

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, February 8, 2011

At

5:15 p.m.

In The

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

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

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

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

Posting Date: 2-4-11
4:00 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 minutes of the Regular Meeting and Closed Session of January 25, 2011.
- b. Consideration of approving the MDOT Construction ROW Resolution.

3. Old Business

- a. Consideration of adopting a Resolution to Amend Board Rule 11. (Arends)
- b. Consideration of MERS pension related issues. (Rice)
- c. Consideration of issuing Requests for Proposals for the Hastings Street Facility Addition. (Rice)

4. New Business

- a. Consideration of Traverse Bay Economic Development Corporation agreement renewal. (Tino Breithaupt)
- b. Consideration of approving Resolution – Landfill Gas Generation Renewable Energy Purchase Agreement (North American Natural Resources (NANR)). (Fehr)

5. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Verbal update re: Community Investment Fund application review. (Wheaton)
 2. Verbal update re: Community Solar sign-up on website. (Wheaton)
 3. Verbal update re: Kalkaska Combustion Turbine. (Rice)
- c. From Board.
 1. Strategic Planning open house. (Coco)

6. Public Comment

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, January 25, 2011

Board Members -

Present: Mike Coco, Linda Johnson, Jim Carruthers, Ralph Soffredine, John Snodgrass, John Welch

Absent: John Taylor

Ex Officio Member -

Absent: R. Ben Bifoss

Others: Ed Rice, Tim Arends, Stephanie Tvardek

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

Item 2 on the Agenda being Consent Calendar

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

- a. Minutes of the Human Resource Committee Meeting of January 5, Human Resource Committee Meeting of January 6, Regular Meeting and Closed Session of January 11, and Wi-Fi Ad Hoc Committee Meeting and Joint Study Session with City Commission of January 18, 2011 be approved.

CARRIED unanimously. (Taylor absent)

Chairman Coco requested amending the agenda to add New Business item 4(c) discussion of a possible Community Engagement Ad Hoc Committee.

Moved by Johnson, seconded by Welch to amend the agenda and add under New Business 4(c) the topic of the formation of an Ad Hoc Committee for Community Engagement.

CARRIED unanimously. (Taylor absent)

Item 3 on the Agenda being Old Business

None

Item 4 on the Agenda being New Business

4(a).

Consideration of amendment to Board Rule 11.

Moved by Soffredine, seconded by Johnson, that the Light and Power Board proposes to amend Board Rule 11, Public Comment, and refers this matter to a future meeting for adoption.

The following individuals addressed the Board:

- Tom Karas, 8801 Section Line Road, Michigan Energy Alternatives Project, Non-Ratepayer

CARRIED unanimously. (Taylor absent)

4(b).

Consideration of a periodic personnel evaluation of Edward E. Rice, Executive Director.

Moved by Welch, seconded by Soffredine, that the Light & Power Board enter into closed session to consider the periodic personnel evaluation of Edward E. Rice, Executive Director, as requested by Edward E. Rice, Executive Director.

Roll Call:

Yes – Carruthers, Snodgrass, Soffredine, Welch, Johnson, Coco

No – None

CARRIED unanimously. (Taylor absent)

4(c).

Discussion regarding a possible Community Engagement Ad Hoc Committee.

Moved by Johnson, seconded by Welch that an Ad Hoc Committee be established to review Community Engagement with the term of the Committee to expire January 31, 2012 and that the Board Chairman Mike Coco, Member Johnson and Member Taylor be appointed to the Committee with Board Chairman Coco to serve as the Committee Chairman.

CARRIED unanimously. (Taylor absent)

Item 5 on the Agenda being Reports and Communications

A. From Legal Counsel.

None.

B. From Staff.

1. Ed Rice spoke re: MPPA meeting.
2. Ed Rice spoke re: Wi-Fi project.
3. Ed Rice announced the Strategic Planning scheduled for Thursday, February 24, 2011 from 3-7 p.m. at Cambria Suites Old Mission Room.

C. From Board.

1. Chairman Coco spoke re: Strategic Planning public input process.

Item 6 on the Agenda being Public Comment

- Tom Karas, 8801 Section Line Road, Michigan Energy Alternatives Project, Non-Ratepayer

The Board went into Closed Session at 6:26 p.m.

Ralph Soffredine left at 6:48 p.m.

The Board returned to Open Session at 6:57 p.m.

Moved by Johnson, seconded by Snodgrass that the Light and Power Board renew the employment contract with Edward E. Rice as Executive Director, with an effective date of January 25, 2011, to include the terms as recommended by the Administrative Compensation Committee, subject to form by General Counsel.

Roll Call:

Yes – Snodgrass, Welch, Johnson, Coco

No – Carruthers

CARRIED.

There being no objection, Chairman Coco declared the meeting adjourned at 7:00 p.m.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Tim Arends, Controller
Date: February 1, 2011
Subject: MDOT Construction ROW Resolution

Attached is a Performance Resolution for Governmental Agencies that requires Board approval. This Resolution is required by MDOT for the purposes of issuing to a municipal utility permits to operate within its right-of-way.

Annual permits are required for miscellaneous operations within the state's right-of-way, for L&P these are our normal utility operations; special ROW permits are required for specific projects in the state right-of-way as they incur.

There is no fee associated with the annual ROW permit; however, the application must include the attached resolution.

This item is presented on the consent calendar as it is deemed by staff to be a non-controversial item. If any Board member, or member of the public, wishes to discuss this further, other than questions for clarification purposes, please request that the Chair remove it from the consent calendar to be placed as a New Business item on the Agenda for full discussion and consideration by the Board.

Staff recommends the Board adopt the attached Resolution. If this item is removed from the consent calendar and placed elsewhere on the agenda for full discussion, and the Board agrees with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD ADOPTS THE STATE OF MICHIGAN "PERFORMANCE RESOLUTION FOR GOVERNMENTAL AGENCIES" AS REQUIRED BY THE STATE FOR ISSUANCE OF AN ANNUAL RIGHT-OF-WAY PERMIT.

**PERFORMANCE RESOLUTION FOR
GOVERNMENTAL AGENCIES**

This Performance Resolution is required by the Michigan Department of Transportation for purposes of issuing to a municipal utility an "Individual Permit for Use of State Highway Right of Way" (form 2205), or an "Annual Application and Permit for Miscellaneous Operations Within State Highway Right of Way" (form 2205B).

RESOLVED WHEREAS, the Traverse City Light & Power Department of the City of Traverse City
(city, village, township, etc.)

hereinafter referred to as the "GOVERNMENTAL AGENCY," periodically applies to the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," for permits, referred to as "PERMIT," to construct, operate, use and/or maintain utility or other facilities, or to conduct other activities, on, over, and under State Highway right of way at various locations within and adjacent to its corporate limits;

NOW THEREFORE, in consideration of the DEPARTMENT granting such PERMIT, the GOVERNMENTAL AGENCY agrees that:

1. Each party to this Agreement shall remain responsible for any claims arising out of their own acts and/or omissions during the performance of this Agreement, as provided by law. This Agreement is not intended to increase either party's liability for, or immunity from, tort claims, nor shall it be interpreted, as giving either party hereto a right of indemnification, either by Agreement or at law, for claims arising out of the performance of this Agreement.
2. Any work performed for the GOVERNMENTAL AGENCY by a contractor or subcontractor will be solely as a contractor for the GOVERNMENTAL AGENCY and not as a contractor or agent of the DEPARTMENT. The DEPARTMENT shall not be subject to any obligations or liabilities by vendors and contractors of the GOVERNMENTAL AGENCY, or their subcontractors or any other person not a party to the PERMIT without its specific prior written consent and notwithstanding the issuance of the PERMIT. Any claims by any contractor or subcontractor will be the sole responsibility of the GOVERNMENTAL AGENCY.
3. The GOVERNMENTAL AGENCY shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the PERMIT which results in claims being asserted against or judgment being imposed against the State of Michigan, the Michigan Transportation Commission, the DEPARTMENT, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract. In the event that the same occurs, for the purposes of the PERMIT, it will be considered as a breach of the PERMIT thereby giving the State of Michigan, the DEPARTMENT, and/or the Michigan Transportation Commission a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.
4. The GOVERNMENTAL AGENCY It will, by its own volition and/or request by the DEPARTMENT, promptly restore and/or correct physical or operating damages to any State Highway Right of Way resulting from the installation construction, operation and/or maintenance of the GOVERNMENTAL AGENCY'S facilities according to a PERMIT issued by the DEPARTMENT.

- 5. With respect to any activities authorized by PERMIT, when the GOVERNMENTAL AGENCY requires insurance on its own or its contractor's behalf it shall also require that such policy include as named insured the State of Michigan, the Transportation Commission, the DEPARTMENT, and all officers, agents, and employees thereof and those governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract.
- 6. The incorporation by the DEPARTMENT of this resolution as part of a PERMIT does not prevent the DEPARTMENT from requiring additional performance security or insurance before issuance of a PERMIT.
- 7. This resolution shall continue in force from this date until cancelled by the GOVERNMENTAL AGENCY or the DEPARTMENT with no less than thirty (30) days prior written notice to the other party. It will not be cancelled or otherwise terminated by the GOVERNMENTAL AGENCY with regard to any PERMIT which has already been issued or activity which has already been undertaken.

BE IT FURTHER RESOLVED, that the following position(s) are authorized to apply to the DEPARTMENT for the necessary permit to work within State Highway Right of Way on behalf of the GOVERNMENTAL AGENCY.

Name	and/or	Title
Tim Arends, Controller		
Glen Dine, Chief Engineer		
Mark Rollenhagen, Operations Manager		
Rod Solak, Line Superintendent		

I HEREBY CERTIFY that the foregoing is a true copy of a resolution adopted by

the Traverse City Light & Power Board of Directors

(Name of Board, etc)

of the City of Traverse City of Grand Traverse County

(Name of GOVERNMENTAL AGENCY)

(County)

at a REGULAR BOARD meeting held on the February 8th day of

2011 A.D.

Signed _____ Title Controller



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Tim Arends, Controller *MA*
Date: January 27, 2011
Subject: Board Rules Adoption

On January 25, 2011 the Board proposed a change to Board Rule 11(B) regarding Public Comment that would allow for Reserved Public Comment. There was a request that the rule be further defined to eliminate potential confusion. The highlighted section below was added to address the Boards concern.

B. Public Comment during the designated Public Comment Section – Reserved.

Any interested person or special interest group wishing to address the Board for a reserved time shall submit a written request to the Administrative Assistant no later than Tuesday, 5:00 P.M. the week immediately preceding the date of said regular meeting. The communication shall (1) identify the writer's name and address and (2) identify with reasonable specificity the subject matter. The same shall appear on the written agenda under the designated "Public Comment" section for said regular meeting as made available to the news media and released for delivery to the Board. All persons must identify themselves and will be asked their address and to direct their comments to the Board. The comment of any member of the public or special interest group may be limited to 15 minutes except as provided in subsection (E). Questions posed may be answered at the meeting or may be referred to staff for response at a later time.

Reserved time shall be limited to one (1) per meeting and shall appear on the written agenda. A TCL&P ratepayer or city taxpayer shall take precedence over a non-TCL&P ratepayer or non-city taxpayer request. In such case, the non-TCL&P ratepayer or non-city taxpayer request shall be postponed and placed on the written agenda of a future meeting as selected by the non-TCL&P ratepayer/non-city taxpayer. In no case shall the non-TCL&P ratepayer/non-city taxpayer request be postponed more than one time in favor of a TCL&P ratepayer or city taxpayer. If more than one (1) request is received per meeting the requests shall be considered in the order they were received; subject to the above procedure.

If the Board desires to adopt the proposed amendment the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE PROPOSED AMENDMENT TO BOARD RULE 11, PUBLIC COMMENT, BE ADOPTED.

RULES OF THE TRAVERSE CITY LIGHT AND POWER BOARD

As amended through February 8, 2011

1. Regular Meetings. Regular meetings of the Light and Power Board shall be held on the second and fourth Tuesdays of every month at 5:15 P.M. in the Commission Chambers of the Governmental Center, 400 Boardman Avenue, Traverse City.
2. Order of Business and Agenda for Regular Meetings. The order of business and agenda for regular meetings of the Board shall be as follows:
 1. Roll Call
 2. Consent Calendar
 3. Old Business
 4. New Business
 5. Reports and Communications
 6. Board and Public Comment

Unless there is an objection by a Board member, the Chairman may alter the order of business.

3. Agenda and Packets. A written agenda and a packet of supporting materials shall be prepared by the Executive Director for every regular meeting, and shall be completed and released for delivery to the members of the Board not later than 5:00 P.M. on the Monday immediately preceding the date of said regular meeting.
4. Special Meetings and Special Business. Special meetings may be called by the Chairman or any two (2) Board members, or by the Executive Director, upon 18 hours posting and advance written notice to all Board members. Special meetings shall consider only such matters as are specified in the notice of the meeting, unless all voting members are present and a motion is passed pursuant to these Rules. Unless there is an objection by a Board member, the Chairman may alter the order of business. The Board may direct by a majority vote that any matter may be made the special business of a future meeting and the same shall have precedence over all other business at such meeting.
5. Consent Calendar.
 - A. When the Executive Director determines that any item of business requires action by the Light and Power Board, but is of a routine and non-controversial nature, the Executive Director may cause such item to be presented at a regular meeting of the Light and Power Board as part of a Consent Calendar.

- B. The Consent Calendar shall be introduced by a motion to approve the Consent Calendar, and shall be considered by the Light and Power Board as a single item.
 - C. There shall be no debate or discussion by any member of the Light and Power Board, regarding any item on the Consent Calendar, beyond asking questions for simple clarification.
 - D. On request by any Light and Power Board member, staff or member of the public present to inclusion of any item on the Consent Calendar, that item shall be removed from the Consent Calendar. Such request may be recorded at any time prior to the taking of a vote on the motion to approve the Consent Calendar. All such items shall be considered individually at a place, on the agenda, determined by the Presiding Officer.
 - E. Approval of the motion to approve the Consent Calendar shall be fully equivalent to approval, adoption, or enactment of each motion, resolution, ordinance, or other item of business thereon, exactly as if each had been acted upon individually.
6. Presiding Officer. The Chairman shall preside at all meetings, and in the absence of the Chairman, the Vice-Chairman shall preside. If both the Chairman and the Vice-Chairman are absent, the Secretary shall call the Board to order and shall preside until a presiding officer is chosen. If the Secretary is absent, a majority of the Board then present shall select a Presiding Officer.
7. Rules of Order. The most current and authorized edition of Robert's Rules of Order shall govern the conduct of meetings unless modified by these Rules. The Presiding Officer shall decide all questions arising under these Rules and general parliamentary practice subject to appeal, which appeal shall be determined by a majority of the members present. In the event an appeal is taken by any member from the ruling of the Presiding Officer, the member of the Board desiring to appeal shall state that he claims an appeal from the ruling of the Presiding Officer and shall state briefly what, in his opinion, the ruling should have been. If this appeal is seconded, the Presiding Officer shall state clearly the question at issue, and shall then call for the vote of the Board on the question: "Shall the decision of the Presiding Officer be sustained?" The Presiding Officer shall preserve order and decorum and may speak to points of order in preference to other questions. The Presiding Officer may express an opinion on any subject under debate without the substitution of another Presiding Officer.
8. Motions. Every motion or resolution shall require a second before being put to a vote, and it shall not be debated until it shall be reduced to writing if requested by the presiding officer or any member, but it may be withdrawn at any time by the movant with consent

of the second before decision or amendment. No motion to reconsider shall be entertained unless made by a member voting with the majority.

9. Amendment of Agenda at Regular Meetings. At a regular meeting, and as the first item after Roll Call, any official or officials of the Department, acting as such, may ask, orally or in writing, that a certain matter or matters be added to the agenda for consideration by the Board at that meeting. By motion that the matter or matters in question be added to the agenda of that meeting, passed by the concurring vote of not less than four (4) Board members, the matter or matters may be added to the agenda under an appropriate order of business and may be considered at that regular meeting.
10. Amendment of Agenda at Special Meetings. At a special meeting, and as the first item after Roll Call, any official or officials of the Department, acting as such, may ask, orally or in writing, that a certain matter or matters not appearing in the notice of that meeting as posted and released for delivery to the members of the Board be considered by the Board at that meeting. By motion that the matter or matters in question be considered at that meeting, passed by the concurring vote of not less than five (5) Board members, any such matters may be considered at that special meeting.
11. Public Comment. The Light and Power Board welcomes public comment and has prescribed the following to facilitate the conduct of public business.
 - A. Public Comment during Agenda Items. At any regular or special meeting, any interested person may address the Board on any agenda item if recognized by the Presiding Officer or upon request of any Board member. For any agenda item requiring action of the Board at that meeting other than the Consent Calendar, the Presiding Officer shall, before any final vote is taken, ask for and conduct public comment on that agenda item. Any interested person may address the Board on any matter of Department concern during the agenda item designated Public Comment. The comment of any member of the public or any special interest group may be limited in time as provided in subsection (E). As part of its deliberation, the Board may clarify, answer questions and ask questions as a result of public comment.
 - B. Public Comment during the designated Public Comment Section – Reserved. Any interested person or special interest group wishing to address the Board for a reserved time shall submit a written request to the Executive Director no later than Tuesday, 5:00 P.M. the week immediately preceding the date of said regular meeting. The communication shall (1) identify the writer’s name and address and (2) identify with reasonable specificity the subject matter. The same shall appear on the written agenda under the designated “Public Comment” section for said regular meeting as made available to the news media and released for delivery to

the Board. All persons must identify themselves and will be asked their address and to direct their comments to the Board. The comment of any member of the public or special interest group may be limited to 15 minutes except as provided in subsection (E). Questions posed may be answered at the meeting or may be referred to staff for response at a later time.

Reserved time shall be limited to one (1) per meeting and shall appear on the written agenda. A TCL&P ratepayer or city taxpayer shall take precedence over a non-TCL&P ratepayer or non-city taxpayer request. In such case, the non-TCL&P ratepayer or non-city taxpayer request shall be postponed and placed on the written agenda of a future meeting as selected by the non-TCL&P ratepayer/non-city taxpayer. In no case shall the non-TCL&P ratepayer/non-city taxpayer request be postponed more than one time in favor of a TCL&P ratepayer or city taxpayer. If more than one (1) request is received per meeting the requests shall be considered in the order they were received; subject to the above procedure.

- C. Public Comment during the designated Public Comment Section – General. Any interested person wishing to address the Board regarding other matters may do so under the designated Public Comment section. All persons must identify themselves and will be asked their address and to direct their comments to the Board. The comment of any member of the public or any special interest group may be limited in time as provided in subsection (E).
 - D. Public Comment during the designated Public Comment Section – Board Chair and Board Members. The Board Chair and other Board Members interested in making a public comment may do so under the designated Public Comment section. Further, the Board Chair and Board Members may briefly respond for clarification purposes as a result of public comment.
 - E. Order and Duration of any Public Comment. The comment of any member of the public or special interest group may be limited in time by the Presiding Officer. The Presiding Officer shall have the authority to limit and terminate any public comment that becomes disruptive, unduly repetitive, or impedes the orderly progress of the meeting. The Presiding Officer shall control the order and duration of any public comment, subject to appeal.
- 12. Suspension of Rules. The Rules may be suspended on the vote of five (5) members. The Rules may be amended by a majority vote of the members elect at a meeting held after the meeting at which the amendment was proposed.
 - 13. Executive Director Spending Authority. The Executive Director shall have authority to expend up to one-tenth of one percent (0.1%) of current budget year total expenses, per

transaction, involving the acquisition and disposal of personal property pursuant to City Charter Section 179(a) without the necessity of Board approval or securing competitive bids. Such authority shall also supply to the acquisition of services in furtherance of Light and Power activities.



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Ed Rice, Executive Director 
Date: February 2, 2011
Subject: MERS Governance & Service Credit Time Purchases

As you know, there is an active employee grievance that the Light & Power Board and Staff are unable to resolve because the City is considered the governing body as it relates to MERS pension benefits, however, the Light & Power Board is the governing body as it relates to Light & Power employee agreements.

Since the Light & Power Board has charter authority to approve wage and benefit packages for utility employees MERS was asked if Light & Power could create a Plan through MERS with the Light & Power Board as the governing body. The MERS' attorney concluded that Light & Power qualifies as a municipality for MERS Plan purposes.

To create a new MERS Plan requires both governing bodies (City Commission & Light & Power Board) to approve a "Joint Transfer Agreement." If approved, this action would allow the Light & Power Board to create a Plan through MERS and have governing authority on all future Light & Power employee issues that pertain to the MERS pension benefits for its employees; and this action will transfer all current actuarial assets for L&P divisions into the new Plan. This action will not cause any financial impact on the City or Light & Power; this action will not cause any change in current employee benefits.

The pension liability issue has raised concerns, and awareness, at both the Board and Commission levels of the growing problem facing the nation, individual states, and local governments regarding the funding of pension liabilities for government employees.

In response to City Commission concerns over pension legacy costs the Commission approved a moratorium on consideration of employee service credit purchase requests through January 1, 2012 (Commission packet memo is attached).

I recommend that the Board affirm the concerns of the Commission regarding pension legacy costs and approve a similar moratorium, with a few exceptions.

Since the City's moratorium was through January 1, 2012 I am recommending that the Board permanently disallow any generic service time purchases under the current, or any newly created pension plans. The City's Moratorium was all-inclusive for any type of service credit time, however, MERS does allow military service credit purchases and I believe those requests should still receive consideration by the Board on a case-by-case basis and recommend that only "generic" service credit purchases be disallowed.

I believe that approval of this moratorium is a pivotal first step in gaining approval of the City Commission of a Joint Transfer Agreement that will serve to resolving the governance issue regarding employee pension benefits through MERS.

If you are in agreement with this recommendation the following motion may be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT & POWER BOARD INDEFINITELY PROHIBITS EMPLOYEES FROM PURCHASING ADDITIONAL GENERIC SERVICE CREDITS THROUGH THE MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS) EFFECTIVE IMMEDIATELY; AND FURTHER THAT STAFF BE DIRECTED TO WORK WITH MERS IN PREPARING A JOINT TRANSFER AGREEMENT FOR CITY COMMISSION CONSIDERATION AND APPROVAL.



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION MEETING OF NOVEMBER 16, 2009

DATE: NOVEMBER 12, 2009

FROM: R. BEN BIFOSS, CITY MANAGER 

SUBJECT: RECOMMENDED MORATORIUM ON THE PURCHASE OF
MERS SERVICE CREDIT TIME

This office has received two (2) additional Light and Power employee requests for the City Commission to approve the purchase of generic service credit time through the MERS Retirement System. Those two requests is the following agenda item of the meeting.

The following motion is recommended:

That the City Commission adopts a moratorium effective immediately through January 1, 2012, on consideration of employee requests for the purchase of additional credited service through the Michigan Municipal Employees Retirement System (MERS).

rbb/dc
k:\dcurtiss\communications\servicecredit_moratorium



To: Light and Power Board
From: Ed Rice, Executive Director
Date: January 28, 2011
Subject: Hasting Street Facility Addition Bid Requests

A handwritten signature in black ink, appearing to be "E. Rice", is written to the right of the "From:" field.

At your meeting on July 27, 2010 the Board approved an Agreement with AAI for architectural service related to the Hastings Street building addition as a first step in our overall site development plans. AAI has completed the project drawings, reviewed them with staff, and has prepared a bid packet that includes plans and specifications for the addition.

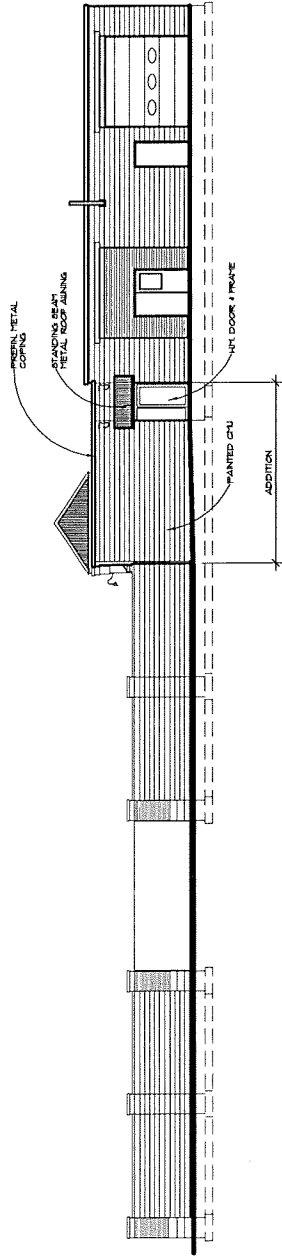
Attached are elevation drawings and a floor plan, along with the "Advertisement for Bids," as prepare by AAI. A full set of drawings are available for your review at the Hastings Street Administrative offices.

In accordance with the utility's Purchasing and Contracting Policy staff will seek sealed bids for this project. The awarding of any construction contracts will come back to the Board for approval. At this time staff is recommending that the Board authorize bids for the Hastings Street building addition.

If the Board is in agreement with Staff's recommendation the following motion may be appropriate:

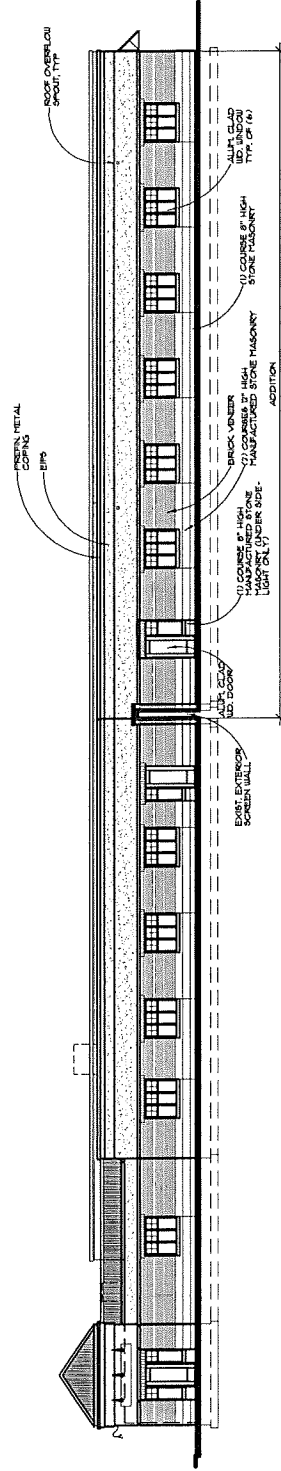
MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES STAFF TO SEEK BIDS FOR THE HASTINGS STREET BUILDING ADDITION AS PRESENTED; AND FURTHER DIRECTS STAFF TO PREPARE CONTRACTS WITH THE SUCCESSFUL BIDDER(S) FOR THE BOARD'S CONSIDERATION.



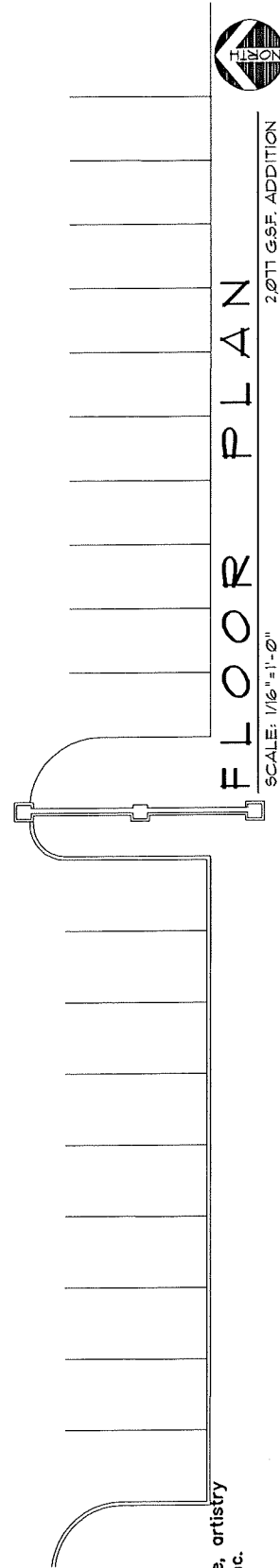
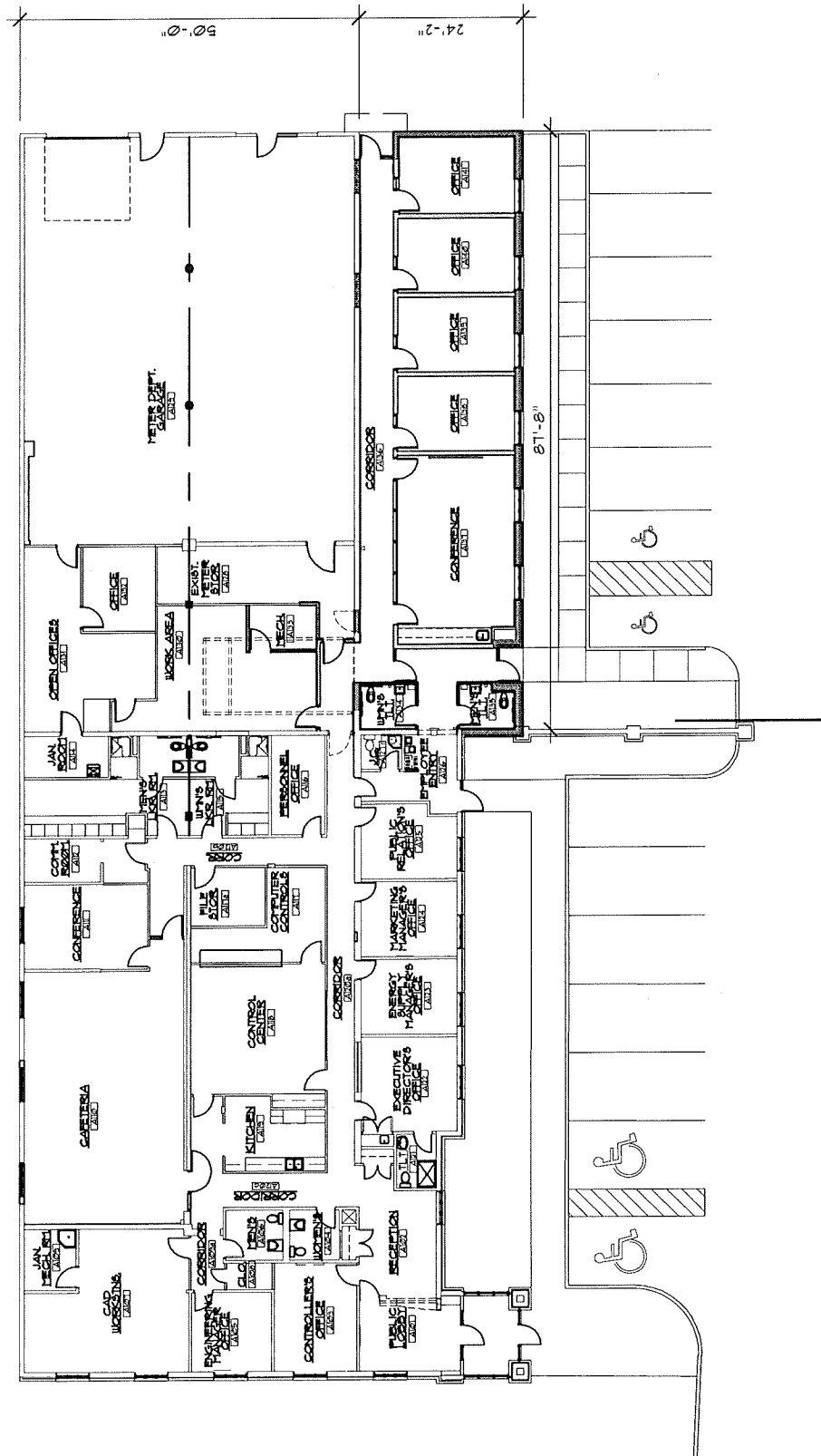
EAST ELEVATION

SCALE: 1/8" = 1'-0"



SOUTH ELEVATION

SCALE: 1/8" = 1'-0"



aai
 architecture, artistry
 interiors, inc.
 © COPYRIGHT 2011
 1-21-11

FLOOR PLAN

SCALE: 1/16"=1'-0" 2,071 G.S.F. ADDITION



**ADDITION TO HASTINGS STREET FACILITY
FOR
TRAVERSE CITY LIGHT & POWER
TRAVERSE CITY, MICHIGAN**

ADVERTISEMENT FOR BIDS
Project No.: 1010

The Owner will receive sealed bids for construction and completion of an Addition to Hastings Street Facility at 1131 Hastings Street, Traverse City, Michigan.

Bids are to be addressed to Traverse City Light & Power and will be received until **2:00 p.m., March 2, 2011 at 1131 Hastings Street, Traverse City, MI 49686**, at which time and place all bids received will be opened and publicly read aloud for general information.

The Work generally includes interior renovation and exterior addition of 2,000 SF and parking lot drainage work.

Proposals will be received as follows: Separate bids for general, mechanical and electrical trades work. Bids will be combined into a single lump sum contract with the successful General Contractor.

Plans and Specifications may be obtained from the Architect upon tendering a deposit of \$75.00 per set. The deposit will be applied as a charge only if the Plans and Specifications are not returned to the Owner intact, in good condition and without marks within (7) calendar days from the date bids are received.

The proposals shall be submitted on Proposal Forms furnished by the Architect as part of the Contract Documents, and shall be completely executed in strict accordance with the Plans and Specifications. Telegraphic, telephonic or fax bids will NOT be received, accepted or read.

The Contract Documents, being Plans and Specifications, are on file at the following location:

Architect's Office
Architecture/Artistry/Interiors/Inc.
1004 E. 8th Street
Traverse City, MI 49686
(231) 947-0080

Documents will also be available for inspection at the following locations:

- 1 Builders Exchange: Lansing and Traverse City, Michigan.
- 2 Construction Association of Michigan: Bloomfield Hills, Michigan.
- 3 McGraw-Hill Construction Dodge: Grand Rapids, Michigan

A mandatory Pre-Bid Conference will be held at 2:00 p.m. local time, February 17, 2011 at the project site at which time questions and discussions will be entertained regarding the bidding process, alternate construction methods, owner occupancy, site conditions, and any other matters that are of interest. It is mandatory that any general contractor submitting a prime bid and all mechanical and electrical subcontractors submitting their prime bids must attend. Failure to do so will constitute material non-compliance with the bid conditions. The bidders list will be established from the sign-in sheet at this conference and no others will be added. Supplemental conferences will **not** be held. See also Instruction to Bidders "Visiting the Site".

Mechanical and electrical contractors must be qualified to bid as Prime Bidders, see Supplementary Instructions to Bidders 6.1.

Construction shall commence on or before April 18, 2011 upon notification by the Owner of his intent to award a contract, and completed by September 15, 2011.

Surety company bond in the amount of five percent (5%) must accompany all proposals. No other form of bid security will be accepted.

Successful bidder will be required to furnish surety company performance bond and labor and material bonds, each in the amount of 100% of the bid.

The Owner reserves the right to reject any or all bids, to accept other than a low bid, or to waive informalities and irregularities in any or all bids.

Bids shall be accompanied by a sworn and notarized statement disclosing any familial relationship that exists between the Owner and any employee of the Bidder.

No bid may be withdrawn before the elapse of thirty days (30) after the opening date.


February 1, 2011

**Traverse City Light & Power
Tim Arends, Controller**

END OF ADVERTISEMENT FOR BIDS



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Ed Rice, Executive Director 
Date: January 27, 2011
Subject: Traverse Bay EDC Agreement Renewal

At your Board meeting on January 11, 2011, Tino Breithaupt, Senior Vice President of Economic Development presented a status report regarding TBEDC activities on behalf of Light & Power for the past year. At this time I am recommending that the Board renew the Department's Agreement with the EDC for professional economic development services that focus on retention and expansion of existing business and industry, and encouragement of new business and industry within the Light & Power service territory.

Along with approval of the Agreement I am requesting authorization to pay \$25,000 to TBEDC for its services as outlined in the Agreement. A representative of the TBEDC will be available to answer any follow-up questions the Board may have.

If the Board is in agreement with Staff's recommendation the following motion may be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO ENTER INTO AN AGREEMENT WITH TRAVERSE BAY ECONOMIC DEVELOPMENT CORPORATION FOR 2010-2011 PROFESSIONAL SERVICES; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR, AND AS TO FORM BY COUNSEL; AND FURTHER AUTHORIZES PAYMENT TO THE TBEDC IN THE AMOUNT OF \$25,000 AS COMPENSATION UNDER THE AGREEMENT; AND FURTHER REQUESTS A MEMBER OF THE TBEDC TO REPORT BACK TO THE BOARD AT A FUTURE MEETING.

**TRAVERSE CITY LIGHT & POWER DEPARTMENT
AGREEMENT FOR ECONOMIC DEVELOPMENT SERVICES**

THIS AGREEMENT made this ____ day of February 2011, by and between Traverse City Light & Power Department, 1131 Hastings St., Traverse City, Michigan, 49686, ("TCLP") and the TRAVERSE BAY ECONOMIC DEVELOPMENT CORPORATION, 202 East Grandview Parkway, Traverse City, Michigan, 49684 ("TBEDC") it supersedes and replaces all previous Agreements between the parties;

WITNESS TO:

WHEREAS, TCLP desires to encourage economic development within the CITY, the retention, expansion and attraction of the employment opportunities within the CITY and other such activities; and

WHEREAS, TBEDC has the expertise and ability to assist in the retention and expansion of existing business and industry and the encouragement of new business and industry within the CITY relative to its Strategic Plan;

THEREFORE, the parties mutually agree as follows:

Section 1: Purpose and Scope.

- a. The purpose of this Agreement is to enter into an agreement for the implementation of the Traverse Bay EDC Strategic Plan within the City of Traverse City. Specific services will include retention, expansion and attraction of business, counseling small businesses and nurturing entrepreneurs. Additional activity will include the marketing and promotion of the CITY, all designed to strengthen and expand the business climate in the CITY.
- b. The TCLP will provide assistance and guidance as may be required to support the Strategic Objectives and will provide funding for the services as identified below.

Section 2: Reporting and Information.

TBEDC shall provide a verbal or written report to the TCLP Board of Directors on a quarterly basis, outlining all activities conducted in the implementation of the Strategic Plan. TBEDC shall also attend meetings upon request of the TCLP Executive Director and/or the TCLP Board of Directors to present such verbal or written reports on its activities as requested.

Section 3: Compensation and Method of Payment.

TCLP shall pay to TBEDC and TBEDC agrees to accept as full compensation for its services under the Agreement the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) for the purpose and scope as outlined in the TBEDC Strategic Plan.

Section 4: Term.

The services rendered and the obligations incurred under this Agreement shall be for the period July 1, 2010, through June 30, 2011.

Section 5: Independent Contractor.

The relationship of TBEDC to TCLP is that of an independent contractor and in accordance therewith, TBEDC agrees to conduct itself consistent with such status and

that neither it nor its employees, officers, or agents will claim to be an officer, employee or agent of TCLP or make any claim, demand of application to or for any rights or privileges applicable to any officer or employee of TCLP including, but not limited to, workers' compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership or credit.

Section 6: Responsibility.

TBEDC assumes the risk in performing services under this Agreement and shall be solely responsible and answerable for damages and all accidents or injuries to persons or property, and hereby covenants and agrees to indemnify and save harmless TCLP, its officers and employees, from any and all claims, suits, losses, damages or injury, to persons or property of whatsoever kind and nature, whether direct or indirect, arising out of TBEDC's improper performance of services or out of any carelessness, negligence, or wrongful conduct of TBEDC or any of its officers or employees. Such responsibility shall not be limited by reason of any insurance coverage TBEDC may provide.

Section 7: Compliance.

TBEDC shall comply with all applicable statutes, rules and regulations of all Federal, State and local governments and agencies having jurisdiction, and bears the rest of any such authorities or changes thereto.

Section 8: Non-Discrimination.

The parties agree not to discriminate against an employee or applicant for employment with respect of hire, tenure, terms, conditions or privileges or employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, sex, age, height, weight, marital status, physical or mental disability, family status, sexual orientation, or gender identity. Breach of this covenant may be regarded as a material breach of this Agreement.

Section 9: Entire Agreement.

The Agreement, together with all items incorporated herein by reference, constitutes the entire Agreement of the parties and there are no valid promises, conditions or understandings which are not contained herein.

Section 10: No Joint Venture or Partnership.

This Agreement does not and is not intended to create a joint venture or partnership between the parties. The rights and obligations of the parties are entirely contained within this Agreement.

Section 11: No Third-Party Beneficiaries.

This Agreement confers no rights or remedies on any third-party, other than the parties to this Agreement, and their respective successors and permitted assigns.

Section 12: Amendments.

The parties agree to modifications of this Agreement as appropriately needed, but such modifications shall be in writing and signed by both parties.

Section 13: Assignment.

The parties agree there shall be no assignment or transfer of this Agreement or any part thereof unless mutually agreed to in writing by both parties.

Section 14: Venue.

Any and all suits for any and every breach of the Agreement may be instituted and maintained in any court of competent jurisdiction in the County of Grand Traverse, State of Michigan.

Section 15: Interpretation.

This Agreement shall be governed by the laws of the State of Michigan, both as to interpretation and performance. This Agreement was drafted at the joint direction of the parties. The pronouns and relative words used herein are written in the neuter and singular. However, if more than one person or entity joins in this Agreement on behalf of the parties, or if a person of masculine or feminine gender joins in the Agreement on behalf of the parties, such words shall be interpreted to be in the plural, masculine or feminine as the sense requires.

Section 16: Workers Compensation.

The parties agree to maintain at all times while work is being performed under this Agreement suitable workers compensation insurance pursuant to Michigan law and will upon execution of this Agreement provide a certificate of insurance or copy of state approval for self insurance to the TCLP Executive Director.

Section 17: Authority to Execute.

The parties agree that the signatories appearing below have the authority and are duly authorized to execute the Agreement on behalf of the party to the Agreement.

Section 18: Termination.

- a. FOR FAULT. If TCLP determines that TBEDC has failed to perform or will fail to perform all or any part of the services, obligations, or duties required by the Agreement, TCLP may terminate or suspend this Agreement in whole or in part upon written notice to TBEDC specifying the portions of the Agreement and in the case of suspension, shall specify a reasonable period not more than thirty (30) days, nor less than fifteen (15) days from receipt of the notice, during which time TBEDC shall correct the violations referred to in the notice. If TBEDC does not correct the violations during the period provided for in the notice, this Agreement shall be terminated upon expiration of such time. The provision for termination shall not limit or modify any other right to TCLP to proceed against TBEDC at law or under the terms of this Agreement.
- b. NOT FOR FAULT. Whenever TCLP determines that termination of this Agreement in whole or in part is in the best interest of TCLP or in the event that termination is required by the State of Federal agency, TCLP may terminate this Agreement by written notice to TBEDC specifying the services terminated and the effective date of such termination.

Section 17: Remedies.

Upon any termination of the Agreement, TBEDC shall return part of the last paid annual payment prorated on a monthly basis from the date of termination until the end for the period covered.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written:

TRAVERSE CITY LIGHT & POWER DEPARTMENT

By: _____
Michael Coco, Chairman of the Board

By: _____
Edward E. Rice, Secretary

TRAVERSE BAY ECONOMIC DEVELOPMENT CORPORATION

By: _____
Tino J. Breithaupt
Senior Vice President

APPROVED AS TO SUBSTANCE

Edward E. Rice, Executive Director
Traverse City Light & Power Department

APPROVED AS TO FORM

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



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Karen Feahr, Energy Supply Manager *KEF*
Date: February 3, 2011
Subject: Resolution – NANR Renewable Energy Purchase Agreement

In order to replace a portion of the Granger Landfill Project that will not come to fruition, MPPA has contracted with North American Natural Resources (NANR) to purchase energy from that company's landfill projects. All participants in the Granger Landfill Project were offered a share in the NANR project. Attached is 1) a proposed Resolution Approving the NANR Renewable Energy Agreement and participation in the MPPA NANR Renewable Energy Project, 2) a proposed NANR Renewable Energy Agreement between Traverse City and MPPA, and 3) the master Renewable Energy Power Purchase Agreement between MPPA and NANR. Staff recommends approval of the Resolution.

If the Board is in agreement to approve the Resolution, the following motion may be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT IN THE BEST INTEREST OF THE LIGHT & POWER RATEPAYERS AND TO SATISFY THE REQUIREMENTS OF PUBLIC ACT 295, THE BOARD APPROVE AND ENTER INTO THE RESOLUTION APPROVING THE NORTH AMERICAN NATURAL RESOURCES RENEWABLE ENERGY AGREEMENT BETWEEN TRAVERSE CITY LIGHT & POWER AND MPPA AND PARTICIPATION IN THE MPPA NORTH AMERICAN NATURAL RESOURCES RENEWABLE ENERGY PROJECT.

**NORTH AMERICAN NATURAL RESOURCES
RENEWABLE ENERGY PURCHASE AGREEMENT**

EXECUTIVE SUMMARY

- Location Existing facilities are near Flint
- Capacity Purchased 650 kW
- Commercial Operation Phased in from 2012 through 2015
- Term 20 Years
- Contract Price - \$79.95/MWh (8.0 cents/kWh) for 2011. From 2012 through 2014, the Contract Price shall be increased by an adjustment factor of 2.5% per year. For 2015 and thereafter, the adjustment factor shall be re-determined each year using 10-year U.S. Treasury Notes and a formula provided in the Master Agreement.
- Cost Over the Life of the Contract – Over \$10 Million
- Interconnection Costs – For new interconnection facilities related to any plant constructed after the effective date of the Agreement to fulfill the delivery obligation of the Agreement, MPPA shall pay 50% of all interconnection costs, but MPPA's obligations shall not exceed \$187,000 for any one interconnection constructed. TCL&P will pay 8.13% of those costs.

TRAVERSE CITY LIGHT & POWER

RESOLUTION APPROVING
NORTH AMERICAN NATURAL RESOURCES RENEWABLE ENERGY AGREEMENT
AND
PARTICIPATION IN THE MPPA NORTH AMERICAN NATURAL RESOURCES
RENEWABLE ENERGY PROJECT

WHEREAS, Traverse City Light & Power ("TCLP") is a member municipality of the Michigan Public Power Agency ("MPPA"), a joint agency organized and existent pursuant to Act No. 448 of the Michigan Public Acts of 1976, as amended; and

WHEREAS, MPPA has negotiated and entered into an agreement with North American Natural Resources ("NANR") for NANR to develop facilities to generate electricity from Renewable Energy sources and for MPPA to purchase such Renewable Energy and associated Renewable Energy Credits for resale to MPPA's members; and

WHEREAS, MPPA and NANR also plan to jointly develop any electrical interconnection facilities required to deliver the renewable electric energy from the NANR facilities to the electric power grid, so that MPPA can have that energy delivered to its participating members; and

WHEREAS, MPPA has created the NANR Renewable Energy Project to allow TCLP and other participating MPPA members to purchase Renewable Energy to meet their customer's needs and to offset part or all of any Renewable Portfolio Standards that apply; and

WHEREAS, TCLP believes it is in the best interest of its customers for TCLP to purchase Renewable Energy from MPPA's NANR Renewable Energy Project so that TCLP can supply Renewable Energy to its customers in an economical and socially-responsible manner; and

WHEREAS, TCLP and other member municipalities of MPPA desire to join the NANR Renewable Energy Project; and

WHEREAS, TCLP and other member municipalities of MPPA desire to enter into contracts with MPPA to provide for MPPA to resell to TCLP power and Renewable Energy purchased by MPPA from NANR; and

WHEREAS, in order to meet its obligations under the agreement with NANR, it is necessary that MPPA have substantially similar binding contracts with this municipality and each other municipality electing to participate in NANR Renewable Energy Project; and

WHEREAS, TCLP has on file a copy of the proposed NANR Renewable Energy Purchase Agreement to be entered into by MPPA and each municipality participating in the NANR Renewable Energy Project.

NOW THEREFORE, IT IS HEREBY RESOLVED by the TCLP Board as follows:

1. The form of the NANR Renewable Energy Purchase Agreement (the "NANR Project Agreement") presented to the TCLP Board on this date as hereby approved and the Chairman and Secretary of the Board are hereby authorized and directed to execute such contract on behalf of TCLP in substantially the form as presented on this date with such insertions, deletions and minor modifications as the Chairman and Secretary deem necessary.
2. TCLP agrees to join the NANR Renewable Energy Project and to take an amount of capacity of up to 650 kilowatts from that project, along with the associated Renewable Energy and Renewable Energy Credits.
3. TCLP hereby agrees to make such payments as are required under the NANR Project Agreement.
4. All ordinances and resolutions or parts thereof in conflict with this resolution are, to the extent of such conflict, hereby repealed.
5. This resolution shall take effect immediately upon adoption.

BE IT FURTHER RESOLVED that this policy shall be effective immediately.

I hereby certify that the above Resolution was adopted on _____, 2011, at the regular TCLP Board meeting held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

Edward E. Rice
Secretary
Traverse City Light & Power Board

**NORTH AMERICAN NATURAL RESOURCES
RENEWABLE ENERGY PURCHASE AGREEMENT**

This North American Natural Resources Renewable Energy Purchase Agreement ("Agreement") is made and entered into as of the _____ day of _____, 2011, by and between MICHIGAN PUBLIC POWER AGENCY, a body corporate and politic of the State of Michigan, created pursuant to 1976 PA 448, as amended, and [addressed separately to each participant, as set forth in Annex 1 hereto] (the "Participant").

WHEREAS, MPPA was organized under Act 448, as amended, to provide a means for those Michigan municipalities which are members of MPPA to secure electric power and energy for their present and future needs; and

WHEREAS, MPPA is empowered by Act 448 to, among other things: (i) acquire and construct facilities for the generation, transmission or transformation, or a combination thereof, of electric power and energy, or to acquire an interest in any such facilities; (ii) purchase, sell, transmit or otherwise use electric power and energy within or without the State of Michigan; (iii) issue its revenue bonds to pay all or part of the costs of acquiring facilities for the generation, transmission or transformation, or a combination thereof, of electric power and energy; and (iv) exercise all of the powers not inconsistent with the laws of the State of Michigan or the United States of America, which may be necessary or appropriate for, or incidental to, effectuation of its authorized purposes; and

WHEREAS, North American Natural Resources ("NANR"), a Michigan corporation, is in the business, among others, of developing and operating systems to produce renewable energy, installing and operating electric generators and associated ancillary equipment to burn

landfill gas to produce electricity, and selling the electricity and Renewable Energy Credits from such facilities; and

WHEREAS, on January 12, 2011, the MPPA Board of Commissioners by action in open meeting found that the purchase of renewable electric energy by MPPA on behalf of its members from NANR is an appropriate and beneficial activity for MPPA, and that NANR's potential acquisition and construction of transmission interconnection facilities, as such facilities are determined as being necessary by system impact studies and facilities studies, may be required for the successful implementation of such purchases; and

WHEREAS, on January 12, 2011, the MPPA Board of Commissioners by action in open meeting created the NANR Renewable Energy Project (the "Project"); and

WHEREAS, on January 12, 2011, the MPPA Board of Commissioners approved the Renewable Energy Power Purchase Agreement between MPPA and NANR (the "NANR Master Agreement") to implement the sale of renewable energy by NANR to MPPA, with execution of the document by MPPA subject to MPPA members joining the NANR Renewable Energy Project and executing this Agreement, a draft of which agreement has been provided to each MPPA member; and

WHEREAS, in order to enable MPPA to meet its obligations under the NANR Master Agreement, it is necessary for MPPA to have substantially similar binding renewable energy purchase agreements with each Participant involved in the Project (as hereinafter defined) and for such Participant to agree and pledge to make the payments required to be made in accordance with such contracts:

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

Section 1. Definitions and Explanation of Terms.

Unless the context indicates that another meaning is intended, the following words, when used in this Agreement, including the recitals and the schedules, shall have the following meanings:

"Contract Year" shall mean the twelve (12) month period commencing at 12:01 a.m. on January 1 of each year, except that the initial Contract Year shall commence upon the identification and start of development of the first contracted facilities by NANR and end on December 31 of the year in which the first development is begun.

"Contribution In Aid of Construction for Interconnection Facilities" shall mean, to the extent not included in other Monthly Renewable Energy Costs, all NANR costs associated with the planning, engineering, financing, constructing, acquiring and placing into service necessary interconnection facilities, whether heretofore or hereafter paid or incurred by MPPA as required under the NANR Master Agreement.

"Month" shall mean a calendar month.

"Monthly Renewable Energy Costs" shall mean, with respect to each Month of each Contract Year, all costs attributable to the purchase and delivery of Renewable Energy under this Agreement that are paid or incurred by MPPA during such Month pursuant to the NANR Master Agreement, which shall include, but shall not be limited to:

(1) the amounts paid to NANR for generation and delivery to MPPA of Renewable Energy under the terms of the NANR Master Agreement; and

(2) any labor and administrative costs, including allocated overhead costs, incurred by MPPA in administering the NANR Master Agreement, rendering bills to the Project

Participants under the terms of this Agreement, and accounting for charges and payments in connection with the Project; and

(3) any necessary working capital for the Project, and

(4) any additional amount not specified in the other items of this definition, including but not limited to transmission charges, penalties and uplift payments in connection with the delivery of Renewable Energy under this Agreement; and

(5) to the extent not included in the Contribution In Aid of Construction for Interconnection Facilities, any amounts related to or resulting from charges from NANR for interconnection costs.

“Renewable Energy” shall mean, with respect to this Agreement, any energy and associated Renewable Energy Credits purchased by MPPA from NANR under the terms of the NANR Master Agreement between MPPA and NANR. Renewable Energy under this Agreement will be electricity produced by the combustion of landfill gas in electric generating units.

“Renewable Energy Cost Factor” shall mean, with respect to each Participant, the factor (expressed as a percent) shown opposite the name of such Participant in the Schedule of Participants attached hereto as Exhibit A, which specifies such Participant's proportionate share of Monthly Renewable Energy Costs based on such Participant's Renewable Energy Share.

"Renewable Energy Share" shall mean, with respect to each Participant, a proportionate share of the Renewable Energy, expressed in kilowatt-hours, purchased by MPPA from NANR under the terms of the NANR Master Agreement. A Participant's Renewable Energy Share will be calculated for any month by multiplying the total amount of Renewable Energy purchased by MPPA from NANR under the NANR Master Agreement during the month by the Participant's percentage entitlement share, as shown opposite the name of such Participant in the Schedule of Participants attached hereto as Exhibit A. To the extent that any of the contracted facilities can

be claimed as capacity resources for any purpose, each Participant's Renewable Energy Share shall include its proportionate share of such capacity.

"State" shall mean the State of Michigan.

"Uniform System of Accounts" shall mean the Federal Energy Regulatory Commission's "Uniform System of Accounts" prescribed for Public Utilities and Licensees (Major), in effect as of the date of this Agreement as such Uniform System of Accounts may be modified, amended or supplemented from time to time.

Section 2. Term of Contract.

This Agreement shall become effective upon execution and delivery of this Agreement by all Participants listed in the Schedule of Participants and shall, unless this Agreement is terminated pursuant to Section 21, continue until the termination of NANR Master Agreement.

Section 3. Renewable Energy Share.

MPPA is, concurrently herewith, working with NANR to identify and develop projects for the generation of Renewable Energy from landfill gas.

Concurrently, MPPA hereby sells, and the Participant hereby purchases, the Participant's Renewable Energy Share. The Participant shall, in accordance with and subject to the provisions of Section 4, pay MPPA for its Renewable Energy Share an amount determined by multiplying Monthly Renewable Energy Costs resulting from transactions between MPPA and NANR under the NANR Master Agreement by the Participant's Renewable Energy Cost Factor. Such amount shall include the amount of each Participant's allocable portion of any transmission interconnection costs incurred by MPPA in connection with the Project.

Section 4. Method Of Payment.

(a) On or before thirty (30) days prior to the estimated date of the start of charges from NANR to MPPA in connection with the first Site project and on or before December 1 prior to the beginning of each Contract Year thereafter, MPPA shall prepare and mail to the Participant a budget showing an estimate by Month of the Monthly Renewable Energy Costs, and the Participant's share of each, for the following Contract Year.

(b) Each Participant shall promptly pay MPPA its allocable portion of the Contribution In Aid of Construction for Interconnection Facilities.

(c) As soon as practicable after the end of any Month, within ten (10) business days following the receipt by MPPA from NANR of the information necessary for MPPA to calculate MPPA's charges and expenses for the Month under the NANR Master Agreement, MPPA shall submit to the Participant a statement showing, in each case with respect to the prior Month, (i) the Participant's Renewable Energy Share for the preceding month, (ii) the actual amount payable by the Participant for Monthly Renewable Energy Costs; (iii) the amount, if any, credited to or payable by the Participant with respect to any adjustment for Monthly Renewable Energy Costs incurred during a prior period for which credit or payment has not been made in order to match the incurred Monthly Renewable Energy Costs with the actual Monthly Renewable Energy Costs; and (iv) any other applicable amounts not otherwise shown or reflected; and such Participant shall pay the total of such amounts at the times specified in paragraph (e) of this Section 4. If the total of such amounts shows a net credit to the Participant, MPPA shall, to the extent that monies are available, or at any time become available for such purpose, pay to the Participant the amount of such net credit.

(d) At the end of each quarter during each Contract Year, and at such other times as it shall deem desirable, MPPA shall review its budget of Monthly Renewable Energy Costs for the Contract Year and any adjustments thereof or credits thereto for the Contract Year.

In the event such review indicates that such budget does not or will not substantially correspond with actual receipts or expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits or payments of costs substantially affecting Monthly Renewable Energy Costs and any adjustment thereof or credit thereto, MPPA shall prepare and mail to the Participant a revised budget incorporating adjustments to reflect such receipts, credits or payments which shall supersede the previous such budget as a basis for the Participant's monthly payments hereunder for the balance of that Contract Year.

(e) Monthly payments required to be paid to MPPA pursuant to this Section 4 shall be due and payable to MPPA at the principal office of MPPA, or such other address as MPPA shall designate in writing to the Participant, on the 25th day of the Month following the Month for which the statement was rendered or ten (10) business days following receipt of the statement, whichever is later.

(f) If payment in full is not made on or before the close of business on the due date, a delayed-payment charge on the unpaid amount due for each day overdue will be imposed at a rate equal to the daily equivalent of the annual percentage rate of interest being charged on such day for 90-day loans to substantial and responsible borrowers by JP Morgan Chase Bank, plus one percentage point (1%), or the maximum rate lawfully payable by the Participant, whichever is less. If the due date is Saturday, Sunday, or a bank holiday, the next following business day shall be the last day on which payment may be made without the addition of the delayed-payment charge.

(g) In the event of any dispute as to any portion of any statement, the Participant shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to MPPA not later than the date such payment is due, if the Participant is already aware of the dispute, or within thirty (30) days of discovering the grounds for the disputed charges, but only if the Participant could not have reasonably discovered the grounds

for dispute by the original due date. Such notice shall identify the disputed bill, state the amount in dispute and set forth a full statement of the grounds upon which such a dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as required above. MPPA shall give consideration to such dispute and shall advise the Participant in writing of its position within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication or otherwise) of the correct amount, any difference between such corrected amount and the billed amount shall be subtracted from the next statement submitted to the Participant after such determination.

(h) On or before one hundred eighty days after the end of each Contract Year, MPPA will submit to the Participant a detailed statement of the actual aggregate Monthly Renewable Energy Costs and any adjustment thereof or credit thereto, and the Participant's share of each, and all other amounts payable by or credited to the Participant pursuant hereto for all of the Months of such Contract Year, and adjustments of the aggregate Monthly Renewable Energy Costs for any prior Contract Year and any adjustment thereof or credit thereto, allocable to the Participant, based on the annual audit of accounts provided for in Section 7 hereof. If, on the basis of the statement submitted as provided in this paragraph (h), the actual aggregate Monthly Renewable Energy Costs, if any, and any adjustment thereof or credit thereto allocable to the Participant and other amounts payable for any Contract Year exceed the amounts the Participant has been billed and paid, the Participant shall pay MPPA promptly the amount of such excess. If, on the basis of the statement submitted pursuant to this paragraph (h), the actual aggregate Monthly Renewable Energy Costs and any adjustment thereof or credit thereto allocable to the Participant or other amounts payable for any Contract Year are less than the amounts such Participant has been billed and paid, MPPA shall credit such Participant's next monthly statement or statements with the amount of such excess pursuant to this Section 4.

(i) The obligation of the Participant to make the payments under this Section

4 for Monthly Renewable Energy Costs shall constitute an obligation of the Participant payable as an operating expense to the Participant's electric system solely from the revenues and other available funds of the electric system.

Section 5. Scheduling of Deliveries.

MPPA shall be the Market Participant with the Midwest Independent System Operator for scheduling energy transactions for the Project. MPPA shall schedule all available energy from all associated NANR facilities on behalf of the Project Participants.

Section 6. Accounting.

MPPA agrees to keep accurate records and accounts relating to the Project and relating to Monthly Renewable Energy Costs including the Contribution In Aid of Construction for Interconnection Facilities in accordance with the Uniform System of Accounts, separate and distinct from its other records and accounts. The accounts shall be audited annually by a firm of certified public accountants, experienced in electric utility accounting and of national reputation, to be employed by MPPA. A copy of each annual audit, including all written comments and recommendations of such accountants, shall be furnished by MPPA to the Participant not later than 180 days after the end of each Contract Year.

The Participant agrees to keep accurate records and accounts relating to the conduct of its business and shall keep separate and distinct from its other records and accounts accurate records and accounts relating to this Agreement. The accounts shall be audited annually by a firm of certified public accountants, experienced in electric utility accounting, to be employed by the Participant. A copy of each annual audit, including all written comments and recommendations of such accountants, shall be furnished by the Participant to MPPA not later than 180 days after the termination of its fiscal year.

Section 7. Information to be Made Available.

(a) MPPA shall make the following information concerning the Project available for examination by the Participants:

(1) all books of accounts, records, documentation and contracts in the possession of MPPA relating to the Project and purchases for the Project;

(2) copies of all agreements and data in the possession of MPPA relating to the Project;

(3) copies of all operating and financial records and reports relating to the Project in the possession of MPPA; and

(b) The Participant shall, upon request, furnish to MPPA all such information, certificates, engineering reports, feasibility reports, financial statements, opinions of counsel (including any opinion required by subsection (c) hereof) and other documents as shall be reasonably necessary in connection with the operation of the Project.

(c) The Participant shall, concurrently with the execution and delivery of this Agreement, cause an opinion or opinions in form and substance satisfactory to MPPA to be delivered by one or more attorneys or firms of attorneys satisfactory to MPPA with respect to the authorization, execution and validity of this Agreement as it relates to the Participant.

Section 8. Disposition or Termination of the Project.

Except as provided herein, MPPA shall not sell or otherwise dispose of any interest in the Project without the consent of the Participant. This Section 8 shall not prohibit a merger or consolidation or sale of all or substantially all of the property of MPPA. Upon disposition or termination of the Project, MPPA shall make monthly accounting statements

to the Participant of all costs, assets and revenues associated therewith. Such monthly accounting statements shall continue until the Project has been discontinued or finally disposed of hereunder, at which time a final accounting statement with respect thereto shall be made by MPPA at the earliest reasonable time. If any such final accounting statement shows that the costs referred to above exceed such credits after application by MPPA of all available funds held by it for such purposes, the Participant shall pay MPPA its share of the amount shown to be due to such final accounting statement. If any such final accounting statement shows that the costs referred to above are less than such credits after application by MPPA of all other available funds held by it for such purposes, MPPA shall pay the Participant, as an adjustment for overpayments of Monthly Renewable Energy Costs, an amount equal to the Participant's share of the excess.

Section 9. Participant Covenants.

The Participant agrees to maintain its electric system in good operating order, to cooperate with MPPA in the performance of the respective obligations of such Participant and MPPA under this Agreement and to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, facilities, and commodities, sold, furnished, or supplied through its electric system sufficient to provide revenues adequate to meet its obligations under this Agreement and to pay other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of and interest on all revenue bonds related to the Participant's electric system and, to the extent being paid from revenues of such electric system, all other bonds and contract obligations of the Participant related thereto now outstanding or in effect or hereafter issued or entered into for

purposes related to its electric system.

Section 10. Administration and Management.

Subject to the provisions of the NANR Master Agreement, MPPA covenants and agrees that it will use its best efforts to administer and manage the Project in an economical and efficient manner.

Section 11. Event of Default.

Failure of the Participant to make to MPPA any of the payments when due for which provision is made in this Agreement shall constitute an immediate default on the part of the Participant.

Section 12. Continuing Obligation, Right to Discontinue Service.

In the event of any default referenced in Section 11 hereof, the Participant shall not be relieved of its liability for payment of the amounts in default and MPPA shall have the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, MPPA may bring any suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation to make any payment for which provision is made in this Agreement against the Participant, and MPPA may, upon sixty (60) days' written notice to the Participant, cease and discontinue providing all or any portion of the Participant's Renewable Energy Share.

Section 13. Transfer of Renewable Energy Shares Following Default.

In the event of a default by any Participant and discontinuance of service after proper notice pursuant to Section 12 hereof, (a) MPPA shall first offer to transfer to all

other Participants which are not in default a pro rata portion of the defaulting Participant's Renewable Energy Share, which shall have been discontinued by reason of such default; any part of such Renewable Energy Share of a defaulting Participant that shall be declined by any non-defaulting Participant shall be reoffered pro rata to the non-defaulting Participants that have accepted in full the first such offer; such reoffering shall be repeated until such defaulting Participant's Renewable Energy Share has been reallocated in full or until all non-defaulting Participants have declined to take any additional portion of such defaulting Participant's Renewable Energy Share; (b) in the event less than all of a defaulting Participant's Energy Share shall be accepted by the other Participants that are not in default pursuant to clause (a), MPPA shall use its reasonable best efforts to sell the remaining portion of a defaulting Participant's Renewable Energy Share for the remaining term of such defaulting Participant's agreement with MPPA; the agreement for such sale shall contain such terms and conditions as will not adversely affect the security afforded by the agreement of such defaulting Participant, including provisions for discontinuance of service upon default, and as are otherwise acceptable to MPPA; in the event of default and discontinuance of service under such agreement, the Renewable Energy Share sold pursuant to such contract shall be offered and transferred as provided for defaulting Participants in this Section 13; (c) in the event less than all of a defaulting Participant's Renewable Energy Share shall be accepted by the Participants that are not in default pursuant to clause (a) or sold pursuant to clause (b) of this Section MPPA shall transfer, on a pro rata basis (based on original Renewable Energy Share), to all other Participants that are not in default, the remaining portion of such defaulting Participant's Renewable Energy Share; (d) any portion of the Renewable Energy Share of a defaulting Participant transferred pursuant to this Section to a non-defaulting Participant shall become a part of and shall be added to the

Renewable Energy Share of each transferee Participant, and the transferee Participant shall be obligated to pay for its Renewable Energy Share increased as described above, as if the Renewable Energy Share of the Transferee Participant increased as described above, had been stated originally as the Renewable Energy Share of the Transferee Participant in its agreement with MPPA; provided, however, that in no event shall any transfer of any part of a defaulting Participant's Renewable Energy Share pursuant to clause (c) of this Section result in the Transferee Participant having a Renewable Energy Share (including transfers to such Transferee Participant pursuant to clause (a) of this Section) in excess of 125% of its original Renewable Energy Share without such Participant's consent; and (e) in the event less than all of a defaulting Participant's Renewable Energy Share shall be sold or transferred to non-defaulting Participants pursuant to this Section 13, MPPA shall use its reasonable best efforts to sell the remaining portion of a defaulting Participant's Renewable Energy Share on such terms and conditions as are acceptable to MPPA. The defaulting Participant shall remain liable, except that the obligation of the defaulting Participant to pay MPPA shall be reduced to the extent that payments shall be received by MPPA for that portion of the defaulting Participant's Renewable Energy Share that may be transferred or sold as provided in this Section 13.

Section 14. Other Default by Participant.

In the event of a failure of the Participant to fix, charge or collect rates or charges adequate to provide revenue sufficient to enable the Participant to pay all amounts due to MPPA under this Agreement or in the event of any default by the Participant under any other covenant, agreement or obligation of this Agreement, MPPA may bring any suit, action, or proceeding in law or in equity, including mandamus, injunction and action for specific performance, as may

be necessary or appropriate to enforce any covenant, agreement or obligation of this Agreement against the Participant.

Section 15. Default by MPPA.

In the event of any default by MPPA under any covenant, agreement or obligation of this Agreement, the Participant's remedy for such default shall be limited to mandamus, injunction, action for specific performance or any other available equitable remedy as may be necessary or appropriate.

Section 16. Abandonment of Remedy.

In case any proceeding taken on account of any default shall have been discontinued or abandoned for any reason, the parties to such proceedings shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of MPPA and the Participant shall continue as though no such proceedings had been taken.

Section 17. Waiver of Default.

Any waiver at any time by either MPPA or the Participant of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Agreement, shall not be a waiver with respect to any subsequent default, right or matter.

Section 18. Relationship to and Compliance with Other Instruments.

(a) It is recognized by the parties hereto that MPPA must comply with the requirements of the NANR Master Agreement and all licenses, permits and regulatory approvals necessary there for, and it is therefore agreed that this Agreement is made subject to

the terms and provisions of the NANR Master Agreement and all such licenses, permits and regulatory approvals.

(b) MPPA covenants and agrees to use its best efforts for the benefit of the Participant to comply in all material respects with all terms, conditions and covenants of the NANR Master Agreement and all licenses, permits and regulatory approvals relating thereto.

Section 19. Liability of Parties.

MPPA and the Participant shall assume full responsibility and liability for the maintenance and operation of their respective properties and each shall, to the extent authorized by law, indemnify and save harmless the other from all liability and expense on account of any and all damages, claims, or actions, including injury to or death of persons arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party and not caused in whole or in part by the negligence of the other party; provided, that any liability which is incurred by MPPA through the operation and maintenance of the Project or pursuant to the NANR Master Agreement and not covered, or not covered sufficiently, by insurance, shall be paid solely from the revenues of MPPA, and any payments made by MPPA to satisfy such liability shall become part of Monthly Renewable Energy Costs.

Section 20. Assignment of Agreement; Sale of Participant's System.

(a) This Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Agreement; provided, however, that, except as provided in the event of a default and except for the assignment by MPPA authorized hereby in Section 8 or the assignment of its Renewable Energy Share by a Participant pursuant

to paragraph (c) below, neither this Agreement nor any interest herein shall be transferred or assigned by either party hereto except with the consent in writing of the other party hereto, which consent shall not be unreasonably withheld.

(b) The Participant agrees that it will not sell, lease or otherwise dispose of all or substantially all of its electric utility system except upon ninety (90) days' prior written notice to MPPA and, in any event, will not sell, lease or otherwise dispose of the same unless the following conditions are met: At the option and direction of MPPA either (i) the Participant shall transfer its Renewable Energy Share allocable to it to MPPA and MPPA shall pay to such Participant the Participant's allocable share of the Contribution In Aid of Construction for Interconnection Facilities that such Participant initially paid in connection with MPPA's original acquisition of any interconnection facilities related to the Project, or (ii) the Participant shall assign this Agreement and its rights and interest hereunder to the purchaser or lessee of said electric system, and such purchaser or lessee shall assume all obligations of the Participant under this Agreement and MPPA shall have by appropriate action determined that such sale, lease or other disposition will not adversely affect the value of this Agreement.

(c) Unless a Participant is in default hereunder, it may transfer and assign its Renewable Energy Share to another member of the NANR Renewable Energy Project Committee who is also a member in good standing of MPPA; provided such Participant gives sixty (60) days' prior written notice to MPPA of such assignment. Such transferee Participant must enter into a separate NANR Renewable Energy Purchase Agreement with MPPA with the same terms and conditions contained herein and shall provide MPPA with (i) a certified resolution adopted by the transferee Participant's governing board approving the assignment and the form of the NANR Renewable Energy Purchase Agreement and authorizing appropriate officials to execute such agreement, and (ii) the opinion required by Section 7(c) hereof.

Section 21. Termination or Amendment of Contract.

(a) This Agreement shall not be terminated by either party under any circumstances, whether based upon the default of the other party under this Agreement or any other instrument or otherwise except as specifically provided in this Agreement.

(b) This Agreement may be terminated by MPPA by notice to the Participant if the NANR Master Agreement is not executed by MPPA.

(c) No Agreements entered into between MPPA and another Participant may be amended so as to provide terms and conditions different from those herein contained except upon written notice to and written consent or waiver by each of the other Participants, and upon similar amendments being made to the Agreement of any other Participants requesting such amendment after receipt by such Participant of notice of such amendment.

Section 22. Applicable Law; Construction.

This Agreement is made under and shall be governed by the law of the State of Michigan. Headings herein are for convenience only and shall not influence the construction hereof.

Section 23. Severability.

If any section, paragraph, clause or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers respectively, being thereunto duly authorized, as of the day and year first above written.

MICHIGAN PUBLIC POWER AGENCY

By _____

Chairperson

Attest:

By _____

Its _____

Attest:

Michigan Public Power Agency

NANR Renewable Energy Project

Schedule of Participants and Entitlement Shares

<u>Participant</u>	<u>Participant Percentage Entitlement Share</u>	<u>Allocation of Initial Aggregate Capacity Limit (kW)</u>
Bay City	20.33%	1,626
Charlevoix	4.07%	326
Chelsea	2.44%	195
Eaton Rapids	2.03%	162
Grand Haven	16.26%	1,301
Harbor Springs	4.07%	326
Hart	2.03%	162
Holland	16.26%	1,301
Lowell	5.69%	455
Petoskey	8.13%	650
Portland	1.22%	98
St. Louis	1.22%	98
Traverse City	8.13%	650
Wyandotte	<u>8.13%</u>	<u>650</u>
Total	100.00%	8,000

**RENEWABLE ENERGY POWER PURCHASE AGREEMENT
BETWEEN
THE MICHIGAN PUBLIC POWER AGENCY
AND
NORTH AMERICAN NATURAL RESOURCES, INC.**

(Landfill Gas)

This Renewable Energy Power Purchase Agreement ("Agreement") is made and entered into with an effective date of the ____ day of _____, 2011 between the **Michigan Public Power Agency**, a body corporate and politic of the State of Michigan, created pursuant to 1976 PA 448, as amended, whose address is 809 Centennial Way, Lansing, Michigan 48917-9277 herein termed "MPPA", and **North American Natural Resources, Inc.** a Michigan corporation, whose address is 4121 Okemos Road, Suite 17, Okemos, Michigan 48864, herein termed "NANR". Both the MPPA and NANR may hereafter be referred to as a "party" and may be referred to collectively as the "parties".

RECITALS:

WHEREAS, MPPA is in the business of buying and generating electric power at wholesale and selling electric power to its members; and

WHEREAS, NANR develops, constructs, owns, and operates electric generating plants which are fueled by landfill gas; and

WHEREAS, MPPA desires to purchase incremental amount of renewable energy generated from landfill gas from NANR's existing facilities and from additional facilities NANR may develop in the future up to a predetermined level; and

WHEREAS, NANR wishes to sell to MPPA Renewable Energy and capacity, including all renewable attributes, from NANR's existing facilities and from additional facilities NANR may develop in the future up to a predetermined level.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. DEFINITIONS.

CARBON CREDIT – An environmental credit created by landfill gas capture. A carbon credit represents one metric ton reduction of CO₂ emissions.

RENEWABLE ENERGY CREDIT (“REC”) – A credit granted pursuant to Section 41 of Michigan Public Act 295 (PA 295) that represents generated renewable energy.

RENEWABLE ENERGY FACILITY (“PLANT”) – The Plant(s) used to convert landfill gas into electricity owned and operated by NANR as shown in Attachment A.

RENEWABLE ENERGY – Electric energy produced using landfill gas as a source of energy which qualifies as renewable energy as defined under PA 295 of Michigan Statutes.

2. PURCHASE AND SALE.

A. Renewable Energy and Capacity Sale. MPPA shall purchase Renewable Energy and capacity from NANR, and NANR shall sell to MPPA all Renewable Energy and capacity produced up to 8.0 MW (i) from future landfill gas generation additions at NANR's existing Plant(s) which have not been previously committed to third parties as of the date of this Agreement, and (ii) from additional landfill gas Plant(s) NANR may own and operate in Consumers Energy Company's or The Detroit Edison Company's service territories in the future. The capacity will be phased in over several years, as landfill gas becomes available to NANR. **Attachment A** shows estimated generation levels and approximate timetable for reaching commercial operation for the 8.0 MW. As such, NANR's commitment to MPPA is to deliver the next 8.0 MW of generation capacity that NANR constructs in Consumers Energy Company's or The Detroit Edison Company's

service territories that is not otherwise committed to third parties as of the date of this Agreement, until the 8.0 MW capacity level is reached. NANR will provide written notice to MPPA six (6) months in advance of any increment of generation capacity shown on Attachment A coming on line to allow the parties to coordinate sale, delivery, invoicing, and other necessary planning. If NANR does not have at least 2000 kW of the generating capacity shown under the column labeled "DEVELOPMENT" on Attachment A installed and operating by December 31, 2013 at 5 pm EST, MPPA may elect to reduce the projected capacity amount under the "DEVELOPMENT" column for yet to be installed Plant(s), to less than 4000 kW.

B. Renewable Energy Credit Sale. NANR shall transfer, deliver, and assign to the MPPA on a monthly basis all RECs associated with this purchase using a process that meets the requirements of PA 295 and the MPSC regulations developed to administer compliance with PA 295 during the term of this Agreement.

C. Carbon Credits. Carbon Credits, if any, that arise from the operation of the Plant(s) shall be divided between MPPA and NANR on a 75%/25% basis respectively.

D. Station Power. NANR shall have the right to consume electric energy generated by the Plant for the internal power supply needs at the site. NANR shall not sell renewable electric energy from the Plant(s) that is committed to the MPPA to any third party.

D. Independent System Operator. From time to time, the Independent System Operator ("ISO") may have requirements to be met by the owner of the Plant(s):

- i. Annual Plant Capacity Testing. If required, NANR shall be responsible for performing any periodic capacity testing, including all cost to conduct such tests, as required by the ISO.
- ii. Declaration of Authority. As required, NANR shall execute the ISO's Declaration of Authority form showing a unit ownership change as

directed by the MPPA for the purpose of assigning capacity and energy to MPPA or its assignee.

iii. Registration Costs for RECs. NANR shall be responsible for payment of the initial and annual registration fee for each of the Plant(s) generation facilities. MPPA shall be responsible for all cost associated with the transfer of RECs as required by PA 295.

3. CHARACTER OF ENERGY.

All electric energy to be furnished by NANR to MPPA shall be alternating current, three phases, 60 Hertz, at the high voltage side of the interconnection.

4. POINT OF DELIVERY.

The Point of Delivery shall be at the high voltage side of the interconnection at NANR's three phase switch where NANR's facilities connect to the local utility or ISO. Title to and control and possession of the electric energy sold hereunder shall pass from NANR to MPPA at the Point of Delivery.

5. FACILITIES.

Each party shall bear all the cost for the construction, maintenance, testing, and operation of their own facilities.

A. MPPA's Facilities. NANR shall cooperate with the MPPA to execute the necessary documents and assignments as required to allow the MPPA to sell and transfer the renewable energy and capacity rights of the MPPA in the electric generation market.

B. NANR's Facilities. NANR's Facilities shall include equipment to deliver Renewable Energy and capacity to the local utility, including but not limited to:

1. Caterpillar 3500 Series gensets, switchgear, radiators and mufflers;
2. Building to house generating equipment;
3. Interconnection substation and line; and
4. House power transformer; and,

All interconnection and relay equipment to meet the interconnected utilities standards and requirements at all times.

C. Laws and Regulations. At all times during the term hereof, each party's facilities shall be designed, constructed, and operated in compliance with all applicable laws, regulations, and permits.

6. METERING.

MPPA shall cause the Renewable Energy and capacity to be metered by the local utility by a billing meter that is designed, furnished, and installed by NANR at its expense, and maintained by MPPA at its expense. The meters, which are a part of said billing meter installation, shall be tested by the local utility at its usual and customary interval for meter tests, but in no case, less than one time per calendar year. If any test discloses the inaccuracy of said meters to the extent of more than 2% fast or slow, then any previous recordings used in computation of payments shall be adjusted to reflect the corrected measurements. If no reliable information exists as to the period of time over which the meter was inaccurate by more than 2%, the parties agree to assume for correction purposes that the inaccuracy was for a period of six months. In any event, corrections to the meter data will be limited to the timeframe under which meter data corrections affect revenue payments from the local utility or ISO.

7. MAINTENANCE AND OPERATION OF FACILITIES.

NANR shall be responsible for the construction, operation, maintenance, and repair of the Plant. NANR shall furnish and maintain, at its expense, all facilities for the delivery of Renewable Energy and capacity to the Point of Delivery.

Neither party shall have any obligation to inspect the other party's facilities, or any responsibility with respect to the installation, repair, maintenance, replacement, relocation, removal, or operation of the other party's facilities. Either party may inspect the other party's facilities as long as reasonable written notice has been given.

NANR shall provide the MPPA an annual schedule of planned maintenance at the Plant including the expected duration and impact on the delivered capacity and energy output of each event. The annual schedule shall be updated quarterly and such update shall be provided to the MPPA. No planned maintenance that will result in a reduction of the Plant's capacity output will be scheduled during the months of June, July, or August without the prior written permission of MPPA.

8. CONTRACT PRICE.

A. Contract Price. The Contract Price in this Section applies to all Energy, RECs, and capacity sold under Section 2. MPPA agrees to pay NANR on a monthly basis seventy nine dollars and ninety five cents (\$79.95) per MWh for all Renewable Energy, RECs, and capacity delivered to MPPA pursuant to Section 2 of this Agreement for the year 2011.

B. Adjustment Factor. From 2012 through 2014, the Contact Price of \$79.95 per MWh shall be increased by the Adjustment Factor of 2.5% per year. For 2015 and thereafter, the Adjustment Factor shall be re-determined each year by averaging the annual interest rate on the ten (10) year United States Treasury Notes auctioned during

the three years previous to the year that the Adjustment Factor is to be applied, then multiplying that average interest rate by forty-eight (48%) percent to obtain the new Adjustment Factor.

The interest rate data for making the computation to change the Adjustment Factor shall be that published by the Federal Reserve at their web page, <http://federalreserve.gov/Releases/H15/data.htm>. Under the Federal Reserve's H15 web page, entitled "Selected Interest Rates"- "Historical Data", follow the left side of the chart down under the heading "Instruments" to "U.S. government securities", then to "10-year" under subtitle "Treasury constant maturities". Next, move across the chart to the right to "annual" and open that section to obtain the annual interest rate data to be used to calculate the new Adjustment Factor. In the event the interest rate data for the making of the computation adjustment pursuant to this paragraph shall be changed or deleted, the parties shall negotiate in good faith and select an index or other interest rate data to reflect the intent of the parties. In the event the parties fail to agree, the dispute or interpretation shall be subject to dispute resolution pursuant to paragraph 24.

C. Interconnection Costs. For new interconnection facilities related to any Plant(s) constructed after the effective date of this Agreement to fulfill the delivery obligation of this Agreement, MPPA shall pay fifty (50%) percent of all interconnection costs; but, MPPA's obligations shall not exceed \$187,000 for any one interconnection constructed.

9. REPRESENTATIONS AND WARRANTIES.

A. Dedication of Plant and Gas. During the term of this Agreement, NANR dedicates, assigns, and commits to deliver the next 8.0 MW of capacity NANR may

develop in the state of Michigan, including Renewable Energy, capacity, and RECs exclusively to MPPA.

B. NANR. NANR represents and warrants to MPPA that the electric energy produced pursuant to this Agreement shall be Renewable Energy generated by landfill gas. Each month, as part of the documentation assigning the RECs to MPPA, NANR shall register the RECs in the MIRECS System warranting that the energy produced under this Agreement, initially up to 8.0 MW, is Renewable Energy.

In the event that any of the energy delivered by NANR to MPPA pursuant to Section 2 does not meet the State of Michigan's Renewable Portfolio Standard in effect at the time, then either party shall have the right to cancel this Agreement, without penalty or cost. In the event neither party elects to terminate this Agreement, then the Contract Price shall be 95% of MPPA's annual power purchase costs (other than NANR) for the previous 12 months. MPPA shall be responsible for all cost associated with the transfer of RECs as required by PA 295.

NANR hereby agrees, warrants, and represents to MPPA that, as of the date of execution of this Agreement, NANR is a Michigan corporation duly organized, validly existing and in good standing under the laws of the State of Michigan. The execution, delivery, and performance by NANR of this Agreement are within the corporate powers of NANR, have been duly authorized by all necessary company action, and do not violate any law, rule or regulation, or the terms of the articles of organization or bylaws of NANR, and NANR represents and warrants that the person signing this Agreement has full authority to execute this Agreement on behalf of NANR. NANR represents and warrants to MPPA that (i) it has obtained any required consents to enter into this Agreement, (ii) it shall undertake and perform its respective obligations hereunder, (iii) entering into this Agreement will not conflict or result in a breach of any other agreement to which NANR is subject, or to which it is a party. NANR represents that it

will immediately file with the MPPA a Resolution of NANR certifying the approval of this Agreement.

C. MPPA. MPPA hereby agrees, warrants, and represents to NANR that, as of the date of execution of this Agreement, MPPA is a body corporate and politic of the State of Michigan, created pursuant to 1976 PA 448, as amended. The execution, delivery, and performance by MPPA of this Agreement are within the powers of MPPA, have been duly authorized by all necessary board action, and do not violate any law, rule or regulation of the MPPA, and the MPPA represents and warrants that the persons signing this Agreement have full authority to execute this Agreement on behalf of MPPA. MPPA further represents and warrants that its execution and performance of this Agreement conforms to all rules, regulations, policies and procedures of the MPPA. MPPA represents and warrants to NANR that (i) it has obtained any required consents to enter into this Agreement, (ii) it shall undertake and perform its respective obligations hereunder, (iii) entering into this Agreement will not conflict or result in a breach of any other agreement to which MPPA is subject, or to which it is a party.

10. COMPLIANCE WITH LAW.

NANR represents and warrants that the Plant will be operated in compliance with all local ordinances, and State and Federal statutes, rules, and regulations.

11. LIABILITY.

A. Force Majeure. Neither party shall be liable to the other for damages to the extent such party's performance is prevented in whole, or in part, by any act, omission, or circumstance occasioned by or in consequence of any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment (unless due to the negligence of the party

seeking to be relieved of liability), or by any other cause or causes beyond such party's control, including any curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities or by the making of necessary repairs upon the property or equipment of either party hereto ("Force Majeure events). In the event of Force Majeure, then the affected party shall be excused from performance hereunder during the period of such disability, provided that the party claiming Force Majeure promptly notifies the other of the existence of the Force Majeure event, and undertakes reasonable and practical measures to mitigate the delay, or effects thereof, occasioned by the Force Majeure event. The party claiming Force Majeure shall promptly notify the other party when the Force Majeure has terminated.

B. Limitation. Except in the case of a violation of Subsection 11C (below) of this Agreement, neither party shall, in any event, be liable to the other party for any consequential, incidental, indirect, special, exemplary, or punitive damages, whether arising in tort, contract, or otherwise.

C. Delivery to Third Parties. Subject to the phase in of capacity, NANR shall make no arrangement nor take any action to intentionally reduce the amount of generating capacity delivered below 8.0 MW, exclusive of scheduled outages, scheduled unforeseen outages, forced outages, and derates of equipment, available to MPPA under this Agreement. NANR shall not sell landfill gas to any third party so as to not meet the generation requirements of this Agreement.

12. GENERATION SCHEDULE.

As may be required from time to time by MPPA, NANR shall provide a generation schedule of its expected output from the Plant at intervals requested by MPPA. The form and data require on the schedule shall be agreed upon between the parties.

13. BILLING.

A. Due Dates. Within 21 days after the first day of each month, MPPA shall obtain from the local utility or ISO and deliver to NANR a statement of meter readings showing the beginning and ending meter reading for the billing month along with payment for the energy, capacity, and RECs. MPPA may pay by way of wire transfer to NANR's account using the routing information shown on **Attachment B, Wiring Instructions.** Every effort will be made to use actual meter readings. If an estimate of the meter readings is required to be used, the monthly meter readings will be "trued-up" with the reading of the meter the following month, without penalty or interest charge to MPPA.

B. Interest Charges. Interest charges on any undisputed past due amounts shall commence starting on the first day of the month following the due date of MPPA's payment and shall bear interest at the prime rate, as posted on the Wall Street Journal web site (<http://online.wsj.com/public/us>) on the date of the invoice, plus one-half (1/2%) percent.

C. Audit. Each party has the right, at its sole expense and during normal business hours, to examine the records of the other party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a party shall provide to the other party statements evidencing the quantity delivered at the Point of Delivery. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate shown in Subsection 13 B from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made

prior to the lapse of eighteen (18) months from the rendition thereof, and thereafter any objection shall be deemed waived.

14. DEFAULT AND TERMINATION.

A failure of a party to comply with a term or condition of this Agreement is a default. Either party may notify the other in writing, giving a reasonably detailed description of a default by the other party. The party providing notice may declare this Agreement terminated and shall be relieved from further performance of any obligations hereunder, if the other party fails to cure, or commence the cure of, any default within a sixty (60) day period immediately following receipt of notice of default and, after that period passes, fails to diligently pursue the cure to completion after receipt of the notice of default. In the event that a default is not cured within such time period, a party may commence legal action against the other party to enforce the terms and conditions of this contract, subject to the provisions of Section 24 of this agreement, or may seek to have this contract terminated.

15. TERM.

This Agreement shall take effect on the date first written above and shall remain in full force and effect for an initial term ending on December 31, 2031 ("Initial Term"). This Agreement shall continue after the Initial Term from year to year thereafter until terminated by either party. A party may terminate this Agreement at the end of the Initial Term or at the end of a successive year after the Initial Term if it shall give at least one hundred and eighty (180) day written notice to the other party of its desire to terminate this Agreement at the expiration of the Initial Term, or at the expiration of any successive year thereafter.

16. INSURANCE.

At all times during the term of this Agreement, NANR shall maintain the following insurance coverage with an insurance company reasonably acceptable to MPPA:

Worker's Compensation Insurance, covering liability under applicable Worker's Compensation law, at the statutory coverage levels, including employer's liability insurance in an amount of not less than \$100,000 for each accident; and

Comprehensive general liability and property damage insurance in a combined single limit of not less than \$5,000,000 for death or injury to any person(s) or for property damage as a result of or in connection with NANR's operation of its facilities required for the performance of its obligations hereunder.

NANR shall name the MPPA, its officers, agents, and employees as additional insured parties and shall provide for thirty (30) days written notice to MPPA in advance of any termination or material change in coverage. On a yearly basis, NANR shall provide MPPA with certificate of insurance evidencing such coverage.

17. INDEMNIFICATION.

Each party shall, to the extent permitted by law, defend, indemnify and hold the other party, its directors, officers, partners, shareholders, employees, agents, representatives, co-ventures, tenants, contractors, or servants, harmless from and against any and all claims, penalties, demands, actions, proceedings, liability or losses of whatsoever nature, including reasonable attorneys' fees, for injury or death to person(s) or for damage or loss to or of property to the extent arising out of or caused by: (i) a breach of this Agreement by the indemnifying party; or (ii) the indemnifying party's intentional misconduct or negligence, provided that any liability that may be incurred by MPPA under this section, and not covered sufficiently by insurance, shall be paid solely from the revenues of MPPA received from NANR Project Participants. In no

event shall either party be liable to the other for loss of anticipated profits or consequential, special, or punitive damages.

18. GOVERNING LAW.

This Agreement shall be deemed to be a Michigan contract and shall be construed in accordance with, and governed by, the laws of the State of Michigan.

19. NOTICES.

All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered in person to a party or if mailed, by certified mail, return receipt requested, to NANR, at NANR's address, given in this Agreement, or to MPPA, at MPPA's address given in this Agreement, or to any other address that a party shall designate for itself in writing. Notice to the MPPA shall be delivered or sent to its General Manager.

20. WAIVER.

The waiver by any party of any breach or breaches of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach of any provision of this Agreement.

21. HEADINGS.

The paragraph headings used in this Agreement are included solely for convenience.

22. CONSTRUCTION OF AGREEMENT.

Each party and its respective legal counsel have reviewed and revised this Agreement and have had equal opportunity for input into this Agreement. Neither party nor their respective legal counsel shall be construed to be the drafter or primary drafter of this Agreement. In the event of any dispute regarding the construction of this Agreement or any of its provisions, ambiguities, or questions of interpretation shall not be construed more in favor of one party than the other; rather, questions of interpretation shall be construed equally as to each party.

23. AMENDMENT.

This Agreement shall not be amended, altered, or terminated except by a writing executed by each party.

24. DISPUTES.

If a dispute arises concerning this agreement, NANR and MPPA will try in good faith to settle it through mediation conducted by a mediator to be mutually selected by the parties. NANR and MPPA will share the cost of the mediator equally. NANR and MPPA will cooperate fully with the mediator and will attempt to reach a mutually satisfactory resolution of the dispute. If the matter cannot be mediated to the satisfaction of both parties, or if a party refuses to participate in mediation proceedings, then the matter shall be heard in a court in Lansing, Michigan, as the forum of exclusive jurisdiction.

25. ATTORNEYS FEES AND COSTS IF DEFAULT.

In the event of a default by a party, then the prevailing party shall be entitled to be reimbursed for its costs, interests, and reasonable attorney fees.

26. COOPERATION AND EXECUTION OF DOCUMENTS.

MPPA and NANR mutually agree that each shall take all steps reasonably necessary to facilitate the terms in this Agreement and to execute any other documents reasonably necessary to carry out and put into effect the terms of this Agreement.

27. ASSIGNMENT.

This Agreement shall not be assigned, transferred, or otherwise alienated without the other party's written consent, which consent shall not be unreasonably withheld.

28. SUCCESSORS AND ASSIGNS.

This Agreement shall inure to the benefit of and be binding upon the parties and upon any successors and assigns of the respective parties hereto.

29. SEVERABILITY.

If a court or court appointed arbitrator determines that a provision in this agreement is invalid or not enforceable, that determination will affect only that provision. The provision will be modified only to the extent needed to make it valid and enforceable. The rest of the agreement will be unaffected

30. ENTIRE AGREEMENT.

This Agreement sets forth the entire understanding of the parties; further, this Agreement shall supersede and/or replace any oral or written agreement(s) relating to this subject matter entered into by the parties before the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MICHIGAN PUBLIC POWER AGENCY

By: _____
Name: David Walters
Title: General Manager

Witnessed By: _____
Name: _____
Title: _____
Date: _____

NORTH AMERICAN NATURAL RESOURCES, INC.

By: _____
Name: Robert C. Evans
Title: President
Date:

Witnessed By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT A
Schedule of Approximate Delivery

	PEOPLES	VENICE PARK	DEVELOPMENT
2010		1600kW-sold	
2011			
2012	800kW	800kW	3200 kW
2013		800kW	
2014	800kW		800kW
2015		800kW	
TOTALS:			
	1600kW	2400kW	4000 kW
		8.0MW	

ATTACHMENT B

WIRING INSTRUCTIONS

Wiring Instructions to NANR Natural Resources, Inc.:

Bank: Bank of America
2600 West Big Beaver Road
Troy, MI 48084

Routing Number: 072000805

Account Number: 1935546281