

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

**August 8, 2019  
10:00 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, MSCPA; Don Reid, Coldwater Daily Reporter; residents from the member municipalities and Susan Heath (Minutes Recorder).

**1. CALL TO ORDER:**

Chairman Tarkiewicz called the meeting to order at 10:00 a.m.

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

**Action:** Motion by Commissioner Budd, and seconded by Commissioner Mackie, to approve the agenda with the removal of a Closed Session from item 7.F., as presented.

Ayes: 5

Nays: 0

Motion carried.

**3. PUBLIC COMMENT:**

Penny Swan, Hillsdale, expressed concern regarding MSCPA activities.

**4. APPROVAL OF MINUTES:**

**Action:** Motion by Commissioner Cornish, and seconded by Commissioner Mathis, to approve the minutes of the June 24, 2019 Regular Meeting, as presented.

Ayes: 5

Nays: 0

Motion carried.

**5. FINANCIAL:**

**A. Approval of May and June 2019 Financial Statements and Investment Report**

**Action:** Motion by Commissioner Cornish, and seconded by Commissioner Mackie, to receive and file the May and June 2019 Financial Statements and Investment Report, as presented.

Ayes: 5

Nays: 0

Motion carried.

**B. Approval of May and June 2019 Invoices**

**Action:** Motion by Commissioner Cornish, and seconded by Commissioner Mathis, to receive and file the May and June 2019 Invoices, as presented.

Ayes: 5

Nays: 0

Motion carried.

**C. Retro to Fiscal 2019, deferral of severance charges related to the non-extension of the General Manager's Contract.**

**Action:** Motion by Commissioner Cornish, and seconded by Commissioner Budd, to support MSCPA auditor recommendation, retro to Fiscal 2019, to defer all severance

charges related to the non-extension of the General Manager's Contract until such time that those charges are paid and subsequently billed to the members, or until a renegotiated employment contract is finalized in which the severance liability and related deferral will be reversed from the Agency's financial statements, as presented.

Ayes: 5

Nays: 0

Motion carried.

## **6. INFORMATIONAL ITEMS:**

### **A. General Manager Report**

#### Financial

The onsite audit work was completed the week of July 22<sup>nd</sup>. The final audit presentation is tentatively scheduled for the September Board meeting.

#### Power Supply

##### Project IV:

- The facility generated for 109 hours in July, for a capacity factor of 10.5%. Total net-generation for the month was 991.0 MWh.
- The gas supply hedges for August and September were executed with Constellation.
- Staff met with an alternate parts supplier to evaluate reliability and cost improvements.

##### AMP Projects:

##### AFEC

- The Relative Accuracy Test Audit (RATA) was successfully completed for the facility. RATA testing is used to confirm the accuracy of the continuous emissions monitor (CEM) systems.
- The plant capacity factor for June was 70.0%, and the plant utilization factor was 88.0%. The duct burners fired 329 hours for the month.
- The property tax settlement with the State of Ohio has been executed and is in a 60-day appeal period before the county auditors.
- The project participants approved a \$2,003,062 increase in operating expenses and operating revenue to adjust for the higher than budgeted capacity factor. This adjustment results in no change to the project rates.

##### Hydro's

- June saw high water conditions return – impacting the hydro units' output. At the July meeting it was reported that river conditioned had improved and the Smithland facility had reached 100% factor.

#### Prairie State

- Unit 2 performed well for the month of June. Unit 1 had two (2) forced outages related to a boiler tube leak in the reheater. The facility delivered 252,232 MWh for the month. The plant had an overall net capacity factor of 92.0% and the equivalent availability factor (EAF) at 96.3%.
- Prairie State management is evaluating the budgeted plant EAF.

#### Solar

- The Coldwater site generated 268,066 kWh for July, which is a record for the site since becoming commercial in February 2018.
- The Coldwater [solar production graphs YTD through July](#).

#### Transmission

- FERC counsel is finalizing terms for settlement of the kVAR charges related to the Ownership and Operations (O&O) agreement and related Coordinated Operating agreement.

#### Miscellaneous

- Board meeting agenda is now posted to the website.
- Staff is working with Consumers Energy and AMP for the replacement of the revenue meters at the Hillsdale Moore Road substation.
- Upcoming Events
  - Michigan South Central Board Meeting – September 5, 2019
  - AMP Conference (Columbus, OH) – September 23-25, 2019
  - Michigan South Central Board Meeting – October 3, 2019
  - MMEA Conference (Traverse City, MI) – October 9-11, 2019
  - Michigan South Central Board Meeting – November 7, 2019
  - Michigan South Central Board Meeting – December 5, 2019

#### B. Rate Stabilization Update

General Manager Beckhusen presented the minimum rate stabilization reserve calculation as of July 31, 2019 along with the Rate Stabilization Policy for member review.

#### 7. OTHER BUSINESS:

##### A. Election of Secretary and Assistant Secretary

**Action:** Motion by Commissioner Cornish, and seconded by Commissioner Budd, to remove Commissioner Budd as Treasurer and elect Commissioner Chris Mathis as Secretary/Treasurer, as presented.

Ayes: 5

Nays: 0

Motion carried.

**B. General Manager Goals – Presented by Commissioner Cornish and Commissioner Mackie.**

**Action:** Motion by Commissioner Mathis, and seconded by Commissioner Cornish, to adopt the General Manager Goals (attached in Addendum A), as presented.

Ayes: 5

Nays: 0

Motion carried.

**C. Amendment to By-Laws Concerning Alternate Commissioners**

**Action:** Motion by Commissioner Mackie, and seconded by Commissioner Mathis, to release attorney client privilege regarding attorney opinion provided by Steve Mann of Miller Canfield, in a letter dated July 23, 2019, as presented.

Roll Call Vote:

Ayes: Commissioners: Mathis, Budd, Tarkiewicz, Mackie, Cornish

Nays: None

Motion carried.

General Manager Beckhusen will forward to Commissioners a copy of the red-lined By-Laws and Attorney Opinion letter.

**D. Updates to FOIA Policy and FOIA Written Public Summary**

**Action:** Motion by Commissioner Cornish, and seconded by Commissioner Mackie, to adopt the updated FOIA Policy and FOIA Written Public Summary (attached in Addendum B), as presented.

Ayes: 5

Nays: 0

Motion carried.

E. Power Supply Contract Discussion – Closed Session (item moved to end of meeting).

F. General Manager's Contract Discussion

Following Board discussion and consensus, Chairman Tarkiewicz will send the draft General Manager's Contract to MSCPA attorney, Steve Mann, for legal review.

### 8. PUBLIC COMMENT:

Tony Szafranski, of Elzinga & Volkers spoke to the Board regarding the construction contract his company held with the Coldwater Board of Public Utilities for the building located at 168 Division Street.

### 9. MEMBER'S MUNICIPALITY UPDATE:

Hillsdale – Continued road construction; theatre renovation.

Union City – Water tower; substation work; recreational marijuana.

Coldwater – Milnes Plaza project.

Clinton – Sidewalk; curb; water plant.

Marshall – Downtown project; greenhouse growers; water improvements.

### 10. POWER SUPPLY CONTRACT DISCUSSION – Closed Session pursuant to Act 267 MCL 15.268, Section 8(h) and Act 448 MCL 460.833a, Section 33a(1)

**Action:** Motion by Commissioner Budd, and seconded by Commissioner Mackie, to enter into Closed Session, as presented.

Roll Call Vote:

Ayes: Commissioners: Mathis, Budd, Tarkiewicz, Mackie, Cornish

Nays: None

Motion carried. (12:20 p.m.)

**Action:** Motion by Commissioner Mackie, and seconded by Commissioner Cornish, to reconvene to regular meeting, as presented.


Ayes: 5

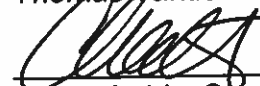
Nays: 0

Motion carried. (1:20 p.m.)

**ADJOURNMENT:**

With no further business to come before the Board, the meeting adjourned at 1:21 p.m.

  
\_\_\_\_\_  
Thomas Tarkiewicz, Chairman

  
\_\_\_\_\_  
Chris Mathis, Secretary

