

City of Hart, Michigan
CITY COUNCIL AGENDA
June 9, 2020, 7:30 PM
Community Center, 409 State Street, Hart, Michigan

According to the Attorney General, interrupting a public meeting in Michigan with hate speech or profanity could result in criminal charges under several State statutes relating to Fraudulent Access to a Computer or Network (MCL 752.797) and/or Malicious Use of Electronics Communication (MCL 750.540). According to the US Attorney for Eastern Michigan, Federal charges may include disrupting a public meeting, computer intrusion, using a computer to commit a crime, hate crimes, fraud, or transmitting threatening communications. Public meetings are being monitored and violations of statutes will be prosecuted.

1. Call to Order
2. Roll Call – LaPorte, Burilla, Frontiera, Hegedus, La Fever, Platt, Splane
3. Pledge of Allegiance
4. Approval of Agenda
5. Approval of Minutes from May 26, 2020.
6. Public Comments, Correspondence, Events, Presentations
7. Department Reports (* written report will be provided)
 - a. Police b. BioPure c. Public Works d. Energy e. HEART
8. Reports of Boards, Commissions, and Committees (***) Minutes in the packet)

1. Cemetery	9. Power	16. Tax Abatement
2. DPW	10. Recreation	17. Water/BioPure
3. Housing Board of Review	11. Parks	18. Neglected/Dangerous Properties
4. Finance/Personnel	12. Library	20. H.E.A.R.T
5. Fire Board	13. Planning	21. Hart Lake Board
6. Historic	14. TIFA	22. Election Commission
7. Police	15. ZBA	23. Starting Block Kitchen Incubator
24. Compensation Com.		
9. Bills, Claims, Payroll
10. Action Items
 - a. Resolution 2020-31 Low Income Electric Assistance Fund (LIEAF) Opt-In
 - b. Resolution 2020-32 Adopt revised MPPA Power Supply Risk Management Policy
 - c. Resolution 2020-33 Adopt temporary Social Zones Policy
 - d. Resolution 2020-34 Adopt Budget Amendments for fourth quarter
11. Discussion Items
12. City Manager Report
13. Communications from the Mayor and Council
14. Adjournment –

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**CITY OF HART
407 S. STATE ST.
HART, MI 49420
COUNCIL PROCEEDINGS
MAY 26, 2020, 7:30 P.M.
MINUTES**

PRESENT: Mayor Ron LaPorte (in person), Councilors: Vicki Platt, Jason La Fever (7:32 pm), Rob Splane (7:34 pm), Catalina Burillo, (all via Zoom), Joe Frontiera (in person) and Steve Hegedus (in person)

ABSENT: None

OTHERS PRESENT City Manager – Lynne Ladner, and Deputy City Clerk - Cheri Eisenlohr.

- Mayor LaPorte called the meeting to order at 7:30 pm, following the roll call, the Mayor lead the Council in the pledge of allegiance.

AGENDA:

- Mr. Hegedus made a motion to approve the agenda, supported by Mr. Frontiera, all ayes, the motion carried.
 - Ayes: 5 Nays: 0 Absent: 2

MINUTES:

- Mr. Frontiera made a motion to approve the minutes of the May 12, 2020, meeting, with corrections pointed out by Ms. Burillo to add Mr. Splane as being present at the last meeting, supported by Mr. Hegedus, all ayes, the motion carried.
 - Ayes: 5 Nays: 0 Absent: 2

PUBLIC COMMENTS, CORRESPONDENCE, EVENTS, PRESENTATIONS:

- Sharon Hallack, via Zoom, thanked Ms. Ladner for the joint letter that was published by her, Rob Widigan of Shelby, and Chris Brown of Pentwater, reminding people of the plight of the VFW and the American Legion Halls losing valuable donations/contributions during the pandemic.

DEPARTMENT REPORTS:

- *Police Chief, Juan Salazar:*
 - A written report was provided in the packet.
- *Energy Dept. Superintendent, Mike Schiller:*
 - A written report was provided in the packet.
- *BioPure Superintendent, Paul Cutter:*
 - No Report
- *DPW Superintendent, Brad Whitney:*
 - A written report was provided in the packet.
- *HEART Director, Nichole Steel:* Attended meeting via Zoom.
 - A written report was provided in the packet.

BILLS, CLAIMS, & PAYROLL:

- Bills: \$100,107.78 Payroll: \$55,078.45 Grand Total: \$155,186.23
 - Mr. Hegedus made a motion to approve, supported by Ms. Platt, the motion carried.
 - Ayes: 7 Nays: 0 Absent: 0

ACTION ITEMS:

Ms. Ladner addressed the following Action Items:

Memo
 To: Mayor and Council
 From: Lynne Ladner
 Date: 05/22/20
 Re: Tree trimming and removal

Following the last council meeting with the questions raised by members of the Council, the Energy Department has made contact or attempted to make contact with all the property owners where the trees will be removed. Direct contact was made with all but two owners. One property the ownership is in limbo, the second property has been unresponsive to our attempts to contact them in person, so we have left them notice of the Energy departments intent to remove the tree and a number that they can contact with any questions or concerns.

Regarding the stump removal, it has been clarified that this is not included in the bid prices of either contractor and that it is the intent of the Energy department later this summer to solicit bids for the grinding and removal of tree stumps from multiple locations throughout the system where trees have been removed.

It is my recommendation still that the Council adopt resolution 2020-29 accepting the bids for Option 1 and Option 2 tree removal to include the removals at 407 and 504 Johnson St for a total of \$7,175

Lynne

**CITY OF HART
RESOLUTION NO. 2020-29**

**ACCEPT BIDS FOR THE REMOVAL DESIGNATED TREES THROUGHOUT THE
CITY OF HART NEAR ENERGIZED POWER LINES**

WHEREAS the City of Hart owns and maintains a municipal electric utility and is responsible for ensuring the reliability of power to its customers through a maintenance program for trimming and removing trees near energized power lines; and

WHEREAS the Energy department has determined that designated trees or parts thereof pose a threat to existing power lines and need to be removed for the safety of residents and employees; and

WHEREAS the City has advertised for qualified bidders to trim and or remove the trees and branches and has received bids from _____

NOW, THEREFORE, BE IT RESOLVED THAT,

The City of Hart accept the bids for tree trimming and removal and awards the bids for the completion of both Options 1 & 2 with full removals in Option 2 to the low Bidder Dubois Tree and Land Management in the amount of \$7,175.

Moved by Mr. Hegedus supported by Mr. Frontiera and thereafter adopted at the regular City of hart City Council meeting on May 26, 2020.

Ayes: 7 Nays: 0 Absent: 0

I hereby certify this to be a true and correct copy of the document on file with the office of the City of Hart Clerk.



Cheri Eisenlohr, Deputy City Clerk

SPECIAL EVENTS PERMITS:

- o None

DISCUSSION ITEMS:

- o Repair work on Church Street water main between Dryden St. & Union St.
 - o The Council recommended that this project be put out for bid.

CITY ATTORNEY'S REPORT:

- o No report was given/provided.

CITY MANAGER'S REPORT:

- o Hallack Contracting will be paving Lincoln Street tomorrow and will then start on the paving project for John Gurney Park.
- o All Departments are back to work full-time. There is an unfilled position available for a part-time DPW position.
- o John Gurney Park is only open to seasonal campers with a full-service hookup at this time.
- o Greenstone is unable to give a start date for the Pocket Park due to loss of sub-contractors.
- o There will be a City-wide clean up on June 13.
 - o Mr. Frontiera asked when the Code Enforcement officer would be back on duty. Ms. Ladner stated that she would contact him and ask him to return.
 - Mr. Frontiera is concerned about barking dogs in his neighborhood and wants the CE Officer to look into it.

COMMUNICATIONS FROM THE MAYOR AND COUNCIL:

- Ms. Platt stated that Mr. Platt, Superintendent of HPS, would provide Hart Pirate banners to replace all the banners downtown that have last year's event dates on them. He and DPW Superintendent, Whitney, will work on the details of accomplishing this project.

There being no further business to come before the Council, the meeting adjourned at 7:52 pm upon a motion by Mr. Hegedus and supported by Mr. Frontiera. The next regularly scheduled meeting will be on June 9, 2020, at 7:30 pm., in the Hart Community Center.

Respectfully Submitted



Deputy City Clerk



CITY OF HART

407 STATE ST., HART, MI 49420
FINANCE & PERSONNEL COMMITTEE
MAY 28, 2020 – 6:00 PM
MINUTES

PRESENT: Mayor Ron LaPorte, Rob Splane (via Zoom), and Steve Hegedus

ABSENT: None

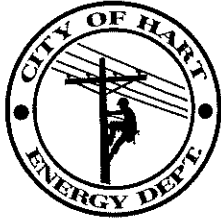
OTHERS PRESENT: City Manager – Lynne Ladner and Deputy Clerk - Cheri Eisenlohr

- The meeting was called to order by Mayor LaPorte at 6:00 pm.
- The current agenda and minutes of August 26, 2019, meeting were not visited at this time.

Ms. Ladner gave an overview of the proposed FY20/21 budget.

- She went over each department's revenue and expenditures.
 - Mayor LaPorte stated that due to COVID-19 that the City will have to be more mindful of expenditures due to reduced revenue from the State as well as from utility sales.
- She has been in communication with the City Attorney in regards to the contract with the Freed's and the management of John Gurney Park. The attorney stated that the Freed's could be held in breach of contract. She will be in direct contact with the Freed's about the contract. This contract comes up for renewal in July and will be put out for bids.
- There will be no rate increases this year and will be revisited for the 2022 budget.
- There will be a Truth in Taxation public hearing notice published in the paper and will be held at the June 23, 2020 meeting via Zoom.
 - Mr. Hegedus made a motion to hold the public meeting, supported by Mr. Splane, all ayes, the motion carried.

The meeting adjourned at 7:11 pm by motion made by Mr. Hegedus and supported by Mr. Splane.



Hart Energy Department

3907 N. Oceana Drive

Hart, Michigan 49420

Off: 231-873-5367

Mike Schiller, Superintendent

Email - mschiller@cityofhart.org

Council Report 6-9-2020

The Energy Department is doing well and staying healthy. We are still trying to keep one guy to a vehicle. We also have been continuing to do daily health checks.

The Energy Department has been staying busy. We have changed a service around for the Bio Pure department to help with the polishing ponds. We trenched in some more conduit for underground on circle drive. We also trenched in a new underground service off from Michael Street.

The storm that came thru on 6-3-20 we received a fair amount of damage. We replaced four broken poles and had to put back up over four thousand feet of wire. A majority of our customers power was restored by 9am, the rest of our customers were restored by 2pm the same day. The crew did very well considering what was involved.

Please call with any questions or concerns. 231-873-5367

Thanks, Hart Energy Department/Mike Schiller





City of Hart Police Department

407 State Street

Ph. (231)873-2488 Fax (231)873-0100

Hart, MI 49420-1259

Juan Salazar, Chief

TO: City of Hart Mayor, City Council, and City Manager
FROM: Juan Salazar, Chief of Police
DATE: June 9th, 2020

RECENT EVENTS

From Thursday, May 21st, 2020, through Wednesday, June 3rd, 2020, the Hart Police Department received 77 complaints ranging from Medical Assists, Trespassing, Disturbing the Peace, Suspicious Situations, Domestic Assaults, Family Trouble, Vehicle Violations, Larcenies, Disorderly Person, Well-Being Checks, Assist to Other Agencies, Found Property, Reckless Driving, Conditional Bond Release Violation, Assault & Battery, Property Damage Crashes, Noise Complaints, Sex Offender Registration Violations, Harsassment Complaints, Threats Complaints, Alarms and Motorist Assists.

On Saturday, May 23rd, 2020, the Hart Police Department was dispatched to the 600 block of Water Street referencing a Domestic Assault. It was reported, a 30-year-old Hart man had assaulted a 3-year-old child. The man had slapped the child in the face area. Visible injuries were noted to the child at the time of this report. The man was arrested and lodged at the Oceana County Jail for Domestic Assault.

On Saturday, May 23rd, 2020, the Hart Police Department initiated a traffic stop on Polk Road near 72nd Avenue regarding defective equipment. A 19-year-old Whitehall man was later arrested on two (2) Felony warrants for his arrest out of Muskegon County; Felony for Dangerous Weapons out of the Montague Police Department and a Probation Violations out of the Muskegon County. The man was turned over to the Muskegon County Sheriff's Office without incident reference these warrants.

On Monday, May 25th, 2020, the Hart Police Department initiated a traffic stop on Polk Road near 34th Avenue about defective equipment. A 21-year-old North Musekgon man was cited for operating a motor vehicle without insurance.

On Sunday, May 31st, 2020, the Hart Police Department was dispatched to the 100 block of Apple Street referencing a Domestic Assault (Strangulation). A 54-year-old Hart woman explained on Saturday, May 30th, 2020, a 55-year-old Hart man had assaulted her by placing his hands around her neck strangulating her. The woman added she had urinated herself during the incident. The woman had injuries to her neck area consistent with her statement. The man was arrested and lodged at the Oceana County Jail.

On Wednesday, June 3rd, 2020, the Hart Police Department initiated a traffic stop on State Street near Polk Road regarding a vehicle violation. A 28-year-old Musekgon man was cited for driving while license suspended and operating a motor vehicle without insurance.

Respectfully,

J. Salazar

J. Salazar,
Chief of Police



Heart Economic and Redevelopment Team
49 W State Street
Hart, MI 49420
231.301.8449

DIRECTOR'S REPORT

Nichole Steel, Director

JUNE 9, 2020

H.E.A.R.T.'S CURRENT PROJECTS & UPDATES:

- Administering Discover Oceana (county-wide) Gift Card Incentive Program which will open to the public June 13-25 or until 600 cards sell.
- Hart Gift Card Incentive Summary: 280 gift cards were purchased, 18 businesses participated, program generated \$9,800 in Hart. Total investment from the H.E.A.R.T. was \$2,800.
- Developed a county-wide shop local website/business directory (www.discoveroceana.com) which led to an anonymous donation to H.E.A.R.T. in the amount of \$10,000 supporting regional collaboration and county-wide small business marketing. H.E.A.R.T. board voted to allocate \$6,000 towards a county-wide gift card incentive/stimulus.
- Seeking funds from Oceana County Community Foundation to support county-wide shop local marketing efforts as we begin to safely reopen.
- HEART Board will begin creating action items and goals in accordance with the 2019 Hart Economic Development & Marketing Plan at its next regular meeting on June 17th.

Payables Date: 6/9/2020	Description	Total	General +	DPW	Energy	BPTF	Water
Adams, Matt	Phone Reimbursement	\$ 35.00		\$ 35.00			
Anderson, Shawn	Phone Reimbursement	\$ 35.00	\$ 35.00				
Bader & Sons	Parts/Supplies	\$ 183.04		\$ 183.04			
Ceres Solutions	Sprayer/Spreader Parts	\$ 111.41				\$ 111.41	
Ceres Solutions	UPS	\$ 18.00			\$ 18.00		
Charter	CM Internet	\$ 109.21	\$ 109.21				
City of Hart	Utilities	\$ 46,320.44	\$ 585.84	\$ 1,097.16	\$ 1,574.23	\$ 40,879.85	\$ 2,183.36
Dacott	April, 2020 Purchase Report	\$ 650.00			\$ 650.00		
DTE	Natural Gas	\$ 1,161.39	\$ 276.41	\$ 235.90	\$ 419.86	\$ 140.64	\$ 88.58
Eisenlohr, Mike	Phone Reimbursement	\$ 35.00		\$ 35.00			
Forner, Gayle	49 State St. Rent	\$ 400.00	\$ 400.00				
Freed Mgmt	Pmt 5 JGP Mgmt Fee	\$ 3,570.00	\$ 3,570.00				
Frontier	DPW Fax	\$ 151.89		\$ 151.89			
Frontier	Diesel	\$ 87.96			\$ 87.96		
G&W Display Fixtures, Inc.	PlexiGlass - City Hall	\$ 711.09	\$ 711.09				
Gowell, Nate	Phone Reimbursement	\$ 35.00			\$ 35.00		
Gracon	Office 365 Subscription	\$ 36.00	\$ 36.00				
Hach	Lab Supplies	\$ 343.92				\$ 343.92	
Hallack	Recycle	\$ 530.64				\$ 530.64	
Hart Automotive	Auto Parts/Supplies	\$ 69.68	\$ 28.08	\$ 41.60			
Horizon Community Planning	Planning Services	\$ 59.00	\$ 59.00				
Huntington Credit Card	Various Charges	\$ 1,114.76	\$ 1,114.76				
HydroCorp	Cross Connection Program	\$ 750.00					\$ 750.00
Ingalls, Joe	Phone Reimbursement	\$ 35.00	\$ 35.00				
Ken Adams Excavating	Screened Top Soil	\$ 320.00			\$ 320.00		
Kies, Chris	Phone Reimbursement	\$ 35.00				\$ 35.00	
Klotz	Auto Parts/Supplies	\$ 852.84		\$ 187.40	\$ 506.51	\$ 158.93	
La Docsa	Blower Pmt 6	\$ 39,842.00				\$ 39,842.00	
Ladner, Lynne	Monthly Car Allowance	\$ 300.00	\$ 300.00				
LARA	LIEAF Program	\$ 1,091.39			\$ 1,091.39		
Lighthouse Car Care	Tires/Repairs	\$ 220.00	\$ 20.00	\$ 200.00			
Ludington Daily News	Publications	\$ 67.30	\$ 67.30				
Mantyck, Liz	Phone Reimbursement	\$ 35.00	\$ 35.00				
Mears Service Center	Bagger for Boss Mower	\$ 2,200.56		\$ 2,200.56			
Medler Electric	Parts/Supplies	\$ 398.71			\$ 398.71		
Michigan Municipal League	Workman's Comp Premium	\$ 4,305.00	\$ 1,765.05		\$ 1,592.85	\$ 731.85	\$ 215.25
Mika Meyers	Legal Svcs	\$ 3,447.00	\$ 3,447.00				
Model Coverall Svc	Uniforms/Rugs/Rags	\$ 504.32	\$ 136.58	\$ 133.59	\$ 87.88	\$ 146.27	
MPPA	Purchased Power	\$ 20,390.28			\$ 20,390.28		
Oceana Builders	Equipment Rental	\$ 425.00		\$ 425.00			
Oceana County Treasurer	Chargebacks DEC 2019 BOR	\$ 142.98	\$ 142.98				
Oudbier Instrument	Calibration Services	\$ 582.50				\$ 582.50	
Pitney Bowes	Postage	\$ 280.99	\$ 70.25		\$ 70.24	\$ 70.25	\$ 70.25
Pitney Bowes	Lease Pmt	\$ 60.42	\$ 60.42				
Power Line Supply	Parts/Supplies	\$ 133.27			\$ 133.27		
Pranger Property Mgmt	City Hall Cleaning Svcs	\$ 112.00	\$ 112.00				
Praxair	Cylinder Rental	\$ 91.74		\$ 39.45	\$ 52.29		
Priority Health	June Ins. Prem.	\$ 14,603.47	\$ 5,575.42	\$ 2,100.88	\$ 3,795.91	\$ 2,408.02	\$ 723.24
Quill	Office Supplies	\$ 135.27	\$ 135.27				
Ricoh	Overage Fees	\$ 61.21	\$ 61.21				
Riggs, Jason	Phone Reimbursement	\$ 35.00		\$ 35.00			
Rothbury Hardware	Blades	\$ 34.02	\$ 34.02				
Salazar, Juan	Phone Reimbursement	\$ 35.00	\$ 35.00				
Schiller, Mike	Phone Reimbursement	\$ 35.00			\$ 35.00		
Skipski, Kevin	Phone Reimbursement	\$ 35.00	\$ 35.00				

PAYROLL AMOUNTS					
05/14/20					
Pay 484		GROSS PAY	OVERTIME	LONGEVITY	BASE PAY
Employee Code	Dept.		PAY		
FULL-TIME					
DIR.	MSM	\$961.60	\$0.00	\$0.00	\$961.60
DPW1	DPW	\$2,164.80	\$0.00	\$0.00	\$2,164.80
DPW2	DPW	\$2,316.40	-\$98.40	-\$250.00	\$1,968.00
DPW3	DPW	\$2,675.92	-\$100.04	-\$375.00	\$2,200.88
DPWS	DPW	\$2,876.80	\$0.00	-\$500.00	\$2,376.80
ENERGY1	Energy	\$4,542.40	-\$842.80	-\$250.00	\$3,449.60
ENERGY2	Energy	\$3,829.40	-\$568.40	-\$125.00	\$3,136.00
ENERGYS	Energy	\$3,890.60	\$0.00	-\$125.00	\$3,765.60
ENERGY3	Energy	\$3,499.22	-\$472.90	\$0.00	\$3,026.32
ENERGY4	Energy	\$2,535.48	-\$46.67	\$0.00	\$2,488.81
ENERGY5	Energy	\$3,087.63	-\$275.87	-\$500.00	\$2,311.76
DCC	Office	\$778.00	\$0.00	\$0.00	\$778.00
MGR.	Office	\$3,552.00	\$0.00	\$0.00	\$3,552.00
CC	Office	\$1,359.40	\$0.00	-\$375.00	\$984.40
DCC	Office	\$690.80	\$0.00	\$0.00	\$690.80
PO	Police	\$2,747.00	-\$314.54	-\$125.00	\$2,307.46
PO	Police	\$2,746.60	-\$727.66	\$0.00	\$2,018.94
PO	Police	\$2,244.58	-\$226.98	\$0.00	\$2,017.60
PC	Police	\$2,713.20	\$0.00	-\$250.00	\$2,463.20
DS	Police	\$2,654.40	-\$500.00	\$0.00	\$2,154.40
BIOS	WW	\$3,316.00	\$0.00	-\$500.00	\$2,816.00
BIOS	WW	\$2,503.05	-\$338.25	\$0.00	\$2,164.80
BIOS	WW	\$2,807.20	-\$306.40	-\$500.00	\$2,000.80
TOTAL		\$60,492.48	-\$4,818.91	-\$3,875.00	\$51,798.57
COUNCIL					
CC1		\$0.00	\$0.00	\$0.00	\$0.00
CC2		\$0.00	\$0.00	\$0.00	\$0.00
CC3		\$0.00	\$0.00	\$0.00	\$0.00
CC4		\$0.00	\$0.00	\$0.00	\$0.00
CC5		\$0.00	\$0.00	\$0.00	\$0.00
CC6		\$0.00	\$0.00	\$0.00	\$0.00
CC7		\$0.00	\$0.00	\$0.00	\$0.00
TOTAL		\$0.00	\$0.00	\$0.00	\$0.00
PART-TIME					
MGR.	HHD	\$606.10	\$0.00	\$0.00	\$0.00
EW	Office	\$0.00	\$0.00	\$0.00	\$0.00
DPW	DPW-PT	\$787.50	\$0.00	\$0.00	\$0.00
CEO	Office	\$0.00	\$0.00	\$0.00	\$0.00
PPO	POL-PT	\$0.00	\$0.00	\$0.00	\$0.00
PPO	POL-PT	\$405.00	\$0.00	\$0.00	\$0.00
TOTAL		\$1,798.60	\$0.00	\$0.00	\$0.00
TOTAL PAYROLL		\$62,291.08	-\$4,818.91	-\$3,875.00	\$51,798.57

OVERTIME HOURS WORKED

Pay Period 5/22/2020 to 06/04/2020		Pay 486	PAID HOURS			Call-Out	Pay Date 06/11/2020
EMPLOYEE NAME	DEPT.	DATES WORKED	1.5x	2x	2.25x	Sched.	REASON
Chris Kies	BPTF	5/25,30,31	2.50	5.00		S	Lab/Irrigation
Frank Lloyd	BPTF	5/23,24,30	4.50	2.75		S	Lab/Irrigation/Blown Riser
Jason Riggs	DPW	5/25/2020		2.00		C	Water Issues
Mike Eisenlohr	DPW	5/24/2020		2.00		C	Clean up Corona Garbage
Matt Adams	DPW						
Terry Birkman	Energy	5/25,31 6/2,3	9.00	4.00		C	Power Outages, Bad Transfer
Andy Van Zoeren	Energy	6/2,3	7.00			C	Power Outages/Alarms
Nathan Gowell	Energy	5/25, 6/3	7.00	2.00		C	Power Outages
Jed Van Dyke	Energy	5/31/2020	1.00			C	Power Outages
Scott Van Agtmael	Energy	5/31, 6/3	6.50	2.00		C	Power Outages
Shawn Anderson	Police	6/1/2020	8.00			S	Cover Shift
Brian Hintz (PT)	Police	5/25/2020	10.00			S	Cover Shift
Kevin Skipski	Police						
Joe Ingalls	Police	5/25,31	2.00	11.00		S	Holiday Worked, Cover Shift
Elizabeth Mantyck	Police	5/26, 6/1	6.00			S	Cover Shift, Spring Qualifying
David Malotke (PT)	Police						

Memo

To: Mayor and Council
From: Lynne Ladner
Date: 06/5/20
Re: Resolution 2020-31 LIEAF Opt-in

This is the annual renewal of the City's participation in the low income electric assistance fund that we have participated in for the past several years. The City has the option to opt-in or out every year. There is a \$1 per meter charge that the City has always incurred rather than passing this on to the customers as a cost of doing business but it provides assistance to residential customers that otherwise are struggling to pay their electric utility bill during the winter.

Lynne

RESOLUTION 2020-31
Hart City Council
City of Hart, Michigan

LOW-INCOME ELECTRIC ASSISTANCE FUND (LIEAF)

WHEREAS, the City of Hart owns, operates and maintains an electric utility system; and
WHEREAS, the State of Michigan enacted Public Act 95 in 2013 that prohibits discontinuance of electric service during cold weather months unless the utility opts into the Low-Income Energy Assistance Fund program established by the Act; and
WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interests and welfare, the City Council hereby declares:

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL:

Accepts and approves the provisions of the Low-Income Energy Assistance Fund of Public Act 95 that authorizes the City to shut off electric service during cold weather months; and adopts a funding factor to be established by the State of Michigan not to exceed \$1.00 per month per meter.

Authorizes and directs the City Manager to implement the Public Act 95 LIEAF program on behalf of the City of Hart for the cold weather term from November 1, 2020 to April 15, 2021 and thereafter until repealed by City Council action.

Moved by _____, supported by _____ and thereafter adopted by the Hart City Council at a regular council meeting held on June 9, 2020.

Ayes: Nays: Absent:

I hereby certify this to be a true and correct copy of the document on file with the office of the City of Hart Clerk.

Cheri Eisenlohr, Dep. City Clerk

RESOLUTION 2020-32
Hart City Council
City of Hart, Michigan

Adopt revised MPPA Power Supply Risk Management Policy

WHEREAS, the City of Hart owns, operates and maintains an electric utility system; and

WHEREAS, the MPPA acts on behalf of the City and other members to purchase power from the marketplace at different points to ensure load capacity to utility customers; and

WHEREAS, the MPPA board has adopted a revised Power Supply Risk Management Policy and is requiring all utilities to complete an election form determining the level of risk and services related to Power Supply that the utility prefers to utilize for their share of purchased power:

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL:

Adopts the revised MPPA Power Supply Risk Management Policy and elects to choose the Stability Plan – 60 Month Horizon Energy Hedge Plan, Accepts RTO Capacity Services, Accepts Peak Load Resource Planning and Hedge Services, Accepts Congestion Management, Accepts Renewable Energy Compliance Management Services and Accepts Intra-Month Optimization Services

Moved by _____, supported by _____ and thereafter adopted by the Hart City Council at a regular council meeting held on June 9, 2020.

Ayes: Nays: Absent:

I hereby certify this to be a true and correct copy of the document on file with the office of the City of Hart Clerk.

Cheri Eisenlohr, Dep. City Clerk

From: [Robert Lalonde](#)
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Subject: Risk Management Update - ESP Member Communication
Date: Thursday, May 21, 2020 7:27:00 AM
Attachments: [image002.png](#)
[image006.png](#)
[Power Supply Risk Management Policy5132020.pdf](#)
[Att 1 Member PSRM Election.pdf](#)
Importance: High

At the May 13th Internal Risk Management Committee Meeting, the attached Power Supply Risk Management Policy (PSRM) was approved. The Hedge Policy and Credit Policy were included in this revision as Exhibits in the PSRM instead of remaining as separate policies. At the March Board Meeting in Sturgis we discussed the changes that were being contemplated to the transaction authorization. The finalized authorization table is as follows:

Authority	Term	Special Requirements
MPPA GM or delegate	> 5 years	MPPA Board of Directors Approval and Member Authorization
MPPA GM or delegate	> 1 year <= 5 years	MPPA Board of Directors Approval and Member Authorization
Director of Power Supply	<= 1 year	If more than 15% of Member Load Forecast Member Authorization Required

MPPA staff understand that you may need to change internal protocols that may require city council or board approval. MPPA staff is available to assist in those efforts as necessary. Please also feel free to reach out to me directly with any questions you may have on the changes.

MPPA is asking each member of the Energy Services Project to **fill out, sign and date** the Attachment 1 Member PSRM Election Form.

I will be sending out an invite for next week that will include a short presentation on the changes to the Power Supply Risk Management Policy. If you do not have any questions about the policy changes, do not feel obligated to attend.

Thank you and please do not hesitate to reach out with any questions you may have.

Sincerely,

Bob Lalonde | Director of Energy Supply and Market Operations



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Attachment 1 – Member Power Supply Portfolio Risk Management Election Form

1. Energy Hedge Plan Election (Check one)

- Short Term Plan - 36 Month Horizon
- Moderate Plan – 48 Month Horizon
- Stability Plan – 60 Month Horizon
- Self-Directed Plan

Please accept or decline each of the following services described herein

2. RTO Capacity Services (required if using MPPA for market participation with RTO)

- Accept
- Decline

3. Peak Load Resource Planning and Hedging Services

- Accept
- Decline

4. Congestion Management

- Accept
- Decline

5. Renewable Energy Compliance Management Services

- Accept
- Decline

6. Intra-Month Optimization Services (required if using MPPA for market participation with RTO)

- Accept
- Decline

Signature of Member Authorized Representative

Date

Printed Name of Authorized Representative

Name of Member

By signing this form, the Authorized Representative agrees to have MPPA staff manage Member City's market position as authorized by above election. All transactions will be completed on Member's behalf as outlined in the Energy Risk Policy.

Effective Date: 5/13/2020



POWER SUPPLY RISK MANAGEMENT POLICY

1. Policy Purpose

The purpose of this Policy is to formalize the policies of Michigan Public Power Agency (MPPA) regarding managing power supply risks on behalf of its members. Accordingly, this policy will set forth MPPA's:

- risk management objectives
- risk governance structure and responsibilities
- scope of business activities governed by this policy
- transaction authority delegations
- credit management practices and requirements (specific requirements in Credit Risk Policy (Exhibit B))

MPPA intends that this Policy will support the advancement of its strategic plan, conform to its existing by-laws, governance policies and contracts, and will properly manage its business and financial risks through:

- prudent oversight
- adequate mitigation of risks consistent with each member's risk tolerance
- internal controls and procedures

Managing the power supply risks of MPPA's business entails the coordination of resources and activities among multiple departments within the Agency.

2. Risk Management Objectives

MPPA exists to create opportunities for Michigan's public power utilities to participate in energy projects or services jointly that deliver reliable, cost effective and environmentally responsible power supply and related services.

Managing power supply risk on behalf of the membership is consistent with the purpose and mission of MPPA, is required by MPPA Board Policy DM 1-12, and serves the following objectives:

- assist members with implementing & maintaining power supply risk parameters for a defined period into the future
- mitigate power supply price volatility to the members consistent with their direction
- enhance the value of members' power supply resources
- execute power supply hedge transactions in energy commodity markets
- establish and manage credit risk management policies & practices, define the authority granted by the MPPA Board and its members to the MPPA General Manager (GM) to execute and delegate authority to execute power supply transaction products such as energy, capacity, renewable energy credits and natural gas
- promote a risk management culture and set appropriate risk mitigation measures

- ensure all members have a voice in the decision-making process as the Agency considers market transactions on behalf of projects, groups of members, or individual members
- provide for adequate MPPA Board oversight of power supply transactions

It is not the objective of this policy to limit transactions for power supply, transmission, and/or related services that may be negotiated or entered into by members independent of MPPA as may be allowed under MPPA's various contracts and project agreements.

3. **Scope of Business Activities Governed by this Policy**

This Policy is designed to address the management of power supply risks associated with transactions made by MPPA on behalf of its members, including but not limited to:

- power supply commodity (energy, capacity, natural gas, Renewable Energy Credits (RECS))
- commercial operational risk
- price risk
- volumetric risk
- operations risk
- power delivery and congestion risk
- counterparty contract and credit risk

Definitions of these risks along with a more complete list of the risks that MPPA assists its members in managing are included in Appendix A.

4. **Risk Governance Structure and Responsibilities**

Risk governance will follow a member driven approach whereby the Member's Governing Body identifies and communicates their risk management objectives to MPPA through a process outlined herein and in conjunction with the MPPA Hedge Policy (Exhibit A). The MPPA Internal Risk Management Committee shall be responsible for the oversight of this Policy and included Hedge Policy.

Supporting controls, policies and procedures will be implemented and aligned throughout the risk governance structure with distinct roles and responsibilities that result in a comprehensive risk control environment. Governance and controls are established through organizational structure, approval authority, delegation policies, risk measurement and reporting requirements.

The governance structure includes the following elements:

a. **Member Governing Bodies** (Utility Board or Commission and/or City Council) – Responsibilities and Duties:

- possess a basic understanding of MPPA's power supply risk management procedures

and practices

- designate the electric utility's **Member Authorized Representative** (i.e. MPPA Commissioner or Alternate, Utility CEO, General Manager, Director, or City Manager as determined appropriate) that is capable and responsible for legally binding the member utility in power supply transactions
- determine authority limits of the Member Authorized Representative to approve power supply transactions or to delegate such authority to MPPA
- affirm the power supply hedge strategies and services provided by MPPA as outlined in the MPPA Hedge Policy attached herein through oversight of its Member Authorized Representative.

b. Member Authorized Representatives – Responsibilities and Duties

- provide appropriate risk management information to their Governing Body
- gain appropriate approvals from their Governing Body to comply with MPPA's Power Supply Risk Management Policy, Hedge Policy, Credit Policy and the selection of the Hedge Plan to be utilized by the member
- gain appropriate approvals from their Governing Body for execution strategies and transaction authority delegations as they relate to MPPA entering into market transactions on their behalf
- approve participation in specific commodity markets and the use of any power supply transaction products by MPPA on the member's behalf (if such transactions are allowed by MPPA's Board and each member's Governing Body as appropriate)
- review and understand reports by the Internal Risk Management Committee, as defined herein, on compliance with member's Hedge Plan selection

c. MPPA General Manager – Responsibilities and Duties

- assign staff to serve on the Internal Risk Management Committee
- possess authority to approve transactions within the limits identified in the Transaction Authority Matrix after receiving any necessary approvals specified therein
- determine proper internal control procedures to effectively implement and manage this Policy
- ensure that the identification and quantification of risks and related risk mitigation strategies are integrated into the internal control procedures
- ensure that the quantification of risk is properly reported to executive staff, the Internal Risk Management Committee and the Board of Commissioners

d. Internal Risk Management Committee (IRMC) – Responsibilities and Duties

Membership shall be comprised of the following voting committee members:

1. CEO & General Manager
2. Chief Financial Officer
3. Two (or more) member representatives as appointed by the Board
4. Director, Energy Supply & Market Operations (nonvoting, ex-officio member of IRMC)

The CFO shall serve as the IRMC Chairperson. The Chairperson shall be responsible for
Effective Date: 5/13/2020

keeping, or causing to be kept, a record of the Committee's proceedings. Other non-voting participants shall participate in the meetings as determined by the voting committee members.

The IRMC establishes a forum for discussion of MPPA's significant risks and must develop guidelines required to implement an appropriate risk management control infrastructure; this includes implementation and monitoring of compliance with this Policy and the Hedge Policy

The IRMC shall:

- establish and approve this policy and all addendums, exhibits and attachments.
- review this Policy related policies and oversee enforcement of its rules and procedures

- ensure that risk management objectives, risk tolerance guidelines, and authority limits are employed throughout MPPA
- recommend to the GM the organizational structure, authority limits, delegation requirements and proper functional separation to effectively manage internal control of risk management activities
- periodically review this Policy and related policies (a detailed review at least once a year) to properly align its content and requirements with modern organizational needs and market requirements
- formulate risk management strategy, policy or procedures necessary for new product or market implementation
- periodically direct an independent review (internal and/or external) of risk control policies and procedures
- hold formal IRMC meetings at least quarterly. Standing agenda items should include, but not be limited to, current commodity market strategies, power cost uncertainty, level of exposure to non-member transactions, generation production strategies and exposures, environmental strategies and exposures, control requirements/enhancements, counterparty contract and credit exposure, and policy and procedural violations
- discuss MPPA's major power supply risk exposures and the steps management has taken or will take to mitigate, control, and monitor such exposures
- for market transactions executed by MPPA, perform an annual review of transaction compliance with policies and procedures
- review the infrastructure supporting risk management and ensure that it meets the requirements for risk oversight and compliance

e. **Independent Risk Management Function – Responsibilities and Duties**

This function shall be the responsibility of the Chief Financial Officer, who is organizationally independent of those who initiate or directly participate in managing most of the power supply risks via the authority granted in the Hedge Policy and transaction authority section of this policy. Various departments may be required to assist in providing this function with reports or information required for risk assessment and analysis on a regular or periodic basis.

Responsibilities of the Independent Risk Management Function include:

Effective Date: 5/13/2020

- organize and chair the IRMC meetings
- engage the IRMC in discussions regarding events or developments that could expose MPPA to potential losses
- develop, recommend, and administer risk management processes and procedures; provide input to tools to assist in risk management
- provide for risk management education/training to Board, staff and management review risk management activities, risk controls, and recommend modifications of controls to meet changing business needs
- perform periodic internal reviews of risk control policies and procedures to ensure that MPPA complies with its risk policies
- report any violation of MPPA's risk policies to the Board and appropriate Committees
- review and recommend changes to the risk management policies and procedures, as appropriate
- report to MPPA Board on MPPA's compliance with its risk policies and risk management in accordance with the policies

5. **Transaction Authority Requirements**

The purpose of this section is to define the authority granted by the MPPA Board of Commissioners and member Governing Bodies (as directed by their Member Authorized Representatives) to the General Manager to execute, and delegate authority to execute, power supply transactions. Furthermore, it sets forth clarity and empowerment among those with transaction authority and is designed to encourage communication among individuals with transaction authority and the MPPA Board of Commissioners. Changes to the Authority Matrix must be approved by the Internal Risk Management Committee using the Matrix to delegate transaction authority as it may relate to MPPA entering into power supply transactions on the Member's behalf.

a. **Objectives**

The objectives of the MPPA Transaction Authority Requirements are to define:

- who has authority to execute transactions and any limits placed on such authority
- the commodities and products that can be transacted
- counterparty contract and credit requirements
- the process for approving new commodities, products or locations
- MPPA's intentions regarding hedging and speculating
- other relevant factors associated with due diligence in authorizing transactions to be executed

b. **Procedural Requirements**

The following define procedural requirements that apply to all commodities and products transacted under this document.

Execution Authority

Execution Authority is outlined by commodity through the Transaction Authority Matrix (Appendix B).

The Authority Matrix identifies Board authorized transactions for the GM and explicitly provides for delegation of the GM's authority to MPPA staff. The GM can modify this delegated authority at his sole discretion if the delegated authority does not exceed his own authority per this policy.

Contract Requirements

Transactions with counterparties shall only be permitted if MPPA has:

- an active, valid, and executed agreement enabling such transaction activity with that counterparty such as a "standard" EEI or ISDA ("enabling agreement") as may be amended and approved as appropriate
- a long-form confirmation (used in lieu of an enabling agreement, when necessary, only if approved by the CFO)
- the necessary credit approvals in place to transact with the counterparty

Credit Sleeving

No sleeving transactions for credit purposes shall be executed. (Note: Sleeving is an arrangement where a more financially reputable entity acts as middleman for a smaller, undercapitalized entity in the purchase or sale of energy.)

Record of Transactions

All transactions must be executed via a recorded communication method. Examples include a voice recorded communication line, instant messaging or an on-line broker account. Recorded communications must be maintained and controlled by MPPA's Information Technology staff. Transacting on cellular phones or off premises telephones is prohibited.

Deal Capture

All transactions executed by an MPPA employee must be promptly captured in a trade capture system after deal execution.

Speculation

No speculative transaction activities shall be permitted, and no speculative transaction positions shall be initiated. Transacting will be permitted only for purposes of hedging and portfolio optimization.

Non-Standard Products Requiring Board Approval

The MPPA Board must approve any transaction that involves commodities or products that are not covered by an approved Authority Matrix

The purpose of defining a process for such transactions as noted above is to ensure that the exposures associated with them are thoroughly reviewed and understood by the Board and appropriate transaction controls are in place. The Board must approve the use of such transactions prior to execution using the process defined below:

- Transaction Proposal - The proposal is the responsibility of the person or business group proposing the transaction. The proposal should address the business need, risks, transaction controls, valuation methodology, accounting methodology, operations

workflow/methodology, and assessment of legal and regulatory issues.

- Internal Risk Management Committee Review - The Committee will perform a review on behalf of, and make a recommendation to, the Board on the benefits and risks of the proposed transaction. The Board will assess the proposed transaction and decide whether to add the proposed transaction to the approved list.
- Pilot Program or “One-off” Transaction – The Board may approve limited use of a proposed transaction under a pilot program or trial basis to ensure that proper controls are in place to monitor the activity before broader use is allowed. The Board may also approve a proposed transaction (without instituting a Pilot Program or further use) if the proposed transaction is going to be used only once (one-off).

6. Credit Management Requirements

All transactions must meet the requirements outlined in the Credit Policy.

7. Counterparty Concentration Risk Mitigation

MPPA shall always maintain enabling agreements and credit capability with at least three (3) counterparties that are actively offering power supply products (approved for use by MPPA) in the markets within MISO and PJM where MPPA has members Please refer to credit policy for concentration risk matrix for supply.

8. Written Agreements Covering Transactions

MPPA shall not enter into a Power Purchase Commitment or “PPC,” on behalf of a participating member, unless: (i) the PPC is covered by the Energy Services Agreement with the participating member, the form of which has been approved by both the MPPA Board and the participating member’s governing body and executed by MPPA and the participating member, and the participating member has delivered an opinion of local counsel, to the effect that the Energy Services Agreement has been approved by the participating member’s governing body and is a valid and binding agreement of the participating member, enforceable against it in accordance with its terms; or (ii) the PPC is covered by a written agreement with the participating member, the form of which has been approved by the MPPA Board and the participating member’s governing body and executed by MPPA and the participating member, and the participating member has delivered an opinion of local counsel, to the effect that the written agreement has been approved by the participating member’s governing body and is a valid and binding agreement of the participating member, enforceable against it in accordance with its terms.

9. Forward Curve Development & Use

A forward curve is a series of sequential prices for future delivery of an asset (e.g. power, natural gas) or the expected future settlement of an index of the asset. The development of forward curves is essential in establishing value of physical and contractual assets of the Agency. That value is used to make business decisions related to power supply purchases & sales, financial projections, the development of budgets and rates, managing credit capital and the measurement

of risk.

MPPA builds forward curves for settlement locations of its electric load & supply assets. These curves are internally developed through synthesizing and interpolating data from a wide range of resources such as direct supplier quotes, broker quotes & statements, third-party data publishers, regulated exchange information, cost data, cross commodity conversion, locational relationships, liquidity and market insights.

MPPA prepares forward curves daily.

10. Working Capital Requirements

The MPPA Board shall require, within its transaction approval process, transaction participants to maintain an adequate level of working capital on account with MPPA during the duration of a transaction that has been executed by MPPA on a member's behalf.

11. Policy Effective

This Power Supply Risk Management Policy is in effect upon adoption by the IRMC and shall remain in effect until a replacement Policy or revision has been approved by the IRMC superseding this Policy. To avoid any doubt, this Policy supersedes the prior version of Exhibit 2 of the Energy Services Agreement between MPPA and Energy Services Project Participants (entitled Energy Services Risk Management Policy).

12. Responsibility

It shall be the responsibility of the IRMC, through its supervision and oversight of MPPA's GM, to ensure compliance with this policy.

Revision Date	Revision Description	Submitted by
5/13/2020	Incorporate Credit and Hedge Policy	

Appendix A

Definition of Risks

Commercial operational risk is the risk of loss from inadequate or failed internal processes, people, and systems.

Commodity market price risk is the risk of loss due to potential fluctuations in the prices of an underlying energy commodity. In the wholesale power market, MPPA has risk that commodity prices rise, spike or are generally high when it is short of meeting its firm supply obligations. MPPA has risk that prices fall or are generally low when it has excess capacity, energy or RECS compared to its firm supply obligations.

Due to heavy reliance on coal generation units, MPPA has a natural short position in the coal that it needs to supply fuel to its generating resources.

Commodity market price risk occurs across all tenors, from the hourly market to the long-term forward market (5 years +). MPPA is exposed to commodity price risk for energy, capacity, RECS, coal, natural gas, emission allowance (SO₂ and NO_X), fuel oil and various bulk materials (e.g. ammonium, limestone) that exhibit price volatility.

Contract risk or Counterparty performance risk is the risk of a potential adverse occurrence of a counterparty's ability to operationally perform on an agreement or due to contractual provisions that leave MPPA with no recourse under an event of default.

Concentration risk is the risk of having large exposures to individual sources of risk. Concentration risk can be found with suppliers (contract and credit risk), generation units (outage risk), unit technology (environmental) or native load customers (smelters).

Credit risk is the risk of a counterparty's inability to pay its obligations (debts) to MPPA or a supplier's abrogation (due to bankruptcy or other event) of a supply contract that must be replaced during a time of higher commodity market prices.

Delivery risk is the risk that MPPA cannot meet a firm supply obligation due to a transmission constraint. Delivery risk is natural to MPPA in meeting its firm supply obligations and reliability of service. MPPA can also be exposed to delivery risk in the transportation of its fuel supply.

Cash margin risk is the risk associated with inadequate cash flow resulting from margin requirements of a contractual agreement. For example, the EEI Master Agreement provides that counterparties may margin each other when they are overexposed above credit thresholds that were negotiated between the parties when the agreement was executed. Credit exposures include replacement cost exposure on a mark-to-market basis when a counterparty's position is out-of-the money.

Operations risk is the risk associated with physical assets. This would include failures or outages associated with generation units, fuel delivery systems (weather or mechanical), generation step-up transformers, the transmission system, control systems, or other critical components associated with the production or delivery of electricity.

Volumetric risk is the risk that energy commodity volumes will vary from expected and result in a potential loss due to changing commodity market prices. The primary volumetric risks that MPPA is exposed to are *load forecast/ weather variability risk, forced outage/ de-rate risk, loss of load risk (smelter load concentration), and transmission congestion risk.*

Load forecast/weather variability risk is the risk that actual loads differ from forecasted loads due to the error in weather forecasts and load forecasts. This risk is natural to MPPA's portfolio since it serves load serving entities. Since this risk will result in MPPA being unintentionally long or short in the spot market, it naturally results in hourly market price risk.

Forced outage and de-rate risk is the risk that a generating unit does not perform when it is expected to be available, or when it performs below expected capability. This risk is natural to MPPA's portfolio since it owns and operates generation units to meet its load requirements. Since this risk will result in MPPA being unintentionally short in the market, it also naturally results in market price risk.

Loss of load risk is the risk that MPPA loses a significant portion of one of its members' load, for example an aluminum smelter, and that the market price for electricity coincidentally falls below the sales price of the lost load and thereby creates a financial strain on MPPA. However, if market prices for electricity remain above the sales price of a potential lost load it would create a financial benefit to MPPA.

Transmission congestion risk is the risk of price differentials between the locations of a power source and the associated sink. If MPPA needs to buy electricity and the transmission system is congested, it may pay a premium to secure the needed electricity. If MPPA has excess electricity to sell and the transmission system is congested, then it may have to sell at a discounted price. Congestion risk manifests itself in power commodity market price risk.

Appendix B

Energy, Capacity, RECs and Transmission Transaction Authority Matrix

The following outlines transaction limits, definitions, and procedural requirements for power and power transmission transactions including capacity.

Authority	Term	Special Requirements
MPPA GM or delegate	> 5 years	MPPA Board of Directors Approval and Member Authorization
MPPA GM or delegate	> 1 year <= 5 years	MPPA Board of Directors Approval and Member Authorization
Director of Power Supply	<= 1 year	If more than 15% of Member Load Forecast Member Authorization Required

Power Supply and Transmission Transaction Trading Authority Matrix Explanations

- Authorized products include energy, transmission and RECS as well as bilateral ancillary services and capacity. MISO Module E Capacity, as well as capacity transacted via the MISO and PJM capacity auctions, are specifically authorized hereunder.
- MISO and/or PJM authorized products are Generation and Demand Awards, Import/Export Transactions, Ancillary Service Awards, and Financial Transmission Rights. All such products must follow all applicable Regional Transmission Organization (RTO) requirements.
- The transaction approval requirements apply to both purchases and sales.

Delivery Locations

Transacting at delivery locations outside the eastern interconnection is not permitted. Transacting at delivery locations that are normal to the daily course of business for MPPA, to the extent transmission is available, is authorized as follows:

Unrestricted Delivery Locations (unless otherwise specified, for Members in that RTO)

- MISO - Michigan Hub

- MISO - Member Load Commercial Pricing (CP) node or any other CP Node within Michigan
- MISO - Indiana Hub
- MISO - Minnesota Hub (for Marquette BLP only)
- PJM - AEP/Dayton (AD) Hub
- PJM – AEP Zone
- PJM - AEPIM_RESID_AGG zone
- PJM - ATSI Zone
- PJM – PJM pricing point with physical resource managed by MPPA

Transacting at any other delivery locations within the eastern interconnection must be approved consistent with the Authority Matrix above.

Firmness of Power

The product firmness of all transactions must be provided for in an executed agreement between MPPA and the appropriate counterparty.

Transmission Firmness and Volume

Transmission purchases need to be of equal firmness and volume to the energy component that such transmission purchase is associated with, unless approved otherwise consistent with the Authority Matrix above.

Responsibility

It shall be the responsibility of the IRMC and the MPPA General Manager to ensure compliance with this Authority Matrix.

Appendix C

Natural Gas Credit Risk Mitigation

Credit Management Requirements

Each counterparty with which MPPA is to execute a NAESB agreement must undergo a credit analysis by MPPA. Each NAESB agreement will conform to a standard form approved by qualified counsel and the Internal Risk Management Committee. MPPA will, prior to execution of a NAESB agreement, obtain approval for the NAESB agreement by the Board of Commissioners and authorization by the Internal Risk Management Committee to activate the supplier on the “approved counterparty list” as specified in the Credit Policy.

Counterparty Concentration Risk Mitigation

MPPA shall always maintain relations and NAESB agreements with at least four (4) counterparties that are actively selling natural gas.

Exhibit A

MPPA Hedge Policy

A. Objective

The Michigan Public Power Agency (MPPA) Hedge Policy outlines the criteria and activities that will guide the disciplined hedging and management of power supply portfolio components for members who select one of the power supply hedge plans described in this Policy. MPPA's long-term (beyond the hedging "horizon" established below) strategic supply and asset evaluations shall continue to be provided separately and are not currently addressed in this Policy. The primary purpose of this Policy is to identify and give members choices in their specific hedge plans and management services, and to provide MPPA clear guidelines and procedures on executing each member's plan.

This Policy provides for each member's selection of one of the following four power supply hedge plans to address near-term (within the hedging horizon) power supply requirements. These plans are the:

- Short-Term Plan – 36-month hedging horizon
- Moderate Plan – 48-month hedging horizon
- Stability Plan – 60-month hedging horizon
- Self-Directed Plan (member shall provide MPPA with hedge orders)

Members will elect their power supply hedge plan by executing and submitting Appendix A hereto. Absent written confirmation through a signed Appendix A, all members are under the Self-Directed Plan.

Power supply hedge plans are designed for MPPA to directly administer the reduction in member wholesale rate volatility consistent with members risk tolerances. Members in the Self-Directed Plan may also be hedging to reduce rate volatility, but such activities are directed by the member, with or without MPPA involvement.

Except for the Self-Directed option, each hedge plan will be implemented by MPPA to protect plan participants from significant market price fluctuations. The strategy also maintains some elements of procurement flexibility. For example, during times of extremely attractive market conditions, this policy allows for increasing the amount of forward energy hedged within a plan above the minimum hedge range. Each of the alternative hedge plans, except the Self-Directed Plan, will be overseen by MPPA staff and member city Authorized Representative or delegate.

Other components of a member's portfolio may be managed by MPPA at their

discretion. MPPA outlines disciplined methodologies and processes for each of the following power supply portfolio services:

1. Energy
2. Reliability Transmission Organization (RTO) Capacity (e.g MISO Module E, PJM Reliability Assurance Agreement)
3. Peak Load Resource Planning and Hedging
4. Congestion Management
5. Renewable Energy Compliance Management
6. Intra Month Optimization

While each member's portfolio will be addressed individually, to obtain fair and competitive market prices, MPPA shall attempt to pool the hedging requirements of all its members within the various Plans when executing power supply hedges. Therefore, effective and efficient execution of the overall hedge program will be highly dependent upon each member and the appropriate member providing clear and expedient authority for MPPA to enter into transactions on their behalf.

To carry out the overall MPPA risk management program and the activities set forth in this Policy, MPPA has also adopted an Energy Risk Management Policy that clearly defines governance, decision making process, authority, controls, reporting, and oversight responsibilities. Together, the Energy Risk Management Policy, Credit Policy and the Hedge Policy comprise MPPA's energy risk management policies and procedures.

MPPA has set forth additional policy components for managing the fuel requirements of the 55MW Kaskaska Combustion Turbine "Peaking Facility". Those requirements are detailed in Appendix C.

B. Member Power Supply Portfolio Risk Management Services

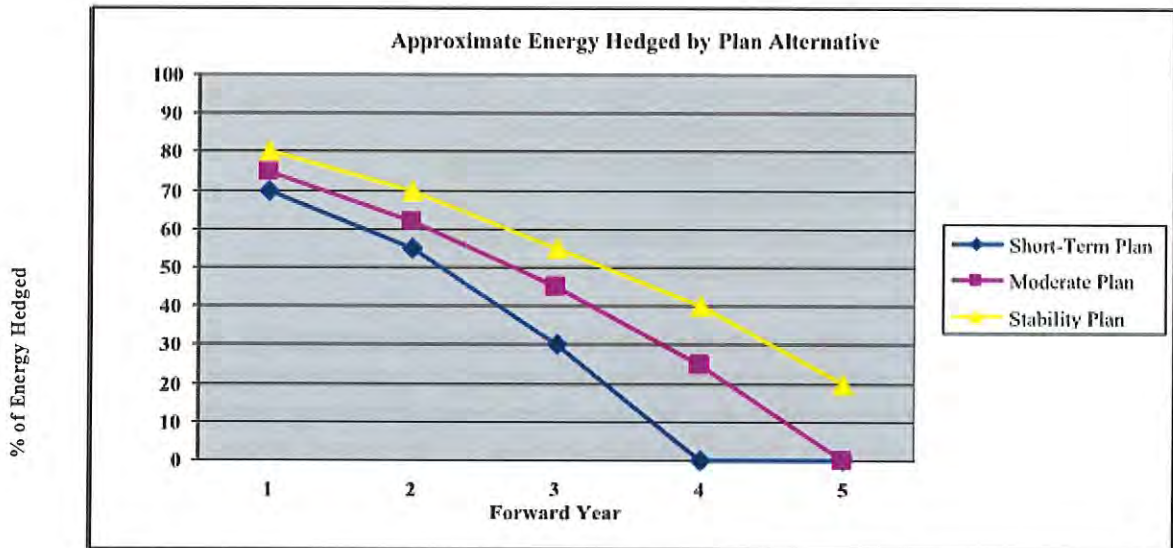
MPPA members may nominate one of four different power supply hedge plan alternatives as summarized in section 2a. Except for the Self-Directed Plan, each plan outlines different power supply hedging goals and ranges on a member-by-member basis.

MPPA also offers other portfolio management services on an à la carte basis as requested by each member and described in the following sections (1 through 6).

Appendix A of this document is a Member Selection Sheet that each member may complete to identify the power supply hedge plan and the à la carte services it desires from MPPA.

1. Member Energy Hedge Plan Alternatives

The following graph illustrates the approximate energy hedge levels for the 3 managed plans that will be directly administered by MPPA.



	Year 1			Year 2			Year 3			Year 4			Year 5		
	Min	Target	Max	Min	Target	Max	Min	Target	Max	Min	Target	Max	Min	Target	Max
Short-Term Plan	65	70	80	45	55	60	25	30	35						
Moderate Plan	70	75	85	55	62	65	35	45	50	20	25	30			
Stability Plan	75	80	90	65	70	75	50	55	60	30	40	45	15	20	25

i. **Short-Term Plan** - 36-month hedging horizon

The Short-Term Plan is designed to offer more up-side market opportunities (if the market heads lower) with the obvious trade-off of containing more down-side risk (if the market goes high). While this plan would be considered aggressive for some members that do not own significant base-load generation, it may be very suitable for those members owning such assets since their asset ownership provides a partial long-term hedge. This plan utilizes a 36-month hedging horizon with high hedge levels for the initial two years, while the hedge level drops significantly after year 2. The target energy hedge range for the first 12 months of the plan is 65-80%, 45-60% for months 13-24, and 25-35% for months 25-36. For the member that owns no base-load generation, this plan translates into a portfolio that has relatively low protection (higher risk) against forward price increases beyond 2 years, however, if market prices decline, members can secure lower cost power as the market drops.

ii. **Moderate Plan** – 48-month hedging horizon

The Moderate Plan offers greater rate and budget stability over the upcoming 24 months with moderate stability over the 25 to 48 month period. The plan employs an energy price averaging structure where energy hedging occurs at approximately 70-85% for the upcoming 12 months and annual hedging ranges decline by approximately 15-20% per year whereby approximately 20-30% of energy needs are procured for the final twelve-month period (37 to 48 months forward).

iii. **Stability Plan – 60-month hedging horizon**

The Stability Plan offers the most rate and budget stability of all the plans. Energy cost stability will be significant for the initial 24-month period with less, but still substantial, stability through 60 months. A price averaging structure shall be employed where energy hedging occurs at approximately 75-90% for the upcoming 12-month period with hedged volumes gradually declining to 15-25% of energy needs for the final 12-month period (49 to 60 months forward).

iv. **Self-Directed Plan**

Members in the Self-Directed Plan shall plan for forward energy transactions (with MPPA's assistance as desired), and then direct MPPA as necessary. The member will submit a transaction request form for transactions it desires MPPA to enter and/or pursue on its behalf. Transaction request forms shall outline the precise terms of the transactions (e.g. maximum price, month of delivery, location, volume, on-peak/off-peak, etc.) and outline the purpose for the hedge (e.g. summer peaking, spring maintenance, 2018 base load). Additionally, requests can be made for MPPA to provide alternative hedge suggestions for very specific purposes or objectives.

2. **RTO Capacity Services**

MPPA shall routinely calculate and communicate member needs and if necessary, procure RTO Capacity resources required by each member on an individual member basis. Pooling of member needs will be pursued where possible to achieve the best transaction prices and resource diversity. The detailed requirements are set forth in Module E of the MISO Tariff and PJM's Reliability Assurance Agreement.

On an annual basis, MPPA, in conjunction with each member, will develop a capacity procurement strategy that will be executed to meet the Resource Adequacy compliance requirements of the State of Michigan and/or an applicable RTO. Each Member Authorized Representative will sign off on any necessary authorizations to implement transactions for the procurement of capacity.

3. **Peak Load Resource Planning and Hedging Services**

Effective Date: 5/13/2020

Annual or monthly energy hedge plans may not adequately address energy hedge levels during times when price risk is at its highest – during peak conditions during peak seasons. For example, a member could have 75% of its estimated energy hedged for the month of July, but, if actual conditions bring extreme heat, a 75% estimated hedge level may only provide price protection for 50% of the actual on-peak energy needs of the member. Furthermore, peak loads may be adequately covered by RTO capacity if the member possesses the energy rights to its registered RTO capacity. However, RTO capacity procured from the market often does not provide energy rights to the buyer, leaving the buyer exposed to energy price spikes during peak conditions. To adequately plan for price protection during these peak conditions, Peak Load Resource Planning and Hedging Service shall be offered by MPPA.

MPPA shall work with each member to establish targeted peak load resource levels for the next three peak seasonal periods. The determination of an adequate peak load resource level should consider regional reserve margins, generation diversity, unit outage rates, market liquidity and depth, expected future resource transactions or plant construction, and the potential cost impact if the member is short resources during periods of expected price volatility. Plans will be developed to maintain peak resource levels, similar to the approach for energy hedges as illustrated in the table below. MPPA’s approach calls for evaluating a target summer (July-August) and winter (January-February) resource level for upcoming peak periods. The target peak resource level will be monitored seasonally, and resources must be secured for the upcoming period 2 months prior to the beginning of the Peak 1 season (i.e. by Oct 31st and April 30th). For example, if the sample plans below were being implemented for a member, and the upcoming Peak 1 season is winter (i.e. January – February), resources totaling 100-120% of native peak load requirements will be secured by the end of the prior October. Additionally, resources totaling 90-110% of forecasted native peak load for Peak 2: Summer (July – August) should be procured at this time, and 80-100% of the forecasted native peak load for Peak 3: Winter (next January-February).

	Peak 1	Peak 2	Peak 3
Target Range	100-120%	90-110%	80-100%

For purposes of compliance, the following physically delivered hedge products and instruments are approved for meeting member peak load requirements:

- Firm Liquidated Damages Energy Purchases
- Bilateral Capacity Transactions (ZRC's MISO or Unit Specific Bilateral Transactions PJM)
- Physical Plant Capacity Control and/or Ownership
- Structured Power Purchase Agreements

In the future, the MPPA Internal Risk Management Committee may consider approving the use new physical products as well as financial products once internal control procedures are established:

- Heat Rate Call Options
- Fixed Energy Price Call Options
- Unit Contingent Power Contracts
- Financial Swaps
- Financial Futures

On rolling peak season basis, MPPA and each member will establish peak load resource plans similar to the format seen above. The plan will be developed in parallel with RTO resource planning. Each Member's Authorized Representative will sign off on the strategy, which will include an assessment of the associated risk. The Member Authorized Representative will also determine the approvals required for implementation.

4. Congestion Management Services

MPPA aggregates and procures Network Integration Transmission Service (NITS) on behalf of certain members. While the NITS Agreement with the RTO will mitigate most of the delivery risk associated with native load energy delivery, it may not mitigate the financial impact of congestion risk. Congestion risk is the possibility of adverse price differentials between the location of the energy sources and the location of native load. As a NITS or long-term firm point-to-point transmission customer, a member has the right each year to participate in the RTO allocation process that results in awarding Auction Revenue Rights (ARRs). ARRs can subsequently be converted to Financial Transmission Rights (FTRs) for the members. FTRs provide a financial hedge against potential adverse financial impacts of congestion risk. Alternatively, ARRs can be "cashed out" at the auction clearing price and that money returned to the members to serve as an "escrow" used to pay for potential congestion charges that may occur throughout the year. It will be MPPA's policy to actively participate in the RTO ARR allocation process according to aggregate NITS eligibility and cash out ARR revenues thereby providing an "escrow" of cash to hedge against potential congestion risk. Cash received on behalf of the NITS aggregate members is allocated back to those members on a load ratio share.

Notwithstanding this MPPA policy, congestion risk can be mitigated through participating in the Financial Transmission Rights (FTR) market, purchasing delivered energy or entering basis swaps with a bilateral counterparty for all members regardless of whether they take NITS. It will be MPPA's policy that congestion risk be reported and discussed regularly with the Board or the appropriate member city and alternative congestion risk hedging tools shall be considered as necessary at a future time as determined by the MPPA Board or the appropriate committee.

5. Renewable Energy Compliance Management Services

MPPA Members are required to comply with Michigan's Clean, Renewable, and Efficient Energy Act, 2008 PA295, 2016 PA342, MCL 460.1001 et seq. Each year, MPPA uses the Michigan Renewable Energy Certification System (MIRECS) to demonstrate Renewable Energy (RE) and Energy Waste Reduction (EWR) compliance, and the MPSC uses the system to verify compliance submissions. To ensure each Member complies with the law, MPPA has established the following hedge quantity objectives expressed as a percentage of the state mandated renewable energy percent requirements for each compliance year. Transactions executed to satisfy the hedge objectives can be done with Renewable Energy Credits (RECs) that qualify under State law which are either obtained from a Renewable Energy resource through ownership, Power Purchase Agreement (PPA), or by market purchase.

	Current Compliance Year	Year 1	Year 2	Year 3
Transaction Volume	100% of open position	75% of forecasted open position	50% of forecasted open position	25% of forecasted open position

Current Compliance Year represents the year the compliance filing is due. Year 1 represents Current Compliance Year + 1. Year 2 represents Current Compliance Year + 2 and Year 3 represents Current Compliance Year + 3.

The above hedge strategy will be used for all Members who have not provided a Self-Directed Plan to MPPA or have not communicated that they will satisfy renewable energy compliance on their own.

Each Member Authorized Representative will sign off on any necessary authorizations to implement transactions for the procurement of RECs.

6. Intra-Month Optimization Service

To optimize and manage each Member's power supply portfolio in the current month, MPPA shall perform Day-Ahead Services as defined in Exhibit 1 of the Energy Services Agreement.

Furthermore, for the three managed energy hedge plans administered by MPPA, a minimum planned monthly hedge percentage of 75% shall be in place once the month begins, unless directed otherwise by the respective Member Authorized Representative. This assists in avoiding excessive exposure to spot market and short-term energy price spikes. For example, by November 30, MPPA will have a minimum of 75% of the total projected energy needs for December procured or provided by an owned or contracted resource. Of course, this minimum amount can be hedged well before that date. Additionally, once a specific month begins it is expected that hedges will remain in place that maintain the 75% minimum hedge level. Should situations occur such as unexpected generation outages, jointly-owned-unit allocations falling short of anticipated volumes, or native load being higher than projected, then hedged volumes for the current month may in fact fall short of the 75% minimum hedge requirement. If this occurs, then it will be reported to the affected member immediately and a strategy to address the shortfall will be appropriately discussed and implemented if possible.

C. Energy Hedge Plan Methodologies and Criteria

The methodology and energy hedge ranges of the three energy hedge plans administered by MPPA are further discussed in this section.

1. Energy Hedging Methodology

Each energy hedge plan employs a total energy hedging methodology whereby the MWh equivalent of all energy hedges are compared to the expected native load of the member on a monthly basis. Total energy hedged is the MWh equivalent of the sum of fuel purchases and electricity purchases. A total energy hedge methodology will be employed whereby generation units will not be considered an energy hedge towards native load needs until the respective fuel requirements to determine the cost to generate power are hedged with a fixed price physical purchase. The MWh equivalent hedge from fuel purchases will be the volume of fuel procured (in MMBTUs) for the unit or contract divided by the expected average heat rate of the generation unit or contract divided by 1,000.

2. Hedge Ranges

A key criterion of this Policy is to have energy prices hedged within defined volumetric ranges during specified timeframes as illustrated in the table contained in Section 2a. Ranges identify the percentage of projected energy requirements that will be procured over a given time period. For use within this Policy, energy needs are considered price hedged or procured to the extent that the projected need is met by:

- i. fixed price physical power transactions
- ii. generation ownership (member or jointly owned) or heat rate transactions

combined with corresponding physical fixed price fuel transactions (by unit or transaction for the actual fuel exposure)

Since MPPA has no responsibility or authority for hedging or procuring fuel for member owned or jointly owned generation units, MPPA must develop assumptions based on best available information for fuel hedged for these base-load units. MPPA will do its best to model these assumptions from all available information. Since price hedges for fuel used for natural gas and oil peaking units are generally not hedged in advance it shall be assumed that the expected output of these units is hedged at 0% for energy hedging purposes. Should MPPA fuel hedging responsibilities change in the future then these assumptions and methods shall be modified accordingly.

D. Execution Strategies and Reporting

MPPA shall develop execution strategies and compliance reporting for the three hedge plans it administers and the à la carte services selected by each member. The following outlines these activities.

1. Execution Strategies

Execution strategies will be regularly developed in support of the services outlined in this Hedge Policy. Hedges will be entered based on disciplined and systematic methodologies to comply with this Policy. Execution strategies will include considerations of hedge timing, market price levels, policy compliance requirements, and other relevant factors. Execution strategies for the Energy Hedge Plans will be approved by the respective Member City as often as necessary. Execution Strategies for the à la carte services will be approved by the individual members participating. Execution strategies are reviewed periodically and evolve over time. Such reviews are an important aspect of the hedging policy. Once approved, execution strategies will be firmly followed, however, they may be modified through the individual members desiring changes.

2. Hedging Review Cycle and Reporting Schedule

MPPA Staff will annually provide forecasted 5-year positions to members for authorization by the Member City. MPPA Staff will continually keep member apprised of their market position with respect to their cities forecasted retail requirements. At least once a quarter MPPA will provide guidance as to how MPPA is managing their hedge plan as directed to MPPA staff through a signed Appendix 1.

E. Responsibility

It shall be the responsibility of each member Authorized Representative or delegate, the GM, and the MPPA Internal Risk Management Committee to ensure compliance with this policy

Attachment 1 – Member Power Supply Portfolio Risk Management Election Form

1. Energy Hedge Plan Election (Check one)

- Short Term Plan - 36 Month Horizon
- Moderate Plan – 48 Month Horizon
- Stability Plan – 60 Month Horizon
- Self-Directed Plan

Please accept or decline each of the following services described herein

2. RTO Capacity Services (required if using MPPA for market participation with RTO)

- Accept
- Decline

3. Peak Load Resource Planning and Hedging Services

- Accept
- Decline

4. Congestion Management

- Accept
- Decline

5. Renewable Energy Compliance Management Services

- Accept
- Decline

6. Intra-Month Optimization Services (required if using MPPA for market participation with RTO)

- Accept
- Decline

Signature of Member Authorized Representative

Date

Printed Name of Authorized Representative

Name of Member

By signing this form, the Authorized Representative agrees to have MPPA staff manage Member City's market position as authorized by above election. All transactions will be completed on Member's behalf as outlined in the Energy Risk Policy.

Effective Date: 5/13/2020

Appendix C – Natural Gas- Kalkaska Combustion Turbine and associated Natural Gas Assets

Objective

The purpose of this Policy is to detail the risk management components that MPPA employees must adhere to when managing the fuel requirements to operate the 55MW Kalkaska Combustion Turbine (“Peaking Facility”). The Policy contains; (a.) the Risk Management philosophy, (b.) identifies approved Natural Gas Products, (c.) outlines transaction Size and Term limits, (d) authorizes natural gas asset optimization strategies, and (e.) describes Authority levels required to enter into bilateral transactions.

Peaking Facility Description

The Peaking Facility contains one Pratt and Whitney FT-8 Twin Pac turbine set consisting of two combustion turbines fired by natural gas and utilizing water injection and low-NOx burners for controlling air emissions. It is coupled to an electric generation with an ISO nominal rating of 55MMW. The facility also has a diesel engine for operating a fire pump, a natural gas-fired “line-heater” to preheat natural gas fuel before that fuel is supplied to the turbines. It is a “peaking plant”, meaning that its operations mostly for short periods of “peak load” when demand for electricity is high or is operated out of economic merit order when the Transmission Operator requires voltage or frequency support.

Natural Gas Delivery Description

The Peaking Facility is served from the ANR Pipeline Prough Rd. interconnect and gas meter. Natural Gas must be scheduled from the ANR Storage Company Deward location for use in the Kalkaska CT. Natural Gas can be delivered and received at several points along the Great Lakes Gas Transmission and ANR Pipeline Company from the ANR Joliet Hub (outside of Chicago) to the ANR Storage Company interconnect with Great Lakes at Deward through long-term Transportation Agreements of MPPA.

Risk Management Philosophy

MPPA operates the Peaking Facility to provide energy & capacity and the associated economic benefit of five MPPA members who have long-term Power Supply and Project Support agreements with the facility. The facility must operate in the day-ahead and Real-Time market as it is a Capacity Resource in MISO. To operate the facility effectively, natural gas must be forecasted, purchased and scheduled to accommodate electric day operation. There are also restrictions on the use of Storage which must be used first before delivering to the facility. All this speaks to the need to properly define the types of natural gas supply transactions, products and term arrangements to be conducted in the market to effectively operate the facility.

Natural Gas Products

All Products must be (a.) Physically Delivered, (b.) Firm and for (c.) Fixed Quantities. The Products must be transacted in \$/MMBtu and capable of being Confirmed under the Exhibit A of the North American Energy Standards Board (NAESB) Master Agreement. Transactions can only be executed with Natural Gas Suppliers where MPPA has an active NAESB. This Policy authorizes Products to be purchases at the following Delivery Points:

Authorized Delivery Points

Physical Location	Delivery Point Description	Gas Price Index (related)
ANR- Joliet Hub	ANR Pipeline Company- Joliet Hub CDP	Chicago Citygate
APC-ANR	Alliance Pipeline – ANR Interconnect	Chicago Citygate
Deward	Great Lakes Delivery 40785	ANR-ML7
Farwell	Great Lakes Receipt 48644	ANR-ML7
ANR Storage	Storage Transfer	ANR-ML7

If other Delivery Point locations are found to be more efficient and effective for meeting the mandates under this Policy, then MPPA staff will propose and Addendum to this Policy and update the MPPA IRMC.

The agreement with ANR pipeline gives MPPA the rights to 300,000 DTh of Natural Gas Storage. This greatly exceeds the need for the Kalkaska CT itself. As such, in order to optimize the natural gas storage asset, MPPA may desire to purchase gas into storage and sell natural gas in storage in a forward month that provides benefit to the asset position and the project. At no point in time can MPPA use more than half of the storage asset in this manner. Any purchase or sales transactions must be done in accordance with this policy.

Transaction Size, Term Limits & Authority Level

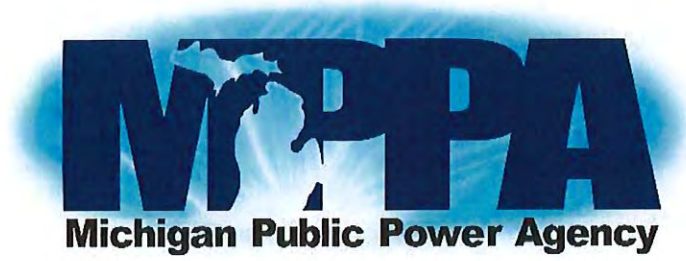
Transaction Size Limits (regardless of term)		
Commodity	Transaction Size (MMBtu)	Authority Level
Natural Gas	20,000	Any Person as Approved by GM
Natural Gas	20,000 to 33,000	Manager/Director
Natural Gas	Greater than 33,000	General Manager &CEO
Transaction Term Limits		
Natural Gas	1 day to Prompt Calendar Month	Any Person as Approved by GM
Natural Gas	Prompt Calendar Month +2 nd Month	Manager/Director
Natural Gas	Greater than 2 Prompt Calendar Months	General Manager & CEO

General Manager & CEO may delegate purchase authority for transactions on an as-needed basis.

Transactional Recording & Confirmation

All transactions regardless of Term must be signed via written Confirmation by the proper Authorized MPPA personnel within 2 business days of commitment. All Transactions will be executed via written Confirmation conformation to the NAESB Template. Committed Transactions will be recorded via email, Instant Message or phone line.

EXHIBIT B



Credit Risk Policy

Table of Contents

Purpose.....	1
Definitions.....	2
Governance.....	3
Contractual Agreements.....	4
Credit Risk Management Objective & Responsibilities.....	5
Counterparty Credit Rating Process.....	5
Credit Limits.....	5
Financial Exposure Measurement & Monitoring.....	5
Financial Exposure Reporting.....	5
Transaction Management & Approvals.....	5
Liquidity Management.....	5
Counterparty Credit Limit Scoring Model.....	Appendix A
Approved Counterparty List w/ Credit Limits.....	Appendix B
Credit Exposure Report.....	Appendix C
Concentration Report.....	Appendix D
MPPA Employee Acknowledgement.....	Appendix E

1. Purpose

Credit Risk Management is a key component of MPPA's Power Supply Risk Management Policy ("Risk Management Policy"). Credit Risk is embedded in every forward commodity transaction executed by MPPA. A counterparty contractual non-performance under a forward commodity transaction could subject MPPA and its Members to significant financial exposure. This financial exposure originates from the significant underlying price volatility in the power business. This Credit Risk Policy's purpose is to establish the terms and conditions for identifying, calculating, reporting and managing credit risk.

2. Definitions

Credit Exposure- amount estimated to be due to MPPA for Accounts Receivable/Payable including unbilled amounts, plus the Mark to Market of all transactions for that counterparty

Credit Rating- an estimate of the ability of a counterparty to fulfill its financial commitments, using quantitative and qualitative measures

Credit Risk- the potential loss MPPA may incur if a counterparty fails to perform on its financial commitments

Credit Limit- the maximum amount of financial exposure that MPPA will extend to a counterparty

Guaranty-The promise to pay the debt or fulfill the obligation of another entity if that entity fails to do so

Letter of Credit- a letter from a bank guaranteeing that a counterparty's obligation to financially perform on its commitments. If the counterparty is unable to uphold its commitment, the bank will be required to cover the counterparty's financial obligation

Mark to Market- the estimated market value of a contract calculated by multiplying the contractual volume by the difference between the current market price and the contract price. This valuation technique values all transactions and related costs of execution at fair market value

3. Governance

The Credit Risk Management role is performed by the Accounting/Finance department (Risk Management Staff) of MPPA. The Chief Financial Officer & Treasurer (CFO) is responsible for administration of this Policy. Additionally, the Internal Risk Management Committee (IRMC) is responsible for monitoring the ongoing compliance with this Policy along with all other risk factors. The IRMC has approved this Policy and must approve any material modifications to this Policy.

4. Contractual Agreements

To establish a legal basis for transactions with counterparties, the MPPA Power Supply Staff will enter into the appropriate trading agreement. For physical power transactions, Edison Electric Institute (EEI) agreements will be established. For financial transactions, not designated for clearing through an exchange, International Swaps Derivatives Agreements (ISDA) will be established.

The ISDA Master Agreement is the authoritative contract widely used by industry participants. It has established international contractual standards governing privately negotiated derivatives transactions that reduce legal uncertainty and allow for reduction of credit risk through netting of contractual obligations. The Agreement is designed, among other things, to facilitate cross-product netting, and may be used to document a wide variety of derivative transactions.

The EEI Master Power Purchase & Sale Agreement is a commercially oriented, physical power purchase and sale agreement incorporating precisely defined, commonly traded products, trading practices, and legal terms. Applying standard terms to each transaction helps to reduce the business risks in wholesale electricity trading by establishing certainty as to the reciprocal rights and obligations of each trading partner.

While MPPA is not currently utilizing exchange-based energy trading products or Over-the-Counter (OTC) financial transactions cleared through an exchange, when/if MPPA does approve this exchange medium, brokerage accounts will be established that allow MPPA to receive financial protection from the New York Mercantile Exchange (NYMEX) Clearing members, Intercontinental Exchange (ICE), or other regulated exchanges providing energy hedging tools. The integrity of NYMEX/ICE trades offers MPPA financial protection because the clearinghouse safeguards against default. The collective clearing membership of regulated exchanges helps to assure financial performance of all transactions.

5. Credit Risk Management Objective & Responsibilities

The objective of the Policy is to put in place policies and procedures for identifying, calculating, reporting and managing credit risk by MPPA Risk Management staff. The results of these efforts will be routinely reported to the Internal Risk Management Committee and Board of Commissioners. The primary responsibilities under this Policy are:

- A. Establishment of Credit Ratings for counterparties of MPPA
- B. Establishment of Credit Limits derived from the credit quality of counterparty Credit Ratings
- C. Develop, maintain and effectively use a financial exposure reporting system that routinely calculates and reports financial exposure for accounts receivable, accounts payable, unbilled and Mark to Market of energy commodity transactions
- D. Procedures to monitor and report on calculated financial exposure against counterparty Credit Limits to the MPPA Leadership Team (CEO, CFO and Director- Energy Supply & Market Operations) and MPPA staff involved in executing forward power supply transactions
- E. Transaction management and approval processes using Credit Limits and financial exposures
- F. Liquidity management that, ensures, at all times, that MPPA has sufficient counterparty capability to promote competitive solicitations for energy transactions as outlined in the MPPA Power Supply Risk Management Policy
- G. Concentration Limits are established and followed

5A. Counterparty Credit Rating Process

One of the fundamental concepts of managing Credit Risk is the establishment of sufficient levels of credit to facilitate the price hedging requirements of MPPA's Hedge Policy. MPPA will develop a Credit Limit for counterparties based on the analysis of all available information. Wholesale counterparties will undergo a comprehensive credit evaluation through ACES or a similar third-party credit monitoring organization. The CFO will review the report and recommended credit limits by the monitoring organization and advise the IRMC as to the creditworthiness of the counterparty based on the information provided as well as MPPA's own assessment.

When Risk Management Staff perform counterparty credit reviews and determine that the counterparty:

- Is not publicly rated, or
- Does not have financial statements, or
- Is not able to provide independent credit support, or
- Otherwise does not provide a basis to extend unsecured credit,

then the counterparty will be required to satisfy the credit needs to MPPA by providing alternative credit support; either by providing a Guaranty from another creditworthy entity, or by providing collateral in the form of cash deposits or an approved Letter of Credit.

The Letter of Credit should be an irrevocable, transferable, standby Letter of Credit, in form and substance reasonably acceptable to MPPA, issued by a major U.S. commercial bank assigned a Credit Rating of at least "A-" by S&P or "A3" by Moody's or any other entity as may be acceptable to MPPA in its discretion.

The provider of the Guaranty is subject to the normal credit review process detailed above. The format of the Guaranty, to be provided by the counterparty's guarantor, will be negotiated with the counterparty and review and approved by the CFO and/or MPPA legal counsel as required.

5B. Credit Limits

These are financial limits for each counterparty based on its Credit Rating. These limits represent the maximum amount financial exposure MPPA is willing to provide a counterparty. These will be used to monitor and manage the overall transactional activity with each counterparty. The CFO or the CFO's designee is responsible for the establishment and enforcement of all Credit Limits. (Appendix A)

The Credit Limit is based on a weighted assessment of the counterparty's financial strength. For counterparties with a Credit Rating from one of the 3 major rating agencies (Moody's, S&P, Fitch), 40% of the overall score is based on the lowest senior unsecured debt Credit Agency Rating.

The Financial Raw Score listed in the ACES Financial Analysis Report accounts for an additional 25% of the weighted rating. The ACES Financial Analysis report is comprehensive assessment of the financial metrics of the counterparty including all key liquidity, leverage and performance ratios. If the counterparty does not have an Agency Rating, the Financial Score will become 65% of the weighting for the overall Credit Limit. If the counterparty is a bank, the Capital Assets Score will be used in lieu of the Financial Raw Score.

Lastly, the Net Equity position of the counterparty will account for the final 35% of the overall weighting.

Credit extended to a counterparty by MPPA must not exceed the counterparty's strength of its balance sheet. As such, the Credit Limit will not exceed 5% of a counterparty's total net equity position.

If MPPA has the legal right under its wholesale power supply agreement (EEI or ISDA) it will require a counterparty to post the following forms of security if the counterparty's credit rating deteriorates and financial assurance is required:

- Cash
- An acceptable Letter of Credit
- An acceptable parental Guaranty from a publicly visible creditworthy entity as previously discussed

All collateral will be reviewed each month by Risk Management Staff with an emphasis on collateral expiring within the next 90 days to ensure proper resolution and disposition.

5C. Transaction Management & Approvals

Each counterparty's availability for future transactions shall be reviewed by the CFO and Director of Energy Supply regularly, but always when a recommended market transaction volume has been identified. A Hedge Policy Committee (HPC), or a member within a self-directed plan, may also develop further transaction liquidity requirements. In its review, Risk Management staff will review prospective power supply transactions to provide approval and guidance on acceptable counterparties and limits. Risk Management staff will also take steps to ensure:

- a. Counterparty(s) for the transactions are on the list of approved counterparties
- b. Counterparty(s) are within their credit limits for the intended transactions
- c. That Concentration Limits are respected

5D. Financial Exposure Measurement & Monitoring

MPPA has developed a counterparty Financial Exposure application that calculates and visually reports financial exposure by transaction and by counterparty using transaction volume, contract

price and term against an internally generated forward price curves (see Risk Management Policy Section 9 for details on Forward Price Curve development).

5E. Credit Report Generation

Risk Management Staff will compare the aggregate Financial Exposure to the current Credit Limits for each counterparty for potential credit limit violations on a weekly basis. Any change to the counterparty that would create an adverse exposure to MPPA or place the counterparty in exceedance of its Credit Limit will be immediately reported to the Power Supply staff and the MPPA Leadership Team along with any recommended actions to reduce the risk. Risk Management Staff will limit transactions with counterparties that are likely to exceed Credit Limits using probabilistic analysis.

Credit Reports to be generated by Risk Management Staff with distribution to Power Supply Staff, MPPA Leadership Team & the IRMC are the following:

Approved Counterparty List with Credit Limits- MPPA's current approved counterparties and associated credit limit exposure and transaction duration limits (Appendix B).

Credit Exposure Report- This report will be produced on a weekly basis by the Risk Management Staff and will incorporate the following: (Appendix C).

- Hedges positions by counterparty with accounts payable and accounts receivable data incorporated
- Comparison of current exposure to given counterparty approved credit limit
- Results of testing for compliance against exposure and net equity limits
- Any material changes to the financial strength of current counterparties

Concentration Report – This report will show each counterparty's market exposure by delivery year and for each delivery year to ensure compliance with the concentration limits set forth in this Policy (Appendix D).

Counterparty Credit Analysis- As new prospective counterparties are identified, a brief synopsis of the evaluation results will be provided as to the financial viability of that company. This report will include a recommended Credit Limit.

Significant Change Credit Report- When a current counterparty demonstrates a material change in credit strength, a report will be created by the Credit Risk Staff and provided to the CFO for evaluation and appropriate course of action.

Limit Exception Report- This report documents when a violation of a credit limit has occurred or if a counterparty has encountered a material change that would cause a movement to a higher risk category. The CFO will determine what course of action is required and will document the decision in this report.

The following reports will be reviewed at every IRMC meeting: Approved Counterparty List with Credit Limits, Credit Exposure Report, Concentration Report.

The following reports will be reviewed at the IRMC meetings as required: Counterparty Credit Analysis (prior new counterparty approval requests), Significant Change Credit Report, Limit Exception Report.

5F. Liquidity Management

MPPA shall always maintain enabling agreements and credit capability with multiple counterparties as outlined in the MPPA Power Supply Risk Management Policy.

5G. Concentration Limits

Despite rigorous credit management and procedures, energy commodity markets can experience risk management events that fall far outside normal market behavior. In these cases, changes to financial exposure and counterparty credit ratings can be swift and significant where the processes outlined in this Policy can't keep pace with the changes in the market. To further protect the Agency from these kinds of events, Concentration Limits will be used to cap the size of transaction volume executed with any single counterparty. These Limits may be waived by Senior Executive Staff of the Agency, when upon their review, the Limits conflict with Liquidity Management requirements and power supply economics are impacted more than the risk of exceeding the Concentration Limit.

No more than thirty (35%) of MPPA's total energy volume in MWh (excluding the MWh from MPPA owned or jointly owned assets) shall be attributable to a single counterparty against the total expected bilateral energy volume requirements for the upcoming calendar year. Since this is a lower volume limit than what is in our current Risk Policy, MPPA will have three years from the adoption date Policy to achieve full compliance with this Limit.

**Appendix A
Counterparty Credit Limit
Scoring Model**

Weighting

ACES Financial Score	25%
Agency Rating: S&P, Moody's, Fitch	40%
Net Equity Position	35%

Financial Score- ACES – 25%

Raw score taken directly from Report

Agency Rating – 40%

If there is no Senior Unsecured Debt, the Lowest Issuer Rating may be used

<u>Agency Score</u>	<u>Score</u>	<u>Agency Score</u>	<u>Score</u>
AAA	1.00	BBB+	3.00
AA+	1.25	BBB	3.33
AA	1.50	BBB-	3.75
AA-	1.75	BB+	4.00
A+	2.00	BB	4.25
A	2.33	BB-	4.75
A-	2.64	B or lower	5.00

Net Equity Position -35%

Credit Limit Matrix

<u>Net Equity Position</u>	<u>Score</u>	<u>Credit Limit</u>	<u>Weighted Score Low</u>	<u>Weighted Score High</u>
\$15,000,000,000	1.00	\$25,000,000	1.00	2.00
\$12,000,000,000	2.00	\$20,000,000	2.01	2.99
\$9,000,000,000	3.00	\$15,000,000	3.00	3.50
\$6,000,000,000	4.00	\$10,000,000	3.51	4.00
3,000,000,000	5.00	\$5,000,000	4.01	4.50
\$0	6.00	\$2,500,000	4.51	5.00
		0	5.01	6.00

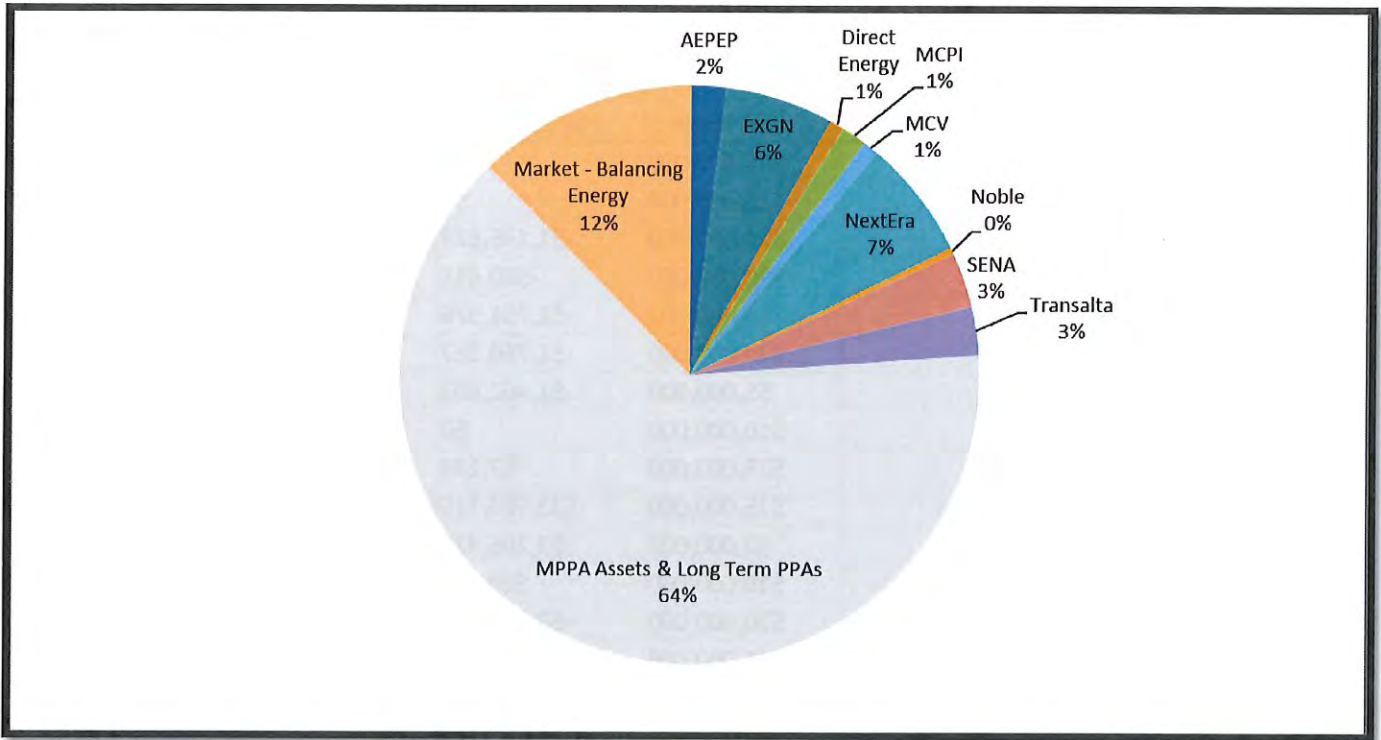
Appendix B
Approved Counterparty List with Credit Limits
Sample Report

Counterparty	Lowest Agency Senior		Financial		Agency Rating Score (40%)	Net Equity (35%)	Weighted Score	Total Net Worth	TNW Limiter	
	Unsecured Debt Rating	Assets Score (25%)	Score/Cap	Score					5%	Credit Limit
Company 1	AA-	2.15		1.75	6.00	3.34	\$ 1,635,500,000	81,775,000	\$15,000,000	
Company 2	A+	3.82		2.00	6.00	3.86	\$ 208,208,000	10,410,400	\$10,000,000	
Company 3	A	1.62		2.33	2.00	2.04	\$ 13,091,000,000	654,550,000	\$20,000,000	
Company 4	A-	3.98		2.64	1.00	2.40	\$ 63,241,000,000	3,162,050,000	\$20,000,000	
Company 5	A	5.85		2.33	6.00	4.49	\$ 1,366,253,000	68,312,650	\$5,000,000	
Company 6	BBB+	3.62		3.00	1.00	2.46	\$ 19,067,800,000	953,390,000	\$20,000,000	
Company 7	BBB+	5.02		3.00	5.00	4.21	\$ 4,342,314,000	217,115,700	\$5,000,000	
Company 8	BBB+	3.93		3.00	5.00	3.93	\$ 4,755,000,000	237,750,000	\$10,000,000	
Company 9	BBB+	3.53		3.00	3.00	3.13	\$ 10,207,000,000	510,350,000	\$15,000,000	
Company 10	BBB+	3.54		3.00	4.00	3.49	\$ 7,917,000,000	395,850,000	\$15,000,000	
Company 11	BBB-	5.27		3.75	6.00	4.92	\$ 379,400,000	18,970,000	\$2,500,000	
Company 12	BBB	2.10		3.33	5.00	3.61	\$ 3,034,400,000	151,720,000	\$10,000,000	
Company 13	BBB	3.98		3.33	1.00	2.68	\$ 30,764,000,000	1,538,200,000	\$20,000,000	
Company 14	BB+	4.58		4.00	5.00	4.50	\$ 3,165,000,000	158,250,000	\$5,000,000	
Company 15	B	5.60		5.00	6.00	5.50	\$ 1,901,000,000	95,050,000	0	

Appendix C
Credit Exposure Report
(Sample)

Counterparty	Credit Limit	Total Exposure 08.13.19	Total Exposure Compliance
Company 1	\$15,000,000	\$0	Ok
Company 2	\$10,000,000	\$0	Ok
Company 3	\$20,000,000	-\$1,136,674	Ok
Company 4	\$20,000,000	-\$80,411	Ok
Company 5	\$5,000,000	-\$1,751,976	Ok
Company 6	\$20,000,000	-\$1,764,167	Ok
Company 7	\$5,000,000	-\$1,462,602	Ok
Company 8	\$10,000,000	\$0	Ok
Company 9	\$15,000,000	-\$7,143	Ok
Company 10	\$15,000,000	-\$33,984,116	Ok
Company 11	\$2,000,000	-\$2,206,410	Ok
Company 12	\$10,000,000	\$20,444	Ok
Company 13	\$20,000,000	-\$2,547,446	Ok
Company 14	\$5,000,000	-\$983,261	Ok
Company 15	\$0	\$0	Ok

Appendix D
Concentration Report
(SAMPLE)



Appendix E
MPPA Employee Acknowledgement

I, the undersigned, have read and fully understand the MPPA Credit Risk Policy. I will comply with all the requirements of this policy and will alert MPPA Leadership to known breaches. I also understand that a breach of this policy may lead to dismissal.

I am aware that MPPA Leadership has the right to modify Policy limits on a discretionary basis.

Approved Version 1.0

Signature: _____

Name: _____

Date: _____

Memo

To: Mayor and Council
From: Lynne Ladner
Date: 06/5/20
Re: Resolution 2020-33 Temporary Social Zones

The Temporary Social Zones policy has been reviewed by the HEART and TIFA boards and reviewed and recommended with specific guidelines defined by the Planning Commission to allow restaurants, microbreweries, coffee shops, bakeries, taverns, and similar establishments to expand their capacity temporarily to assist in offsetting the restrictions that have been placed on them resulting from the COVID-19 pandemic. There is no fee to the businesses to apply, an application has been developed by making minor modifications to the City's Special Event Permit application, a memo along with the application has been developed for the businesses and distributed in the good faith that the Council would agree with the boards that have already reviewed this policy and encourage this opportunity to assist them in these challenging economic times.

The businesses will be required to provide a certificate of liability showing that they have insurance coverage for the area in which they are requesting as a "Social Zone", if the business has a liquor license, they will be required to comply with all Liquor Control Commission requirements and regulations, businesses will be responsible for manning, cleaning and clearing waste, and otherwise maintaining the area as reasonable while meeting the guidelines laidout in the policy. Social Zones are only allowed to be open from 7:00 AM to 10:00 PM and while the business can ask for their permit to last for any length of time (days, weeks, etc.) all permits will expire on October 31, 2020.

With our food and beverage establishments for the foreseeable future limited to 50% capacity for their seating indoors and even in currently approved outdoor seating areas due to social distancing guidelines this temporary policy which is being implemented in cities all over the state will provide them with an opportunity to recoup some of that capacity and may be the difference between whether these business are able to weather the COVID-19 crisis.

Lynne

RESOLUTION 2020-33
Hart City Council
City of Hart, Michigan

Adopt temporary Social Zones Policy

WHEREAS, the City of Hart recognizes the impact the COVID-19 pandemic has had on local businesses within the City; and

WHEREAS, the City wants to assist businesses in utilizing available resources to the best of their ability to assist in the recovery from the pandemic including the use of public spaces; and

WHEREAS, the due to ongoing restrictings capacity limitations on businesses such as restaurants, microbreweries, coffee shops, bakeries, and taverns it has been determined that it is prudent to adopt a policy permitting temporary social zones to expand the capacity of these establishments:

NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL:

Adopts the Temporary Social Zones Policy and Social Zones Permit Application to for restaurants, microbreweries, coffee shops, bakeries, and taverns. The Social Zones policy and permits will be in effect until October 31, 2020.

Moved by _____, supported by _____ and thereafter adopted by the Hart City Council at a regular council meeting held on June 9, 2020.

Ayes: Nays: Absent:

I hereby certify this to be a true and correct copy of the document on file with the office of the City of Hart Clerk.

Cheri Eisenlohr, Dep. City Clerk

Memorandum

To: Lynne Ladner, City Manager- City of Hart
Date: June 2, 2020
From: David M. Jirousek, AICP – Horizon Community Planning
RE: Temporary Outdoor Social Zones Proposal

Overview

In an effort to support local restaurants, microbreweries, taverns, and similar food service businesses, the City of Hart proposes to establish a permitting process for temporary outdoor social zones (“outdoor social zones”). Outdoor social zones are intended to allow for outdoor dining and social gatherings in public and private locations that are adjacent to or near associated business establishments. Further, review and approvals are proposed to begin as soon as possible after the State of Michigan allows the re-opening of restaurants and similar uses for public dine-in services, on-site consumption of alcohol, and quick-serve ordering.

Outdoor social zones are proposed to be administered through the City’s current special event permitting process. The refinement of the rules applicable to outdoor social zones is proposed to be established by resolution in accordance with the Covid-19 emergency authorities and protocols established by the Hart City Council.

Intent

Outdoor social zones will provide areas for dining and drinking while ensuring sufficient separation between unrelated parties. The areas will accommodate tables, chairs, barriers, boundaries, and accessory materials related to the offered services. Outdoor social zones are proposed in *certtain specifically designated places within* the following areas:

1. Private property, such as open space, parking areas, and hardscaped areas.
2. *City* parks and parking lots.
3. Sidewalks within the City’s public right-of-way.
4. Parallel parking spaces within the City’s public right-of-way in the following locations:
 - a. South State Street between Church Street and West Main Street.
 - b. West Main Street between South Courtland Street and South State Street.
 - c. East Main Street between South State Street and Hart Street.

It is also intended that *some of the* outdoor social zones may be shared by multiple businesses, so long as agreements concerning alternating days/hours of operation are established. However, public spaces immediately in front of a business establishment will be reserved solely for that business (public sidewalks and parallel parking spaces).

All designated spaces will be subject to review by Hart City Police and Fire Departments for traffic and safety considerations.

Qualifying Locations

Outdoor social zones may be authorized in the B-1 and B-2 Zoning Districts by the following business establishments: restaurants, microbreweries, coffee shops, bakeries, taverns, and similar establishments.

Application Process

Outdoor social zone permits must be requested by the business owner or an authorized representative. Applications and supplemental information must be provided in complete form for review and approval by the City Manager.

Required checklist items are the following:

1. City application.
2. Primary point of contact information.
3. Fee, if applicable.
4. Outdoor social zone layout plan (drawn to-scale with all dimensions noted and all information in legible form).
 - a. Lot lines, outdoor social zone boundary limits, and proposed barriers/barricades.
 - b. Existing entries/exits, sidewalks, structures, landscaping, street edges, and building footprints.
 - c. Proposed location of tables, chairs, tents, shelters, and materials, ensuring 6 to 10 feet minimum between unrelated parties.
 - d. Outdoor service and host area.
 - e. Designated pedestrian travel ways of at least 5 feet in width on public sidewalks.
 - f. Proposed occupancy.

Requirements

Outdoor social zones are subject to the following requirements:

1. Boundaries, structures, and materials associated with outdoor social zones shall:
 - a. Not impede drivers, pedestrians, wheelchair users, and cyclists.
 - b. Not block sight visibility at intersections.
 - c. Not impede emergency vehicle and personnel access.
 - d. Not prevent access to nearby businesses and homes.
 - e. ***Be approved by Hart City Police and Fire.***
2. Alcohol service shall conform to all Michigan Liquor Control Commission requirements, as applicable.

3. Hours of operation shall begin no earlier than ____ AM and no later than ____ PM. However, hours may be limited when adjacent to residential land uses. Service shall not extend beyond the range established on the permit.
4. Service shall conform to the permitted days of operation.
5. The layout of boundaries, structures, and materials shall conform to the proposed outdoor social zone layout plan during open hours. Tables, chairs, and temporary barriers shall be removed during closed hours. Solid barriers, if incorporated, may remain for the duration of the permitted timeframe.
6. Sites and surfaces shall be cleaned before service hours and upon close.
7. Tents and other temporary shelter structures shall be approved by the Fire Department and Building Official.
8. Amplified music shall be set at reasonable levels so as not to disturb owners and occupants of neighboring property.
9. Temporary lighting shall be established to ensure safe conditions during evening hours but shall not result in excessive glare onto adjacent property.
10. Waste receptacles shall be provided within the outdoor social zone and shall be emptied regularly during open hours and at close each day.
11. Heaters must be approved by the Fire Department (type and location).
12. Smoking is not permitted within designated outdoor social zones.
13. Outdoor social zones established in parallel parking spaces are limited to the spaces that directly front the applicable business establishment. Solid barriers, such as planters, fencing, concrete form blocks, or similar treatments, shall be placed along the edge of the parking space service area adjacent to the travel lane.

Review and Approval

The review of outdoor social zones will occur in conjunction with the Police Department, Fire Department, and Public Works Department. The City reserves the right to request additional details and information to ensure the protection of public health, safety, and welfare.

If requirements and standards are met, the proposed outdoor social zone will be permitted for a period of time specified by the City Manager. Reasonable conditions may be applied by the City Manager to ensure the protection of public health, safety, and welfare. Plan amendments may be considered at any time but must comply with all requirements for outdoor social zones.

Next Steps

1. Draft a detailed resolution to establish outdoor social zones as authorized special events and to set requirements and an application process.
2. Develop an application and checklist.
3. Board review and City Council consideration.



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Temporary Social Zones

Overview

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Outdoor social zones are proposed to be administered through the City’s current special event permitting process. The refinement of the rules applicable to outdoor social zones is proposed to be established by resolution in accordance with the Covid-19 emergency authorities and protocols established by the Hart City Council.

Intent

Outdoor social zones will provide areas for dining and drinking while ensuring sufficient separation between unrelated parties. The areas will accommodate tables, chairs, barriers, boundaries, and accessory materials related to the offered services. Outdoor social zones are proposed in *certain specifically designated places within* the following areas:

1. Private property, such as open space, parking areas, and hardscaped areas.
2. *City* parks and parking lots.
3. Sidewalks within the City’s public right-of-way.
4. Parallel parking spaces within the City’s public right-of-way in the following locations:
 - a. South State Street between Church Street and West Main Street.
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c. East Main Street between South State Street and Hart Street.

It is also intended that *some of the* outdoor social zones may be shared by multiple businesses, so long as agreements concerning alternating days/hours of operation are established.

However, public spaces immediately in front of a business establishment will be reserved solely for that business (public sidewalks and parallel parking spaces).

All designated spaces will be subject to review by Hart City Police and Fire Departments for traffic and safety considerations.

Qualifying Locations

Outdoor social zones may be authorized in the B-1 and B-2 Zoning Districts by the following business establishments: restaurants, microbreweries, coffee shops, bakeries, taverns, and similar establishments.

Application Process

Outdoor social zone permits must be requested by the business owner or an authorized representative. Applications and supplemental information must be provided in complete form for review and approval by the City Manager.

Required checklist items are the following:

1. City application.
2. Primary point of contact information.
3. Outdoor social zone layout plan (drawn to-scale with all dimensions noted and all information in legible form).
 - a. Lot lines, outdoor social zone boundary limits, and proposed barriers/barricades.
 - b. Existing entries/exits, sidewalks, structures, landscaping, street edges, and building footprints.
 - c. Proposed location of tables, chairs, tents, shelters, and materials, ensuring at least 6 feet minimum between unrelated parties.
 - d. Outdoor service and host area.
 - e. Designated pedestrian travel ways of at least 5 feet in width on public sidewalks.



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- f. Proposed occupancy. Attached is the section of the International Building Code (IBC) which has been adopted as the standard for

the State of Michigan related to occupancy calculations to provide you with a starting point. This does not consider the requirements in letter (c) above.

Requirements

Outdoor social zones are subject to the following requirements:

1. Boundaries, structures, and materials associated with outdoor social zones shall:
 - a. Not impede drivers, pedestrians, wheelchair users, and cyclists.
 - b. Not block sight visibility at intersections.
 - c. Not impede emergency vehicle and personnel access.
 - d. Not prevent access to nearby businesses and homes.
 - e. *Be approved by Hart City Police and Fire.*
2. Alcohol service shall conform to all Michigan Liquor Control Commission requirements, as applicable.
3. Hours of operation shall begin no earlier than 7:00 AM and no later than 10:00 PM. However, hours may be limited when adjacent to residential land uses. Service shall not extend beyond the range established on the permit.
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5. The layout of boundaries, structures, and materials shall conform to the proposed outdoor social zone layout plan during open hours. Tables, chairs, and temporary barriers shall be removed during closed hours. Solid barriers, if incorporated, may remain for the duration of the permitted timeframe.
6. Sites and surfaces shall be cleaned before service hours and upon close.
7. Tents and other temporary shelter structures shall be approved by the Fire Department and Building Official.
8. Amplified music shall be set at reasonable levels so as not to disturb owners and occupants of neighboring property.
9. Temporary lighting shall be established to ensure safe conditions during evening hours but shall not result in excessive glare onto adjacent property.



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10. Waste receptacles shall be provided within the outdoor social zone and shall be emptied regularly during open hours and at close each day.
11. Heaters must be approved by the Fire Department (type and location).
12. Smoking is not permitted within designated outdoor social zones.
13. Outdoor social zones established in parallel parking spaces are limited to the spaces that directly front the applicable business establishment.

Solid barriers, such as planters, fencing, concrete form blocks, or similar treatments, shall be placed along the edge of the parking space service area adjacent to the travel lane.

Review and Approval

The review of outdoor social zones will occur in conjunction with the Police Department, Fire Department, and Public Works Department. The City reserves the right to request additional details and information to ensure the protection of public health, safety, and welfare.

If requirements and standards are met, the proposed outdoor social zone will be permitted for a period of time specified by the City Manager but not to extend past **October 31, 2020**. Reasonable conditions may be applied by the City Manager to ensure the protection of public health, safety, and welfare. Plan amendments may be considered at any time but must comply with all requirements for outdoor social zones.



CITY OF HART
 407 S. State St., Hart, MI 49420
 Ph: 231-873-2488 Fax: 231-873-0100
SOCIAL ZONE



THE CITY IS NOT RESPONSIBLE FOR BY-STANDERS LOCATED IN YOUR SOCIAL ZONE.

DATE OF APPLICATION: _____

NAME OF BUSINESS: _____

DATES OF SOCIAL ZONE USE: _____ TIME OPEN: _____ TO _____

LOCATION The Applicant agrees to submit all required information and agrees to comply with all conditions and requirements for this temporary social zone use, including Fire and Police reviews and approvals, insurance requirements and other matters outlined in the City checklist and social zone memorandum. The applicant shall review procedures and logistics for use of the social zone area with the City Manager before commencing any such use

DESCRIPTION OF SOCIAL ZONE SERVICES: _____

SPECIAL NEEDS: _____

NAME OF OWNER/RESPONSIBLE PARTY: _____

ADDRESS: _____

CONTACT PERSON: _____

PHONE: _____ FAX: _____

EMAIL: _____

X

SIGNATURE OF OWNER/RESPONSIBLE PARTY _____ DATE _____

IT IS YOUR RESPONSIBILITY TO REVIEW THE LOGISTICS WITH THE CITY MANAGER AND OTHER REQUIRED PARTIES INDICATED IF THE CHECKLIST LISTS THAT IT IS NEEDED.

POLICE: 873-2488, DPW: 873-3100, HYDRO: 873-5367, EMS: 873-8240

SECTIONS BELOW TO BE COMPLETED BY THE CITY

PROOF OF LIABILITY INSURANCE EXPANDED SERVICE AREA: YES OR NO

PROOF OF LIQUOR CONTROL COMMISSION APPROVAL: YES OR NO

LOGISTICS MEETING NEEDED: YES OR NO

DEPT. ATTENDING: DPW POLICE EMS HYDRO

PERMIT NUMBER: _____ APPROVED BY CITY COUNCIL/CITY MANAGER _____

DATE OF APPROVAL/DENIAL: _____ YES OR NO

CONDITIONS: _____

CITY REPRESENTATIVE'S SIGNATURE: _____

Memo

To: Mayor and Council
From: Lynne Ladner
Date: 06/5/20
Re: Resolution 2020-34

As we are nearing the end of FY 2020 the proposed Budget Amendments are brought to the Council as a way to clean up the books as we prepare to end the fiscal year. In some areas we have had additional expenditures that were unanticipated in the Sewer department this was seen with several unplanned projects that were discovered with the completion of the SAW grant line videoing with areas that need immediate repairs. This also came up in the Lincoln Street project where we struggled with discovering active lines that had been previously labeled as dead or removed. In the General Fund we saw substantial additional spending in the end of the 3rd and throughout the 4th quarter as we have adapted to the pandemic response. Including new computer hardware and software to enable staff to meet the state requirements for working from home while still providing essential City services, equipment and supplies to provide the necessary protection for employees from plexiglass barriers for the payment window at city hall and dividers for the council chamber, significant increase in cleaning supplies, specialty cleaning equipment, disinfectants and hand sanitizers.

Lynne

Resolution 20-34

**City of Hart - City Council - Hart, Michigan
BUDGET AMENDMENT**

WHEREAS, the City Council may amend the annual budget to reflect changes in purchasing patterns or revised objectives; and

WHEREAS, the City Council desires to secure the benefits of efficient self-government and to promote and protect our common interests and welfare;

NOW THEREFORE BE IT RESOLVED THAT THE HART CITY COUNCIL amends the FY2020 Annual Budget as follows:

Expenditures

FUND		Description	GL Number	ADOPTED	AMENDED	JUSTIFICATION
General Fund	BUDGET			BUDGET		
1	Administrative	Property Acquisition	101-172.000-970.009	\$0	\$56,393	227 E Main Purchase
2	Administrative	Computer Upgrading	101-172.000-970.005	\$5,000	\$24,558	Server and Software upgrades - COVID related
3	Administrative	Professional Svcs	101-172.000-801.000	\$20,000	\$35,000	Legal, Planning, Consulting Svcs
		Total			\$115,951	
4	Elections	Office Supplies	101-191.000-727.000	\$700	\$2,800	Supplies
5	Elections	Professional Svcs	101-191.000-801.000	\$1,000	\$1,400	training
6	Elections	Printing & Publishing	101-172.000-801.000	\$20,000	\$35,000	Ballots and envelopes
		Total			\$39,200	
7	Assessor	Contractual Svcs	101-209.000-818.000	\$33,000	\$40,800	Tax Tribunal Expenses
		Total			\$40,800	
8	Com & Econ Dlpt	Main Street Manager	101-728.000-702.220	\$42,000	\$21,466	phased out
9	Com & Econ Dlpt	Wages Zoning Enforcement	101-728.000-702.230	\$26,000	\$7,500	furloughed due to COVID-19
10	Com & Econ Dlpt	Planning Comm	101-728.000-999.541	\$15,000	\$10,000	reduced uses
		Total			\$38,966	
11	Recreation & Culture	Contractual Svcs	101-775.000-818.000	\$328,290	\$38,290	construction delayed due to COVID-19
		Total			\$38,290	
	Local Streets					
12	Routine Maintenance	Overtime	203-463.000-702.900	\$0	\$222	not budgeted
13	Routine Maintenance	FICA	203-463.000-715.000	\$0	\$17	not budgeted
14	Routine Maintenance	Operating Supplies	203-463.000740.000	\$0	\$720	not budgeted
15	Routine Maintenance	Prof. Svcs	203-463.000801.000	\$0	\$820	not budgeted
		Total			\$1,779	

Street Improvements						
16	Expenditures	Prof. Svs	204-000.000-801.010	\$40,954	\$96,000	addition issues with Lincoln St project
	Hydro					
17	Accounting & Collec	Clerical	580-537.500-702.300	\$63,700	\$68,000	employee wages additional time spent
		Meter reading	580-537.500-702.350	\$2,500	\$3,500	additional time spent
			Total		\$71,500	
	Sewer					
18	Sewer Collection - Tri	Prof. Svs	590-527.300-801.000	\$612,000	\$795,000	Sinkholes and line repairs discovered during TV
			Total		\$795,000	

Moved by _____ and supported by _____ and thereafter approved by Hart City Council at a regular meeting on June 9, 2020
 Ayes: _____ Nays: _____ Absent: _____

I hereby certify this to be a true and correct copy of the document on file with the office of the City of Hart Clerk: