

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**Tuesday, December 11, 2018**

At

**5:15 p.m.**

In The

**COMMISSION CHAMBERS**  
(2<sup>nd</sup> 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 St. Amour  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4543

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

Posting Date:  
12/7/18  
3:00 P.M.

## AGENDA

### Pledge of Allegiance

#### 1. Roll Call

#### 2. Disclosure of Recusal

#### 3. 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. Approval of Agenda.
- b. Consideration of approving minutes of the Regular Meeting of October 9, 2018. (Approval Recommended (p.4))
- c. Consideration of approving the submission of a letter of intent to the United States Department of Agriculture Rural Energy Savings Program for their approval to participate in the financing and grant award application process relating to the project funding of the Fiber to the Premise Project. (Approval Recommended) (Arends) (p.7)
- d. Consideration of approving the Member Authorized Representative delegations for the MPPA Energy Services Agreement. (Approval Recommended) (Arends) (p.9)

#### 4. Unfinished Business

None

#### 5. New Business

- a. Consideration of a strategy session connected with the negotiation of a collective bargaining agreement with the Utility Workers of America, Local 295 to modify the terms for line worker hired after July 1, 2012. (Possible closed session at the request of TCL&P) (Arends/Schroeder) (p.11)

#### 6. Reports and Communications

From Legal Counsel.

- a. From Staff.
  1. Presentation of the 2019 Six-Year Capital Improvements Plan. (Arends) (p.12)
  2. June 30, 2018 Financial Statements. (Myers-Beman) (p.20)
  3. September 30, 2018 Financial Statements. (Myers-Beman) (p.29)
  4. 2019-20 Budget Schedule. (Myers-Beman) (p.37)

- b. From Board.

**7. Public Comment**

- a. General.

/js

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, October 9, 2018

**Board Members -**

Present: Pat McGuire, Elysha Davila, Ross Hammersley, Amy Shamroe, Tim Werner, Paul Heiberger, John Taylor

Absent:

**Ex Officio Member -**

Absent: Marty Colburn, City Manager

**Others:** Daren Dixon, Scott Menhart, Karla Myers-Beman, Kelli Schroeder, Tony Chartrand, Jacob Hardy, Mark Watson, Jennifer J. St. Amour

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

Chairman McGuire offered condolences to the family, friends and co-workers of Jim Farrington who passed away in the line of duty.

**Item 2 on the Agenda being Disclosure of Recusal – None**

**Item 3 on the Agenda being Consent Calendar**

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

- a. Approval of Agenda.
- b. Approve Minutes of the Regular Meeting of September 25, 2018.
- c. Approve an interfund loan with the City of Traverse City in the amount of \$154,000 for lighting associated with the Hickory Hills Recreational Area Improvement Project. The interfund loan will be repaid within sixty months or sooner and will be reflected as a long-term advance to other funds on the utility's balance sheet with an annual interest rate of 2.95%.

CARRIED unanimously.

**Items Removed from the Consent Calendar**

- a. None.

**Item 4 on the Agenda being Unfinished Business**

- a. Public Hearing regarding:
  1. Revenue neutral rate change effective November 1, 2018.

The following individuals addressed the Board:

Karla Myers-Beman, Controller

Chairman McGuire opened the Public Hearing.

The following individuals from the Public addressed the Board.

None.

Chairman McGuire closed the Public Hearing.

Moved by Werner, seconded by Shamroe, that the Board authorizes the rate adjustments shown in the presented tariff rates effective November 1, 2018.

CARRIED unanimously.

**Item 5 on the Agenda being New Business**

- a. Consideration of amending C.C. Power, LLC's Construction Agreement for hourly rate assistance.

The following individuals addressed the Board:

Daren Dixon, Operations Manager

Moved by Hammersley, seconded by Heiberger, that the Board authorizes the Chairman and Secretary to execute an amendment to the construction agreement for electrical line distribution construction services with CC Power LLC. to a time and materials contract, as presented.

CARRIED unanimously.

**Item 6 on the Agenda being Reports and Communications**

- a. From Legal Counsel.  
b. From Staff.

1. Update on Fiber to the Premise Project and AMI.

The following individuals addressed the Board.

Scott Menhart, Mgr. of Telecom and Technology

1. Presentation on the following project close-out reports.
- Critical and Large Customer #2
  - Cherry Capital Airport Runway Expansion
  - Barlow #1 and #2 Transformer Upgrades

The following individuals addressed the Board:

Tony Chartrand, System Engineer

c. From Board

Board Member Ross Hammersley offered his condolences for the loss of Jim Farrington.

**Item 7 on the Agenda being Public Comment**

a. General

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 5:29 p.m.

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** November 26, 2018  
**Subject:** Letter of Intent - Fiber

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Staff has drafted a letter of intent to the United States Department of Agriculture (“USDA”) Rural Energy Savings Program to request grant and financing (for up to 20 years) assistance for the Fiber to the Premise Project.

The financing or loan request is for the preliminary construction costs calculated by Connexon in the amount up to \$16,300,000. The program allows 15% of the loan amount or \$2,445,000 to be requested in grant funds. Staff is requesting the full amount in financing and the additional grant award in case the grant funds are not awarded.

If the USDA approves the letter of intent, TCL&P will be invited to participate in the next step which is the application process and will have up to sixty days to complete the application.

Submission of the letter of intent does not commit the utility. At any time, the utility may withdraw with written notification to the USDA.

Staff recommends the Board approve submission of the letter of intent to the USDA for a possible financing option for the Fiber to the Premise Project.

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 the motion provided below.

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 motion the following motion would be appropriate:

**(MOTION ON NEXT PAGE)**

FOR THE LIGHT & POWER BOARD MEETING OF DECEMBER 11, 2018

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

THE BOARD APPROVES SUBMISSION OF THE LETTER OF INTENT TO THE UNITED STATES DEPARTMENT OF AGRICULTURE RURAL ENERGY SAVINGS PROGRAM FOR THEIR APPROVAL TO PARTICIPATE IN THE FINANCING AND GRANT AWARD APPLICATION PROCESS RELATING TO THE PROJECT FUNDING OF THE FIBER TO THE PREMISE PROJECT.





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** November 26, 2018  
**Subject:** MPPA Energy Services Agreement

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The Board approved the Energy Services Agreement with Michigan Public Power Agency ("MPPA") in early 2014. The board motion approved the agreement along with designating the member authorized representative who is responsible for approving and authorizing the transactions with MPPA. Within the agreement it states the Member Authorized Representative is to gain appropriate approvals from their Governing Body for executing strategies and transaction authority delegation as they relate to MPPA entering into market transaction on their behalf. The board memorandum described most of the transactions to be handled by the designee, but it was not explicitly listed in the board motion.

Staff thought it would be best to bring this housekeeping matter back before the Board for clarification and recommend the Board approve the following delegations:

1. Authorization of approval of the weekly market purchases and payments relating to the day ahead and real time market.
2. Authorization of approval of bilateral contracts relating to firm purchase power commitments relating to energy and capacity.
3. Authorization for the sale and purchase of Michigan Renewable Energy Credits ("MIRECS").
4. All the applicable transactions will follow the Michigan Public Power Agency Hedge Policy approved by the Michigan Public Power Agency Board. Any deviation will be brought before the Board for approval.

Staff recommends the above delegations because these transactions tend to have limited time to review and approve. An example is the utility accepted a buy/sell offer (some MIRECS were replaced with different renewable source) with limited time to accept in October for excess MIRECS that lead to an additional revenue source of approximately \$30,000.

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 the motion provided below.

FOR THE LIGHT & POWER BOARD MEETING OF DECEMBER 11, 2018

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 motion the following motion would be appropriate:

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

**THAT THE BOARD APPROVES THE ABOVE LISTED DESIGNATED MEMBER**

**AUTHORIZED REPRESENTATIVE DELEGATIONS FOR THE MICHIGAN PUBLIC**

**POWER SERVICE AGENCY'S ENERGY SERVICES AGREEMENT.**



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** December 5, 2018  
**Subject:** Possible Closed Session – Recruitment and Retention of Line Workers

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Competition to attract and recruit Line Workers is a nation-wide problem that has been most recently felt by Traverse City Light & Power following the departure of a Journeyman Line Worker in January 2018 to another area utility. TCL&P began recruiting for a replacement with no success and subsequent to this, the utility lost another Journeyman in September 2018, again to an area electric utility.

As allowed by the Open Meetings Act, I recommend the TCL&P Board enter into a closed session to discuss a strategy and negotiation to address the successful recruitment and retention of Line Workers pursuant to MCL 15.268(c). A roll call vote is required with four affirmative votes authorizing the closed session.

If you concur with staff's recommendation, the following motion would be appropriate:

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

**THAT THE BOARD ENTER INTO CLOSED SESSION TO DISCUSS A STRATEGY CONNECTED WITH THE NEGOTIATION OF THE COLLECTIVE BARGAINING AGREEMENT WITH THE UTILITY WORKERS UNION OF AMERICA, LOCAL 295 TO MODIFY THE TERMS FOR LINE WORKERS HIRED AFTER JULY 1, 2012 PURSUANT TO MCL 15.268(c).**

Following discussion and return to open session, if the Board is in agreement with the draft Letter of Agreement (to be distributed for review in the closed session), the following motion would be appropriate:

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

**THAT THE BOARD AUTHORIZE THE BOARD CHAIRMAN TO SIGN THE LETTER OF AGREEMENT BETWEEN TCL&P AND THE UTILITY WORKERS UNION OF AMERICA LOCAL, NO. 295 TO MODIFY THE TERMS FOR LINE WORKERS HIRED AFTER JULY 1, 2012, THAT HAS BEEN PRE-RATIFIED BY THE UNION.**



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** November 29, 2018  
**Subject:** Six Year Capital Improvements Plan - 2019

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Included in your packet is a first draft of the Six Year Capital Improvements Plan – 2019 (Plan) for Board discussion. Staff, with assistance from GRP Engineering and City Engineering Departments, has put together what it believes are the priorities of the utility in the coming years. This plan is based upon the prior one approved in early 2018; however, it has been modified to reflect a new analysis for identifying reliability projects and a new manner of project prioritization. In revisiting project identification and prioritization, staff follows the below process:

- **Gather Data** - System reliability and capacity, Timing of City or other Utility projects
- **Analyze** – Identify equipment experiencing highest amount of customer minutes out, potential for customer minutes out, and potential capacity issues
- **Identify Root Causes** – What are the causes of outages?
- **Identify Projects** - Short and long term fixes and potential customer outage minutes saved, rough project costs
- **Prioritize Projects** - Consider cost per customer minute saved, impacts to critical and large customers, timing with projects of others

Included with this Plan is a preliminary cash flow analysis that will be updated as staff progresses through the budget process. However, staff knows the importance of this document to be used as a tool for the Board to make decisions on approving the Plan. Even though this document is preliminary, staff feels it provides enough evidence to the Board there will be sufficient funds to cover the proposed Electric Utility capital projects with there being a potential of a 2.0% rate increase in 2020-21 fiscal year and following every other year.

Staff will plan to incorporate all ideas and suggestions (supported by the majority) into the Plan by the following board meeting for a final Plan to the Board for its consideration of approval. This will allow TCL&P's capital projects to be incorporated into the City's overall capital plan for Planning and City Commission review and approval. Additionally, it will allow for a more focused review of the proposed budget by separating the review of these two vital guiding documents.



## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2019

### Division Street Streetscapes Lighting

*Location: Fourteenth Street to Grandview Parkway*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with MDOT.*

*Fiscal Year(s): 2019-20*

### East Front Streetscapes Lighting

*Location: Boardman Avenue to Holiday Inn*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with the City.*

*Fiscal Year(s): 2019-20*

### Eighth Street Streetscapes Lighting

*Location: Boardman Avenue to Woodmere Avenue*

*Character: New street lighting installations in conjunction with planned corridor improvements.*

*Extent: To be determined in coordination with the City.*

*Fiscal Year(s): 2019-20 through 2020-21*

### Upgraded Front Street Lighting Circuits and Receptacles

*Location: Downtown north and south along Front Street*

*Character: Upgrade circuit to accommodate increased load.*

*Extent: New conduit, wire, and addition of event outlets.*

*Fiscal Year(s): 2024-25*

### Utility Billing Software (NEW)

*Location: Hastings Street Service Center and Governmental Center*

*Character: Upgrade the current utility billing software package to enhance the customer experience, gain efficiencies in the billing/receipting cycle, and provide real time integration into multiple other software platforms.*

*Extent: New software programs for utility billing.*

*Fiscal Year(s): 2020-21*

## FIBER FUND

### Fiber to the Premises

*Location: Entire service area*

*Character: Fiber cable, engineering, and installation to accommodate running fiber to residents and businesses.*

*Extent: Deployment of a fiber optic network to the community to allow for outside ISP(s) to offer services.*

*Fiscal Year(s): 2019-20 through 2022-23*



## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2019

### DISTRIBUTION:

#### Critical and Large Customers

Location: Aero Park Industrial Park

Character: Replacement of underground distribution facilities involving the use of wire, meters, cabinets, and transformers.

Extent: Project in which wages, benefits, materials and equipment charges are capitalized for upgrades to existing services for improvements needed for our top ten and most critical customers.

Fiscal Year(s): 2019-20 through 2020-21

#### Hartman Road Overhead Tie

Location: Southwest portion of the service area

Character: Overhead and underground construction, poles, wires and related materials.

Extent: Allow a second feed into the circuit to enhance reliability.

Fiscal Year(s): 2019-20 through 2020-21

#### Extensions and New Services

Location: Throughout the entire service area

Character: Construction/replacement of services involving the use of wire, poles, meters, cabinets, and transformers.

Extent: This is an annual project in which wages, benefits, and equipment charges are capitalized for upgrades to existing services or installation of new customer services.

Fiscal Year(s): 2019-20 through 2024-25 (Annual Program)

#### Distribution Circuit Rebuild

Location: Throughout the entire service area.

Character: Replace deteriorated overhead/underground facilities with new wire, conduit, poles, etc. to include conversion of overhead facilities to underground as appropriate.

Extent: New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth to include undergrounding facilities as appropriate.

Fiscal Year(s): 2021-22 through 2024-25

#### Overhead Line Improvements

Location: Throughout the entire service area.

Character: Accumulation of small construction/replacement projects of overhead distribution facilities involving the use of wire, poles, meters, cabinets and transformers.

Extent: Annual Program for approved projects

Fiscal Year(s): 2019-20 through 2024-25 (Annual Program)



# TRAVERSE CITY LIGHT & POWER

## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2019

### Underground Line Improvements

*Location: Throughout the entire service area.*

*Character: Accumulation of small construction/replacement projects of underground distribution facilities involving the use of wire, poles, meters, cabinets and transformers.*

*Extent: Annual Program for approved projects*

*Fiscal Year(s): 2019-20 through 2024-25 (Annual Program)*

## FACILITIES AND OTHER:

### Hastings Service Center Facility Improvements

*Location: 1131 Hastings Street*

*Character: Site improvements to existing facility*

*Extent: Improvements needed determined on an annual basis.*

*Fiscal Year(s): 2019-20 through 2024-25 (Annual Program)*

### SCADA System Replacement

*Location: 1131 Hastings Street and Substations*

*Character: Installation of new SCADA equipment.*

*Extent: Upgrade the system to allow it to interconnect with other related systems such as AMI, billing, GIS, OMS and other technologies.*

*Fiscal Year(s): 2019-20*

### Building D Building Rehabilitation

*Location: 1125 Hastings Street*

*Character: Renovation of existing building and site*

*Extent: Eliminate driveway, demolish the front office portion of the building, and brick the new front of the building to match the existing service center building.*

*Fiscal Year(s): 2019-20 through 2020-21*

## JOINT TCL&P, CITY OF TRAVERSE CITY, and DDA PROJECTS:

### Alley between State and Front Street – Overhead to Underground Conversion

*Location: Alley between State and Front Street.*

*Character: Conversion of overhead distribution facilities to underground.*

*Extent: Remove all overhead lines and transformers and install new underground lines and transformers. The utility may need to purchase easements/real estate to set equipment or purchase vaults to set in alley right of way.*

*Fiscal Year(s): 2024-25*



## **SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2019**

### **Division Street Streetscapes Lighting**

*Location: Fourteenth Street to Grandview Parkway*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with MDOT.*

*Fiscal Year(s): 2019-20*

### **East Front Streetscapes Lighting**

*Location: Boardman Avenue to Holiday Inn*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with the City.*

*Fiscal Year(s): 2019-20*

### **Eighth Street Streetscapes Lighting**

*Location: Boardman Avenue to Woodmere Avenue*

*Character: New street lighting installations in conjunction with planned corridor improvements.*

*Extent: To be determined in coordination with the City.*

*Fiscal Year(s): 2019-20 through 2020-21*

### **Upgraded Front Street Lighting Circuits and Receptacles**

*Location: Downtown north and south along Front Street*

*Character: Upgrade circuit to accommodate increased load.*

*Extent: New conduit, wire, and addition of event outlets.*

*Fiscal Year(s): 2024-25*

### **Utility Billing Software (NEW)**

*Location: Hastings Street Service Center and Governmental Center*

*Character: Upgrade the current utility billing software package.*

*Extent: New software programs for utility billing,*

*Fiscal Year(s): 2020-21*

## **FIBER FUND**

### **Fiber to the Premises**

*Location: Entire service area*

*Character: Fiber cable, engineering, and installation to accommodate running fiber to residents and businesses.*

*Extent: Deployment of a fiber optic network to the community to allow for outside ISP(s) to offer services.*

*Fiscal Year(s): 2019-20 through 2022-23*



**TRAVERSE CITY LIGHT & POWER  
CAPITAL IMPROVEMENTS PLAN 2019**

ELECTRIC FUND Sum of Amount Row Labels	FISCAL YEARS						Grand Total
	Column Labels 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
<b>Transmission</b>			\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,045,000.00		\$ 4,045,000.00
<b>Transmission Line Reconstruction</b>			1,500,000.00	1,500,000.00	1,045,000.00		4,045,000.00
Cass Road Substation to Cass Road Junction 1.66 Miles rebuild					615,000.00		615,000.00
Cass Road Junction to Hall Street Substation 1.17 Miles rebuild					430,000.00		430,000.00
Barlow Street Substation to Parsons Road Substation 2.71 Miles rebuild			1,500,000.00	1,500,000.00			3,000,000.00
<b>Substation</b>	1,400,000.00	1,285,000.00		775,000.00	750,000.00		4,210,000.00
<b>Substation Transformer Upgrades</b>				775,000.00	750,000.00		1,525,000.00
Cass Road #1 Transformer					750,000.00		750,000.00
Parsons Road #1 Transformer				775,000.00			775,000.00
<b>Substation Switching Stations</b>	900,000.00	710,000.00					1,610,000.00
Barlow Street Substation	900,000.00	710,000.00					1,610,000.00
<b>Grand Traverse Substation Upgrades</b>	500,000.00	575,000.00					1,075,000.00
<b>Distribution</b>	2,875,000.00	3,025,000.00	3,167,000.00	2,695,000.00	2,845,000.00	2,875,000.00	17,482,000.00
<b>Critical and Large Customers</b>	925,000.00	925,000.00					1,850,000.00
<b>Hartman Road Overhead Tie</b>	725,000.00	725,000.00					1,450,000.00
<b>Extensions and New Services</b>	600,000.00	650,000.00	700,000.00	750,000.00	800,000.00	850,000.00	4,350,000.00
<b>Distribution Circuit Reliability Projects</b>			1,642,000.00	1,020,000.00	1,020,000.00	900,000.00	4,582,000.00
<b>Grandview Parkway</b>			950,000.00	650,000.00			1,600,000.00
Install new 750 MCM CU URG & Padmount Equipment along Grandview Pkway & Behind Bldgs North of Front St - 2.1			650,000.00	650,000.00			1,300,000.00
Install new street lighting circuit from M-72 to Front Street			300,000.00				300,000.00
<b>HL-33 Circuit</b>			85,000.00				85,000.00
69 KV Underbuild along Wadsworth St from 5th to 13th St - .78 Miles			85,000.00				85,000.00
<b>PC-22 Circuit</b>			82,000.00	370,000.00			452,000.00
OH in back lot area from Parsons Rd to Munson Ave - .48 Miles			82,000.00				82,000.00
OH Munson Avenue from Davis Street to 3 Mile Road - 1.43 Mile				370,000.00			370,000.00
<b>PC-23 Circuit</b>					320,000.00		320,000.00
OH Munson Avenue from 3 Mile Road to 4 Mile Road - 1.19 Mile					320,000.00		320,000.00
<b>BW-23 Circuit</b>			400,000.00				400,000.00
OH 8th St/Hastings St Area East to Munson Avenue			400,000.00				400,000.00
<b>PC-22 Circuit (New)</b>					300,000.00	450,000.00	750,000.00
Central East Bay Neighborhood						300,000.00	300,000.00
OH to UG behind Tom's Market East Bay						150,000.00	150,000.00
R.O.W. s/o Munson from Ave B to Ave E					300,000.00		300,000.00
<b>SS-31 Circuit (New)</b>						250,000.00	250,000.00
Crestwood						250,000.00	250,000.00
<b>HL-33 Circuit (New)</b>					400,000.00		400,000.00
Locust Street					400,000.00		400,000.00
<b>CD-31/SS-30 Circuits (New)</b>						200,000.00	200,000.00
Smart Grid Automatic Restoration						200,000.00	200,000.00

**TRAVERSE CITY LIGHT & POWER  
CAPITAL IMPROVEMENTS PLAN 2019**

ELECTRIC FUND							
Sum of Amount Row Labels	FISCAL YEARS						Grand Total
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
PC-23 Circuit (New)			125,000.00				125,000.00
Mitchell Creek			125,000.00				125,000.00
Overhead Line Improvements	350,000.00	400,000.00	450,000.00	500,000.00	550,000.00	600,000.00	2,850,000.00
Underground Line Improvements	275,000.00	325,000.00	375,000.00	425,000.00	475,000.00	525,000.00	2,400,000.00
Facilities and Other	350,000.00	300,000.00	50,000.00	50,000.00	50,000.00	50,000.00	850,000.00
Hastings Service Center Facility Improvements	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	300,000.00
SCADA System Upgrade	250,000.00						250,000.00
Building D Building Rehabilitation	50,000.00	250,000.00					300,000.00
Joint TCL&P, City of Traverse City and DDA Projects	106,000.00	400,000.00		-		2,840,000.00	3,346,000.00
Alley between State and Front Street - Overhead to Underground Conversion						1,500,000.00	1,500,000.00
Division Street Underground Lighting Circuit				-			-
East Front Street Underground Lighting Circuit	56,000.00						56,000.00
Eighth Street Underground Lighting Circuit	50,000.00	50,000.00					100,000.00
Upgrade Front Street Underground Lighting Circuits and Receptacles						1,340,000.00	1,340,000.00
Utility Billing Software (New)		350,000.00					350,000.00
<b>Grand Total</b>	<b>\$ 4,731,000.00</b>	<b>\$ 5,010,000.00</b>	<b>\$ 4,717,000.00</b>	<b>\$ 5,020,000.00</b>	<b>\$ 4,690,000.00</b>	<b>\$ 5,765,000.00</b>	<b>\$ 29,933,000.00</b>
Sum of Amount Row Labels	FISCAL YEARS						Grand Total
2019-20	2020-21	2021-22	2022-23	2023-24	2024-25		
Fiber	4,050,000.00	4,050,000.00	4,050,000.00	4,050,000.00	-	-	16,200,000.00
Fiber to the Premise	4,050,000.00	4,050,000.00	4,050,000.00	4,050,000.00	-	-	16,200,000.00
<b>Grand Total</b>	<b>4,050,000.00</b>	<b>4,050,000.00</b>	<b>4,050,000.00</b>	<b>4,050,000.00</b>	<b>-</b>	<b>-</b>	<b>16,200,000.00</b>
NOTES:							
1) THIS WORKSHEET IS FOR ILLUSTRATION PURPOSES AND ONLY IS SUPPLEMENTAL TO THE PLAN.							
2) ACTUAL FISCAL YEAR THAT A PROJECT MAY BE UNDERTAKEN MAY DIFFER FROM THE FISCAL YEAR DEPICTED IN THIS SPREADSHEET. DOLLAR AMOUNTS ARE ESTIMATES FOR INFORMATION ONLY AND ARE NOT A PART OF THE OFFICIAL							
3) STREET LIGHTING PROJECTS ARE SUBJECT TO FUNDING REQUIREMENTS PER THE DECORATIVE LIGHTING POLICY AND STREET LIGHTING OPERATIONS AND MAINTENANCE POLICY.							

**Traverse City Light & Power - Electric Fund - 2% Rate Increase in Fiscal Years 2020/21, 2022/23 and 2024/25**

**Cash Flow Forecast**

Fiscal Year:	Actual 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
<b>Receipts</b>								
Charges for Services	\$ 31,435,708	\$ 31,159,000	\$ 31,626,385	\$ 32,739,308	\$ 33,224,308	\$ 33,387,159	\$ 33,885,524	\$ 35,071,517
<i>PCR Increase</i>	-	-	<i>155,795</i>	<i>158,132</i>	<i>163,667</i>	<i>166,122</i>	<i>166,122</i>	<i>169,428</i>
<i>PCR Decrease</i>	-	-	-	-	-	<i>(1,000,000)</i>	-	-
<b>Load Growth Increase</b>	-	-	<i>311,590</i>	<i>316,264</i>	<i>327,333</i>	<i>332,243</i>	<i>332,243</i>	<i>338,855</i>
<b>Base Rate Increase</b>	-	-	-	<i>632,528</i>	-	<i>664,486</i>	-	<i>677,710</i>
Other Operating Revenues	3,406,238	3,012,700	3,072,954	3,134,413	3,197,101	3,261,043	3,326,264	3,392,790
Non Operating Revenues	1,257,800	539,400	550,188	561,192	572,416	583,864	595,541	607,452
Transfers In	125,000	175,000	175,000	175,000	175,000	83,875	-	-
<b>Total Receipts</b>	<b>36,224,746</b>	<b>34,886,100</b>	<b>35,424,527</b>	<b>36,603,913</b>	<b>37,168,825</b>	<b>37,315,941</b>	<b>37,807,329</b>	<b>39,071,758</b>
<b>Payments</b>								
Generation Expense	20,872,911	21,098,175	21,520,139	21,950,541	22,389,552	21,837,343	22,274,090	22,719,572
Distribution Expense	3,698,027	4,319,950	4,406,349	4,494,476	4,584,365	4,676,053	4,769,574	4,864,965
Transmission Expense	466,889	471,400	480,828	490,445	500,253	510,259	520,464	530,873
Metering & Customer Accounting	473,467	501,000	479,020	488,600	498,372	508,340	518,507	528,877
Conservation & Public Service	448,326	569,300	580,686	592,300	604,146	616,229	628,553	641,124
Information Systems	-	480,650	490,263	500,068	510,070	520,271	530,676	541,290
Administrative & General	1,189,644	981,900	1,001,538	1,021,569	1,042,000	1,062,840	1,084,097	1,105,779
Insurance	67,619	87,625	89,378	91,165	92,988	94,848	96,745	98,680
City Fee	1,745,395	1,712,200	1,758,336	1,848,732	1,845,620	1,840,553	1,877,364	1,914,911
GASB 68 Adjustment	-	531,000	531,000	681,000	831,000	901,000	971,000	1,071,000
Timing of receivables/payables	328,635	-	-	-	-	-	-	-
Capital Investments	8,222,972	7,760,000	4,731,000	5,010,000	4,717,000	5,020,000	4,690,000	5,765,000
<b>Total Payments</b>	<b>37,513,885</b>	<b>38,513,200</b>	<b>36,068,536</b>	<b>37,168,896</b>	<b>37,615,368</b>	<b>37,587,735</b>	<b>37,961,070</b>	<b>39,782,071</b>
<b>Cashflow Surplus/Deficit (-)</b>	<b>(1,289,139)</b>	<b>(3,627,100)</b>	<b>(644,009)</b>	<b>(564,983)</b>	<b>(446,543)</b>	<b>(271,794)</b>	<b>(153,741)</b>	<b>(710,313)</b>
<b>Opening Cash &amp; Investments Balance</b>	<b>19,415,948</b>	<b>18,126,809</b>	<b>14,499,709</b>	<b>13,855,700</b>	<b>13,290,717</b>	<b>12,844,174</b>	<b>12,844,174</b>	<b>12,572,380</b>
<b>Closing Cash &amp; Investments Balance</b>	<b>18,126,809</b>	<b>14,499,709</b>	<b>13,855,700</b>	<b>13,290,717</b>	<b>12,844,174</b>	<b>12,572,380</b>	<b>12,690,434</b>	<b>11,862,068</b>
<b>Reserved Cash &amp; Investment Balance</b>	<b>8,700,000</b>	<b>8,900,000</b>	<b>9,000,000</b>	<b>9,200,000</b>	<b>9,300,000</b>	<b>9,300,000</b>	<b>9,300,000</b>	<b>9,500,000</b>
<b>Unreserved &amp; Undesignated Cash &amp; Investm</b>	<b>9,426,809</b>	<b>5,599,709</b>	<b>4,855,700</b>	<b>4,090,717</b>	<b>3,544,174</b>	<b>3,272,380</b>	<b>3,390,434</b>	<b>2,362,068</b>



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** December 3, 2018  
**Subject:** June 30, 2018 Financial Statements

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### Electric Utility Fund

#### **Balance Sheet OPEB**

On the balance sheet, there are new accounts relating to the GASB Standard 75 which was required to be implemented this fiscal year. The new accounts are net other post-employment benefit (“OPEB”) liability and corresponding deferred inflows and outflows derived from the results of the actuarial report and investment performance. The net liability recorded is \$2,039,555.

For the past several years, the utility has been paying the retirees health insurance premiums along with the actuarial retiree health contribution. Under GASB 45, making both payments (health insurance premiums and the actuarial contribution) allowed the utility to record the payment of the health insurance premiums as an asset. This no longer exists under GASB 75. This has led the plan to be at a higher funding status of 62% than other OPEB plans within the State of Michigan. Through past union negotiations staff has further reduced the liability by limiting from life time benefit to Medicare age eligibility.

Additionally, in the audit report that will be presented at the January board meeting, a Fiduciary Fund has been added to the audit report representing the assets in trust to fund these benefit costs in the future.

#### **Pension**

The net pension liability has reduced from \$12.9M to \$11.5M resulting from the additional employer contributions and favorable interest earnings. The actuarial funding ratio increased from 59 to 61%.

#### **Cash and Investments**

The cash and investment balance are at \$18,126,809 lower than the last presented cash flow due to higher capital purchases shown on the cash flow at an approximate amount of \$8.2M.

## FOR THE LIGHT & POWER BOARD MEETING OF DECEMBER 11, 2018

### **Income Statement**

On the income statement as of June 30, 2018, operating and nonoperating revenues are 96.16% of budget. Residential, commercial and industrial sales are lower than anticipated revenues because the average power cost recovery rate for the year was (\$.001) compared to budget of \$.00257. This caused revenues to come in under budget in the approximate amount of (\$1,213,800). Additionally, overall kwh sales came in slightly under budget. Reimbursements are over budget because of funds received from City of Traverse City, Heritage Sustainable Energy, LLC, and Cherry Capital Airport for reimbursement of various capital projects in the approximate amount of \$640K. Lastly, the change in fair market value of investments in the amount of \$(244,000) resulted because of the investment portfolio being comprised of bond prices decreasing due to the current interest rate rise environment.

Operating expenses are 87.42% of budget. Purchased power expense came in lower than budget by \$3,201,499 (price for purchase power was budgeted at \$67.90 per MWH and actual was \$60.10 per MWH) because of conservative budgeting practices. The significant differences within this line item are as follows:

- Purchases from the market for the year came in under by approximately 35,000 MWH which was offset by bilateral contract purchases. The overall price per kWh came in under budget causing the net of these two line items to come under budget.
- Transmission sharing generated an additional \$183K in revenue than what was budgeted.
- The payoff of the Belle River Debt Service in December 2017 caused a decrease of approximate \$1M in project expense.

Pension expense and OPEB expense came in under budget by cumulative approximately \$640K each relating to actuarial results.

Net income for the period was \$4,425,825, which is a \$2,413,295 resulting primarily from favorable purchase power costs, reimbursement revenue earned, and lower fringe benefit costs.

Cash flow statement shows approximately \$8.2M in capital projects. The significant capital projects include Barlow #1 and #2 Transformer in the approximate amount of \$1,500,000, annual Line Improvements, Extensions and New Services in the approximate amount of \$1,300,000, BW-31 Circuit Rebuild in the approximate amount of \$1,150,000, Automated Metering Infrastructure in the amount of \$880,000 and Cherry Capital Airport Runway Expansion in the approximate amount of \$662,000.

### **Fiber Fund**

As of June 30, 2018, operating and non-operating revenues are 109.17% of budget. Charges for services came over budget relating to the additional Electric Fund dark fiber connections relating to the substation's security camera system.

Operating expenses are 86.5% of budget. Salaries and wages came under budget relating to utilization of the employee outside of the Fiber Fund and fringe benefits coming in under budget.

Net loss for the fund was \$56,345 primarily consisting of the transfer to the Electric Fund for the original investment into the dark fiber system.

# TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

## ELECTRIC FUND STATEMENT OF NET POSITION JUNE 30, 2018

### ASSETS

<b>Current assets</b>	
Cash and cash equivalents	\$ 3,923,269
Investments	14,203,540
Receivables	
Customer, less allowances of \$320,423 for uncollectible accounts	3,506,319
Accrued interest	57,997
Taxes	4,923
Other	1,869,328
Inventories	1,575,211
Prepaid expenses	95,817
<b>Total current assets</b>	<b>25,236,404</b>

### Non-current assets

Other postemployment benefit asset	-
Long-term advances - due from primary government	219
Land and land improvements	1,079,419
Construction in progress	2,746,924
Capital assets being depreciated, net	59,747,543
<b>Total non-current assets</b>	<b>63,574,105</b>

### Total assets

**88,810,509**

### Deferred outflows

Deferred outflows of resources - Pensions	2,579,331
Deferred outflows of resources - OPEB	1,005,715
<b>Total deferred outflows of resources</b>	<b>3,585,046</b>

### LIABILITIES AND NET POSITION

<b>Current liabilities</b>	
Accounts payable	\$ 2,717,834
Accrued expenses and other liabilities	788,267
Customer deposits	95,289
Compensated absences	3,728
Unearned revenue	-
Due to other funds	6,978
Due to primary government	273,548
<b>Total current liabilities</b>	<b>3,952,950</b>

### Long-term liabilities

Compensated absences	196,318
Net pension liability	11,513,058
Net other post employment benefit liability	2,039,555
<b>Total liabilities</b>	<b>17,701,881</b>

### Deferred inflows

Deferred inflows of resources - Pensions	1,243,854
Deferred inflows of resources - OPEB	686,027
<b>Total deferred inflows of resources</b>	<b>1,929,881</b>

### Net position

Invested in capital assets	63,573,886
Unrestricted	9,189,907
<b>Total net position</b>	<b>\$ 72,763,793</b>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE PERIOD ENDED JUNE 30, 2018

	Year to Year Comparison			Budget to Year to date Comparison			% of budget
	Year to date Actual	Year to date Prior Year	Year to date Difference	Year to date Actual	Favorable (Unfavorable)		
<b>Operating revenues - sales</b>							
Residential	\$ 6,139,210	\$ 6,121,779	\$ 17,431	\$ 6,400,000	\$ (260,790)		95.93%
Commercial	15,377,008	14,832,506	544,502	15,377,008	(182,992)		98.82%
Industrial	9,274,947	9,594,935	(319,988)	10,050,000	(775,053)		92.29%
Public authority	289,087	299,780	(10,693)	300,000	(10,913)		96.36%
Green energy sales	1,375	-	1,375	-	1,375		#DIV/0!
Street lighting	230,933	209,592	21,341	225,000	5,933		102.64%
Yard lights	123,148	106,527	16,621	155,000	(31,852)		79.45%
<b>Total operating revenues - sales</b>	<b>31,435,708</b>	<b>31,165,119</b>	<b>270,589</b>	<b>32,690,000</b>	<b>(1,254,292)</b>		<b>96.16%</b>
<b>Other operating revenues</b>							
Forfeited discounts	62,418	50,712	11,706	60,000	2,418		104.03%
Merchandise and jobbing	139,731	91,528	48,203	70,000	69,731		199.62%
Sale of scrap	65,256	26,911	38,345	35,000	30,256		186.45%
Recovery of bad debts	-	151	(151)	200	(200)		0.00%
MISO income	3,090,792	3,123,621	(32,829)	3,170,000	(79,208)		97.50%
Miscellaneous	48,041	55,489	(7,448)	40,000	8,041		120.10%
<b>Total other operating revenues</b>	<b>3,406,238</b>	<b>3,348,412</b>	<b>57,826</b>	<b>3,375,200</b>	<b>31,038</b>		<b>100.92%</b>
<b>Nonoperating revenues</b>							
Rental income	45,356	38,880	6,476	46,500	(1,144)		97.54%
Pole rental income	77,552	65,866	11,686	68,000	9,552		114.05%
Reimbursements	893,101	236,776	656,325	91,300	801,801		978.20%
Interest income	(2,212)	(43,852)	41,640	350,000	(352,212)		-0.63%
Gain/loss on sale of assets	(201,668)	(5,965)	(195,703)	-	(201,668)		#DIV/0!
<b>Total nonoperating revenues</b>	<b>812,129</b>	<b>291,705</b>	<b>520,424</b>	<b>555,800</b>	<b>256,329</b>		<b>146.12%</b>
<b>Total revenues</b>	<b>35,654,075</b>	<b>34,805,236</b>	<b>848,839</b>	<b>36,621,000</b>	<b>(966,925)</b>		<b>97.36%</b>
<b>Purchase power expense</b>							
Non wholesale purchase power exp	282,371	418,943	(136,572)	329,050	46,679		85.81%
Capacity costs	788,601	693,921	94,680	810,000	21,399		97.36%
MISO	346,765	613,006	(266,241)	2,640,000	2,293,235		13.14%
Stoney Corners	2,810,991	3,115,585	(304,594)	3,170,000	359,009		88.67%
M-72 Wind Turbine	30,143	27,551	2,592	48,000	17,857		62.80%
M-72 Solar	99,416	-	99,416	-	(99,416)		#DIV/0!
Combustion Turbine	4,527,491	4,254,812	272,679	4,500,000	(27,491)		100.61%
Campbell Coal Plant	3,875,189	3,834,696	40,493	4,522,500	647,311		85.69%
Belle River Coal Plant	2,689,426	4,062,954	(1,373,528)	3,800,000	1,110,574		70.77%
Landfill Gas	968,804	858,858	109,946	980,000	11,196		98.86%
Bilateral contracts	4,432,175	4,252,243	179,932	3,300,000	(1,132,175)		134.31%
Purchase power expenses	20,569,001	21,713,626	(1,144,625)	23,770,500	3,201,499		86.53%

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND  
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
 FOR THE PERIOD ENDED JUNE 30, 2018

	Year to Year Comparison			Budget to Year to date Comparison			% of budget
	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	
Distribution	\$ 3,535,361	\$ 3,800,057	\$ (264,696)	\$ 4,261,500	\$ 3,535,361	\$ 726,139	82.96%
Transmission	466,889	444,502	22,387	525,100	466,889	58,211	88.91%
Customer accounting	462,298	501,210	(38,912)	561,550	462,298	99,252	82.33%
Public service	441,348	466,506	(25,158)	593,000	441,348	151,652	74.43%
General administration expense	1,147,778	1,258,666	(110,888)	1,276,100	1,147,778	128,322	89.94%
Other expenses							
Insurance	67,619	73,530	(5,911)	70,720	67,619	3,101	95.62%
City fee	1,745,395	1,729,139	16,256	1,820,000	1,745,395	74,605	95.90%
Depreciation	2,635,190	2,511,327	123,863	2,605,000	2,635,190	(30,190)	101.16%
<b>Total expenses</b>	<b>31,353,250</b>	<b>32,917,706</b>	<b>(1,564,456)</b>	<b>35,812,520</b>	<b>31,353,250</b>	<b>4,459,270</b>	<b>87.55%</b>
Income before transfers	4,300,825	1,887,530	2,413,295	808,480	4,300,825	3,492,345	0
Transfers in	125,000	125,000	-	125,000	125,000	-	100.00%
<b>Change in net position</b>	<b>\$ 4,425,825</b>	<b>\$ 2,012,530</b>	<b>\$ 2,413,295</b>	<b>\$ 933,480</b>	<b>\$ 4,425,825</b>	<b>\$ 3,492,345</b>	



# TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	<b>Light and Power Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 34,529,048
Cash payments to employees	(4,956,708)
Cash payments to suppliers for goods and services	(22,084,936)
Cash payments of City fee	(1,700,986)
<b>Net cash provided by operating activities</b>	<b>5,786,418</b>
<b>Cash flows from noncapital financing activities</b>	
Cash payments from primary government	68
Cash payments to/from other funds	131,978
Customer deposits paid	(2,158)
Rental income received	122,908
Reimbursements received	893,101
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>1,145,897</b>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from sale of capital assets	9,072
Purchase of capital assets	(8,222,972)
<b>Net cash (used in) capital and related financing activities</b>	<b>(8,213,900)</b>
<b>Cash flows from investing activities</b>	
Purchase of investments	(251,833)
Interest	(7,554)
<b>Net cash provided by (used in) investing activities</b>	<b>(259,387)</b>
Net (decrease) increase in cash and cash equivalents	(1,540,972)
Cash and cash equivalents, beginning of year	5,464,241
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,923,269</b>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND  
SUPPLEMENTARY INFORMATION  
FOR THE PERIOD ENDED JUNE 30, 2018

SALES	KWH year to date	Year to date revenue	Year to date	Prior year to date	Revenue/Sales year to date variance
Residential Sales	56,906,562	\$ 6,074,444	\$ 0.1067	\$ 0.1061	\$ 0.0006
Commercial Sales	140,991,150	14,893,765	0.1056	0.1046	0.0010
Public Authority Sales	2,906,529	286,501	0.0986	0.0949	0.0037
Industrial Sales	122,026,400	9,368,381	0.0768	0.0770	(0.0002)
Yard and Street Lights	1,204,477	331,977	0.2756	0.2188	0.0568
<b>Total Sales</b>	<b>324,035,118</b>	<b>\$ 30,955,068</b>			

Note: Revenues do not agree to income statement because of monthly accruals.

PURCHASED POWER	MISO Account	KWH year to date	Year to date cost	Cost per kWh for the year to date
MISO		45,963,812	763,281.73	0.017
Wolverine		not applicable	21,198.90	not applicable
Transmission		not applicable	(437,715.97)	not applicable
Subtotal		45,963,812	346,764.66	0.008
Bilateral Contract		112,689,500	4,432,174.87	0.039
Campbell #3		76,177,426	3,875,189.13	0.051
Belle River		53,589,648	2,689,426.00	0.050
Combustion Turbine		21,953,432	4,527,491.36	0.206
Landfill Gas		10,297,399	968,804.00	0.094
Stoney Corners		23,527,849	2,810,990.70	0.119
M-72 Wind Turbine		430,616	30,143.12	0.070
M-72 Solar		883,700	99,416.27	0.113
MPPA Capacity Costs (market)		not applicable	788,600.61	not applicable
<b>Total</b>		<b>345,513,382</b>	<b>\$ 20,569,000.72</b>	<b>\$ 0.060</b>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

FIBER FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2018

ASSETS		LIABILITIES AND NET POSITION	
<b>Current assets</b>			
Cash and cash equivalents	\$ 239,441	Current liabilities	
Accounts receivable	24,714	Accounts payable	\$ 33,856
Inventory	11,411	Accrued expenses and other liabilities	14,846
Prepaid expenses	6,978	Unearned revenue	14,815
		Due to primary government	17,427
<b>Total current assets</b>	<u>282,544</u>	<b>Total current liabilities</b>	<u>80,944</u>
<b>Non-current assets</b>		<b>Long term liabilities</b>	
Construction in progress	-	Compensated absences	2,444
Capital assets being depreciated, net	1,318,290	Invested in capital assets	1,318,290
		Unrestricted	199,156
<b>Total non-current assets</b>	<u>1,318,290</u>	<b>Total net position</b>	<u>\$ 1,517,446</u>
<b>Total assets</b>	<u>1,600,834</u>		

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

FIBER FUND

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE PERIOD ENDED JUNE 30, 2018

	Amended Budget	Year to date Actual	Favorable (Unfavorable)	Percentage of Budget
<b>Operating revenues</b>				
Charges for services	\$ 319,000	\$ 347,847	\$ 28,847	109.04%
Merchandising and jobbing	-	402	402	#DIV/0!
<b>Total operating revenues</b>	<b>319,000</b>	<b>348,249</b>	<b>29,249</b>	<b>109.17%</b>
<b>Operating expenses</b>				
Salaries and wages	80,800	56,867	23,933	70.38%
Fringe benefits	94,600	63,314	31,286	66.93%
Supplies	6,400	4,570	1,830	71.41%
Pole attachments	-	11,016	(11,016)	#DIV/0!
WiFi Operations and maintenance	29,800	27,646	2,154	92.77%
Professional and contractual	1,500	2,639	(1,139)	175.93%
Professional development	2,500	932	1,568	37.28%
Insurance	1,000	467	533	46.70%
Repairs and maintenance	20,000	13,171	6,829	65.86%
Vehicle Rental	13,000	10,986	2,014	84.51%
City fee	15,975	17,427	(1,452)	109.09%
Depreciation	145,000	146,309	(1,309)	100.90%
<b>Total operating expenses</b>	<b>410,575</b>	<b>355,344</b>	<b>55,231</b>	<b>86.53%</b>
<b>Operating (loss)</b>	<b>(91,575)</b>	<b>(7,095)</b>	<b>84,480</b>	
<b>Nonoperating revenues</b>				
Reimbursements	53,400	75,465	22,065	141.32%
Interest income	500	285	(375)	25.00%
<b>Total nonoperating revenues</b>	<b>53,900</b>	<b>75,750</b>	<b>21,690</b>	<b>2</b>
<b>Loss before transfers</b>	<b>(37,675)</b>	<b>68,655</b>	<b>(106,330)</b>	
<b>Transfers out</b>	<b>(125,000)</b>	<b>(125,000)</b>	<b>-</b>	<b>#DIV/0!</b>
<b>Change in net position</b>	<b>(162,675)</b>	<b>(56,345)</b>	<b>(106,330)</b>	
<b>Net position, beginning of year</b>	<b>1,573,791</b>	<b>1,573,791</b>	<b>-</b>	
<b>Net position, end of year</b>	<b>\$ 1,411,116</b>	<b>\$ 1,517,446</b>	<b>\$ (106,330)</b>	



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** December 6, 2018  
**Subject:** Quarterly Financial Report

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Enclosed in your packet are the first quarter financial statements for the Electric and Fiber Funds.

**Electric Utility Fund**

As of September 30, 2018 (25% through the fiscal year), operating revenues - sales are 25.78% of budgeted operating revenues.

Total operating expenses are at 24.85% of budget year-to-date, with purchase power costs at 26.09%. Other categories with higher/lower than anticipated expenditures to date are Non-purchase power expense at 32.22% relating to employees in training for Kalkaska Combustion Turbine operations and not being scheduled to assist other departments. Public services at 11.03% and Information Systems at 17.89% due to expenses not yet incurred related to energy waste reduction program and budgeted expenses.

Net income through the second quarter is \$1,108,677, which is approximately \$62,511 increase over the prior year.

Cash flow statement shows approximately \$1.6M expended in capital assets, primarily for the Automated Metering Infrastructure Project, HL-22 Rebuild Project, Parsons Switch Station Project and Substation Exits Replacement Project. Ending cash and investment balance at September 30, 2018 is \$17,240,042.

**Fiber Fund**

Revenues in the Fiber Fund are 16.55% of budgeted operating revenues while expenses are 22.09% of budget year-to-date. A large revenue source for the Fiber Fund relating to the WIFI System is billed at the end of the year. WIFI Operations and Maintenance is at 67.95% of budget relating to Merit Network expenses incurred the first quarter relating to the WIFI system internet feed, a primary expense of this line item. The Fund has a net loss or change in net position of \$(34,676).

**TRAVERSE CITY LIGHT AND POWER**

(A Component Unit of the City of Traverse City, Michigan)

**ELECTRIC FUND  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

ASSETS		LIABILITIES AND NET POSITION	
<b>Current assets</b>			
Cash and cash equivalents	\$ 3,036,351	Accounts payable	\$ 1,141,770
Investments	14,203,691	Accrued expenses and other liabilities	848,795
Receivables		Customer deposits	94,145
Customer, less allowances of \$320,423 for uncollectible accounts (Light and Power Fund)	3,045,171	Unearned revenue	-
Accrued interest	57,997	Due to other funds	6,978
Taxes	1,054	Compensated absences	-
Other	1,734,107	Due to primary government	273,548
Inventories	1,616,499	<b>Total current liabilities</b>	<b>2,365,236</b>
Prepaid expenses	56,563		
<b>Total current assets</b>	<b>23,751,433</b>	<b>Long-term liabilities</b>	
<b>Non-current assets</b>		Compensated absences	200,046
Other postemployment benefit asset	42,876	Net pension liability	11,513,059
Long-term advances - due from primary government	219	Net other post employment benefit liability	2,039,555
Land and land improvements	1,086,419	<b>Total long term liabilities</b>	<b>13,752,660</b>
Construction in progress	4,365,507	<b>Total liabilities</b>	<b>16,117,896</b>
Capital assets being depreciated, net	59,088,746		
<b>Total non-current assets</b>	<b>64,583,767</b>	<b>Deferred inflows</b>	
<b>Total assets</b>	<b>88,335,200</b>	Deferred inflow - Pension	1,243,854
		Deferred inflow - OPEB	686,027
<b>Deferred outflows</b>		<b>Total deferred inflows</b>	<b>1,929,881</b>
Deferred outflow - Pension	2,579,331		
Deferred outflow - OPEB	1,005,715	<b>Net position</b>	
<b>Total deferred outflows</b>	<b>3,585,046</b>	Invested in capital assets	64,540,672
		Unrestricted	9,331,798
<b>Total cash and investments</b>	<b>\$ 17,240,042</b>	<b>Total net position</b>	<b>\$ 73,872,470</b>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			% of budget
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Year to date Favorable (Unfavorable)	
<b>Operating revenues - sales</b>										
Residential	\$ 573,543	\$ 545,199	\$ 28,343	\$ 1,564,628	\$ 1,488,583	\$ 76,044	\$ 6,035,000	\$ 1,564,628	\$ (4,470,372)	25.93%
Commercial	1,377,438	1,323,276	54,162	3,814,565	3,758,238	56,327	14,800,000	3,814,565	(10,985,435)	25.77%
Industrial	856,646	832,609	23,937	2,465,407	2,342,030	123,377	9,670,000	2,465,407	(7,204,593)	25.50%
Public authority	32,701	32,762	(61)	120,464	102,331	18,133	285,000	120,464	(164,536)	42.27%
Green sales	1,055	-	1,055	3,513	-	3,513	-	3,513	3,513	#DIV/0!
Street lighting	484	19,317	(18,833)	36,193	54,214	(18,021)	225,000	36,193	(188,807)	16.09%
Yard lights	10,438	10,506	(69)	28,755	29,099	(343)	144,000	28,755	(115,245)	19.97%
<b>Total operating revenues - sales</b>	<b>2,851,705</b>	<b>2,763,670</b>	<b>88,035</b>	<b>8,033,524</b>	<b>7,774,494</b>	<b>259,030</b>	<b>31,159,000</b>	<b>8,033,524</b>	<b>(23,125,476)</b>	<b>25.78%</b>
<b>Other operating revenues</b>										
Forfeited discounts	3,251	4,235	(984)	12,869	16,830	(3,961)	50,000	12,869	(37,131)	25.74%
Merchandise and jobbing	4,081	18,881	(14,800)	27,801	26,532	1,269	73,500	27,801	(45,699)	37.82%
Sale of scrap	3,963	11,082	(7,119)	24,831	11,919	12,912	50,000	24,831	(25,169)	49.66%
Recovery of bad debts	-	-	-	-	-	-	200	-	(200)	0.00%
MISO income	342,039	298,709	43,331	1,023,352	915,741	107,611	2,809,000	1,023,352	(1,776,648)	36.55%
Miscellaneous	3,448	3,373	74	7,778	8,849	(1,071)	39,000	7,778	(31,222)	19.94%
<b>Total other operating revenues</b>	<b>356,781</b>	<b>336,280</b>	<b>20,501</b>	<b>1,096,630</b>	<b>979,870</b>	<b>116,759</b>	<b>3,012,700</b>	<b>1,096,630</b>	<b>(1,916,070)</b>	<b>36.40%</b>
<b>Nonoperating revenues</b>										
Rental income	-	2,063	(2,063)	28,923	26,758	2,165	53,400	28,923	(24,477)	54.16%
Pole rental income	-	-	-	17,628	17,169	459	81,000	17,628	(63,372)	21.76%
Reimbursements	31,990	7,578	24,413	52,863	4,881	47,982	150,000	52,863	(97,137)	35.24%
Interest income	4,441	10,555	(6,114)	60,620	58,106	2,514	250,000	60,620	(189,380)	24.25%
Gain/loss on sale of assets	-	355	(355)	-	355	(355)	5,000	-	(5,000)	0.00%
<b>Total nonoperating revenues</b>	<b>36,431</b>	<b>20,550</b>	<b>15,882</b>	<b>160,033</b>	<b>107,268</b>	<b>52,765</b>	<b>559,400</b>	<b>160,033</b>	<b>(379,367)</b>	<b>29.67%</b>
<b>Total revenues</b>	<b>3,244,917</b>	<b>3,120,500</b>	<b>124,417</b>	<b>9,290,188</b>	<b>8,861,633</b>	<b>428,555</b>	<b>34,711,100</b>	<b>9,290,188</b>	<b>(25,420,912)</b>	<b>26.76%</b>
<b>Purchase Power Expense</b>										
Non-purchase power expenses	27,328	54,801	(27,473)	80,742	66,354	14,389	250,575	80,742	(169,833)	32.22%
Capacity costs	57,380	71,746	(14,366)	230,320	215,315	15,005	673,000	230,320	(442,680)	34.22%
MISO	(11,476)	(209,086)	197,610	558,219	(81,207)	739,515	2,311,400	558,219	(1,753,181)	24.15%
Stoney Corners	193,655	150,528	43,126	511,811	449,333	62,478	3,152,000	511,811	(2,640,189)	16.24%
M-72 Wind Turbine	1,383	1,558	(174)	4,233	4,517	(283)	30,000	4,233	(25,767)	14.11%
M-72 Solar	14,513	-	14,513	53,089	-	53,089	128,000	53,089	(74,911)	41.48%
Combustion Turbine	355,223	444,398	(89,175)	1,253,137	1,210,672	42,465	4,541,200	1,253,137	(3,288,063)	27.59%
Campbell Coal Plant	387,060	387,479	(419)	1,381,582	1,111,486	270,097	4,402,000	1,381,582	(3,020,418)	26.84%
Belle River Coal Plant	233,701	353,365	(119,664)	641,418	918,802	(277,384)	1,988,000	641,418	(1,346,582)	32.26%
Landfill Gas	80,080	70,059	10,021	235,225	237,272	(2,047)	930,000	235,225	(694,775)	25.29%
Biateral contracts	287,875	456,338	(168,462)	769,075	1,337,561	(568,486)	2,432,000	769,075	(1,662,925)	31.62%
Pegasus	-	-	-	-	-	-	260,000	-	260,000	0.00%
Purchase power expenses	1,599,594	1,706,386	(106,791)	5,438,109	5,303,601	134,508	20,847,600	5,438,109	(15,409,491)	26.09%

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND  
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Month to Month Comparison			Year to Year Comparison			Year to date Difference	Amended Budget	Budget to Year to date Comparison		% of budget
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference			Year to date Actual	Favorable (Unfavorable)	
Distribution	\$ 384,462	\$ 313,236	\$ 71,226	\$ 984,759	\$ 880,928	\$ 103,831	\$ 4,319,950	\$ 3,335,191	\$ 984,759	22.80%	
Transmission	39,728	27,466	12,262	104,478	83,090	21,388	471,400	366,922	104,478	22.16%	
Customer accounting	40,193	37,010	3,183	129,173	136,968	(7,795)	501,093	371,827	129,173	25.78%	
Public service	33,142	19,045	14,098	62,789	65,457	(2,668)	569,300	506,511	62,789	11.03%	
Information systems	23,771	-	23,771	85,968	-	85,968	486,650	394,682	85,968	17.89%	
General administration expense	75,589	89,438	(13,849)	199,707	258,860	(59,153)	981,900	782,193	199,707	20.34%	
Other expenses											
Insurance	5,662	6,430	(768)	16,987	17,419	(432)	87,625	70,638	16,987	19.39%	
City fee	140,000	125,000	15,000	420,000	375,000	45,000	1,712,200	1,292,200	420,000	24.53%	
Depreciation	219,599	209,250	10,349	658,798	637,750	31,048	2,709,303	2,041,202	658,798	24.40%	
<b>Total expenses</b>	<b>2,589,069</b>	<b>2,588,062</b>	<b>1,007</b>	<b>8,181,510</b>	<b>7,815,467</b>	<b>366,044</b>	<b>32,922,200</b>	<b>24,740,690</b>	<b>8,181,510</b>	<b>24.85%</b>	
Income before special items	655,849	532,438	123,411	1,108,677	1,046,166	62,511	1,788,999	(680,223)	1,108,677	0	
Special Item											
Retirement of meters	-	-	-	-	-	-	(725,000)	-	-	-	#DIV/0!
Income before transfers	655,849	532,438	123,411	1,108,677	1,046,166	62,511	1,063,999	(680,223)	1,108,677	(680,223)	
Transfers in	-	-	-	-	-	-	175,000	-	-	-	(175,000) #DIV/0!
<b>Change in net position</b>	<b>\$ 655,849</b>	<b>\$ 532,438</b>	<b>\$ 123,411</b>	<b>\$ 1,108,677</b>	<b>\$ 1,046,166</b>	<b>\$ 62,511</b>	<b>\$ 1,238,999</b>	<b>\$ (855,223)</b>	<b>\$ 1,108,677</b>	<b>\$ (855,223)</b>	



# TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

## ELECTRIC FUND STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 9,770,015
Cash payments to employees	(1,325,463)
Cash payments to suppliers for goods and services	(7,444,624)
Cash payments of City fee	(420,000)
<b>Net cash provided by operating activities</b>	<u>579,928</u>
<b>Cash flows from noncapital financing activities</b>	
Customer deposits paid	(1,144)
Rental income received	46,551
Reimbursements received	52,863
<b>Net cash provided by noncapital financing activities</b>	<u>98,270</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(1,625,584)
<b>Cash flows from investing activities</b>	
Purchase of investments	(151)
Interest and dividends	60,620
<b>Net cash provided by investing activities</b>	<u>60,469</u>
<b>Net increase in cash and cash equivalents</b>	(886,917)
Cash and cash equivalents, beginning of year	<u>3,923,269</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,036,352</u>

**TRAVERSE CITY LIGHT AND POWER**  
 (A Component Unit of the City of Traverse City, Michigan)

**ELECTRIC FUND**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

SALES	KWH month	KWH year to date	Monthly revenue	Year to date revenue	Current month	Prior year month	Revenue/Sales monthly variance	Year to date	Prior year to date	Revenue/Sales year to date variance
Residential Sales	4,610,431	17,083,238	\$ 472,428	\$ 1,756,344	\$ 0.1025	\$ 0.1073	\$ (0.0048)	0.1028	0.1079	\$ (0.0051)
Commercial Sales	8,516,526	42,649,223	\$ 851,150	\$ 4,268,007	\$ 0.0999	\$ 0.1058	\$ (0.0059)	0.1001	0.1057	\$ (0.0056)
Public Authority Sales	355,900	1,334,903	\$ 34,371	\$ 132,249	\$ 0.0966	\$ 0.0961	\$ 0.0005	0.0991	0.0964	\$ 0.0027
Industrial Sales	11,526,410	34,306,860	\$ 856,041	\$ 2,551,052	\$ 0.0743	\$ 0.0783	\$ (0.0040)	0.0744	0.0791	\$ (0.0047)
Yard and Street Lights	26,244	309,338	\$ 7,164	\$ 89,977	\$ 0.2730	\$ 0.2818	\$ (0.0088)	0.2909	0.2904	\$ 0.0005
<b>Total Sales</b>	<b>25,035,531</b>	<b>95,683,582</b>	<b>\$ 2,221,154</b>	<b>\$ 8,797,629</b>						

Note: Revenues do not agree to income statement because of monthly accruals.

PURCHASED POWER	MISO Account	KWH month	KWH year to date	Monthly cost	Year to date cost	Cost per kWh for the month	Cost per kWh for the year to date
Bilateral Contract		7,908,800	19,652,800	\$ 287,875.24	\$ 769,075.20	\$ 0.036	\$ 0.039
Campbell #3		7,380,033	22,410,396	\$ 387,060.13	\$ 1,181,582.34	\$ 0.052	\$ 0.053
Belle River		6,975,871	18,638,010	\$ 233,701.05	\$ 641,418.15	\$ 0.034	\$ 0.034
Combustion Turbine		81,308	5,430,923	\$ 355,223.20	\$ 1,253,137.02	\$ 4.369	\$ 2.231
Landfill Gas		850,213	2,482,430	\$ 80,080.27	\$ 235,225.01	\$ 0.094	\$ 0.095
Stoney Corners		1,605,759	4,243,870	\$ 193,654.54	\$ 511,810.73	\$ 0.121	\$ 0.121
M-72 Wind Turbine		129,000	471,900	\$ 14,512.50	\$ 53,088.75	\$ 0.113	\$ 0.113
MPPA Capacity Costs (market)		not applicable	not applicable	\$ 57,580.00	\$ 230,320.00	not applicable	not applicable
<b>Total</b>		<b>27,578,175</b>	<b>95,807,647</b>	<b>\$ 1,599,594.28</b>	<b>\$ 5,438,108.67</b>	<b>\$ 0.058</b>	<b>\$ 0.057</b>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

FIBER FUND

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

ASSETS		LIABILITIES AND NET POSITION	
Current assets			
Cash and cash equivalents	\$ 210,255	Current liabilities	
Accounts receivable	27,039	Accounts payable	\$ 7,426
Inventory	11,411	Accrued expenses and other liabilities	14,759
Due from other funds	6,978	Unearned revenue	14,815
Prepaid expenses	<u>557</u>	Due to primary government	<u>17,427</u>
Total current assets	<u>256,240</u>	Total current liabilities	<u>54,427</u>
Non-current assets		Long term liabilities	
Construction in progress	1,688	Compensated absences	<u>2,444</u>
Capital assets being depreciated, net	<u>1,281,712</u>	Total liabilities	<u>56,871</u>
Total non-current assets	<u>1,283,400</u>	Invested in capital assets	
Total assets	<u>1,539,640</u>	Unrestricted	1,283,400
		Total net position	<u>\$ 1,482,770</u>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

FIBER FUND

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Amended Budget	Year to date Actual	Favorable (Unfavorable)	Percentage of Budget
<b>Operating revenues</b>				
Charges for services	\$ 458,000	\$ 75,815	\$ (382,185)	16.55%
Merchandising and jobbing	-	-	-	#DIV/0!
<b>Total operating revenues</b>	<b>458,000</b>	<b>75,815</b>	<b>(382,185)</b>	<b>#DIV/0!</b>
<b>Operating expenses</b>				
Salaries and wages	64,900	12,082	52,818	18.62%
Fringe benefits	70,250	23,286	46,964	33.15%
Supplies	7,750	585	7,165	7.55%
Overhead expense	-	11,484	(11,484)	#DIV/0!
WiFi Operations and maintenance	32,100	21,813	10,287	67.95%
Professional and contractual	46,750	-	46,750	0.00%
Professional development	2,500	-	2,500	0.00%
Insurance	1,000	186	814	18.58%
Repairs and maintenance	16,100	453	15,648	2.81%
Vehicle Rental	10,000	4,026	5,974	40.26%
City fee	23,000	-	23,000	0.00%
Depreciation	146,000	36,577	109,423	25.05%
<b>Total operating expenses</b>	<b>420,350</b>	<b>110,491</b>	<b>309,859</b>	<b>26.29%</b>
<b>Operating income</b>	<b>37,650</b>	<b>(34,676)</b>	<b>(72,326)</b>	
<b>Nonoperating revenues</b>				
Reimbursements	177,800	-	(177,800)	0.00%
Interest income	1,130	-	(375)	25.00%
<b>Total nonoperating revenues</b>	<b>178,930</b>	<b>-</b>	<b>(178,175)</b>	<b>0</b>
<b>Income before transfers</b>	<b>216,580</b>	<b>(34,676)</b>	<b>251,256</b>	
<b>Transfers out</b>	<b>(175,000)</b>	<b>-</b>	<b>(175,000)</b>	<b>#DIV/0!</b>
<b>Change in net position</b>	<b>41,580</b>	<b>(34,676)</b>	<b>76,256</b>	
<b>Net position, beginning of year</b>	<b>1,517,446</b>	<b>1,517,446</b>	<b>-</b>	
<b>Net position, end of year</b>	<b>\$ 1,559,026</b>	<b>\$ 1,482,770</b>	<b>\$ 76,256</b>	



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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** December 4, 2018  
**Subject:** Proposed 2019-20 Budget Schedule

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In preparing the 2019-20 Six Year Capital Improvements Plan and Operating Budgets, staff plans to present a budget and capital plan incorporating the goals set forth in the Strategic Plan to the Board before submission to the City Commission.

**Six Year Capital Plan & Budget Review:**

Charter Section 179 (o) requires: "The Board shall submit to the City Commission annually with its budget a capital improvements plan for the next six (6) years."

Charter Section 179 (i) requires: "The Board shall submit to the City Commission on or before the last regular meeting of the City Commission in the month of April (15th in 2019) of each year an itemized budget conforming to the system of accounts required by the State of Michigan."

Below is the schedule:

- |                                    |  |
|------------------------------------|--|
| <b>Tuesday, December 11, 2018:</b> | <b>Regular Meeting – initial presentation and discussion of the capital plan.</b>  |
| <b>Tuesday, January 8, 2019:</b>   | <b>Regular Meeting – consideration of approval of the capital plan.</b>  |
| <b>Tuesday, February 12, 2019:</b> | <b>Regular Meeting – initial presentation and discussion of the Fiber Fund budget.</b>   |
| <b>Tuesday, March 12, 2019:</b>    | <b>Regular Meeting – initial presentation and discussion of the Electric Utility Fund budget along with the projected cash flow.</b> |
| <b>Tuesday, April 9, 2019:</b>     | <b>Regular Meeting – approval of the Electric Utility and Fiber Fund budgets.</b>  |

If further discussion is needed, a special meeting (the second Tuesday of March) can be utilized for the consideration of approval to submit the recommended budget and capital plan to the City by April 15, 2019.