

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

Regular Meeting - Minutes

Wednesday, November 20, 2019, 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 6:05 p.m.

ROLL CALL: President Gray called Roll.

Present: President Tom Gray, Vice President Marilyn Hayes, Treasurer Jodi Velez, Secretary Leigh Gifford, and Commissioner David Gill.

Absent: Commissioners Jim Gifford, Ron Broering, and David McGough.

Others in Attendance: Compliance Officer Ray Ravary.

APPROVAL OF AGENDA:

Board Action: Mr. Gill made a motion to approve the Agenda as presented. Ms. Gifford seconded the motion.
VOTE: YEAS: All. NAYES: None. Motion carried.

******Note: Commissioner David McGough arrived at 6:07 p.m.**

ACCEPTANCE OF MINUTES:

Acceptance of Regular Meeting Minutes of October 16, 2019:

Board Action: Ms. Gifford made a motion to accept the Minutes of the October 16, 2019, Regular Meeting as presented. Ms. Hayes seconded the motion. VOTE: YEAS: All. NAYES: None. Motion carried.

TREASURER'S REPORT:

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

The Treasurer's Report was distributed in advance of the meeting. An updated A/P report was distributed at the meeting. Treasurer Velez reported that after review of the budget to date, Budget vs. Actuals is in line with YTD expectations.

Treasurer Velez will provide a Proposed 2020 Budget prior for review at next month's meeting.

Board Action: Mr. Gill made a motion to approve the Financial Report as presented. Ms. Gifford seconded the motion.
VOTE: YEAS: All. NAYES: None. Motion carried.

Payment of Bills: There was Board discussion regarding Bills Payable. An updated Bills Payable list was distributed at the meeting. There was Board discussion/clarification about a few bills. Ms. Velez also reported on the following:

Re: Deposit to Chemical Bank for \$838.28. This was a receiving account for SAW Grant Deposits. It was essentially an inactive account, subject to monthly fees. She has since closed this account and transferred the monies to our Operating Fund Account.

Re: USDA Bond Interest payment of \$39,802.50. This payment is due December 1 and has been written.

\$68k remains in the redemption account. July 1 payment funds for Principal and Interest payments will be covered between cash on hand and deposits to the account in the next six months.

Re: Restricted Accounts: The Bond Reserve and the RRI Accounts will have the minimum required balances by the end of the year based on transfers in November and December, as well as a \$200-\$500 cumulative surplus balance.

Board Action: October, 2019, Bills Payable:

Mr. Gill made a motion to approve the October, 2019, bills as presented. Ms. Hayes seconded the motion. ROLL CALL VOTE: Hayes-Y, Velez-Y, Gray-Y, Gill-Y, McGough-Y, Gifford-Y. Motion carried.

Michigan CLASS Investment Pool Links:

Treasurer Velez reviewed multiple online links related to the Michigan CLASS program as an option to earn money on our liquid assets. This has been discussed at prior meetings. She investigated further and provided the Board with an overview of the Michigan CLASS Investment Pool's function. It is comprised of multiple governmental and municipal entities that invest in this pool of accounts and would allow us to convert a portion of our liquid assets while generating interest.

Michigan CLASS invests in securities that are permitted by Michigan state law and adhere to Michigan CLASS investment policies. They invest in high-quality, short-term fixed instruments.

Funds are accessible at any time. There are no fees to set up or manage the account; nor are there penalties to withdraw funds. The average daily rate of return is currently 2.47%. A \$100k investment in the last month would have earned \$168.20 in the past 30 days.

She spoke with Mr. Blake Smith of the USDA to ensure this is permissible. He stated the USDA has no objections to FLAUA investing funds in an instrument that is easily accessible and highly secure (i.e., not invested in stocks/bonds).

The majority of FLAUA owned funds are at Chemical Bank and Forest Area Credit Union (FAFCU). Treasurer Velez will speak with FAFCU to see if they may be able to offer comparable rates. She will also verify that CLASS funds are insured and the holdings are not in stocks or bonds.

It was suggested to invest a portion of FLAUA funds for a six-month period before considering placing USDA funds in the CLASS program. There was Board discussion and consideration for placing funds in the Michigan CLASS pool.

This topic will be revisited at our next meeting.

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:

Duckweed removal and irrigation pump station work last month was excessive. He got the heaters running in the pits and skimmers out of the pond.

Sprinkler heads are off; one broken header needs to be repaired. Fleis and VandenBrink (F&V) will implementing a new blower start-up procedure. They also put a new header on and hoses have been run under the water.

There were several power outages believed to be a result of severe winter weather. Three SCADA radios went down; one was able to be reset and two have been sent in for possible repair. If they are salvageable, the cost is a minimum of \$800 each. Otherwise, new ones will need to be purchased. This may become an insurance claim. He has been documenting the outage detail, conversations, expense quotes. The power company and SCADA cloud data will provide information on outages.

Family Dollar completed tie-in to the system on 11/19/19. One resident on Vans Lane has not yet tied-in. Our billing company has already been notified to begin billing Family Dollar.

Mr. Brad Muma from Performance Engineering attended a class at Michigan Rural Water Association. We have been reimbursed for the expense by Performance Engineering.

The pump listed on Craigslist and a farming site has not sold. It will go back into storage and revisit in the spring.

CITIZEN COMMENT: None.

NEW BUSINESS:

Contract for Farming Rights:

Mr. Ravary wrote a proposed Farming Rights contract. He will inquire with our current farmer and another individual who has expressed an interest. It is also posted at the library, post office, and hardware store.

Organizational Calendar:

The 2020 Organizational Calendar was distributed and revisions will be added.

OLD BUSINESS:

Audit and Accounting Bids:

Secretary Gifford provided a proof of our Request for Proposal (RFP) for Audit services to be sent to existing and prospective providers as well as a listing in the Traverse City Record Eagle. The same process will be conducted for Accounting services. She will distribute these with a submission deadline of 12/16. Sealed bids will be requested.

Asset Management Plan: Ongoing.

Outstanding Task List Discussion:

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

COMMUNICATIONS: None.

CITIZEN COMMENT: None.

BOARD COMMENT: None.

ADJOURNMENT:

Ms. Gifford made a motion to adjourn the meeting. Mr. Gill seconded the motion. The meeting adjourned at 6:56p.m.

Submitted by: Kay Z. Held, Recording Secretary