

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

**June 24, 2019
9:00 a.m.**

**168 Division Street
Coldwater, MI 49036**

NOTICE OF MEETING:

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

COMMISSIONERS PRESENT:

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

ALTERNATE COMMISSIONERS PRESENT:

Chris McArthur, Hillsdale; Ed Rice, Marshall; William Avery, Union City

OTHERS PRESENT:

Paul Beckhusen, Robert Russell and Christina Bernard, MSCPA; Don Reid, Coldwater Daily Reporter; and residents from the member municipalities.

CALL TO ORDER:

Chairman Tarkiewicz called the meeting to order at 9:00 a.m.

Mr. Mathis requested that the meeting begin with public comment. Chairman Tarkiewicz agreed.

PUBLIC COMMENT:

Barry Hill, Hillsdale BPU Chairman, stated that there is an opportunity to save money and voiced support from the Hillsdale Board to terminate the General Manager.

Adam Stockford, City of Hillsdale Mayor, spoke in support of Mr. Hill's comments and stated that the City Council also supports the termination. Mr. Stockford urged the MSCPA Board to be fiscally responsible.

Dennis Wainscott, Hillsdale, voiced concern for the citizens that are paying for these positions. Mr. Wainscott encouraged the Board to realize that this money is coming from the people.

Ed Elkins, Coldwater, questioned if the Board is thinking about residents who live on a limited income.

David Mathis, Union City, stated that he is very disappointed in what he is reading. He noted the payment on the building and the General Manager's severance package and salary.

Dan Corwin, Coldwater, indicated that he believes in total transparency and questioned how money was spent without oversight. Mr. Corwin thinks that an attorney should be hired to analyze the contract. He finalized his comments by wanting to know why the results of the investigation were not made public.

Penny Swan, Hillsdale, stated that this issue has caught the attention of the people in Hillsdale. She mentioned that the public comment is at the end of the agenda and may not give citizens an opportunity to have input on business.

John Schroll, Coldwater BPU Chairman, pointed out that you must have people with unique skills to get the job done. He stated that you can't run anything if there is constant criticism of people who make decisions. Mr. Schroll voiced support for Paul Beckhusen in his position.

Chairman Tarkiewicz clarified that Mr. Beckhusen's current salary is \$204,000 and stated that General Managers of other joint action agencies are paid a higher salary. He noted that later in the agenda, he is recommending a proposal to study options that are available and look at what the future should be as an Agency.

Mr. Cornish mentioned the difference in pay for employees that are highly skilled and in demand and stated that the General Manager is below the average salary for agencies.

Mr. Mathis stated that he would like to look up an average wage for a General Manager of a five member agency.

JUNE 13, 2019 REQUEST FROM THE CITY OF HILLSDALE:

Mr. Mackie stated that as the Agency transitions towards a no employee organizational model, it is unnecessary to pay a General Manager \$500,000. He recommended that the Agency limit its spending to \$250,000 by exercising Section 1(F) of the General Manager's contract.

MOTION: Mr. Mackie moved, supported by Mr. Mathis, to terminate the General Manager's contract pursuant to Section 1(F) effective June 30, 2019.

Mr. Cornish indicated that if the General Manager is terminated today, then we will need someone to run the Agency and he doesn't see the cost savings.

Mr. Mathis clarified that the Agency will save \$250,000 by having to pay severance and wouldn't have to pay the annual salary. He stated the members would save money if they transitioned to receiving services from one of the other agencies.

Mr. Cornish stated he did not agree and said they would end up paying more in the short term and the Agency needs to figure out how to move forward. If there is a possibility to go with one of the other agencies, that decision cannot be made until the members know if they legally can provide services and then pursue it if there is a savings. He finalized his comments by stating that with any transition there needs to be an incentive for employees to stay and run the Agency.

Mr. Mathis said it is clear that Union City and Hillsdale feel we do not need the General Manager past this point. He indicated the Agency ceased being a joint action agency about a year ago and the other members fail to address the concerns of Hillsdale and Union City.

Mr. Mackie indicated that Hillsdale has not taken this decision lightly and met with AMP and MPPA about the services they can provide. He stated that the Finance Director, the Board, the other agencies, and the legal team can handle this transition.

Mr. Budd stated that he votes for the best interest of Coldwater. The Board voted for the contract and Mr. Mathis seconded the motion. He feels that everything the members do is always very transparent. He indicated that on average Coldwater pays 65% of the costs and only has 20% of the vote. He has concerns that there are no plans for the short term and the Board needs to make the best decisions. He stated that there are things that Mr. Beckhusen does for the members that get overlooked and the Coldwater Mayor and Board fully support him. Coldwater wants to move forward but to terminate the contract with no plans is fiscally irresponsible.

Mr. Mackie stated that bid documents were not provided to the investigator and Coldwater did not have to provide all the information related to the building.

Mr. Budd indicated that Coldwater provided everything that the investigator requested and she was not hired to investigate Coldwater.

Chairman Tarkiewicz clarified that the investigation did not find the General Manager violating any MSCPA policies and we did not have the right to investigate Coldwater. He

stated that the cost from MPPA does not include any management services. Mr. Beckhusen's contract is the same contract except for one area that Glen White had when he was the General Manager. Marshall has immediate needs with their load doubling by September 1st and in less than three years will have a 500% increase in their load. He stated that Marshall needs Mr. Beckhusen's expertise. Terminating the contract today is not the right thing for Marshall or the Agency and the Board needs to make an informed decision.

Mr. Mathis stated he understands that Coldwater, Marshall, and Clinton all have needs but they are making Hillsdale and Union City pay for a percentage of those needs. He thinks continually 40% of the Board gets discounted and it is not fair to their communities.

A roll call vote was taken, with two members voting Yes (Mathis, Mackie) and three members voting No (Budd, Tarkiewicz, Cornish).

Motion failed 2-3.

APPROVAL OF MINUTES:

MOTION: Mr. Cornish moved, supported by Mr. Mackie, to approve the minutes of the May 10, 2019 Regular Meeting and May 10, 2019 Work Session, as written.

By a voice vote, motion carried unanimously.

FINANCIAL:

Approval of April 2019 Financial Statements and Investment Report

MOTION: Mr. Cornish moved, supported by Mr. Budd, to receive and file the April 2019 Financial Statements and Investment Report.

By a voice vote, motion carried unanimously.

Approval of April 2019 Invoices

MOTION: Mr. Budd moved, supported by Mr. Cornish, to approve the April 2019 Invoices, check numbers 86828 through 86854, including wire transfer payments, paid in the amount of \$3,761,664.87.

By a voice vote, motion carried unanimously.

Consideration of the Fiscal Year 2019/2020 Budget

Mr. Beckhusen requested consideration of the proposed Fiscal Year 2019/2020 Budget. Mr. Russell gave a presentation on the proposed budget to the Board.

MOTION: Mr. Cornish moved, supported by Mr. Budd, to adopt the Fiscal Year 2019/2020 Budget, as presented.

A roll call vote was taken, with all members voting yes.

Motion carried unanimously.

Mr. Beckhusen requested to change the MERS allocation.

MOTION: Mr. Cornish moved, supported by Mr. Mackie, to change the MERS allocation from total energy to Project I.

By a voice vote, motion carried unanimously.

MOTION: Mr. Cornish moved, supported by Mr. Budd, to authorize the Agency to pay an additional \$50,000 to MERS on top of the \$30,000 current payment monthly for Fiscal Year 2019/2020.

By a voice vote, motion carried unanimously.

Mr. Russell reviewed the Renewable Energy Plan Annual Report that was submitted to the MPSC.

GENERAL MANAGER REPORT:

The auditors will be here on July 23rd.

Power Supply

Project IV has been running eight hours a day for testing to collect performance and reliability data. Andrew Arlt was hired to fill a vacant operator position.

Prairie State issued their annual operating report. The plant will have a planned outage in September and participants will discuss replacement power needs and options.

The AFEC planned outage went well.

The hydro units had increased production as river conditions improved.

Transmission

We continue to work on the kVAR issue with ITC.

Consumers Energy is presenting an opportunity to offer transmission at a discount.

Legal

None.

Miscellaneous

None.

OTHER BUSINESS:

Election of Officers

MOTION: Mr. Budd moved, supported by Mr. Cornish, to re-elect the current Board Officers for Fiscal Year 2019/2020.

Mr. Mathis stated that Mr. Mackie has shown the drive and determination regarding the Agency and would like to see him as the Chairman and Mr. Tarkiewicz as the Vice Chairman.

A roll call vote was taken, with three members voting Yes (Cornish, Tarkiewicz, Budd) and two members voting No (Mackie, Mathis).

Motion carried 3-2.

The Board Officers are as follows:

Chairman	Thomas Tarkiewicz
Vice Chairman	Kevin Cornish
Treasurer	Jeff Budd
Secretary	Christina Bernard
CEO/General Manager	Paul Beckhusen
Assistant Treasurer	Robert Russell

Strategic Plan Status Update and Review

Mr. Beckhusen gave a presentation and discussed the status of each goal. Chairman

Tarkiewicz indicated that the Board will need to revise the strategic plan and give direction to Mr. Beckhusen.

Mr. Mackie stated Hillsdale will be transitioning away from the Agency and recognizes that they have liabilities.

Chairman Tarkiewicz proposed that the Board wait on making any changes to the strategic plan until a decision is made on the future of the Agency.

Consideration of Courtney & Associates Administrative Evaluation Proposal

Chairman Tarkiewicz stated that John Courtney was a Marshall Board Member for the Agency and at that time he researched some of this information.

MOTION: Mr. Cornish moved, supported by Mr. Mackie, to enter into an agreement with Courtney & Associates to perform the administrative evaluation, to share those costs equally among the members and, to appoint Hillsdale and Clinton to refine the scope of work and be the lead contacts in the study.

By a voice vote, motion carried (Mathis opposed).

MEMBER'S MUNICIPALITY UPDATE:

Clinton

Mr. Cornish stated that they are working on road projects and water and sewer capital improvements. The iron removal plant is running.

Coldwater

Mr. Budd stated that they are doing a Phase I Fiber Project and looking at a Phase II. They have a lot of electric work coming up and will have a wastewater rate increase.

Hillsdale

Mr. Mackie stated that they are working on a large infrastructure project and road projects. They are finishing up the sewer treatment plant project and will start renovating the theatre in July.

Marshall

Mr. Tarkiewicz stated that the Fiber Project has over 1,000 customers connected. The power plant is moving ahead and planning on Spring 2020 construction. The grow facilities are both planning on running around September 1st.

Union City

Mr. Mathis thanked John Sanger and Chris Bernard for their service to the Agency.

PUBLIC COMMENT:

Dan Corwin, Coldwater, clarified that it was incorrect when he said there wasn't supervision.

Penny Swan, Hillsdale, restated that with the public comment at the end of the agenda, citizen input isn't considered for the business at hand. She indicated that it's more transparent if public comment is at the beginning.

Dennis Wainscott, Hillsdale, said that he doesn't think it's too complex for transparency and to let the public know what is going on.

Jill McCombs, Union City, stated that it seems like this is a very divided Board.

CLOSED SESSION:

Chairman Tarkiewicz explained that a motion is required to move into closed session.

To consider a periodic personnel evaluation of a public officer, employee, staff member, or individual agent, if the named person requests a closed hearing.

MOTION: Mr. Cornish moved, supported by Mr. Budd, to convene in closed session to consider a periodic personnel evaluation of the General Manager, pursuant to the Open Meetings Act 15.268, Section 8(a). The General Manager has requested a closed hearing for this matter.

A roll call vote was taken, with three members voting Yes (Cornish, Tarkiewicz, Budd) and two members voting No (Mackie, Mathis).

Motion carried 3-2.

The Board reconvened in open session.

Consideration of General Manager's Employment Contract Renewal

MOTION: Mr. Mackie moved, supported by Mr. Budd, pursuant to Section 1(C) of the September 29, 2017 Employment Agreement for the General Manager with MSCPA, to give formal written notice of MSCPA's intent to not renew the agreement beyond the original term ending June 30, 2020.

A roll call vote was taken, with all members voting yes.

Motion carried unanimously.

This notice is not a reflection on the General Manager's performance. It is designed to allow the Agency flexibility while evaluating its' organizational structure. The Agency is committed to working together for the benefit of our communities.

Mr. Beckhusen requested consideration of the Deferred MISO Transmission GFA.

MOTION: Mr. Cornish moved, supported by Mr. Mackie, to release and recognize the Deferred MISO Transmission GFA and related Deferred MISO Transmission Revenue of \$579,394.90 during Fiscal Year 2020 in 12 equal installments. The monthly credit of \$48,282.91, starting with the July 2019 service invoice, will be credited to the members in the same proportion as the monies were originally collected at the time of deferral.

By a voice vote, motion carried unanimously.

ADJOURNMENT:

With no further business to come before the Board, the meeting adjourned at 2:45 p.m.



Thomas Tarkiewicz, Chairman



Christina Bernard, Secretary

