

**PROCEEDINGS OF THE
BOARD OF COMMISSIONERS**

July 6, 2017

1. CALL TO ORDER/ROLL CALL

The Regular Session of the Calhoun County Board of Commissioners convened at 7:00 p.m., Thursday, July 6, 2017 in the Commissioners' Meeting Room, County Building, Marshall, MI.

Chair King called the meeting to order and requested the Deputy Clerk call the roll.

Present: Comrs. Smith, Frisbie, King, Potter and Tompkins

Excused: Comrs. Dunn and Reynolds

Staff Present: Administrator/Controller Kelli Scott, Human Resources Director Kim Archambault, Finance Director Michele Johnson, Corporation Counsel Jim Dyer and Deputy Clerk Chris McComb

2 and 3. INVOCATION AND PLEDGE OF ALLEGIANCE

A moment of silence was held followed by Comr. King leading the Pledge of Allegiance.

4. APPROVAL OF AGENDA

“Moved Comr. Potter, second by Comr. Smith to approve the amended agenda of the July 6, 2017 Regular Session of the Calhoun County Board of Commissioners as presented.”

On a voice vote, Motion **CARRIED**.

5. APPROVAL OF MINUTES

A. Minutes of the June 15, 2017 Regular Session

“Moved Comr. Tompkins, second by Comr. Potter to approve the minutes of the June 15, 2017 Regular Session as presented.”

On a voice vote, Motion **CARRIED**.

6. CITIZENS' TIME

There was none.

7. ELECTED/APPOINTED COUNTY OFFICIALS' COMMENTS

There was none.

8. SPECIAL ORDER OF BUSINESS

- A. Presentation on Pension Obligation Bonds by Bobby Bendzinski, CIPMA, Bendzinski & Co, Financial Advisors; Bill Danhof, Miller Canfield, Bond Counsel; Lou Orcutt, Managing Director, Fifth Third Securities

Bobby Bendzinski, Bendzinski & Co, stated County Administration contacted them to discuss the issuance of pension obligation bonds to cover the unfunded liability. He stated that under Michigan law, the County is allowed to issue these bonds provided the defined benefit program we are issuing the bonds for is closed to new employees, which they are; we have a credit rating of at least AA-, which we do; and we do a comprehensive financial plan that outlines why we would like to issue the bonds. He stated they have compared the annual payments to debt service and there is an estimated substantial savings. He stated these are taxable bonds so the proceeds are reinvested in plan. He stated we do have to ask the Department of Treasury to review the plan and give permission issue the bonds. Bendzinski stated the bonds would be for twenty years and based on preliminary numbers, savings are estimated at \$4.7 to 6 million dollars, depending on the rate of return used by the Municipal Employees Retirement System (MERS).

Lou Orcutt, Fifth Third Securities, stated the fact that the plans are closed, the County's AA credit rating and the approval from State will make the bonds more marketable.

Bill Danhof, Miller Canfield, stated the plans do qualify for the bonds under Michigan law, the County has sufficient debt capacity and his firm would handle all legal paperwork.

Comr. Frisbie stated we have talked about this in the past and wondered what the tipping point was to deciding to issue the bonds.

Administrator/Controller Scott stated she wanted to see other counties do it successfully. She stated Fifth Third has done over a dozen, including several large issuances, for other counties since 2013. She stated that in 2015 the Municipal Employee Retirement System (MERS) conducted an experience study and changed assumptions to lower their expectations for investments, change the mortality table, and reduce the number of years to pay off unfunded liability. She stated that caused rates to go up, especially on closed divisions. She stated the bonds will only include closed plans, which include the Sheriff's Office and three closed groups from the former Road Commission, because they are barely

funded. She stated we have been talking about this becoming more of a priority and we have been working to pay down the unfunded liability in our open plans. She stated this bonding program is well established, has been successful, rates are low and after our evaluation last year showing the experience rate, it was the tipping point. She stated it doesn't make sense to continue to pay high rates out of the operating budget when we can create a savings through fixed payments and even reinvest into the plans.

Comr. Frisbie inquired what we would bond if all the unions said they wanted to close their plans.

Scott stated the total unfunded liabilities is \$38 million for countywide and this first phase is roughly \$9 million.

Comr. Frisbie asked what happens to retired employees when these plans are funded.

Scott stated that participants in the closed plans will get the same pension and their plans will be 100% funded. She stated we would have to negotiate to make changes to our open plans. She stated we are hopeful to find a way to fully fund all of our plans but it will take some time because they are all so different.

Comr. Frisbie stated he is excited that we may do this. He stated he would like to do the entire spectrum and would like Administration to see if we can do it all in one swoop. He stated we need to do what's good for taxpayers and employees.

Scott stated the countywide defined benefit plant that the majority of our employees have is 75% funded. She stated we capped the county contribution side but the employee side is higher than market comparables and the non-supervisory employees in the Sheriff's Office are paying 13%. She stated the Road Department divisions have the same unfunded liabilities as the county's main Defined Benefit Plan, but only about 10% of the number of employees. She stated nearly each division is different and she would like to handle it in phases so we can group like plans together.

9. CONSENT AGENDA

A. Petitions, Communications, Reports

B. Resolutions

1. Workforce Development Board Appointments

{a} Term to Expire September 30, 2018

1. Frank Tecumseh, FireKeepers Casino and Hotel (replacing Tamara Hendricks) -Private Sector, Calhoun County

{b} Term to Expire September 30, 2020

1. Kris Jenkins, Calhoun Intermediate School District – Education (Adult Educ/CTE/TDCC) – Calhoun County
2. Mark O’Connell, Kellogg Community College – Education (Post Secondary) – Calhoun County
3. Trevor Bidelman, BCTGM Local 3G – Labor – Calhoun County
4. Karen Doubleday, MI Dept of Health and Human Services – Public Assistance – Calhoun County
5. Richard Frantz (Alternate), Tri-County Labor Council – Labor – Calhoun County

2. Resolution Ratifying LDFA Member Actions
3. Appointment of Vic Potter to the Marshall LDFA
4. Personal Leave Approval
5. Summit Pointe Board Appointment
(Term to Expire March 31, 2020)

{a} Patrick Garrett

Res. 136-2017

“Moved Comr. Potter, second by Comr. Frisbie to approve the Consent Agenda of the July 6, 2017 Regular Session as presented.”

On a voice vote, Motion **CARRIED.**

10. SPECIAL COMMITTEE/ WORKSHOP/BOARD REPORTS

There were none.

11. UNFINISHED AND OLD BUSINESS

There was none.

12. NEW BUSINESS AND COUNTY ADMINISTRATOR'S REPORT

A. County Administrator/Controller's Report

B. New Business

1. Duck Lake Level Special Assessment District

Administrator/Controller Scott stated this is a request from Water Resources Commissioner Fred Heaton for a special assessment district for the Duck Lake water level. She stated Corporation Counsel has done some research on this and can help explain the County's role in this matter.

Water Resources Commissioner Fred Heaton stated they need funding and a legal district for the people at Duck Lake to do what they want at the lake related to maintenance. He stated it has not been a legal district in the past and this assessment will require people on or adjacent to the lake to pay for the improvements and repairs. He stated there is about \$30,000 owed for work done at Duck Lake that needs to be expensed out and with this district we can tax the people around the lake legally and fairly.

Comr. Potter asked if this was something the Board should decide.

Corporation Counsel Dyer stated there is a lake level order that allows for districts to be formed to pay for lake maintenance. He stated there are structures in place to maintain the lake level and funding has been spent to maintain them but there have been no assessments against the surrounding properties. He explained the Commissioners are responsible for the care of the lakes and can delegate the responsibility, and the logical place to delegate it is to the Water Resources Commissioner. He stated he is familiar with the counsel who drafted the resolution, she is one of the county drain attorneys in the state and the resolution is absolutely appropriate.

Comr. Frisbie inquired how and who decides when a tax is going to be levied.

Comr. Heaton stated the Lake Association decides what work is to be done. He stated it's a good situation for the residents because they can get the work done they want other than a dam inspection or repair. He stated that by going through his office, the people around the lake can vote on work they want done and will be assessed the cost instead of the whole county.

Comr. Frisbie clarified that the residents decide what work will be done, not the Water Resources Commissioner's Office.

Res. 137-2017

“Moved Comr. Tompkins, second by Comr. Frisbie to approve the following: Resolved the Calhoun County Board of Commissioners does hereby delegate the authority under MCL 324.30701 (Part 307) to the Calhoun County Water Resources Commissioner to maintain the lake level of Duck Lake and deem it necessary to establish a Special Lake Level Assessment District.”

On a roll call vote, Yes – 5, Excused - 2 (Dunn and Reynolds). Motion **CARRIED**.

2. Updates to Policy #275 – Annual Budget

Administrator/Controller Scott stated this policy was last updated about fourteen years ago. She stated some of the updates were to allow for electronic procedures, clarify delegation to the Finance Office now that we have a Finance Director again and updates to follow the Uniform Budget and Accounting Act. She stated there were no changes in parameter, just changes to follow procedures currently used. She stated Finance Director Michele Johnson did research to compare this to other counties. She stated this is also tied to the annual Appropriation Resolution, which sets limits on budget adjustments and approvals she can make without Board approval.

Res. 138-2017

“Moved Comr. Frisbie, second by Comr. Smith to approve the following: Resolved the Calhoun County Board of Commissioners does hereby approve changes to Policy #275 - Annual Budget as presented.”

On a roll call vote, Yes – 5, Excused - 2 (Dunn and Reynolds). Motion **CARRIED**.

3. Update to Policy #306 – Job Openings

Administrator/Controller Scott stated this Human Resources Policy is related to job openings and the procedures used to fill them. She stated it mainly relates to non-union positions since filling vacancies in our union positions are spelled out in the union contracts. She stated there were substantive changes to make the process better for recruiting and hiring in addition to removing language relating to hiring freezes. She noted Human Resources Director Kim Archambault made sure we got input on the changes from all departments.

Human Resources Director Kim Archambault stated the majority of the changes are language clean up. She stated we did make language changes regarding background checks because the Equal Employment Opportunity Commission has guidance so we don't want to have blanket rules about how criminal background checks are run. She stated we just tweaked the language and though we have differences by department, we used flexibility. She stated we did add an executive exemption provision so we can hire without posting, mainly to be used in succession planning. She noted our Elected Officials, Department Heads, and union leaders have reviewed the changes.

Res. 139-2017

“Motion by Comr. Frisbie, second by Comr. Tompkins to approve the following: Resolved the Calhoun County Board of Commissioners does hereby approve changes to Policy #306 - Job Openings as presented. “

On a roll call vote, Yes – 5, Excused – 2 (Dunn and Reynolds). Motion CARRIED.

4. Energy Conservation and Facility Improvements – Notice of Intent Resolution

Administrator/Controller Scott stated this request to approve a Notice of Intent Resolution to Issue up to \$9 million in general obligation limited tax bonds to finance capital improvements for the Honeywell Phase Four Project that was presented at the June 15 Board meeting. She stated this includes energy conservation, some capital improvements as well as some projects that may or may not provide energy savings but are included in Capital Improvement Plan (CIP). She stated some are maintenance projects; some are ongoing lifecycle improvements that we need financing for versus paying cash out of the General Fund, and also facility improvements for Road Department buildings based on Honeywell’s review. She stated this is the first of the required steps in the legal process all counties have to go through to issue these types of bonds. She stated if the Board authorizes the notice of intent it will be published in the paper so the public has forty-five days to comment on the county issuing such bonds. She stated the resolution, drafted by Miller Canfield, has parameters, such as stating the savings has to be sufficient. She noted we are pretty conservative in estimating the potential savings on the bonds but she did just look at some similar bond issuances and the interest rate was just under 3%. Scott stated the first step is to Issue the notice of intent and start the forty-five day required comment period and then to authorize County Administration to execute the legal documents to complete the bond sale. She stated there will be an intent letter she will sign with Honeywell so they can continue to do preliminary work and a contract will come to the Board later. She stated we will follow-up with the Honeywell work done with architects to review Road Department facilities so the scope of work may change a little. She stated that because we will have a contract with Honeywell, they can continue to do all of the testing and be compensated if we do not follow through with their services and the contract will come to the Board. She stated that particularly with the Road Department work, we will follow up the work that Honeywell did with a joint meeting with the architects the Road Department engaged to do a separate review to make sure it all makes sense when we are talking about long term capacity of the facilities and of the grounds so we may change the scope a little on that one. She stated that moving forward will include an energy performance contract. She recapped the work we have done with Honeywell since 2010, which has resulted in savings that have greatly exceeded expectations, or just under \$3 million. She stated we believe this is a successful way to finance some of the systems needed and is done at the advice of bond counsel and our financial advisor. She stated the final bond issue will be not to exceed \$9 million for the list of potential projects given to Board.

Comr. Potter asked if we are talking about bonding so much with the Road Department for road work and other things, if Administration is comfortable we will not hit debt ceiling.

Scott explained that the pension bonds are taxable bonds so they are an entirely different type of bond that are under a different statute and will go through a separate process. She stated we could have packaged the road improvement funding with this capital bond but we need to work more with the Road Department to feel comfortable with how much we can afford to bond for roads. She stated it could be a very large number and she wasn't comfortable that we had that all worked out so there is more work to be done before issuing those bonds. She stated we are much closer to refining the scope with these projects and we need to move forward with the improvements being made at the County Building. She stated she didn't see why the Road Department couldn't incorporate their portion of the debt service into their operating budget because of the return on investment from energy savings and reducing the inefficiencies they have.

Comr. Smith thanked Administrator/Controller Scott for her help and for answering his questions regarding this item. He stated he had a concern regarding the architectural review. He stated that when Honeywell was at the last meeting they mentioned the scope of their work was strictly in regards to energy and energy efficiency. He stated that the architectural review being undertaken by the Road Department was a much broader scope. He inquired what harm we would encounter if we waited until the completion of the architectural review prior to approving this resolution.

Scott stated that the Road Department asked for an architectural review several months ago but Administration has determined that from a financial standpoint that we are not likely to build a new building. She stated we had the same review done at the Juvenile Home and while we know the building is not ideal, it is structurally sound. She stated we continue to invest in energy improvements and capital improvements. She stated that based on information from Honeywell, they do have engineers capable of telling us the building is structurally sound. She stated that if we choose to add buildings, it will not interfere with the work we are doing here. She stated we will look at the architect's recommendations to make sure everything will work together and nothing we are doing would need to be undone. She noted this process still gives us forty-five days, and we can take longer than that, before we can to issue bonds but this is the first required step. She stated even if we wanted to take out the Road Department portion of the request, we need to move forward with the county building improvements. She stated we will have Honeywell meet with the architects to review their findings as soon as possible. She stated she has the Administrative ability to modify the scope of the bond issuance so if there are concerns with the scope of the Road Department work it can be removed from this bond and worked out. She stated she will share the results of the Honeywell meeting with the architect. She stated County Administration and Facilities did not request the architectural review, it was requested by the Road Department with Administration's blessing. She stated while it is nice to get a wish list we likely aren't in the position to build a new facility for the Road Department. She stated we are trying to extend the life, extend the value and decrease the operating costs in a way that meets our budget constraints. She stated we are doing the best we can with what we have to work with.

Res. 140-2017

“Motion by Comr. Frisbie, second by Comr. Smith to approve the following: Resolved the Calhoun County Board of Commissioners does hereby approve the Notice of Intent Resolution as presented, to approve publication of a notice of intent to issue up to \$9,000,000 in general obligation limited tax bonds to finance capital improvements for energy conservation and other improvements to County facilities, to authorize and direct the County Clerk to publish a notice of right of electors to petition for referendum, and to authorize the County Administrator/Controller to execute and deliver all required legal documents once terms are determined.”

On a roll call vote, Yes – 5, Excused – 2 (Dunn and Reynolds). Motion **CARRIED**.

5. Raymond Road Property Sale

Administrator/Controller Scott stated this is the follow up to item approved on May 18 to publically offer a piece of property on Raymond Road inherited from the Road Commission and not needed by the county. She stated the notice was published in papers couple of weeks ago.

Corporation Counsel Jim Dyer stated we did a bid process, had one bid from Emmett Township, and they were the one who expressed interest prior to the May 18 resolution. He stated their bid was the only one received and was the minimum offer of \$4000. He stated they are a qualified purchaser. He stated the Board is not obligated to accept any bids or terms so it is indicated that the Board could decide not to adopt the resolution or could require additional information or action prior to sale. He stated the County has no other use for the property and Administration recommends the sale. He explained that the County received the property as a donation in July 1960 and the owner specified, with a deed restriction, that the parcel is to be used for park and highway purposes. He stated that is one of the things included in the bid criteria, that the purchasing party had to specify what the property would be used for. He stated that Emmett Township stated they will be using the property for a park. Dyer stated there is nothing in the bid that specifies that Emmett cannot sell it for other purposes but that could be added in the contract.

Comr. King inquired if there was a resolution from Emmett Township stating that their Board has approved acting on this purchase.

Dyer stated we were not provided with a resolution authorizing the purchase but we were told verbally that the Township Board did authorize the offer.
Scott stated she spoke with Mike Leslie at Emmett Township and he indicated that the Emmett Township Board voted to approve the purchase.

Comr. King stated the County was originally told the property would be used as a launch site for their Emmett Township’s rescue boat. He stated now there is word in the community that it will be used for private use as a canoe livery. He inquired why there is a range in the property size.

Dyer stated that the actual deed states the parcel is “.95 acres more or less” then in the description it states “the typical meets and bounds” and “thence east to the waterline of the west bank of the Kalamazoo River” then “thence easterly along the Kalamazoo River to the point of beginning” which is typical wording for property that has rights along the lines of an embankment. He stated if that embankment changes over time it changes the size of the property. He stated he also confirmed with the county’s GIS who confirmed the range to the larger number.

Comr. King stated he also read that the property is landlocked.

Dyer stated it is adjacent to Raymond Road right of way but only immediately at the river so practically speaking it is not landlocked but access would require an easement from the property to the immediate west, which is the Riverview Recreation Area.

Comr. King stated something doesn’t seem right because there are signs all over that say “Riverview Recreation”. He stated there are deed restrictions and if the property is going to be used for something, we should know.

Dyer suggested the Board could either pass on the resolution, seek more information or perhaps require an additional component of the sale, which would be a restriction on the lease or on the ability to sell to another party. He reminded the Board that they are under no obligation to accept a bid.

Comr. Frisbie confirmed that if the property is sold to a private party, it will become a taxable piece of property. He stated that we could grant Emmett Township use of the property as a rescue boat launch without selling it.

Dyer stated the question being raised is if the sale to Emmett Township is just a means of washing the deed restrictions.

Comr. Potter stated there are several rumors about this property and many of them say Emmett Township is buying to resell to commercial. He stated he would like to have something in writing from Emmett Township stating their intended use for the property not because we don’t trust them, but because there are rumors.

Comr. Frisbie stated if the deed restrictions aren’t as restrictive as they seem, why can’t the county sell as a commercial waterfront property. He stated if it is for a boat launch, we can grant them access and retain control.

Dyer stated that what had been explained to him at Emmett’s initial interest was they were going to make it a park with a trail and connection to a Farmer’s Market. He stated he was assured during the conversation that there was an easement in place.

Res. 141-2017

“Motion by Comr. Potter, second by Comr. Smith to table this agenda item for further information: Resolved the Calhoun County Board of Commission does hereby authorize the sale for Four Thousand (\$4,000.00) Dollars to Emmett Township of an approximately .95 to 1.55 acre parcel of property currently owned by the former Calhoun County Road Commission located on the Raymond Road right of way, and the Kalamazoo River, and authorizes the County Administrator to sign a purchase agreement, deed or other document necessary to complete this sale.”

Roll call vote, Yes – 5, Excused – 2 (Dunn and Reynolds). Motion **CARRIED**.

13. CITIZEN’S TIME

There was none.

14. COMMISSIONERS TIME

There was none.

15. CLAIMS PAYABLE

- A. County Claims Payable for June 9 - 29, 2017 in the amount of \$5,307,061.85

Res. 142-2017

“Moved Comr. Potter, second by Comr. Smith to approve the following: Resolved the Calhoun County Board of Commissioners does hereby approve the County Claims Payable for June 9 - 29, 2017 in the amount of \$5,307,061.85 as presented.”

On a roll call vote, Yes – 5, Excused – 2 (Dunn and Reynolds). Motion **CARRIED**.

16. ANNOUNCEMENTS

Comr. Tompkins stated the second installment of the 5K/10K run as part of the Albion Walk Series will take place on July 14 starting at 6:30. He stated this installment focuses on the history of Albion and has been dubbed the History Hustle. He stated you can register online at www.albion5k.com and the proceeds of the event will benefit the Albion Historical Society, with charges of \$30 for the 5K or \$35 for the 10K. He stated it’s a good event for a good cause.

17. ADJOURNMENT

The meeting was adjourned at 8:05 p.m. at the call of the Chair.

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Chairman

Clerk to the Board