

**FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)
REGULAR MEETING
MINUTES
Thursday, August 21, 2014
6:00 p.m. Fife Lake Village Hall, Fife Lake, MI**

CALL TO ORDER: The meeting was called to order at 6:06 p.m. by Mr. William Fisk, President.

ROLL CALL: Roll was called by Recording Secretary, Mrs. Kay Held.

Present: William Fisk-President, Jodi Velez-Vice President, Lori Ann Rognlie-Secretary, Tom Gray-Treasurer, and Commissioners: Ron Broering, Ricky Hulwick, Lisa Leedy, and Robert Sturdavant.

Absent: William Saba

Others in Attendance:

Mr. John Koch, Superintendent, FLAUA.
Mr. Ben Kladder, Fleis & VandenBrink Engineering (F&V)
Mr. Kent Gerberding, Running, Wise & Ford, PLC (RWF).
Member of the Public.

APPROVAL OF AGENDA: In asking for approval of the evening's agenda, President Fisk added the following topics:

- Proposal from Fleis & VandenBrink Engineering
- Repair regarding B-5 Lift Station
- Pierce Street Hookup

Board Action: Ms. Leedy made a motion to approve the agenda with the above noted additions. The motion was seconded by Mr. Gray. Vote: YEAS: All. NAYES: None. Motion carried.

APPROVAL OF MINUTES – July 17, 2014 Regular Meeting:

Ms. Leedy noted correction in spelling of "Fleis & Vandenbrink" in July minutes. It has been confirmed by Recording Secretary the correct spelling is "Fleis & VandenBrink" per Mr. Ben Kladder.

Board Action: A motion to approve the Minutes of the July 17, 2014, Regular Meeting was made by Mr. Gray and seconded by Mr. Broering. Vote: YEAS: All. NAYES: None. ABSTAINED: Mr. Hulwick abstained from this vote as he was not in attendance at the July 17 meeting. Motion carried.

APPROVAL OF TREASURER'S REPORT for July, 2014:

Mr. Gray noted a \$20k bond payment was paid in early August. He referenced funds on hand and the prospect of paying off the bonds, interest, total amount owing, and potential legal fees. Ms. Leedy stated these issues can be discussed with Mr. Tom Traciak, the Financial Advisor to FLAUA. President Fisk will follow-up with the Steering Committee.

Board Action: A motion to approve the Treasurer's Report for July, 2014, as is, was made by Mr. Broering and seconded by Ms. Velez. ROLL CALL VOTE: Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Sturdavant-Y, Fisk-Y. Motion carried.

APPROVAL OF BILLS PAYABLE for August, 2014:

Ms. Leedy inquired about the Great Lakes Energy tax credit and if that was the reason for the lower electric bill (about \$300 lower). The Kalkaska site is due a credit of approximately \$131.56. A credit was

applied in the amount of \$88.04 with total due of \$42.40. That station typically runs \$1,000+/month. It was determined through Board discussion the marked reduction was due to a 10-day period when Mr. Dar Zimmerman cut hay and no irrigation was running during that time.

Ms. Rognlie inquired about the AT&T credit that was to be applied to the FLAUA bill. President Fisk will check into the matter.

Board Action: Ms. Leedy made a motion to approve Bills Payable for August, 2014, as presented. The motion was seconded by Mr. Broering. Motion carried. ROLL CALL VOTE: Rognlie-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Sturdavant-Y, Fisk-Y, Velez-Y.

COMMUNICATIONS:

Correspondence: There was no correspondence to discuss at this time.

President's Report: The President's Report had been distributed to the Board. No questions or comments were raised.

Superintendent's Report: The Superintendent's Report had been distributed to the Board. Mr. Koch added that he is waiting for the Confined Space Entry Policy Manual from Mr. Joe Little of Michigan Rural Water Association (MRWA).

Regarding the aerator that went down in July, as stated in his report, it was initially thought to be a lightning strike; however, found to be a bearing that went out on the motor rebuilt last spring by Mr. Tom Heise. Additionally, the outdoor disconnect switch also burned out. Mr. Joe Burfield was on call at the time and called Advantage Electric.

As phone calls to Mr. Heise went unreturned, the motor was sent to Grahams Motor Shop in Traverse City (approved by Messrs. Gray and Fisk). Upon inspection, Grahams Motor Shop found the rebuild was not done properly.

Advantage Electric quoted \$300 for a new disconnect switch. Mr. Koch received approval to purchase one (\$170 from Standard Electric) and installed it. Power between the disconnect switch and the power supply at the building is correct and in good condition.

Ms. Leedy inquired if FLAUA is seeking a credit from Mr. Heise for the faulty rebuild on the motor. Mr. Heise agreed to rebuild it if he got the pump back; however, because time was of the essence and no response had been received, the pump had already been torn apart at Grahams.

Mr. Sturdavant inquired whether Advantage Electric can offer surge protection for the new system. There was discussion among the Board regarding the balance between having proper protection on the system at the present time and through to next March, at which time it will be replaced.

A new motor from Mr. Tom Heise is \$2,795 with a three-week turnaround. Mr. Mike Graham of Grahams Motor Shop can do a re-build with a 2-3 day turnaround, and they have worked with municipalities. Mr. Koch also spoke with two other municipalities to borrow or rent equipment as an additional backup option.

Mr. Koch was asked to procure quotes from Messrs. Tom Heise and Mike Graham. Mr. Fisk stated that in going forward more information is needed; however, it would seem the backup plan is acceptable as it appears we can be covered in a short time in the event of a problem.

Board Comment: There was no Board Comment.

Citizens Comment: There were no Citizen Comments.

ACTION ITEMS:

Forest Area Services (FAS) Invoice & Comp Time Reporting:

Mr. Fisk noted invoice fees from Forest Area Services (FAS) show only a single line item fee in the Bills Payable; however, there is no itemized detail shown with pertinent information of which FLAUA should be aware. He has asked for this in the past and been told by FAS the cost to provide would be additional, the request must come from the Board, and FAS is complying only with the original RFQ.

Mr. Gray referenced the current FAS invoice and its content:

Payroll Processing \$50.59

Monthly Billing to Sewer Customers \$210.91

Current Month Receipts, Balancing, Data Entry, Prior Month's Accounting \$730.84

Items that change monthly; i.e.,

Customer Inquiries, Account Changes, Statements, Program Maintenance. This month: \$197.47

Several Members expressed concern about the importance of knowing exactly what the customer inquiries/problems are about to identify repetitive issues that could more efficiently be resolved.

Ms. Rognlie noted when FAS was awarded the contract last April, she asked for an itemized invoice. She would like Board Members to also receive a copy of itemizations as invoices began at \$900/month and have gone as high as \$1,200/month. With regard to rate increases, the potential for more customer inquiry, and to achieve greater transparency, FLAUA needs to be able to quantify the FAS charges as well as services we are providing to the public.

Mr. Gray asked Mr. Koch about the FLAUA calls that go to the answering machine. He replied that Ms. Sandra Wilton of FAS accesses the machine and most of the calls are for her reply, primarily billing inquiries. Mr. Broering inquired how much time Mr. Koch has to spend returning phone calls and emails during a week. His response was possibly 10-15 hours/week responding to calls (primarily via his cell) and technical work.

Mr. Fisk offered additional comment in that FAS was not aware of the 2009 Identity Theft Policy, with FAS stating they never received it. They have been provided with it again and FLAUA is to receive any reports of issues flagged within the Identity Theft Policy.

Board Action: Ms. Leedy made a motion that, per the President's request, Forest Area Services provide full and detailed monthly billing to FLAUA. Mr. Sturdavant seconded the motion. Vote: YEAS: All. NAYES: None. Motion carried.

Freedom of Information Act (FOIA) Policy – Resolution #14-09:

President Fisk indicated the Resolution appears to be straightforward. The United States Department of Agriculture (USDA) is requesting FLAUA prepare numerous policies as part of the upgrade project and that we are in the process of doing so.

Ms. Leedy noted that FLAUA should include its P.O. Box on the FOIA Request for Public Records letterhead as we do not receive mail at the physical address listed. She also suggested including an alternate telephone number on all documents. She proposed the setup of a menu system through a virtual "phone.com" number where callers can be directed to specified telephone numbers.

Ms. Rognlie volunteered to be the FOIA Coordinator.

Board Action:

Ms. Leedy made a motion to seek a virtual phone number for better call routing and add the P.O. Box on all FLAUA documents. Mr. Broering seconded the motion. Vote: YEAS: All. NAYES: None. Motion carried.

Board Action:

Mr. Broering made a motion to pass FOIA Resolution #14-09 with the addition of the P.O. Box on the FOIA Request for Public Records letterhead. This motion was seconded by Ms. Leedy. Vote: YEAS: All. NAYES: None. Motion carried.

General Meeting Policy – Resolution #14-10:

Ms. Rognlie noted the posting of "To the Public" document in compliance with the Open Meetings Act (OMA).

Board Action: Ms. Rognlie made a motion to pass the General Meeting Policy – Resolution #14-10. Mr. Fisk seconded the motion. Vote: YEAS: All. NAYES: None. Motion carried.

Open Items:

Ms. Rognlie referenced several items from prior meetings that required action and to include their outcome in formal minutes. They are:

- Zimmerman claim: FLAUA and the Zimmermans received notification dated July 21, 2014, of HCC's rejection of the Zimmerman claim based on Public Act 222. No reply has been received from the Zimmermans. This claim is considered closed.
- Equipment Assessment Disposal form: She has created one for the Superintendent's use in tracking disposed assets of value.
- Baird & Cotter audit books: Auditors requested a Jurisdictional Inspection form in 2013 and 2014. It is to certify equipment owned by FLAUA. Mr. Koch is currently completing this task and it will be returned to Insurance Agent Mr. Paul Olson.
- Berkadia (bond holding company): They claimed on multiple occasions they do not have a certificate on file; Mr. Fisk, FAS, and Mr. Paul Olson confirmed it is in place. Mr. Olson sent us the certificate and it was forwarded to Berkadia again.
- 990-N Tax Exempt Status: Ms. Velez, Mr. Fisk, and auditors confirmed FLAUA's tax exempt status.

Due Diligence – RFQ for Auditor:

Board Action: Ms. Leedy made a motion to use the Request for Proposal to Auditors document to solicit bids, with a deadline for responses of 9/18/14. Mr. Broering supported the motion. Vote: YEAS: All. NAYES: None. Motion carried.

Steering Committee:

Mr. Fisk referenced the Fleis & VandenBrink (F&V) proposal for Groundwater Discharge Permit Renewal. The due date for this is 11/1/14. The cost is not to exceed \$2,100, with completion of the renewal within 45 days of authorization.

Mr. Gray requested discussion about soil samples. Mr. Hulwick stated this has been performed by F&V.

Board Action: Ms. Leedy made a motion to accept the Fleis & VandenBrink proposal dated August 18, 2014, for Groundwater Discharge Permit Renewal as presented. Ms. Rognlie supported. ROLL CALL VOTE: Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y. Motion carried.

B-5 Station: Mr. Koch noted the B-5 station had a leak between the wall and the shut off valve. Equipment can be rented for \$270; however, it is a confined space to enter. There is also the possibility welding may be required and that something else may break while fixing the valve, particularly given its condition. He received quotes from D&W Mechanical and Arms & Cole Mechanical. Arms & Cole was less expensive and has done work for FLAUA before. They would be prepared and capable of addressing unforeseen problems while complying with the Confined Space Entry requirements. Their fee is \$85/hr. with a minimum of two people (\$170/hr.).

There was discussion between Messrs. Hulwick, Gray, Fisk, and Koch regarding this site, its current condition, and need at this time. Mr. Ben Kladder of F&V recommended having it fixed at this time to reduce risk and avoid a larger problem in the event of a failure.

Board Action: Ms. Rognlie made a motion to hire Arms & Cole Mechanical to repair the B-5 Station spray, with a \$500 cost limit. Mr. Broering seconded the motion. ROLL CALL VOTE: Broering-Y, Hulwick-Y, Leedy-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y. Motion carried.

Sewer Connection Permit and Procedures / Pierce Street:

Members of the Board held extensive discussion about the current Connection Permit and Procedures, testing options, supervision of work, documentation, liability issues, and precedent setting.

The resident on the site being discussed is not yet connected but did pay the \$1,200 connection fee. He will be billed when he connects to it. Mr. Kladder stated he is not comfortable with someone cutting into the system. A pressure test cannot be done; however, a live tap test can, but must be done before the cut.

Regarding the house on Pierce Street, Mr. Koch states the lead was performed and documented correctly according to FLAUA procedure. He will forward that documentation to Mr. Kladder. Mr. Kladder stated that, barring photographs, he believes the procedure was followed properly. Mr. Hulwick indicated he would like an Engineer/Inspector to also be onsite in the future.

Ms. Leedy stated Mrs. Linda Smith on Pierce Street is not on the system; she is on a drainfield. Mr. Koch stated if she is beyond 200' from the system, she is not required to be on it. As asphalt will be laid shortly, this needs to be determined. Mr. Koch will look into this. Mr. Ben Kladder noted that since Elmer's is on site right now, he suggested coordinating with them. The Board agreed that policy revisions are needed for the Sewer Connection and Lead Procedure.

Board Action:

Mr. Broering made a motion that in moving forward, the Board require a revised procedure for Sewer Connection Permit and Fee Schedule as well as a new policy for Sewer Leads.

Additional discussion ensued. Mr. Broering rescinded the motion.

Personnel Committee:

Board Action: Ms. Leedy motioned to move into Closed Session for Written Opinion of Attorney. Mr. Broering seconded. ROLL CALL VOTE: Hulwick-Y, Leedy-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y. Motion carried.

BOARD WENT INTO CLOSED SESSION at 7:57 p.m.

BOARD RETURNED TO OPEN SESSION at 9:05 p.m.

Personnel Committee:

Mr. Fisk noted the Board is prepared to make an employment offer to Mr. Koch.

Board Action: Mr. Hulwick made a motion to offer the Employment Agreement to Mr. John Koch as presented at this time. Mr. Sturdavant seconded the motion. ROLL CALL VOTE: Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y. Motion carried.

Mr. Koch requested a Closed Session for Employee Review and Contract Negotiation.

Board Action: Mr. Broering made a motion to move into Closed Session for Employee Review and Contract Negotiation. Ms. Leedy seconded the motion. ROLL CALL VOTE: Fisk-Y, Velez-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Sturdavant-Y. Note: Ms. Rognlie was absent from the vote. Motion carried.

THE BOARD WENT INTO CLOSED SESSION at 9:11 p.m.

THE BOARD RETURNED TO OPEN SESSION at 10:00 p.m.

Board Action: Mr. Gray made a motion to reconvene to Open Session of the August 21, 2014, FLAUA Regular Meeting. Mr. Broering seconded the motion. Vote: YEAS: All. NAYES: None.

Agreement Review:

Mr. Gray stated that the FLAUA is unable to pay Mr. Koch 80 hours "vacation time." He used Comp Time back in April; however, it was noted as "vacation time" as stated in the Minutes. He still has 80 hours of Comp Time. Mr. Koch believes the total due to be approximately 120 hours. Mr. Fisk calculated there are a total of 116.75 hours of Comp Time owed plus 48 hours of accrued Sick Time (maximum of 240 hours of accruable Sick Time). Mr. Koch and members of the Board agreed the total computed Comp Time (116.75 hours) is correct. Clarity was made on this so as to avoid confusion in the future that Mr. Koch is not being paid in excess of his allowed "vacation time" hours.

Mr. Koch is currently paid on a Friday, for a week ending on Saturday. Therefore, there will be an adjustment in the pay schedule so that FLAUA is not paying in advance of any time worked. Going forward, Mr. Koch should turn in his time on Mondays (for the prior week's hours) and will receive his paycheck on Fridays. In adjusting the new pay schedule, there will be a week without an actual check; however, that amount will be calculated in the following check.

Mr. Fisk noted that Sick Time was not listed in the proposed Employment Agreement. Ms. Velez stated this appears to have been an oversight. Ms. Leedy and Mr. Sturdavant suggested Mr. Koch review the document in its entirety and return to the Board with any questions and comments. All parties were amenable to this.

In the interim, Mr. Koch will be paid at his current rate of pay, \$18.27/hr., until the new Employment Agreement is finalized. Mr. Gray noted this information needs to be relayed to Forest Area Services. In essence, the only change in his employment status as of this date is that Mr. Koch is now an At-Will employee as the original contract has expired.

Board Action: Ms. Velez made a motion for the FLAUA Board to approve payment to Mr. John Koch for 116.75 of accrued Comp Time hours to fulfill their obligation under the original Employment Contract. Mr. Broering seconded the motion. ROLL CALL: Velez-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y,

Sturdavant-Y, Fisk-Y. Note: Ms. Rognlie was absent from this vote (had to leave the meeting at 9:40 p.m. during Closed Session). Motion carried.

Mr. Hulwick stated this motion essentially finalized Mr. Koch's original contract; however, he has worked 43 hours this week. Mr. Gray suggested he take off three hours on Monday of next week. Ms. Leedy stated we do not wish to carry over any Comp Time.

Board Action: Ms. Leedy made a motion to pay Mr. Koch at his current rate of pay (\$18.27/hr.) plus \$600 monthly On-Call Stipend effective 8/21/14 until a new Employment Agreement is in place. Mr. Hulwick seconded the motion. ROLL CALL: Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Sturdavant-Y, Fisk-Y, Velez-Y. Note: Ms. Rognlie was absent from this vote (had to leave the meeting at 9:40 p.m. during Closed Session). Motion carried.

BOARD COMMENT:

Mr. Fisk noted that our account where monies were deposited by the USDA was charged a \$15 wire transfer fee.

ADJOURNMENT: Ms. Velez made a motion to adjourn the meeting. Mr. Broering seconded the motion. Meeting adjourned at 10:18 p.m.

Submitted by:

**Kay Z. Held
Recording Secretary**