

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, August 8, 2017

At

5:15 p.m.

In The

COMMISSION CHAMBERS

(2nd floor, Governmental Center)

400 Boardman Avenue

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

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

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

Posting Date: August 4, 2017
3:00 p.m.

AGENDA

Pledge of Allegiance

1. Roll Call

2. Consent Calendar

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

- a. Consideration of approving minutes of the Regular Meeting of July 11, 2017. (Approval recommended) (p.4)
- b. Consideration of release of easement at 1463 Randolph St. (Approval recommended) (Watson) (p.7)
- c. Consideration of appointing Karla Myers-Beman as Officer Delegate and Kelli Schroeder as Officer Alternate Delegate to cast official votes on behalf of TCL&P at the Annual Meeting of the Municipal Employees Retirement Systems. (Approval recommended) (Myers-Beman) (p.11)
- d. Consideration of approving the amended Alcohol and Drug Testing Policy. (Approval recommended) (Schroeder) (p.13)
- e. Consideration of rescinding the Administrative Compensation Policy and Controlled Substance and Alcohol Abuse Policy. (Approval recommended) (Schroeder) (p.29)
- f. Consideration of approving an updated Organization Chart replacing the Senior Field Technician position with Energy Technician position and corresponding job description. (Approval recommended) (Schroeder) (p.31)
- g. Consideration of authorizing the renewal of the AT&T Agreement for the DS 1 line to the Kalkaska Combustion Turbine. (Menhart) (p.38)

Items Removed From Consent Calendar

3. Unfinished Business

None.

4. New Business

- a. Consideration of approval of Cherry Capital Airport Project Authorization Request and authorizing staff to seek competitive bids. (Arends) (p.47)

- b. Consideration of the Park Place Overhead to Underground Project Authorization Request and authorizing staff to seek competitive bids. (Arends) (p.54)
- c. Consideration of approving Grand Traverse Brownfield Redevelopment Authority Development and Reimbursement Agreement for costs relating to the Park Place Overhead to Underground Conversion Project. (Arends) (p.57)
- d. Public Hearing regarding:
 - Solar Governmental Renewable Power Cost Recovery Rate. (Arends) (p.87)
- e. Consideration of approving a reimbursement agreement with Heritage Sustainable Energy, LLC for the cost of the M-72 Solar Distribution System Upgrade Project. (Arends) (p.90)
- f. Consideration of authorizing professional engineering, contract and construction management services with GRP Engineering, Inc. for the M-72 Solar Distribution System Upgrade Project. (Arends) (p.97)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 - 1. Update on ACT Benefit Provisions. (Arends) (p.101)
 - 2. Strategic Plan Update. (Arends) (p.102)
- c. From Board.

7. Public Comment

- a. Reserved
 - 1. Ralph Cerny, 707 Monroe Street, Traverse City, requesting TCL&P enter into negotiations with Consumers Energy regarding the burial of transmission lines along Bay Street. (p.)
- b. General.

/js

**TRAVERSE CITY
LIGHT AND POWER BOARD**

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

Board Members -

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

Absent:

Ex Officio Member -

Present: Marty Colburn, City Manager

Others: Tim Arends, W. Peter Doren, Scott Menhart, Karla Myers-Beman, Kelli Schroeder, Tony Chartrand, Gabe Talaga, Jennifer St. Amour,

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

Item 2 on the Agenda being Consent Calendar

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

- a. Minutes of the Regular Meeting of June 13, 2017.
- b. Receive and file minutes of the FTTP Ad Hoc Committee meeting of June 21, 2017.
- c. Declaring capital asset items surplus.
- d. Construction Agreement with Newkirk Electric Associates, Inc. in the amount of \$146,150.00 for the Critical and Large Customer Improvements #1 Project.
- e. Purchase order to CDW-G in the amount of \$211,584.00 for Data Center Upgrade Project.
- f. Approval of a second amended restated Operation/Maintenance Agreement with Wolverine Power Supply Cooperative, Inc. for Gray Substation.

CARRIED unanimously.

Items Removed from the Consent Calendar

- a. None.

Item 3 on the Agenda being Unfinished Business

- a. Consideration of an amended M-72 Power Purchase Agreement for Renewable Energy.

(The Board Chairman, Jan Geht, recused himself from discussion or voting on this issue.)

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Werner, seconded by Taylor, that the Light & Power Board authorizes the Vice-chairman and Secretary to sign the amended and restated power purchase agreement, after the approval as to substance by the Executive Director, and as to form by General Counsel, and after the City's voluntary subscription to the tariff rate referred to as the "Solar Renewable Power Cost Recovery Rate" before September 15, 2017.

Roll Call:

Yes – Hammersley, Shamroe, Taylor, Werner

No – McGuire, Palisin

CARRIED.

Item 4 on the Agenda being New Business

- a. Consideration of authorizing a procurement agreement with Delta Star in the amount of \$ 1,251,768.00 for replacement of Barlow Substation Transformers.

The following individuals addressed the Board:

Tony Chartrand, System Engineer

Tim Arends, Executive Director

Moved by McGuire, seconded by Hammersley, that the Board authorizes the Executive Director to execute a procurement agreement with Delta Star in the amount of \$1,251,768.00 for two 12/16/20 MVA power transformers to be installed at the Barlow Substation for the 69/13.8KV Barlow #1 and #2 Transformer Upgrade Project.

CARRIED unanimously.

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
1. Presentation on March 31, 2017 financial statements.

The following individuals addressed the Board.

Karla Myers-Beman, Controller

Scott Menhart, Manager of Telecom & Technology

2. Report on On-Bill Financing.

The following individuals addressed the Board.

Karla Myers-Beman, Controller
Tim Arends, Executive Director

3. Discussion of Strategic Planning.

The following individuals addressed the Board.

Tim Arends, Executive Director

4. Emergency Purchase (Gray Road Transmission Substation) –Report to Board.

The following individuals addressed the Board.

Karla Myers-Beman, Controller

c. From Board

Marty Colburn reported that July 21st, 2017 the City of Holland will be here working with the City of Traverse City on a Mayor Exchange. Mr. Colburn extended an invitation to Mr. Arends and staff to participate.

Item 7 on the Agenda being Public Comment

a. General

No one from the public commented.

There being no objection, Chairman Geht declared the meeting adjourned at 6:25 p.m.

Tim Arends, Secretary
LIGHT AND POWER BOARD



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Mark Watson, Field Supervisor
Date: 6/29/2017
Subject: 1463 Randolph St. Release of Easement

Matthew Stachnik of 1463 Randolph St. has requested Traverse City Light and Power release the utility easement on his property. Traverse City Light and Power has recently relocated the underground electric lines along the South side of Randolph St. from the existing easement area to the road right-of-way due to accessibility issues and no longer has use for this real property and can declare it surplus.

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

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,
THAT THE BOARD APPROVE AUTHORIZES THE EXECUTIVE DIRECTOR TO DECLARE
THE EASEMENT AREA AT 1463 RANDOLPH ST AS SURPLUS AND AUTHORIZES ITS
RELEASE.

Release of Easement

The Traverse City Light & Power Department, a Michigan municipal electric utility, whose address is 1131 Hastings, Traverse City, MI 49686, hereby releases an Easement for Electric Facilities, dated April 1, 1987, and recorded at Liber 705, Pages 201-202, Grand Traverse County Register of Deeds. Consideration for this Release is One Dollar receipt of which is hereby acknowledged.

This Easement had burdened the following described lands in the Township of Garfield, County of Grand Traverse, State of Michigan described as:

A part of Lot 14 of the Supervisor's Plat of the North ½ the Southwest ¼ of Section 4, Town 27 North, Range 11 West, Garfield Township, Grand Traverse County, Michigan as recorded in Liber 3 of Plats on Page 95, more fully described as: Commencing at the West quarter corner of said Section 4; thence along the East and West quarter line, North 83 degrees - 48' East 1411.71 feet; thence South 0 degrees - 26' - 30" East 33.17 feet to Point of Beginning; thence along the Southerly line of Randolph Street, North 83 degrees - 43' - 0" East, 231.85 feet; thence South 0 degrees - 27' - 50" West, 239.10 feet; thence South 85 degrees - 52' - 30" West, 227.30 feet; thence along the Westerly line of said Lot 14, North 0 degrees - 26' - 30" West, 230.08 feet to the Point of Beginning.

Signed on the ____ day of _____, 2017.

TRAVERSE CITY LIGHT & POWER DEPT.

By: Timothy Arends
Executive Director

State of Michigan)
County of Grand Traverse) SS.

This foregoing instrument was acknowledged before me _____ day of _____, 2017.

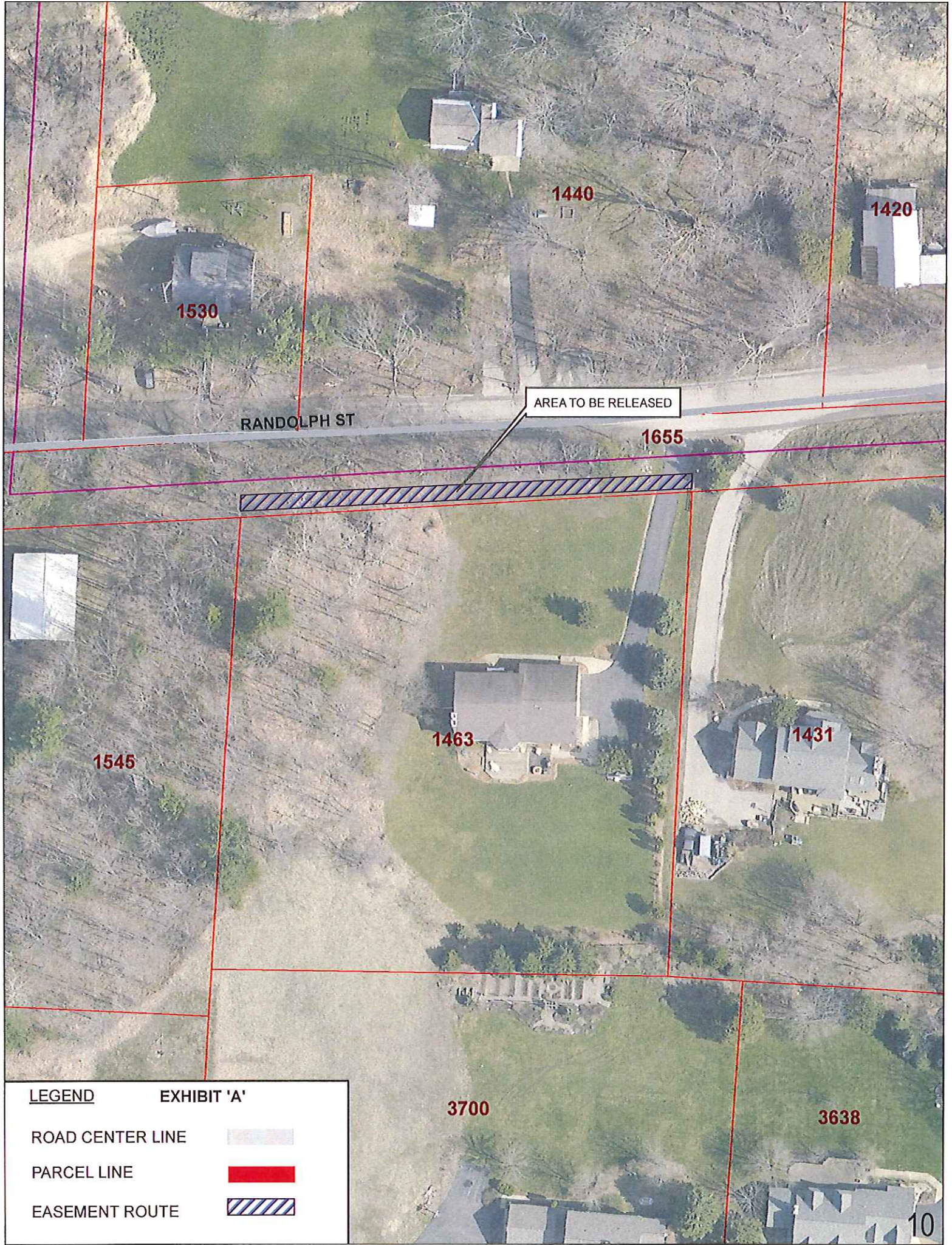
Notary Public _____

_____ County, _____

Acting in _____ County

My commission expires: _____

Prepared by W. Peter Doren
Sondee, Racine & Doren, PLC
310 West Front Street, Ste. 300
Traverse City, MI 49684



RANDOLPH ST

AREA TO BE RELEASED

1530

1440

1420

1655

1545

1463

1431

3700

3638

LEGEND	
ROAD CENTER LINE	
PARCEL LINE	
EASEMENT ROUTE	

EXHIBIT 'A'



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Kelli Schroeder, Manager of HR & Communications
CC: Tim Arends, Executive Director
Date: July 24, 2017
Subject: MERS Annual Meeting - Delegates

The Municipal Employees Retirement System (MERS) holds their Annual Meeting each year in the fall. Their 2017 meeting is set for September 21 - September 22, 2017 at the Detroit Marriott, Renaissance Center, Detroit, Michigan.

The MERS Plan Document provides that our Employees' Delegate and Alternate Delegate shall be selected by secret ballot of the employees who are members of the Retirement System. This year James Steele was elected as Employee Delegate.

The Employer appoints an Officer Delegate and Officer Alternate Delegate to attend this meeting. Please appoint Karla Myers-Beman, Controller, as Officer Delegate, and Kelli Schroeder, Manager of HR & Communications, as Alternate Delegate.

Attached please find the MERS 2017 Annual Meeting Delegate and Alternate Certification form appointing the Officer Delegate and Alternate. This form also indicates the Employees' selection for Delegate.

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

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion. If after Board discussion you agree with staff's recommendation, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT KARLA MYERS-BEMAN, CONTROLLER, AND KELLI SCHROEDER, MANAGER OF HR & COMMUNICATIONS, BE APPOINTED OFFICER DELEGATE AND OFFICER ALTERNATE DELEGATE RESPECTIVELY, FOR THE 2017 ANNUAL MEETING OF THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM; AND FURTHER THAT THE EXECUTIVE DIRECTOR BE AUTHORIZED TO EXECUTE THE CERTIFICATION OF DELEGATES.



Municipal Employees' Retirement System of Michigan
 1134 Municipal Way • Lansing, MI 48917
 800.767.MERS (6377) • Fax: 517.703.9707
 www.mersofmich.com

2017 Officer and Employee Delegate Certification Form

MERS 71st Annual Conference | September 21-22, 2017 | Detroit Marriott at the Renaissance Center

Please print clearly • Retain a copy for your records

IMPORTANT: A voting delegate registered to attend the MERS Annual Conference is **NOT** confirmed to have voting rights until this form has been received by MERS.

The voting delegate representative must be a MERS member, defined as an **active employee on payroll** who is enrolled in either a MERS Defined Benefit Plan, Defined Contribution Plan or Hybrid Plan.

If you are NOT attending MERS Annual Conference, you do not need to submit this form.

1. Officer (and alternate) delegate information

The officer delegate (or alternate) shall be a MERS member who holds a department head position or above, exercises management responsibilities, and is directly responsible to the legislative, executive, or judicial branch of government.

Officer Delegate name

Karla Myers-Beeman, Controller

Officer Alternate name

Kelli Schroeder, Manager of HR & Communications

Officer delegate and alternate listed above were appointed to serve at the 2017 MERS Annual Conference by official action of the governing body (or chief judge for a participating court) on August 8, 2017.

2. Employee (and alternate) delegate information

The employee delegate (or alternate) shall be an employee member who is not responsible for management decisions, receives direction from management and, in general, is not directly responsible to the legislative, executive, or judicial branch of government.

Employee Delegate name

James Steele

Employee Alternate name

Dan Hess

Employee delegate and alternate listed above were elected to serve at the 2017 MERS Annual Conference by secret ballot election conducted by an authorized officer on July 14, 2017.

3. Certification

NOTE: Certification should be signed by a member of the governing body or chief administrative officer, or the chief judge for a participating court.

I certify that the officer delegate and alternate selections are true and correct, and the secret ballot election results for the employee delegate and alternate are true and correct.

Employer/municipality name*

Traverse City Light & Power

Municipality number*

2811

Email address

jstamour@tclp.org

Employer address

1131 Hastings St.

Employer city

Traverse City

Employer state

MI

Employer zip code

49686

Signature of authorized authority*

Printed name

Tim Arends

Title of authorized authority*

Executive Director

Date

* Required field

TIP: Scan and upload this completed form to your computer. Then attach it to your registration when you register online to attend the conference.
www.mersofmich.com



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Kelli Schroeder, Manager of HR & Communications 
CC: Tim Arends, Executive Director
Date: July 27, 2017
Subject: Policy Updates

Staff continues to review our existing policies for needed updates and is recommending the following:

- Included in your packet for review is a revised Alcohol and Drug Testing Policy. Many changes have occurred with Federal and State laws since 1993, especially pertaining to those sections specific to our employees with a Commercial Driver's License (CDL). Staff utilized the assistance of East Bay Medical, along with a brief review from John Racine to ensure we captured the necessary updates.

Additionally, Section 34 of the Collective Bargaining Agreement specifically references the above policy. During negotiations, we made a change to this language that would allow updates to occur as needed without requiring a Letter of Understanding. The union was provided an opportunity to review the changes.

- Rescind the Controlled Substance and Alcohol Abuse Policy. No need for duplication.
- Rescind the Administrative Compensation Policy. This policy is 35 years old with most of the language already included in the City Charter, or no longer an applicable practice.

These items are appearing on the Consent Calendar as they are deemed by staff to be non-controversial items. Approval of the items on the Consent Calendar means you agree with staff's recommendation.

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

(RECOMMENDED MOTIONS ON NEXT PAGE)

FOR THE LIGHT & POWER BOARD MEETING OF AUGUST 8, 2017

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

1. ALCOHOL AND DRUG TESTING POLICY:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD ADOPTS THE AMENDED ALCOHOL AND DRUG TESTING POLICY AS PRESENTED WITH AN IMMEDIATE EFFECTIVE DATE.

2. CONTROLLED SUBSTANCE AND ALCOHOL ABUSE POLICY:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD RESCINDS THE CONTROLLED SUBSTANCE AND ALCOHOL ABUSE POLICY EFFECTIVE IMMEDIATELY.

2. ADMINISTRATIVE COMPENSATION POLICY:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD RESCINDS THE ADMINISTRATIVE COMPENSATION POLICY EFFECTIVE IMMEDIATELY.

Light and Power Department
City of Traverse City, MI
Approved: April 21, 1993
Amended:

ALCOHOL AND DRUG TESTING POLICY

This Policy is applicable to the Traverse City Light and Power Department (TCL&P) and covers all management and bargaining unit employees.

I. PURPOSE:

- a. Traverse City Light & Power's (TCL&P) Alcohol and Drug Testing Policy is established to comply with the Federal Drug-Free Workplace Act of 1988, Americans with Disabilities Act, and the United States Department of Transportation (DOT) regulations, specifically 49 C.F.R. Parts 40, and 382. This policy is not intended to supersede any collective bargaining agreement except where Federal and State law takes precedence. Federal regulations regarding medical marijuana takes precedence over the state of Michigan's marijuana rules. Federal laws and policy do not recognize any legitimate medical use of marijuana. Even if medical marijuana is legally used in a state, the DOT regulations treat its use the same as the use of any other illicit drugs. In the absence of any Federal or State law, collective bargaining agreement or other legal requirement, this policy applies to all covered employees.
- b. The Employer and the Union acknowledge that substance abuse is a serious complex, but treatable condition/disease that negatively affects the productive, personal and family lives of employees and the stability of companies.
- c. The purpose of this policy is to maintain a safe, healthful and efficient working environment for our employees, to protect TCL&P property, equipment and operations, to protect the motoring public from the effects of alcohol, illegal drugs or drugs taken for non-medical purposes, and to provide employees with access to necessary treatment and rehabilitation assistance.
- d. The Employer and the Union have defined a program of employee assistance and have provided coverage to assure that employees requiring treatment and rehabilitation resulting from their substance abuse can receive such services without undue financial hardship. Employees will be strongly encouraged and sometimes directed (after positive testing) to seek and receive services of the employee assistance program prior to such problems affecting job performance or resulting in on the job incidents.
- e. The use and effects of controlled substances and alcohol pose very serious problems. This is particularly true in the trucking industry, which is subject to extensive government regulation. Not only can the use and/or abuse of drugs or alcohol

jeopardize the health, safety and well-being of the individual user and all of our employees, it can also endanger the safety of the general public, jeopardize the safety of the highways and cause serious accidents and casualties. In view of these problems, TCL&P wants to clearly state its policy to accurately detect and to deter the use of drugs and alcohol in our transportation and work environment, either through testing, cessation of use or termination of employment.

II. POLICY:

The policy prohibits the:

1. Use, possession or being under the influence of a prohibited substance while on duty or operating or in physical control of a motor vehicle or equipment and/or on premises, property or worksite.
2. Consumption or being under the influence of an intoxicating beverage, regardless of its alcohol content, within four (4) hours of reporting for work or operating or having physical control of a motor vehicle or equipment.
3. Possession, consumption or being under the influence of an intoxicating beverage, regardless of its alcohol content, while on duty or operating or in physical control of a motor vehicle or equipment and/or on the employer's premises, property or worksite.
4. Refusal to submit to an alcohol or controlled substances test, and for positions that require a Commercial Driver's License (CDL), a DOT alcohol or controlled substances test that includes but is not limited to refusing to sign a consent or release form authorizing the collection specimen, analysis of the specimen for designated prohibited substances, and release of the results to TCL&P.

III. DEFINITIONS:

The following definitions shall be applicable to this policy:

ALCOHOL OR ALCOHOLIC BEVERAGE - means any beverage that may be consumed and that has an alcoholic content in excess of .5 percent by volume.

CHAIN OF CUSTODY - means procedures to account for the integrity of specimen by tracking its handling and storage from point of specimen collection to final disposition of the specimen.

COLLECTION CONTAINER - means any container into which an employee urinates or blood is collected to provide a specimen used for testing.

COLLECTION SITE - means any place designated by the employer where individuals present themselves for the purpose of providing a specimen to be analyzed for the presence of drugs and/or alcohol.

COLLECTION SITE PERSON - means a person who instructs and assists individuals at a collection site and who receives and makes an initial examination of specimens provided by those individuals.

COMMERCIAL MOTOR VEHICLE (CMV) - is any vehicle which has a GVWR of 26001 lbs or above, or any vehicle that hauls hazardous materials which requires placarding or transports 15 or more passengers including the driver.

DESIGNATED EMPLOYER REPRESENTATIVE (DER) - is an individual identified by the employer as able to receive communications and test results from service agents and who is authorized to take immediate actions to remove employees from safety-sensitive duties and to make required decisions in the testing and evaluation processes. The individual must be an employee of the company. Service agents cannot serve as DERs.

DRIVER - means an employee who is required by TCL&P to operate a company vehicle or a Commercial Motor Vehicle (CMV) that requires a Commercial Motor Vehicle License (CDL).

DRUG - means any substance (other than alcohol) capable of altering the mood, perception, pain, level, or judgment of the individual using it.

FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION (FMCSA) - is the Department of Transportation (DOT) agency which establishes the regulations for drivers required to have and maintain a Commercial Driver's License (CDL).

FOLLOW-UP TESTING - following a confirmed positive test, employee will agree to undergo follow-up drug testing. Follow-up drug testing for DOT drivers is required to be a directly observed collection (see Section IV(H)). A minimum of 6 tests in a 12 month period will be required for all employees who operate a Commercial Motor Vehicle (CMV). The Substance Abuse Professional (SAP) may recommend a longer period of time, not to exceed five years and is in addition to the other types of testing. All other employees will be subject to a maximum of two (2) unannounced tests for a period of twelve (12) months. The employee is responsible for the cost of rehabilitation drug testing.

HEALTH AND HUMAN SERVICES (HHS) - certifies drug testing labs authorized to conduct DOT drug testing.

HE or HIS - also means "she" or "hers" in appropriate context.

MEDICAL REVIEW OFFICER (MRO) - is a person who is a licensed physician and who is responsible for receiving and reviewing laboratory results generated by an employer's drug testing program and evaluating medical explanations for certain drug test results.

PREMISES - includes but is not limited to all property, whether owned or leased or used by Traverse City Light & Power or the City of Traverse City. This policy also includes any other locations or modes of transportation to and from those locations while in the course and scope of employment.

PRESCRIBED DRUG - means any substance prescribed for the individual consuming it by a licensed medical practitioner.

PROHIBITED SUBSTANCES - All urine specimens are analyzed for the following drugs:

- Marijuana (THC metabolite)
- Cocaine metabolites
- Amphetamines metabolites
 - Ampehtamines
 - Methampehtamines
 - MDMA
 - MDA
 - MDEA
- Opiates metabolites (including heroin)
 - Codeine
 - Morphine
 - Heroin
- Phencyclidine (PCP)

REASONABLE CAUSE - includes, but is not limited to: Observation of behavior such as slurred speech, unsteady walking, abrupt mood swings, breath (alcohol), or odor; observation of physical manifestations frequently associated with some forms of substance abuse, e.g., needle marks, sudden nosebleeds, frequent illness not explained by other medical conditions; accidents; injuries; absenteeism; declining productivity; misconduct; excessive tardiness; and suspicious activity indicating possible involvement with prohibited substances or alcohol in violation of this Policy. Reports of drug or alcohol use or aberrant behavior which are not confirmed by supervisory observations shall not constitute reasonable suspicion.

REFUSE TO SUBMIT (to an alcohol or controlled substances test) - means that:

1. Fail to appear for any test (except a pre-employment test), after being directed to do so by the employer, within a reasonable time, as determined by the employer and, for all drivers required to maintain a CDL, is consistent with applicable DOT agency regulations. This includes the failure of an employee (including an owner-operator) to appear for a test when called by a consortium/third party administrator (C/TPA).

2. Fail to remain at the testing site until the testing process is complete. Provided, that an employee who leaves the testing site before the testing process commences a pre-employment test is not deemed to have refused to test.
3. Fail to provide a urine specimen for any drug test required by this part or DOT agency regulations. Provided, that an employee who does not provide a urine specimen because he or she has left the testing site before the testing process commences for a pre-employment test is not deemed to have refused to test.
4. In the case of a directly observed or monitored collection in a drug test, fails to permit the observation or monitoring of the driver's provision of a specimen.
5. Fail to provide a sufficient amount of urine when directed, and it has been determined, through a required medical evaluation, that there was no adequate medical explanation for the failure.
6. Fail or decline to take a second test the employer or collector has directed the employee to take.
7. Fail to undergo a medical examination or evaluation, as directed by the MRO as part of the verification process, or as directed by the DER. In the case of a pre-employment drug test, the employee is deemed to have refused to test on this basis only if the pre-employment test is conducted following a contingent offer of employment.
8. Fail to cooperate with any part of the testing process (e.g. refuse to empty pockets when so directed by the collector, behave in a confrontational way that disrupts the collection process etc.).
9. Is reported by the MRO as having a verified adulterated or substituted test result.

REPORTABLE ACCIDENT:

All Employees: means (a) an accident involving the death of a human being or (b) an accident that results from the employee's negligence and will result in lost time from work or (c) an accident that results from the employee's negligence and results in property damage of ten thousand dollars (\$10,000) or more. Exceptions include:

1. If it reasonably appears that an employee was injured solely as a result of actions of another employee or member of the public, testing will not be required.
2. If an employee involved in an accident is not injured, no test will be required unless reasonable cause, as defined in this policy, exists.

These actions will result in a non-DOT drug and alcohol test to be conducted.

CDL Drivers: in addition to the above, the DOT defines an accident as any incident involving the loss of human life, or where the driver of the CMV was issued a moving

traffic violation as a result of the accident and there was bodily injury to any person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; or one or more motor vehicles incurring disabling damage as a result of the accident, requiring the motor vehicle to be transported away from the scene by a tow truck or other motor vehicle.

These actions will result in a DOT drug and alcohol test to be conducted.

SHIPPING CONTAINER - means a container capable of being secured with a tamper proof seal that is used for transfer of one (1) or more specimen bottles and associated documentation from the collection site to the laboratory.

SPECIMEN BOTTLES - means the bottle which, after being labeled and sealed according to the procedure in this Policy, is used to transmit a sample to the laboratory.

SUBSTANCE ABUSE PROFESSIONAL (SAP) - A licensed physician M.D. or D.O. or a licensed or certified psychologist, social worker, or employee assistance professional; or an addiction counselor (certified by the National Association of Alcoholism and Drug Abuse Counselors Certification Commission). All must have knowledge of clinical experience in the diagnosis and treatment of alcohol and controlled substances related disorders.

UNDER THE INFLUENCE OF ANY PROHIBITED SUBSTANCE - means any detectible level of a prohibited substance in an employee's system above the SAMHSA cut off limits.

UNDER THE INFLUENCE OF ALCOHOL - means a blood alcohol level of .04 percent or greater.

IV. TESTING:

DRUG TESTING

The following procedures will be employed to assure compliance with this policy. For all drivers operating a Commercial Motor Vehicle (CMV), all testing will follow 49 CFR part 40.

A. Testing. Employees of TCL&P are required to submit to a urine analysis testing for prohibited substances under the following circumstances:

1. To be considered for employment. If a prospective employee fails the drug test, they will not be hired.
2. Where management has reasonable cause to believe that an employee is under the influence of a prohibited substance while on duty.

3. Following a reportable accident as outlined under Section III, *Definitions*.
 4. When an employee gets transferred or promoted to a position that requires the operation of a Commercial Motor Vehicle (CMV).
 5. As part of a random selection process for drivers operating a Commercial Motor Vehicle (CMV). FMCSA currently requires that 25% of the people from the company be tested in a calendar year or 25% of the people from the consortium be tested. The percentage may be adjusted annually by the DOT based on the number of positive tests reported nationwide.
 6. Return-to-duty - following the completion of a substance abuse program the employee must take a drug test and pass the test before the employee may be returned to work. Testing for DOT drivers is required to be a directly observed collection (see Section IV(H)).
 7. Follow-up testing - after an employee has a confirmed positive test, they will agree to undergo follow-up drug testing. A minimum of 6 tests in a 12 month period will be required for all employees who operate a Commercial Motor Vehicle (CMV). All other employees will be subject to a maximum of two (2) unannounced tests for a period of twelve (12) months. The employee is responsible for the cost of rehabilitation drug testing. Follow-up drug testing for DOT drivers is required to be a directly observed collection (see Section IV(H)).
- B. Post-Accident Testing. Employees shall be tested for prohibited substances as soon as possible after a reportable accident but in no case later than thirty-two (32) hours after the accident.
- C. Employee Privacy. Testing will be conducted with concern for the personal privacy of each employee. Results of urine tests performed under 49 CFR part 40 (CDL holders) and all others will be considered medical records and held confidential to the extent permitted by law. Tests shall only be performed for alcohol, marijuana metabolites, cocaine metabolites, opiates metabolites, amphetamines, and phencyclidine (PCP). Specimen validity testing will be conducted any time a specimen is thought to be tampered with or substituted. Specimen validity testing is the evaluation of the specimen to determine if it is consistent with normal human urine. The purpose of the validity testing is to determine whether certain adulterants or foreign substances were added to the urine, if the urine was diluted, or if the specimen was substituted.
- D. Testing Procedures: All urine collections, including both CDL and non-CDL holders, will be conducted in accordance with DOT rules and regulations found in 49 CFR part 40, sections 40.63 through 40.73. If requested by the employee, a Union representative shall be allowed to accompany the employee, without a loss of time, to the testing facility.

Laboratories used for testing must be certified by Health and Human Services (HHS) under the National Laboratory Certification Program (NLCP).

- E. Availability of Test Results: The results of any drug test and records connected with the testing procedure will be made available to the individual tested upon written request. The results of the test themselves are reviewed by a licensed physician who has the knowledge of substance abuse disorders (MRO). If the tests are positive the individual tested will be advised of the results and the type of drug or drugs discovered. For CDL holders, the MRO, under 49 CFR part 40.151 is prohibited from verifying any test as negative for the use of medical marijuana. The individual tested will be given the opportunity to discuss the test results with the licensed physician prior to the time the test results are made available to the Employer. After notification of the MRO's final positive determination, the employee has seventy two (72) hours to request a test of the "split specimen" at another certified laboratory.

The documentation of the results of the test will not be made available to other parties except upon written request of the individual tested, or when an applicable DOT regulation requires such disclosure, or if in the MRO's reasonable judgment the information could result in the employee being medically unqualified to perform the duties, or if the information would cause a safety risk.

- F. Retesting of Original Specimen. The employee may request of the MRO either in writing or verbally, to have the "split specimen" of a positive test retested at another certified laboratory selected by the employee. The employee will be required to pay for the retest, however, payment is not to hold up the testing of the split specimen. In the event that the employee is unwilling or unable to pay for the split specimen the employer must cover the cost of the test.

Should the results of such retest be negative, the Employer shall reimburse the employee for all costs related to such retesting of the split specimen. Further the employee shall not suffer any discipline as a result of the initial positive test and will be made whole for any lost time or benefits suffered as a result of preliminary actions taken by the Employer based on the initial positive tests results.

- G. Voluntary Disclosure. Employees who seek voluntary assistance for alcohol and substance abuse may not be disciplined for seeking such assistance as long as the admission is (a) not done to avoid testing or (b) is made before performing safety sensitive duties (prior to reporting for duty) and safety sensitive duties are not performed until a treatment program has been completed. Requests from employees for such assistance shall remain confidential and shall not be revealed to other employees or management personnel without the employee's consent. Employee enrolled in substance abuse programs shall be subject to all employer rules, regulations and job performance standards with the understanding that an employee enrolled in such a program is receiving treatment for an illness.

Employees who successfully complete a substance abuse program as determined by the SAP will be allowed to return to safety sensitive duties once they have passed a drug and/or alcohol test.

H. Direct Observed Collection. Observed collections are authorized and required only when:

1. Tampering
 - (a) the employee attempts to tamper with his or her specimen at the collection site;
 - (b) the specimen temperature is outside the acceptable range;
 - (c) the specimen shows signs of tampering, unusual color/odor;
 - (d) the collector finds an item in the employee's pocket or wallet which appears to be brought into the site to contaminate a specimen;
 - (e) the collector notes conduct suggesting tampering.
2. MRO ordered
 - (a) because the employee has no legitimate reason for certain atypical laboratory results;
 - (b) because the employee's positive or refusal [adulterated/substituted] test result had to be cancelled because the split specimen test could not be performed.
3. Employer ordered
 - (a) for a follow-up or a return-to-duty test required by the DOT for employees required to have and maintain a CDL who have already failed or refused to take a prior drug test.

ALCOHOL TESTING

The following procedures will be employed to assure compliance with this policy. For all drivers operating a Commercial Motor Vehicle (CMV), all testing will follow 49 CFR part 40.

A. Testing. Employees of TCL&P are required to submit to breath testing for alcohol under the following circumstances:

1. Where management has reasonable cause to believe that an employee is under the influence of alcohol while on duty.
2. Following a reportable accident as outlined under Section III, *Definitions*.
3. When an employee gets transferred or promoted to a position that requires the operation of a Commercial Motor Vehicle (CMV).

4. As part of a random selection process for drivers operating a Commercial Motor Vehicle (CMV). FMCSA currently requires that 10% of the people from the company be tested in a calendar year or 10% of the people from the consortium be tested. The percentage may be adjusted annually by the DOT based on the number of positive tests reported nationwide.
5. Return-to-duty - following the completion of a substance abuse program the employee must take an alcohol test and must pass the test before the employee may be returned to work.
6. Follow-up testing - after an employee has a confirmed positive test, they will agree to undergo follow-up testing. A minimum of 6 random tests in a 12 month period will be required for all employees who operate a Commercial Motor Vehicle (CMV). All other employees will be subject to a maximum of two (2) unannounced tests for a period of twelve (12) months. The employee is responsible for the cost of rehabilitation drug testing.

- B. Post-Accident Testing. No employee required to take a post-accident alcohol test shall use alcohol for eight hours following the reportable accident or until he/she undergoes a post-accident alcohol test.

Post-accident alcohol tests should be administered as soon as practicable, but in no case later than two (2) hours following the accident. If the test is not administered within eight (8) hours all attempts to perform the test shall cease.

If the test is not administered within two (2) hours, the utility will prepare and maintain on file a record stating the reason(s) the test was not promptly administered. If the test is not performed within eight (8) hours, a report will be completed stating the reason(s) why and kept on file with the employer.

- C. Testing Procedure. All alcohol tests will be conducted by a trained alcohol technician. For CDL holders, all tests are required to be administered using a DOT approved evidential breath testing device (EBT).
- D. Penalties. Any employee who has a confirmed breath test greater than .02% but less than .04% will be removed from duty without pay for twenty four (24) hours.

Any employee who has a confirmed breath test of .04% or greater will be removed from their duties without pay and deemed medically unqualified to perform those duties until they have completed a substance abuse program and tested negative for drugs and alcohol.

V. PRESCRIPTION AND NON-PRESCRIPTION MEDICINE

Before any drug test is given, the employee or prospective employee may note, the use of any prescription or non-prescription medications. The laboratory procedures will report the significant presence of all prescription and non-prescription drugs.

An employee may be suspended without pay for using medication, until TCL&P is provided with a copy of the prescription, the name of the physician prescribing the medication and a statement from the employee's physician describing the effects of the medication and indicating that the medication will not affect the employee's ability to safely operate a motor vehicle or otherwise perform the duties of his or her position without creating a risk of harm to himself or others.

VI. CONSEQUENCES FOR VIOLATION OF THIS POLICY

Employees who are known to have engaged in prohibited behavior, with regard to alcohol misuse or use of controlled substances, are subject to the following:

- A. The employee shall not be permitted to perform duties of his or her position and will be removed from duty immediately without pay upon receiving the initial report of the verified test result. The employee shall not be allowed to resume duties until all return-to-duty procedures have been followed.
- B. If notified of a verified adulterated or substituted drug test, the employer will remove the employee from duty without pay and consider this a refusal to be tested. Employee must successfully complete the return-to-duty procedures before resuming duties of the position.
- C. As the employer who receives an alcohol test with a result greater than or equal to .04%, you must immediately remove the employee from duty and the employee must successfully complete the return-to-duty procedures before resuming work. If the test result is between .02% and .039%, the employee must be temporarily removed from duty and will stand down for twenty-four (24) hours.
- D. The employee will be advised by TCL&P of the resources available to them in evaluating and resolving problems associated with misuse of alcohol or controlled substances.
- E. The employee shall be evaluated by a substance abuse professional (SAP) who shall determine what assistance, if any, the employee needs in resolving problems associated with alcohol misuse and controlled substance abuse.

For employees required to have and maintain a CDL, when DOT drug and alcohol regulations have been violated, the employee cannot again perform any DOT safety-sensitive duties for any employer until and unless he or she has completed a SAP

evaluation, referral, and education/treatment process set forth in applicable DOT agency regulations. The first step in this process is a SAP evaluation.

- F. Before an employee returns to duty, he/she shall undergo a return-to-duty alcohol test with a result indicating a breath alcohol level of less than .02% if the conduct involved alcohol, or a controlled substance test with a verified negative result if the conduct involved controlled substance use.
- G. In addition, each employee identified as needing assistance in resolving problems associated with alcohol or controlled substances shall be evaluated by a SAP to determine that the employee followed the rehabilitation program prescribed.
- H. The employee will be subject to unannounced follow-up alcohol and controlled substance testing as defined under Section III, *Follow-Up Testing*.
- I. An employee who refuses to be tested or does not cooperate fully with the collection site personnel shall be treated as having a positive test result and, therefore, medically unqualified to perform his or her normal work tasks.
- J. TCL&P reserves the right to impose disciplinary action up to and including termination of employment for any violation of the Alcohol and Drug Testing Policy. For employees required to have and maintain a CDL, additional penalties will be imposed by the Department of Transportation (DOT).

If an employee tests positive for illegal drugs, and or controlled substances or is under the influence (.04% or greater of alcohol), the following disciplinary steps shall be taken under the authority of TCL&P.

FIRST OFFENSE

Five (5) day suspension without pay. Upon completion of the five day suspension and before employee is allowed to return to work, he/she will submit to a drug/alcohol test at the employee's expense and be evaluated by a SAP. If the employee then tests negative, he/she will be allowed to return to work. If he/she again tests positive, the employee will continue leave without pay and must successfully complete an employer-approved drug rehabilitation program. Failure to complete the drug rehabilitation program will be cause for termination of employment.

For employees required to have and maintain a CDL, upon initial notification and confirmation that employee has tested positive, DOT regulations require employees undergo a substance abuse program as directed by the SAP per Section VI(E) above.

SECOND OFFENSE

Termination of employment.

VII. ASSISTANCE TO EMPLOYEE IN UNDERSTANDING ALCOHOL OR DRUG ABUSE

To assist employees in understanding alcohol and drug use and abuse, TCL&P has established an Employee Assistance Program (EAP).

- A. Any employee who feels that he or she has developed an addiction to, dependence upon or problem with alcohol or drugs, legal or illegal, is encouraged to seek assistance, and may do so without fear of disciplinary action against him or her provided the assistance is sought as outlined in Section IV(G), *Voluntary Disclosure*, of this policy. Assistance may be sought in confidence by making an appointment with the Employee Assistance Program (EAP).
- B. The EAP will be responsible for establishing a substance abuse program through the SAP, referring employees seeking assistance to the appropriate organization or to an alternate treatment program.
- C. Employees undergoing rehabilitation treatment as determined by a SAP will be allowed to return to safety sensitive duties once they have passed a drug and/or alcohol test.

VIII. NOTICE TO EMPLOYEES

Compliance with TCL&P's Alcohol and Drug Testing Policy is a condition of employment. Failure or refusal of an employee to cooperate fully or to submit to any inspection or drug/alcohol test as outlined in this policy will be grounds for termination of employment.

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

APPENDIX "A"

The following listed locations are approved collection sites for test specimens under the terms of this policy. Sites will be added and/or deleted as necessary.

The locations are:

- 1) MUNSON URGENT CARE
550 MUNSON AVENUE
TRAVERSE CITY, MI 49686

- 2) MUNSON OCCUPATIONAL HEALTH & MEDICINE
550 MUNSON AVENUE
TRAVERSE CITY, MI 49686

- 3) MUNSON MEDICAL CENTER
1105 6TH STREET
TRAVERSE CITY, MI 49684

- 4) EAST BAY MEDICAL
6100 US 31 N, SUITE B
WILLIAMSBURG, MI 49690

Light and Power Department
City of Traverse City, MI
Adopted: October 5, 1982

ADMINISTRATIVE COMPENSATION POLICY

Traverse City Light and Power has a well-developed wage and benefit package. Wage ranges are, and shall be, based on surveys and job classifications that are appropriate. Benefits are similar and not in conflict with the City. It is also the Board's intent to be at least as generous with the Administrative employees as it is with the Bargaining Unit. Salary adjustments will be available only through a separate budget approved by the Board. Actual adjustments will be at the discretion of the Director.

The Director's wage and benefits will be determined by a Light and Power Board Committee. Compensation will be based on merit; that is, his attainment of objectives determined by the Board.

It is the Board's intention not to institute any wages or benefits that could cause equity problems with the City. There may be times when budgets are higher or lower than the City due to economic or political circumstances.

In order to assure equity, the City Manager, may, if he desires, be a member of the Board's Advisory Committee prior to, and during, contract negotiations. Conversely, the Director of Light and Power may, if he desires, be a member of the City's Advisory Committee prior to, and during, negotiations.

William Strom

William Strom
Executive Director and Secretary
Traverse City Light and Power Board

Light and Power Department
City of Traverse City, MI
Approved: January 17, 1984

CONTROLLED SUBSTANCE AND ALCOHOL ABUSE POLICY

The safety of our employees and the general public and protection of the Light and Power Department's and the public's property as well as the protection of the good will of the general public are necessary objectives in the conduct of the Light and Power Department's business.

It is the Department's position that our objectives cannot be jeopardized by a violation of the Michigan law which prohibits the unlawful manufacture, sale, delivery, possession or use of controlled substances. Therefore, a violation of this law by any employee on Light and Power property or during the time an employee is paid by the Department or during a meal, if the employee is to return to work after the meal, constitutes unacceptable behavior.

The manufacture, sale, delivery, possession or use of alcoholic beverages by any employee on Department property, or during the time an employee is paid by the Department or during a meal if the employee is to return to work after the meal, is forbidden and constitutes unacceptable behavior.

Reporting for a work assignment evidencing the effects of alcohol consumption or the unlawful use of controlled substances or reporting for a work assignment without advising the Department of the lawful use of a controlled substance also constitutes unacceptable behavior.

William Strom

William Strom
Executive Director and Secretary
Traverse City Light and Power Board



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Kelli Schroeder, Manager of HR & Communications
CC: Tim Arends, Executive Director
Date: July 25, 2017
Subject: Organizational Chart and Position Update

A handwritten signature in black ink, appearing to be "Kelli Schroeder", is written to the right of the "From:" line.

At the March 14, 2017 Board meeting, staff reviewed the Franklin Energy Proposal showing the costs associated with continuing to utilize Franklin Energy to administer our Energy Optimization (EO) Programs for calendar years 2018 through 2022 which ranged from \$187,721 - \$205,771. Since this meeting, staff has met and discussed the best approach to handling our EO programs, taking into consideration cost, efficiency and effectiveness.

Staff is proposing we cease utilizing Franklin Energy as of January 1, 2018 and immediately begin recruiting again for an Energy Technician. This position would replace the vacant position of Senior Field Technician and would remain at a Grade 3 with a current salary range of \$66,707 - \$86,719. The previous recruitment efforts had the position at a Grade 2. We anticipate with the higher salary range, the utility will be better positioned to recruit qualified applicants, while still saving money. If the utility were to hire a new employee at midpoint, we would see a cost savings of approximately \$34,000 in 2018, taking into consideration both salary and benefits.

In addition to administering our EO Programs, this position would also become the lead in our Key Accounts Program, thus relieving some of the duties now placed on the System Engineer whose primary focus is the electric system. The System Engineer would only be utilized as needed.

Staff is recommending the Senior Field Technician be replaced with the Energy Technician. The amended Organizational Chart and Energy Technician job description have been included in your packet for your consideration of approval.

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

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

(RECOMMENDED MOTION ON NEXT PAGE)

FOR THE LIGHT & POWER BOARD MEETING OF AUGUST 8, 2017

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

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD APPROVES THE CHANGE TO THE ORGANIZATIONAL CHART ALONG WITH THE JOB DESCRIPTION FOR THE ENERGY TECHNICIAN POSITION AS PRESENTED.

TRAVERSE CITY LIGHT & POWER JOB DESCRIPTION

ENERGY TECHNICIAN

Supervised By: Operations Manager
Supervises: As assigned
Status: Exempt

Position Summary:

Under the general direction of the Operations Manager, performs complex energy audits of commercial, industrial, and residential facilities and develops and maintains effective business relationships with current and potential major customers to meet their electrical and service needs. Responsible for developing and administering residential and commercial energy waste reduction programs ensuring all requirements are met. Perform basic level electrical project design in response to customer requests. Modify Autocad construction standards and perform other duties as assigned.

Essential Job Functions:

An employee in this position may be called upon to do any or all of the following essential functions. These examples do not include all of the duties which the employee may be expected to perform. To perform this job successfully, an individual must be able to perform each essential function satisfactorily.

1. Successfully explain the advantages of energy conservation to customers in terms of potential cost effectiveness and the difference between demand and energy and how they relate to each other.
2. Conduct detailed on-site energy audits of residential, commercial, and industrial customer facilities to identify energy conservation measures and their associated savings potential. Such audits shall include but not be limited to analyzing HVAC, lighting systems, motor, fans, pumps, variable frequency drives (VFDs), compressed air systems, refrigeration systems, hot water systems, and steam systems.
3. Assess customer demand profiles, energy profiles, and load factor for key account customers and other large customers. Perform rate analyses to ensure they are invoiced using the proper rate schedule.
4. Perform studies to determine correlations between heating devices (gas furnaces, electric furnaces, baseboard heating) and air conditioning unit run times and temperature, heating degree days, and cooling degree days and other weather related parameters.
5. Install temporary instrumentation inside the customer's facility as required to perform energy audits. Such instrumentation may include data loggers, intelligent electronic meters, watt meters, and volt meters.
6. Analyze the technical feasibility of energy saving measures using knowledge of engineering, energy production, energy use, construction, maintenance, system operation, and process systems.

7. Produce concise well written reports documenting audit findings and develop specific recommendations to customers for energy efficiency improvements. Incorporate into the report detailed cost analyses including consideration of the time value of money through net present value techniques.
8. Periodically supervise employees and contractors as assigned on tasks related to the *Essential Job Functions* on an as needed basis.
9. Develop, maintain, and update databases and spreadsheets for tracking various energy waste reduction programs and customer usage.
10. Research new energy efficiency opportunities and develop a long-term plan designed to implement programs and incentives that will manage load growth aimed at reducing on-peak demand and maximize energy efficiency outcomes for dollar amounts budgeted for the benefit of all ratepayers.
11. Assist customers with the Traverse City Light & Power (TCLP) Energy Smart application process, process appropriate customer rebates, and accurately track the program's energy savings results.
12. Administer the utility's Key Accounts program including specialized services such as infrared scanning, and serve as the customer's primary contact on matters relating to energy efficiency and conservation, rate structure, customer service and new product offerings.
13. Promote and educate customers on energy waste reduction and conservation through a variety of means including radio or television interviews, presenting to community groups, printed media campaigns, and utilizing the customer bill insert.
14. Responsible for representing the utility and working closely with local agencies on energy efficiency matters. Maintain key account relationships with various entities, committees, civic groups, and at special events. Attend meetings, prepare related correspondence, and present as necessary.
15. Participate in the budget process for energy waste reduction programs and related services, projects and capital improvements. Ensure that the programs are implemented successfully within the annual board approved budget.
16. Ensure TCL&P is meeting the State mandated energy waste reduction goals.
17. Responsible for filing annual reports to the State for the utility's Energy Waste Reduction Program and Renewable Energy Plan and making presentations of those reports to the board.
18. Respond to customer inquiries, investigate complaints and work with other employees to resolve utility billing issues.

19. Under the direction of the System Engineer, modify existing AutoCad construction standards.
20. Under the direction of the System Engineer perform basic level field design of proposed customer projects, develop material lists, cost estimates, construction schedules, and acquire necessary permits and easements for these projects.
21. Keep abreast of legislative or regulatory developments and other current issues through continued education and professional growth. Attend conferences, workshops, and seminars as appropriate or required.
22. Perform other duties as assigned.

Required Knowledge, Skills, Abilities and Minimum Qualifications:

The requirements listed below are representative of the knowledge, skills, abilities and minimum qualifications necessary to perform the essential functions of the position. Reasonable accommodations may be made to enable individuals with disabilities to perform the job.

- Education requirements include a four (4) year Bachelor degree from an accredited university. Energy conservation and energy efficiency certifications such as Certified Energy Manager (CEM) or Business Energy Professional (BEP) a plus. A combination of education and experience that provides the knowledge, skills and abilities necessary to successfully perform the duties of the position may be considered in lieu of a degree.
- Thorough knowledge of the principles and practices of energy conservation, energy efficiency, and energy auditing including but not limited to: HVAC systems; new lighting & modifications of existing fixtures for LED lamps; motors; pumps and other electrical loads.
- Field experience in performing energy audits.
- Knowledge of and ability to safely install and use electrical instrumentation to gather data for energy audits, including but not limited to data loggers, intelligent electronic meters, watt meters, and volt meters.
- Proven analytical and problem solving skills.
- Valid State of Michigan Vehicle Operator's License.
- Thorough knowledge of the legislative and regulatory issues surrounding utilities.
- Knowledge of the technical products and equipment utilized by electric utilities and the ability to effectively explain their purpose and operation to customers.
- Considerable technical knowledge of electrical principles and theories to effectively communicate with large customers.
- Skill in researching complex issues, assembling and analyzing data, and communicating comprehensive and accurate explanations to customers.

- Ability to effectively communicate ideas and concepts orally and in writing, make presentations in public forums and maintain public relations.
- Ability to establish effective working relationships and use good judgment, initiative and resourcefulness when dealing with customers, professional contacts, and the public.
- Ability to use office equipment such as telephone, calculator, photocopier, fax, personal computer and applicable software applications such as word processing, spreadsheet, energy analysis software, and presentation software.
- In addition to the above-mentioned requirements, this position requires the ability to read, write, speak and understand the English language as necessary for the position; the ability to follow written and oral instruction; and be physically and mentally able to perform the essential duties of their position. Regular, consistent and predictable attendance is also required.

Physical Demands and Work Environment:

The physical demands and work environment characteristics described here are representative of those an employee encounters while performing the essential functions of the job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to communicate in person, by telephone, and by email, read regular and small print, view and produce written and electronic documents and enter data on a computer keyboard. The employee must be mobile in an office setting, stand, sit, stoop and kneel, use hands to finger, handle, or feel and reach with hands and arms. The employee must occasionally lift and/or move items of light to moderate weight.

While performing the duties of this job, the employee regularly works indoors but must drive a motor vehicle between work sites. The typical work environment of this job is a business office setting where the noise level is quiet and sometimes moderate but work inside customer facilities will at times be required. Customer work environments vary and generally are noisy and less clean than an office environment. The employee may work near moving mechanical equipment and have the potential threat of electric shock.

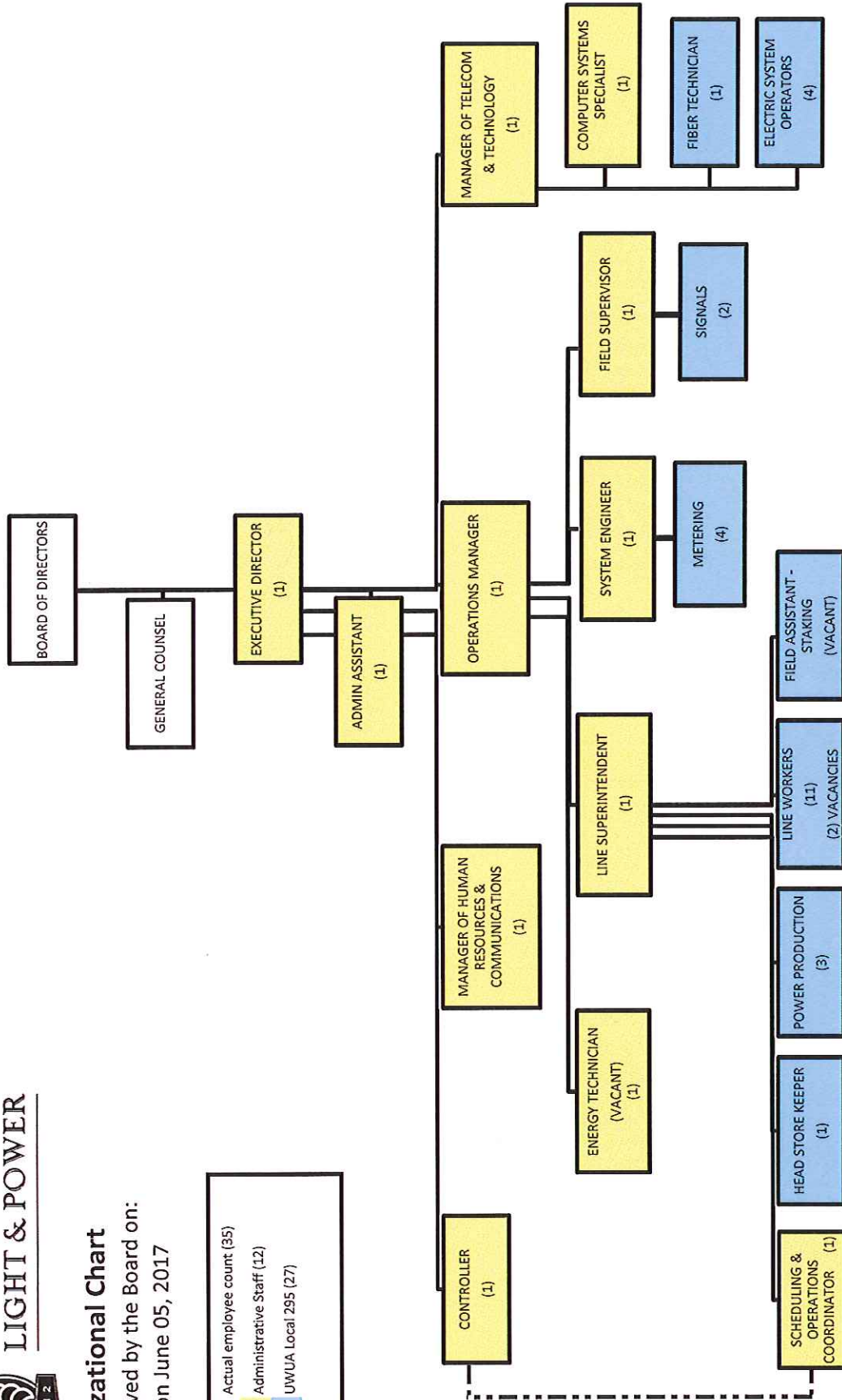


Organizational Chart

As approved by the Board on:
Revised on June 05, 2017

Legend:

- Actual employee count (35)
- Administrative Staff (12)
- UWUA Local 295 (27)





**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Scott Menhart, Manager of Telecom & Technology
Date: August 2, 2017
Subject: Renewal of AT&T Contract

The AT&T contract is set to expire on August 19th for the DS 1 line that provides remote functionality for the Kalkaska Combustion Turbine ("CT") from the TCL&P service center. AT&T has provided a new contract renewal with the same rate of \$600. The contract term will be for thirty-six months from the date of execution of the contract for a total cost of \$21,600. The CT project participants reimburse this cost through Michigan Public Power Agency.

Staff recommends the Board approve execution of the contract. This item is on the Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with Staff's recommendation.

If any member of the Board or the public wishes to discuss this matter; other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion. If after Board discussion you agree with Staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE SECRETARY TO EXECUTE A THREE YEAR CONTRACT WITH AT&T IN THE AMOUNT OF \$21,600, SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL.



**AUTHORIZED USER AGREEMENT
FOR LOCAL, LONG DISTANCE AND TOLL FREE VOICE SERVICES
PURSUANT TO CONTRACT NO. 071B7700004
BETWEEN AT&T CORP. AND THE STATE OF MICHIGAN ENTERPRISE PROCUREMENT
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET**

Authorized User ("Authorized User")	AT&T Corp. ("AT&T")	AT&T Sales Contact Name Primary Contact
Traverse City Light and Power	AT&T Corp. on behalf of its Affiliates	Name: Joseph McCarthy
AUTHORIZED USER Address	AT&T Address	AT&T Sales Contact Information and for Contract Notices
Street Address: City: State: Zip Code:	One AT&T Plaza Dallas, Texas 75202	Street Address: 23500 Northwestern Hwy City: Southfield State: MI Zip Code: 48075 Fax: Email: JM0831@att.com Sales/Branch Manager: Pizzuti SCVP/RVP Name: Blake
AUTHORIZED USER Contact	AUTHORIZED USER Billing Address	AT&T Authorized Agent or Representative Information (if applicable) Primary Contact
Name: Title: Telephone: Fax: Email:	Street Address: City: State: Zip Code:	Name: Company Name: Agent Address: City: State: Zip Code: Telephone: Fax: Email: Agent Code

THIS AUTHORIZED USER AGREEMENT (the "Authorized User Agreement") is entered into pursuant to, and hereby incorporates the terms and conditions of Contract No. 071B7700004, effective as of November 1, 2016 (the "State Agreement"), between AT&T Corp., on behalf of its affiliates ("AT&T") and the State of Michigan Enterprise Procurement Department of Technology, Management and Budget (the "State of Michigan"). Traverse City Light and Power _____ ("Authorized User") is an Eligible MIDEAL Member as described in Section 2.281 of the State Agreement and further identified at www.michigan.gov.mideal. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the State Agreement.

1. AUTHORIZED USER AGREEMENT TERM AND EFFECTIVE DATES

Authorized User Agreement Term	Thirty-six Months
Authorized User Term Start Date; Date of Last Signature (the "Effective Date")	
Authorized User Term End Date	

2. AUTHORIZED USER OBLIGATIONS; GOVERNING DOCUMENTS.

2.1 Except as specifically noted in paragraph 2.3 herein, Authorized User agrees to be bound by the terms and conditions of the State Agreement, incorporated herein at http://www.michigan.gov/documents/localgov/7700004_543397_7.pdf

CONFIDENTIAL INFORMATION

This agreement is for use by authorized employees of the parties hereto only and is not for general distribution within or outside their companies.

and further agrees to be bound by the rates, terms and conditions set forth in the Pricing Schedules attached hereto and incorporated herein as Attachment A and the other documents identified in Section 2.2 below and incorporated into the State Agreement.

2.2 This Authorized User Agreement and the following additional documents shall apply to all products and services that the Authorized User purchases under this Authorized User Agreement ("Services") and shall continue during the term of this Authorized User Agreement:

- (a) Pricing Schedules;
- (b) Authorized User Agreement;
- (c) State Agreement;

The order of priority of the documents that apply to the Services purchased by the Authorized User shall be: the applicable Pricing Schedule for a Service or the Order; this Authorized User Agreement; and the State Agreement.

2.3 The following provisions of the State Agreement are not applicable to Authorized User under this Authorized User Agreement: (i) Section 2.044 Invoicing and Payment; (ii) Section 2.048 Electronic Payment Requirement; (iii) Section 2.190 Dispute Resolution; and Section 2.221 (Limitation of Liability).

2.4 Authorized User is exclusively responsible for all payments owing to AT&T for the Services purchased hereunder and the State shall not be deemed to be a surety or guarantor of any such payments. Authorized User shall pay for the Services ordered hereunder pursuant to the Pricing and Billing terms in Section 4 below of this Authorized User Agreement.

2.5 Authorized User must currently be a member of the State of Michigan MIDEAL program and must remain a member of the MIDEAL program throughout the term of this Authorized User Agreement. If proof of MIDEAL membership is not provided upon request to AT&T, the rates herein shall revert to the current standard rates.

3. SERVICES ORDERED.

Authorized User agrees to purchase and AT&T agrees to provide the Services described in the Pricing Schedule(s) attached hereto and incorporated herein as Attachment A.

4. PRICING AND BILLING.

4.1 **Pricing.** The prices and pricing shall be as set forth in a Pricing Schedule.

4.2 **Additional Charges and Taxes.** Prices quoted are exclusive of, and the Customer shall pay, all applicable taxes, surcharges, recovery fees and similar charges, except and to the extent Customer provides a valid tax exemption certificate. AT&T reserves the right to pass along additional charges, surcharges, and fees imposed on AT&T by state or federal regulations or laws incurred by AT&T in providing the service.

4.3 **Billing.** Unless a Service Publication specifies otherwise, Authorized User's obligation to pay for a Service begins upon availability of the Service to Authorized User. Authorized User will pay AT&T without deduction, setoff or delay for any reason (except for withholding taxes contemplated in Section 4.2 or otherwise with respect to a billing dispute as contemplated in Section 4.5). AT&T may require Authorized User to tender a deposit if AT&T determines, in its reasonable judgment, that Authorized User is not creditworthy, and AT&T may apply such deposit to any charges owed.

4.4 **Payments.** Payment is due within 30 days after the date of the invoice and must refer to the invoice number. Charges must be paid in the currency specified in the invoice. Restrictive endorsements or other statements on checks are void. Authorized User will reimburse AT&T for all costs associated with collecting delinquent or dishonored payments, including reasonable attorneys' fees. AT&T may charge late payment fees at

CONFIDENTIAL INFORMATION

This agreement is for use by authorized employees of the parties hereto only and is not for general distribution within or outside their companies.

the lowest of (a) 1.5% per month (18% per annum), (b) for Services contained in a Tariff or Guidebook at the rate specified therein, or (c) the maximum rate allowed by law for overdue payments.

4.5 Delayed Billing; Disputed Charges. Authorized User will not be required to pay charges for Services initially invoiced more than 6 months after close of the billing period in which the charges were incurred, except for calls assisted by an automated or live operator. If Authorized User disputes a charge, Authorized User will provide notice to AT&T specifically identifying the charge and the reason it is disputed within 6 months after the date of the invoice in which the disputed charge initially appears, or Authorized User waives the right to dispute the charge. The portion of charges in dispute may be withheld and will not be considered overdue until AT&T completes its investigation of the dispute, but Authorized User may incur late payment fees in accordance with Section 4.4 (Payments). Following AT&T's notice of the results of its investigation to Authorized User, payment of all properly due charges and properly accrued late payment fees must be made within ten (10) business days. AT&T will reverse any late payment fees that were invoiced in error.

5. LIMITATION OF LIABILITY.

AT&T's entire liability to the Authorized User for claims of damages arising out of the Services purchased pursuant to this Authorized User Agreement, shall be limited to proven direct damages and shall not exceed, during any twelve month period, an amount equal to the total net charges incurred by the Authorized User for the affected Service during the twelve (12) month period preceding the month in which the claim arose. IN FURTHERANCE OF THE FOREGOING, AT&T WILL NOT BE LIABLE TO AUTHORIZED USER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, ADVANTAGE, SAVINGS OR REVENUES OR FOR INCREASED COSTS OF OPERATIONS. THIS LIMITATION SHALL NOT APPLY TO PROVEN DAMAGES RESULTING FROM: (A) BODILY INJURY, DEATH OR DAMAGE TO REAL OR TANGIBLE PERSONAL PROPERTY PROXIMATELY CAUSED BY AT&T'S FAULT OR NEGLIGENCE; (B) LOSSES ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AT&T; AND (C) LOSSES ARISING OUT OF AT&T'S OBLIGATIONS TO INDEMNIFY THE AUTHORIZED USER AGAINST THIRD PARTY CLAIMS.

6. MISCELLANEOUS PROVISIONS

This Authorized User Agreement shall be governed by and construed under the laws of the State of Michigan without giving effect to the principles of conflicts of laws thereof. This Authorized User Agreement (including the Attachments) and the State Agreement contain the entire agreement between the parties with respect to its subject matter and supersede all prior understandings or oral or written agreements relating to such subject matter. In addition, this Authorized User Agreement may only be amended by a writing executed by a duly authorized representative of each party hereto.

AUTHORIZED USER _____ (by its
authorized representative)

AT&T CORP. (by its authorized representative)

By: _____
Typed or
Printed Name: _____

By: _____
Typed or
Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CONFIDENTIAL INFORMATION

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ILEC INTRASTATE SERVICES PRICING SCHEDULE
 Provided Pursuant to Custom Terms

Customer	AT&T
Traverse City Light and Power Street Address: 1131 Hastings St. City: Traverse City State/Province: MI Zip Code: 49686 Country: USA	The applicable AT&T ILEC Service-Providing Affiliate
Customer Contact (for Notices)	AT&T Contact (for Notices)
Name: Title: Street Address: City: State/Province: Zip Code: Country: USA Telephone: Fax: Email: Customer Account Number or Master Account Number: 231.R01.1445	Name: Joseph McCarthy Street Address: 23500 Northwestern Hwy City: Southfield State/Province: MI Zip Code: 48075 Country: USA Telephone: 248.424.1212 Fax: Email: JM0831@att.com Sales/Branch Manager: Pizzuti SCVP Name: Blake Sales Strata: GEM Sales Region: Gov Ed East With a copy to: AT&T Corp. One AT&T Way Bedminster, NJ 07921-0752 ATTN: Master Agreement Support Team Email: mast@att.com
AT&T Solution Provider or Representative Information (if applicable) <input type="checkbox"/>	
Name: Company Name: Agent Street Address: City: State: Zip Code: Telephone: Fax: Email: Agent Code	

This Pricing Schedule for the service(s) identified in Section 1 below ("Service") is part of and incorporated into the Authorized User Agreement between Customer and AT&T Corp., which Customer last signed (the "Authorized User Agreement"), pursuant to which the Customer agreed to the terms of the State of Michigan Agreement #071B7700004 (the "Agreement") in connection with the purchase of the Services. This Pricing Schedule shall become effective on the date of the last signature hereto (the "Effective Date").

Except when Service is used solely as transport for AT&T switched local or access service(s), Customer acknowledges and certifies that the interstate traffic (including Internet and international traffic) constitutes **ten percent (10%) or less** of the total traffic on any Ethernet, dedicated or special access Service.

Customer (by its authorized representative)	AT&T (by its authorized representative)
By:	By:
Printed or Typed Name:	Printed or Typed Name:
Title:	Title:
Date:	Date:

ILEC INTRASTATE SERVICES PRICING SCHEDULE
Provided Pursuant to Custom Terms

1. SERVICE, SERVICE PROVIDER(S) and SERVICE PUBLICATION(S)

Service(s)	Service Provider(s)	Service Publication(s) (incorporated by reference)	Service Publication Location(s)
DS1 Service	AT&T Michigan	AT&T Michigan Guidebook, including Part 15, Section 3	http://cpr.att.com/guidebook/mu/index.html
DS3 Service	AT&T Michigan	AT&T Michigan Guidebook, including Part 15, Sections 1 and 3	http://cpr.att.com/guidebook/mu/index.html
ISDN Prime Service ("ISDN PRI")	AT&T Michigan	AT&T Michigan Guidebook, including Part 17, Section 1	http://cpr.att.com/guidebook/mu/index.html

2. PRICING SCHEDULE TERM, EFFECTIVE DATES

Pricing Schedule Term	36 months
Start Date of Minimum Payment Period, per Service Component	later of the Effective Date or installation of the Service Component
Rate Stabilization per Service Component	Rates as specified in this Pricing Schedule for each Service Component are stabilized until the end of its Minimum Payment Period.
Pricing following the end of Minimum Payment Period	non-stabilized prices as modified from time to time in applicable Service Publication or, if there is no such pricing, the pricing in this Pricing Schedule

3. MINIMUM PAYMENT PERIOD

Service Components	Percentage of Monthly Recurring Rate Applied for Calculation of Early Termination Charges	Minimum Payment Period per Service Component
All Service Components	50%	36 months

4. ADDS; MOVES

4.1 Adds

Orders for ISDN PRI (and associated DS1), DS3 Service Components in excess of quantities listed Section A-1 of Attachment A ("Adds") permitted only as specified below:				
Service Components Permitted for Adds	Site(s) Permitted for Adds	Monthly Recurring Rates	Non-recurring Charges	Additional Requirements
All Service Components listed In Attachment(s) A	Site(s) listed in Attachment A	As provided in Attachment A	As provided in Attachment A, plus any additional special construction charges that may be assessed	Adds must be installed no later than the end of the Pricing Schedule Term or June 30, 2021, whichever is earlier.

4.2 Moves

Per applicable Service Publication.

ILEC INTRASTATE SERVICES PRICING SCHEDULE
Provided Pursuant to Custom Terms

5. RATES AND CHARGES; QUANTITIES; INITIAL SITE(S)

See Attachment(s) A. This Pricing Schedule is Customer's order for any new Services shown on Attachment(s) A.

6. SPECIAL TERMS, CONDITIONS or OTHER REQUIREMENTS

6.1 Use of Service

Customer may not use the Service to bypass the switched access charges that must be paid to a local telecommunications company for the termination or origination of international, interLATA or intraLATA calls. If Customer uses the Service to bypass such switched access charges, Customer must compensate AT&T for any resulting switched access charges that AT&T is obligated to pay or entitled to collect. This Customer obligation shall not be capped or limited in any fashion.

6.2 Notice of Withdrawal

Service and Service Component Withdrawals during Minimum Payment Period	
Prior Notice Required from AT&T to Withdraw and Terminate a Service	12 months
Prior Notice Required from AT&T to Withdraw and Terminate a Service Component	120 days
Applicable Services/Service Components	All DS1 Service and/or DS3 Service and/or ISDN PRI

6.3 MIDEAL Customer

Customer must currently be a member of the State of Michigan MIDEAL program and must remain a member of the MIDEAL program throughout the term of this Pricing Schedule. If proof of MIDEAL membership is not provided upon request to AT&T, the rates herein shall revert to the current standard rates.

ILEC INTRASTATE SERVICES PRICING SCHEDULE
Provided Pursuant to Custom Terms

ATTACHMENT A – MICHIGAN
RATES and CHARGES; INITIAL SERVICE COMPONENTS, SITE and SERVICE CONFIGURATION
 Traverse City Light and Power

A-1 Rates and Charges; Initial Quantities

Service	Service Components / USOC	Quantity New	Quantity Existing	Monthly Recurring Rate (MRR), per unit	Non-recurring Charge (NRC) (New Service Components only), per unit
ISDN PRI	Port, Switch DMS / ZPAZD/ZPQZD			\$ 288.00	\$ 0.00
ISDN PRI	DID - Telephone Numbers - each / LTG6X			\$ 0.20	\$ 0.00
ISDN PRI	Port, Switch 5ESS / ZPAZD/ZPQZD			\$ 288.00	\$ 0.00
ISDN PRI	Unlimited Local Calling on PRI / UTW			\$ 60.00	\$ 0.00
ISDN PRI	ISDN Calling Name ID / NM1PG			\$ 10.00	\$ 0.00
DS1 Service	LDC Transport - Zone 1 / TZ4X1			\$ 112.00	\$ 0.00
DS1 Service	LDC Transport - Zone 2 / TZ4X2			\$ 112.00	\$ 0.00
DS1 Service	LDC Transport - Zone 3 / TZ4X3	0	2	\$ 112.00	\$ 0.00
DS1 Service	Channel Mileage Termination - Zone 1 / CZ4X1			\$ 34.00	\$ 0.00
DS1 Service	Channel Mileage Termination - Zone 2 / CZ4X2			\$ 34.00	\$ 0.00
DS1 Service	Channel Mileage Termination - Zone 3 / CZ4X3	0	2	\$ 34.00	\$ 0.00
DS1 Service	Channel Mileage - Zone 1 / 1YZX1			\$ 14.00	\$ 0.00
DS1 Service	Channel Mileage - Zone 2 / 1YZX2			\$ 14.00	\$ 0.00
DS1 Service	Channel Mileage - Zone 3 / 1YZX3	0	22	\$ 14.00	\$ 0.00
DS1 Service	Central Office Multiplexing - Zone 3 / QMVX3			\$ 0.00	\$ 0.00
DS1 Service	Clear Channel Capability - Zone 1 / CLYX1			\$ 0.00	\$ 0.00
DS1 Service	Clear Channel Capability - Zone 2 / CLYX2			\$ 0.00	\$ 0.00
DS1 Service	Clear Channel Capability - Zone 3 / CLYX3			\$ 0.00	\$ 0.00
DS3 Service	LDC Transport - Zone 1 / TZUP1			\$ 1,375.00	\$ 0.00
DS3 Service	LDC Transport - Zone 2 / TZUP2			\$ 1,425.00	\$ 0.00
DS3 Service	LDC Transport - Zone 3 / TZUP3			\$ 1,550.00	\$ 0.00
DS3 Service	Channel Mileage Termination - Zone 1 / CZ4Z1			\$ 315.00	\$ 0.00
DS3 Service	Channel Mileage Termination - Zone 2 / CZ4Z2			\$ 315.00	\$ 0.00
DS3 Service	Channel Mileage Termination - Zone 3 / CZ4X3			\$ 315.00	\$ 0.00
DS3 Service	Channel Mileage - Zone 1 / 1YZX1			\$ 95.00	\$ 0.00
DS3 Service	Channel Mileage - Zone 2 / 1YZX2			\$ 95.00	\$ 0.00
DS3 Service	Channel Mileage - Zone 3 / 1YZX3			\$ 95.00	\$ 0.00
DS3 Service	Central Office Multiplexing - Zone 1 / QM3X1			\$ 540.60	\$ 0.00

ILEC INTRASTATE SERVICES PRICING SCHEDULE
 Provided Pursuant to Custom Terms

Service	Service Components / USOC	Quantity New	Quantity Existing	Monthly Recurring Rate (MRR), per unit	Non-recurring Charge (NRC) (New Service Components only), per unit
DS3 Service	Central Office Multiplexing - Zone 2 / QM3X2			\$ 540.60	\$ 0.00
DS3 Service	Central Office Multiplexing - Zone 3 / QM3X3			\$ 540.60	\$ 0.00

A-2 Initial New and Existing Customer Sites

SERVICE	LOCATION A (Street Address and City)	LOCATION Z (Street Address and City)	Existing Circuit ID or Common Language Location Identifier (CLI) code
DS1 Service	1131 Hastings, Traverse City	1750 Prough Road SW, Kalkaska	.DHZA.821243..MB



To: Light and Power Board
From: Mark Watson, Field Supervisor
Date: 07/28/2017
Subject: Project Authorization Request - Cherry Capital Airport Runway Expansion

The Cherry Capital Airport is extending the existing Western runway that is adjacent to S. Garfield Rd. between Boon St. and N. Forest Lane Dr. (see exhibit 'A'). The Federal Aviation Administration (FAA) has identified existing flight path obstructions within the approach airspace along with new obstructions that will need to be addressed prior to the runway extension's completion. Staff has prepared a packet of information and is requesting authorization from the TCL&P Board for staff to proceed with the development, design and construction for the completion of this project.

GRP Engineering has provided TCL&P two cost estimates to manage this project through completion including construction, design and materials in the total amount of \$727,591.00:

- 1) Estimated cost for Traverse City Light and Power to underground areas with existing FAA flight path approach height violations. \$329,930.00

- 2) Estimated cost that The Cherry Capital Airport will pay to underground proposed FAA flight path approach height violations with the expanded runway. \$397,661.00

TCL&P will seek reimbursement from The Cherry Capital Airport after the project has been completed.

(RECOMMENDED MOTION ON NEXT PAGE)

FOR THE LIGHT AND POWER BOARD MEETING OF AUGUST 8, 2017

MOVED BY _____, SECONDED BY _____,
THAT THE BOARD APPROVES AS PRESENTED THE CHERRY CAPITAL RUNWAY
EXPANSION PROJECT AUTHORIZATION REQUEST AND DIRECTS STAFF TO SOLICIT
QUOTES FOR CONSTRUCTION AND MATERIALS FOR THE BOARD'S CONSIDERATION
OF APPROVAL.

**Cherry Capital Airport Runway Expansion
PROJECT AUTHORIZATION REQUEST
PAR# 2017-5**



Date of Board Presentation/Consideration: August 8th, 2017

Budgeted in Capital Plan: NO **CIP:**

Objective: Target Completion date of March 2018

Project Description:

Overhead to Underground conversion to accommodate the Cherry Capital Airport runway expansion along with correcting existing airspace violations

Project Purpose and Necessity:

The Cherry Capital Airport is expanding its runway further West towards S. Garfield Ave. between Boon Rd. and N. Forest Lane. The FAA has identified existing and new obstructions in the flight path that will need to be addressed for the runway extension project.

Project Benefits:

Approximately 3000' of three phase main line distribution will be converted from overhead to underground. Reducing exposure to the main line will benefit TCL&P rate payers by providing more reliable service.

Other Alternatives:

Completely reroute the existing line along Barlow St. which would be a significant cost. It would also put two separate circuits on the same pole line which puts our electric system at a higher vulnerability in the event of an outage.

Timing of Project:

Go out for bid immediately after project approval. Award winning bid at September board meeting.

Timeline (Gant Charts) and Expenditures

See exhibit 'A'

Preliminary Engineering Cost Estimate: \$729,591.00 Target Completion date of March 2018

Financing Method:

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

**Cherry Capital Airport Runway Expansion
PROJECT AUTHORIZATION REQUEST
PAR# 2017-5**



Additional Revenues:

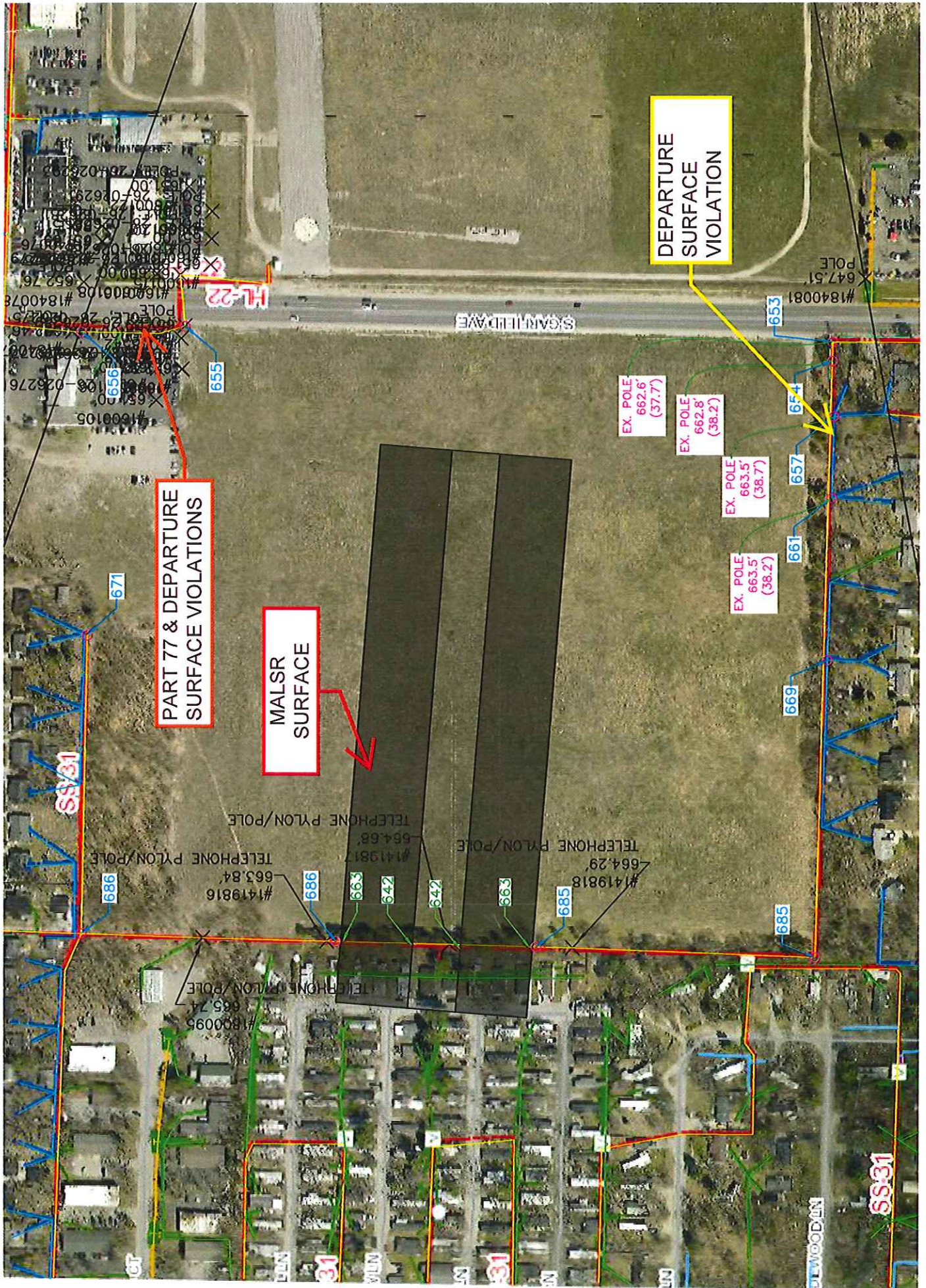
There will be no additional revenues.

Impact on O&M Expenses:

Reduction in vegetation maintenance costs.

Staff Recommendation:

Staff recommends that the board approves as presented the Cherry Capital Runway Expansion project authorization and any necessary expenditures to correct existing and future flight path violations.



PART 77 & DEPARTURE SURFACE VIOLATIONS

MALS R SURFACE

DEPARTURE SURFACE VIOLATION

EX. POLE 662.6' (37.7')

EX. POLE 662.8' (38.2')

EX. POLE 663.5' (38.7')

EX. POLE 663.5' (38.2')

TELEPHONE PYLON/POLE

TELEPHONE PYLON/POLE

TELEPHONE PYLON/POLE

**TRAVERSE CITY LIGHT & POWER
AIRPORT RUNWAY GLIDEPATH CONVERSION TO UNDERGROUND
CONSTRUCTION COST ESTIMATE**

ITEM	ITEM DESCRIPTION	UNITS	LABOR	MATERIAL	TOTAL	EXTENDED TOTAL
1	Trenching (Feet)	655	\$8.00	\$2.00	\$10.00	\$6,550
2	Directional Boring (Feet)	940	\$20.00	\$4.00	\$24.00	\$22,560
3	2" or 3" Conduit	1310	\$3.00	\$1.50	\$4.50	\$5,895
4	4" or 6" Conduit	1310	\$3.50	\$3.00	\$6.50	\$8,515
5	Handholes	2	\$125.00	\$180.00	\$305.00	\$610
6	Fiberglass Elbows & Misc Fittings	5	\$50.00	\$125.00	\$175.00	\$875
7	750MCM CU 15kV Cable (Circuit Feet)	1005	\$13.50	\$46.23	\$59.73	\$60,029
8	#4/0 AL 15kV Cable (Circuit Feet)	60	\$6.75	\$7.00	\$13.75	\$825
9	#2 AL 15kV Cable (3Ø Circuit Feet)	685	\$6.00	\$5.40	\$11.40	\$7,809
10	#2 AL 15kV Cable (1Ø Linear Feet)	625	\$2.00	\$1.80	\$3.80	\$2,375
11	600V Conductor (Linear Feet)	250	\$3.25	\$3.50	\$6.75	\$1,688
12	S&C PMH Switchgear	1	\$850.00	\$16,000.00	\$16,850.00	\$16,850
13	Sectionalizing Cabinet	4	\$740.00	\$600.00	\$1,340.00	\$5,360
14	1Ø Padmount Transformer	4	\$450.00	\$1,100.00	\$1,550.00	\$6,200
15	3Ø Padmount Transformer	2	\$700.00	\$8,000.00	\$8,700.00	\$17,400
16	Elbows, Terminations, & Arresters	92	\$125.00	\$75.00	\$200.00	\$18,400
17	Equipment Grounding	11	\$365.00	\$125.00	\$490.00	\$5,390
18	Fault Indicators (3Ø Installation)	30	\$600.00	\$800.00	\$1,400.00	\$42,000
19	Miscellaneous OH & UG Construction	1	\$4,500.00	\$2,500.00	\$7,000.00	\$7,000
20	1Ø Riser Pole	0	\$1,500.00	\$1,000.00	\$2,500.00	\$0
21	3Ø Riser Pole	2	\$2,800.00	\$1,500.00	\$4,300.00	\$8,600
22	Site Restoration	Lot	\$2,000.00	\$1,500.00	\$3,500.00	\$3,500
23	Demolition & Removals	Lot	\$4,000.00	\$0.00	\$4,000.00	\$4,000
24	Insurance & Bonding	Lot	\$1,500.00	\$0.00	\$1,500.00	\$1,500

Subtotal	\$253,930
Contingency (15%)	\$38,000
Engineering Design (10%)	\$25,000
Construction Inspection (5%)	\$13,000
Total Estimated Project Cost	\$329,930

Notes:

- All costs are estimated as 2018 construction costs.
- Estimate is based on conversion of the existing 3-phase overhead circuit to underground north of Forest Lane from Garfield Ave west to Woodward & Gladewood Ln plus Garfield Ave & Boon St. Includes installation of conduit, 750kCM 15kV CU cable, sectionalizing cabinets, and transformers. Secondary and service lines will remain overhead below the required height threshold.
- Estimate covers work required to correct height issues in the easement/glidepaths.
- The cost estimate submitted herein is based on time-honored practices within the construction industry. As such, the Engineer does not control the cost of labor, materials, equipment or a contractor's method of determining prices and competitive bidding practices or market conditions. The estimate contained represents our best judgement as design professionals using current information available at the time of preparation. The Engineer cannot guarantee that proposals, bids and/or construction costs will not vary from this cost estimate.

**TRAVERSE CITY LIGHT & POWER
AIRPORT RUNWAY EXPANSION UNDERGROUND
CONSTRUCTION COST ESTIMATE**

ITEM	ITEM DESCRIPTION	UNITS	LABOR	MATERIAL	TOTAL	EXTENDED TOTAL
1	Trenching (Feet)	2100	\$8.00	\$2.00	\$10.00	\$21,000
2	Directional Boring (Feet)	0	\$20.00	\$4.00	\$24.00	\$0
3	2" or 3" Conduit	3100	\$3.00	\$1.50	\$4.50	\$13,950
4	4" or 6" Conduit	2700	\$3.50	\$3.00	\$6.50	\$17,550
5	Handholes	5	\$125.00	\$180.00	\$305.00	\$1,525
6	Fiberglass Elbows & Misc Fittings	6	\$50.00	\$125.00	\$175.00	\$1,050
7	750MCM CU 15kV Cable (Circuit Feet)	2250	\$13.50	\$46.23	\$59.73	\$134,393
8	#4/0 AL 15kV Cable (Circuit Feet)	60	\$6.75	\$7.00	\$13.75	\$825
9	#2 AL 15kV Cable (3Ø Circuit Feet)	0	\$6.00	\$5.40	\$11.40	\$0
10	#2 AL 15kV Cable (1Ø Linear Feet)	1360	\$2.00	\$1.80	\$3.80	\$5,168
11	600V Conductor (Linear Feet)	600	\$3.25	\$3.50	\$6.75	\$4,050
12	S&C PMH Switchgear	1	\$850.00	\$16,000.00	\$16,850.00	\$16,850
13	Sectionalizing Cabinet	3	\$740.00	\$600.00	\$1,340.00	\$4,020
14	1Ø Padmount Transformer	3	\$450.00	\$1,100.00	\$1,550.00	\$4,650
15	3Ø Padmount Transformer	0	\$700.00	\$8,000.00	\$8,700.00	\$0
16	Elbows, Terminations, & Arresters	70	\$125.00	\$75.00	\$200.00	\$14,000
17	Equipment Grounding	7	\$365.00	\$125.00	\$490.00	\$3,430
18	Fault Indicators (3Ø Installation)	24	\$600.00	\$800.00	\$1,400.00	\$33,600
19	Miscellaneous OH & UG Construction	1	\$2,000.00	\$1,000.00	\$3,000.00	\$3,000
20	1Ø Riser Pole	0	\$1,500.00	\$1,000.00	\$2,500.00	\$0
21	3Ø Riser Pole	2	\$2,800.00	\$1,500.00	\$4,300.00	\$8,600
22	Site Restoration	Lot	\$4,500.00	\$2,000.00	\$6,500.00	\$6,500
23	Demolition & Removals	Lot	\$8,000.00	\$0.00	\$8,000.00	\$8,000
24	Insurance & Bonding	Lot	\$3,500.00	\$0.00	\$3,500.00	\$3,500


Subtotal	\$305,661
Contingency (15%)	\$46,000
Engineering Design (10%)	\$31,000
Construction Inspection (5%)	\$15,000
Total Estimated Project Cost	\$397,661

Notes:

1. All costs are estimated as 2018 construction costs.
2. Estimate is based on conversion of the existing 3-phase overhead circuit to underground along the westerly edge of the runway glidepath parallel to Woodward Lane. Includes installation of conduit, 750kCM 15kV CU cable, sectionalizing cabinets, and transformers. Secondary and service lines will remain overhead below the required height threshold.
3. The cost estimate submitted herein is based on time-honored practices within the construction industry. As such, the Engineer does not control the cost of labor, materials, equipment or a contractor's method of determining prices and competitive bidding practices or market conditions. The estimate contained represents our best judgement as design professionals using current information available at the time of preparation. The Engineer cannot guarantee that proposals, bids and/or construction costs will not vary from this cost estimate.



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director 
Date: August 3, 2017
Subject: Project Authorization Request – Park Place Overhead to Underground Conversion Project

The Park Place Brownfield Plan was approved by the Brownfield Authority for the purpose of the Park Place to redevelop the existing facility by demolishing the current Park Place dome and constructing a new state of the art conference center with modern technology and functionality and pool/health club leading to greater sustainability of the historic hotel. Included within this Brownfield Plan is for relocation of the current overhead line to underground.

Staff has prepared a packet of information following this memo on the conversion of the HL-31 circuit (located on the Park Place parcel to Boardman Avenue) from overhead to underground and is requesting authorization from the TCL&P Board for staff to proceed with the development, design and construction of the Park Place Overhead to Underground Conversion Project. This project was not specifically listed in the Capital Plan and would fall under Line Improvements and Extensions line item.

This project is part of a Brownfield plan, which allows these expenditures to be reimbursed through the tax increment revenue captures through 2047. The utility will become a party of the Brownfield Development Reimbursement Agreement and is listed to be reimbursed in the amount of \$200,000. However, as noted in the Brownfield Plan the total activities may not be fully reimbursed if taxable value assumptions don't increase over the 30-year capture period because the Plan only identified \$2,017,280 in tax capture. Jean Derenzy from the Brownfield Authority will be at the meeting to answer any questions.

Staff recommends Board approval of the project authorization for the Park Place Overhead to Underground Conversion Project and seeks the necessary board approvals for expenditures in order to complete the project by Spring/Summer 2018.

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

MOVED BY _____, SECONDED BY _____, THAT THE BOARD APPROVE AS PRESENTED THE PARK PLACE OVERHEAD TO UNDERGROUND CONVERSION PROJECT AND DIRECTS STAFF TO SOLICIT CONSTRUCTION BIDS AND MATERIAL QUOTES FOR THE BOARD'S CONSIDERATION OF APPROVAL.

**Park Place Overhead to Underground Conversion
PROJECT AUTHORIZATION REQUEST
PAR# 2017-6**



Date of Board Presentation/Consideration: August 8, 2017

Budgeted in Capital Plan: No **CIP:** Not included

Objective: Target Completion date of September 2018

Project Description:

Conversion of HL-31 three phase overhead circuit to underground at the Park Place Hotel from the riser pole east of Cass Street to the first pole east of Boardman Avenue. All overhead primary (15kV) lines and services will be converted to underground. Proposed main underground route will be along the north side of Washington Street and east side of Boardman Avenue.

One construction contract will be prepared covering installation of conduit and a second for cable and equipment installation. TCL&P crews will remove the overhead lines following conversion to underground by all joint-use utilities including AT&T and Charter Communications.

Project Purpose and Necessity:

The utility's overhead electric circuit HL-31 infrastructure currently resides in the alleyway and continues through the middle of the Park Place's parcel. This project will remove the line from inaccessible areas and upgrade an aged circuit increasing reliability. It will connect to the existing undergrounding completed through the Pine and State Street project leaving only Front Street alley as the last area in downtown with overhead lines. Additionally, an independent request has been made to the utility to improve the safety of the alleyway as it becomes more congested with development the potential of traffic hazards increase with the overhead poles in the area.

Project Benefits:

The project will improve public safety by eliminating potential traffic hazards (poles) in a limited amount of traffic space, increase customer service by reducing the potential of outages as well as duration of outages for a key account customer, reduce energy needs by minimizing losses in an older conductor going to larger conductor, and minimize maintenance costs associated with emergency repairs and tree trimming. This will also provide the ability for the Park Place at their cost to install a transfer switch to provide a redundant feed increasing their reliability of operations. Additionally, it will improve the overall aesthetics of the downtown by reducing the amount of visual clutter in this area.

Other Alternatives:

Keep the current infrastructure and do nothing. The utility will not reduce the exposure to safety hazards in the alleyway, and the risk of potential outages for the customer will increase as time passes on as well as maintenance costs for the infrastructure as it continues to age.

**Park Place Overhead to Underground Conversion
PROJECT AUTHORIZATION REQUEST
PAR# 2017-6**



Timing of Project:

The construction contract will be placed out to bid this summer with construction commencing in the fall and removal occurring in the spring/summer of 2018.

Preliminary Engineering Cost Estimate:

Not yet known with target completion date of September 2018.

Financing Method:

Cash from TCL&P fund balance with reimbursement to be made from the Grand Traverse County Brownfield Authority over time.

Additional Revenues:

Additional revenues will be minimal and based on future load growth.

Impact on O&M Expenses:

A reduction in annual maintenance costs associated with normal maintenance and emergency repairs will occur as well as a reduction in the number of potential outages.

Staff Recommendation:

Staff recommends L&P Board approval of the Park Place Overhead to Underground Conversion Project Authorization and necessary expenditures in order to provide safe and reliable distribution service to its customers.



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: July 26, 2017
Subject: Brownfield Development and Reimbursement Agreement

The next step after the Park Place Overhead to Underground Conversion Project Authorization is for the Board to approve for the execution of the Grand Traverse County's Brownfield Development and Reimbursement Agreement (Agreement). The Agreement is still subject to General Counsel review.

The Agreement provides the ability for the Brownfield Authority to reimburse TCL&P for the costs incurred on the eligible activities and the costs of converting the overhead circuit to underground included within the Brownfield Plan (Plan). The amount of TCL&P eligible costs included within the Plan is \$200,000.

Additionally, for Board information, the Plan states the eligible activities may not be fully reimbursed if Taxable Value assumptions don't increase over the 30-year capture period because the Plan only identifies \$2,017,280 in tax capture and the total eligible costs are \$2,940,851. Jean Derenzy, Director of Community Development will be at the meeting to answer any questions.

Even without the full reimbursement of the allotted amount, staff recommends moving forward with the project for the benefits of increased reliability, minimizing potential outages, increased public safety to the area and lower maintenance costs in the future along with bringing aesthetic improvement to the downtown area.

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

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZE THE CHAIRMAN AND SECRETARY TO ENTER INTO THE BROWNFIELD DEVELOPMENT AND REIMBURSEMENT AGREEMENT; SUBJECT TO APPROVAL AS TO FORM BY THE EXECUTIVE DIRECTOR AND APPROVAL AS TO FORM BY GENERAL COUNSEL.

GRAND TRAVERSE COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY

DEVELOPMENT AND REIMBURSEMENT AGREEMENT

This Development Agreement is made on _____, 2017 between **REGENCY MIDWEST VENTURES LIMITED PARTNERSHIP** (the "Owner") the **DOWNTOWN DEVELOPMENT AUTHORITY (DDA)** the **CITY OF TRAVERSE CITY** the **TRAVERSE CITY LIGHT AND POWER (TCL&P)**, the **GRAND TRAVERSE COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY** (the "GTCBRA"), a Michigan public body corporate.

PREMISES

A. The Owner is engaged in the redevelopment of 300 East State Street (Tax Parcel No 28-51-794-090-00) commonly known as the New Conference Center and Pool/Health Club (the "Developments"), described on attached Exhibit A, to be located on the property described on attached Exhibit B (the "Site").

B. The GTCBRA has been formed pursuant to Act 381, Public Acts of Michigan, 1996, MCL 125.2651 et seq. ("Act 381"), to promote the revitalization of environmentally distressed areas. The GTCBRA has approved a Brownfield Plan that includes the Development (the "Plan", attached as Exhibit C), and the Eligible Property is part of the Plan as amended.

C. The GTCBRA has determined in furtherance of its purposes and to accomplish its goals and Plan to finance certain "Eligible Activities" as defined by Sec. 2(n) of Act 381, Public Acts of 1996, MCL 125.2652(n) within Eligible Property on the Site and as described in the Act 381 Work Plan attached as Exhibit D as the same may be amended or supplemented.

D. Pursuant to the Plan and the Act 381 Work Plan, the GTCBRA will capture and retain 100% of the Tax Increment revenues authorized by law to be captured from the levies imposed by taxing jurisdictions upon taxable property for the Eligible Property consistent with Act 381, as amended, and the Plan approved by the GTCBRA (the "Tax Increments"). Upon satisfaction of the conditions expressed in this Agreement, the GTCBRA will use the Tax Increments as provided by law and as described in this Agreement.

In consideration of the premises and the mutual covenants contained in this Agreement, the Owner and the GTCBRA hereby enter into this Agreement and covenant and agree as follows:

ARTICLE 1.

Section 1.1 Definitions. The following capitalized terms used in this Agreement shall have the following meanings, except to the extent the context in which they are used requires otherwise:

(a) "Act 381" means the Brownfield Redevelopment Financing Act, Act 381 of Michigan Public Acts of 1996, as amended, MCL 125.2651 et seq.

Updated as of 7.26.17

(b) "Agreement" means this Development and Reimbursement Agreement entered into between the GTCBRA, City, DDA, TCL&P and the Owner.

(c) "City" means the City of Traverse City.

(d) "TCL&P" means Traverse City Light and Power Department.

(e) "County" means the County of Grand Traverse, Michigan.

(f) "Development" means the site work, building construction, utilities, and equipment relating to the Eligible Property as described on attached Exhibit B.

(g) "Eligible Activities" means those response activities as defined by Sec. 2(n) of Act 381, Public Acts of 1996, as amended, MCL 125.2652(n), or approved by the Michigan Department of Environmental Quality (MDEQ) or the Michigan Strategic Fund (MSF) as part of the approved Act 381 Work Plan.

(h) "Eligible Property" means the property as defined by Sec. 2(o) of Act 381, MCL 125.2652(o) for purposes of completing the Eligible Activities.

(i) "Environmental Consultant" or "Consultant" means the consulting firm retained or hired by the Owner to fulfill its obligations under this Agreement, including the Eligible Activities set forth in the Act 381 Work Plan.

(j) "Event of Default" means the failure of performance or breach by a party to carry out its obligations under this Agreement or, with respect to a party, if any representation or warranty of such party was materially not accurate when made, and such obligation has not been performed or such representation or warranty corrected within 60 days after written notice thereof has been given by the other party. It also means any filing of bankruptcy or bankruptcy reorganization by the Owner.

(k) "GTCBRA" means the Grand Traverse County Brownfield Redevelopment Authority, established by the County Commission on September 24, 1997, or its successors.

(l) "Indemnified Persons" means the County, the GTCBRA, City, DDA and their members, officers, agents and employees.

(m) "Owner" means Regency Midwest Ventures Limited Partnership.

(n) "Transaction Costs" means GTCBRA's costs, expenses, and liabilities related to the authorization, execution, administration, oversight, fulfillment of the GTCBRA's obligations under this the Agreement, which such items shall include, but not be limited to, direct or indirect fees and expenses incurred as a result of the application, amendments to the Plan, approvals of the Development, printing costs, costs of reproducing documents, filing and recording fees, counsel fees, financial expenses, insurance fees and expenses, administration and accounting for the loan proceeds and tax increments revenues, oversight and review, and all other costs,

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liabilities, or expenses, related to preparation and carrying out or enforcing the Plan, the Act 381 Work Plan and this Agreement, or other related agreements with Owner, if any, and any other costs, charges, expenses, and professional and attorney fees in connection with the foregoing.

(o) "Maximum Cost of Eligible Activities" means the GTCBRA's maximum obligation to pay for the Eligible Activities. The maximum obligation shall not exceed the total amounts set forth in the approved Brownfield Plan, as amended or supplemented, and attached as Exhibit C, for Eligible Activities, contingency (if included), interest (if included), plan preparation, and fees. The total amount of this maximum obligation shall be 100% of the amount set forth in the Brownfield Plan, as amended or supplemented, for Eligible Activities, contingency (if included), interest (if included), plan preparation, and fees.

(p) "Plan" means the Brownfield Redevelopment Plan, as defined under Act 381, and adopted March 15, 2017, as amended, and attached as Exhibit C.

(q) "Site" means the real property located in the County of Grand Traverse, State of Michigan, as described in attached Exhibit B, if applicable, and made a part hereof. The Site and its description in Exhibit B may be amended by the parties to reflect any transfer of land after the execution of this Agreement. Such a modification shall be by amendment of this Agreement and shall be in writing signed by both parties.

(r) "Tax Increments" means tax increment revenues, as defined by Act 381, from all taxable real and personal property located on the Project Site during the life of the Plan.

(s) "Act 381 Work Plan" means the Work Plan approved by the GTCBRA on March 23, 2017 and attached as Exhibit D, as subsequently amended or supplemented.

(t) "MSF Work Plan" means the Work Plan approved and approved by the GTCBRA on March 23, 2017 and attached as Exhibit D, as subsequently amended or supplemented.

(u) "DDA" means Traverse City Downtown Development Authority.

Section 1.2 Number and Gender. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms.

Section 1.3 Incorporation of Premises. The statements included in the Premises above are incorporated as if fully set forth in this Section 1.3.

ARTICLE 2.

COVENANTS OF THE OWNER

Section 2.1 Construction of Development. The Owner and DDA/City/TCL&P shall proceed with the Development and the obligations under this Agreement in its discretion. If it decides to do so, it shall proceed with due care and diligence and commence and complete the Eligible

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Activities and the Development in accordance with this Agreement, and in accordance with any applicable law, regulation, code and ordinance.

Section 2.2 Covenant to Pay Financial Obligations. The Development will utilize the Owner's own funds, including debt financing obtained by the Owner, and receive reimbursement from the GTCBRA in accordance the payment schedule in this Subsection. The City of Traverse City, DDA and TCL&P shall utilize their own funds and receive reimbursement from the GTCBRA in accordance with the payment schedule in this Subsection for. Eligible Activities in accordance with the terms of this Agreement, the Brownfield Plan, and the Act 381 Work Plan. The GTCBRA shall first reimburse its Transaction Costs from captured Tax Increments. The GTCBRA shall then reimburse Owner using 50% of the captured Tax Increments (both State and Local taxes) for its Eligible Activities, as illustrated on the attached Exhibit E, Reimbursement of Eligible Activities - Sharing of Revenues Schedule. The remaining 50% of the revenues in each year shall then be distributed to the public developer (City, DDA, or TCL&P depending upon which entity expended the funds for the eligible expense in question) for approved eligible expenses as provided in this Agreement and as illustrated on the attached Exhibit E.

It is anticipated that there will be sufficient available Tax Increments to meet the obligations under this Agreement. However, if for any reason the Development does not result in sufficient revenues to satisfy such obligations, the Owner agrees and understands that it will have no claim or further recourse of any kind or nature against the GTCBRA except from available captured tax revenues, and if for any reason the revenues are insufficient or there are none, then Owner assumes full responsibility for any such loss or cost. This provision does not restrict Owner's ability to request an amendment to the Act 381 Work Plan and/or Plan, subject to GTCBRA's review process and full discretion to approve, modify or deny any proposed amendments.

It is expressly understood and agreed that the reimbursement of GTCBRA is subject to the following conditions:

- (a) Approval by the MDEQ and/or MSF, and GTCBRA of (1) the Act 381 Work Plan, as amended or supplemented, or (2) of the Eligible Activity as qualifying for school tax capture; however, to the extent an Eligible Activity falls outside (1) or (2) of this subparagraph, then the Eligible Activity must be identified in the Brownfield Plan, as amended, and approved by the GTCBRA for local tax recapture to the extent authorized by Act 381.
- (b) The Owner shall provide proof of ownership of the Site if applicable, and shall provide the GTCBRA with a list of any potentially responsible parties (PRP's), to the best of the Owner's knowledge, for the contamination on the property, and shall have performed all of the covenants, obligations, terms and conditions to be performed by it pursuant to this Agreement and any other agreement with GTCBRA, and all preconditions to the performance of the Owner shall have been satisfied.

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- (c) Owner shall provide written proof of waivers of liens by the Environmental Consultant, Consultant, any contractor, subcontractor providing services as described in this Agreement.
- (d) Owner shall pay all real estate tax obligations when due.
- (e) GTCBRA shall only be obligated to reimburse Debt Obligation that has been reviewed and approved by the GTCBRA. Approval of the application and subsequent approvals of Brownfield plans, work plans, or any other determination of eligibility in no way guarantees or establishes a right to reimbursement of expenditures through tax increment financing prior to review or approval of invoices. Expenditures must be documented to be reasonable for Eligible Activities by submission of invoices and other appropriate documentation. Reimbursement shall only occur pursuant to the terms and conditions of this Agreement, as well as the policies and procedures of the GTCBRA for review and approval of invoices. All invoices for any Eligible Activities on the Eligible Property must be submitted to the GTCBRA for its review within one year from the date of the invoice. While the GTCBRA may waive this requirement in its discretion for good cause shown, the GTCBRA shall be under no obligation to reimburse any invoice for an Eligible Activity that is not submitted in a timely fashion.

Section 2.3 Indemnification of Indemnified Persons.

- (a) The Owner shall defend, indemnify and hold the Indemnified Persons harmless from any loss, expense (including reasonable counsel fees) or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from injuries to persons or property as a result of the ownership or operation, use or maintenance of the Development or arising out of performance of activities under this Agreement or any related agreement from and after the date hereof. If any suit, action or proceeding is brought against any Indemnified Person, the Indemnified Person promptly shall give notice to the Owner and the Owner shall defend such Indemnified Person with counsel selected by the Owner, which counsel shall be reasonably satisfactory to the Indemnified Person. In any such proceeding, the Indemnified Person shall cooperate with the Owner and the Owner shall have the right to settle, compromise, pay or defend against any such claim on behalf of such Indemnified Person, except that the Owner may not settle or compromise any claim if the effect of doing so would be to subject the Indemnified Person to criminal penalties, unless such Indemnified Person gives its consent. The Owner shall not be liable for payment or settlement of any such claim or proceeding made without its consent.
- (b) The Owner also shall indemnify the Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in successfully enforcing or pursuing any obligation of or claim against the Owner under this Agreement or any related agreement. To the extent that the enforcement of such obligation or claim involves a claim against an Environmental Consultant who performs work or

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services under the terms or within the scope of this Agreement, the Environmental Consultant's agreement with the Owner shall be deemed to be a third party beneficiary contract in favor of the GTCBRA or any Indemnified Persons.

- (c) The Owner shall assure that to the extent an Environmental Consultant, Consultant, Contractor or Subcontractor provides services toward completion of any Eligible Activities, at a minimum, the Environmental Consultant, Consultant, Contractor or Subcontractor shall provide to the GTCBRA and the County the indemnity provisions set forth in Section 6.13(a) of this Agreement for the services that the particular Environmental Consultant, Consultant, Contractor or Subcontractor is performing.
- (d) The indemnity provisions shall survive the term of this Agreement.

Section 2.4 Site Access. The Owner shall grant to GTCBRA, the MDEQ and/or MSF, or their designated agents, access to the Site to exercise their respective rights related to the purposes and pursuant to the terms of this Agreement. Site access shall include the right to inspect the performance of any Eligible Activities, as provided in the Brownfield Plan and Work Plan, in the GTCBRA's discretion. The GTCBRA shall give the Owner 24 hours written notice of its intent to access the Site whenever possible. If notice cannot be given due to an emergency or any other unforeseen circumstance, the GTCBRA shall give notice as is reasonable and practicable under the circumstances. All such employees or agents must comply with all Site safety standards.

ARTICLE 3.

CONDITIONS PRECEDENT TO OWNER'S OBLIGATION

Section 3.1 Conditions Precedent to Owner's Obligations to Construct the Development. The obligations of Owner to complete Eligible Activities and construct the Development, as contemplated herein, are subject to the following conditions precedent which must be satisfied by the GTCBRA as required herein, except as expressly provided in this Agreement or otherwise waived by the Owner:

- (a) No action, suit, proceeding or investigation shall be pending before any court, public board or body to which any of the parties to this Agreement is a party, or threatened against any party to this Agreement contesting the validity or binding effect of this Agreement or the validity of the Plan, which could result in an adverse decision which would have one or more of the following effects:
 - (1) A material adverse effect upon the ability of the GTCBRA to collect and use Tax Increments revenues to repay its obligations under this Agreement and the Financing Agreement.
 - (2) A material adverse effect on the Owner's or the GTCBRA's ability to comply with the obligations and terms of this Agreement, the Plan, or the Act 381 Work Plan.

- (b) There shall have been no Event of Default by the GTCBRA and no action or inaction by the GTCBRA eventually which with the passage of time could become an Event of Default.
- (c) The GTCBRA shall have performed all of the terms and conditions to be performed by it pursuant to this Agreement.

ARTICLE 4.

COVENANTS OF THE GTCBRA

Section 4.1 Adoption of Plan. The GTCBRA will prepare and submit the Act 381 Work Plan (and amendments as necessary) in accordance with Act 381 which will provide for the payment of Transaction Costs and reimbursement to the Owner of the Owner's Eligible Activity expenses that have been conducted, completed and approved in accordance with the scope and terms of this Agreement, Act 381, the Plan, and any applicable Act 381 Work Plan, and approved by the GTCBRA pursuant to its policies and procedures. These policies and procedures include, but are not limited to, the GTCBRA's standards for local tax incremental financing eligibility.

Section 4.2 Completion of Eligible Activities. Upon the Owner's satisfactory completion of the Eligible Activities described in Exhibit C, as amended or supplemented, pursuant to this Agreement, and approved by MDEQ and/or MSF and where applicable approved by the GTCBRA, the GTCBRA shall reimburse the Owner subject to and in accordance with the terms set forth in this Agreement. The Owner shall have sole responsibility to pay the Environmental Consultant, Consultant or other contractors or subcontractors for completion of such Eligible Activities and provide written waiver of any liens. If the Owner incurs any expenses or costs for any activities other than the Eligible Activities or the costs exceed the maximum cost of Eligible Activities as set forth in the Plan, the Act 381 Work Plan, or approval of the GTCBRA, the Owner shall bear such costs without any obligation on the part of GTCBRA. If the costs of Eligible Activities set forth in Exhibit C, as amended or supplemented, are less than such maximum cost, then the Owner shall have no further right of reimbursement beyond its actual costs.

Section 4.3 GTCBRA or Contract Manager Oversight. The GTCBRA may retain the services of a qualified contract manager to exercise oversight of the Owner and its Environmental Consultant, Consultant, contractors, or subcontractors for purposes of assuring that the activities, invoices and accounting by the Owner are fair, reasonable, and constitute Eligible Activities within the meaning and scope of this Agreement, the Plan, the Act 381 Work Plan, and Act 381. The Owner shall provide to the GTCBRA Director and its Contract Manager access to data, reports, sampling results, invoices, and related documents reasonably necessary to fulfill the exercise of such oversight. It is expressly understood that GTCBRA has no right to control or to exercise any control over the actual services or performance by the Owner of the Eligible Activities, except as to assurance that the Owner has met the conditions and requirements of this Agreement.

ARTICLE 5.

CONDITIONS PRECEDENT TO GTCBRA'S OBLIGATIONS

Section 5.1 Conditions Precedent to GTCBRA's Obligation to Reimburse Eligible Activities Expenses for the Owner's Development

The obligations of the GTCBRA to reimbursement of costs to the Owner for completion of Eligible Activities expenses as contemplated herein shall be subject to the following conditions precedent which must be satisfied by the Owner as required herein, except as expressly provided in this Agreement or otherwise waived in writing by the GTCBRA. It is expressly agreed that the GTCBRA makes or gives no assurance of payment to the Owner by the mere fact that an Eligible Activity or a dollar amount for such activity is identified in the Work Plan, or as hereafter supplemented or amended, and that its designated contract manager shall have the right to review and approve all written summaries of and invoices for Eligible Activities for the reasonableness of services performed by any Consultant under this Agreement. However, so long as an Eligible Activity by the Owner has been approved and is authorized by Act 381 and has been completed and approved in accordance with the following procedure and this Agreement, and the cost of completing such Eligible Activity is consistent with the Act 381 Work Plan or with a budget which has been pre-approved by the GTCBRA, Owner shall be entitled to reimbursement of its Eligible Activities expenses.

- (a) Before commencing work on each stage of Eligible Activities and pursuant to the policies adopted by the GTCBRA, the Owner or their designee will present a project budget for each stage to the GTCBRA Director at least two weeks prior to the next regular meeting of the GTCBRA. The project budget will be submitted at each such stage of the Eligible Activities: BEA activities; due care 7(a) obligations; and additional response activities and, if applicable, lead and asbestos abatement, demolition, site preparation and infrastructure; and will contain detailed line item cost estimates.
- (b) The Owner shall submit invoices of its expenses and a written statement demonstrating a factual basis that it has completed any Eligible Activities to the GTCBRA Director, for preliminary review and approval, within 30 days of Owner's payment of invoice. Pursuant to Section 2.2, above, the GTCBRA shall not have any obligation to reimburse any invoice that is submitted to the Authority later than one year after the original invoice date, regardless of when payment on the invoice was made. Within 14 days of receipt of the invoice, the GTCBRA Director shall review the invoice to determine the reasonableness of the invoice and activity as eligible, and recommend approval or denial of the invoice, in part or in full, at a meeting of the GTCBRA. In the event of approval of such invoice, the invoice shall be paid within 14 days of the date of approval or, if the GTCBRA has insufficient Tax Increments with which to pay the invoice at the time of its approval, then within 14 days of GTCBRA's receipt of sufficient Tax Increments. In the event of an objection to the invoice, the GTCBRA Director will notify the Owner, and the Owner shall meet with the GTCBRA Director and resolve or cure the objection. If the GTCBRA does not authorize payment on an invoice, then there shall be no obligation on the part of the GTCBRA to pay the invoice absent a

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determination by a court of competent jurisdiction that GTCBRA has the obligation to pay such invoice.

- (c) No action, suit, proceeding or investigation shall be pending before any court, public board or body to which any of the parties to this Agreement is a party, or threatened against any party to this Agreement contesting the validity or binding effect of this Agreement or the validity of the Plan or which could result in an adverse decision which would have one or more of the following effects:
 - (1) A material adverse effect upon the ability of the GTCBRA to collect and use Tax Increments to pay the obligations.
 - (2) A material adverse effect upon the ability of the Owner to conduct Eligible Activities.
 - (3) Any other material adverse effect on the Owner's or the GTCBRA's ability to comply with the obligations and terms of this Agreement, or the Plan.
- (d) There shall be no uncured Event of Default by the Owner and no action or inaction by the Owner eventually which with the passage of time would likely become an Event of Default. The foregoing notwithstanding, if reimbursement of Owner is refused by reason of Owner's action or inaction which with the passage of time would likely become an Event of Default, then if Owner shall cure such threatened default, this precondition shall be deemed fulfilled as of the time of such cure and, provided that all other preconditions to GTCBRA's reimbursement obligation have been met at the time of such cure, then Owner shall then be entitled to reimbursement.
- (e) The Owner shows it is owner of the Site or the Site is under land contract, and the Owner is not in default on any contract or other agreement relating to its ownership, development, or use of the Site which default would have a material adverse effect on the Owner's or the GTCBRA's ability to comply with the obligations and terms of this Agreement or the Plan.
- (f) Proper approvals required under applicable federal and state laws or regulations, and local ordinances, codes or regulations for land uses and Development have been secured.
- (g) The Owner has consent of any affected utility for relocation, burial or the activity to accomplish the Eligible Activities.
- (h) The Owner retains an Environmental Consultant, contractor, or subcontractor to advise, conduct, or complete the Eligible Activities related to the pay-as-you-go obligations as set forth in this Agreement.

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- (i) There is no change in law which would have one or more of the effects described above.
- (j) Any Tax Increments owed to a prior owner of the Site for Eligible Activities undertaken on the Property shall be paid to the prior owner of the Property pursuant to the policies and procedures of the GTCBRA unless otherwise directed by written agreement between the prior owner and the Owner. The Owner has no right to any Tax Increments for any Eligible Activity undertaken on the property prior to its purchase of the property.
- (k) If for any reason the Owner is unable to obtain title to the site, the GTCBRA is not obligated to perform any of the terms of this Agreement.
- (l) Until the completion of all Owner's Eligible Activities or until the completion of the Development, whichever is later, the Owner shall provide to the GTCBRA an annual report of investment made and jobs created. Report shall be delivered to the GTCBRA Office no later than October 31, of each year.

ARTICLE 6.

OWNER'S ENVIRONMENTAL CONSULTANT, ITS CONSULTANT, ITS CONTRACTOR, OR ITS SUBCONTRACTOR RESPONSIBILITIES

Section 6.1 Eligible Activities and Due Care Obligation. The Owner covenants that it will contract with a competent and qualified Environmental Consultant(s) ("Consultant"), Consultant and/or other competent and qualified contractors or subcontractors ("Contractors" or "Subcontractors" respectively) to conduct and complete the Eligible Activities set forth in this Agreement and as set forth in the Act 381 Work Plan, as amended or supplemented, or the Plan, as amended or supplemented, and to meet any due care obligation under Sec. 20107a, NREPA, MCL 324.20107a, in accordance with any MDEQ requirements and approval. Each Environmental Consultant, Consultant or Contractor hired by Owner shall be responsible for the activities that they perform on the Eligible Property, but the Environmental Consultant, Consultant or Contractor shall not be liable for the actions of any persons performing work on the Eligible Property that are not working directly or indirectly for the Environmental Consultant, Consultant or Contractor.

Section 6.2 Permits. The Environmental Consultant, Consultant or Contractors shall examine all permits and licenses within their respective professional scopes that pertain to the Site or Development to determine whether all permits and licenses required to be issued by any governmental authority on account of any or all of the activities on the Site or the Development have been obtained or issued and are in full force and effect, and whether the Site or the Development and the activities there are in compliance with the terms and conditions of such permits and licenses, but limited to only those Eligible Activities performed by Owner, Environmental Consultant, Consultant, Contractors, or Subcontractors, and specifically excludes all other activities performed by other Environmental Consultants, Consultants, Contractors, or Subcontractors performing activities retained by another third party.

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Section 6.3 ASTM and Industry Standards. The Owner, Environmental Consultant, Consultant or Contractors shall perform all services and Eligible Activities under this Agreement in accordance with any applicable *ASTM* or other industry standards.

Section 6.4 Other Services Performed for Owner. It is expressly understood that GTCBRA is not responsible for payment or reimbursement of any services for or expenses incurred by the Environmental Consultant, Consultant and/or Owner that are not within the scope of or in accordance with all of the terms, conditions and provisions of this Agreement. This Agreement shall not be deemed or construed to create any rights to reimbursement or otherwise in the Environmental Consultant, Consultant, Contractors, Subcontractors, or any third parties; specifically, this Agreement shall not be construed to create any third party beneficiary contract or claim.

Section 6.5 Regulatory Liaison and Data and Reports. If applicable, the Environmental Consultant, Consultant or Contractor will provide communication services and attend meetings with the MDEQ and MSF as it relates to those Eligible Activities performed by Owner, Environmental Consultant, Consultant or Contractor. Environmental Consultant, Consultant or Contractors shall:

- (a) submit reports and test results first to the Owner, and shall submit documents to GTCBRA Director within 5 days thereafter or other such time that is reasonable.
- (b) make known the provisions of this subparagraph to all Contractors and Subcontractors, who shall be bound by the confidentiality provisions of this Agreement.
- (c) submit any such written reports marked "DRAFT FOR DISCUSSION PURPOSES ONLY. CONFIDENTIAL." To the extent GTCBRA or its designated agent reviews or receives a document marked "confidential," it shall be kept confidential except as prohibited by the Freedom of Information Act or other law or regulation.
- (d) disclose on request to GTCBRA Director all data, reports and test results generated by the Environmental Consultant, Consultant or Contractor within the scope of this Agreement, the Development Agreement, or in connection with the Development.

Section 6.6 Other Agreements. The Owner covenants that it will obtain a warranty from the Environmental Consultant, or Consultant or Contractor that it is not a party to any other existing or previous agreement which would adversely affect the Environmental Consultant's, Consultant's or Contractor's ability to perform the services with respect to the Eligible Activities.

Section 6.7 Acknowledgments of No Agency. If the Owner hires an Environmental Consultant or Consultant, the Owner shall first secure the written acknowledgment from such party that such party is not and shall not be or act as an agent or employee of the GTCBRA, nor assume or create any duty, commitment or obligation on behalf of nor bind the GTCBRA in any respect whatsoever. A copy of such written acknowledgment shall be provided to GTCBRA.

Updated as of 7.26.17

Section 6.8 Non-Discrimination Clause. The Owner covenants that the Owner shall not discriminate, and that Owner shall require through its contracts with the Environmental Consultant, Consultant, and with any Contractors or Subcontractors, that they shall not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. A breach of this provision may be regarded as a material breach of this Agreement.

Section 6.9 Independent Contractor. The Environmental Consultant, Consultant and any Contractors or Subcontractors shall each perform its services under this Agreement entirely as an independent contractor, and shall not be deemed an agent, employee or legal representative of the GTCBRA. GTCBRA and the Environmental Consultant, Consultant and any Contractor or Subcontractor shall each have and maintain complete control over all its employees, agents and operators. Facts or knowledge of which the Environmental Consultant, Consultant or Contractor becomes aware shall not be imputed to GTCBRA without communication to and receipt by managerial officials or employees of GTCBRA. The Environmental Consultant, Consultant or any Contractor or Subcontractor has no authority to assume or create, and will not assume or create, any commitment or obligation on behalf of the GTCBRA in any respect whatsoever. Further, the Environmental Consultant, Consultant or any Contractor or Subcontractor shall exercise its independent judgment for the services provided in this Agreement.

Section 6.10 Disposal of Hazardous Waste. In the event that samples or other materials contain materials classified as "hazardous waste" under state or federal law, the Owner shall, under a manifest signed by the Owner or its agent, have such samples transported for final disposal to a location selected by the Owner or its Environmental Consultant, Consultant or Contractor. It is expressly understood that the GTCBRA has no oversight or other control or authority over the Owner's obligation to properly dispose of hazardous waste under the terms of this Section.

Section 6.11 Compliance With Laws. While on the Site or Development, the Owner, the Environmental Consultant, Consultant, and any Contractor or Subcontractor shall impose work orders on its employees, agents and subcontractors which are designed to assure that they comply with all applicable federal, state and local laws and regulations (including occupational safety and environmental protection statutes and regulations) in performing services under this Agreement, and shall comply with any directions of governmental agencies relating to Site safety, security, traffic or other like matters as it relates to those Eligible Activities performed by Owner's Environmental Consultant, Consultant or any Contractor or Subcontractor.

Section 6.12 Environmental Consultant, Consultant or Contractor Insurance. The Owner shall assure that the Environmental Consultant, Consultant, any Contractors or Subcontractors, or any other contractors performing any part of the Eligible Activities covered by this Agreement shall obtain and maintain the following policies of insurance:

- (a) Worker's Compensation Insurance in the amounts required under the laws of the State of Michigan;

Updated as of 7.26.17

- (b) Comprehensive General Liability and Automobile Insurance for bodily injury, death or loss or damage to property or third persons in the minimum amount of at least \$1 million per occurrence, which policy shall name the GTCBRA and the County as additional insured to the extent of the indemnity provided in Section 6.13.
- (c) Pollution or Environmental Impairment Insurance in the amount of at least \$ 1 million per occurrence.
- (d) As to the Environmental Consultant and Consultant only, Professional Liability Insurance in the minimum amount of \$1 million per occurrence.
- (e) The Owner shall furnish to GTCBRA a certified copy of such policies within 30 days of the date of the commencement of the Eligible Activities by such Environmental Consultant, Consultant, Contractor or Subcontractor, and the period of coverage shall commence with the date of performance of the first Eligible Activity by such insured person or entity. The limits of insurance shall not be construed as a limitation on the Environmental Consultant's, Consultant's, Contractor's, or Subcontractor's liability for damages, costs or expenses under this Agreement.
- (f) Upon showing of no or minimal environmental impairment risk with respect to the activities to be performed by any specific Contractor or Subcontractor, the Owner may request in writing a reduction of the amount of coverage in subparagraph (b) to \$500,000; upon the same showing, the Owner may also request as to a specific Contractor or specific Subcontractor a waiver of the Environmental Impairment Insurance required by subparagraph (c). The GTCBRA will provide written documentation in the event it approves of such a request, which shall be treated as an amendment to this Agreement effective on the date of such written approval.

Section 6.13 Covenants Related to Indemnification and Liability.

- (a) Defend, Indemnify and Hold Harmless. Notwithstanding any other provision of this Agreement, the Owner shall, and Owner shall obtain Environmental Consultant's and Consultant's agreement to defend, indemnify and hold GTCBRA harmless against and from all liabilities, losses, damages, costs, expenses (including attorney fees), causes of action, suits, claims and demands or judgments as it relates to those Eligible Activities performed by Contractors, Owner's Environmental Consultant or Consultant as follows:
 - (1) Which GTCBRA may sustain as a result of the failure of the Environmental Consultant or Consultant to comply with the provisions of this Agreement; and/or
 - (2) Which result from or arise out of any acts or omissions, negligent or otherwise, of the Environmental Consultant's or Consultant's employees,

agents, contractors, or subcontractors in the performance of the work specified in this Agreement.

- (3) This indemnity shall only apply to the Environmental Consultant, Consultant or Contractor's actions, and the Owner and Environmental Consultant, Consultant or Contractor shall have no obligation to indemnify, defend or hold harmless the Indemnified Persons for any loss, liability, claim, damage, cost or expense arising out of, related to or resulting from any activities performed by other Environmental Consultants, Consultants, Contractors, or Subcontractors on the Eligible Property.
- (b) Contribution. The Owner shall obtain written acknowledgment that the Environmental Consultant and Consultant could be liable to GTCBRA for all damage, loss, injury or expense to the extent such person or entity's acts or omissions arising out of their individual performance of activities under this Agreement are actionable negligence or gross negligence, or constitute intentional misconduct. The Environmental Consultant and Consultant, shall be liable for contribution to GTCBRA for any such damage, loss, injury or expense of a third party arising out of such activities, notwithstanding Sec. 20128 of the NREPA, MCL 324.20128, and for releases aggravated or proximately caused individually by the Environmental Consultant or Consultant. This subparagraph shall not affect any other liabilities or remedies of the GTCBRA.
- (c) Survivorship of Covenants. Any Environmental Consultant's, Consultant's, Contractor's, or Subcontractor's obligation to indemnify, hold harmless and defend shall survive the termination of this Agreement and the Environmental Consultant's and Consultant's agreement with the Owner but is limited to only those Eligible Activities performed by Contractors or Owner's Environmental Consultant or Consultant, and specifically excludes all other activities performed by other Environmental Consultants, Consultants, Contractors, or Subcontractors performing activities.
- (d) Breach. An uncured breach of the foregoing provisions of Section 6.13 at the option of GTCBRA constitutes, or will result in, a breach of the Development Agreement.
- (e) The written agreement in subparagraph (a) of this section and written acknowledgment in subparagraph (b) shall be filed with the GTCBRA before any reimbursement under the terms of this Agreement.

ARTICLE 7.

REPRESENTATIONS AND WARRANTIES

Section 7.1 Representations and Warranties of GTCBRA. GTCBRA represents and warrants to the Owner that:

Updated as of 7.26.17

- (a) GTCBRA is a public body corporate, established pursuant to Act 381, with all necessary corporate powers pursuant to that Act to enter into and perform this Agreement.
- (b) The execution and delivery of this Agreement has been duly authorized by all requisite action on the part of the GTCBRA, and this Agreement constitutes a valid and binding agreement of the GTCBRA enforceable in accordance with its terms, except as enforce ability may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or thereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

Section 7.2 Representations and Warranties of the Owner. The Owner represents and warrants to the GTCBRA that:

- (a) The Owner is a South Dakota limited liability limited partnership, authorized to do business in Michigan with power under the laws of such states to carry on its business as now being conducted and has the power and authority to consummate the transactions contemplated under this Agreement by the Owner.
- (b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action on the part of the Owner, and this Agreement constitutes a valid and binding agreement of the Owner in accordance with its terms, except as enforce- ability may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.
- (c) Except as part of the performance and completion of Eligible Activities under the terms of this Agreement, the Owner, its Contractors, or Subcontractors shall not use the Site for the storage, treatment or disposal of hazardous or toxic wastes of unaffiliated third parties and shall comply with all applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees and orders in connection with any use of the Site, and shall obtain all necessary permits in connection therewith.
- (d) Owner warrants that it will comply with all obligations, covenants and conditions required of it or its agents or contractors under the terms of this Agreement.
- (e) Owner shall comply with all due care obligations under Sec. 7a of Part 201 of the NREPA.
- (f) Owner has not made any misrepresentation of fact in the inducement or in the performance or administration of this Agreement.

ARTICLE 8.

OWNER FINANCIAL ASSURANCES

Section 8.1 Insurance. The Owner shall obtain and provide proof of the following current in-force insurance:

- (a) If applicable, Worker's Compensation Insurance in the amounts required under the laws of the State of Michigan;
- (b) Comprehensive General Liability, including Umbrella Liability Insurance for any such underlying liability, and Automobile Insurance for bodily injury, death or loss or damage to property of third persons in the minimum amount of \$2 million per occurrence; and
- (c) If applicable, Environmental Impairment Insurance in the amount of at least \$1 million per occurrence.

The Owner shall furnish to GTCBRA a certificates evidencing the existence of such policies within 14 days of the date of this Agreement and the period of coverage shall commence with the date of performance of the first Eligible Activity. GTCBRA will review the certified policies within 14 days of their receipt to determine if the insurance requirements have been satisfied. If the policies do not fully cover the Owner's liability, including indemnity obligations, under this Agreement, then the GTCBRA reserves its right to increase the amount of other financial assurances under Article 8 of this Agreement. The limits of insurance shall not be construed as a limitation on the Owner's liability for damages, costs or expenses under this Agreement.

Section 8.2 Deduction from Owner's Right to Reimbursement. The Owner grants the GTCBRA the right to deduct or set off from any reimbursement obligation to Owner GTCBRA's Transaction Costs for successful enforcement of the terms of this Agreement or other claims if there has been an Event of Default by the Owner.

ARTICLE 9.

DEFAULT, REMEDIES, AND TERMINATION

Section 9.1 Remedies Upon Default. Upon the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement by giving written notice to the defaulting party, and the defaulting party shall have 60 days to cure the default or, if such cure requires more than 60 days, then if such defaulting party shall commence and diligently proceed to cure the default within such 60 days, and shall diligently then the defaulting party shall have such time as reasonably necessary to cure the default. If the default is not cured within this time period, then the non-defaulting party shall have the right to terminate this Agreement or, at the election of such non-defaulting party, may obtain any form of relief permitted under this Agreement, and any applicable laws and court rules of the State of Michigan, including the right to seek and obtain a decree of specific performance of a court of competent jurisdiction. Any right or remedy provided

Updated as of 7.26.17

by a specific provision of this Agreement shall be deemed cumulative to, and not conditioned on, any other remedies upon default. The prevailing party shall be entitled to an award of reasonable costs and attorney fees.

Section 9.2 Tax Valuation and Payment of Tax Increment Revenue Shortfall. Owner and GTCBRA have entered into this Agreement in reliance on certain assumptions about the increase in tax value of the Eligible Property that will be created by the Development, as contained in the Work Plan, attached as Exhibit D. Owner agrees that if there is a tax appeal of the valuation of all or any part of the Eligible Property or Development during the time of tax capture provided for in the Plan and this Agreement, whether by Owner, a future tenant or any other future owner, and if by reason of such appeal the GTCBRA is required to reimburse a taxpayer for any funds which have been paid to Owner, Owner shall be responsible for repaying GTCBRA the amount reimbursed to the taxpayer as a result of any reduction in the assessed value of all or part of the Property or Development. The Owner's obligation to repay the GTCBRA under this Section does not constitute a waiver of Owner's right to be reimbursed again from the tax capture for all Eligible Activities to the extent that sufficient funds are available to pay Owner subsequent to such repayment. This obligation may be assigned by written agreement between Owner and any future tenant or owner of the Eligible Property. A copy of such assignment shall be provided to the GTCBRA.

ARTICLE 10.

MISCELLANEOUS

Section 10.1 Term. The term of this Agreement shall commence on the date first written above and shall expire upon payment in full of GTCBRA's obligations to reimburse Owner, City, DDA, and Traverse City Light and Power for Eligible Activities and shall not exceed the 30 year tax capture term of the Brownfield Plan.

Section 10.2 Sale or Transfer of Eligible Property or Site within the Plan. Up until the Owner has satisfactorily completed its Eligible Activities and performed its obligations under the terms of this Agreement, the Owner shall not sell, convey, or transfer ownership of any portion of the Eligible Property to another owner to carry out the purposes and goals of the Plan, or any existing Act 381 Work Plan, as described in this Agreement without amendment to the Plan. This does not prohibit the Owner from selling property or units within structures to third parties for the land uses as contemplated by the Development. This Section shall not apply to: (a) assignments between governmental entities (b) assignments for financing required for the Development; (c) the establishment of another entity which shall operate the premises for the infrastructure purposes.

The Owner waives the right to reimbursement for outstanding pay-as-you-go obligations, or any other reimbursement obligation of the GTCBRA, to be paid through Tax Increment Financing captured from the portion of the Eligible Property that is sold, conveyed, or transferred unless the Owner complies with the following:

- (a) The Owner provides the prospective transferee with written notice of the Act 381 Work Plan, the nature and extent of Eligible Activities performed by the Owner

Updated as of 7.26.17

pursuant to the Plan, and the extent of any outstanding obligation for reimbursement for pay-as-you-go expenses from taxes to be captured from the property.

- (b) The Owner and the transferee enter into an allocation agreement covering how the Tax Increments collected on the property shall be distributed between the Owner and the prospective purchaser for any outstanding obligations or future obligations for Eligible Activities on the property.
- (c) The Owner provides the GTCBRA with copies of the written notice and the allocation agreement between the Owner and the transferee of the property within 30 days after transfer of the property.

Section 10.3 Assignment. Neither this Agreement nor any of the rights or obligations contained within it may be assigned or otherwise transferred by the Owner, nor shall the benefits of this Agreement inure to the benefit of any trustee in bankruptcy, receiver or creditor of the Owner, whether by operation of law or otherwise, without the prior written consent of the other parties to this Agreement which will not be unreasonably withheld. Any attempt to assign or transfer this Agreement or any of its rights without such written consent shall be null and void and of no force or effect, and a breach of this Agreement.

Section 10.4 Notices. All notices, certificates or communications required by this Agreement to be given shall be in writing and shall be sufficiently given and shall be deemed delivered when personally served, or when received if mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the respective parties as follows:

If to GTCBRA:

Grand Traverse County
Municipal Assistant to Authority pursuant to MCL 125.2657(5)
Grand Traverse County Brownfield Redevelopment Authority
400 Boardman Avenue
Traverse City, Michigan 49684

If to the Owner:

Tom Biegler, President/CEO
Kyle Scholten, CFO
Regency Midwest Ventures Limited Partnership
3211 West Sencore Drive
Sioux Falls, South Dakota 57106

If to the City:

City of Traverse City
Attn:, City Manager
400 Boardman Ave.

Updated as of 7.26.17
Traverse City, Michigan 49684

If to the DDA:
Traverse City Downtown Development Authority
Attn:, DDA Director
PO Box 42, Traverse City, Michigan 49685

If to TCL&P:
Traverse City Light and Power
Attention: Executive Director
1131 Hastings Street
Traverse City, MI 49686

or to such other address as such party may specify by appropriate notice.

Section 10.5 Amendment and Waiver. No amendment or modification to or of this Agreement shall be binding upon any party hereto until such amendment or modification is reduced to writing and executed by all parties hereto. No waiver of any term of this Agreement shall be binding upon any party until such waiver is reduced to writing, executed by the party to be charged with such waiver, and delivered to the other parties hereto.

Section 10.6 Entire Agreement. This Agreement contains all agreements between the parties. There are no other representations, warranties, promises, agreements or understandings, oral, written or implied, among the parties, except to the extent reference is made thereto in this Agreement.

Section 10.7 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute the same instrument.

Section 10.8 Captions. The captions and headings in this Agreement are for convenience only and in no way limit, define or describe the scope or intent of any provision of this Agreement.

Section 10.9 Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, performance and otherwise, by the laws of the State of Michigan.

Section 10.10 Mutual Cooperation. Each party to this Agreement shall take all actions required of it by the terms of this Agreement as expeditiously as possible and shall cooperate to the fullest extent possible with the other parties to this Agreement and with any individual, entity or governmental agency involved in or with jurisdiction regarding the purposes of this Agreement. Each party to this Agreement shall execute and deliver all documents necessary to accomplish the purposes and intent of this Agreement, including, but not limited to, such documents or agreements as may be required by the Owner's lenders with respect to the Project to secure the Owner's financing from such lenders.

Section 10.11 Binding Effect. This Agreement shall be binding upon the parties hereto, and in the event of assignment under Section 10.3 upon their respective successors, transferees, and

Updated as of 7.26.17

assigns. Owner shall provide written notice prior to transfer or assignment of Owner's interest to any subsequent purchaser and assign of the existence of this Agreement.

Section 10.12 No Waiver. No waiver by either party of any default by the other party in the performance of any portion of this Agreement shall operate or be construed as a waiver of any future default, whether like or different in character.

Section 10.13 Survival of Covenants. Except for the financial obligations, the covenants and provisions shall survive the term of this Agreement.

Section 10.14 No Third Party Beneficiaries. This Agreement shall not be deemed or construed to create any rights to reimbursement or otherwise in the Consultant, Contractors, Subcontractors, or any third parties. This Agreement shall not be construed to create any third party beneficiary contract or claim, and the parties intend there to be no third party beneficiaries.

Section 10.15 Disputes. The parties acknowledged the disputes which may arise under this Agreement shall be resolved by the courts of Grand Traverse County, State of Michigan.

Updated as of 7.26.17

IN WITNESS WHEREOF, the GTCBRA and the Owner have cause this Agreement to be duly executed and delivered as of the date first written above.

Owner:

REGENCY MIDWEST VENTURES LIMITED PARTNERSHIP

By: Regency MWG, LLC, Its General Partner

By: _____
Tom Bigler, _____
Its: President/CEO

GRAND TRAVERSE COUNTY BROWNFIELD
REDEVELOPMENT AUTHORITY

By: Mark Eckoff
Its: Chairman

Approved as to Substance:

By: Jean Derenzy
Its: Director

Approved as to form:

By: Scott Howard
Its: Attorney

Updated as of 7.26.17

CITY OF TRAVERSE CITY

DOWNTOWN DEVELOPMENT
AUTHORITY

By: James Carruthers, Mayor

By: William Golden, Chair

By: Benjamin Marentette, City Clerk

Steve Constantin, Secretary

Approved as to Substance

Approved as to Substance

By: Martin A. Colburn, City Manager

Rob Bacigalupi, Director

Approved as to Form

Approved as to Form

Lauren Tribble-Laucht, City Attorney

Lauren Tribble-Laucht, DDA Counsel

TRAVERSE CITY LIGHT AND POWER

By: Jan Geht, Chairman

By: Tim Arends, Secretary

Updated as of 7.26.17

Approved as to Substance

By: Tim Arends, Executive Director

Approved as to Form

W. Peter Doren, Esq.
Sondee, Racine & Doren, PLC
Traverse City Light & Power General Counsel

Exhibit A “Development”

Project Description: Park Place Redevelopment Area – New Conference Center and Pool/Health Club

This Brownfield Plan (the “Plan”) anticipates approximately \$4.73 million in future investments (inclusive of Brownfield eligible activity costs) by Regency Midwest Ventures LP and approximately \$1.96 million by the Traverse City Downtown Development Authority (TC DDA) for a total investment of approximately \$6.69 million. This Plan contemplates redevelopment upon one (1) Eligible Property, 300 East State Street (Tax Parcel No 28-51-794-090-00) which is a recognized historic resource and is identified as a “facility”.

Regency Midwest Ventures LP (“Regency”), the Historic Park Place Hotel owners plan to raze the existing pool building and dome meeting structure, so that construction can begin on a meeting space and functioning swimming pool and exercise room in their place. Demolition of the dome and construction of a new state-of-the-art conference center with modern technology and functionality will add greatly to the sustainability of the attached historic hotel.

The Park Place Hotel continues to play a significant role as an historic icon to the Traverse City area. The applicant feels that in order to continue to offer that hotel to the public in the manner with which they have become accustomed, they need to be able to compete for group business in the area, something that their current meeting space does not allow them to do effectively. The current dome meeting space, while arguably interesting, is not only undersized but also not at all conducive to the wishes of today’s meeting consumer. The acoustics are extremely unacceptable to their guests and they’ve been unable to find a workable solution to this. In addition, the circular design, isn’t at all what an attendee expects to see in a modern facility. In much the same way that homes with this design are nearly impossible to decorate; there simply isn’t a good way to set this room to accommodate meetings and events. As such, if the applicant is unable to accomplish this, it’s likely that the Park Place Hotel will see its revenue stream erode to a point where eventually they will be forced to make some much more impactful and difficult decisions.

A new state-of-the-art facility will allow the Park Place to increase their current capacity by approximately 60% to 70% (from 300 to 500 attendees per event). According to the Traverse City Convention & Visitors Bureau (TC CVB) figures from 2015/2016, the increased capacity and modern conference center will add to the economic vitality of downtown Traverse City by generating additional revenue. The TC CVB receives over 360 inquiries annually for group events averaging roughly 350 attendees. The economic impact to the area from event attendees averages roughly \$127/day/attendee (a.k.a “average spend per day”). Understanding that the opportunity to bring more conferences to Traverse City allows growth and economic vitality to our downtown. With the recognition of bringing an additional 70 to 75 new conferences to downtown, that can equate to a financial impact of \$3 million per annum to our community. The new conference center will add to the success of the city’s broader downtown development strategy.

Updated as of 7.26.17

The applicant's plan is to abate the asbestos containing materials, demolish both structures (existing pool building and dome meeting structure) and begin construction on a new meeting space by spring 2017. The construction time line is currently at about 12 months, which they hope to compress some so that they can be into their new space and pool by early 2018. During this phase of construction, the applicant will also be renovating the interior of the Park Place Hotel rooms which began in 2016, bring them back to their previous glory with very period specific décor. The applicant will also renovate the "Top of the Park" lounge to enable them to capitalize on the incredible views that area offers.

In short, a new conference center will be a major improvement to downtown that will substantially benefit the community and the applicant's investment will bode well for the city. Additionally, for the Historic Park Place Hotel to remain a vibrant, competitive and a viable fixture in downtown Traverse City, Brownfield Plan approval to allow for eligible activity costs proposed is critical. The project is seeking tax increment financing through the Brownfield Redevelopment Financing Act (Public Act 381 of 1996), which is the subject of this Brownfield Plan, to allow for a successful redevelopment of this Property.

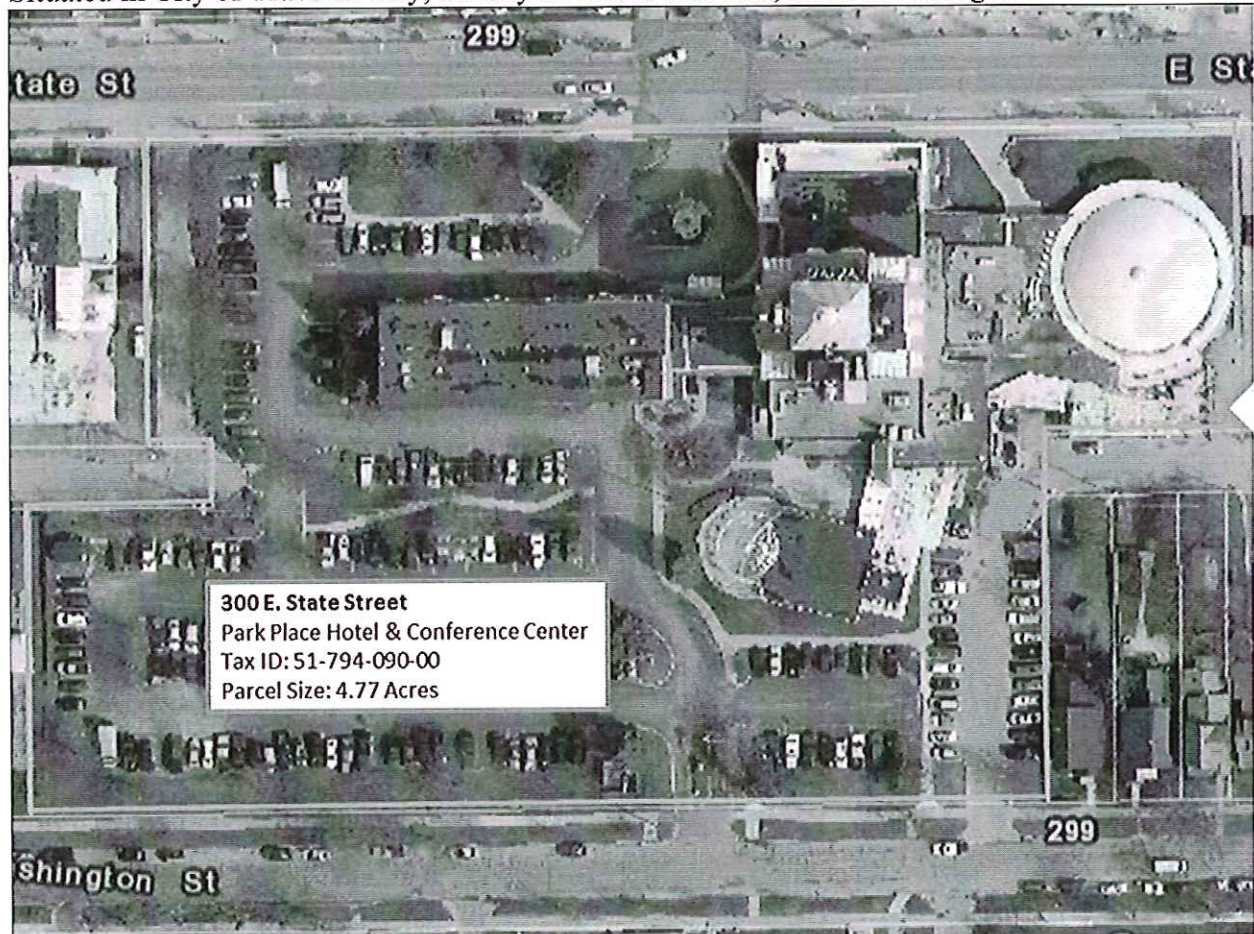
Estimated Job Creation:

Once complete, approximately 15-20 immediate new full time jobs will be created. It is anticipated that additional jobs will be created upon project maturation. The Park Place currently retains approximately 120 full time jobs.

Updated as of 7.26.17

Exhibit B "Site"

Situated in City of Traverse City, County of Grand Traverse, State of Michigan.



Updated as of 7.26.17

Exhibit C
“Brownfield Plan”

Updated as of 7.26.17

Exhibit D
“Act 381 Work Plan”

Updated as of 7.26.17

Exhibit E
“Reimbursement of Eligible Activities - Sharing of Revenues Schedule”

FOR THE LIGHT & POWER BOARD MEETING OF AUGUST 8, 2017



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: July 26, 2017
Subject: Public Hearing - Solar Governmental Renewable Power Cost Recovery Rate

At the July 11, 2017 Traverse City Light & Power (TCL&P) Board meeting, the Board approved the purchase power agreement with Heritage Sustainable Energy, LLC (Heritage) for the M-72 Solar Project, subject to the City Commission approving the subscription to the Solar Governmental Renewable Power Cost Recovery Rate (solar rate)

Staff attended the July 3 and 17, 2017 City Commission meetings to answer questions on the proposed solar rate. The City Commission approved the subscription to the solar rate at their July 17, 2017 regular meeting.

Subsequent to the City Commission meeting, General Counsel reviewed the tariff rate and recommended revisions incorporated into the attached tariff rate along with creating a subscription document for the purpose of confirming the City of Traverse City's acceptance of the solar rate.

In the past, it has been utility's practice to follow the procedures of the Michigan Public Service Commission where the Board sets a public hearing. Since there is no requirement by Charter to follow this process, staff moved forward with setting a public hearing based on the fact that this will affect one rate class and at this time one customer, the City of Traverse City. Staff also took into consideration the significant discussion and public comment that occurred along with the acceptance of the solar rate by the City Commission. Lastly, by setting the public hearing for today's meeting it provides the ability to move forward with execution of the purchase power agreement and the reimbursement agreement with Heritage.

The public hearing was posted on the TCL&P website and a notice was sent to the Record Eagle to post the public hearing on Saturday August 5, 2017 as well as place the information on the TCL&P website.

After the public hearing, if the Board concurs with implementing the new Solar Governmental Renewable Power Cost Recovery Rate included in the tariff sheet following this board memo, the following motion is appropriate:

MOVED BY _____, SECONDED BY _____,

**THAT THE BOARD AUTHORIZES THE SOLAR GOVERNMENTAL
RENEWABLE POWER COST RECOVERY RATE AS PRESENTED EFFECTIVE
SEPTEMBER 1, 2017.**

City of Traverse City
Light and Power Department
Effective: _____

SOLAR GOVERNMENTAL RENEWABLE POWER COST RECOVERY RATE

Availability:

Available for meters where a governmental customer consumes energy for their operations and wishes for all or a part of it to be from a renewable source and TCL&P has available renewable energy sources.

Rate:

For the Heritage Sustainable Energy project, the Solar Governmental Renewable Power Cost Recovery Rate shall be derived as follows: An initial estimate has been created calculating the average solar renewable power cost recovery rate over the term of the contract taking into consideration the avoided cost of solar (the component costs of the utility to purchase energy off the market), which include energy, capacity, transmission and renewable energy credits and comparing it to the costs of the M-72 solar purchase power contract with Heritage Sustainable Energy, LLC ("M-72 solar").

Rates for other projects will be established as that renewable energy source becomes available and customers subscribe to buy the energy from a project.

The initial Solar Governmental Renewable Power Cost Recovery Rate as calculated above will be \$24,794 or \$.0023 per kWh (average of the difference between the avoided cost of solar and the purchase power contract) spread among the applicable meters on a per kWh basis.

In March, after each full calendar year of operation, the avoided cost will be recalculated and the difference between it and the purchase power contract of a project will be inputted into the initial estimate calculation providing a new average solar governmental renewable power cost recovery rate starting in July and ending in June the following year. The final year of the tariff rate will true up the difference between the amount charged to the customer and the actual cost and or discount of the solar governmental renewable power cost recovery rate.

The cost per kWh will be based on the annual load of the previous fiscal year.

Term:

The term of the rate is from the date of Commercial Operation of Solar Energy and for the life of the purchase power agreement for the project plus one year to true up the cost and or discount between the difference of the amount charged to the customer and actual cost and or discount of the solar governmental renewable power cost recovery rate. A customer wanting this rate shall subscribe to it for this term.

Power Service Cost Recovery:

Customers on this rate are subject to the Department's Power Service Cost Recovery as it is the basis for to determine the avoided cost of solar.

SUBSCRIPTION

SOLAR GOVERNMENTAL RENEWABLE POWER COST RECOVERY RATE

The City of Traverse City hereby subscribes to the Solar Governmental Renewable Power Cost Recovery Rate and for the term of that rate for the solar project known as Heritage Renewable Energy Corners. A description of that rate is attached hereto and incorporated here by reference.

Dated: _____, 2017

Marty Colburn
City Manager



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: July 26, 2017
Subject: Heritage Sustainable Energy, LLC Reimbursement Agreement

As part of the staff review process of the proposed solar generation array (“array”), a study was performed with Power System Engineering, Inc. to determine whether the Heritage Sustainable Energy, LLC (Heritage) array had the ability to interconnect with Traverse City Light and Power’s (TCL&P) distribution system.

The study provided recommendations on modifications and /or additions to accommodate the interconnection at the distribution level based on input and discussions obtained from Heritage and TCL&P.

The summary of items required to facilitate interconnection and estimated costs by Power System Engineering, Inc. is included for your review.

Since the modifications are being made to TCL&P’s system staff believes it is in the best interest of the utility to manage the project upgrades with the engineering and construction costs of the distribution system improvements reimbursed by Heritage. TCL&P requested GRP Engineering Inc. to review the study in conjunction with staff and provide a cost to perform the engineering on this project.

General Counsel has drafted and included for your review, an Agreement to Reimburse and Fund Interconnect between Heritage and TCL&P.

Staff recommends the Board approve the agreement contingent upon the City executing the subscription and execution of the Amended and Restated Power Purchase Agreement with Heritage.

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

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE VICE-CHAIRMAN AND SECRETARY TO SIGN THE AGREEMENT TO REIMBURSE AND FUND INTERCONNECTION, AFTER THE APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR, AND AS TO FORM BY GENERAL COUNSEL, AND AFTER THE CITY’S SUBSCRIPTION TO THE ANTICIPATED TARIFF RATE REFERRED TO AS THE SOLAR GOVERNMENTAL RENEWABLE POWER COST RECOVERY RATE AND

FOR THE LIGHT & POWER BOARD MEETING OF AUGUST 8, 2017

EXECUTION OF THE AMENDED AND RESTATED POWER PURCHASE AGREEMENT WITH HERITAGE SUSTAINABLE ENERGY, LLC.

**DER Interconnection - Heritage Sustainable Energy, Traverse City Light & Power
Items Required to Facilitate Interconnection**

	Total Estimated
<u>TCL&P Primary Distribution System Upgrades</u>	
1. Install three phase recloser or padmount fault interrupter at the POI with voltage sensing (per section 2.5)	\$40,000
<u>Hall Substation Facilities Upgrades</u>	
2. Place substation LTC control in distributed generation mode	\$0
<u>Metering at DER Site</u>	
4. Install bi-directional metering with CTs and PTs at primary metering location, (per section 2.5)	\$4,500
<u>Generator Interconnection</u>	
5. Install 1500 kVA step-up transformer at the DG site	\$75,000
6. Install three-phase load break switch(es)	\$8,000
<u>Communications</u>	
7. Install communications channel between the substation and the POI for DTT	\$25,000
<u>Additional Engineering, Testing and Commissioning Fees Not Included Above</u>	
6. Engineering/Design (spec equipment, design protection schemes, program reclosers, design communications scheme, etc.)	\$25,000
7. Testing and Commissioning	\$10,000
Overheads and Contingencies	10%
TOTAL ESTIMATED COST <i>(Including noted overheads and contingencies)</i>	\$206,300

AGREEMENT TO FUND INTERCONNECTION

This Agreement is made the ____ day of 2017 by and between HERITAGE SUSTANABLE ENERGY, LLC, a Michigan limited liability company (Heritage) and the TRAVERSE CITY LIGHT & POWER DEPARTMENT, a Michigan municipal electric utility (TCL&P).

This Agreement is based upon the following:

1. Heritage owns wind powered electric generation facilities and is engaged in the construction of a solar power generation facility located on M-72 in Elmwood Township, Leelanau County, Michigan, known as Heritage Renewable Energy Corners.
2. Heritage and TCL&P are simultaneously entering into an Amended and Restated Power Purchase Agreement for the sale by Heritage and to TCL&P of the Wind Energy and Solar Energy to be produced from this facility.
3. Heritage has had prepared the System Impact & Facility Study for the Interconnection & Parallel Operation of a 1MW Photovoltaic distributed Energy Resource Facility by Powers System Engineering, Inc. and dated October, 2016 (System Impact & Facility Study).
4. The System Impact & Facility Study has estimated the cost of modifying the TCL&P electric system to Interconnect and operate in parallel with the energy generated from the Heritage facility.
5. Heritage wishes to have the modifications described in the System Impact & Facility Study Project made to the TCL&P system and to reimburse TCL&P for all cost of the modifications.

NOW, THEREFORE, in consideration of the covenants obtained herein the parties agree as follows:

1. Engineering. TCL&P shall retain GRP Engineering (Engineer) to engineer and prepare contract documents for the interconnection and parallel operation of a 1MW Photovoltaic distributed Energy Resource Facility being the Heritage facility and following the System Impact & Facility Study. The Engineer shall work with TCL&P staff and Heritage representatives in preparing the engineering and contract documents.

2. Engineering Cost and Reimbursement. TCL&P shall pay the engineer pursuant to the GRP Engineering Agreement which is dated the same date as this Agreement. Heritage will reimburse TCL&P for all engineering cost of the Project pursuant to the reimbursement procedure in this Agreement.
3. Contracting for Project. Upon completion of engineering and contract documents, TCL&P shall competitively bid construction and implementation of the Project and enter into a contract with a company selected by TCL&P.
4. Construction Cost and Reimbursement. TCL&P shall pay for construction, upgrades, metering, interconnection, communications and testing of the Project. Heritage shall reimburse TCL&P all such costs of the Project pursuant to the reimbursement procedure described in this Agreement.
5. Reimbursement Procedure. After TCL&P receives an invoice or bill which is to be reimbursed by Heritage, it shall email a copy of the invoice or bill to the Heritage representative. Upon payment of that bill or invoice, TCL&P shall invoice Heritage for the amount to be reimbursed. Heritage shall reimburse TCL&P within thirty (30) days of the date of the invoice amount indicated on the invoice. If not paid when due, Heritage shall also pay a late fee of \$100.00 and the unpaid amount shall be charged interest in the amount of 12%. If not paid within sixty (60) days of the due date, TCL&P may draw down on the Letter of Credit from _____ Bank. To reimburse the invoiced amount, pay the late penalty and interest that has accrued.
6. Letter of Credit. Heritage shall obtain a Letter of Credit in favor of TCL&P from _____ Bank. This Letter of Credit shall initially be in the amount of the current estimated Project costs of \$206,300 and estimated engineering cost of \$_____. If the estimated cost of construction and engineering changes, the parties agree to have the Letter of Credit modified to reflect that change.
7. Dispute Resolution. If any party has a dispute with another regarding the meaning, operation, or enforcement of any provision of this Agreement, the disputing parties agree to meet and confer to negotiate a resolution of the dispute. They further agree as follows:
 - (a) Mediation. If they are unable to resolve the dispute themselves, and before formally instituting any other dispute mechanism, they shall utilize the services of a mutually acceptable neutral mediator, who meets the qualifications of MCR 2.411, to bring them together in at least one mediation session.

- (b) Venue. All meetings, hearings and actions to resolve the dispute shall be in Grand Traverse County.
 - (c) Notice. Written notice of a dispute shall be given to the other parties not later than 90 days after the occurrence giving rise to the dispute becomes known or should have become known. Negotiations and mediation shall occur within 60 days after such notice unless a longer time is agreed upon.
8. Attorney Fees and Cost. In the event of litigation between the parties regarding this Agreement or Project, the prevailing party will be entitled to recover from the other party all costs including reasonable attorney fees related hereto.
 9. 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.
 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.
 11. Authority to Execute. The parties agree that the signatories appearing below have the authority and are duly authorized to execute this Agreement on behalf of the party to the Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first written.

Traverse City Light & Power
Department

Heritage Sustainable Energy, LLC

By: Jeff Palisin
Its: Vice Chairman

By:
Its:

By: Timothy J. Arends
Its: Board Secretary

APPROVED AS TO SUBSTANCE:

Timothy J. Arends, Executive Director

APPROVED AS TO FORM:

W. Peter Doren, General Counsel



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: August 2, 2017
Subject: GRP Engineering Services Contract

As mentioned in the previous memo, TCL&P requested GRP Engineering Inc. (GRP) to provide a proposal on the M-72 Solar Generation Distribution System Upgrade Project (project). If the Board provides approval on the Heritage and TCL&P Agreement to Reimburse and Fund Interconnect (reimbursement agreement) the next step is consideration of professional engineering and construction management services for the project.

Attached is a proposal from GRP for your consideration of approval.

The proposal includes the design, construction contract, and bidding and award of the contracts in the amount of \$12,000 and construction management in the amount of \$6,000. Because the utility would have incurred the construction management function if the project were to be handled by Heritage, the utility will only request reimbursement for the \$12,000.

Even though this is within the Executive Director's spending authority, staff is requesting approval from the Board because this contract is sequential to the execution of the amended and restated power purchase and reimbursement agreement.

Staff recommends approval of the proposal as presented. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO ENTER INTO AN AGREEMENT WITH GRP ENGINEERING, INC. FOR PROFESSIONAL ENGINEERING, CONTRACT MANAGEMENT, AND CONSTRUCTION MANAGEMENT SERVICES RELATED TO THE M-72 SOLAR GENERATION DISTRIBUTION SYSTEM UPGRADE IN THE NOT TO EXCEED AMOUNT OF \$18,000; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL, AND AFTER EXECUTION OF THE AGREEMENT TO REIMBURSE AND FUND INTERCONNECT WITH HERITAGE SUSTAINABLE ENERGY, LLC.

August 2, 2017

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

**RE: Engineering Services Proposal
M-72 Solar Generation Site Protection Proposal**

Dear Tim:

GRP Engineering, Inc. is pleased to present this proposal to Traverse City Light & Power (TCL&P) for engineering services associated with installation of protection equipment for the proposed solar generation site on M-72. The scope of this project includes installation of a three-phase recloser and electronic controller and primary metering on M-72 at the proposed Heritage Sustainable Energy photovoltaic (PV) generation site plus implementation of a Direct Transfer Trip (DTT) scheme with HL21 circuit at Hall Street Substation. System modifications are being implemented per the System Impact & Facilities Study completed by PSE in October 2016. The addition of a recloser and DTT with HL21 breaker insure protection of TCL&P's system during abnormal conditions due to the added generation from the PV site.

GRP Engineering's understanding is that work associated with the recloser installation at the interconnection site and all fiber optic installation work will be contracted out for this project. The scope of fiber optic work included in this project is connection from the PV site to Gray Road Substation as TCL&P is currently working to connect fiber from Gray Rd Sub to Hall Street Substation. GRP Engineering will complete design for the recloser installation and fiber optic connection, assist with material procurement, prepare and process one construction contract, calculate and install all relay settings, perform recloser and breaker function testing, and all contract administration. Proposed construction schedule is to complete all work in the fall of 2017 in conjunction with PV generation installation by Heritage Sustainable Energy.

M-72 Solar Generation Site Protection Scope of Services

- Complete engineering design for recloser installation at the PV site including potential transformers for performing sync check. Recloser will be relocated from Cass Road to the interconnection point on M-72 and installed by contracted crews.
- Primary metering installation design.
- Prepare assembly drawings and required material list.
- Determine relay settings & logic for recloser SEL-351R controller.
- Install relay settings on SEL-351R.
- Perform function testing of recloser.

- Complete design for fiber optic connection from PV interconnection point to Gray Road Substation including construction and connection drawings.
- Assist TCL&P with construction contract including bidding, evaluation, award and contractor invoicing.
- Conduct on-site pre-construction meeting.
- Determine relay settings & logic for HL21 breaker SEL-351S controller required for DTT scheme and blocking reclose when circuit "hot-line" condition is present.
- Perform function testing of breaker.
- Testing and verification of the DTT scheme between the PV interconnection recloser and HL21 breaker at Hall Street Substation.

GRP Engineering, Inc. proposes to complete the engineering services for the M-72 Solar Generation Site Protection project for a total lump sum fee of \$18,000, including all expenses. Engineering costs are broken down into design and construction/commissioning phases below.

Design, Construction Contract, Bidding & Award	\$12,000
Construction Oversight, Testing & Commissioning	\$ 6,000

Should additional services be required outside the scope of this proposal, we will complete those tasks on an hourly basis based on the attached rate sheet. All services performed for Traverse City Light & Power within this scope will be billed on a monthly basis. Should additional services be required outside the scope of this proposal, GRP Engineering, Inc. will complete those tasks on an hourly basis via the attached rate sheet.

We appreciate the opportunity to submit this proposal and look forward to being of service to you. Please contact me should you have any questions regarding this proposal.

Sincerely,

GRP Engineering, Inc.



Michael P. McGeehan, P.E.
President

Enclosures

cc: Traverse City Light & Power
Mr. Tony Chartrand

GRP ENGINEERING, INC.
HOURLY BILLING RATES

Employee Title	Engineer Level	Hourly Rate Range
Senior Project Manager	8	\$135 - \$150
Project Manager	7	\$120 - \$135
Senior Engineer	6	\$100 - \$120
Project Engineer	4 - 5	\$85 - \$100
Engineer	2 - 3	\$75 - \$85
Entry Level Engineer	1	\$60 - \$75
Engineering Technician		\$40 - \$60
Engineering Support		\$30 - \$40
Administrative Support		\$45 - \$50

Expenses will be invoiced at cost including, but not limited to, mileage, meals, lodging, printing and reproduction.

All subcontracted services will be invoiced at cost, with no additional markup.

Rates are valid through December 31, 2017



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: July 24, 2017
Subject: TCL&P ACT Employee Benefit Change

Following the recent ratification of the Collective Bargaining Agreement with UWUA Local 295, staff reviewed the benefits offered to non-union employees and found that in order to remain consistent between both employee groups, the following benefit changes were warranted for the non-union TCL&P ACT group:

- Effective 7/1/2017, the pension benefit for all new hires will be at a 1.5% multiplier (base wage only) with a six year vesting requirement. Employees hired prior to 7/1/2017 will continue to receive a pension benefit at a 2.25% multiplier, with a ten year vesting requirement, but this has now been closed to any new employee.
- Effective 7/1/2017, all new hires shall receive an additional 4% into their 457 Deferred Compensation plan for a total of 10%, provided the employee contributes a minimum of 6%. Anything less will see a reduction in the employer's contribution.
- Effective 7/1/2017, retiree health benefits for new hires who become eligible for a pension benefit, will cease once they become Medicare eligible. Additionally, for any reduced benefit pension, the retiree health benefit will be reduced by the same percentage.

Implementation of these changes is immediate for any new hires going forward.

Strategic Planning

Business Goals Presentation 2017



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Financial Stability *Business Goals*

- Develop and implement rate structures to promote financial stability while keeping in mind the impacts of environmental regulations, increased efficiency and distributed generation.
(ON-GOING) (Karla Myers-Beman)



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Financial Stability

Business Goals

- Develop an internal cost of study to provide staff a resource tool for the purpose of concurring with the study performed by a third party and to allow for internal analysis and understanding of implications of different modifications to utility rate tariffs. (Karla Myers-Beman)

System Reliability & Power Quality

Business Goals

- Annually review, enhance and develop system maintenance programs ensuring Average Service Availability Index (“ASAI”) remains above 99.970%. (ON-GOING) (Tony Chartrand)
- Perform System Wide Sectionalizing Study (Tony Chartrand)



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Technology *Business Goals*

- ❑ Continue to progress the utility's Geographic Information System (GIS). (ON-GOING) (Scott Menhart)
- ❑ Implementation of the Advanced Metering Infrastructure (AMI). (ON-GOING) (Scott Menhart)



High Quality Workforce *Business Goals*

- Continue engaging in efforts towards employee professional development and performance management in order to ensure that the workforce has the knowledge, skills and abilities to evolve in their positions and are accountable in the work being performed. (Kelli Schroeder)





Customer Satisfaction *Business Goals*

- Continue to evolve the utility's communications efforts and community involvement. (ON-GOING)
(Kelli Schroeder)



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