

**FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)
REGULAR MEETING
MINUTES
Thursday, September 18, 2014
6:00 p.m. Fife Lake Village Hall, Fife Lake, MI**

CALL TO ORDER: Mr. William Fisk, President, called the meeting to order at 6:00 p.m.

ROLL CALL: President Fisk called Roll.

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

Absent: None.

Others in Attendance:

Mr. John Koch, Superintendent, FLAUA. Members of the Public.

APPROVAL OF AGENDA: President Fisk asked for approval of Agenda.

Board Action:

Ms. Leedy motioned to accept Agenda as presented; Mr. Broering seconded the motion. Vote: YEAS: All. NAYES: None. Motion Carried.

APPROVAL OF MINUTES, REGULAR MEETING, 8-21-14: President Fisk asked for a motion to approve the 8-21-14 Meeting Minutes.

Board Action: Ms. Velez made a motion to accept the Minutes of 8-21-14 as presented; Mr. Gray seconded the motion. Vote: YEAS: All. NAYES: None. Motion Carried.

APPROVAL OF MINUTES, SPECIAL MEETING, 8-26-14: President Fisk asked for a motion to approve the 8-26-14 Special Meeting Minutes.

Board Action: Mr. Gray made a motion to accept the Minutes of the 8-26-14 Special Meeting, Ms. Rognlie supported the motion. Vote: YEAS: All. NAYES: None. Motion Carried.

APPROVAL OF TREASURER'S REPORT FOR AUGUST 2014:

The Treasurer's Report had previously been distributed to the Board. Treasurer Gray noted \$10,000 has been transferred out of the operating fund, with \$8,000 being transferred into it; therefore, we are running at a monthly deficit. The fund balance is at \$64,035. Currently, we have \$71,595 available in the Bond & Interest Redemption fund, with \$85,000 owed.

Ms. Leedy stated we would forward Mr. Tom Traciak, FLAUA's Financial Advisor (USDA recommended advisor), and the current financial report for his review to assist in providing recommendation at the October meeting.

Mr. Gray noted next month he will present budget adjustments with recommendations of funds that will need to be moved. He will collaborate with Sandra Wilton of Forest Area Services (FAS) prior to the October meeting.

Mr. Broering inquired whether we had yet received a detailed billing from FAS (per discussion at August meeting). Mr. Gray noted their invoice this month indicates monthly fixed fees and itemized services, times, and fees. He provided examples and believes the detail was adequate and fees reasonable. Ms. Rognlie requested a copy of the detailed invoice.

Mr. Broering inquired if Mr. John Koch's (FLAUA Superintendent) timecard situation had been resolved. Mr. Fisk indicated work hours, sick time, odometer readings, etc., are being reviewed between him and Mr. Gray. In response to Mr. Broering's inquiry about the amount of time Mr. Koch is spending on phone calls and emails, Mr. Fisk noted that time is being reduced.

Board Action:

Ms. Leedy made a motion to accept the Treasurer's Report as presented; Mr. Broering seconded the motion. ROLL CALL VOTE: Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Saba-Y, Sturdavant-Y, Fisk-Y. Motion carried.

APPROVAL OF BILLS PAYABLE FOR SEPTEMBER 2014:

Mr. Fisk mentioned the Northern A-1 Services fee for \$4,246 was for underground storage tank removal.

Ms. Rognlie asked what the payment was for to Advantage Electric this past month. Mr. Gray did not have a copy of the invoice on hand. He and Mr. Koch discussed this and it was either for Advantage Electric's response to the suspected lightning strike at the wastewater treatment plant or for time spent with Glen of Advantage Electric for review of on premise controls system with Mr. Koch.

Board Action:

Ms. Leedy motioned to accept the Bills Payable for September 2014, pending verification by Treasurer and President of the Advantage Electric invoice in question. Mr. Sturdavant seconded the motion.

Mr. Gray pulled out prior month's invoices/Accounts Payable document indicating payment to Advantage Electric. This satisfactorily clarified the Advantage Electric payment.

Ms. Leedy amended her motion to approve the Bills Payable for September 2014 to remove the part pending verification of the Advantage Electric payment. Mr. Sturdavant seconded this motion.

Mr. Saba referenced the \$832.82 payment to Advantage Electric, inquiring if it was paid in August (not September). Mr. Gray believes it was paid in August; however, will confirm that it was not paid twice, as the billing cycle may affect the timeframe in which bills are paid.

ROLL CALL VOTE: Rognlie-Y, Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Saba-Y, Sturdavant-Y, Fisk-Y, Velez-Y. Motion carried.

COMMUNICATIONS:

Correspondence:

Correspondence had previously been distributed to the Board. Ms. Rognlie noted the response from Insurance Agent, Mr. Paul Olson regarding an inquiry to hunt on FLAUA property. Mr. Olson does not recommend any hunting due to increased liability.

President's Report:

The President's Report had previously been distributed to the Board. There were no questions or comments.

Superintendent's Report:

The Superintendent's Report had previously been distributed to the Board. Mr. Koch reviewed topics in the report; i.e., new Confined Space Entry Manual is completed for approval, new OSHA Injury Manual is prepared, the B5 station was repaired, and A2 issue is resolved, aerators are working fine, and Mr. Tom Heiss will look at the rebuilt motor that was returned from Grahams Motor Shop.

The Superintendent's Report also gave detail about the Pierce Street sewer leads (225 Pierce and 305 Pierce). Ms. Rognlie inquired about this report; a summary is in the Superintendent's Report and all information, including compaction report & diagrams, has been sent to President Fisk, who acknowledged receipt of it.

Specific discussion among the Board was regarding the offer from Triple K Irrigation to pick up the old 6" gated pipe at a cost of \$8.00/length (they have already purchased the 8" pipes). They are 30' lengths.

Mr. Koch recommended FLAUA accept this salvage offer; otherwise, FLAUA would need to invest man-hours to cut the lengths in 1/2, pull off plastic gates, cut off aluminum casts, and rent a dumpster at approximately \$500.

Board Action:

Mr. Gray made a motion to accept the Triple K Irrigation offer to purchase the 6" gated pipe at a price of \$8.00/length. Mr. Sturdavant seconded the motion. ROLL CALL VOTE: Gray-Y, Broering-Y, Hulwick-Y, Leedy-Y, Saba-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y. Motion carried.

BOARD COMMENT:

Ms. Rognlie outlined the many efforts of the Board, Steering Committee, Personnel Committee, and other members regarding the impending redevelopment of the FLAUA system. In short, we have secured Fleis & VandenBrink Engineering (F&V) and their expertise in the conditional assessment, analyzing results, technical recommendations, and guidance through the application process for state and federal funds. This has resulted in securing \$2+ million in grant funding and \$3+ million in loan monies.

FLAUA has written and revised numerous policies, conducted due diligence in procuring municipal and bond lawyers, as well as a bond CPA. She expressed thanks to all parties involved, noting much has been accomplished in just one year on such a large and intensive project.

Mr. Gray inquired about the level of the polishing pond as water can be pumped into the field until October 31. Mr. Koch indicated we are near the bottom level of the pond and continues to monitor so that we have it at the lowest allowable level before the winter season.

CITIZEN COMMENT:

There were no citizen comments.

ACTION ITEMS:

Open Items:

Shared Copier:

Ms. Leedy expressed the need for a new photocopier, as the performance of the current equipment is very poor. A shared option is proposed for use between the FLAUA and the Village of Fife Lake. FLAUA does not have permanent office space to house a copier while being accessible to the public. There are ways to track use; i.e., individual or group access codes, etc. Board members discussed going electronic; however, while that may continue to be the direction, many documents still need to be reproduced and distributed in hard copy. There was group consensus for Ms. Leedy to research equipment options, prices, and methods for tracking users/costs. She will present information at a later date.

MIOSHA Air Rating Booklet:

Mr. Fisk asked Mr. Koch if the Board had received this booklet yet, Ms. Rognlie had requested it in July. Ms. Leedy clarified this booklet was a notebook to document every air quality reading at every station. While this is being checked weekly, it is not actively being documented at the same time the lights, blowers, dehumidifiers, check valves, etc., are being checked and documented. Mr. Koch will add this line item to the book. He indicated OSHA was satisfied with the monitoring procedure and the monitor is calibrated properly.

Equipment Asset Disposal Form:

There was discussion about this form at the previous meeting; it was created for use in disposing assets when needed. Mr. Koch indicated no assets were disposed of since discussing this form at the last meeting. He will document items that were disposed of in the past year.

RFQ – Heiss & Graham: Mr. Koch got the motor back from Graham's and is waiting for Tom Heiss to pick it up.

Jurisdictional Inspection: This has been taken care of. There are no boilers. He has spoken with Paul Olson.

Davis Property: Mr. Koch states this was confirmed that it was within 200' of property at last meeting.

Boat Trailer: The boat trailer in question is the resident's property and he indicated he will move it when he is ready. He needs to ensure it does not block access and told Mr. Koch he could move it if he needed to.

Forest Area Services (FAS) Itemized Invoice:

Mr. Gray has copy of FAS itemized invoice and will provide to President Fisk. Members of the Board discussed having it accessible to the Board. Ms. Leedy suggested having it available electronically for Members to review in efforts to identify or monitor repetitive problems, etc. Mr. Fisk will scan and send electronically.

Meeting with Tom Traciak:

Mr. Fisk will be meeting with Mr. Tom Traciak, USDA Financial Advisor, on 9/21/14 to discuss bond payoff.

AT&T Credit:

Mr. Fisk reported the AT&T credit discussed at previous meeting is correct and resolved.

Virtual Telephone:

Ms. Leedy reported that she set up the virtual telephone number on a trial basis (need Board approval to buy a paid subscription). This system will provide an automated attendant, document a record of every call, reduce calls for the Superintendent, and send email/message to Forest Area Services (FAS), which should contribute to reducing their billable time. The cost is \$20/month through phone.com with no contract. She recommends FLAUA purchase a subscription to this service. With paid subscription, we will be able to retain the same telephone number.

Board Action:

Mr. Broering made a motion to procure a paid subscription to phone.com to execute automated telephone system. Mr. Sturdavant supported the motion. ROLL CALL VOTE: Broering-Y, Hulwick-Y, Leedy-Y, Saba-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y. Motion carried.

P.O. Box Addition to FLAUA Stationery:

Ms. Leedy will pursue this change once we have trialed the automated telephone system, make sure we retain our existing telephone number, and are satisfied with the system.

Due Diligence – Request for Quote (RFQ) for Auditor:

Ms. Leedy was unable to distribute RFQs for an Auditor to allow for an adequate response time prior to this evening's meeting. She will send out tomorrow and revise the RFQ due date for presentation at the October meeting. The Board acknowledged consensus for this revised timetable.

Personnel Committee:

Mr. Fisk acknowledged the Personnel Committee (Fisk/Velez/Sturdavant) met with Mr. Joe Burfield for his employee review.

It was discovered that when an employee earns more than \$5,000/year and the organization offers 3% matching 401k funds, it must be offered to every employee earning more than \$5,000. If the organization discontinues the contribution, eligible employees must be notified by November 1. If continuing the contribution, employees must be notified by January 1. Mr. Burfield will let the Personnel Committee know if he wishes to participate in this program.

Steering Committee:

Ms. Leedy reported on meeting 9/3/14 between the Steering Committee, Fleis & VandenBrink, Blake Smith (USDA), and our attorney regarding the administrative pieces of the RD-USDA fund obligation. Ms. Rognlie distributed a detailed packet to the Board. General items accomplished during this meeting and details discussed include:

- Identified policies that need to be put into place yet.
- Each member of the Committee was assigned tasks, which will be followed-up at future meeting with ongoing communication with Mr. Blake Smith, USDA Representative.
- A Steering Committee meeting will be set to meet with Mr. Tom Traciak, Financial Advisor, for his recommendation on bond payoff, rate setting, etc.
- The loan is a 40-year loan with a capped interest rate (interest rate will not go up/could go down). Mr. Fisk signed Letters of Condition.
- Blake Smith suggested rates be increased now as we need to generate income. Note: Mr. Gray has calculated sewer rates for 2015, which are presented in October, sent to municipalities in November, with residents notified in December. Ms. Leedy added the following information:

We will be paying off the bond through which we have financial backing from our FLAUA entities. Subsequently we will move forward with a revenue bond based on our income (users and rates) and we will no longer receive financial backing from the other entities. This approach does not take away from FLAUA's credit rating. Nor will we be obligated to secure permission from entities on rates. This revenue bond will be based on our users, a progressive maintenance fund will be developed, and our Financial Advisor will put together a proposal on suggested rates. As discussed at length in prior meetings, our list of needs encompasses all of the monies we are being awarded; some items may need to be adjusted depending on bids and construction costs. These items were carefully determined with the assistance of the engineering firm designing our system.

As per existing bylaws, the Townships and Village will retain authority to appoint the Board and we have an obligation to report to the respective Boards; however, we will not be required to have their permission to move forward on the project, as we will not be receiving financial backing from them. She anticipates meeting with Mr. Smith mid-October, and he may be at our October meeting.

In response to Board questions, Ms. Leedy believes the payment structure will be a draw and interest payment. The timeframe for drawing funds is over multiple years. It is anticipated bids will be let out in the spring of 2015 with construction anticipated to cover two calendar years. The 40-year loan begins when we let out bids.

Regarding Vulnerability and Risk: we need an anti-virus program, as the Administrative rights were lost due to a glitch in the computer. There is no charge for the anti-virus software (through MRWA). Ms. Leedy activated the Firewall and Windows Essential. She is recommending purchase of an automated

backup system (Back Blaze) for disaster recovery, which is a military-grade system. The program backs up the system every time the computer is turned on. The cost is \$49/year and will need to be purchased via the FLAUA debit card. This is only for FLAUA computer and use.

President Fisk referenced the problems with the Administrator program and indicated Mr. Eli Bromley of the MRWA Waste Division will be in town Monday to install SIMS download to cover Vulnerability and Risk. This is a no-cost program.

Board Action:

Mr. Broering made a motion to subscribe to Back Blaze computer automated backup system, not to exceed \$50/year. Ms. Leedy supported. ROLL CALL VOTE: Hulwick-Y, Leedy-Y, Saba-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y. Motion carried.

Finalization of Employment Agreement:

President Fisk offered Mr. John Koch the opportunity of a Closed Session for finalization of his Employment Agreement. He requested a Closed Session.

Board Action

Mr. Broering made a motion to go to Closed Session to finalize Mr. Koch's proposed Employment Agreement. Ms. Rognlie supported. ROLL CALL VOTE: Leedy-Y, Saba-Y, Sturdavant-Y, Fisk-Y, Velez-Y, Rognlie-Y, Gray-Y, Broering-Y, Hulwick-Y. Motion carried.

The Board went into Closed Session at 7:24 p.m.

The Board returned to Open Session at 7:31 p.m.

Board Action:

Ms. Leedy made a motion to compel Mr. John Koch to make a decision tonight on the proposed Employment Agreement of August 21, 2014 made by FLAUA. Ms. Rognlie seconded the motion.

Mr. Hulwick asked for the Board to engage in discussion before voting, stating Mr. Koch may speak with his attorney; however, the offer is not open to negotiation. Mr. Fisk verified the Board's position about the agreement that was offered.

Mr. Koch expressed he was under the impression tonight's meeting on this subject was an opportunity to negotiate the original offer and his counteroffer. He expressed a desire to discuss this with his attorney.

Mr. Broering had hoped to avoid a situation of having a disgruntled employee, believes there has been a communication breakdown, and did not have a problem with giving Mr. Koch more time to consider the offer. He inquired of the Board if Mr. Koch does not accept the agreement, would he then be considered terminated. Ms. Leedy confirmed he is an At-Will employee and therefore would no longer be employed by FLAUA in refusing to accept the Agreement.

Mr. Hulwick noted there is no cost to the users if this isn't signed tonight and the Board waits another month. However, the offer stands, as is whether he signs it this evening or not.

Mr. Koch asked for a new copy of the offer with changes; Ms. Rognlie stated there were no changes made.

ROLL CALL VOTE (to above motion by Ms. Leedy): Sturdavant-Y, Fisk-Y, Velez-N, Rognlie-Y, Gray-N, Broering-N, Hulwick-N, Leedy-Y, Saba-N. Motion failed.

Board Action:

Mr. Hulwick made a motion that when we reconvene on this topic, there will be no negotiation on the Employment Agreement and Mr. Koch with either agree or not agree to sign the offer. Mr. Broering seconded the motion made by Mr. Hulwick.

Ms. Velez suggested the Board and Mr. Koch meet at a Special Meeting (rather than the next monthly meeting) to wrap this up. Ms. Leedy is in agreement. Mr. Gray noted this agreement is open ended on both parties. No earlier date could be agreed upon.

ROLL CALL VOTE: Fisk-N, Velez-N, Rognlie-N, Gray-N, Broering-Y, Hulwick-Y, Leedy-N, Saba-Y, Sturdavant-N. Motion failed.

Note: Mr. Fisk stated that if this issue is not settled tonight, he will tender his resignation as President effective immediately. Mr. Sturdavant reiterated the same declaration.

Board Action:

Mr. Broering made a motion that the FLAUA Board holds a special meeting in one week's time (9/25/14) to resolve this issue. He rescinded his motion.

Board Action

Ms. Rognlie made a motion that Mr. Koch signs the Employment Agreement tonight if he wants to work one more day as Superintendent with FLAUA.

Mr. Saba expressed concern about who would run the system if Mr. Koch leaves the employ of the FLAUA. President Fisk stated we have other options we can consider.

No Second to Ms. Rognlie's motion was made. The motion died.

Mr. Koch signed the Employment Agreement at 7:55 p.m. It was also signed by President William Fisk. Mr. Koch was provided with a signed copy of the Agreement.

BOARD COMMENT:

Mr. Broering expressed thanks to the Steering and Personnel Committees, the President, and the Treasurer. He also referenced the Superintendent's evaluation and comments, and why there were no enhancements to the new Employment Agreement. He expressed hope that the coming year will bring improvements in both performance and communication. Mr. Koch was in agreement.

President Fisk tendered his resignation from FLAUA effective immediately (7:55 p.m. on 9/18/14). Mr. Robert Sturdavant supported his resignation and also resigned himself (7:55 p.m. on 9/18/14). Mr. Sturdavant left the meeting at 8:00 p.m.

There was considerable discussion among Board Members.

Ms. Leedy offered Board Comment to Mr. Koch regarding the employee evaluation and comments, particularly areas noted with need for improvement. She suggested he take the assessment as constructive criticism rather than a defensive approach.

Mr. Gray asked Messrs. Fisk and Sturdavant to reconsider their resignations as the FLAUA is in the midst of a major redevelopment project, working heavily with USDA, DEQ, MRWA and their representatives.

Mr. Fisk indicated he cannot continue to move forward with Mr. Koch and that Mr. Koch is consuming more time from him than is necessary. He and Ms. Rognlie referenced many issues throughout the summer that were not completed properly, the FLAUA has spent monies on additional training for Mr. Koch, the Discharge Permit was not presented to Mr. Ben Kladder of Fleis & VandenBrink, and other administrative tasks of the Superintendent were not completed for USDA, our engineer, and the State.

- Saba seconded

Mr. Broering added a comment that Mr. Fisk stated earlier this evening that if Mr. Koch did not sign the agreement tonight, he would resign. Now that Mr. Koch has signed the agreement, he asked what has changed to facilitate his resignation. Mr. Fisk referenced the escalated animosity that has continued during the meeting.

Mr. Broering asked that when these problems arise to bring them to the Board at meetings. Ms. Leedy noted they have been diplomatically addressed at meetings. She commented the Board is learning that records are not in order the past several months and are not precise enough to be of value. There is a report forthcoming from our Consultant and more items will be made evident.

Mr. Broering commended the contributions of Mr. Fisk and again asked him to reconsider for the good of the Board and the Community. He would also like Mr. Sturdavant to reconsider. Ms. Leedy asked if Mr. Fisk would consider staying on the Board as a Commissioner rather than President as he is a key member of the organization.

Mr. Fisk noted he would entertain that only under circumstances where he would not have to manage Mr. Koch. Several Board Members brainstormed and volunteered on specific tasks to delegate to Commissioners to minimize the amount of time Mr. Fisk has had to spend managing functions that should be taken care of by the Superintendent. While Mr. Fisk believes there is an impasse, he feels strongly about his decision; ultimately, he will take some time to reconsider his resignation and will advise the Board.

Mr. Hulwick interjected the Board should not have to supervise the Superintendent to this degree. We hired F&V to provide support and assistance; perhaps we can revise instructions to F&V and their part in working with Mr. Koch. Ms. Leedy made several prospective recommendations on the possibility of giving additional direction to F&V in their role working with Mr. Koch.

Ms. Rognlie reiterated to Mr. Koch there is to be no overtime and believes his timecard has been fraudulently filled out the past three weeks. Mr. Gray referenced an 11-hour day; Mr. Koch noted a day spent with Mr. Joe Burfield, Relief Operator, where his time was over 40 hours due to a power outage and checking all stations, and this time was approved through Mr. Fisk.

Mr. Rognlie suggested the Steering Committee meet to discuss Ms. Leedy's suggestion to determine more effective ways the Board and F&V can supervise and train Mr. Koch to result in greater autonomy on his part. Mr. Gray would like to see Mr. Fisk on the Board to continue to lead this organization through completion of this project.

Ms. Leedy stated for the record that the FLAUA Board requires Mr. Koch maintain a 7-hour day Monday-Friday up to 35 hours (barring emergencies) and extra hours on Saturday/Sunday as scheduled.

ADJOURNMENT:

Mr. Hulwick made a motion to adjourn the meeting. Mr. Broering seconded. Meeting adjourned at 8:35 p.m.

Submitted by:

Kay Z. Held, Recording Secretary