

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, July 11, 2012

Pursuit to a meeting notice posted July 6, 2012, the meeting was called to order by the Mayor Leo J. Evans at 6:03 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Leo J. Evans, Council Members, Walter A. "Pete" Baker, Patricia A. Baribeau, Ronald J. Beauchamp, and Brady L. Nelson.

Absent: None

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

Absent: Two vacancies

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, City Attorney Ralph B.K. Peterson, Pro Energy Escanaba Power Plant Manager Jack Scott, Power Systems Engineering (PSE) Representatives Tom Butz, members of the public, and Media.

Manger O'Toole asked that Agenda Item 7 be moved to New Business #3, and to allow public comment.

Nelson moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as amended.

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST - None

PUBLIC HEARING - None

NEW BUSINESS

Update - Electric Department –Distribution Operations.

Electrical Superintendent Mike Furmanski discussed the following current departmental activities and operations:

- Miscellaneous Pole work
- Staffing Update.

Update – Operation and Maintenance of Power Plant – Pro Energy Services, Inc.

Jack Scott Pro Energy Services Plant Manager, Inc. updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and maintenance of the power plant:

- Power Plant was in service;
- Summary of running hours;
- Don Racicot was recognized for his 20 years of work at the City Power Plant;
- over 16,000 tons of coal was available.

Decision – Plant Sale Asset Purchase Agreement.

City Administration and City Attorney Peterson provided an update on the Power Plant Sale negotiations with Escanaba Green Energy, and sought Council approval for the sale of the Escanaba Power Plant Sale to Escanaba Green Energy.

- An agreement was been made and the Asset Purchase Agreement was presented to Council and Electrical Advisory Committee;
- City Attorney Peterson provided a summary of the Asset Purchase Agreement;
 - Escanaba Green Energy intended to convert the Power Plant to Biomass, which would retain and provided additional jobs in the community;
 - The Power Plant, it's facilities, machinery and land would be sold for \$1,500,000;
 - Escanaba Green Energy would be purchasing the City's remaining coal sitting on the docks at the City's Cost;
 - Council was being asked to approve the entire contract and exhibits;
 - Still several mile posts to be accomplished: Letter of Credit needs to be extended to November 30, 2012 prior to signing Asset Purchase Agreement (APA); On or before July 31, 2012, Escanaba Green Energy will deposit \$1,300,000 in escrow, and the City will be placing documents in the same escrow, deeds, bill of sale, and assignment;
 - The Closing would occur on or before September 30, 2012, depending on Government approvals, otherwise before November 30, 2012, thus the need to extend the Letter of Credit;
 - Reviewed terms and conditions of the Post Closing Agreement;
 - Supporting Post Closing obligations, Escanaba Green Energy will provide a performance Bond of 2 million dollars, which would protect the City of Escanaba, in the event the Escanaba Green Energy Plan fails;
 - City would be providing numbers to MISO regarding the SSR Agreement, and agreement presented to FERC and reimbursement plan to City of Escanaba. It was the intent, at the time of closing with Escanaba Green Energy, was to assign SSR Agreement to Escanaba Green Energy, which would release the City of Escanaba from any further liability under the SSR Agreement.

- o Briefly reviewed closing costs.

Mayor Evans asked for Public Comment.

Escanaba Green Energy President, Charles DeTiege, expressed gratitude to the negotiating team, Electrical Advisory Committee, Council and City Administration. The City negotiating team worked very hard which ended in a good cooperative effort on both sides.

After discussion, Nelson moved, Baribeau seconded, that the City of Escanaba enter into the Asset Purchase Agreement as presented by the City Manager with Escanaba Green Energy LLC, and further that the Mayor and City Clerk be authorized to execute any and all necessary documents in order to complete such transaction, contingent upon the extension of Escanaba Green Energy LLC letter of credit to November 30, 2012.

Upon a call of the roll, the vote was at follows:

Ayes: Nelson, Baribeau, Beauchamp, Evans
Nays: Baker

MOTION CARRIED.

Discussion – Environmental Update.

Electric Superintendent Furmanski provided an update on the Ash Pond sediment. Expected bids specifications by the end of the following week.

Discussion – MISO Attachment Y-1 Discussions.

PSE Consultant Tom Butz and Administration reviewed and discussed the negotiations with MISO of the System Security Resource (SSR) agreement and how the process related to the plant sale negotiations. Expected discussion by early next week.

Discussion – MISO Market Agent Discussions.

PSE Consultant Tom Butz provided an update on the seeking a new provider to replace the UPPCO contract to provide MISO Market Agent Services. Much progress was made to date, and expected a new provider by the end of August 2012.

Decision – Legal and Consulting Approvals.

City Manager O'Toole reviewed information and sought approval for legal and consulting costs related to the Power Plant Sale.

After discussion, Nelson moved, Baribeau seconded, to approve the current expenditures of Power System Engineering (PSE) and Troutman Sanders as presented, and to continue their services until completion of the Asset Purchase Agreement with a cap not to exceed \$150,000.

Upon a call of the roll, the vote was at follows:

Ayes: Nelson, Baribeau, Baker, Beauchamp, Evans
Nays: None

MOTION CARRIED.

GENERAL PUBLIC COMMENT - None

COUNCIL/COMMITTEE, STAFF REPORTS

A great deal of effort was put in by City Administration, and Electrical Advisory Committee.

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 6:47 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____

Leo J. Evans, Mayor