

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, January 16, 2013

Pursuit to a meeting notice posted January 9, 2013, the meeting was called to order by the Mayor Leo J. Evans at 6:00 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 (EAC) Members: Chairperson Tim Wilson, Jon Anthony, Larry Arkens, Ann Bissell, and Glendon Brown.

Absent: Electrical Advisory Committee Members: Two vacancies and Power Plant Liaison

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Pro Energy Escanaba Power Plant Manager Jack Scott, Escanaba Green Energy (EGE) representative Charles DeTiege and, members of City Administration, the public, and Media.

Baker moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as submitted.

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST - None

PUBLIC HEARING - None

NEW BUSINESS

Update - Electric Department –General Operations.

Electrical Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the current departmental activities, and the MISO Y1 contract.

- January 22, 2013, reclosures bid;
- SSR Y1 agreement;
- Discussed Transformer purchases.

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

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

- Report of Unit 1 & 2 operating days in December;
- Combustion Turbine operated on 12/19 for three hours for a test which it passed;
- Ground Water reporting limit was raised by DEQ. Details were in the Agenda Attachments.

Update – Capacity.

Administration provided an update on capacity for planning year 2013/2014. Furmanski advised he received a quote for a high price, he recommended purchasing capacity from EGE. Great Lakes Utilities would need to be advised by early February if the City was going to purchase capacity during the auction period.

- It would be cheaper to purchase capacity from EGE than from other vendors;
- This would be a condition of closing if purchased from EGE before the end of the month;
- If City Power Plant sale did not occur, City would have its' own capacity.

Update – Power Plant Purchase Agreement.

Administration was provided an update on the status of power plant purchase agreement between the City of Escanaba and Escanaba Green Energy, LLC, by EGE Representative Charles DeTiege.

- John Ranson and EGE's financial lender representative Provartis also took part in the meeting via a phone conference connection. Provartis representative provided a brief update of their company and services they provided;
- Mr. Ranson and Provartis provided an update on EGE's financing. They advised all due diligence was largely completed, except for a required 10% deposit from EGE. EGE advised they lost 10 percent of the their project's funding when a financier backed out;
- The 10 percent deposit issue was still unresolved and provided an update on negotiations. They were hopeful it would be resolved within 7-8 business days;
- Provartis advised they were ready to provide financing when EGE's 10 percent reached the proper fund;
- Discussed if 7-8 days was too aggressive;
- When asked if EGE was able to pay \$58,000 in City legal fees, as a good faith gesture, they responded that they were not in the position to pay any of the City's

legal fees at this time;

- City Administration would like Attorney fees paid today, and wished closing by Feb 7th, and if not, wished to discuss the terms of the Asset Purchase Agreement again;
- City Council Members expressed concern regarding another delay in sale of the Power Plant due to the fact that the City needed to address the Power Plant Capacity issue.

Baker moved, Beauchamp seconded, that the City amend the current Asset Purchase agreement to extend the Power Plant closing date to January 31, 2013, and if the Power Plant Sale did not occur by January 31, 2013, City Administration be directed to issue a termination letter to Escanaba Green Energy on Feb 1, 2013, to terminate the Power Plant Sale by Feb 15, 2013, if the closing did not take place.

- Manager O'Toole suggested City continue to work on Power Plant Sale through February 7, 2013;
- Provaris stated as EGE's Lender, they were committed to the Power Plant Sale. EGE just needed to make its 10 percent deposit;
- Provaris emphasized that this was not a dead deal, and would not be wasting City time if they thought the deal would not go through;
- Electrical Advisory Committee members felt it was worth waiting to complete the Power Plant Sale, but the City patience was getting thin. A good faith effort by EGE regarding payment of City legal fees would go a long way. They also stated EGE needed to be aware of the situation it was putting the City into regarding the purchase of Capacity;
- During discussion as to a possible termination date, it was suggested that if the Power Plant sale was not completed by February 7, 2013, a 5 day termination could be issued according to the terms of the Asset Purchase Agreement.

After further discussion, a call of the roll was made. The vote was as follows:

Ayes: Baker, Beauchamp

Nays: Nelson, Baribeau, Evans

MOTION FAILED.

Administration was directed to move the next Joint meeting of Council and Electrical Advisory Committee to February 6, 2013.

GENERAL PUBLIC COMMENT

Mrs. Charles DeTiege addressed Council and expressed concern on Council's suggestion to terminate the Power Plant Sale. Mrs. DeTiege briefly reviewed all the commitments and permits that had been obtained, and stated it usually took many months to close a sale of this kind.

COUNCIL/COMMITTEE, STAFF REPORTS - None

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 6:56 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Leo J. Evans, Mayor