such Force Majeure Event, provided that the affected party promptly,

upon learning of such Force Majeure Event and ascertaining that it will affect its performance hereunder, (i) promptly gives notice to the other party stating the nature of the Force Majeure Event, its anticipated duration, and any action being taken to avoid or minimize its effect and (ii) uses its reasonable commercial efforts to remedy its inability to perform. The suspension of performance shall be of no greater scope and no longer duration than that which is necessary. No obligations of either party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence. The burden of proof shall be on the party asserting excuse from performance due to a Force Majeure Event.

- 9.4. *Amendments.* No amendments or modifications of this Agreement shall be valid unless evidenced in writing and signed by duly authorized representatives of both parties.
- 9.5. *No Waiver.* It is understood and agreed that any delay, waiver or omission by OWNER or OPERATOR with respect to enforcement of required performance by the other under this Agreement shall not be construed to be a waiver by OWNER or OPERATOR of any subsequent breach or default of the same or other required performance on the part of OWNER or OPERATOR.
- 9.6. *Fines and Penalties.* If during the term of this Agreement any governmental or regulatory authority or agency assesses any fines or penalties against OPERATOR or OWNER arising from OPERATOR's failure to operate and maintain the Project in accordance with applicable laws without OWNER's prior written consent, such fines and penalties shall, subject to the limitations set forth in Article 8, be the sole responsibility of OPERATOR and shall not be deemed a Reimbursable Cost.
- 9.7. *Representations and Warranties.* Each party represents and warrants to the other party that:
- (a) such party has the full power and authority to execute, deliver and perform this Agreement and to carry out the transactions contemplated hereby;
 - (b) to the best of such party's knowledge, the execution, delivery and performance by such party of this Agreement, does not and will not materially conflict with any legal, contractual, or organizational requirement of such party; and
 - (c) there are no pending or threatened legal, administrative, or other proceedings that if adversely determined, could reasonably be expected to have a material adverse effect on such party's ability to perform its obligations under this Agreement.
- 9.8. *Counterparts.* The Parties may execute this Agreement in counterparts, which shall, in the aggregate, when signed by both parties constitute one Agreement. Thereafter, each counterpart shall be deemed an original Agreement as against any party who has signed it.
- 9.9. *Dispute Resolution.* The Parties will attempt in good faith to resolve any dispute or claim arising out of or in relation to this Agreement through negotiations between senior executives appointed by each of the Parties with authority to settle the relevant dispute. If the dispute cannot be settled amicably within thirty (30) Days after delivery of a Dispute Notice, either Party may seek legal and equitable remedies. Performance of this Agreement shall continue during any dispute or legal proceeding related to such dispute. No payment due or payable by the OWNER or Service by the OPERATOR shall be withheld on account of a pending dispute.
- 9.10. *Governing Law.* This Agreement is executed and intended to be performed under the laws of the State of Michigan
- 9.11. *Partial Invalidity.* If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the rest of this Agreement shall remain in full force and effect and in no way be affected, impaired or invalidated.

9.12. *Captions.* Titles or captions of Articles contained in this Agreement are inserted as a matter of convenience and for reference, and do not affect the scope or meaning of this Agreement or the intent of any provision hereof.

IN WITNESS WHEREOF, OPERATOR and OWNER have caused this Agreement to be executed by their duly authorized officers, as of the day and year first above written above (“Effective Date”).

TRAVERSE CITY LIGHT AND POWER

MICHIGAN PUBLIC POWER AGENCY

BY _____

BY _____

NAME _____

NAME _____

TITLE _____

TITLE _____

APPENDIX A. RESPONSIBILITY OF THE OPERATOR

1.1. OPERATOR RESPONSIBILITIES

OPERATOR shall:

- 1.1.1. Assume care, custody and control and responsibility for the security of the Project and the day-to day operation and maintenance of the Project twenty four (24) hours a day, seven (7) days a week in accordance with the Project agreements, governmental approvals and rules, all insurance policies, the applicable contractor, manufacturer and vendor warranties and station manuals, and provide technical and administrative support as required for Project operation and maintenance for the purpose of maintaining the operating readiness of the Project
- 1.1.2. Respond to dispatch orders from MISO via the Market Scheduler, OWNER, Local Balancing Authority, or Transmission Provider having authority to start, operate, and stop the Project
- 1.1.3. Ensure that a competent management team and skilled workforce staff is adequately trained via a continuing program of training designed to orient new Project personnel, refresh/cross-train existing Project personnel, qualify/re-qualify Project personnel, and keep all Project personnel aware of the safety requirements and emergency procedures based on current and future Project operational scenarios
- 1.1.4. Provide the Market Scheduler and OWNER with all required information regarding the Project's availability for market offers, operations status, and outage planning 1 hour prior to the MISO market deadline each day
- 1.1.5. Perform a review of start requirements, system status, and surveillance of all equipment routinely used to communicate with the Project 1 hour prior to the MISO market deadline each day
- 1.1.6. Operate the Project in accordance with the OEM requirements and recommendations, utilize Good Utility Practice, and comply with all laws and environmental regulations and agreements for the Project as outlined in the Project Agreements
- 1.1.7. Monitor and adjust the output of the Project to maintain the electricity output to meet the Project's market offer parameters
- 1.1.8. Manage the Project outages (planned, unscheduled, forced) to minimize outage duration and impact on production to maximize profitability of meeting efficiency, output, and availability targets
 - 1.1.8.1. Communicate initial and updated outage information to the Market Scheduler as soon as practical
- 1.1.9. Monitor and adjust the reactive output of the Project to maintain transmission voltage levels within the capability of the Project and requirements of the Generator Interconnection Agreement or Wholesale Electric System Operator
- 1.1.10. Respond to and correct generator dynamic instability in accordance with instructions from MISO via the Market Scheduler, Local Balancing Authority, or Transmission Provider having jurisdiction
- 1.1.11. Maintain Project security and be responsible for the overall Project cleanliness and preservation
- 1.1.12. Conduct normal Project operations and maintenance activities
- 1.1.13. Respond to alarms from the Project, and provide such other on-site and remote observation and control services at the Project as appropriate to ensure its safe and reliable operation

- 1.1.14. Investigate unusual or unique incidents, such as breaker failure, engine motoring, turbine vibrations & etc.
- 1.1.15. Perform all administrative activities related to the Services of the Project including management of subcontractors, coordination of procurements with OWNER, maintain and update all manuals and Project specifications and plans, etc.
- 1.1.16. Review and provide input regarding operability, maintainability, and environmental and safety issues pertaining to the Project
- 1.1.17. Assist OWNER in complying with all local, state, and federal regulations, including reliability standards imposed by NERC and Reliability First
- 1.1.18. Daily Logbook – Project personnel will collect data during shift
 - 1.1.18.1. The times of these readings along with any other issues or concerns will be recorded in the Project logbook
 - 1.1.18.2. Data from the logbook will be analyzed so that remedial actions can be taken immediately to correct off-standard performance
- 1.1.19. Promptly notify OWNER when OPERATOR identifies circumstances that in the OPERATOR'S best judgement could result in future operational constraints such as deteriorating or poorly operating equipment or issues on the property or adjacent property that could interfere with the successful operation of the Project to avoid potential economic opportunity loss

APPENDIX B. RESPONSIBILITY OF THE PARTIES – MAINTENANCE

2.1. OPERATOR RESPONSIBILITIES

OPERATOR shall:

- 2.1.1. Maintain the Project in a clean and workable condition
- 2.1.2. Perform regular Project maintenance and inspections in accordance with the Annual Project Maintenance Plan and the Kaskaska Project Procedures
 - 2.1.2.1. This will include all activities at the Project from the natural gas receipt point through the Transmission Provider interconnection point
- 2.1.3. Trouble-shoot and correct Project problems, in conjunction with OWNER, equipment vendors, and consultants as may be appropriate
- 2.1.4. Ensure that the Project has the proper inventory of parts and consumables to perform the maintenance and repair services
- 2.1.5. Provide timely and appropriate on-site maintenance & repair services in order to ensure the Project is available to dispatch into the wholesale electricity market in a reliable manner
- 2.1.6. Review OEM service bulletins and, in coordination with OWNER and implement as appropriate
- 2.1.7. Develop and execute an Annual Project Maintenance Plan detailing scheduled maintenance activities and operating plans which will be submitted to OWNER by September 15th of each year for the following fiscal year
 - 2.1.7.1. Provide high level recommendations for significant scheduled maintenance activities, equipment replacement & repairs to be performed in the next five years as part of the Annual Project Maintenance Plan
- 2.1.8. Assure that the Project meets contract, regulatory, and environmental maintenance and recordkeeping requirements set forth in the Project Agreements entered into by OWNER
- 2.1.9. Implement policies and procedures in accordance with the Project Agreements to support safe, efficient operation of the Project
- 2.1.10. Perform all activities in accordance with the Project Agreements, including those relating to safety, security and fire prevention to ensure that the Project is operated and maintained in a safe and environmentally appropriate manner in accordance with all local, state, and federal laws and regulations
- 2.1.11. Directly carry out or manage third party contractors to undertake preventive, routine, predictive maintenance and repairs, periodic scheduled inspections, testing, major maintenance (outside of any OEM agreements that may be in place), repairs and overhauls
- 2.1.12. Purchase and maintain materials adequate to support continuous and successful operation of the Project in accordance with established procurement procedures with specific emphasis on critical spares and consumables
- 2.1.13. Maintain current revisions of all as-built drawings, specifications, vendor information, lists, clarifications and other materials provided for the Project, and shall design and implement procedures and protocols for the regular updating of such documentation
- 2.1.14. Retain and preserve all records, reports, documents and data, including all data retrievable from an electronic data storage source, created in connection with the operation and maintenance of the Project

- 2.1.15. Coordinate all maintenance work with the Market Scheduler, Local Balancing Authority or Transmission Provider
- 2.1.16. Establish and review periodic maintenance plans in coordination with OWNER
- 2.1.17. Perform non-shutdown preventative and basic maintenance visual inspections of key operating systems, instrumentation and controls, general housekeeping and the replacement of oil filters, air filter, and igniters
- 2.1.18. Perform periodic preventative and basic maintenance inspections to ensure the integrity of the equipment that are unable to be performed while the equipment is in operation
- 2.1.19. Coordinate inspections and maintenance to ensure the highest availability and reliability is achieved
- 2.1.20. Monthly Reports - Within seven (7) calendar days after the end of each calendar month, submit to OWNER a mutually developed monthly progress report in reasonable detail covering activities conducted during such calendar month with respect to operation and maintenance (including, if applicable, information regarding power generation, fuel consumption, starts, trips, availability factor, capacity factor, and gross heat rate and net heat rate), capital improvements, labor relations and other significant matters
- 2.1.21. Annual Reports - Within forty-five (45) calendar days after the end of each fiscal year, submit to OWNER a summary report (in such form and substance and with such back-up as OWNER may reasonably request) covering the performance of the units during the fiscal year, and the operation and maintenance activities planned or conducted during the previous fiscal year.

2.2. OWNER RESPONSIBILITIES

OWNER shall:

- 2.2.1. Review and approve the Annual Project Maintenance Plan
 - 2.2.1.1. Such approval will become the basis for the approved Annual Budget, assuring that operational goals and operating plans are consistent with the Annual Project Operating Plan
- 2.2.2. Make periodic Project inspections quarterly or more frequently as necessary
- 2.2.3. Coordinate with OPERATOR to schedule and implement, as required, calibration/testing of all gauges, meters and recording devices related to the consumption of fuels and water and to the sale of electricity. Examples include Generator Verification Test Capacity, natural gas flow meter calibration, and emission stack testing

APPENDIX C. RESPONSIBILITY OF THE PARTIES – FUEL

3.1. OPERATOR RESPONSIBILITIES

OPERATOR shall:

- 3.1.1. Provide Fuel Scheduler and OWNER with all required information regarding the Project's fuel consumption within one hour of the dispatch start time
- 3.1.2. Submit an hourly natural gas burn estimate for the entire location on a daily basis via the Burn Sheet Template as described in the Kaskaska Project Procedures
- 3.1.3. Provide the Project's updated fuel consumption within one hour of the dispatch offline time if the Market Scheduler communicates an updated dispatch during the run

3.2. OWNER RESPONSIBILITIES

OWNER shall:

- 3.2.1. Maintain natural gas transportation and supply contracts necessary to reliably supply the Project with natural gas
- 3.2.2. Maintain contracts with a Fuel Scheduler or house those skill sets and tools at OWNER as necessary to procure, receive, schedule, and/or nominate natural gas on behalf of the Project

APPENDIX D. RESPONSIBILITY OF THE PARTIES – ENVIRONMENTAL

4.1. OPERATOR RESPONSIBILITIES

OPERATOR shall:

- 4.1.1. Ensure the PEMS is continuously available and operational in accordance with EPA requirements and as specified in the Kaskaska Project Procedures
- 4.1.2. Provide needed Project records and documentation, including periodic maintenance plans, to OWNER on a continuous basis, to ensure that
 - 4.1.3.1. OWNER is kept fully informed of activities, maintenance and events
 - 4.1.3.2. OWNER is able to maintain an off-site duplicate of the environmental records in accordance with EPA requirements
 - 4.1.3.3. OWNER is able to ensure Project is in compliance with the Environmental Regulatory Risk Policy
- 4.1.3. Annually review the Project Renewable Operating Permit to ensure necessary maintenance items are scheduled and verify records exist, are readily accessible at the Project, are adequately stored, and are maintained throughout the minimum retention period
- 4.1.4. Annually review the Environmental Regulatory Risk Policy and ensure necessary environmental compliance activities and verify records exist, are readily accessible at the Project, are adequately stored, and are maintained throughout the minimum retention period
- 4.1.5. Function as secondary liaison with the EPA, MDEQ, MDNRE and other regulatory agencies in coordination with OWNER as needed
- 4.1.6. Ensure the Project is in compliance with the Parameter Monitoring Plan / Startup Shutdown Malfunction Plan (PMP/SSMP)
- 4.1.7. Monitor the underground holding tank level and the scheduling of a waste handling company to remove tank contents when they reach 80% capacity
- 4.1.8. Maintain personnel as the named contact for the generator waste profile form on file with the waste handling company for emptying the underground holding tank
- 4.1.9. Maintain personnel as the named hazardous waste contact on file with the MDEQ
- 4.1.10. Prepare and submit all routine reports for the Project as requested relative to performance, including environmental performance records, waste handling, maintenance and repair status, Project operating data, and any other information reasonably requested or required to be maintained by EIA, EPA, FERC, MDEQ, MDNRE, MISO, NERC, and OWNER

4.2. OWNER RESPONSIBILITIES

OWNER shall:

- 4.2.1. Apply for and maintain operating and environmental permits as required
- 4.2.2. File emissions and operating reports as required
- 4.2.3. Maintain the Environmental Regulatory Risk Policy
- 4.2.4. Function as primary liaison with the EPA, MDEQ, MDNRE and other regulatory agencies as needed
- 4.2.5. Ensure the generator waste profile form on file with the waste handling company is correct

for the underground holding tank

- 4.2.6. Provide primary compliance with all local, state, and federal environmental regulations, including Reliability Standards imposed by NERC
- 4.2.7. Annually review the Project Renewable Operating Permit, 40 CFR Part 75, and Environmental Regulatory Risk Policy records
- 4.2.8. Designated Representatives may visit the Project periodically to ensure the environmental monthly reporting data gathered is accurate and support the Project personnel with any environmental issues that arise as requested or needed by OPERATOR

APPENDIX E. RESPONSIBILITY OF THE PARTIES – REIMBURSABLE COSTS

5.1. OPERATOR RESPONSIBILITIES

OPERATOR shall:

- 5.1.1. Provide support, including payroll registers, work order reports, effective hourly labor rates, and receipts or invoices, for any requested reimbursements
- 5.1.2. Provide the vehicles and insurances used for Project Services activities under this Agreement
- 5.1.3. Charge OWNER for the portion of the actual vehicle monthly fee as charged to OPERATOR by the City Government for the dedicated vehicle to be used for Project business and actual fuel consumption along with any other vehicle used for Project business at the State of Michigan equipment hourly rate published in MDOT Schedule C of Equipment Rates or by other calculations as established by mutual agreement, not to exceed the values in 5.2.1.2
- 5.1.4. Recommend to OWNER any parts, materials, components or third party services costing in excess of \$15,000 that OPERATOR believes are needed for maintenance or operation of the Project
- 5.1.5. Review, approve, and submit the Project Services related invoices to OWNER no later than the 20th of each month following the calendar month end
- 5.1.6. Work with the OWNER in creating the Annual Budget with mutual agreement on the recommended budget to the CT Committee and/or MPPA Board for approval on an annual basis

5.2. OWNER RESPONSIBILITIES

OWNER shall:

- 5.2.1. Reimburse OPERATOR for the Services provided pursuant to this Agreement as follows:
 - 5.2.1.1. Reimburse OPERATOR monthly for material and other actual costs, including emergency expenses, associated with monitoring, maintaining and operating the Project including any ancillary services not covered under this Agreement such as work outside of the generator, including but not limited to substation maintenance, IT assistance, engineering assistance or any other work not typically included with daily operations and maintenance
 - 5.2.1.2. Reimburse OPERATOR monthly for invoiced vehicle costs for transportation to and from the OPERATOR service center based on actual charges not to exceed the maximum amount that would be charged in the table below through December 31, 2021

Annual Vehicle Costs Table:

Contract Year	Amount
2017	\$13,500
2018	\$23,300
2019	\$23,750
2020	\$24,250
2021	\$24,750

- 5.2.1.3. Reimburse OPERATOR for monthly invoiced out-of-pocket costs associated with the monitoring and dispatching of the Project, including communication line charges, equipment maintenance, procurement of components and coordination of necessary work with other parties

performed by OPERATOR

(A) Reimbursable Cost items shall be paid to OPERATOR in accordance with the requirements of Articles 5 and 7. Reimbursable Costs may include but are not limited to:

1. Spare and replacement parts
2. All material, tools and equipment necessary to operate and maintain the Project
3. Chemicals
4. Lubricants (including proper disposal costs)
5. Specialized instrumentation, test, and calibration equipment
6. Rigging and handling equipment
7. Consumables and general supplies
8. Cleaning Supplies
9. Shop equipment installed in Project
10. Authorized leased equipment
11. Major equipment overhauls
12. Building repairs and maintenance (not caused by contractors under the Project Agreements)
13. Insurance costs in accordance with Article 5.1.3)
14. Costs related to training of plant personnel
15. Consultants' fees and expenses, if incorporated in the Annual Budget or otherwise approved in advance by OWNER.
16. Contract Services, if incorporated in the Annual Budget or otherwise approved in advance by OWNER

(B) The following will be Reimbursable Costs when specifically related to Project support:

1. Office supplies
2. Office equipment and furniture
3. Telephone and other communication service charges
4. Freight and express mail charges
5. Janitorial, cleaning, and grounds keeping services

5.2.1.4. Review OPERATOR's recommendations, under normal circumstances, to OWNER on any parts, materials, components or third party services costing in excess of \$15,000 that OPERATOR believes are needed for maintenance or operation of the Project and provide a written response concurring with or disallowing OPERATOR's request

5.2.1.4.1. Reserve the right to disallow reimbursement for any materials or services purchased by OPERATOR without obtaining OWNER's prior written consent under normal circumstances in excess of \$15,000 if contrary to OWNER's direction

APPENDIX F. COMMUNICATION AND NOTICES

Notices shall be sent to the following addresses:

To OWNER:

Michigan Public Power Agency
809 Centennial Way
Lansing, MI 48917-9277
ATTN: Amy L. DeLeeuw, Chief Financial Officer
Tel: (517) 323-8919 x107
Fax: (517) 323-8373
E-Mail: ADeleeuw@mpower.org

To OPERATOR:

Traverse City Light & Power
1131 Hastings Street
Traverse City, MI 49686
ATTN: Pete Schimpke, Manager of Operations and Engineering
Tel: (231) 932-4550
Fax: (231) 922-4638
E-Mail: pschimpke@tclp.org

Designated Representatives are:

OWNER:

Michigan Public Power Agency
809 Centennial Way
Lansing, MI 48917-9277
ATTN: Keith Parrott, Senior Engineer – Generation Services
Tel: (517) 323-8919 x116
Fax: (517) 323-8373
E-Mail: kparrott@mpower.org

OPERATOR:

Traverse City Light & Power
1131 Hastings Street
Traverse City, MI 49686
ATTN: Pete Schimpke, Manager of Operations and Engineering
Tel: (231) 932-4550
Fax: (231) 922-4638
E-Mail: pschimpke@tclp.org

ATTACHMENT A. PROJECT DESCRIPTION

1.0 The Project, consists of

- 1.1. A simple-cycle combustion turbine electric generating facility fueled with natural gas located at 1750 Prough Rd SW, Kalkaska, MI 49646
 - 1.1.1. The Project generating unit has a nominal rating of 55 megawatts and is comprised of two Pratt & Whitney FT8-1 aero derivative natural-gas fired combustion turbines, which drive a single electrical generator
- 1.2. Natural gas pipeline and metering equipment to connect the generator to the natural gas Project,
 - 1.2.1. The Project is served from the ANR Pipeline Company Prough Road interconnect and gas meter
 - 1.2.2. Natural gas is injected into the ANR Storage Company Deward location for use in the Project throughout the year
 - 1.2.3. Natural gas is withdrawn from the ANR Storage Company Deward location for use in the Project when dispatched
 - 1.2.4. Natural gas can be delivered and received at several points along the Great Lakes Gas Transmission and ANR Pipeline Company from the ANR Joliet Hub (outside of Chicago) to the ANR Storage Company interconnect with Great Lakes at Deward through long-term Transportation Agreements of OWNER
- 1.3. A 69 kV interconnection and associated electrical protection and relaying equipment to the transmission system owned by Wolverine Power Cooperative Inc. necessary to settle the output of the Project to the MISO wholesale electricity market at the Commercial Pricing Node ("CpNode") known as CONS.KALK, and
- 1.4. The Project also has a diesel engine for operating a fire pump, a natural gas-fired "line-heater" to preheat natural gas fuel before that fuel is supplied to the turbines, and a boiler-heater system for the engine enclosures

2.0 The Project is located in Kalkaska County, Michigan, approximately 1.6 miles southwest of the town of Kalkaska

- 2.1. A parcel of land located in the northwest one-quarter (NW 1/4) of the southeast one-quarter (SE 1/4) of fractional Section 31, T.27N., R.07W., E. Kalkaska Township, Kalkaska County, Michigan, more fully described as follows:
 - 2.1.1. PART OF THE NW 1/4 OF SE 1/4 FRL SEC 31 T27N-R7W DESC AS COM AT THE S 1/4 COR OF SD FRL SEC 31 TH S 89 DEG 54'33"E 1328.91 FT ALG THE S LI OF SD FRL SEC TO THE E 1/8 LI OF SD FRL SEC TH N 00 DEG 51' 15"E 1322.34 FT ALG THE E 1/8 LI OF SD FRL SEC TO THE S 1/8 LI OF SD FRL SEC TO A FOUND CONCRETE MONUMANT AND THE POB TH N 89 DEG 57'54"W 1207.39 FT ALG THE S 1/8 LI OF SD FRL SEC TH N 44 DEG 10' 35"E 95.52 FT TH 154.08 FT ALG THE ARC OF A 201.15 FT RADIUS CURVE TO THE LEFT THE CENTRAL ANGLE OF WHICH IS 43 DEG 53'14" AND THE CHORD OF WHICH BEARS N 22 DEG 13'58"E 150.34 FT TH N 00 DEG 17' 21"E 112.50 FT TH N 89 DEG 52'14"E 376.01 FT TH N 00 DEG 00'35"W 100.97 FT TH N 89 DEG 53'40"E 714.11 FT TO THE E 1/8 LI OF SD FRL

SEC TH S 00 DEG 54'27"W 424.10 FT ALG THE E 1/8 LI OF SD FRL SEC TO THE POB
CONT 9.87 ACRES SUBJ TO EASEMENTS AND RESTRICTIONS OF RECORD

- 2.1.2. Tax Parcel Number 40-008-031-010-20
 - 2.2. The Project was completed and placed in commercial operation in December 2002
 - 2.3. OPERATOR has monitoring and remote start capability for the Project via a remote terminal located at the OPERATOR system control center located in Traverse City, MI
- 3.0 OWNER has developed an offer strategy for the Project whereby the unit is operated as a peaking resource on behalf of the Participants
- 3.1. As a "peaking plant", the Project operates mostly for short periods of "peak load" when demand for electricity is high or is operated out of economic merit order when the Transmission Provider requires voltage or frequency support
 - 3.2. Under this mode of operation, the Project is expected to operate
 - 3.2.1. When power is at or near peak load conditions,
 - 3.2.2. When an unexpected loss of a resource creates a need for capacity and energy for the Participants and the Project can supply the needed energy at a lower cost than is available from purchases from third parties, or
 - 3.2.3. When the wholesale electric market conditions are such that the output of the Project may be sold to third parties at a price which will provide a reasonable net revenue benefit to the Participants
 - 3.3. Under this operating mode, the Project is expected to operate less than 1,000 hours per year, which will reduce costs to the Participants by stretching the time between major overhauls
 - 3.4. OWNER operates the Project to provide energy & capacity and the associated economic benefit to the Participants who have long-term Power Sales and Project Support Contracts with the Project
 - 3.4.1. The Project must operate in the Day-Ahead and Real-Time market as it is a Capacity Resource in the MISO
 - 3.4.2. To operate the Project effectively, natural gas must be forecasted, purchased and scheduled to accommodate electric day operation

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 2, 2017
Subject: Purchase of 1125 Hastings Street

The property owner of 1125 Hastings Street has offered to sell their adjacent property to Traverse City Light & Power (TCL&P) for \$275,000 as reflected in the purchase agreement included in the board packet. A map has been included in the board packet to provide you a view of the parcel in relation to the Hastings Street Service Center.

The building is 4,380 square foot pre-engineered steel constructed commercial building with 2,265 square feet of offices and 2,115 square feet of manufacturing area. The site contains 11,690 square feet. The purchase of this property will allow the service center to be one continuous parcel and expand the Service Center's campus.

The plan for this building, if the purchase is approved by the Board, is to use it to house the substation inventory/equipment that is currently located in the inventory yard and at the substation locations. This new building will eliminate the planned need to construct five individual substation sheds to house this equipment at an estimated cost of \$25,000. We believe this new building will provide a centralized location for this equipment and create an operational efficiency. Along with the substation inventory, this building will be able to house fiber and decorative lighting inventory, a portion of which is currently stored outside in the yard. Storing this inventory inside will eliminate wear and tear caused by weather while in storage.

Northern Michigan Real Estate Consultants appraised this property on October 1, 2015 based on three approaches, cost, sales comparison, and income approach, and the reported value was \$250,000. Knowing that property values in the city have increased each of the past two years, staff believes that another appraisal today would be in the ballpark of this offering.

Therefore, Staff recommends the Board authorize the purchase agreement for 1125 Hastings Street to allow for the expansion of the Service Center's campus, increase operating efficiencies and eliminate the wear and tear from weather on the inventory ultimately decreasing its value and functionality. If the Board agrees with staff's recommendation, the following motion is appropriate:

MOTION ON NEXT PAGE

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ENTER
INTO A PURCHASE AGREEMENT WITH THE NORTHWEST LAND
DEVELOPMENT, INC IN THE AMOUNT OF \$275,000.

NORTHERN GREAT LAKES REALTORS® MULTIPLE LISTING SERVICE LLC
BUY AND SELL AGREEMENT
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Selling Office: None Listing Office: None
Selling REALTOR®: _____ Listing REALTOR®: _____
Selling REALTOR®'s Email: _____ Listing REALTOR®'s Email: _____
Selling REALTOR®'s Phone: _____ Listing REALTOR®'s Phone: _____
Date: April 12, 2017 at _____ AM PM

1. BUYER: The undersigned Buyer(s) Traverse City Light & Power Department (Buyer's
Legal Name) agrees to purchase the following described Real Property situated in the City
of Traverse City County of Grand Traverse and State of Michigan
MLS # NON Tax No: 28-51-786-146-10

Legal Description:

The west 167 feet of the south 70 feet of Lot 4, Block 4, Oakwood Addition

Property Address: 1125 Hasting, Traverse City, MI

The Property is owned by: Northwest Land Development, LLC

2. PRICE: The purchase price shall be \$ \$275,000.00

3. TERMS: The sale of the Property shall be consummated by delivery of a Warranty Deed or owner financing conveying marketable title upon compliance with sub paragraph _____ below.

- A. CASH SALE: Payment of full purchase price.
- B. CASH TO NEW MORTGAGE: Payment of the full purchase price, contingent upon Buyer's ability to obtain at Buyer's own expense a _____ mortgage loan in the amount of \$_____. Buyer agrees to make application for a mortgage within three (3) business days of the Effective Date of this Agreement, and to furnish Seller evidence of the conditional loan commitment acceptable to Buyer within five (5) business days of the Effective Date of this Agreement.
- C. OWNER FINANCING: See Addendum

The purchase money shall be paid in cash or by cashier's check to appropriate title company or escrow agent

4. CLOSING: This sale is to be closed on or before June 30, 2017, unless otherwise agreed to in writing. The closing may be conducted by a title company or other escrow agent. The parties agree to equally divide the title company/escrow agent closing fee.

5. OIL, GAS, and MINERAL RIGHTS: if any, are included YES NO unless previously severed by former owner

6. FIXTURES & IMPROVEMENTS: Sale to include all buildings, improvements, carpeting, screens, storm sash and doors, shrubbery, built-in kitchen appliances, TV antenna, plumbing and lighting fixtures, water softener (unless rented), fences, mailbox and garage door openers (including transmitters), heating and air conditioning equipment, if any, now on the property. Additions: Refrigerator , Oven/Range , Window Treatments , Dishwasher , Microwave , Washer , Dryer .

7. PRORATIONS: Rents, insurance, homeowner's association fees, condominium owner's association fees, road maintenance fees, fuel, sewer and water bills as well as other liens assumed or to be paid by the Buyer shall be prorated as of the date of

NORTHERN GREAT LAKES REALTORS® MULTIPLE LISTING SERVICE LLC
BUY AND SELL AGREEMENT

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closing. "Current Taxes" (defined as those taxes due in the calendar year the closing takes place) shall be prorated as of the date of closing in the following manner: county taxes, including township and school, shall be prorated on a calendar year basis, as if paid in arrears, so that Seller will be charged with the portion thereof from the prior January 1 to the date of closing, and Buyer with the balance of the year. City taxes and village taxes shall be prorated on a due date basis as if paid in advance so that Seller will be charged with the portion thereof from the prior July 1 to the date of closing, and Buyer with the portion from the date of closing to the next June 30

8. **ASSESSMENTS:** Unless otherwise specified herein, all special assessments and/or sewer, sewer and benefit charges which are a lien at the date of this closing shall be paid by the Seller

9. **POSSESSION:** Seller shall deliver and Buyer shall accept possession of the Property subject to the rights of any tenants at or XXXXXX days after closing. From the date of closing through vacating the Property, Seller shall pay the sum of \$200 per day as an occupancy charge, and Seller shall be liable for Seller's pro rata share of utilities. The Buyer shall retain from the amount due Seller at closing the sum of \$0 as a deposit against these charges, paying to the Buyer the amount due and returning to the Seller the balance as determined by the date Property is vacated and keys surrendered to Buyer. If possession is given prior to noon, that day is not considered a day of occupancy.

10. **PROPERTY DAMAGE:** If the building(s), fixtures and equipment on the Property are extensively damaged or are destroyed by fire or otherwise prior to closing, the Buyer may terminate this Agreement by written notice to Seller with a copy to Listing Broker and Selling Broker. Upon receipt of this notice, Selling Broker shall return the deposit to Buyer, this Agreement shall be void, and the Parties shall have no further duty to one another. If Buyer does not send notice of termination, the closing shall occur and all proceeds of insurance of claims under insurance policies, if any, shall accrue to the benefit of Buyer.

11. **SELLER'S DISCLOSURE:**

- Buyer acknowledges that a Seller's Disclosure Statement has been provided to Buyer
- Seller shall provide Buyer with a Seller's Disclosure Statement with Seller's acceptance of this offer. Pursuant to the Seller Disclosure Act, MCL 559-951, of cog, Buyer will have 72 hours after hand-delivery of the disclosure statement (or 120 hours after delivery by registered mail) to terminate this Agreement by delivery of a written notice to Seller or Seller's agent
- Subject property exempt from disclosure statement.

12. **RELEASE:** Buyer and Seller acknowledge that neither Listing Broker nor Selling Broker, nor their respective agents, have made any representations concerning the condition of the property covered by this Agreement or the marketability of title, and Buyer and Seller release the Listing Broker and Selling Broker and their respective agents, with respect to all claims arising out of or related to this Agreement, any addendums or counteroffers; all claims arising from any purported representations as to the physical and environmental condition of the property covered by this Agreement or the marketability of title; and all claims arising from any special assessments and/or utility bills which have been or may in the future be charged against the property covered by this Agreement and, in addition, agree to indemnify and hold harmless the Listing Broker and Selling Broker and their respective agents from any and all claims related to those matters. This paragraph shall survive a closing.

13. **EARNEST MONEY DEPOSIT:** Buyer deposits \$10,000 to be held by Corporate Settlement Solutions ("Escrowee") evidencing Buyer's good faith, which deposit shall be applied to the purchase price at closing. A standard ALTA owner's policy of title insurance in the amount of the purchase price shall be furnished to Buyer at Seller's expense and a commitment to issue a policy insuring marketable title vested in Buyer, including a real estate tax status report, shall be made available for Buyer's inspection prior to closing.

If this offer is not accepted or title is not marketable, or insurable or if the terms of purchase are contingent upon ability to obtain a new mortgage or any other contingencies as specified, which cannot be met, this deposit shall be refunded to Buyer. In the event the Buyer and Seller both claim the earnest money deposit, the earnest money deposit shall remain in Escrowee's trust account until a court action has determined to whom the deposit must be paid, or until the Buyer and Seller have agreed in writing to the disposition of the deposit. (This paragraph may be subject to the dispute resolution provisions in paragraph 25 below)

14. **COMPLIANCE:** The parties will be held to strict compliance with the time limitations contained in this Agreement. If Buyer refuses to perform its obligations under this Agreement, the Deposit shall be forfeited and may be applied by the Seller to payment of his damages, and Seller may treat the forfeited Deposit as liquidated damages for such non-performance, breach or default. If Seller's actual damages exceed the Deposit, Seller may pursue such other legal and equitable remedies as Seller may have against the Buyer. If Seller defaults, the Deposit shall be returned to the Buyer and Buyer may pursue such legal or equitable remedies as Buyer may have against the Seller.

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15. **LIMITATION:** Buyer and Seller agree that any and all claims or lawsuits which they may have against the Listing Broker and its agents and/or Selling Broker and its agents relating to their services must be filed no more than six (6) months after the date of closing of the transaction described in this Agreement. Buyer and Seller waive any statute of limitations to the contrary. This paragraph shall survive a closing.

16. **PROPERTY INSPECTIONS:** Buyer has personally inspected the property and accepts it in AS IS present condition and agrees that there are no additional written or oral understandings except as otherwise provided in this Agreement.

This offer is contingent upon satisfactory inspections of the property, at Buyer's choice and at Buyer's expense, no later than 30 days of the effective date of this Agreement. These inspections may include, but may not be limited to, structural and/or mechanical inspections, surveys and site investigation, soil borings, as well as inspections for radon, pests, mold and/or asbestos. Buyer agrees to return the property to its prior condition after any inspections or tests. If Buyer is not satisfied with the results of any inspection, upon written notice from Buyer to Seller within this period, this Agreement shall terminate and any deposit shall be refunded to Buyer. In the event the Buyer neither removes the contingencies nor terminates this Agreement in the time provided, the Buyer shall be deemed to have waived this contingency. Any request by Buyer in writing to modify this Agreement based on the results of an inspection shall terminate this Agreement unless: (a) the request is agreed to by Seller in writing, or (b) the Buyer removes the inspection contingency in writing within the time for inspections.

Buyer acknowledges that Selling Broker/REALTOR® has recommended that Buyer obtain an inspection of the property by an inspector and/or a licensed contractor. Buyer does not desire to obtain an inspection of the property.

17. **LEAD BASED PAINT DISCLOSURE:** If subject home was built prior to 1978, Buyer acknowledges that prior to signing this Buy and Sale Agreement, Buyer has received and reviewed a copy of the Lead-Based Paint Disclosure Form.

18. **HOME PROTECTION PLAN:** Buyer and Seller have been informed that Home Protection Plans are available. Such plans may provide additional protection and benefit to a Buyer. The parties acknowledge that a REALTOR® may receive compensation from the companies offering these plans. Buyer does does not wish to purchase a Home Protection Plan.

19. **SMOKE DETECTOR(S):** Smoke detector(s) shall be installed as required by law, at Seller's expense.

20. **ATTORNEY'S FEES:** In any action or proceeding arising out of this agreement, the prevailing party, including any REALTOR® so involved, shall be entitled to reasonable attorney's fees and costs, to be paid by the non-prevailing party. This paragraph shall survive a closing.

21. **MULTIPLE LISTING SERVICE:** If Broker is a participant of a Board Multiple Listing Service ("MLS"), Broker is required to report the sale, its price and terms for the use of authorized Board Members, MLS participants and subscribers.

22. **AGENCY CONFIRMATION:** Buyer and Seller each acknowledge receipt of an Agency Disclosure Form. The Selling Broker/Salesperson is acting as (check one) Agent/Subagent of the Seller Buyer's Agent Dual Agent Designated Agent in an In-House Transaction Other _____

23. **ATTACHMENTS:** These attachments are incorporated by reference: Addendum(s) Seller's Disclosure Statement Lead-Based Paint Seller's Disclosure Form Unplatted Land Division Addendum Other _____

24. **ADDITIONAL CONDITIONS:**

This Agreement is not effective until and if approved by the TCL&P Board.

25. **EFFECTIVE DATE:** The term "Effective Date" shall mean the date and time at which both Buyer and Seller have signed this Agreement and agreed upon its terms.

NORTHERN GREAT LAKES REALTORS® MULTIPLE LISTING SERVICE LLC
BUY AND SELL AGREEMENT
 Page 4 of 5

26. DISPUTE RESOLUTION: If any party has a dispute with another regarding the meaning, operation, or enforcement of any provision of this Agreement, the disputing parties agree to use non-binding mediation to negotiate a resolution before litigating or arbitrating the dispute. They are required to utilize the services of the Conflict Resolution Services or another mutually acceptable neutral mediator to bring them together in at least one mediation session.

27. ELECTRONIC COMMUNICATION: As an alternative to physical delivery, the parties agree that this Agreement, any amendment or modification of this Agreement and/or any written notice or communication in connection with this Agreement may be delivered to the Seller in care of the Listing REALTOR® and the Buyer in care of the Selling REALTOR® via electronic mail or by facsimile via the contact information set forth above. Any such communication shall be deemed delivered at the time it is sent or transmitted. Seller represents and warrants that an electronic email address has been provided to listing REALTOR® from which Seller may receive electronic mail. Buyer represents and warrants that an electronic email address has been provided to Selling REALTOR® from which Buyer may receive electronic mail. The parties agree that the electronic signatures and initials shall be deemed to be valid and binding upon the parties as if the original signatures or initials were present in the documents in the handwriting of each party.

28. ACKNOWLEDGEMENT: Buyer acknowledges receipt of a copy of this Agreement. Buyer and Seller agree that this is the entire agreement between the parties and that there are no other written or oral understandings. Buyer and Seller further agree that this Agreement supersedes any and all prior agreements, understandings, or representations made by the parties or their agents.

29. COUNTERPARTS: This Agreement may be signed in any number of counterparts with the same effect as if the signature of each counterpart were upon the same instrument.

30. HEIRS, SUCCESSORS AND ASSIGNS: This Agreement binds Seller, Seller's personal representatives and heirs, and anyone succeeding to Seller's interest in the property. Buyer shall not assign this Agreement without Seller's prior written permission.

31. THIS OFFER WILL EXPIRE ON April 21, 2017 at 5:00 AM PM, or upon Seller's receipt of revocation from Buyer, whichever is earlier.

This is a legal document. It is recommended to the Buyer that an attorney be retained to pass upon the marketability of the title to the property involved and to confirm that the terms of this Agreement are met.

DEPOSIT ACKNOWLEDGED BY: _____ Agent / REALTOR®

32. RECEIPT IS ACKNOWLEDGED BY BUYER of a copy of this Agreement.

Buyer(s):
Timothy Arends KMB

Print Name
Timothy Arends, Executive Director
 Print Name

Buyer(s) Address:

Buyer(s) Contact Numbers:

33. SELLER'S ACCEPTANCE: Seller accepts Buyer's offer Dated this 21st day of April, 2017
 at 4:00 AM PM

NORTHERN GREAT LAKES REALTORS® MULTIPLE LISTING SERVICE LLC
BUY AND SELL AGREEMENT

Page 5 of 5

Seller: Susan Rehmann

Susan Rehmann
Print Name

Print Name

Seller's Address:
1056 Smith Road
Traverse City, Mi 49696

Seller's Contact Numbers:
231 922-7313

*NOTE: Please sign as you wish your name to appear on the final papers.

34. COUNTEROFFER: This is a counteroffer to Buyer's offer dated the _____ day of _____, 20____. Seller accepts all the terms and conditions in the above designed Agreement with the following changes or amendments:

The Seller reserves the right to continue to offer the Property for sale and may accept another offer at any time prior to personal receipt by Seller or _____, Seller's authorized agent, of a copy of this counteroffer duly accepted and signed by Buyer. Unless this counteroffer is accepted in this manner, on or before _____, 20____ at _____ AM PM, it shall be deemed revoked and the Deposit shall be returned to Buyer. Seller acknowledges receipt of a copy of this counteroffer. Dated this _____ day of _____, 20____ at _____ AM PM

Seller: _____

Seller: _____

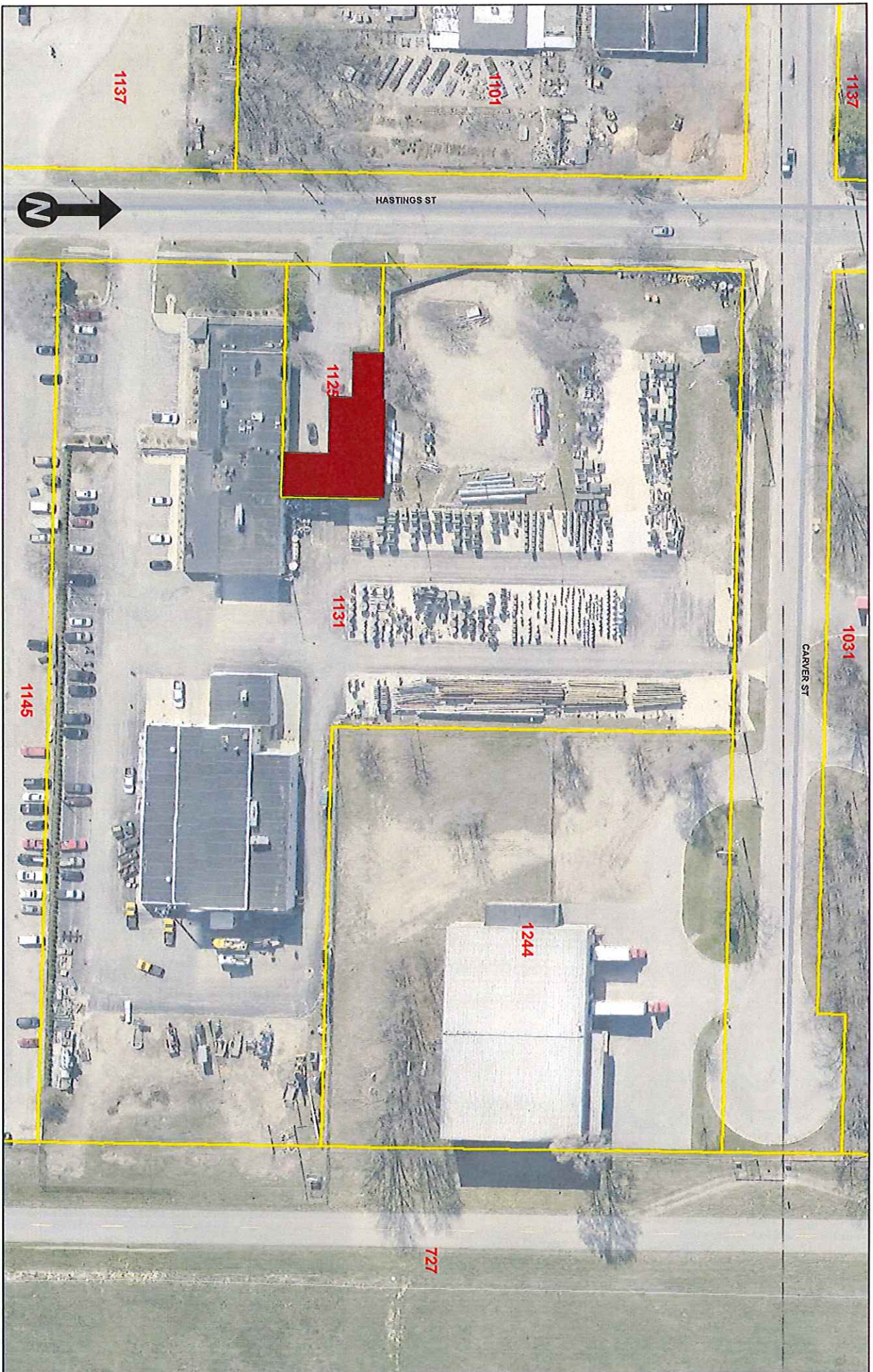
36. ACCEPTANCE OF COUNTEROFFER: If Seller's acceptance constitutes a counteroffer, Buyer hereby accepts the terms of that counteroffer as set forth in paragraph 34. Dated this _____ day of _____, 20____ at _____ AM PM

Buyer: _____

Buyer: _____

Buyer's Initials: TA KUB

Seller's Initials: SR



FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 2, 2017
Subject: Solar Purchase Power Agreement

Heritage Sustainable Energy, LLC (Heritage) has provided a new bid for solar power. The proposal is as follows:

1. Heritage installs a 1 MW (AC) solar facility at M72 location in 2017
2. Estimated yearly production: 1,200,000 kWh
3. Heritage and Traverse City Light and Power (TCL&P) enter into a 20-year purchase power agreement at \$.1125/kWh fixed
4. TCL&P receives all renewable energy credits and capacity
5. Heritage to pay costs of upgrading TCL&P's system (approximately \$200,000)
6. Heritage to install 1 to 3 additional MW in 2018 with a 20 year fixed purchase power agreement with TCL&P at \$.0995 utilizing the upgraded interconnect

Following this memo is an analysis that assumes a 13% capacity factor for this project, provides the total contract production in kWh's assuming a 0.5% solar degradation each year, total contract cost, and the average annual cost.

The agreement is then compared to the short run avoided cost of solar based on the different options mentioned above, which reflects the estimated cost of power if the utility had to purchase from the market, energy, capacity, and renewable energy credits and incorporates transmission costs through MPPA. It is referred to as a short run because it is difficult to predict the market beyond 5 to 10 years as the industry changes through regulations, technology, along with the effects of supply and demand factors such as the amount and type of generators within the region. However, for this purpose it was projected out until fiscal year 2025-26 with the assumption it would continue to increase based on conservative inflationary factors of the first 7 years where data projections were provided.

The initial agreement has an estimated annual premium of \$24,794.01 (cost of the contract above estimated market cost) and each additional MW constructed has an estimated premium of \$8,702.33. Depending on the additional installations if the City were to absorb the premium costs, it would be an additional estimated \$.01-.02 per kW spread over the City's total electric consumption. The contract could be structured, at the Board's direction, to require board approval before any additional solar generation is constructed at the site.

Should the Board desire to move forward with the project, it would be appropriate to direct staff to negotiate a purchase power agreement for the Board's consideration. In addition, the Board could direct staff to work with the City in consideration of a Governmental Green Rate to absorb the premium costs associated with the project. The following motion outlines these options:

MOTION ON NEXT PAGE

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017

MOVED BY _____, SECONDED BY _____,

THAT STAFF NEGOTIATE A PURCHASE POWER AGREEMENT WITH HERITAGE SUSTAINABLE ENERGY, LLC FOR THE BOARDS CONSIDERATION AT A FUTURE MEETING; AND FURTHER DIRECTS STAFF TO WORK WITH THE CITY IN PRESENTING A GOVERNMENTAL GREEN RATE IN SUPPORT OF ITS 100% RENEWABLE ENERGY RESOLUTION.

2017									
13% CAPACITY					SHORT RUN				
CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST	
Total Contract Production in kWh's	Total Cost of Contract	Average Annual Cost	Price per kWh	Total Cost of Contract Based on the Short Run Avoided Cost of Solar	Price per kWh	Average Annual Premium	Contract Premium	Average Annual Premium	Renewable Premium Price per kWh
21,725,917	\$ 2,444,165.66	\$ 122,208.28	\$ 0.1125	\$ 1,948,285.43	\$ 0.0897	\$ 24,794.01	\$ 495,880.23	\$ 24,794.01	\$ 0.0228
2018									
1 MW OPTION					SHORT RUN				
CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST	
Total Contract Production in kWh's	Total Cost of Contract	Average Annual Cost	Price per kWh	Total Cost of Contract Based on the Short Run Avoided Cost of Solar	Price per kWh	Average Annual Premium	Contract Premium	Average Annual Premium	Renewable Premium Price per kWh
21,725,917	\$ 2,161,728.74	\$ 108,086.44	\$ 0.0995	\$ 1,987,682.16	\$ 0.0915	\$ 8,702.33	\$ 174,046.58	\$ 8,702.33	\$ 0.0080
2 MW OPTION					SHORT RUN				
CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST	
Total Contract Production in kWh's	Total Cost of Contract	Average Annual Cost	Price per kWh	Total Cost of Contract Based on the Short Run Avoided Cost of Solar	Price per kWh	Average Annual Premium	Contract Premium	Average Annual Premium	Renewable Premium Price per kWh
43,451,834	\$ 4,323,457.49	\$ 216,172.87	\$ 0.0995	\$ 3,975,364.32	\$ 0.0915	\$ 17,404.66	\$ 348,093.16	\$ 17,404.66	\$ 0.0080
3 MW OPTION					SHORT RUN				
CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST		CONTRACT COST	
Total Contract Production in kWh's	Total Cost of Contract	Average Annual Cost	Price per kWh	Total Cost of Contract Based on the Short Run Avoided Cost of Solar	Price per kWh	Average Annual Premium	Contract Premium	Average Annual Premium	Renewable Premium Price per kWh
65,177,751	\$ 6,485,186.23	\$ 324,259.31	\$ 0.0995	\$ 5,963,046.48	\$ 0.0915	\$ 26,106.99	\$ 522,139.74	\$ 26,106.99	\$ 0.0080

FOR THE LIGHT & POWER BOARD MEETING OF MAY 9, 2017



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: May 1, 2017
Subject: Art on Utility Infrastructure



In the past, staff has discussed providing the opportunity for artists to create artwork on utility infrastructure within the distribution system as a means to prevent graffiti on infrastructure such as transformer boxes. Additionally, there are other intangible benefits to allowing this artwork such as adding a sense of place, identity and beautification to the cityscape at various locations within the City.

These discussions were revisited after a developer recently brought this concept to the attention of the utility. Staff moved this concept forward by drafting an Executive Order (attached) based on other utilities policies, which includes guidelines, an application along with internal needs and external code requirements. This Executive Order was then forwarded on to General Counsel, Interlochen Center of the Arts and the City of Traverse City's Arts Commission to gather input for the final draft of the Executive Order.

The Executive Order covers how the artwork will be created, reviewed and selected, the application process to have it installed, funding of the artwork, installation, liability for damaged artwork, and safety concerns.

Not only does this Executive Order provide the benefits of improving the City streetscape and add uniqueness to the area, it should provide a savings on maintenance costs relating to painting the transformer boxes over their life. In addition, this is a new way to promote local artists work in the public for everyone to view and enjoy, while bringing a sense of community to the neighborhoods.

Staff is presenting this material to keep the Board informed on the new program that will affect the community and welcomes any feedback you may have.

**TRAVERSE CITY LIGHT & POWER
OFFICE OF THE EXECUTIVE DIRECTOR**

EXECUTIVE ORDER #2017-002

TITLE: ART ON UTILITY INFRASTRUCTURE POLICY

EFFECTIVE DATE: _____

PURPOSE: The purpose of this policy is to prevent graffiti on utility infrastructure while adding a sense of place, identity and beautifying the cityscape for the different locations within Traverse City Light and Power (“TCL&P”) distribution system by placing artwork on the utility’s infrastructure (transformer cabinets).

POLICY: The Utility will work with community groups and organizations to create various design/artwork options that can be selected to be placed on utility infrastructure at the request of a utility ratepayer/sponsor in proximity to the affected infrastructure. Review of the various design options will be through the City of Traverse City Arts Commission with final approval from TCLP.

The artwork shall be designed not to restrict any vents or airflow, or any locks or handles and the cabinet must be fully accessible by the TCL&P’s employees in accordance with NESC requirements. All safety stickers and identifying numbers must remain visible on the exterior of the asset.

All designs available for utility infrastructures are and shall remain the property of TCL&P including but not limited to copy rights.

The requesting rate payer(s)/sponsor(s) will be responsible for funding the artwork/design in advance.

A utility ratepayer may apply to TCL&P and select from the available artwork/design options for placement on TCL&P’s infrastructure by submitting an application to TCL&P (application attached to this Executive Order). In the situation where the property owner is not requesting the artwork the sponsor must obtain written approval from the property owner in the space provided on the application. Once TCL&P receives a completed application, it will complete an initial field verification review to determine acceptability. Once all approvals are obtained the utility will invoice the applicant for the artwork and installation cost and will install the artwork once full payment is received.

TCL&P will not be responsible for reimbursing the ratepayer/sponsor if the artwork is damaged, for reasons including but not limited to a transformer upgrade or, repair or replacement due to circumstances such as a storm, or emergency repair situations. If infrastructure is repaired or replaced, the TCL&P will notify the applicant of the opportunity to restore the artwork. TCL&P will also be solely responsible for determining when the artwork has exhausted its life and is selected for replacement.

TCL&P will either perform or be present to supervise all installations of the artwork. In no circumstance may any individual who is not a utility employee or designated contractor install artwork.

Timothy J. Arends
Executive Director and Secretary
Traverse City Light and Power Board



**TRAVERSE CITY
LIGHT & POWER**

1311 Hastings Street
Traverse City, MI 49686
(231) 922-4940

Artwork on Utility Infrastructure Application

Ratepayer/Sponsor Name _____

Address _____

Phone Number _____ Email _____

Property Owner Name (if different than above) _____

Location of Infrastructure _____

Artwork Selection:

I agree to the artwork and installation costs for the selected artwork at the location described above.

Ratepayer/Sponsor Signature _____ Date _____

****If the ratepayer/sponsor is not the property owner, the property owner must agree and sign below to have the artwork installed on their property.****

I agree to have the artwork installed on my property.

Property Owner Signature _____ Date _____



On the Boardman River in the heart of Downtown Traverse City

May 2, 2017

Tim Arends
Executive Director
Traverse City Light & Power
1131 Hastings St
Traverse City, MI 49686

RE: Art on Infrastructure

Dear Tim,

I am writing to express our support of the Art on Infrastructure initiative. We appreciate that TCLP is open to this concept. There are great examples all over the country of beautiful and creative art works on utility boxes as well as treatments that camouflage the boxes to disappear into their surroundings.

We are excited to be the first to apply for this program that has the potential for significant positive visual impact in Traverse City.

Regards,

A handwritten signature in black ink, appearing to read 'Michael Wills', is written in a cursive style.

Michael Wills
Project Manager

328 Munson Ave, Suite B, Traverse City, Michigan 49684 231-941-8800



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Kelli Schroeder, Manager of HR & Communications 
Rod Solak, Line Superintendent
CC: Tim Arends, Executive Director
Date: May 1, 2017
Subject: Recruitment - Alpena Community College

As you are aware, Line Workers are in high demand, making recruiting efforts difficult. To be proactive, Rod Solak and I recently attended Alpena Community College's Utility Technology Open House. This provided an opportunity to not only get an overview of the program, but to also meet and observe this year's graduating class.

One of only a handful of schools in Michigan, Alpena Community College's Utility Technology Program prepares students to construct, install and repair electrical distribution systems. With its' new state of the art facility along with a training ground for hands on instruction, we were able to see the students in action as they demonstrated pole climbing, service installs and equipment operation.

The graduating class of sixty-one was the largest the college has had thus far. Rod and I reached out to a number of students from Northern Michigan for informal interviews and obtained resumes for future openings at our utility. We were joined by representatives from Consumers Energy, Cloverland Electric Cooperative, Great Lakes Energy, City of Niles and IBEW.