

REGULAR MEETING OF THE CHEBOYGAN COUNTY ROAD COMMISSION 8/7/14

Chairman D. Brandt called the Regular Meeting to order at 8:00 A.M.

Clerk D. Stempky took roll call and a Quorum was present.

Pledge of Allegiance was recited

PRESENT: D. Brandt, D. Brown, J. Johnson, K. Paquet, Managing Director M. Roper and Clerk D. Stempky

ABSENT: C. O'Connor

VISITORS: S. Redmond, T. Matelski, F. Cribb, J. Moore, T. Olson, M. Ennes, M. Conti, J. Zrimec, G. Bunker, C. Veneros, B. Morgan, G. Archambo and K. Hahn.

MOTION by K. Paquet seconded by J. Johnson to approve minutes of last regular meeting of 7/17/14 as mailed. 4 Yeas 1 Absent (O'Connor) CARRIED

MOTION by J. Johnson seconded by D. Brown to approve current payroll vouchers #14-28-\$60,810.79 and #14-29-\$63,144.62 and accounts payable voucher #14-30-\$257,583.83. 4 Yeas 1 Absent (O'Connor) CARRIED

MOTION by J. Johnson seconded by D. Brown to approve agenda as presented. 4 Yeas 1 Absent (O'Connor) CARRIED

Scot Hoskins-Stewart Beauvais and Whipple-Audit Presentation

- Normally presents audit the last day of physical audit, Commission changed meeting date and not able for 2013 year end
- D. Stempky does a good job in preparing and sending information to auditors so a lot of information is completed before they physically arrive
- Management is very cooperative with providing information, no disagreements, and no difficulties in dealing with management
- Unmodified opinion (clean) on fair presentation in accordance with GAAP
- Total fund balance decreased by \$140,223 in 2013; Unassigned fund balance \$1,803,092; Nonspendable fund balance \$1,079,052 (pre paid and inventory); average monthly operation of \$660,000 so approximately 2.75 months operations in unassigned fund balance. Compared to other Road Commission they audit CCRC is in the middle.
- Employee Benefit Plans-Defined Benefit with MERS, annual cost approximately \$518,386; new division was opened for new hires with decrease in benefits effective 4/1/13; UAAL \$7,616,204 as of 12/31/12 with funding ratio at 56%; funding level is at the low end compared to others they audit. Advisable to pre fund if at all possible
- OPEB; CCRC provides retiree healthcare upon retirement; net OPEB approximately \$1,390,578; annual cost approximately \$724,100 and contribute current portion of \$489,328; Pre funded an additional \$50,000 to trust with a balance in trust of \$174,718 as of 12/31/13; UAAL for OPEB stands at \$7,917,066; advisable to continue to pre fund the trust whenever possible
- GASB No 68 will be new for 2015 government wide presentation
- 2013 MTF Refunding of Bonds was completed saving approximately \$225,000 in debt service interest with the refunding; interest rate went from 3.85-4.75 to 2-3.75%
- Implemented GASB No. 65 and GASB 34 entries were proposed and accepted by management

Bids were received and opened for Truck Fit Out on Tuesday, August 5. Three bids were received with bid tabulation on file in the office.

MOTION by K. Paquet seconded by D. Brown to accept all Truck Fit Out bids and allow Management to award in the best interest of the Cheboygan County Road Commission. 4 Yeas 1 Absent (O'Connor)
CARRIED

Bids were received and opened for Stoney Creek Road Reconstruction for Koehler Township, two bids were received which are on file in the office.

MOTION by J. Johnson seconded by K. Paquet to accept all bids for Stoney Creek Road Project and allow Management to award in the best interest of the Cheboygan County Road Commission. 4 Yeas 1 Absent (O'Connor)
CARRIED

Resolution presented authorizing the Installment Purchase Contract and Authorizing Managing Director to sign Installment Contract and any other documentation for Truck Financing.

MOTION by K. Paquet seconded by D. Brown to adopt the following resolution as follows:

WHEREAS, the Board previously approved the acquisition by the Cheboygan County Road Commission (the "Road Commission") of two Model 7600 Workstar Trucks (the "Property") from Zaremba Equipment Inc. (the "Seller");

WHEREAS, it is determined to be necessary and desirable and in the best interest of the Road Commission that the acquisition of the Property be financed by installment purchase authorized under the provisions of MCL 224.10(5), and more specifically by the acquisition of the Property pursuant to an installment purchase contract with the Seller and Citizens National Bank (the "Assignee") to be dated the date of delivery thereof (the "Contract").

NOW, THEREFORE, BE IT RESOLVED that:

- 1. It is hereby found to be necessary and desirable for the Road Commission to finance the cost of the Property in the aggregate principal amount of \$219,000 by the acquisition of the Property by the Road Commission pursuant to the terms and conditions of the Contract.**
- 2. The Board shall include in its budget and pay the sum or sums necessary each year to meet the payments due pursuant to the provisions of the Contract.**
- 3. The Contract shall be dated the date of delivery thereof to the Assignee. Principal of the Contract shall be payable in quarterly installments as approved by the Managing Director of the Road Commission with the final principal payment being due not later than three years after the date of delivery of the Contract. Interest on the unpaid principal of the Contract shall be due and payable on each principal payment date at the per annum rate of 3.00%. Installments of principal may be prepaid at the option of the Road Commission without premium.**
- 4. The Managing Director of the Road Commission is hereby authorized to enter into the Contract in substantially the form approved by him and consistent with the terms of this resolution. The approval of such form and the principal installments of the Contract described in the preceding paragraph shall be conclusively evidenced by his signature on the Contract. The Contract may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.**
- 5. The Board covenants to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), necessary to maintain the exclusion of interest on the Contract from gross income for federal income tax purposes.**

6. The Managing Director of the Road Commission and other officers of the Board as may be necessary are each hereby authorized to execute and deliver such documents, instruments and certificates, including security agreements and financing statements, as are necessary or desirable to consummate the described transactions, to secure payment of the Contract and to maintain the exclusion of the interest on the Contract from gross income for federal income tax purposes.
7. The Board hereby designates the Contract as a "qualified tax exempt obligation" for the purpose of deduction of interest expense by financial institutions under Section 265(b)(3)(B) of the Code.
8. The useful life of the Property is determined to be ten years and upwards.
9. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

Roll call: Johnson-yes, Brandt-yes, Brown-yes, Paquet-yes Nays-none Absent-O'Connor CARRIED

Managing Director Evaluation has been completed and Committee has a report. Managing Director M. Roper requests evaluation discussion in closed session after regular business is completed.

MOTION by J. Johnson seconded by D. Brown to receive and file the following correspondence: Mackinaw Township Meeting Minutes of 7/15/14; Wamsley Case Info; Safety Committee Incident Reports; CRASIF Connection Newsletter; Safety Committee Meeting Minutes of 7/16/14; Copy of letter from Burt Township to Edward and Linda Boan; County Board of Commissioners Meeting Minutes of 5/13/14 and 5/27/14; Ted Stanczak Ref. Silverstrand Road; Agreements from Townships for gravel processing; Thomas Stephanic FOIA Request; Coldwell Banker agreement to sell vacant land on Richardson/Dotski Road; Duane Wang thank you Lynn Drive maintenance; C2AE estimate for salt loading area for salt sheds; Bill and Pat Bray Ref. Bump Sign; and TIP Watershed ref. culvert. 4 Yeas 1 Absent (O'Connor) CARRIED

G. Archambo, Grant Township may want to process gravel, when decision is known will contact the office.

B. Morgan asking if corner of E. Mullett Lake Road/Stewart corner was going to get the same fix as Bowersock/E. Mullett Lake Road, Forman noted on his list to do.

T. Matelski noted the culvert on Waveland Road at Mulligan Creek need some attention, Managing Director will contact Crew Leader in reference to his concern.

Brandt asked if reverse angle parking was looked into for downtown Indian River, Managing Director commented he does not see a problem with reverse angle parking-walking away from traffic when exit a vehicle. J. Johnson also feels a benefit after seeing how Mackinaw City with front angle parking has. D. Brandt feels a benefit just wants to make sure we have enough room for vision and parking.

Brown-**THANK YOU** to all for Millage support, K. Hahn, Tribune writer and K. Paquet for time spent on promoting campaign.

K. Paquet stated proud of the residents of Cheboygan willing to step up to the plate to help in passing millage so roads can start to improve in Cheboygan County. Would like a Committee of 5-7 people to evaluate the list of 8 projects we intend to complete with millage money to determine which to perform first. **THANK YOU** to Kourtney Hahn, Tribune.

G. Bunker noted the Black River Road culvert will be started August 19, with Tower crew starting to do some tree clearing prior to that.

MOTION by J. Johnson seconded by D. Brown to go into closed session per request of Managing Director M. Roper, for 6 month evaluation after a short recess. Roll call: Johnson-yes, Brandt-yes, Brown-yes, Paquet-yes Absent-O'Connor. **CARRIED**

Recess at 9:05 A.M. before closed session.

Return to open session at 9:10 A.M.

Closed session at 9:10 A.M., Managing Director M. Roper Evaluation.

Return to open session at 9:20 A.M.

Discussion of advertising for Managing Director Position, Managing Director feels a couple weeks of overlap is sufficient and he has vacation planned for November and December.

MOTION by J. Johnson seconded by K. Paquet to authorize Management to run an advertisement for Managing Director with a deadline of Wednesday, September 17, 2014 as soon as possible in Tribune as well on CRAM website and any other locations Management feels beneficial. 4 Yeas 1 Absent (O'Connor) **CARRIED**

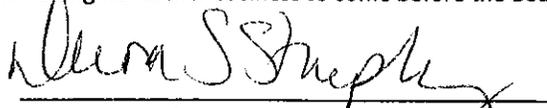
J. Johnson would like signs made stating "This project is being completed with funds from the County Wide Millage" and placed when a project is being performed.

MOTION by J. Johnson seconded by D. Brown to set up a Committee of 7 members to evaluate the projects that will be completed with Millage Funds, with one member from the Road Board, one member Engineering Tech of CCRC and 5 members from an outside source. 4 Yeas 1 Absent (O'Connor) **CARRIED**

Chairman D. Brandt adjourned regular meeting at 9:45 A.M. being no further business to come before the Board.



 David F. Brandt, Chairman



 Dana S. Stempky, Clerk