

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, December 1, 2010

Pursuit to a special meeting posted November 24, 2010, the meeting was called to order by the Mayor Gilbert X. Cheves at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Gilbert X. Cheves, Mayor Pro Tem Leo J. Evans (arrived at 6:11 p.m.), Council Members Patricia A. Baribeau, and Pete Baker, and Council Member Nelson.

Absent: None.

Present: Electrical Advisory Committee Members: John Anthony, Ann Bissell, Don Racicot, Tim Wilson, and Larry Arkens.

Absent: Chairman Ronald Beauchamp, Glendon Brown, and John Mellinger

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, City Attorney Ralph B.K. Peterson, Consultant Tom Butz of Power Systems Engineering (PSE) by conference phone.

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST – None

PUBLIC HEARING - None

NEW BUSINESS

Power Plant Negotiation Status/Update.

City Administration updated those in attendance on the various agreements needed to transfer the Generating Facilities to the Escanaba Energy Company, L.L.C.

Early Termination Agreement

Under the terms and conditions of the Early Termination Agreement, the Upper Peninsula Power Company (UPPCO) would cease operating the Generation Facilities on or around December 15, 2010, as opposed to June 5, 2011. In the event the Early Termination Agreement was approved, Council would be asked to approve a Meter Data Management Agreement (MDMA) with UPPCO. The MDMA assigns responsibility to UPPCO to acquire meter data and load shift data on behalf of the City. Manager O'Toole advised that nothing had changed with the agreement.

Asset Purchase Agreement/Remediation Agreement/Operation and Maintenance Agreement – Escanaba Energy Company, L.L.C.

The Asset Purchase Agreement encompassed the Remediation Agreement and Operation and Maintenance Agreement. The agreements defined the assets and liabilities Escanaba Electric Company, L.L.C. would agree to operate the Escanaba Generating Facilities with the option to purchase. Manager O'Toole advised there were still unresolved issues. Four key points were still under discussion:

- The Operation and Maintenance Agreement must be rock solid;
- There must not be an option to breach the Asset Purchase Agreement. Traxys must not be able to walk away from Operation and Maintenance Agreement;
- Environmental points, all guarantees must be iron clad;
- Still working on the language regarding Warrants and what the City was representing;
- Negotiations were scheduled to continue with Traxys Parent Company and CEO on December 2, 2010, at 10 am;
- City left them with the conditions that if these points can not be agreed to, negotiations would fail and City would no longer go forward with the sale to Traxys;

Power Purchase Agreement.

The Power Purchase Agreement was a legal contract between Escanaba Energy Company, L.L.C. and the City, and would be used to define how energy and capacity would be provided to the City to include the terms of delivery, pricing and guarantees.

- PSE Consultant Tom Butz, by phone, reviewed details of the Power Purchase Agreement;

Reiss Coal Dock Storage Agreement.

The Reiss Coal Company Dock Storage Agreement was an agreement which allowed the City to store coal on the Reiss Coal Dock with the option to assign the agreement to the Escanaba Electric Company, L.L.C. Manager O'Toole advised, this agreement was ready and would be asking Council to approve the agreement at its regular meeting tomorrow evening, December 2, 2010.

- Manager O'Toole also reviewed the status of UPPCO Employees, and advised the drop dead date for the Power Plant Agreements was December 8, 2010.

GENERAL PUBLIC COMMENT - None

COUNCIL/COMMITTEE, STAFF REPORTS - None

ADJOURNMENT

Joint City Council & Electrical Advisory Minutes
December 1, 2010 – cont.

Hearing no further public comment, or further reports from the Electrical Advisory Committee and Council, the meeting adjourned at 6:40 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Gilbert X. Cheves, Mayor