**FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)**

**Regular Meeting**

**Minutes**

**Thursday, February 19, 2015, 6:00 p.m.**

**Fife Lake Village Hall, 616 East Bates Street, Fife Lake, MI 49633**

**CALL TO ORDER:** The meeting was called to order at 6:00 p.m. by President William Fisk.

President Fisk made an announcement regarding the Fife Lake Township vote that took place last month to remove Ms. Lori Ann Rognlie from the FLAUA Board. This vote has been rescinded and the issue legally resolved. The Fife Lake Township Board has voted Mrs. Linda Forwerck to be an Alternate on the FLAUA Board.

**ROLL CALL:** Roll was called by President William Fisk.

**Present:** William Fisk-President, Jodi Velez-Vice President, Lori Ann Rognlie-Secretary, Tom Gray-Treasurer and Commissioners Ron Broering and Brandon Gwizdala.

**Absent:** Commissioners Lisa Leedy, Ricky Hulwick and Terry Street.

**Others in Attendance:**

Mr. Paul Olson, Risk Manager/Agent, Municipal Underwriters of Michigan (MUM)

Mr. John DeVol Fleis & VandenBrink (F&V) Engineering

Member of the Public.

**APPROVAL OF AGENDA:**

Ms. Rognlie requested the addition of the Fleis & VandenBrink Monthly (January, 2015 and December, 2014) Operations Report be added to the Correspondence section. It was distributed to the Board.

Mr. Fisk suggested we discuss the possibility of terminating waste pick-up at the plant and pursuing an intergovernmental agreement with Fife Lake Village.

**Board Action:**

Mr. Gray made a motion to approve the Agenda as Amended. Ms. Velez seconded the motion.

Vote: YEAS: All. NAYES: None. Motion carried.

**APPROVAL OF MINUTES & FINANCES:**

**Approval of Minutes, Regular Meeting, 1-15-15:**

President Fisk asked for a motion to approve the 1-15-15 Regular Meeting Minutes.

**Board Action:**

Mr. Gray made a motion to approve the Minutes of the Regular Meeting of 1-15-15. Ms. Rognlie seconded.

VOTE: YEAS: All. NAYES: None. Motion Carried.

**Approval of Treasurer’s Report for February, 2015:**

The Treasurer’s Report had previously been distributed to the Board. Mr. Gray noted a copy of the revised budget based on last month’s revisions was distributed to the Board this evening.

**Board Action:**

Ms. Rognlie made a motion to approve the Treasurer’s Report, with revisions, for February, 2015. Mr. Gwizdala supported the motion.

VOTE: YEAS: All. NAYES: None. Motion carried.

**Approval of Bills Payable for January, 2015:**

Mr. Gray stated Forest Area Services (FAS) has been receiving and responding to email and telephone messages; Mr. Fisk noted that he has spoken with Ms. Lisa Leedy about setting up dedicated email/voice mail for improved efficiency in responding to residents, and that should be up and running within a month or so.

Mr. Fisk reported the auditors are pleased with the documentation FLAUA, FAS, and F&V have provided them in preparation for the audit.

Mr. Gray inquired about bond documents and their availability; Ms. Rognlie indicated she emailed the auditors the entire bond book yesterday.

Mr. Broering inquired whether the F&V and Running, Wise & Ford (RWF-attorneys) invoices have been reviewed. Ms. Rognlie and Mr. Gray responded yes. Mr. Fisk reported the fee for the legal defense of the previously reported situation with Fife Lake Township and verifying the legal seating of the FLAUA Secretary was $1,800. Mr. Broering inquired whether there is any recourse to recoup this expense. Mr. Gray and Mr. Fisk indicated there is not; however, we were required to defend this situation to ensure the legal representation of our Board. Additionally, the USDA has very specific requirements to which we must comply. The actions of Fife Lake Township (FLT) were taken two hours prior to the FLAUA January Regular Meeting. There was no time to react prior to the meeting; therefore, we were required to seek legal counsel. It is the hope of this Board that we, and our constituent municipalities, may work collaboratively in the future for the benefit of the community.

Regarding the RWF invoice and line items, Mr. Gray asked whether RWF is accurately breaking out charges to FLAUA Operations, SAW Grant, and In-kind monies. Several recent fees were not properly applied to these areas as previously arranged; Mr. John DeVol of F&V and Mr. Fisk will follow-up with RWF.

Mr. Gray referenced the F&V invoice regarding Brian Lee (F&V Operations Project Manager) preparing MDEQ paperwork and overseeing operations. Mr. Fisk explained Mr. Lee’s recent involvement in Operations. Mr. Gray has not yet received a January, 2015, Operations invoice from F&V; Mr. Fisk will follow-up on this.

Mr. Fisk reported an F&V invoice in the amount of $92,090 will be held in place until the USDA funding begins.

**Board Action:**

Ms. Rognlie made a motion to approve the Bills Payable for January, 2015. Mr. Broering seconded the motion.

ROLL CALL VOTE: Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Gwizdala-Y. Motion carried.

**COMMUNICATIONS:**

**President’s Report:**

The President’s Report had been previously distributed to the Board.

**Correspondence:**

Correspondence had previously been distributed to the Board. The Fleis & VandenBrink Monthly Operations Reports for January, 2015, and December, 2014 were presented at the meeting.

**Board Comment:** None.

**Citizen Comment:** None.

**GUEST:** Mr. Paul Olson, Risk Manager, Municipal Underwriters of Michigan (MUM).

Mr. Olson presented the Summary of Coverages for FLAUA for 2015-16 (Michigan Township Participating Plan) to the Board. He has served FLAUA for the past 29 years and works exclusively with municipalities. He reviewed the existing policy and impending insurance renewal proposal. He provided an overview of coverage for properties, vehicles, trailers, equipment and general liability (bodily injury, property damage, and personal injury).

The premium amount for Property & Casualty represents an approximate 3% increase from 2014 ($8,182) to 2015 ($8,576). The FLAUA carries $1 million in general liability coverage. Blanket property values were listed at $3,551,000 last year and are currently valued at $3,729,000, an approximate 5% increase in value ($160,000). The policy is written on a blanket basis as we are dealing with multiple properties.

The Board and Mr. DeVol also discussed revenue bonds.

Mr. Olson discussed past claims on sewer backups and Public Act 222, passed by the Michigan State Legislature in 2001. He also discussed the Public Officials Wrongful Act Liability Coverage in the event of a civil rights violation lawsuit.

Board members asked for a corrected description of a piece of equipment described as a Ford Backhoe Mower; there is no mower and should be listed as a Ford Backhoe.

Mr. Olson informed the Board of Public Act 138 for Terrorism Coverage, passed by the Federal Government in 2007. He explained this coverage and provided rate information for the Board to consider. He was not aware whether USDA required this coverage in light of the renovation project.

Mr. Olson provided the Workers Compensation Policy and Auto Certificates to the Board.

Mr. Olson informed the Board the Michigan Township Participating Plan will be providing dividends of approximately 1.5%. However, the Board of Directors will not be making any final decisions until their April meeting.

**ACTION ITEMS:**

**Insurance Renewal:**

**Board Action:**

Mr. Gray made a motion to renew the proposed insurance policy for the year 2015 with the Municipal Underwriters of Michigan in the amount of $8,576. Ms. Rognlie seconded the motion.

ROLL CALL VOTE: Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Gwizdala-Y, Fisk-Y. Motion carried.

Mr. Fisk discussed the proposed rider for Terrorism Insurance coverage at $97/year. Mr. Olson stated an Act of Terrorism would need to be declared by the Federal Government. Board discussion followed.

**Board Action:**

Mr. Broering made a motion NOT to add the Terrorism Rider to the existing policy. Ms. Rognlie seconded the motion.

ROLL CALL VOTE: Rognlie-Y, Gray-Y, Broering-Y, Gwizdala-Y, Fisk-Y, Velez-Y. Motion carried.

**Annual Report:**

**Board Action:**

Mr. Gray made a motion to approve the FLAUA Annual Report. Mr. Gwizdala seconded the motion.

VOTE: YEAS: All. NAYES: None. Motion carried.

**By-Laws Amendments:**

Proposed By-Law Amendments were previously distributed to the Board.

Resolution 15-01, Better Business Practices: The Board discussed and clarified Article 7, Section 2, regarding eligibility of a Commissioner becoming an Officer.

**Board Action:**

Mr. Gray motioned to adopt Resolution 15-01 for Better Business Practices. Ms. Rognlie seconded the motion.

ROLL CALL VOTE: Gray-Y, Broering-Y, Gwizdala-Y, Fisk-Y, Velez-Y, Rognlie-Y. Motion carried.

**Rules & Regulations:**

Resolution 15-02, Rules and Regulations

There was discussion between Board Members and Mr. John DeVol regarding the separation of items via Resolution as opposed to the prior format which encompassed every topic as a whole. A parallel document will be distributed to FLAUA and the three constituent municipalities.

The Board thanked Mr. Olson for his assistance to FLAUA.

Ms. Rognlie indicated she will be asking for approval to publish the Resolution at a cost of $180.75 in the Traverse City Record Eagle. The Resolution will need to be ratified by the Townships and the Village prior to publication. Publication of this is a requirement to ensure compliance with USDA Document Control.

**Board Action:**

Mr. Gwizdala motioned to accept Resolution 15-02 Rules & Regulations. Ms. Rognlie seconded the motion.

ROLL CALL VOTE: Broering-Y, Gwizdala-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y. Motion carried.

**Bookkeeping RFP:**

Request for Professional Services (RFP) for Bookkeeping services. The existing bookkeeping contract with Forest Area Services expires in April, 2015.

**Board Action:**

Ms. Rognlie motioned to source an RFP for Bookkeeping services. Mr. Gwizdala supported the motion.

VOTE: YEAS: Fisk, Velez, Rognlie, Broering, Gwizdala. NAYES: Gray. Motion carried.

**Auditor RFP:**

Request for Professional Services (RFP) for Audit services.

**Board Action:**

Ms. Rognlie motioned to source an RFP for Audit services, for a USDA-required three-year contact. Mr. Gwizdala supported the motion. VOTE: YEAS: All. NAYES: None. Motion carried.

**USDA – WEP Checklist Status:**

An updated WEP Checklist was previously distributed to the Board. Ms. Rognlie reported several items remain for completion. However, Mr. DeVol indicated we are progressing well and that Mr. Blake Smith, USDA, is also aware of the status.

**Organizational Calendar Update for 2015:**

The 2015 Organizational Calendar was distributed to the Board in advance of the meeting. Ms. Rognlie reviewed several items and asked for additional input or changes.

**Proprietary Notice:**

Resolution 15-03 Proprietary Notice Policy. Proprietary Notices were previously distributed and asked to be signed by all Board Members and Recording Secretary. This is a confidentiality agreement regarding proprietary information.

**Board Action:**

Ms. Rognlie made a motion to accept Resolution 15-03 Proprietary Notice Policy. Ms. Velez seconded the motion.

ROLL CALL VOTE: Gwizdala-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y. Motion carried.

**Fleis & VandenBrink (F&V) Information Mailing Distribution:**

A proposed informational document was included in the meeting packet, created by Fleis & VandenBrink to inform residents of the renovation project and present objectives. Ms. Rognlie procured three quotes for printing (Black & White vs. Color print) from Quik Print, The Copy Shop, and Copy Central. Board discussion followed. This is a 2-sided mailer, with FLAUA providing paper stock and envelopes. It was suggested we add a line on the monthly bills to also refer customers to the website, where it would be published in color.

**Board Action:**

Mr. Broering made a motion to prepare this informational mailing, in black and white format, accepting the lowest bid from Quik Print of $81.66 (plus a $245 postage cost for a total cost of $326.66 on the project). Mr. Gwizdala seconded the motion.

ROLL CALL VOTE: Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Gwizdala-Y. Motion carried.

**Personnel Committee:**

The December, 2014, Personnel Committee Report was included in the meeting packet and previously discussed.

The Personnel and Operations Report was also submitted by President Fisk. He re-visited the potential of a joint venture opportunity with the Village of Kingsley and sharing an Operator for the two sewer systems. Wade-Trim is their current operator and has extended their contract renewal deadline by 90 days. He will continue to pursue discussions with Mr. Blake Smith of USDA and Mr. Blake Foster from Kingsley. New information will be distributed prior to the next FLAUA meeting if it is available.

**Steering Committee:**

Ms. Rognlie inquired about the USDA Compliance Review regarding accessibility to the Fife Lake Village Hall. Mr. Fisk will facilitate this within the next two weeks.

**Open Items:**

Ms. Rognlie reported on several long-standing Open Items requiring action/closure:

* The Articles of Incorporation have been published in the Traverse City Record Eagle.
* We are in receipt of a Certificate from the Office of the Great Seal.
* Mr. Kevin Jasper is disputing an outstanding invoice regarding the compaction study performed for him to hook up to the system. He states he was not informed of the failed results until he received an invoice nor was he given the opportunity to rectify the situation. Following Board discussion, it was determined FLAUA will request a written request from Mr. Jasper, and the Board will make a determination. Mr. Gray brought up our $1,200 hook-up fee; Mr. DeVol indicated FLAUA has adopted a Sewer Connection Agreement and Financial Advisor, Mr. Tom Traciak, will be determining charges and working with the Steering Committee. Mr. Gray will notify Mr. Jasper of the need to put his request in writing and submit to the FLAUA Board.
* Ms. Rognlie inquired about the 2015 Rate Sheet (previous Rate Sheet had been created by FAS). Mr. Fisk will follow-up with Ms. Sandra Wilton of Forest Area Services.
* FLAUA did not receive the Risk Reduction Grant; Mr. Fisk indicated we will be resubmitting an application.
* There was no challenge within the 45-day time period to our procuring Revenue Bonds. Period expired February 5, 2015.
* Affidavits of Publication are all in place.
* A Safety Program and Groundwater Monitoring Program need to be completed. The Vulnerability and Disaster Plan is complete. Fleis & VandenBrink are currently working on our Asset Management Program.
* The Board discussed the possibility of discontinuing waste pick-up at the plant and implementing an intergovernmental agreement with Fife Lake Village. It appears the costs are nearly exact and clarification will be sought in order to make a determination.

**CITIZEN COMMENT:**

Mr. John DeVol of Fleis & VandenBrink reiterated there will be a parallel document contract distributed to the three constituent municipalities regarding the FLAUA Rules & Regulations Resolution which was adopted this evening. He received a draft of this document from the bond attorney today and will review it.

**BOARD COMMENT:**

Ms. Velez inquired about the F&V Operations Report regarding the purchase of meters and asked for clarification. Mr. Fisk indicated he will follow-up with Mr. Brian Lee (F&V) to verify what had been previously discussed and what is reported in the F&V Operations Report.

**ADJOURNMENT:**

Mr. Broering made a motion to adjourn the meeting. Mr. Gwizdala seconded the motion. Meeting adjourned at 8:04 p.m.

**Submitted by:**

**Kay Z. Held, Recording Secretary**