

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

Regular Meeting - Minutes

Wednesday, January 15, 2020, 6:00 p.m. 231-879-3565  
Fife Lake Township Hall, 134 Morgan Street, Fife Lake, MI 49633

**CALL TO ORDER:** President Gray called the meeting to order at 6:00 p.m.

**ROLL CALL:** President Gray called Roll.

**Present:** President Tom Gray, Vice President Marilyn Hayes, Treasurer Jodi Velez, Secretary Leigh Gifford and Commissioners Jim Gifford, Ron Broering, David Gill and David McGough.

**Absent:** None.

**Others in Attendance:** Compliance Officer Ray Ravary.

**APPROVAL OF AGENDA:**

**Addition:** Approval of Budget under New Business

**Board Action:**

Mr. Broering made a motion to approve the Agenda as amended. Mr. Gill seconded the motion.

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

**ACCEPTANCE OF MINUTES:**

**Acceptance of Regular Meeting Minutes of December 18, 2019:**

**Board Action:**

Mr. Broering made a motion to accept the Minutes of the December 18, 2019, Regular Meeting as presented. Mr. Gifford seconded the motion. Mr. Gill abstained from the vote as he was not present at the December meeting.

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

**TREASURER'S REPORT:**

**Treasurer's Report – Financial Report of December 31, 2019, and Payment of Bills:**

The Treasurer's Report included in the meeting packet was not the correct report. Treasurer Velez reported on the following:

January through December, 2019 Gross Profit was 103.28%. Year-end expenses were reported as 59.86% to budget; however, clarified below based on budget program not showing long-term liability.

As discussed during last month's meeting, the following accounts were above 100% to budget and adjustments were made in the final 2019 Adjusted Budget: Cell Phone, Training and Education, Building Repairs, Operating Supplies, Payroll Expenses and Wages, Uniforms, Utilities, and QuickBooks payments. The majority of these accounts were only slightly over budget (none over 108%) with the exception of Building Repairs, which has been previously discussed.

Ms. Velez will distribute the correct 2019 actual/budget and Adjusted 2019 actual/budget (if approved tonight), as well as the 2020 Budget.

Again, the budget program is not able to show long-term liability; i.e., the USDA Principal payment. It does show our twice yearly USDA Interest payments. This is why our year-end expense percentages appear so low. However, H&R Block provides a special report that shows our principal payment. Treasurer Velez will have another one generated next month.

On the USDA account, we currently pay:  
\$60k December (Interest only)  
\$80k in July (2/3 Interest and 1/3 Principal)

**Board Action:**

Mr. Broering made a motion to approve the Financial Report as presented. Ms. Hayes seconded the motion.  
VOTE: YEAS: All. NAYES: None. Motion carried.

**Payment of Bills:** There was Board discussion regarding Bills Payable.

Addition of \$225 Mill Creek Tooling bill for machinist work on the jetter.

Ms. Velez followed up on outstanding items:

Re: the 2 cents and 12 cents entries on the balance sheet under "Other Assets – Construction in Progress – SAW and USDA": she spoke with H&R Block and apparently in April when audit was completed, general journal correcting entries were to be made; however, were not. They will be made this month.

Re: the H&R Block entry on Budget vs. Actual page of "\$148.37 Ask Ray": this expense was for oars and oar locks for the rowboat. She has re-categorized these into the Equipment Repair and Maintenance Account.

**Board Action: December, 2019, Bills Payable:**

Mr. Broering made a motion to approve the December, 2019, bills as amended. Ms. Hayes seconded the motion.

ROLL CALL VOTE: Hayes-Y, Velez-Y, Broering-Y, Gray-Y, L. Gifford-Y, J. Gifford-Y, McGough-Y, Gill-Y. Motion carried.

**Michigan CLASS Investment Pool:**

Treasurer Velez has conducted and presented extensive research and information on the Michigan CLASS Investment Pool, as well as other local investment products and options in an effort achieve growth of surplus FLAUA funds while maintaining necessary liquidity and meeting USDA requirements.

However, prior to moving forward on the Michigan CLASS product or any other product, Ms. Velez researched whether FLAUA had a formal Investment Policy and found that it had last been discussed and only drafted in July, 2014. She presented the Board with the Policy draft which allows FLAUA to invest funds in a manner to provide the highest investment return with maximum security and defines safety, liquidity, diversification, and delegation of authority to make investments and perform as custodian of accounts. It also defines limitations.

This Investment Policy is not designed specifically for the Michigan CLASS program but for any investment vehicles in which FLAUA may choose to use the manner defined in the policy.

She also prepared and presented the Board with an Investment Policy Resolution in the event the Board chooses to adopt the policy at this evening's meeting.

There was Board discussion about both the Investment Policy itself as well as the Resolution. There was additional discussion about the Michigan CLASS fund, which has been previously extensively researched and presented to this Board.

**Board Action:**

Ms. Velez made a motion to adopt the presented Investment Policy document as presented and ratify it by adopting the presented Investment Policy Resolution 1-2020. Mr. Gill seconded the motion.

ROLL CALL VOTE: Gill-Y, McGough-Y, Hayes-Y, Velez-Y, Broering-Y, Gray-Y, L. Gifford-Y, J. Gifford-Y. Motion carried.

As discussed at last month's meeting, Ms. Velez presented the appropriate documents for submission if the Board approves to put funds into the Michigan CLASS Investment Pool. There is a required Participation Agreement outlining the program's structure. Additionally, a Participation Resolution is required.

**Board Action:**

Ms. Velez made a motion to approve the authorizing resolution by a public agency to partner with Michigan CLASS Investment Pool as our investment partner. Resolution 2-2020. Mr. Gill seconded the motion.

ROLL CALL VOTE: Gill-Y, McGough-Y, Hayes-Y, Velez-Y, Broering-Y, Gray-Y, L. Gifford-Y, J. Gifford-Y. Motion carried.

Certificate of Delivery, Resolution Agreement, and account set-up documents will be completed and forwarded to Michigan CLASS. There was Board discussion on the amount of funds to initially place in the Michigan CLASS program and from what accounts the monies would be transferred.

The Board looked at the following accounts and current balances:

Future Equipment Fund \$111,600 and Equipment Repair Fund \$60,700

These are surplus funds, not related to USDA redemption or reserve funds. The Board will monitor first quarter performance and re-evaluate transferring additional funds at that time.

**Board Action:** Ms. Velez made a motion to move \$75,000 from the Future Equipment Fund into the Michigan CLASS Investment Pool as an initial investment. Mr. Broering seconded the motion.  
ROLL CALL VOTE: J. Gifford-Y, Gill-Y, McGough-Y, Hayes-Y, Velez-Y, Broering-Y, Gray-Y, L. Gifford-Y. Motion carried.

**GUESTS:** None.

**COMMITTEE REPORTS:**

**Personnel Committee:** No meeting. No report.

**Steering and Operations Committee:** No meeting. No report.

**Compliance Officer/FVOP Report:** The Compliance Officer Report was distributed in advance of the meeting and discussed among the Board. Mr. Ravary also reported on the following:

Regarding the vandalism at the plant, he has met with law enforcement, made the required notifications to public agencies and entities, has taken care of all sampling requirements and is awaiting results, and has implemented remedial action. He will be meeting with an investigator from Lansing tomorrow who will be further reviewing this case.

Mr. Ravary has two files for claims with Integrated Controls for the power outage and accident. He has filed a claim for recent damage to the work truck. There is no resolution yet from Cummins Generator or AT&T. We will be receiving a \$780 credit from Cummins. We may need to get attorney involvement on the AT&T issue. This remains on his Outstanding Task List.

**CITIZEN COMMENT:** None.

**NEW BUSINESS:**

Election of Officers:

Ms. Gifford made a motion to re-elect current Board members to their existing positions for the year 2020:

- President: Tom Gray
- Vice President: Marilyn Hayes
- Treasurer: Jodi Velez
- Secretary: Leigh Gifford

Mr. Broering seconded the motion.  
VOTE: YEAS: All. NAYES: None. Motion carried.

Approval of 2019 Adjusted Budget:

Ms. Velez distributed the 2019 Adjusted Budget. The following adjustments were made to balance the 2019 budget:

- Cell Phone: increased by \$50
  - Training & Education: increased by \$250
  - Building Repairs: increased by \$1,550
  - Operating Supplies: increased by \$1,500
  - Payroll Expense: increased by \$250
  - Wages: increased by \$3,150
  - Uniforms: increased by \$100
  - Electric: increased by \$1,100
  - Quick Book payments: increase by \$275
- To achieve these adjustments, the Uncategorized Expenses line item was reduced by \$8,225.

**Board Action:**

Mr. Broering made a motion to approve the 2019 Adjusted Budget. Mr. Gill seconded the motion.  
VOTE: YEAS: All. NAYES: None. Motion carried.

**2020 Budget Approval:** Treasurer Velez distributed the 2020 Budget.

In addition to the 2019 amendments, the following changes were made to the 2020 budget:

Training and Education: increased by an additional \$1,500 as we may be having another employee certified as an operator

Contract Services: increased by \$17,500 (for jetting and televising of Cedar Ridge and Lakeview subdivisions)

Payroll Expenses: increased by \$1,200

Wages: increased by \$10,000 (for wage increases and the possibility of another employee)

The changes in the 2019 and 2020 budgets bring the Uncategorized Budget from approximately \$72,000 to \$35,000.

**Board Action:**

Mr. Gill made a motion to approve the 2020 Budget as presented. Mr. Broering seconded the motion.

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

**OLD BUSINESS:**

Audit Sealed Bids: President Gray opened the following sealed bid:

Baird, Cotter & Bishop for a three-year, all-inclusive, not-to-exceed bid for audit services:

2019: \$4,200

2020: \$4,375

2021: \$4,550

Hourly rates for additional services: \$180-250/hour for a partner or manager and \$60-115/hour for other professional staff.

**Board Action:**

Ms. Hayes made a motion to accept the Baird, Cotter & Bishop bid for a three-year audit contract as specified in their sealed bid for the years 2019, 2020 and 2021. Mr. Broering seconded the motion.

ROLL CALL VOTE: L. Gifford-Y, J. Gifford-Y, Gill-Y, McGough-Y, Hayes-Y, Velez-Y, Broering-Y, Gray-Y. Motion carried.

Asset Management Plan: Ongoing.

**Contract for Farming Rights:**

Our existing farmer, Dar Zimmerman declined to submit a bid as he is retiring. We received one bid for farming rights, from Tim Birgy & Son Farms. They have performed third cuttings the past three of six years. Their bid is for the 2020 through 2024 seasons. In return for the farming rights, they will re-seed Fields 4 and 5 using dairyland seed at their expense, use every means possible to get three cuttings per season, and provide FLAUA a copy of Tim Birgy & Son Farms insurance.

**Board Action:**

Mr. Broering made a motion to accept the bid of Tim Birgy & Son Farms for farming rights and harvesting of hay for the 2020 through 2024 farming seasons under the conditions as stated in their proposal. Mr. Gifford seconded the motion.

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

Mr. Ravary will notify them of acceptance of their bid offer.

**Outstanding Task List Discussion:**

The Outstanding Task List from last month was discussed. New items were added for individual and Board follow-up.

**COMMUNICATIONS:** Treasurer Velez noted that resident Esther Rose made a full year payment for 2020 and a second yearly payment by mistake, which was applied by H&R Block. There was Board discussion and consensus to approve issuance of a refund of her 12-month over-payment. Ms. Velez will notify Emily at H&R Block to issue reimbursement.

**CITIZEN COMMENT:** None.

**BOARD COMMENT:** Board Members are very happy with the Recording Secretary's implementation of the Outstanding Task List this past year. Many compliments were paid to Treasurer Velez for her unwavering commitment of both time and effort in balancing and projecting FLAUA budgets.

**ADJOURNMENT:** Ms. Gifford made a motion to adjourn the meeting. The meeting adjourned at 7:28 p.m.

**Submitted by: Kay Z. Held, Recording Secretary**