

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

Tuesday, June 11, 2019

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 St. Amour
Administrative Assistant
1131 Hastings Street
Traverse City, MI 49686
(231) 932-4543

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

Posting Date:
6/7/2019
3:00 P.M.

AGENDA

Pledge of Allegiance

1. Roll Call

2. Disclosure of Recusal

3. Consent Calendar

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

- a. Approval of Agenda.
- b. Consideration of approving minutes of the Regular Meeting of May 14, 2019. (Approval Recommended) (p.4)
- c. Consideration of approving Electric and Fiber Fund Budgets and Six-Year Capital Improvements Plan - 2019. (Approval Recommended) (Myers-Beman) (p.9)
- d. Consideration of approving the 2019-20 Insurance Renewal. (Approval Recommended) (Myers-Beman) (p.11)
- e. Consideration of adopting a Resolution in support of the 80/20 health premium cost share model to comply with the requirements of Public Act 152 of 2011. (Approval Recommended) (Schroeder) (p.30)
- f. Consideration of authorizing a Construction Agreement for hourly rate assistance. (Approval Recommended) (Dixon) (p.32)
- g. Consideration of consent to assignment for Extenet Assets Entity, LLC to accept Extenet Systems, Inc. agreements with TCL&P. (Approval Recommended) (Arends) (p.34)

4. Unfinished Business

- a. Public Hearing regarding:
 - Fiber to the Premise (FTTP) Cost Benefit Analysis. (Arends/Menhart) (p.)
- b. Consideration of Fiber to the Premise Project financing options. (Arends/Myers-Beman) (p.36)
- c. Consideration of approving a Construction Contract with Fujitsu for the Fiber to the Premise Project. (Arends/Menhart) (p.38)

- d. Consideration of approving a Operations and Maintenance Contract with Fujitsu for the Fiber to the Premise Project. (Arends/Menhart) (p.42)
- e. Consideration of approving an updated organizational chart. (Arends/Schroeder/Menhart) (p.45)
- f. Consideration of authorizing staff to issue request for proposal for construction, operation and maintenance of a solar generating facility located at the Cherry Capital Airport. (Arends) (p.49)
- g. Consideration of authorizing staff to apply for financing for a solar generating facility located at the Cherry Capital Airport through the United States Department of Agriculture Rural Energy Savings Program. (Arends) (p.49)

5. New Business

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 - 1. Presentation of MPPA's report card on TCL&P. (Myers-Beman) (p.53)
 - 2. March 31, 2019 financial statements. (Myers-Beman) (p.56)
- c. From Board.

7. Public Comment

- a. General.

/js

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, May 14, 2019

Board Members -

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

Absent:

Ex Officio Member -

Present: Marty Colburn, City Manager

Others: Tim Arends, Jeff Jocks, Daren Dixon, Scott Menhart, Karla Myers-Beman, Kelli Schroeder, Tony Chartrand, Jacob Hardy, Jennifer St. Amour

Item 2 on the Agenda being Disclosure of Recusal - None

Item 3 on the Agenda being Consent Calendar

Ross Hammersley requested items 3(f) and 3(h) be pulled from Consent Calendar.

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

- a. Approval of Agenda.
- b. Approval of the minutes of the Regular Meeting of April 9, 2019 and Special Meeting of April 23, 2019.
- c. Receive and file minutes of the City Renewable Energy Ad Hoc meeting of April 5, 2019, FTTP Ad Hoc meeting of April 29, 2019 and HR Ad Hoc meeting of May 10th, 2019.
- d. Authorized a professional engineering services agreement for the Barlow Switch Station Project.
- e. Authorized a professional engineering services agreement for the Critical & Large Customer #3 Project.
- f. *Removed.*
- g. Approval of the amended Alcohol and Drug Testing Policy.
- h. *Removed.*
- i. Approval of an updated organizational chart and updated ACT Group Salary Ranges.
- j. Granted a private easement on utility owned property.

CARRIED unanimously.

Items Removed from the Consent Calendar

- a. Authorized the Executive Director to execute a Letter of Authorization with MPPA for renewable energy.

The following individuals addressed the Board:

Tim Arends, Executive Director
Karla Myers-Beman, Controller

Moved by Davila, seconded by Hammersley, that the Light & Power Board directs the Executive Director to execute the Energy Services Project Transaction Authorization with Michigan Public Power Agency for solar supply located in Shiawassee County, Michigan with Assembly Solar, LLC.

CARRIED unanimously.

- b. Approval of the City of Traverse City On-Peak Demand Reduction Program Policy.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Davila, seconded by Shamroe, that the Light & Power Board adopts the City On Peak Demand Reduction Policy, as amended, with an immediate effective date.

The following individuals from the Public addressed the Board:

David Petrove, 9988 Riley Rd., Interlochen, non-ratepayer

CARRIED unanimously.

Item 4 on the Agenda being Unfinished Business

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

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Shamroe, seconded by Hammersley, that the Light & Power Board directs the Executive Director to negotiate an amended contract with Heritage Sustainable Energy, LLC to incorporate an additional 2 MW of solar energy within the existing contract based on the price structure presented.

The following individuals from the Public addressed the Board:

David Petrove, 9988 Riley Rd., Interlochen, non-ratepayer
Merek Roman, 517 Third St., ratepayer

CARRIED. 6 Yes votes, 1 No vote - Mr. McGuire.

- b. Presentation of the Cedar Run Property Phase 1 Study by Gosling Czubak.

The following individuals addressed the Board:

Tim Arends, Executive Director

Klaus Heinert, P.L.A, Senior Project Manager, Gosling Czubak Engineering Sciences, Inc.

Don Conway, P.G., C.P.G., Senior Project Manager, Gosling Czubak Engineering Sciences, Inc.

NO MOTION.

- c. Consideration of amending the Gosling Czubak Consultant Agreement for Phase 2 services.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Heiberger, seconded by Shamroe, that the Board authorizes the Executive Director to execute an amendment to the Consultant Agreement for Phase Two Services provided by Gosling Czubak subject as to form by General Counsel.

CARRIED unanimously.

- d. Presentation of the Fiber to the Premise Business Plan.

The following individuals addressed the Board:

Scott Menhart, Manager of Telecom & Technology

Anthony Bednarczyk, Executive Engagement Leader, Fujitsu

Michael T. Riley, Director, Network Design & Integration LOB, Fujitsu

John J. Cafaro, Director, Vertical Markets

Keith Lerch, Sales Client Executive, Fujitsu

Tom DiFrisco, Solution Sales Manager, Fujitsu

NO MOTION.

- e. Consideration of a written attorney-client communication describing Traverse City Light & Power Department legal rights and responsibilities, which is exempt from disclosure by state statute. (Possible closed session-5 votes required)

Consensus of the Board was to decline entering into a closed session.

- f. Consideration of next steps for the Fiber to the Premise (FTTP) Project.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Shamroe, seconded by Heiberger, that the Light & Power Board hold a public hearing at its June 11th, 2019 Regular Meeting for consideration of the Cost-Benefit Analysis for the proposed TCL&P Fiber Project as presented by Fujitsu, and pursuant to the requirements of the Metro Act, Act 48 of 2002, and further direct staff to provide notice of the public hearing as required by law.

The following individuals from the Public addressed the Board:

Barb Willing, Grant Street, ratepayer
Jon Ann Willow, Interlochen, non-ratepayer
Marilyn Passmore, Director, Government Relations, Charter Communications Inc.

CARRIED unanimously.

Moved by Werner, seconded by Shamroe that the Light and Power Board direct staff to begin contract review with Fujitsu for construction, and operation and maintenance, of the TCL&P Fiber Project for Light and Power Board consideration, and possible approval, at a later meeting, as amended.

The following individuals from the Public addressed the Board:

Dennis Greenfelder, 12855 Meadowbrook Dr., non-ratepayer

CARRIED unanimously.

Item 5 on the Agenda being New Business

- a. None.

Item 6 on the Agenda being Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Executive Director's Annual Performance Evaluation.

The following individuals addressed the Board:

Kelli Schroeder, Manager of Human Resources & Communications

- c. From Board

Marty Colburn thanked Light and Power staff for the presentation of the budget at the Monday evening Commission meeting.

Item 7 on the Agenda being Public Comment

- a. General

The following individuals from the Public addressed the Board:

Chairman Taylor read a public comment on behalf of Russell Shindler.

Tim Arends, Secretary
LIGHT AND POWER BOARD

DRAFT



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Karla Myers-Beman, Controller
Date: May 29, 2019
Subject: 2019-20 Budget Adoption

At the June 3, 2019 City Commission meeting, the City Commission passed the Annual Budget Resolutions (the resolution pertaining to Traverse City Light & Power (TCL&P) is included in the board packet) that authorizes the TCL&P Board to adopt the budget and capital plan it submitted for their consideration of approval, as required by City Charter. As a final step in the budget process, it is now appropriate for the Board to formally adopt the budget documents for the 2019-20 fiscal year.

This item is appearing on the Consent Calendar as staff deems it to be a non-controversial housekeeping matter, and recommends the Board adopts the 2019-20 operating budgets for the Electric and Fiber Optic Funds, and Six Year Capital Improvements Plan. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

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

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT & POWER BOARD FORMALLY ADOPTS THE 2019-20 OPERATING BUDGETS FOR THE ELECTRIC UTILITY AND FIBER OPTIC FUNDS, AND SIX YEAR CAPITAL IMPROVEMENTS PLAN.

City of Traverse City

Office of the City Clerk

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




**Resolution Adopting the Traverse City Light and Power Budget
for Fiscal Year 2019-2020 Including the Capital Improvement Plan**

Resolved, that the Traverse City Light and Power Board has caused a budget document, to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2019, and ending June 30, 2020, and that the proposed budget document of the Traverse City Light and Power Department for the fiscal period of July 1, 2019, through June 30, 2020, is hereby approved in its entirety in the amount of \$35,741,800 and the Fiber Optics Fund of \$591,400, pursuant to the Charter of the City of Traverse City, Section 179(j); and that the Traverse City Light and Power Board is hereby authorized to adopt this budget, as submitted; further, be it

Resolved, that the Traverse City Light and Power Board has caused a Capital Improvements Plan to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2019, and ending June 30, 2020, and is hereby approved in its entirety; and that the Traverse City Light and Power Board is hereby authorized to adopt this Capital Improvements Plan, as submitted.

I hereby certify that the above Resolution was adopted by the City Commission on June 3, 2019, at a regular meeting of the City Commission held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.


Benjamin Marénette, City Clerk



To: Light and Power Board
From: Karla Myers-Beman, Controller
Date: May 29, 2019
Subject: 2019-20 Insurance Renewal

The Michigan Municipal League (MML) has submitted its proposal for liability and property insurance for fiscal year 2019-20 in the amount of \$75,094. Attached is an Executive Overview from MML describing their company, the insurance process, and a list of benefits of pooling with MML.

This year there is an increase of 3.3% or \$2,462 primarily due to increase in property value. Below is a historical perspective of the premiums paid:

2009-10 - \$	75,564
2010-11 - \$	69,781
2011-12 - \$	61,214
2012-13 - \$	63,392
2013-14 - \$	64,995
2014-15 - \$	65,715
2015-16 - \$	67,536
2016-17 - \$	73,048
2017-18 - \$	71,069
2018-19 - \$	72,632
2019-20 - \$	75,094

Similar to last year, the pool will be providing a dividend return in July/August period in the amount of \$43,293. Last year the dividend return was \$42,612 and the TCL&P received \$6,891.

This item is on the Consent Calendar as it is deemed non-controversial. Staff recommends that the Board accept this proposal and authorize payment to MML for the 2019-20 property & liability insurance premium. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

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

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT AND POWER BOARD APPROVES PAYMENT TO THE MICHIGAN MUNICIPAL LEAGUE LIABILITY AND PROPERTY POOL IN THE AMOUNT OF \$75,094 FOR FISCAL YEAR 2019-2020 LIABILITY AND PROPERTY INSURANCE.



michigan municipal league

liability and property pool

May 24, 2019

Karla Myers-Berman, Controller
Traverse City Light & Power

Re: Traverse City Light and Power Renewal Premium for 2019.

TCLP's renewal premium represents an increase of \$2,462 or 3.3%. The premium increase is primarily due to property values increasing \$861,552. MML property rates increased 1 cent.

Line of Coverage	2019 Premium	2018 Premium	2019 Deductible	2018 Deductible
General Liability	\$14,308	\$13,686	\$0	\$0
Errors & Omissions	\$14,308	\$13,801	\$0	\$0
Property	\$28,341	\$27,602	\$5,000	\$5,000
Excess Liability 5 million	\$9,078	\$8,771	N/A	N/A
Excess Liability 3 mm x 2 mm	\$9,079	\$8,772		
Total	\$75,094	\$72,632.		

The Michigan Municipal League Liability and Property Pool appreciate your 34 years of membership and we are committed to providing you with the best comprehensive coverage and service.

Sincerely,



Connie M. Monson
 MML Account Executive



michigan municipal league

Liability & Property Pool

Renewal Summary

for the

City of Traverse City

Presented By:

Connie M. Monson
Service Provider: Meadowbrook, Inc.
(877) 370-8892

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This proposal is intended to be only a summary of coverages and services. For specific details on coverage terms and conditions, please refer to the Michigan Municipal League Liability and Property Pool coverage document.

Executive Overview

The Michigan Municipal League Liability and Property Pool is administered by the Risk Management staff of the Michigan Municipal League, and serviced by Meadowbrook, Inc. Since 1982, the Pool has been a stable source of comprehensive municipal insurance and risk management services. It is financially secure and positioned for long-term stability.

The **City of Traverse City** has been a Pool member since **1985**.

The League administrative staff and the dedicated Pool staff at Meadowbrook, Inc. are municipal insurance experts. Municipal risk management is our only business, and we're proud of it!

The Pool provides insurance coverage designed specifically for Michigan municipal exposures, combined with a package of loss control programs, claims administration, legal defense and membership services that you won't find anywhere else in Michigan.

This quotation is based on the limits of coverage requested by the **City of Traverse City**. Higher limits may be available, subject to underwriting review by Pool Management. Please submit requests for higher limits in writing to your Account Executive. Your request will be considered by Pool Management.

The insurance and related services described more fully in this proposal are being offered to the **City of Traverse City** for an annual premium of **\$464,607**.

City of Traverse City **\$389,513**
Traverse Light & Power **\$75,094**

When compared to last year's cost of \$449,170 it represents a premium increase of \$15,437 or 3.4%. The primary reason for this increase is the City property values increased \$5,358,995. The auto MCCA (Michigan Catastrophic Claims Association) fee increased \$28 per vehicle. The MCCA fee is currently \$220 per vehicle. MML pays \$26,840 of the City's auto premium to the State of Michigan.

MML Dividend - MML Liability & Property Pool Board of Trustees voted to return another post-renewal dividend for Members renewing in 2019. The **City of Traverse City's** portion of the dividend return is **\$43,293**. The City will receive this dividend in the month following payment of your 2019 renewal premium. Since 2011, when MML started their dividend program, the City's dividend returns total **\$478,735**.

Thank you for being a Pool member. We look forward to servicing your risk management program for many years to come.

Our Mission

To be a long-term, stable, cost-effective risk management alternative for members of the Michigan Municipal League Liability and Property Pool.

Introduction

What You Can Expect Of Us

- ✓ A commitment to learn, understand and respond to your insurance needs;
- ✓ Continuous planning and innovation in product development and service delivery;
- ✓ Products that meet your needs in terms of price, coverage and service;
- ✓ Prompt, accurate, and courteous response to your questions, problems and claims; and
- ✓ Knowledgeable and professional staff serving your needs consistently and with integrity.

Your Pool Insures More Than . . .

- | | |
|--------------------------------|----------------------------------|
| ✓ 433 Public Entity Members | ✓ 195 Water Utilities |
| ✓ 139 Fire Departments | ✓ 218 Sewer Utilities |
| ✓ 170 Law Enforcement Agencies | ✓ 24 Municipal Marinas |
| ✓ 2,195 Police Officers | ✓ \$5 Billion of Property Values |
| ✓ 5,772 Miles of Streets/Roads | ✓ 206 Water Service Operations |
| ✓ 6,950 Vehicles | ✓ 17 Dams |
| ✓ 16 Electric Utilities | |

These local communities are current Pool members:

City of East Jordan
City of Manistee
City of Harbor Springs

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Coverage and Cost Summary City Of Traverse City

Effective 07-01-2019 to 07-01-2020

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Municipal General Liability (Coverage A)	\$5,000,000	N/A	\$0
Grand Traverse County for Inspection Services	\$5,000,000	N/A	\$0
Grand Traverse Ski Club	\$5,000,000	N/A	\$0
Great Lakes Railroad Boardman lake Trail-Railroads MML235	\$5,000,000	N/A	\$0
Great Lakes Railroad Mile Marker 25 Contractual Liability -Railroad MML 235	\$5,000,000	N/A	\$0
Great Lakes Railroad-S Garfield and Hanna Ave.	\$5,000,000	N/A	\$0
State of Michigan Transportation-MML235 North of Center Line of Centre Street	\$5,000,000	N/A	\$0
Traverse City DDA A/I	\$5,000,000	N/A	\$0
Traverse City Light and Power	\$5,000,000	N/A	\$0
Sewer Back-Up Sublimit	\$100,000	\$100,000	\$0
Personal Injury Liability (Coverage B)	\$5,000,000	N/A	\$0
Medical Payments (Coverage C)	\$10,000	N/A	N/A
Public Officials Liability (Coverage D)	\$5,000,000	N/A	\$0
Traverse City Light & Power	\$5,000,000	N/A	\$0
Traverse City DDA A/I	\$5,000,000	N/A	\$0
Law Enforcement Liability (Coverages A, B, and D)	\$5,000,000	N/A	\$0
Employee Benefit Liability	\$1,000,000	\$1,000,000	\$0
Fire Legal Liability	\$100,000	N/A	N/A
Cyber Liability & Data Breach Response	\$100,000	\$100,000	See Declaration
Dam Liability	No Coverage	N/A	N/A
Marina Operator Liability	No Coverage	N/A	N/A
Automobile Liability (Coverages A and B)	\$5,000,000	N/A	\$0

<u># Vehicles</u>	<u>Comp</u>	<u>Coll</u>
122	\$500	\$1,000

Agreed Amount, if applicable 31 Vehicles for a total of \$5,024,720

Coverages A, B, and D are provided with a combined single limit of liability. The most the Pool will pay for any one occurrence is \$5,000,000 regardless of the number of coverages involved in the occurrence.

Property

Property - Blanket Basis	\$166,060,814	N/A	\$5,000
Boiler and Machinery	Included	N/A	\$5,000
Building(s)	Included	N/A	\$5,000
Cemetery Property - up to \$500 per headstone	# Plots: 25,000	N/A	\$5,000

Coverage and Cost Summary City Of Traverse City

Effective 07-01-2019 to 07-01-2020

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Contents	Included	N/A	\$5,000
Property in the Open	Included	N/A	\$5,000
Protection & Preservation	Included	N/A	N/A
Property - Actual Cash Value	See Schedule	N/A	\$5,000
Property - Limited Replacement Cost	N/A	N/A	N/A
Property - No Coverage	See Schedule	N/A	N/A
Property - Replacement Cost	See Schedule	N/A	\$0
2009 German Shepherd, LUK	\$10,000	N/A	\$250
2017 German Shepherd, Drago	\$10,000	N/A	\$250
Accounts Receivable	\$100,000	N/A	\$250
Consequential Damage	\$100,000	N/A	N/A
Contractor's Equipment	\$3,262,000	N/A	\$250
Debris Removal - the lesser of 25% of physical damage loss or	\$5,000,000	\$5,000,000	N/A
Demolition & Increased Costs of Construction Limit	\$100,000	N/A	N/A
Earth Movement	\$2,000,000	\$2,000,000	\$5,000
Electronic Data Processing Equip	\$1,572,144	\$1,572,144	\$250
Expediting Expense	\$100,000	N/A	N/A
Extra Expense	\$400,000	N/A	N/A
Fine Arts	\$1,050,000	N/A	\$250
Fire Department Boats	\$114,000	N/A	\$250
Fire Equipment	\$1,694,876	N/A	\$250
Firearms Shooting Simulator	\$40,000	N/A	\$250
Flood (Except for Members located in Flood Zone A, AO, AH, A1-A999, AE, or AR)	\$1,000,000	\$1,000,000	\$5,000
Fungal Pathogens	\$25,000	\$25,000	\$250
Loss of Income	\$250,000	N/A	N/A
Loss of Rents	\$100,000	N/A	N/A
Lumex Lite Mercury Vapor Analyzer	\$17,000	N/A	\$250
Ornamental Trees, Shrubs, Plants or Lawn	\$5,000	\$10,000	\$250
Personal Effects & Property of Others	\$500	\$2,500	\$250
Tools at Cemetery	\$41,715	N/A	\$250
Valuable Papers	\$125,000	N/A	\$250
Voting Equipment	\$119,885	N/A	\$250

Comprehensive Crime Coverage

Coverage and Cost Summary City Of Traverse City

Effective 07-01-2019 to 07-01-2020

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Employee Dishonesty Blanket/Faithful Performance	\$100,000	N/A	N/A
Computer Fraud	\$100,000	N/A	N/A
Depositors Forgery	\$100,000	N/A	N/A
Funds Transfer Fraud	\$100,000	N/A	N/A
Impersonation Fraud	\$100,000	N/A	N/A
Money and Securities Inside	\$100,000	N/A	N/A
Money and Securities Outside	\$100,000	N/A	N/A
Money Orders and Counterfeit Paper	\$100,000	N/A	N/A
Bonds			
Bond #: A Treasurer	\$250,000	N/A	N/A
Bond #: B Deputy Treasurer	\$100,000	N/A	N/A
Bond #: C Cashier Clerk #1	\$100,000	N/A	N/A
Bond #: D Cashier Clerk #2	\$100,000	N/A	N/A
Bond #: E Cashier Clerk #3	\$100,000	N/A	N/A

Only one deductible applies to claims involving two or more property coverages.

The Michigan Municipal League Liability and Property Pool is pleased to offer all coverages and services described in this proposal for an annual premium of \$464,607.

Benefits of Pooling with the MML

- ✓ Proven long-term availability and stability
- ✓ Broad coverage document written specifically for Michigan municipalities
- ✓ Services tailored to unique needs of Michigan municipalities
- ✓ Member assets controlled by an elected Board of municipal officials
- ✓ Equitable rating based on Pool experience in Michigan
- ✓ Aggressive defense strategy – positive impact on case law
- ✓ Professional, dedicated, and experienced local management, oversight and service
- ✓ Decisions made and problems resolved by a group of your peers
- ✓ Investment income and underwriting surplus used to benefit members
- ✓ Lower expenses through tax-exempt and non-profit status
- ✓ Special loss avoidance training sessions including:
 - ✓ Safety aspects of emergency vehicle operations
 - ✓ Accident investigation for supervisors
 - ✓ Confined spaces training

The advantages of pooling can be summarized by:

Service + Control + Value

The City of Traverse City has . . .

- ✓ \$13,626,900 City and TCLP annual payroll
- ✓ \$166,060,814 City and TCLP total values for personal property
- ✓ 28 Law enforcement officers
- ✓ 122 Vehicles
- ✓ 31 vehicles with agreed value

Increased Liability Limits

We cannot guarantee the adequacy of any limit of liability. Due to the following factors, it may be prudent to consider higher limits:

- ✓ Increased jury awards in your jurisdiction
- ✓ Increased litigation trends
- ✓ Protection of tax base against judgments in excess of your policy limits

If you are interested in increasing your liability limits, please contact your Account Executive.

Highlights of Coverages Provided

Who Is Insured?

The Pool member entity, elected and appointed officials, employees and authorized volunteers, and any person officially appointed to a Board or Commission

General Liability

In addition to standard liability coverages (bodily injury, property damage, products and completed operations) the Pool provides coverages that municipalities need on an **occurrence basis with no aggregate liability limits**:

- ✓ Liability resulting from mutual aid agreements
- ✓ Premises medical payments
- ✓ Host liquor liability
- ✓ Watercraft liability, owned less than 26' and non-owned less than 50'
- ✓ Special events **excluding** -
 - Fireworks (unless endorsed)
 - Liquor Liability
 - Mechanical Amusement Rides
- ✓ Fire legal liability for real property
- ✓ Ambulance and EMT malpractice

Fireworks Coverage Options: (Fireworks application must be completed before coverage is endorsed)

1. The MML Liability & Property Pool is primary (the Member is not added as an additional insured on a pyrotechnician's coverage):

Annual Aggregate Sublimit	Additional Premium
\$500,000	Yes
\$1,000,000	Yes

2. The MML Liability & Property Pool is excess (the Member is added as an additional insured on a pyrotechnician's coverage):

NO ADDITIONAL PREMIUM

- ✓ Athletic participation liability
- ✓ Employee benefit liability
- ✓ Cemetery operations coverage
- ✓ Marina Operators coverage available
- ✓ Up to \$10 million in liability limits available
- ✓ Pollution coverage for Hazardous Response Teams
- ✓ Cyber Liability and Data Breach Response Coverage – as described on MMLCYD (09/17)

General Liability Exclusions . . .

The following is a partial list of general liability coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Pollution (except for Hazmat operations).
- ✓ Nuclear energy / nuclear material hazards
- ✓ Expected or intended injury
- ✓ Breach of contract
- ✓ Failure of dams (unless endorsed)
- ✓ Backup of Sewers and Drains (exception -- \$100,000 Annual Aggregate Sublimit for Sewer and Drain Liability)
- ✓ Aircraft Liability – (Unless Endorsed -- Limited Coverage for Unmanned Aircraft—MML236)
- ✓ Contractual Liability
- ✓ Failure to supply utilities
- ✓ Electromagnetic radiation
- ✓ Medical malpractice for doctors and physicians
- ✓ Criminal activity--Intentional acts w/knowledge of wrongdoing

Cyber Liability and Data Breach Response Coverage

- ✓ Information Security and Privacy Liability
- ✓ Privacy Breach Response Services
- ✓ Regulatory Defense and Penalties
- ✓ Website Media Content Liability
- ✓ PCI Fines, Expenses and Costs
- ✓ Cyber Extortion
- ✓ First Party Data Protection
- ✓ First Party Business Interruption

Public Officials Liability Coverage

"Wrongful Acts", including intentional acts, defined as any actual or alleged error, misstatement, act of omission, neglect or breach of duty including:

- ✓ Neglect of duty
- ✓ Zoning defense and land use litigation
- ✓ Malfeasance
- ✓ Violation of civil rights
- ✓ Discrimination
- ✓ Employment practices
- ✓ Misfeasance
- ✓ Cable TV broadcasting

Public Officials Liability Exclusions

The following is a partial list of public officials' liability coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Pollution and Nuclear Energy
- ✓ Fraud, dishonesty, intentional and criminal acts
- ✓ Failure to purchase coverage or adequate coverage
- ✓ Return of governmental grants or subsidies
- ✓ Intentional acts with knowledge of wrongdoing
- ✓ Eminent domain / takings
- ✓ Illegal profit
- ✓ Labor union actions
- ✓ ERISA violations
- ✓ Backup of Sewers and Drains

Personal Injury & Advertising / Broadcasters Liability Coverage

- ✓ Mental anguish and stress
- ✓ Libel, slander or defamation of character; violation of an individual's right of privacy
- ✓ Proactive services for non-monetary damage claims

Police Professional Liability Coverage

Police Professional Liability coverage is contained within the General Liability and Public Official Liability Coverage Parts

- ✓ Discrimination
- ✓ Violation of civil rights
- ✓ Jail operations
- ✓ False arrest, detention or imprisonment, or malicious prosecution
- ✓ Wrongful entry or eviction or other invasion of the right of private occupancy
- ✓ Assault or battery
- ✓ Improper service of suit
- ✓ Coverage assumes officers act with intent

Property Coverage

In addition to covering buildings, contents and personal property, the Pool provides:

- ✓ Blanket coverage -- All member-owned property insured (unless specifically excluded)
- ✓ Coverage based on ownership rather than on a "schedule on file" avoids coverage gaps due to errors or oversight
- ✓ Property of others in custody of the Member for which the Member has an obligation to provide coverage
- ✓ Boiler & Machinery coverage, including Boiler certification inspections
- ✓ Replacement Cost or Actual Cash Value available
- ✓ Fungal Pathogens (Mold) Limited Coverage
- ✓ Demolition/increased cost of construction
- ✓ No coinsurance
- ✓ Valuable papers
- ✓ Loss of Rents
- ✓ Property in the open
- ✓ Extra expense
- ✓ Expediting expense

Property Exclusions

The following is a partial list of property coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Nuclear reaction/ contamination
- ✓ War
- ✓ Cyber Risk
- ✓ Fungal Pathogens (Mold) excess of sub-limit
- ✓ Failure to supply utilities
- ✓ Transmission Lines and Poles
- ✓ Dishonest acts
- ✓ Acts of Terrorism excess of Pool's Aggregate Sublimit -- MMLC TR (9/1/10)
- ✓ Wear and tear
- ✓ Computer failures/ viruses

Only one deductible applies to claims involving two or more property coverages.

Comprehensive Crime Coverage

- ✓ Employee Dishonesty/ Faithful Performance of Duty coverage provided on a blanket basis
- ✓ Loss Inside the Premises
- ✓ Loss Outside the Premises
- ✓ Money Orders/ Counterfeit Currency
- ✓ Depositors Forgery
- ✓ Position Fidelity Bonds
- ✓ Computer Fraud
- ✓ Funds Transfer Fraud

Automobile Coverage Highlights

What Is Covered?

Coverage is afforded while operating land motor vehicles, trailers or semi-trailers designed for travel on public roads.

Auto Coverages Provided

- ✓ Michigan No-Fault Coverage, includes mini-tort coverage for no extra charge
- ✓ Excess protection for use of personal automobile for municipal business
- ✓ Uninsured motorist for municipally owned vehicles
- ✓ Underinsured motorists
- ✓ Non-owned and hired auto
- ✓ Comprehensive - actual cash value basis
- ✓ Collision - actual cash value basis
- ✓ Volunteer firefighter auto accident liability coverage
- ✓ Agreed value coverage for emergency vehicles is available
- ✓ Fire or Rescue Vehicle Rental Reimbursement Coverage

Pool Risk Management Services

- ✓ Review and service of all municipal insurance matters
- ✓ Public entity experts address various liability issues
- ✓ Aggressive, member-oriented defense strategy
- ✓ Former police officials address law enforcement risks
- ✓ Physical inspection by municipal loss control consultants
- ✓ Law enforcement risk control programs (LEAF and LERC)
- ✓ Property appraisal services available

Online Services

www.mml.org (click on the *Insurance* button) – offers Pool members an outstanding resource for municipal risk management information and self-help tools in one attractive, simple-to-navigate location. File a claim on line. Download your renewal application. Request a loss control service visit. E-mail us a question. Other services available online:

- ✓ Online Forms (including Sewer Backup Sample Documents)
- ✓ Risk Resources:
 - ✓ Risk Control Solutions
 - ✓ Safety & Health Manual
 - ✓ Risk Management is Good Management Program
 - ✓ Law Enforcement Newsletters
 - ✓ Access to Safetysurance website -- <http://www.safetysurance.com/>
- ✓ MML Pool Audited Financial Statements
- ✓ Intergovernmental Contract
- ✓ Board of Directors, Pool Administrator and Staff Profiles and Contact Information

Membership Responsibilities

Membership in the Michigan Municipal League Liability and Property Pool provides numerous benefits. Likewise, individual members have certain responsibilities to the other members, which are detailed in the Intergovernmental Contract. The following is a summary of the membership responsibilities. Please refer to the Intergovernmental Contract, Articles 5 and 6, for more information.

- ✓ If a Member intends to leave the Pool, the Member must send a written notice to the Pool at least 60 days prior to its next renewal date.
- ✓ A Member must pay its premium when due. The Pool must give each member 20 days written notice of intent to terminate membership for nonpayment of premium. Payment of premium before the 20 days notice is effective will entitle the Member to reinstatement.
- ✓ Members must maintain membership or associate membership status in the Michigan Municipal League.
- ✓ A Member will allow attorneys employed by the Pool to represent the Member in defense of any claim made against the Member within the scope of coverage provided by the Pool. A Member will cooperate with the assigned attorneys, claims adjusters, service company or other agents of the Pool relating to the defense of claims for which the Pool is providing coverage.
- ✓ A Member will follow loss reduction and prevention measures established by the Pool.
- ✓ A Member will report to the Pool as promptly as possible all incidents that the Member reasonably believes may result in a claim against the Member.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Kelli Schroeder, Manager of HR & Communications
Date: June 3, 2019
Subject: Employee & Employer Share of Health Premiums

Under Public Act 152 of 2011, public employers are provided the following three options for contributing towards employee medical benefits:

1. Apply “hard caps”, which places a fixed dollar “cap” on the amount an employer would be required to pay. These amounts would be adjusted annually. (No action required);
2. Annually adopt a resolution establishing that the public employer would pay no more than 80% of the cost of the medical insurance plan(s) being offered. (4 affirmative votes required);
3. Annually adopt a resolution opting-out of both the “hard cap” and 80/20 option indicated above, allowing the employer to pay up to 100% of the costs. (4 affirmative votes required).

In May 2016, the Board adopted a resolution approving the 80/20 cost share model to comply with the requirements of the Act, and per the Act, the Board is required to adopt an annual Resolution stating the medical benefit plan selected.

Staff is recommending the TCL&P Board again adopt the attached resolution approving the 80/20 cost share method for both union and non-union employees. 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.

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

MOVED BY _____, SECONDED BY _____,

THAT THE RESOLUTION TO ADOPT THE 80/20 COST SHARING MODEL TO COMPLY WITH THE REQUIREMENTS OF PUBLIC ACT 152 OF 2011 BE APPROVED.

TRAVERSE CITY LIGHT AND POWER DEPARTMENT
RESOLUTION
TO COMPLY WITH THE REQUIREMENTS OF
PUBLIC ACT NO. 152 OF 2011

WHEREAS, Public Act 152 of 2011, was passed by the State Legislature and signed by the Governor to limit a public employer's expenditure for employee medical benefits; and

WHEREAS, the Traverse City Light and Power (TCL&P) Board believes that compensation determinations for TCL&P employees are most properly the responsibility of the TCL&P Board and not the State of Michigan or its officials; and

WHEREAS, the Act provides for three options for complying with the requirements:

1. Apply the "hard caps", which places a fixed dollar "cap" on the amount an employer would be required to pay;
2. Adopt by majority vote the 80%/20% cost-sharing (a public employer shall not pay more than 80% of the total cost of the medical insurance plan(s) being offered);
3. Opt-out by a 2/3 vote of the cost sharing model as set forth in the Act and revisit prior to the next plan year; and

WHEREAS, the TCL&P Board has decided to adopt the 80/20 cost sharing model as its choice in order to comply with the Act for TCL&P and shall apply the 80/20 cost sharing to each employee group (union and non-union) at TCL&P; and

WHEREAS, this Resolution applies to the medical benefit plan coverage year beginning on or after July 1, 2019, and continues unless changed by future Resolution or change in State Legislation; and

WHEREAS, TCL&P is required to adopt an annual Resolution stating its medical benefit plan in connection with Public Act 152 of 2011;

NOW, THEREFORE BE IT RESOLVED that the TCL&P Board elects to comply with the requirements of the ACT by adopting the 80/20 cost sharing model set forth in Section 4 of Public Act 152 of 2011.

I hereby certify that the above Resolution was adopted on June 11, 2019, at the regular TCL&P Board meeting held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

Timothy J. Arends
Secretary
Traverse City Light & Power Board



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Daren Dixon, Operations Manager
Date: June 5, 2019
Subject: Construction Agreement for hourly rate assistance

On occasion and sometimes with short notice, the line department requires assistance from a contract crew due to workload or special construction requirements. Rather than going through the extensive bidding process for each job requiring a contractor, staff determined it to be in the best interest of the utility to seek bids for an hourly rate for a contract crew to be utilized on an as-needed basis under a limited, one-year agreement as has been done in the years past. Traverse City Light & Power (TCL&P) issued a Request for Proposals for an hourly rate to assist with projects that contain the following:

- **Joint Pole Transfers**
- **Rear Lot Line Work**
- **Expedited Work**
- **Non-Standard Equipment or construction**
- **Customer Service Deadlines that cannot be met internally**

Bids were sought for a contract crew to provide construction and maintenance services on the electrical distribution system on an as needed basis. The intent is to use this contract crew for short duration jobs, 1-14 days, and any larger projects will be bid out separately. Bidders were asked to provide hourly rates for a list of various personnel and equipment. Bidders had the option of providing a 13.8 kV and a 69 kV hourly rate, or a single standard rate. A typical crew providing the requested line work would consist of a working foreman, Journeyman lineman and equipment operator, and the typical equipment would include a pickup truck, line truck and bucket truck. For ease of comparison, a subtotal was created for these three items in each category.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

Requests were sent out and bids were received as follows:

Bidder	Hourly Labor Rate	Hourly Equipment Rate	Total Hourly Crew Rate	
CC Power, LLC	\$219.00	\$85.00	\$304.00	-Low Bid-
Hydaker-Wheatlake	\$252.70	\$95.80	\$348.50	
J.Ranck	\$320.00	\$125.00	\$445.00	
Kent Power, Inc.	\$271.34	\$97.30	\$368.64	
Newkirk Electric	No Bid	No Bid	No Bid	
Rauhorn Electric, Inc.	\$368.00	\$102.00	\$470.00	
SPE Utility Contractors	\$232.00	\$78.00	\$310.00	

After consideration of pricing, experience with the contractors and local presence, staff is recommending TCL&P accept the bid from C.C. Power, LLC, and enter into a construction agreement in the amount of \$180,000, more or less, for the period of July 1, 2019 through June 30, 2020.

This item is on the Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with the motion provided below.

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

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZE THE CHAIRMAN AND SECRETARY TO ENTER INTO A CONSTRUCTION AGREEMENT FOR ELECTRIC LINE DISTRIBUTION CONSTRUCTION SERVICES WITH C.C. POWER, LLC IN THE AMOUNT OF \$180,000, MORE OR LESS, WITH BILLINGS TO BE BASED ON THE HOURLY RATE PROVIDED IN THE BID; SUBJECT TO APPROVAL AS TO FORM BY THE EXECUTIVE DIRECTOR AND APPROVAL AS TO FORM BY GENERAL COUNSEL



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Tim Arends, Executive Director
Date: June 5, 2019
Subject: Board Approve Consent to Assignment

Pursuant to the terms of the Pole Attachment License Agreement for Communication Facilities, Extenet Systems, Inc. is requesting consent to assign the currently held Pole Attachment agreement from Extenet Systems, Inc to ExteNet Asset Entity, LLC, a Delaware limited liability company. This assignment is being requested due to an internal corporate restructuring.

This Consent to Assignment has been reviewed by General Counsel.

This item is on the Consent Calendar as it is deemed non-controversial. Staff recommends that the Board approves the consent to assignment. 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 LIGHT & POWER BOARD APPROVES THE CONSENT TO ASSIGNMENT OF
EXTENET SYSTEMS, INC POLE ATTACHMENT AGREEMENT TO EXTENET ASSETS ENTITY,
LLC.**

CONSENT TO ASSIGNMENT OF AGREEMENT

THIS CONSENT TO ASSIGNMENT ("Consent") dated as of _____ is made and entered into by and among Traverse City Light and Power Department ("Consenter"), ExteNet Systems, Inc. ("ExteNet"), and ExteNet Asset Entity, LLC, ("Assignee").

WHEREAS, ExteNet and Consenter entered into that certain Pole Attachment License Agreement For Communication Facilities ("Agreement") on April 2, 2019;

WHEREAS, ExteNet desires to assign the Agreement to ExteNet Asset Entity, LLC, ("Assignee") due to an internal corporate reorganization; and

WHEREAS, the Agreement requires consent by Consenter to the assignment of the Agreement;

THE PARTIES HEREBY AGREE TO THE FOLLOWING:

1. Consenter hereby consents to the assignment of the Agreement.
2. Assignee accepts the obligations, liabilities, and responsibilities of ExteNet under the terms of the Agreement, and any amendments, attachments, and addenda thereto.
3. This assignment does not relieve ExteNet from any obligations, responsibilities or liabilities under the Agreement that may have arisen, whether known or unknown, prior to the date of the Assignment. Further, ExteNet retains continuing obligations to address any environmental liability it may have under the Agreement and indemnity obligations for any acts or omissions of ExteNet prior to the date of the assignment as set forth in the Agreement.

IN WITNESS WHEREOF, this Consent has been duly executed by the parties hereto as of the date first above written.

Traverse City Light and Power Department
By: _____

Name: _____

Its: _____

ExteNet Asset Entity, LLC,
By: _____

Name _____

Its: _____

ExteNet Systems, Inc.

By: _____

Name: _____

Its: _____



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 4, 2019
Subject: Fiber to the Premise Financing

As mentioned at the previous board meeting, staff is recommending an interfund loan to finance Phase 1 of the Fiber to the Premise Project. This interfund consists of a balance of \$3,500,000 transferred in the fiscal year 2019-20, with a ten-year zero interest amortization schedule, including the last two years of the residual balance remaining of the dark fiber investment to be consolidated in the current interfund loan.

The scenario would also require modifications to the recently approved CIP Plan to ensure the utility maintains compliance with the Minimum Cash Reserve Policy. These modifications include moving the Hartman Road Tie (\$1,450,000) from the first two fiscal years to the last two fiscal years. The utility is coordinating this project with another utility for efficiency purposes and moving the project will allow more time for planning/coordination to occur.

The remaining modifications consist of moving placeholders in the final year consist of the following:

- Moving Alley between State and Front Street and Front Street Underground Lighting Circuits in the last year of the Plan to the following year, which would have most likely occurred during the next CIP Plan. (\$2,840,000)
- Transmission lines from Cass Road Substation to Cass Road Junction and Cass Road Junction to Hall Street Substation from 2023-24 to the following year. (\$1,045,000)
- Parsons Road Transformer from the 2022-23 year to the following year. This change will provide additional buying power with ordering two transformers in that year instead of two different separate years. (\$775,000)

These changes will be incorporated in the CIP Plan in the following fiscal year.

Staff incorporated zero percent interest rate to follow the same terms as the Dark Fiber System but intends to transfer the interest earnings of the Fiber Fund cash to the Electric Fund at the end of each fiscal year. Additionally, the balance of the transfer is less than what was presented in the cost benefit analysis because of the existing cash balance in the Fiber Fund and the consolidation of the last two years of the Dark Fiber System repayment plan.

Other options staff has explored other financing sources including an 1) interfund loan from the City's Industrial Fund, (where the funds have been designated for economic development), 2) a line of credit from a bank, or 3) the combination of both. Staff could pursue these further if the Board wishes to reduce the pressure on the Electric Fund's cash balance or capital improvement plan.

Even though staff has provided different options to consider, staff believes moving forward with an interfund loan described above is the best option.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

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

**MOVED BY _____, SECONDED BY _____, THAT THE
LIGHT & POWER BOARD APPROVES AN INTERFUND LOAN IN THE 2019-20 FISCAL YEAR
IN THE AMOUNT OF \$3,500,000 BETWEEN THE ELECTRIC AND FIBER FUND BASED ON
THE TERMS DESCRIBED IN THE MEMO.**

Traverse City Light and Power
 FTTP Project - Cash Flow Funding
 May 2019

Fiscal Year	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Scenario #8 - TCLP Interfund Loan - 10 year amortization not straightline - Principal only 0% interest - Interest earnings transferred at the end of year, - Two years repayment consolidated of Dark Fiber System into Interfund Loan - Scenario #2 CIP Modifications - Fiber Fund \$3,500,000 loaned by Electric Fund \$3,500,000							
Electric Fund - ending cash balance	15,460,210	11,638,352	11,057,661	10,320,031	10,714,534	10,109,103	11,036,053
Electric Fund - unreserve balance	6,542,210	2,520,352	1,822,661	975,031	1,348,534	633,103	1,440,053
Fiber Fund - ending cash balance	\$ 277,291	\$ 716,539	\$ 768,447	\$ 856,933	\$ 990,933	\$ 1,128,934	\$ 1,257,277
Total cash	\$ 15,737,501	\$ 12,354,891	\$ 11,826,108	\$ 11,176,964	\$ 11,705,467	\$ 11,238,036	\$ 12,293,330



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Scott Menhart, Manager of Technology
Date: June 5, 2019
Subject: Fiber to the Premise (FTTP) Construction Agreement

At the May 14th, 2019 Board Meeting, Staff had Fujitsu present a Cost Benefit Analysis (CBA) on a phase one FTTP project. At the conclusion of this meeting, the Board made a motion to allow Staff to enter into contract negotiations with Fujitsu for a construction and an operations & maintenance (O&M) agreement. Staff will be recommending that if the Board moves forward in approving the construction agreement then to also move forward and approve the subsequent O&M agreement agenda item; however, Staff wanted to separate the two items to allow the Board the options and flexibility to take actions as they see fit. Therefore, this memo is directly related to the construction agreement and the O&M agreement will be a subsequent agenda item following this item.

For the Boards consideration, included in your packet is a cost structure breakdown of the construction costs for the phase one deployment. These construction costs directly relate to deployment as fully described in the CBA. Fujitsu has committed to completing all necessary construction, minus customer drops, within the 2019 calendar year. This involves the core distribution outside plant network (OSP) to accommodate the customer drops, the phase one datacenter, and all necessary systems to accommodate the business. As iterated to the Board, this is a turnkey solution provided by Fujitsu to eliminate impacts to electric system operations.

It is imperative to distinguish baseline construction costs which are all core construction costs to support all phase one customers minus the costs of the individual customer drops. This is important because customer drops will technically be constructed during the O&M agreement phase as customers sign up for service and are therefore not absolute. However, customer drops will be capitalized and therefore included in the initial construction agreement. Therefore, to calculate the capex costs for phase one construction, Staff broke out the baseline costs that are required to support all customers and then added in the estimated number of customer drops Fujitsu predicted. These costs are:

- Baseline Construction Costs: \$2,747,890.65
- Customer Drop Costs (Estimated in CBA): \$561,536.25
- Total Construction Costs (Baseline + Estimated Customer Drops): \$3,309,426.90

On the cost sheet included in the packet, individual customer drop costs are listed for reference. This will be utilized as new customers sign up for service. If the Board would like to proceed with phase one deployment of FTTP, then Staff recommends the Board approve the construction agreement with Fujitsu to proceed.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

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 EXECUTE A CONSTRUCTION AGREEMENT WITH FUJITSU FOR A PHASE ONE FTTP DEPLOYMENT IN THE AMOUNT OF \$3,309,426.90, MORE OR LESS, SUBJECT TO REVIEW AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL.

Item Description	Unit of Measure	Units	Labor Unit Price	Extended Labor	Material
Engineering					
Infrastructure Design	Ft	57,153	\$ 0.81	\$ 46,436.81	
Field Engineering CRO	Ft	57,153	\$ 0.26	\$ 14,288.25	
CAD/Drafting/Design updates	Ft	57,153	\$ 0.10	\$ 5,715.30	
Standard Permitting and ROW	Ft	32,422	\$ 0.10	\$ 3,242.20	
Long Lead or Unique Permits (RR, DOT)	Ea	6	\$ 1,875.00	\$ 11,250.00	
Make Ready Engineering includes Pole Data Collection	Ea	550	\$ 81.25	\$ 44,687.50	
Pole Loading analysis	Ea	550	\$ 12.50	\$ 6,875.00	
Asbuilding	Ft	57,153	\$ 0.10	\$ 5,715.30	
				\$ 138,210.36	\$ -
Underground Construction					
Total UG Footage			32,422		
Directional drilling/Trench Standard Conditions	Ft	17,832	\$ 10.63	\$ 189,466.06	
Directional drilling/Trench Urban Conditions	Ft	14,590	\$ 26.25	\$ 382,984.88	
Installing conduit	Ft	64,844	\$ 0.13	\$ 8,105.50	\$ 22,784.56
Pulling fiber	Ft	55,952	\$ 0.81	\$ 45,460.77	\$ 68,412.90
Installing Small Vault (base 20" x 26")	Ea	74	\$ 150.00	\$ 11,100.00	\$ 10,334.10
Installing Medium Vault (base 24" x 38")	Ea	35	\$ 437.50	\$ 15,312.50	\$ 11,843.56
Installing Large Vault (base 36" x 48")	Ea	16	\$ 562.50	\$ 9,000.00	\$ 10,651.80
10 Inch Splice pedestal	Ea	90	\$ 35.00	\$ 3,150.00	\$ 28,837.92
Placement of LCP cabinet on a XL Vault (base 48" x 60")	Ea	-	\$ 1,050.00	\$ -	
Rock adder	Ft		\$ 6.13	\$ -	
				\$ 664,579.71	\$ 152,864.84
Aerial Construction					
Total OH Fiber Footage			\$ 27,243.00		
Place aerial support strand	Ft	26,444	\$ 1.00	\$ 26,444.00	\$ 32,760.82
Place and lash fiber optic cable	Ft	45,635	\$ 0.84	\$ 38,219.55	\$ 55,798.86
Install riser	Ea	14	\$ 150.00	\$ 2,043.23	\$ 1,455.83
Placement of aerial LCP cabinet on utility pole	Ea	6	\$ 700.00	\$ 4,200.00	\$ 83,663.10
Make ready construction comms	Ea	28	\$ 137.50	\$ 3,781.25	\$ 223.44
Make ready construction power light	Ea	11	\$ 1,875.00	\$ 20,625.00	\$ 1,718.75
Make ready construction power heavy	Ea	6	\$ 12,500.00	\$ 68,750.00	\$ 10,312.50
				\$ 164,063.03	\$ 185,933.30
Splicing					
Prep of Small Fiber Optic Splice Closure	Ea	90	\$ 257.35	\$ 23,161.76	\$ 28,837.92
Prep of Medium Fiber Optic Splice Closure	Ea	16	\$ 301.47	\$ 4,823.53	\$ 3,874.71
Prep of Large Fiber Optic Splice Closure	Ea	6	\$ 360.29	\$ 2,161.76	\$ 2,383.03
Prep of a cabinet and all fibers terminating at cabinet	Ea	6	\$ 661.76	\$ 3,970.59	\$ 22,414.56
Prep of Fiber Termination Panel	Ea	2	\$ 367.65	\$ 622.64	\$ 920.31
Splice 1-48 fibers	Ea	1,325	\$ 26.47	\$ 35,060.29	\$ 529.80
Splice 49-144 fibers	Ea	442	\$ 21.32	\$ 9,414.34	\$ 176.60
Splice 145-432 fibers	Ea	2,446	\$ 17.65	\$ 43,164.71	\$ 978.40
Ribbon Splicing or mass fusion splicing	Ea	-	\$ 117.65	\$ -	\$ -
Test fiber	Ea	2,446	\$ 20.59	\$ 50,358.82	
				\$ 172,738.45	\$ 60,115.33
Other					

OLT Electronics	Ea/ft	1	\$ 104,875.00	\$ 104,875.00
Core Electronics	Ea	1	\$ 164,993.14	\$ 164,993.14
Spares	Ea	1	\$ 49,879.88	\$ 49,879.88
Test and Turn Up	Ea	1	\$ 68,041.25	\$ 68,041.25
Bond	Ea	1	\$ 30,275.12	\$ 30,275.12
			\$ -	

			\$ 417,564.39		
			Labor	Material	Labor & Material
Total Engineering Price			\$ 138,210.36	\$ -	\$ 138,210.36
Total Underground construction Price			\$ 664,579.71	\$ 152,864.84	\$ 817,444.55
Total Aerial Construction Price			\$ 164,063.03	\$ 185,933.30	\$ 349,996.33
Total Splicing Price			\$ 172,738.45	\$ 60,115.33	\$ 232,853.78
Construction Project Price			\$ 1,139,591.54	\$ 398,913.47	\$ 1,538,505.01
				Total Other Price	\$ 417,564.39
				Data Center Price	\$ 233,381.25
				PMO Price	\$ 516,440.00
				Construction Costs (Excluding Drops)	\$ 2,705,890.65
				Total Construction (with IPs)	\$ 2,747,890.65

Customer Drop Costs					
Residential DROP (ONT DEVICES)		Each	350	\$ 168.75	\$ 59,063
MDU DROP (ONT DEVICES)		Each	53	\$ 168.75	\$ 8,944
Business DROP (ONT DEVICES)		Each	378	\$ 211.25	\$ 79,853
Residential / MDU OH DROP (Labor and Materials Exc ONT)		Each	145	\$ 165.00	\$ 23,925
Residential / MDU UG DROP (Labor and Materials Exc ONT)		Each	258	\$ 436.88	\$ 112,714
Business OH DROP (Labor and Materials Exc ONT)		Each	136	\$ 258.75	\$ 35,190
Business UG DROP (Labor and Materials Exc ONT)		Each	242	\$ 999.38	\$ 241,849

Total Estimated Drop Cost \$ 561,536.25

IP addresses					
IP addresses (2000)		One Time	1	\$ 42,000.00	\$ 42,000.00

Total Expected Capital Price \$ 3,309,426.90



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Scott Menhart, Manager of Technology
Date: June 5, 2019
Subject: Fiber to the Premise (FTTP) Operations & Maintenance (O&M) Agreement

At the May 14th, 2019 Board Meeting, Staff had Fujitsu present a Cost Benefit Analysis (CBA) on a phase one FTTP project. At the conclusion of this meeting, the Board made a motion to allow Staff to enter into contract negotiations with Fujitsu for a construction and an operations & maintenance (O&M) agreement. The last agenda item was the construction agreement and if the Board has approved that item, then this memo and following motion would be applicable. Staff will be recommending that if the Board approved the Fujitsu construction agreement (the previous agenda item), to then move forward and approve the O&M agreement in which this memo addresses. As aforementioned, Staff wanted to separate the two items to allow the Board the options and flexibility to take actions as they see fit. Therefore, this memo is directly related to the O&M agreement for phase one of an FTTP deployment outlined in the FTTP CBA.

For the Boards consideration, included in your packet is a cost structure breakdown of the year one O&M costs for the FTTP phase one deployment. These O&M costs directly relate to deployment as fully described in the CBA. As iterated to the Board, this is a turnkey solution provided by Fujitsu to eliminate impacts to electric system operations and all operations of the project will be covered directly by Fujitsu until the manage service takeover plan is enacted. This plan would transfer operations to TCL&P as seen fit by the Board and Staff. The year one costs of O&M are as follows:

- Year One O&M: \$849,663.00

A couple of key points that this O&M agreement covers is staffing, support costs, and other recurring O&M costs broken out on the cost sheet included in the packet. It is important to note that Fujitsu will have a local presence in the area to facilitate this project. All positions noted on the cost sheet will be local to Traverse City, including a local support center to handle customer calls during normal business hours.

Also, an upfront marketing cost of \$42,937.50 was included in the total cost above to perform general marketing initiatives for this project. This includes items such as general promotion and marketing, brand/logo development, and customer engagement. This is important to point out as this FTTP project will require more marketing efforts than TCL&P is traditionally accustomed to.

If the Board would like to proceed with phase one deployment of FTTP, then Staff recommends the Board approve the O&M agreement with Fujitsu to proceed.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

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 EXECUTE AN OPERATIONS AND MAINTENANCE AGREEMENT WITH FUJITSU FOR A PHASE ONE FTTP DEPLOYMENT IN THE AMOUNT OF \$849,663.00, MORE OR LESS, SUBJECT TO REVIEW AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL.

O&M Costs for 1 Year operations

Work Unit	Unit Measure	Est Qty	Price	Extended Price	Prorated
ONT Monitor / Maintain	Each/Yr	781	\$ 17.81	\$ 13,912	Y
Core / OLT Monitor & Maintain	Core Network / YR	1	\$ 39,798.75	\$ 39,799	Y
Fiber Break / Fix	Yearly	1	\$ 13,038.10	\$ 13,038	
Tier 1 Help Desk	Yearly	1	\$ 45,000.00	\$ 45,000	Y
VoIP Service upfront	Each	1	\$ 12,500.00	\$ 12,500	
VoIP Service ongoing	per subscriber / month	0	\$ 8.13	\$ -	
OSS/BBS System	Yearly	1	\$ 48,375.00	\$ 48,375	Y
Broadband Specialist	Monthly	12	\$ 12,754.03	\$ 153,048	
Installation and Repair Technician	Monthly	12	\$ 9,805.65	\$ 117,668	
Installation and Repair Technician	Monthly	12	\$ 9,805.65	\$ 117,668	
Customer Service Representative	Monthly	12	\$ 4,877.39	\$ 58,529	
Direct Sales Representative	Monthly	12	\$ 4,877.39	\$ 58,529	
Accounting Clerk	Monthly	2	\$ 4,877.39	\$ 9,755	
OSP Eng	Monthly	8	\$ 11,673.31	\$ 93,386	
Internet Backhaul	Yearly	1	\$ 15,160.00	\$ 15,160	
Pole Fees	Yearly	1	\$ 4,675.00	\$ 4,675	Y
IP addresses Admin Fee	Yearly	1	\$ 500.00	\$ 500	
Cable Locates	Yearly	1	\$ 5,184.00	\$ 5,184	
Upfront Marketng	Each	1	\$ 42,937.50	\$ 42,938	
Residential Mesh Device	Each	0	\$ 148.75	\$ -	
Residential Mesh Device License	Each Yearly	0	\$ 10.00	\$ -	
Total				\$ 849,663	



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Scott Menhart, Manager of Telecommunications & Technology
Kelli Schroeder, Manager of HR & Communications
CC: Tim Arends, Executive Director
Date: June 5, 2019
Subject: Administrative Position Change
Amended Organizational Chart

An earlier agenda item was presented to the Board for consideration of a construction agreement for a phase one deployment of fiber to the premise (FTTP). If the Board has approved this project, then Staff would like to move forward with the changes identified in the memo.

Staff has worked closely with Fujitsu over the last several months to develop key positions to the FTTP business. One of these key positions is a Broadband Manager position that will be the point person for TCL&P and Fujitsu for the day-to-day operations of the FTTP business. This position was also identified within the FTTP Cost Benefit Analysis (CBA) that Fujitsu presented to the Board on the May 14th, 2019 meeting. While there were other positions also identified within the CBA that would ultimately become TCL&P Staff members once the Managed Service Takeover Plan is enacted, the Broadband Manager position would be the first position to migrate to TCL&P relatively soon after the project is underway. Given the short nature this position would reside under Fujitsu, TCL&P Staff is also discussing with Fujitsu the possibility of this position being hired directly by TCL&P. In either scenario, staff would like to update and amend the organizational chart now to reflect this change to prepare for the pending future and facilitate expediate change as necessary.

While the Broadband Manager position is the overall large change to the org chart, the addition of the position necessitates a couple other minor changes to best reflect the organization moving forward upon Board approval of the FTTP project. First, the Manager of Technology and Telecommunications title would change to Chief Information Officer to accommodate the new manager position. Secondly, the current Fiber Technician would move reporting to the new Broadband Manager position as this position will be involved in TCL&P's existing fiber initiatives as well.

It is worth noting that this structure is in alignment with industry standards for electric municipalities performing FTTP projects as it keeps technology streamlined and unified. As an example, Holland Board of Public Works follows the exact same org. chart framework for their project.

(RECOMMENDED MOTION ON NEXT PAGE)

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

Included in your packet is a revised Organizational Chart along with an amended ACT Group Salary Range table that require board approval in accordance with city charter. Staff recommends the Board approve the changes to the organizational chart and ACT group salary ranges as presented.

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

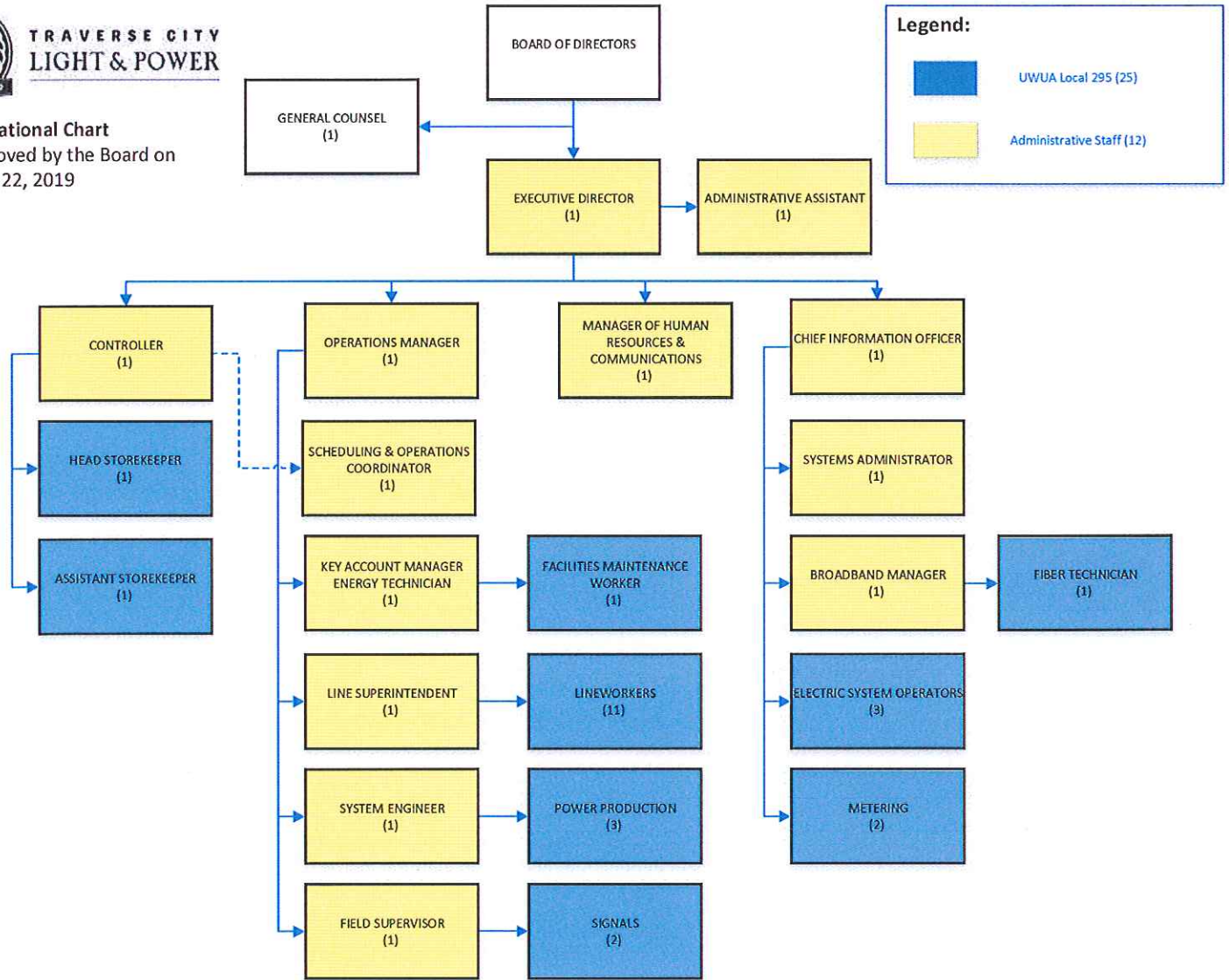
MOVED BY _____, SECONDED BY _____,

THAT THE BOARD APPROVES THE CHANGES TO THE ORGANIZATIONAL CHART AND ACT GROUP SALARY RANGES AS PRESENTED.



**TRAVERSE CITY
LIGHT & POWER**

Organizational Chart
As approved by the Board on
January 22, 2019



Traverse City Light & Power
ACT Group Salary Ranges
Effective July 1, 2018

Grade	Minimum	Midpoint	Maximum	Position
1	\$37,290	\$42,884	\$48,476	Administrative Assistant
2	\$46,900	\$62,000	\$70,088	Scheduling & Operations Coordinator
3	\$67,841	\$78,017	\$88,193	Field Supervisor
				System Administrator
				Energy Technician
4	\$73,681	\$84,734	\$95,786	Manager of HR & Communications
				System Engineer
				Broadband Manager
				Line Superintendant
5	\$82,667	\$95,067	\$107,467	Controller
				Chief Information Officer
				Operations Manager
6	\$97,485	\$112,877	\$128,269	
7	N/A	N/A	N/A	Executive Director



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 4, 2019
Subject: Airport Solar

On May 21, staff participated in the TVC (“Airport”) Energy Roadmap Update meeting presented by C&S Engineering, Inc. Overall, the meeting discussed the various pros and cons of each type of renewable energy source (geothermal, solar, and battery storage), presented size variations and what sources best compliment the airport assets and operations. It was presented that geothermal would only work economically if the airport was going to replace their HVAC system, and currently battery storage has too much of a premium cost, which left solar as the only option. Based on discussion of the sites available, there is an opportunity of up to 10MW that could potentially be installed at the Airport/City property.

As part of the next steps, the Airport Board has approved a resolution included in your board packet for review. These next steps include C&S Engineering, Inc and TCL&P working together on preparing a bid package for the lease of the Airport property and development of renewable energy on the Airport property to a third-party private developer. (TCL&P has communicated the need for an engineering and interconnection study to be performed to ensure customers on the line where it would be interconnected would not be impacted.) This opportunity of working with the Airport on this renewable energy development coincides well with the Board’s goal of becoming 100% renewable as TCL&P would be a party to the purchase power agreement with the third-party developer.

In regard to potential financing for the project, staff attended the Michigan Municipal Energy Association conference where there was a presentation being made on the United States Department of Agriculture (USDA) Rural Energy Savings Program Grant/Financing program (RESP). One of the new eligible programs under the RESP program allows for an applying entity to loan funds for a renewable energy project at zero to five percent interest rate. By providing financing through TCL&P to a third-party developer for this project at zero percent, direct savings should flow through to the purchase power agreement and provide for a lower energy price.

Staff has had preliminary discussions with the USDA General Field Representative regarding applying for this opportunity while discussing the invite received (resulting from the Letter of Intent submitted) by the USDA to apply for financing for the On-Bill Financing Program. As part of the invite received, the USDA requires an initial conference to be held. At this initial conference staff has requested to discuss the opportunity of applying for \$15 million in RESP Funds for the Airport’s renewable energy development with the actual submission of the application being contingent on obtaining the Board’s approval. (These loans would have to be approved by the City Commission.)

Staff is recommending for the Board to authorize staff to develop a bid package with C&S Engineering, Inc and to solicit bids from a third-party developer for renewable energy development on Airport property. Additionally, staff is recommending authorization to apply for \$15 million in RESP Funds for financing of this renewable energy project.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 11, 2019

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

MOTIONS ON NEXT PAGE

**MOVED BY _____, SECONDED BY _____, THAT THE
LIGHT & POWER BOARD DIRECTS STAFF TO SOLICIT BIDS FOR LEASE OF AIRPORT
PROPERTY AND RENEWABLE ENERGY DEVELOPMENT LOCATED AT THE AIRPORT
FOR THE BOARD'S CONSIDERATION AND APPROVAL.**

**MOVED BY _____, SECONDED BY _____, THAT
THE BOARD APPROVES APPLYING TO THE UNITED STATES DEPARTMENT OF
AGRICULTURE RURAL ENERGY SAVINGS PROGRAM IN THE AMOUNT OF \$15
MILLION FOR FINANCING OF THE AIRPORT'S RENEWABLE ENERGY DEVELOPMENT.**

**RESOLUTION REGARDING RENEWABLE ENERGY DEVELOPMENT
AT THE CHERRY CAPITAL AIRPORT**

WHEREAS, on January 29, 2019, the Northwestern Regional Airport Commission (NRAC) authorized C&S Engineers, Inc. (C&S) to establish an energy baseline and develop a sustainable energy strategy focused on renewable energy generation and supply for TVC (the "Project") under an Agreement for Professional Services with C&S; and

WHEREAS, the Project consists of three (3) phases; and

WHEREAS, the three phases are as follows:

- Phase 1 - Assessment and Roadmap
- Phase 2 - Refinement and Project Presentation
- Phase 3 - Implementation; and

WHEREAS, the NRAC has previously authorized C&S to proceed with Phase 1; and

WHEREAS, on May 21, 2019, as part of Phase I, C&S presented four possible scenarios for the development of renewable energy on Cherry Capital Airport (Airport) property; and

WHEREAS, based on the presentation of the scenarios by C&S, it is NRAC's intent to proceed with Phase 2 to develop a bid package for the lease of Airport property and development of renewable energy on Airport property because it appears to be in the best interest of the NRAC to construct a renewable energy development on the Airport for the purpose of generating its electricity on site; and

WHEREAS, the scenario that has been identified by C&S that would be in the best interest of the NRAC for electricity generation by third-party private developers on site has the advantage of producing additional electricity that could be purchased by others; and

WHEREAS, based on the presentation by C&S, Traverse City Light & Power (TCL&P) has expressed an interest in proceeding with conducting necessary studies and engineering to determine whether the purchase of electricity from a renewable energy development on Airport property is feasible for TCL&P; and

WHEREAS, such activities will involve the expenditure of time and effort on the part of TCL&P and as a result TCL&P has requested that the NRAC indicate its intent to proceed with allowing the development of a renewable energy project at the Airport by a third-party private developer that could generate electricity for TCL&P and others to purchase; and

NOW THEREFORE, the NRAC resolves as follows:

1. That the NRAC intends to proceed with Phase 2 to pursue the necessary approvals and develop a bid package for a third-party private developer to lease Airport property for the purpose of developing a renewable energy project on the Airport to generate electricity for the

Airport, which will result in the production of electricity available for purchase by TCL&P and others.

2. That it is the NRAC's intent to take the steps necessary to qualify the project for the investment tax credit for renewable energy development on or before December 31, 2019, if prudent, feasible, and reasonable.

3. That the NRAC and its consultant will cooperate with TCL&P in developing the bid package and intends that the third-party private developer selected will make available power for purchase by TCL&P in such amounts as TCL&P finds necessary provided that:

- A. TCL&P will partner with the NRAC and take the lead in seeking and obtaining all necessary amendments to the City of Traverse City's Zoning Ordinance to allow the use of the property selected for the construction of the renewable energy project.
- B. TCL&P will partner with the NRAC in presenting the project to the public and stakeholders.
- C. TCL&P will consider allowing the NRAC to purchase up to 100% of its power from the electricity generated on the Airport through the renewable energy project and take such actions as necessary to allow NRAC to purchase up to 100% of its power from the electricity generated on the Airport by the renewable energy project.

Ayes: 6 (Ahrns, Coco, Foerster, Hentschel, Kern, Rushton)

Opposed: 0

Abstain: 1 (DeYoung)

I, Kevin C. Klein, Secretary of the Northwestern Regional Airport Commission, do hereby certify that on May 28, 2019 the preceding Resolution was adopted by the Northwestern Regional Airport Commission.

Dated: May 28, 2019



Kevin C. Klein, Secretary



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Karla Myers-Beman, Controller
Date: June 3, 2019
Subject: MPPA Annual Credit Report Card

In 2016, the Michigan Public Power Agency (“MPPA”) started a program to perform credit reports for all their members to prevent any negative impact on their overall credit rating, since the rating agencies look at all members when assessing MPPA’s credit rating.

MPPA’s Chief Financial Officer researched the steps in performing a credit rating by agencies such as Fitch Group, Moody’s and Standard & Poor’s and created an annual program designed to provide information to the utility on financial or compliance areas they can improve on while providing an idea of what the utility would expect to receive for a credit rating.

Again this year, Traverse City Light & Power (“TCL&P”) received an excellent performance rating, which would most likely result in the best credit rating provided by the rating agencies. The utility had few areas needing improvement which are the same as last year, 1) Debt service as a percentage of total revenue when taking into consideration MPPA’s commitments and 2) Competitiveness Ratio for our Industrial Rates.

The utility made improvements from the prior year by meeting the benchmarks from last year with competitiveness ratio for our Commercial Rate and Total O&M Expense per kWh sold.

The debt service improved in the current year due to the elimination of the Belle River debt service, however will not fall within the acceptable range until the Campbell coal plant debt service is paid off in January 2022. The Competitiveness Ratio for Industrial Rates was close with the benchmark coming in at \$.0736 and the utility’s rate at \$.0780.

MPPA’s developed credit reporting program provides for extra points for cash on hand exceeding three months and if transfers to the City’s General Fund are made according to a restricted formula required by resolution or ordinance and leaving six or more months of unrestricted cash reserves after the transfer is made. These extra points provided the utility to score above 100% at 108%. Included in the packet is the summary score sheet.

Traverse City Light & Power
 Scoring Summary
 Financial Credit Score

	<u>Total Positive Possible</u>	<u>Audited 2018</u>	
1. Covenant Compliance			
Debt Service Coverage Ratio	-	-	
Fixed Obligation Coverage Ratio- 3 year average - BONUS	-	-	
Fixed Obligation Coverage Ratio- current year	5	5	2.46 vs. 1.50
2. Ratio Analysis			
Debt per kW of Demand	2	2	\$219.06 vs. \$443.88
Debt Service as a % of Total Revenue	2	-	8.53% vs. 6.05%
Total Debt (\$) Per Customer	2	2	\$1,239.17 vs. \$2,291.74
Total Debt (\$) Per kWh Sold	2	2	\$0.047 vs. \$0.097
Operating Ratio	2	2	\$0.738 vs. \$0.866
Net Income per Revenue Dollar	2	2	\$0.195 vs. \$0.062
Total O&M Expense per kWh Sold	2	2	\$0.081 vs. \$0.082
Uncollectible Accounts per Revenue Dollar	2	2	\$0.0000 vs. \$0.0016
Months of O&M in Unrestricted Cash	10	15	8.46 months vs. 3 months
Competitiveness Ratio			
Residential	1	1	\$0.1079 vs. \$0.1555
Commercial	1	1	\$0.1072 vs. \$0.1130
Industrial	1	-	\$0.0780 vs. \$0.0736
In compliance with Cash Reserves Policy/ or no policy	5	5	
3. Full Funding of Depreciation			
Full Funding of Depreciation	5	5	
4. Capital Analysis			
Capitalization/Capital Outlay Policy passed by Council	2	2	

Traverse City Light & Power
 Scoring Summary
 Financial Credit Score

	<u>Total Positive Possible</u>	<u>Audited 2018</u>	
Municipality has 5 year capital outlay plan/forecast	5	5	
5. Rate Analysis			
Cost of Service or Revenue Requirement Study within last 5 years	5	5	
Cost of Service or Revenue Requirement recommendations implemented	5	5	
6. Power Cost Recovery Adjustment			
PCA and all Purchased Power Costs are recovered within 12 months	10	10	
7. General Fund Health- City			
	5	5	
8. City Tax-Backed (Gen. Obligation) Debt Rating			
	-	-	
9. Utility Revenue-Backed Debt Rating			
	-	-	
10. Electric Fund Transfers			
	5	10	
11. Power Supply Planning			
	5	5	Part of ESP
<hr/>			
Total Points	<u>86</u>	<u>93</u>	
Possible Points	<u>86</u>	<u>86</u>	
Scoring (%)	<u>100%</u>	<u>108%</u>	

Scoring %

A 85-100	Excellent Performance
B 70-84	Good Performance
C 60-69	Average Performance
D 50-59	Under Performance



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Karla Myers-Beman, Controller
Date: June 5, 2019
Subject: Quarterly Financial Report

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

Electric Utility Fund

As of March 31, 2019 (75% through the fiscal year), operating revenues - sales are 72.92% of budgeted operating revenues. Total consumption of kWh's over prior year is approximately 5,000,000 less which correlates to approximately \$460,000 in less sales.

Total operating expenses are at 76.38% of budget year-to-date, with purchase power costs at 77.25%. Other categories with higher/lower than anticipated expenditures to date are Non-purchase power expense at 95.16% relating to employees in training for Kalkaska Combustion Turbine operations and not being scheduled to assist to other departments. Public services at 53.95% and Information Systems at 63.84% due to expenses not yet incurred related to energy waste reduction program and budgeted expenses.

Net income through the third quarter is \$998,621, which is approximately \$1,220,376 decrease over the prior year relating primarily less in sales and reimbursements relating to last year's capital projects of approximately \$500,000.

Cash flow statement shows approximately \$5.4M expended in capital assets, primarily for the Automated Metering Infrastructure Project, HL-22 Rebuild Project, PC-32 Rebuild Project, Parsons Switch Station Project, Substation Exits Replacement Project, and internal line improvements and extensions. Ending cash and investment balance at March 31, 2019 is \$15,416,570.

Fiber Fund

Revenues in the Fiber Fund are 63.53% of budgeted operating revenues while expenses are 72.67% of budget year-to-date. A large revenue source for the Fiber Fund relating to the WIFI System is billed at the end of the year. Fringe benefits are higher than expected relating to cash outlay for pension which will be adjusted at year end based on the actuarial results. WIFI Operations and Maintenance is at 84.68% of budget relating to Merit Network expenses incurred the first quarter relating to the WIFI system internet feed, a primary expense of this line item. The Fund has a net loss or change in net position of \$(3,468).

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND STATEMENT OF NET POSITION MARCH 31, 2019

ASSETS		LIABILITIES AND NET POSITION	
Current assets		Current liabilities	
Cash and cash equivalents	\$ 955,043	Accounts payable	\$ 1,527,888
Investments	14,461,527	Accrued expenses and other liabilities	1,002,438
Receivables		Customer deposits	95,195
Customer, less allowances of \$320,423		Unearned revenue	-
for uncollectible accounts (Light and Power Fund)	2,468,488	Due to other funds	-
Accrued interest	57,997	Compensated absences	-
Taxes	2,844	Due to primary government	-
Other	1,732,103		-
Inventories	1,596,108	Total current liabilities	2,625,521
Prepaid expenses	-		
Total current assets	21,274,109	Long-term liabilities	
Non-current assets		Compensated absences	200,046
Other postemployment benefit asset	-	Net pension liability	11,513,059
Long-term advances - due from primary government	154,219	Net other post employment benefit liability	1,932,901
Land and land improvements	1,086,419	Total long term liabilities	13,646,006
Construction in progress	8,066,138		
Capital assets being depreciated, net	57,805,421	Total liabilities	16,271,527
Total non-current assets	67,112,198	Deferred inflows	
Total assets	88,386,307	Deferred inflow - Pension	1,243,854
		Deferred inflow - OPEB	686,027
Deferred outflows		Total deferred inflows	1,929,881
Deferred outflow - Pension	2,579,331		
Deferred outflow - OPEB	1,005,715	Net position	
Total deferred outflows	3,585,046	Invested in capital assets	66,957,979
		Unrestricted	6,811,966
Total cash and investments	\$ 15,416,570	Total net position	\$ 73,769,945

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	% of budget
Operating revenues - sales										
Residential	\$ 465,702	\$ 469,298	\$ (3,597)	\$ 4,577,743	\$ 4,596,769	\$ (19,027)	\$ 6,035,000	\$ 4,577,743	\$ (1,457,257)	75.85%
Commercial	1,132,916	1,228,441	(95,525)	10,964,106	11,292,157	(328,051)	14,800,000	10,964,106	(3,835,894)	74.08%
Industrial	653,184	737,378	(84,194)	6,682,075	6,881,862	(199,787)	9,670,000	6,682,075	(2,987,925)	69.10%
Public authority	15,813	16,093	(280)	224,069	208,335	15,735	285,000	224,069	(60,931)	78.62%
Green sales	1,300	-	1,300	11,052	-	11,052	-	11,052	11,052	#DIV/0!
Street lighting	19,315	19,317	(1)	170,902	170,077	825	225,000	170,902	(54,098)	75.96%
Yard lights	10,328	10,206	122	90,321	91,194	(873)	144,000	90,321	(53,679)	62.72%
Total operating revenues - sales	2,298,558	2,480,734	(182,176)	22,720,268	23,240,395	(520,127)	31,159,000	22,720,268	(8,438,732)	72.92%
Other operating revenues										
Forfeited discounts	4,784	5,978	(1,194)	44,187	47,820	(3,633)	50,000	44,187	(5,813)	88.37%
Merchandise and jobbing	53,116	3,215	49,901	200,242	108,440	91,802	73,500	200,242	126,742	272.44%
Sale of scrap	393	3,457	(3,064)	66,536	56,488	10,048	50,000	66,536	16,536	133.07%
Recovery of bad debts	-	-	-	-	-	-	200	-	(200)	0.00%
MISO income	227,536	212,885	14,651	2,575,509	2,366,037	209,472	2,800,000	2,575,509	(224,491)	91.98%
Miscellaneous	2,580	3,060	(480)	57,067	27,187	29,880	39,000	57,067	18,067	146.33%
Total other operating revenues	288,409	228,594	59,815	2,943,541	2,605,972	337,569	3,012,700	2,943,541	(69,159)	97.70%
Nonoperating revenues										
Rental income	-	2,063	(2,063)	44,206	39,133	5,074	53,400	44,206	(9,194)	82.78%
Pole rental income	-	-	-	78,491	76,914	1,577	81,000	78,491	(2,509)	96.90%
Reimbursements	21,275	521,557	(500,282)	154,297	652,591	(498,294)	150,000	154,297	4,297	102.86%
Interest income	13,441	10,908	2,533	202,492	170,593	31,899	250,000	202,492	(47,508)	81.00%
Gain/loss on sale of assets	-	-	-	-	2,695	(2,695)	5,000	-	(5,000)	0.00%
Total nonoperating revenues	34,716	534,528	(499,812)	479,486	941,926	(462,440)	539,400	479,486	(59,914)	88.89%
Total revenues	2,621,683	3,243,856	(622,173)	26,143,295	26,788,292	(644,997)	34,711,100	26,143,295	(8,567,805)	75.32%
Purchase Power Expense										
Non purchase power expenses	30,489	19,201	11,288	238,450	143,638	94,812	250,575	238,450	12,125	95.16%
Capacity costs	48,660	71,780	(23,120)	566,462	646,020	(79,558)	673,000	566,462	106,538	84.17%
MISO	102,736	132,603	(29,867)	1,156,056	492,209	663,847	2,311,400	1,156,056	1,155,344	50.02%
Stoney Corners	314,587	244,458	70,130	2,185,336	2,227,688	(42,352)	3,152,000	2,185,336	966,664	69.33%
M-72 Wind Turbine	3,134	2,731	403	19,210	26,089	(6,879)	30,000	19,210	10,790	64.03%
M-72 Solar	1,991	15,570	(13,579)	71,786	42,368	29,418	128,000	71,786	56,214	56.08%
Combustion Turbine	366,673	364,375	2,297	4,059,366	3,281,535	777,831	4,541,200	4,059,366	481,834	89.39%
Campbell Coal Plant	315,666	325,964	(10,297)	3,106,213	3,123,918	(17,705)	4,402,000	3,106,213	1,295,787	70.56%
Belle River Coal Plant	147,801	161,411	(13,610)	1,673,977	2,261,744	(587,767)	1,988,000	1,673,977	314,023	84.20%
Landfill Gas	85,118	85,611	(493)	734,576	726,288	8,287	930,000	734,576	195,424	78.99%
Bilateral contracts	297,858	312,843	(14,984)	2,530,852	3,409,115	(878,262)	2,432,000	2,530,852	(98,852)	104.06%
Pegasus	-	-	-	-	-	-	260,000	-	260,000	0.00%
Purchase power expenses	1,684,225	1,717,345	(33,120)	16,103,834	16,236,973	(133,139)	20,847,600	16,103,834	4,743,766	77.25%

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	% of budget
Distribution	\$ 412,271	\$ 314,166	\$ 98,105	\$ 3,403,926	\$ 3,050,846	\$ 353,080	\$ 4,319,950	\$ 3,403,926	\$ 916,024	78.80%
Transmission	34,844	47,926	(13,081)	335,643	306,098	29,545	471,400	335,643	135,757	71.20%
Customer accounting	48,955	42,385	6,570	400,763	386,146	14,617	501,000	400,763	100,237	79.99%
Public service	38,448	25,745	12,703	307,133	318,718	(11,585)	569,300	307,133	262,167	53.95%
Information systems	60,804	-	60,804	306,829	-	306,829	480,650	306,829	173,821	63.84%
General administration expense	78,021	97,198	(19,177)	754,565	897,918	(143,353)	981,900	754,565	227,335	76.85%
Other expenses										
Insurance	5,662	5,494	168	50,962	50,386	576	87,625	50,962	36,663	58.16%
City fee	140,000	125,000	15,000	1,260,000	1,295,322	(35,322)	1,712,200	1,260,000	452,200	73.59%
Depreciation	219,600	209,250	10,350	1,982,569	1,883,250	99,319	2,700,000	1,982,569	717,431	73.43%
Total expenses	2,753,320	2,603,711	149,609	25,144,674	24,569,295	575,379	32,922,200	25,144,674	7,777,526	76.38%
Income before special items	(131,637)	640,145	(771,782)	998,621	2,218,997	(1,220,376)	1,788,900	998,621	(790,279)	0
Special Item										
Retirement of meters	-	-	-	-	-	-	(725,000)	-	(725,000)	#DIV/0!
Income before transfers	(131,637)	640,145	(771,782)	998,621	2,218,997	(1,220,376)	1,063,900	998,621	(65,279)	
Transfers in	-	-	-	-	-	-	175,000	-	(175,000)	#DIV/0!
Change in net position	\$ (131,637)	\$ 640,145	\$ (771,782)	\$ 998,621	\$ 2,218,997	\$ (1,220,376)	\$ 1,238,900	\$ 998,621	\$ (240,279)	

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2019

Cash flows from operating activities	
Cash received from customers	\$ 26,796,261
Cash payments to employees	(4,105,312)
Cash payments to suppliers for goods and services	(18,826,924)
Cash payments of City fee	(1,686,995)
	<hr/>
Net cash provided by operating activities	2,177,030
	<hr/>
Cash flows from noncapital financing activities	
Customer deposits paid	(94)
Rental income received	122,697
Reimbursements received	154,297
	<hr/>
Net cash provided by noncapital financing activities	276,900
	<hr/>
Cash flows from capital and related financing activities	
Purchase of capital assets	(5,366,661)
	<hr/>
Cash flows from investing activities	
Purchase of investments	(257,987)
Interest and dividends	202,492
	<hr/>
Net cash used by investing activities	(55,495)
	<hr/>
Net decrease in cash and cash equivalents	(2,968,226)
Cash and cash equivalents, beginning of year	3,923,269
	<hr/>
Cash and cash equivalents, end of year	\$ 955,043
	<hr/> <hr/>

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND
SUPPLEMENTARY INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2019

SALES	KWH month	KWH year to date	Monthly revenue	Year to date revenue	Current month	Prior year month	Revenue/Sales monthly variance	Year to date	Prior year to date	Revenue/Sales year to date variance
Residential Sales	5,799,883	29,463,872	\$ 504,447	\$ 4,798,085	\$ 0.1046	\$ 0.1090	\$ (0.0044)	\$ 0.1081	\$ 0.1071	\$ 0.0010
Commercial Sales	14,641,047	81,901,185	1,055,221	10,552,537	0.1001	0.1082	(0.0081)	0.1017	0.1057	(0.0040)
Public Authority Sales	148,259	1,921,982	16,443	237,654	0.1017	0.1022	(0.0005)	0.0998	0.0982	0.0016
Industrial Sales	8,947,540	63,805,980	653,179	6,767,690	0.0730	0.0790	(0.0060)	0.0730	0.0773	(0.0043)
Yard and Street Lights	170,822	692,705	28,355	248,258	0.2992	0.2983	0.0009	0.2704	0.2424	0.0280
Total Sales	29,707,551	177,785,724	\$ 2,257,645	\$ 22,604,224						

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

PURCHASED POWER	KWH month	KWH year to date	Monthly cost	Year to date cost	Cost per kWh for the month	Cost per kWh for the year to date
MISO Account						
MISO	5,156,591	47,940,147	142,169.57	1,296,290.43	0.028	0.027
Wolverine	not applicable	not applicable	1,952.27	18,655.24	not applicable	not applicable
Transmission	not applicable	not applicable	(50,306.50)	(168,227.55)	not applicable	not applicable
Subtotal	5,156,591	47,940,147	93,815.34	1,146,718.12	0.018	0.024
Bilateral Contract	8,335,200	67,028,800	297,858.36	2,530,852.36	0.036	0.038
Campbell #3	6,728,874	58,737,529	315,666.30	3,106,213.32	0.047	0.053
Belle River	3,577,338	47,537,273	147,801.13	1,673,976.81	0.041	0.035
Combustion Turbine	1,298,683	20,259,404	366,672.58	4,059,365.74	0.282	0.200
Landfill Gas	856,104	7,647,510	85,118.37	734,575.52	0.099	0.096
Stoney Corners	2,557,415	17,974,310	314,587.62	2,185,335.83	0.123	0.122
M-72 Wind Turbine	44,777	274,430	3,134.39	19,210.10	0.070	0.070
M-72 Solar	17,700	638,100	1,991.25	71,786.27	0.113	0.113
MPPA Capacity Costs (market)	not applicable	not applicable	57,580.00	575,800.00	not applicable	not applicable
Total	28,572,682	268,037,503	\$ 1,684,225.34	\$ 16,103,834.07	\$ 0.059	\$ 0.060

TRAVERSE CITY LIGHT AND POWER

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

**FIBER FUND
STATEMENT OF NET POSITION
MARCH 31, 2019**

ASSETS		LIABILITIES AND NET POSITION	
Current assets		Current liabilities	
Cash and cash equivalents	\$ 293,997	Accounts payable	\$ 9,686
Accounts receivable	35,110	Accrued expenses and other liabilities	17,546
Inventory	11,411	Unearned revenue	14,815
Due from other funds	-	Due to primary government	-
Prepaid expenses	-		
Total current assets	<u>340,518</u>	Total current liabilities	<u>42,047</u>
 		Long term liabilities	
Non-current assets		Compensated absences	2,444
Construction in progress	4,006		
Capital assets being depreciated, net	1,206,414	Total liabilities	<u>44,491</u>
Total non-current assets	<u>1,210,421</u>	Invested in capital assets	1,210,421
		Unrestricted	296,027
Total assets	<u>1,550,939</u>	Total net position	<u>\$ 1,506,447</u>

TRAVERSE CITY LIGHT AND POWER

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

**FIBER FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE PERIOD ENDED MARCH 31, 2019**

	<u>Amended Budget</u>	<u>Year to date Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Percentage of Budget</u>
Operating revenues				
Charges for services	\$ 458,000	\$ 290,967	\$ (167,033)	63.53%
Merchandising and jobbing	-	-	-	#DIV/0!
Total operating revenues	<u>458,000</u>	<u>290,967</u>	<u>(167,033)</u>	<u>#DIV/0!</u>
Operating expenses				
Salaries and wages	64,900	50,040	14,860	77.10%
Fringe benefits	70,250	87,795	(17,545)	124.98%
Supplies	7,750	1,855	5,895	23.94%
Overhead expense	-	11,484	(11,484)	#DIV/0!
WIFI Operations and maintenance	32,100	27,183	4,917	84.68%
Professional and contractual	46,750	635	46,115	1.36%
Professional development	2,500	4,333	(1,833)	173.32%
Insurance	1,000	557	443	55.70%
Repairs and maintenance	16,100	453	15,647	2.81%
Vehicle Rental	10,000	9,274	726	92.74%
City fee	23,000	-	23,000	0.00%
Depreciation	146,000	111,876	34,124	76.63%
Total operating expenses	<u>420,350</u>	<u>305,486</u>	<u>114,864</u>	<u>72.67%</u>
Operating income	<u>37,650</u>	<u>(14,519)</u>	<u>(52,169)</u>	
Nonoperating revenues				
Reimbursements	177,800	11,051	(166,749)	6.22%
Interest income	1,130	-	(1,130)	25.00%
Total nonoperating revenues	<u>178,930</u>	<u>11,051</u>	<u>(167,879)</u>	<u>0</u>
Income before transfers	216,580	(3,468)	220,048	
Transfers out	<u>(175,000)</u>	<u>-</u>	<u>(175,000)</u>	<u>#DIV/0!</u>
Change in net position	41,580	(3,468)	(45,048)	
Net position, beginning of year	<u>1,509,915</u>	<u>1,509,915</u>	<u>-</u>	
Net position, end of year	<u>\$ 1,551,495</u>	<u>\$ 1,506,447</u>	<u>\$ (45,048)</u>	