

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

**Regular Meeting
Minutes**

**Thursday, May 19, 2016, 6:00 p.m. 231-879-3565
Fife Lake Village Hall, 616 East Bates Street, Fife Lake, MI 49633**

CALL TO ORDER: President William Fisk called the meeting to order at 6:07 p.m.

ROLL CALL: President Fisk called Roll.

Present: William Fisk-President, Lori Ann Rognlie-Secretary, Jodi Velez-Treasurer, and Commissioners Lisa Leedy, Ron Broering, Jonathan Rose, Tom Gray, and Linda Forwerck.

President Fisk announced that Ms. Linda Forwerck is replacing Mr. Brandon Gwizdala on the Board for Fife Lake Township.

Absent: Leigh Gifford.

Others in Attendance:

Mr. Ray Ravary, FLAUA Employee
Mr. Ben Kladder, Fleis & VandenBrink Engineering (F&V)
Members of the community: Mr. Terry Street and Ms. Kathy McMachen.
Grand Traverse County Deputy

APPROVAL OF AGENDA:

Mr. Fisk noted the following amendments to the Agenda:

- Ms. Kathy McMachen would like to speak during the meeting.
- There will be discussion about a new mower.
- Under the Secretary Report, Property Affidavits will be discussed.
- Mr. Marv Radtke was scheduled to make a presentation; however, is unable to attend tonight's meeting due to a family emergency.
- There will be discussion about reinstating the Operations Committee and suggestions for a Groundbreaking Ceremony.
- Mr. Gray would like to discuss employees working for the Village and reimbursement in Unfinished Business.
- Ms. Forwerck requested clarifications on the January roster regarding Mr. Gwizdala's voting record and the sale of his home. It will be discussed under New Business.
- Mr. Gray noted the Agenda incorrectly states "Approval of Minutes of 4/28/16 Special Meeting." The date should read "4/21/16."

Board Action: Ms. Leedy made a motion to approve the Agenda as amended. Ms. Rognlie seconded the motion.

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

NOTE: Ms. Gifford arrived at 6:12 p.m.

GUEST:

Ms. Kathy McMachen voiced concerns about a 60% rate increase and felt there could have been a more appropriate place to notify residents other than on the bill. As a seasonal resident with four assessed properties, she believes the rate increase to be excessive and is asking for an exception as three of the properties have not been used for 10 years. Mr. Gray informed her that because the structures are habitable, they will be billed.

Mr. Fisk noted he did not received requested information from her in advance and advised supporting documents need to be distributed to the Board. He should be able to give her an answer at the 6/15/16 meeting. In response to her inquiring about public meetings, he advised her that Board Agendas and Minutes are the on FLAUA website.

ACCEPTANCE OF MINUTES:

Acceptance of Special Meeting Minutes, April 7, 2016:

Ms. Velez asked for clarification about the posting of the Special Meeting under "Approval of Agenda" regarding the time of the meeting as one posting read 6:00 p.m. and the corrected posting read 7:00 p.m. Ms. Leedy will clarify it.

Ms. Leedy will also clarify the line listing "Guests" where it reads "Unanimously Carried." Those two words will be deleted.

Board Action:

Mr. Broering made a motion to accept the Minutes of the Special Meeting of 4-7-16 as amended. Ms. Rognlie seconded the motion. Ms. Velez abstained from the vote as she was not present at the meeting.

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

Acceptance of Special Meeting Minutes, April 11, 2016:

Board Action:

Mr. Gray made a motion to accept the Minutes of the Special Meeting of 4-11-16 as presented. Ms. Rognlie seconded the motion.

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

Acceptance of Minutes, Regular Meeting, April 21, 2016:

Board Action:

Ms. Rognlie made a motion to accept the Minutes of the Regular Meeting of 4-21-16 as amended. Mr. Broering seconded the motion.

Ms. Forwerck brought to attention the portion of the minutes which outline a late fee waiver request regarding her bill and a discussion she had with H&R Block, who had the wrong account number. She inquired why this was brought to the Board. Ms. Velez replied that H&R Block reports to the Board, answers customer inquiries, and reports items which go on longer than one month. Ms. Forwerck requested the Minutes be clarified and it be reported in these Minutes, particularly because she is a Township Supervisor, that she was making a legitimate inquiry and was in no way requesting a Late Fee Waiver or any special consideration. H&R Block has since corrected the account number on her bill.

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

Acceptance of Special Meeting Minutes, May 12, 2016:

Board Action:

Mr. Gray made a motion to accept the Minutes of the Special Meeting of 5-12-16 as presented. Ms. Velez seconded the motion.

Ms. Gifford expressed concern about the date of the Special Meeting as there is a Planning Commission meeting every second Thursday and whether another date could have been selected. Mr. Fisk indicated no other date worked within the time constraints and availability of the volunteers on this Board.

Ms. Forwerck expressed concern that she and Ms. Gifford were not polled about that date. Mr. Fisk was working within a stringent time constraint while attempting to get a quorum. Time was of the essence in scheduling this meeting to procure the best interest rate the before the closing date on the financing. Mr. Fisk also responded that FLAUA does not have alternate members.

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

COMMUNICATIONS:

Rate Increase & Waive of Late Fees

Mr. Fisk reported he has communication from Ms. Barbara Weaver, a notice from Mr. Tom Synder, and earlier communication from Ms. Kathy McMachen. Ms. Velez provided communication from Mr. Greg Smith. There are policies

and procedures in place regarding late fees. If we are at fault, we will obviously not charge late fees. If a consumer is using a 3rd party for payment and it is not received by due date, it is considered late. There are no late fee waivers.

Mr. Gray suggested composing a letter to residents explaining the state of system when we started this project and the necessity for its renovation. He suggested it should include financial information while informing consumers of the repayment of the project, particularly that the rate increase is not for FLAUA financial gain, but to repay monies we will owe on the project.

Mr. Rose noted that without these renovations, we would lose licensure and incur tremendous fines and fees. Mr. Fisk stated information has previously been distributed about the project multiple times, including information from Fleis & VandenBrink.

Ms. Forwerck expressed concern that when residents receive increases, they believe she is responsible for it. Ms. Rognlie explained why the three municipality Boards no longer vote on the project, which was earlier voted on due to the payoff of the bond. Mr. Fisk noted all three municipalities are represented on the Board and that no one person has been singled out regarding the rate increase.

Preparation of an additional communication piece will be developed in the future and distributed to residents. Several Board Members will contribute to the content of this important information piece.

It was reiterated that the FLAUA has a Board meeting every month and the public is welcome to attend; however, public attendance is consistently nominal.

OFFICERS REPORTS

Treasurer's Report: Financial Report – April 30, 2016, and Payment of Bills

The Financial Report was previously distributed to the Board. Ms. Velez distributed an updated A/P statement to the Board at the meeting.

Board Action:

Ms. Leedy made a motion to accept the April 30, 2016, Financial Report as presented. Ms. Rognlie seconded the motion.

Mr. Gray noted Page 5 of 13 under Assets, there is \$9,004 in the Interest Redemption Fund and \$393 interest in the Reserve Account. Further on it states a Bond Payable of \$20K. This bond has been paid off. The next page lists a long term liability. Ms. Velez will resolve this with Ms. Charity Sawyer of H&R Block as it should not be in the Financial Report. VOTE: YEAS: All. NAYES: None. Motion carried.

Bills Payable:

Board Action: Mr. Gray made a motion to pay the Bills Payable as presented. Mr. Broering seconded the motion. ROLL CALL VOTE: Leedy-Y, Forwerck-N, Gray-Y, Gifford-Y, Fisk-Y, Velez-Y, Rognlie-Y, Broering-Y, Rose-Y. Motion carried.

Ms. Velez questioned the mileage expense reports for personal vehicles; H&R Block gave her new form with more detail. We also need to address mileage expenses not paid by Fuelman. This Board should not incur fees for mileage on a personal vehicle when our vehicle is being used to assist another governmental entity. Ms. Leedy reported all personal vehicle mileage costs are passed on to Fife Lake Village including the FLAUA truck. She inquired if mileage expenses should go into Bills Payable. Board discussion indicated yes. This will show on next month's report.

Resolution Publication – Traverse City Record Eagle:

Mr. Fisk reported there is a large 'announcement' document required by USDA before the closing on June 2, to be published in the Traverse City Record Eagle. The cost for this will be \$1,880.25. This publication is mandatory. Mr. Blake Smith, our USDA representative, was not amenable to the use of contingency fund monies for this. No one could foresee the cost of this during the application process. There are expenses the SAW & USDA grants or loan will not cover. This expense will show in the financials next month.

President's Report: The President's Report was previously distributed to the Board.

- This is a 9-member Board, and Mr. Fisk encouraged diverse ideas and cooperation among the members.
- He does a presentation when new Board members come in. He reiterated we are here to serve the community and to please be mindful of people's time as we are a volunteer Board. He commended everyone for their time, efforts, and commitment.
- He reviewed the history of the system, prior bond payoff, repair of a severely deteriorated system that had not been maintained, and the required DEQ/USDA revamps. He discussed financing options and needs of the system. A maintenance plan and funds now also required, as are attorneys, compliance to mandated issues, etc. We procured an unprecedented rate of monies for our community, receiving 44% of 45% of funds possible. This was the highest rate of funds ever received by a community in the State of Michigan. If this had not been achieved, the rate increase would have been monumental. The FLAUA Board did not determine the new rate; it was calculated by the funding parties. We received lowest interest rate possible on the loan; 1.7% for 40 years. Had we not moved forward on this project, we would not be in compliance and would have incurred 6-digit fines. He indicated there has been a 1% interest rate reduction in the past three months, resulting in a significant cost savings. Many other communities did not respond/provide data and were pushed to the side whereas FLAUA pushed forward, worked diligently, and provided everything that was requested of us to ensure we procured funds for this project. These items were mandated. June 2 is the expected closing date, with the goal of completion by year's end. Local contractors may be working on project too, bringing monies into the local community.

Secretary's Report:

Rules & Regulations By-Laws – Revision B Completed:

Ms. Rognlie reported the Close and Main documents were Amended and Adopted last month. We are now at Revision B of the R&Rs and By-Laws. Once we close on the revenue bond, we will have the documents.

Assessor – Property Affidavits:

Ms. Rognlie spoke with Ms. Dawn Kuhns on May 5 regarding receiving property transfers. Ms. Kuhns is working on the list.

COMMITTEE REPORTS:

Compliance Officer/FVOP Report: The Compliance Officer and FVOP Reports were previously distributed to the Board. Mr. Ravary indicated we are caught up on MIOSHA requirements and still working of the brush along the fence. Oil & brakes need to be done on the truck. We can do that ourselves, but must maintain receipts for the dealership in the event of any issues. He asked Ms. Velez to forward this information to Charity at H&R Block.

Mr. Fisk reported Mr. Blair Selover of F&V Operations stated 99% of grass cutting is contracted out. Mr. Selover also suggested using a Round-Up type product around the fence line (which is approved for that area). We may contact the county as they own equipment. Ms. Gifford stated the Township has a good groundskeeper in Mr. John Kelly. If we contract it out, RFQs will be put out.

Personnel Committee: No report.

Steering Committee:

Ms. Leedy reported there is a draft of the REU table and asked the Board to review and advise of any concerns. A final draft is forthcoming. Ms. Velez stated that Ms. Charity Sawyer of H&R Block will need a copy.

SPECIAL ORDERS: (Presentation) **Fife Lake Village ~ Mr. Marv Radtke:**

Mr. Radtke was not present as planned, due to a family emergency.

UNFINISHED BUSINESS: Appendix A:

Ms. Rognlie will bring this forward next month.

NEW BUSINESS:

Flail Mower:

Mr. Gray stated the flail mower is operational. A guard is required on the tractor; it was never manufactured with one. He spoke with Mr. Ray Garchow who can fabricate one. He is already on our payroll; therefore, no outside expense would be incurred. He also discussed the flail mower and ability to go uphill/downhill and not tip over. Ravines will require hand mowing. He and Mr. Rose are against spending \$5-10k for a new mower. Ms. Velez has researched used mowers for significantly less money. If we have to pursue a replacement mower, this will be explored. This topic will be discussed next month.

significantly less money. If we have to pursue a replacement mower, this will be explored. This topic will be discussed next month.

Operations Committee Reinstated from 12/15/15:

Mr. Fisk read aloud Resolution 16-10. The objective is to reactivate an Operations Committee.

Mr. Fisk suggested the possibility of appointing citizen members to this Committee. Ms. Forwerck inquired how this will be announced to recruit individuals. Mr. Fisk stated it will be posted through multiple venues.

Board Action:

Ms. Leedy made a motion to adopt Resolution 16-10 to reinstate the Operations Committee. Mr. Broering seconded the motion.

ROLL CALL VOTE: Gifford-Y, Fisk-Y, Velez-Y, Rognlie-Y, Broering-Y, Rose-Y, Leedy-Y, Forwerck-Y, Gray-Y.
Motion carried.

Ground Breaking Ceremony – Suggestions:

Ms. Rognlie suggested we have the media present. Mr. Fisk requested ideas be submitted at the upcoming Special Meeting. Mr. Ben Kladder of F&V requested a prominent location for the “USDA Project” sign, possibly at the A-3 station.

NOTE: Commissioner Broering had to leave at 8:00 p.m.

CITIZEN COMMENT: Ms. McMachen thanked the Board for their time in hearing her concerns.

UNFINISHED BUSINESS:

Cooperative Intergovernmental Agreement

There was extensive Board discussion about the current situation and our employees working for the Village through a Cooperative Intergovernmental Agreement. This was to be on an emergency, as-needed basis. Mr. Gray inquired of Ms. Leedy if the Village has posted for a position. Mr. Marv Radtke was to discuss this topic this evening. She noted the Village is asking for a continuation on using FLAUA staff for Village functions and the Village has agreed to pay all costs and mileage reimbursement on the FLAUA truck. The first invoice was received and corrected, and has been paid (\$3,500 for six weeks). The Village is absorbing all costs.

Additional board discussion covered employee hours and budget, the need to reduce these expenses, and that professional fees have decreased. Mr. Gray stated the FLAUA is not in the practice of sub-contracting personnel to the Village, particularly due to liability exposure and expenses. Ms. Forwerck expressed concern from the public about Village staff using the FLAUA truck, given the rate increase. There was Board consensus this topic should be clearly defined. She would like to see the FLAUA and Fife Lake Village run its own operation with its own employees.

Mr. Broering expressed the State of Michigan is strongly encouraging intergovernmental cooperation as it is generally a cost-saving measure and reduces duplication of services and equipment, particularly when entities are pursuing grants. He questioned that if the State is recommending this (nearly mandating it), they should be able to address insurance and liability issues.

Ms. Velez reported the current Intergovernmental Cooperation Agreement was meant to be a stop-gap measure, not a long-term situation. Mr. Fisk agreed all are aware of these issues, and our guest, Mr. Radtke, will address them.

Board Action:

Mr. Gray made a motion that as of May 20, 2016, FLAUA employees no longer work for the Fife Lake Village, other than on an approved emergency basis. Ms. Forwerck seconded the motion.

Board discussion continued about cost, liability, and a clear separation of FLAUA and the Village employees, services, costs to residents, and equipment. President Fisk stated for the record he is very opposed to this motion. He reiterated our employees aided the Village after two employees resigned without notice.

Ms. Leedy stated there is a clear separation of tasks and expenses of what FLAUA employees are doing for Fife Lake Village. Ms. Velez would like the Board to Mr. Radtke the opportunity to deliver his presentation as planned, rather than cut the Cooperative Agreement in the next 12 hours without discussion or a Special Meeting. Mr. Fisk will poll members for a possible Special Meeting tomorrow. Ms. Forwerck prefers the entire Fife Lake Township Board be involved. She was informed the FLT is represented on the FLAUA Board and their Board may attend as guests as the meeting will be posted. She would also like it posted at the Township Hall, Post Office, and Library.

ROLL CALL VOTE: Fisk-N, Velez-N, Rognlie-N, Broering-N, Rose-N, Leedy-N, Forwerck-Y, Gray-Y, Gifford-Y.
Motion failed.

OTHER BUSINESS: None.

BOARD COMMENT:

Ms. Forwerck stated that in order to obtain her packet to prepare for this meeting, she called the Township attorney and incurred legal fees to Fife Lake Township. The Township attorney in turn had to call the FLAUA attorney. She believes this was unnecessary.

Ms. Gifford believes anyone should be able to get information in event they want to sit on the Board. Mr. Gray reported when attending a public meeting, the Agenda and previous Minutes are available to the public, including Accounts Payable. This is public record, unless a legal matter.

Mr. Fisk stated that until the meeting, the packet information is proprietary. He noted that the By-Laws and Articles of Incorporation require an Oath of Office and supporting documentation of Board Members. Ms. Forwerck was contacted 5/5/16 and after that date for this information; however, it was not received. Therefore, she was technically not an FLAUA Board member until those requirements were met. They have since been met.

Going forward, she is able to receive meeting packets in the group distribution. Ms. Forwerck asked how a new Board member receives the packet prior to the meeting. Mr. Fisk stated distribution is via email, U.S. Mail, or personal delivery if possible. He reiterated the Board is following its By-Laws. The Oath of Office and through whom they need to be made for membership on the Board was discussed.

Mr. Fisk reiterated what the FLAUA Board has accomplished when many others did or could not, despite the government requirements. He complimented the Board on the enormous task they have taken on and responded to beyond expectations.

ADJOURNMENT: Ms. Forwerck made a motion to adjourn the meeting. The meeting adjourned at 8:15 p.m.

Submitted by:

Kay Z. Held, Recording Secretary