

**MINUTES OF THE MICHIGAN SOUTH CENTRAL POWER AGENCY  
BOARD OF COMMISSIONERS REGULAR MEETING**

October 15, 2021  
12:00 p.m.

One Grand Street, Coldwater, MI 49036  
& via Zoom Webinar

**NOTICE OF MEETING**

A public notice had been posted in accordance with Open Meetings Act No. 267, Public Acts of Michigan, 1976.

**COMMISSIONERS PRESENT**

Jeff Budd, Coldwater, Michigan  
Kevin Cornish, Clinton, Michigan  
David Mackie, Hillsdale, Michigan  
Chris Mathis, Union City, Michigan  
Tom Tarkiewicz, Marshall, Michigan

**ALTERNATE COMMISSIONERS PRESENT**

Jim Odneal, Coldwater, Michigan  
Chris McArthur, Hillsdale, Michigan

**OTHERS PRESENT IN PERSON**

Pam Sullivan and Tom Sillasen of AMP; Kevin Maynard of Marshall; Andrew Cameron of Coldwater; and Don Reid, Coldwater Daily Reporter

**OTHERS PRESENT VIA ZOOM**

Scott Kiesewetter, Chris Norton and Mark McGuire of AMP; Jodi Dobson and Gwen Zech of Baker Tilly; Trisha Nelson of Marshall; and Katie Abraham of MMEA.

**1. CALL TO ORDER:**

Chairman Tarkiewicz called the meeting to order at 12:15 p.m.

**2. APPROVAL OF AGENDA WITH ANY ADDITIONS:**

**Moved** Commissioner Cornish, supported Commissioner Mathis, to approve the addition of item 7F. Energy Needs to the agenda. On a voice vote: **MOTION CARRIED.**

**3. PUBLIC COMMENTS ON AGENDA ITEMS:**

No public comment.

**4. APPROVAL OF MINUTES:**

**Moved** Commissioner Cornish, supported Commissioner Mathis, to approve the minutes of the September 2, 2021 Regular Board Meeting. On a voice vote: **MOTION CARRIED.**

**5. FINANCIAL:**

**A. Presentation and Consideration of the FY 2020-2021 Audit by Baker Tilly**

**Moved** Commissioner Cornish, supported Mackie, to receive and place on file the FY 2020-2021 Financial Audit by Baker Tilly. On a voice vote: **MOTION CARRIED.**

**B. Finance Report**

Summarized the report with no specific issues to report.

**C. Approval of August 2021 Financial Statements and Investment Report**

**Moved** Commissioner Budd, supported Commissioner Cornish, to approve the August 2021 Financial Statements and Investment Reports. On a voice vote: **MOTION CARRIED.**

**D. Approval of August 2021 Invoices**

**Moved** Commissioner Mathis, supported Commissioner Cornish, to approve the August 2021 Invoices as presented. On a voice vote: **MOTION CARRIED.**

**E. Approval of the Member Equity Statement Annual Report**

**Moved** Commissioner Budd, supported Commissioner Cornish, to approve the Member Equity Statement Annual Report. On a voice vote: **MOTION CARRIED.**

Michigan South Central Power Agency  
Member Equity Statement  
June 30, 2021

	Total	Clinton	Coldwater	Hillsdale	Marshall	Union City
<b>Assets and Deferred Outflows</b>						
<b>Plant in Service</b>						
Transmission - Project 1 Allocation	4,520,220	293,814	1,808,088	1,152,656	1,084,853	180,809
<b>Net Plant in Service</b>	<b>4,520,220</b>	<b>293,814</b>	<b>1,808,088</b>	<b>1,152,656</b>	<b>1,084,853</b>	<b>180,809</b>
Cash - Project 1 Allocated	5,038,743	327,518	2,015,497	1,284,879	1,209,298	201,550
Cash - General Allocated	4,932,699	601,927	3,701,072	625,163	-	4,537
Cash - Rate Stabilization	6,647,714	1,246,758	4,772,664	478,066	150,223	3
June Rate Stabilization collected July	(3)	-	-	-	-	(3)
Pension and Related Deferred Outflow	187,500	12,188	75,000	47,813	45,000	7,500
Prelim Survey-Coldwater Peaking %	217,478	13,049	137,011	34,796	23,923	8,699
MISO Posting	2,134,531	138,744	853,812	544,305	512,287	85,381
Accounts Receivable plus June RSF	3,952,752	146,540	2,258,268	726,620	740,270	81,053
Other Assets	120,308	7,820	48,123	30,678	28,874	4,812
<b>Total Assets and Deferred Outflows</b>	<b>27,751,940</b>	<b>2,788,358</b>	<b>15,669,536</b>	<b>4,924,977</b>	<b>3,794,728</b>	<b>574,341</b>

Liabilities and Deferred Inflows						
Deferred Rate Stabilization	(6,647,711)	(1,246,758)	(4,772,664)	(478,066)	(150,223)	-
Pending Rate Stabilization	(3)	-	-	-	-	(3)
Pension and Related Deferred Inflow	1,393,412	90,572	557,365	355,320	334,419	55,737
Accounts Payable - based on A/R split	(3,272,680)	(121,328)	(1,869,732)	(601,605)	(612,907)	(67,108)
Total Liabilities and Deferred Inflows	(8,526,981)	(1,277,514)	(6,085,031)	(724,351)	(428,711)	(11,375)
Net Equity Ownership	19,224,959	1,510,844	9,584,505	4,200,626	3,366,018	562,966
Percentage Ownership	100.00%	7.86%	49.85%	21.85%	17.51%	2.93%

F. Approval of the Cash Reserve & Fund Balance Policy Annual Report

Moved Commissioner Cornish, supported Commissioner Mackie, to approve the Cash Reserve Fund Balance Annual Report. On a voice vote: **MOTION CARRIED.**

MICHIGAN SOUTH CENTRAL POWER AGENCY  
CASH RESERVE POLICY  
AS OF JUNE 30, 2021

CASHRESERVE POLICY-COMPONENTS

Factor	Description	Driver
1	Operations and Maintenance Expense	O&M Expense multiplied by 30 days cash on hand
2	MISO Collateral and Reserve	MOST RECENT 12 MONTH high exposure multiplied by 1.5x

CASHRESERVE POLICY-MINIMUM CASHRESERVE CALCULATION

FISCAL YEAR 2021		Fiscal Amount	Multiplier	Reserve Amount	Source
Factor	Description				
1	Operations & Maintenance Expense	\$ 50,778,955	30 days	\$ 4,173,613	Financials Statements
2	MISO Cash Collateral and Reserve	3,269,808	1.5x	\$ 4,904,712	MISO credit exposure reports
Minimum Cash Reserve				9,078,325	
FISCAL YEAR 2022 (PROJECTED)		Fiscal Amount	Multiplier	Reserve Amount	Source
Factor	Description				
1	Operations & Maintenance Expense	\$ 50,571,821	30 days	\$ 4,156,588	Approved Budget
2	MISO Cash Collateral and Reserve	3,269,808	1.5x	\$ 4,904,712	MISO credit exposure reports
Minimum Cash Reserve				9,061,300	

CASHRESERVE POLICY-MEMBER RESERVE CALCULATION AT 6/30/21

Factor	Description	Clinton	Coldwater	Hillsdale	Marshall	Union City	Total
1	O&M Expense	\$ 135,371	\$ 2,526,313	\$ 729,768	\$ 667,822	\$ 97,315	\$ 4,156,588
2	MISO Cash Collateral	\$ 318,806	\$ 1,961,885	\$ 1,250,702	\$ 1,177,131	\$ 196,188	\$ 4,904,712
Minimum Cash Reserve		\$ 454,177	\$ 4,488,198	\$ 1,980,469	\$ 1,844,953	\$ 293,503	\$ 9,061,300
Available Cash and RSF as of 6/30/21		\$ 2,314,947	\$ 11,343,046	\$ 2,932,414	\$ 1,871,808	\$ 291,471	\$ 18,753,686
Excess over Policy Reserve		\$ 1,860,770	\$ 6,854,848	\$ 951,944	\$ 26,855	\$ (2,032)	\$ 9,692,386

CASHRESERVE POLICY-CASH BALANCES BY FUND AT 6/30/21

Fund Type	Method	Clinton	Coldwater	Hillsdale	Marshall	Union City	Total
Rate Stabilization Fund	Member	\$ 1,246,758	\$ 4,772,664	\$ 478,066	\$ 150,223	\$ 3	\$ 6,647,714
MISO Surety Fund	Project 1	\$ 138,744	\$ 853,812	\$ 544,305	\$ 512,287	\$ 85,381	\$ 2,134,531
General Fund*	Project 1	\$ 327,518	\$ 2,015,497	\$ 1,284,879	\$ 1,209,298	\$ 201,550	\$ 5,038,743
General Fund Allocated	As Remains	\$ 601,927	\$ 3,701,072	\$ 625,163	\$ -	\$ 4,537	\$ 4,932,699
Total		\$ 2,314,947	\$ 11,343,046	\$ 2,932,414	\$ 1,871,808	\$ 291,471	\$ 18,753,686

\*General Fund includes both the O&M and Revenue Funds.

G. Rate Stabilization Update

This item was discussed at the work session.

Michigan South Central Power Agency  
Minimum Rate Stabilization Reserve Calculation  
as of September 30, 2021

**Rate Stabilization Analysis:**

9/30/2021 Balance

Total	Clinton	Coldwater	Hillsdale	Marshall	Union City
\$ 6,726,710	\$ 1,246,819	\$ 4,772,899	\$ 478,090	\$ 228,902	\$ -

**Minimum Calculation required:**

Highest projected billing draw

Factor by 6

Minimum Rate Stabilization Required

\$ 6,182	\$ 158,650	\$ 39,637	\$ 25,123	\$ 3,646
6	6	6	6	6
\$ 37,094	\$ 951,902	\$ 237,823	\$ 150,739	\$ 21,874

9/30/2021 Balance

Minimum Rate Stabilization Required

Pass/Fail

\$ 1,246,819	\$ 4,772,899	\$ 478,090	\$ 228,902	\$ -
\$ 37,094	\$ 951,902	\$ 237,823	\$ 150,739	\$ 21,874
Pass	Pass	Pass	Pass	Fail

Per the Rate Stabilization Policy, the calculation was based on the following:

- A. An average rate will be calculated from the forward 12-month power supply cost projections.
- B. This average rate will then be applied as fixed rate to calculate the monthly fluctuations in the forward 12-month power supply projections.
- C. The shortfall between the highest monthly projection and the 12-month average will be multiplied by a factor of six (6X) to calculate the minimum rate stabilization balance

**6. MANAGEMENT:**

**A. MMEA Report**

Katie Abraham provided a brief MMEA update.

**B. General Manager's Report**

Pam Sullivan and Scott Kiesewetter provided an update.

**C. MISO Update**

Chris Norton provided an update to the Board.

**7. ACTION ITEMS**

**A. Union City Withdrawal Update (MISO Load Filing)**

MISO load projections for 2022 will be submitted without Union City being included.

**B. Union City Withdrawal Update**

**Moved** Commissioner Cornish, supported Commissioner Mathis to authorize the execution of the Withdrawal and Allocation Adjustment Agreement by the General Manager, in substantial form, subject to final approvals from each board members

governing body. On a roll call vote: Ayes: Budd, Cornish, Mackie, Mathis, and Tarkiewicz, Nays: None. **MOTION CARRIED.**

C. Coldwater Peaking Update

Nothing significant to report at this time.

D. Solar RFP

**Moved** Commissioner Mackie, supported Commissioner Budd, to enter into a term sheet with the selected solar developer for 25-40 MW with the final MW amount to be determined within the next 6 weeks. On a voice vote: **MOTION CARRIED.**

E. Capacity Resource

**Moved** Commissioner Cornish, supported Commissioner Mackie, to authorize the General Manager to purchase MISO capacity from any zone to meet projected needs (minus Union City) for the 2023/2024 planning year. On a voice vote: **MOTION CARRIED.**

F. Energy Needs

**Moved** Commissioner Cornish, supported Commission Mathis, to authorize the General Manager to purchase 4 MW of 7 x 24 energy for the term 2022-2029, 1 MW for Marshall and 3 MW for Coldwater, in the not to exceed price of \$40/MWh. On a voice vote: **MOTION CARRIED.**

**8. OTHER BUSINESS**

None.

**9. PUBLIC COMMENTS ON NON-AGENDA ITEMS**

None.

**10. COMMISSIONER COMMENTS AND MEMBER'S MUNICIPALITY UPDATE:**

Coldwater: Fiber project is on-going and doing well.

Clinton: Closing out construction projects and wrapping up design of substation project.

Hillsdale: Governor visit coming up for a downtown project kick-off. Also, wrapping up construction projects.

Union City: Two weeks away from substation switch over and will be holding 100-year Dam Celebration.

Marshall: Open house for the 3<sup>rd</sup> grower, wrapping up street projects, and new electric director on board.

Adjourn at 1:25 p.m.

  
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Thomas Tarkiewicz, Chairman

  
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Kevin Cornish, Secretary