

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, October 9, 2013

Pursuit to a meeting notice posted October 3, 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, Ronald J. Beauchamp, and Marc D. Tall

Absent: Council Member Patricia A. Baribeau

Baker moved, Tall seconded, **CARRIED UNANIMOUSLY**, to excuse Council Member Baribeau.

Present: Electrical Advisory Committee (EAC) Members: Chairperson Tim Wilson, Jon Anthony, Larry Arkens, Ann Bissell, and Glendon Brown.

Absent: Two vacancies, and Power Plant Liaison.

Also Present: City Attorney Ralph B.K. Peterson, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Jack Scott of Pro Energy Services, Charles DeTiege of Escanaba Green Energy (EGE), members of the public and media.

Tall moved, Baker 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.

- Auto Zone finished up;
- Started on O'Riley and Bell projects.

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

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

Power Plant.

- Unit 1 ran 5 days in September;
- Combustion Turbine ran on September 10th and 13th;
- Updated on turning gear on Unit #1. After unit ran in September, a noise was heard in the unit. After investigation, the Unit #1 turning gear needed repair. Would report on findings and repair at next months meeting;
- No accidents to report.

Approval – Transformer Purchase.

Administration sought Council approval of a bid submitted by RESCO of Middlehurst, WI, for various sized transformers.

NB-3 After discussion, Beauchamp moved, Tall seconded, to approve a bid submitted by RESCO of Middlehurst, WI, for various ERMCO sized transformers in the amount of \$44,008.

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

Ayes: Beauchamp, Tall, Baker, Evans

Nays: None

MOTION CARRIED.

Update – UPPCO Mediation.

Administration provided an update regarding the mediation between the City of Escanaba and UPPCO related to the termination of UPPCO operating the plant.

City Attorney Peterson advised mediation was scheduled on the 24th of October. Due to health concerns of one of the UPPCO representatives, the date was being revised for an earlier time. Members would be apprised when the new date was known.

Update – Power Plant Purchase Agreement.

Charles DeTiege of Escanaba Green Energy (EGE) provided an update on the status of Power Plant Purchase Agreement between the City of Escanaba and Escanaba Green Energy, LLC. (See Attached Memo's).

- Discussed repairs to the turning gear and SSR agreement and if it would effect the purchase. After discussion, it was believed there would not be an issue. The repair amount was minimal.

GENERAL PUBLIC COMMENT – None

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 6:17 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved:

Leo J. Evans, Mayor



AEM Ventures LLC

October 9, 2013

Jim O'Toole
City Manager
City of Escanaba, Michigan

Dear Mr. O'Toole:

AEM Ventures, LLC ("AEM") and Escanaba Green Energy, LLC ("EGE") reached an agreement in August by which AEM will provide the deposit (the "Deposit") that is required as part of the loan (the "Loan") that is being provided to EGE by Centurion ISG Europe Limited. This Loan is evidenced by a Project Funding Term Sheet executed by both Centurion and EGE on September 18, 2013. Currently, EGE and Centurion are finalizing the documentation of this Loan.

AEM and EGE are also finalizing the documentation that will control their relationship as AEM will become an equity holder in EGE.

A second component to the finalization of this Loan is the posting of the Deposit. AEM, EGE and Black Diamond, the entity which will hold the Deposit and which brought Centurion to the table, are reviewing the legal documentation provided by Black Diamond which governs the Deposit. When this review is complete – expected in a matter of days – the Deposit will quickly be posted and all the parties will be working to complete and close the Loan.

As the Managing Member of AEM, I am delighted to be part of this transaction and look forward to a long working relationship with the City of Escanaba. AEM is certainly aware that the closing of the purchase of the Escanaba Plant has taken much longer than either the City or EGE had originally anticipated. But with the cooperation of Centurion, Black Diamond, AEM and EGE that has been established over the past three weeks, we will get this transaction closed as soon as possible and move on to converting the Plant.

With best regards.

Sincerely,
for **AEM Ventures LLC**

Anurag Bajaj
Managing Member



INTERNATIONAL LENDING SERVICES

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October 8, 2013

Mr. Jim O'Toole
City Manager
City of Escanaba, Michigan

Dear Mr. O'Toole:

I have participated in several of the Wednesday evening Council meetings via conference line as Escanaba Green Energy ("EGE") has been completing the financing for the purchase and renovation of the Escanaba Generating Station. This is the current status of the financing. As EGE has explained to you, there are effectively three parts of this financing that EGE has been working to put together.

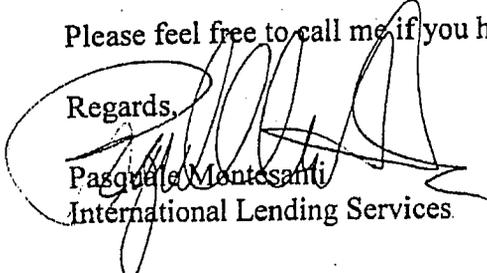
The first two parts are related to the deposit (the "Deposit") that is required by Black Diamond Investments and is a prerequisite to bring a lender forward to EGE. AEM, a company based out of Detroit has agreed to provide this Deposit. AEM has passed the required background check, and the account for the deposit has been created. I spoke with AEM's principals and AEM is currently reviewing documentation relevant to their deposit. I have been told that once this review is complete, AEM will post the required Capital Contribution for the project financing.

The last part of the transaction is the loan (the "Loan") from Centurion ISG Europe Limited ("Centurion"). While I discuss a variety of transactions with Centurion on a regular basis, the actual Loan process is solely driven by Centurion. I know that EGE and Centurion signed a Project Funding Term Sheet in mid-September. The completion of the Loan requires the posting of the Deposit and the completion of documentation. At the present time the project loan is in the final underwriting stage but final commitment will only commence after the Deposit is made.

As the arranger of this financing, International Lending Services remains committed to working with the parties to complete all steps necessary to conclude the transaction.

Please feel free to call me if you have questions, etc.

Regards,


Pasquale Montesanti
International Lending Services