Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, January 27, 2004 – 3:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112

Members Present: Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, and Peter J. Murdock

Members Absent: Karen Lovejoy Roe.

1. CALL TO ORDER: Brenda L. Stumbo called the meeting to order at 3:00 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the December 23, 2003 meeting. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

3. NEW BUSINESS:

   A. Request to Approve – Second Amendment to YCUA/DWSD Water Service Agreement - Larry R. Thomas

      Mr. Thomas directed the Board’s attention to an amendment to the YCUA/DWSD Water Service Agreement. He indicated that this is the agreement by which YCUA purchases and DWSD sells water to the Authority. Mr. Thomas also explained that DWSD requires an amendment as part of the second Connection project. He pointed out that the agreement stipulates where the connection is made and that it is a second point of delivery to the Authority.

      Mr. Thomas explained that it also corrects some irregularities in the original contract, which stated that we were receiving water at five locations. He further advised that it also corrects the service area to include Willow Run...
Airport, which, although we have always served the airport, was not specified in the original contract. Mr. Thomas stated that YCUA’s attorney, Tom Daniels, drafted this amendment. He acknowledged that the amendment is a requirement for the second connection.

Mr. Thomas recommended approval of the Second Amendment to YCUA/DWSD Water Service Agreement.

Motion by Koryzno to accept Mr. Thomas’s recommendation for approval of the Second Amendment to YCUA/DWSD Water Service Agreement. Support by Doe. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve Change Order No. 1 re: DWSD Second Connection - Larry R. Thomas

Mr. Thomas directed the Board’s attention to Change Order No. 1 for the second connection project. He indicated that there is $557,207.44 in increases for changes in valves at the meter vault. Mr. Thomas also explained that also included is $588,882.36 in decreases for reduction in valves. He pointed out that this results in a net decrease to the contract of $31,674.92.

Mr. Thomas explained that the cone valve at the pressure-reducing vault was increased in size by our request and the metropolitan gate valves were changed to resilient seated gate valves when DWSD approved the change. He further advised that this represents a decrease to the project budget.

Mr. Thomas recommended approval of the Request to Approve Change Order No. 1 re: DWSD Second Connection resulting in a net decrease to the contract of $31,674.92.

Motion by Doe to accept Mr. Thomas’s recommendation for approval of the Request to Approve Change Order No. 1 re: DWSD Second Connection resulting in a net decrease to the contract of $31,674.92. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

C. Request to Accept and Approve – Financial Audit Report - Mark Kettner

Mr. Kettner directed the Board’s attention to the Financial Audit Report for fiscal year ending August 31, 2003. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Mr. Kettner recommended acceptance and approval of the Financial Audit

Motion by Murdock to accept Mr. Kettner’s recommendation for approval of the Financial Audit Report for fiscal year ending August 31, 2003. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Rehmann Robson’s Preliminary Assessment and Proposal re: Administrative Operating Efficiency - Larry R. Thomas

Mr. Thomas directed the Board’s attention to a proposal from Mark Kettner of Rehmann Robson, our auditors, for consulting services for assistance in increasing the efficiency of our administrative operating procedures. He indicated that, as part of the audit procedures, Rehmann Robson’s staff did a preliminary assessment of our administrative staff and procedures. Mr. Thomas also explained that this proposal lists several areas that need attention. He pointed out that staff has evaluated the proposal and is recommending that we proceed with Rehmann Robson’s proposal at this time.

Mr. Thomas explained that staff sees the replacement of the utility billing software and the accounting software as very high priority items in improving administrative efficiencies and procedures. He further advised that Rehmann Robson has proposed a professional services budget fee with a $48,200 maximum.

Mr. Thomas recommended approval of the Request to Approve the Preliminary Assessment and Proposal re: Administrative Operating Efficiency from Rehmann Robson in the amount of $48,200 maximum.

Motion by Koryzno to accept Mr. Thomas’s recommendation for approval of the Request to Approve the Preliminary Assessment and Proposal re: Administrative Operating Efficiency from Rehmann Robson in the amount of $48,200 maximum. Support by Doe. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – Augusta Township Conveyance and Disposal Contract - Larry R. Thomas

Mr. Thomas directed the Board’s attention to a new wastewater conveyance and disposal contract between YCUA and Augusta Township. He indicated that the contract increases Augusta Township’s allocated capacity at the wastewater treatment plant by 0.37 million gallons per day. Mr. Thomas also explained that this contract is modeled on the new generation wastewater
contracts such as WTUA and Pittsfield Township. He pointed out that this contract has a provision somewhat different from WTUA and Pittsfield in that debt payments for the wastewater treatment plant expansion/improvements project and any new debt service entered into in the first two years will be deferred until the third year of the contract.

Mr. Thomas explained that, at that time, Augusta Township would begin paying its share of yearly debt service as well as the first two years’ of missed debt service payments with interest. He further advised that YCUA’s attorney, Tom Daniels, drafted this agreement. Mr. Thomas stated that the new contract is advantageous to the Authority in that Augusta Township will be paying shares of debt service and capital projects based on capacity allocation rather than usage.

Mr. Thomas recommended approval of the Augusta Township Conveyance and Disposal Contract.

Motion by Doe to accept Mr. Thomas’s recommendation for approval of the Augusta Township Conveyance and Disposal Contract. Support by Murdock. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – YCUA Resolution 04-1 Authorizing Estimated Actuarial Cost of Additional Credited Service - Larry R. Thomas

Mr. Thomas reminded the Board that, at last month’s Board meeting, the Board approved a Generic Service Credit Purchase Policy. He indicated that Henry Gerst, a foreman in our service department, has requested the purchase of three years of additional service credit. Mr. Thomas also explained that MERS requires a Board resolution for each purchase. He pointed out that YCUA employee Henry Gerst is exercising his option to purchase generic service credit.

Mr. Thomas recommended approval of YCUA Resolution 04-1 Authorizing Estimated Actuarial Cost of Additional Credited Service.

Motion by Doe to accept Mr. Thomas’s recommendation for approval of YCUA Resolution 04-1 Authorizing Estimated Actuarial Cost of Additional Credited Service. Support by Murdock. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve – Tetra Tech MPS Proposal re: Paint Creek I/I Analysis - Larry R. Thomas
Mr. Thomas directed the Board’s attention to a proposal from Tetra Tech regarding an inflow/infiltration analysis of our Paint Creek trunk sewer. He indicated that this I/I analysis is required as part of our District Compliance Agreement with MDEQ. Mr. Thomas also explained that the analysis requires five continuously recording flow meters and two continuously recording rain gauges to determine the inflow and infiltration of the sewer during storm events. He pointed out that the data gathered is then analyzed and a projected peak flow for a 24-hour/25-year storm event will be calculated.

Mr. Thomas explained that, upon completion of this work, a determination would be made on potential upgrades needed in this trunk sewer system. He further advised that, in negotiations with MDEQ, YCUA originally proposed a four-month data-gathering period. Mr. Thomas stated that MDEQ requested a seven-month monitoring period and stated that, if sufficient rain events occur in the first four months, monitoring may be discontinued with their approval.

He acknowledged that this study is needed to comply with the DCA and, in order to qualify for SRF funding if any capital improvements are needed in the Paint Creek sewer system. Mr. Thomas confirmed that Tetra Tech proposes a budget of $109,000 if the project can be completed within the four months. If it must continue for the full seven months, their requested budget is $161,500.

Mr. Thomas recommended approval of the Proposal re: Paint Creek I/I Analysis from Tetra Tech MPS in the amount of $109,000 if the project can be completed within the four months; $161,500 if it must continue for the full seven months.

Motion by Doe to accept Mr. Thomas’s recommendation for approval of the Proposal re: Paint Creek I/I Analysis from Tetra Tech MPS in the amount of $109,000 if the project can be completed within the four months; $161,500 if it must continue for the full seven months. Support by Koryzno. In favor: Stumbo, Koryzno, and Doe. Opposed by Murdock. (Motion carried)

H. Informational Item First Quarterly Production Report - T. Michael Jessee

Mr. Jessee directed the Board’s attention to a production report for the first quarter of the current fiscal year. He indicated that it was intended to keep the Board members up to date on the operations of the Authority. Mr. Jessee
then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

I. **Fund Balance Report** - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Fund Balance Report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.


Mr. Thomas directed the Board’s attention to the Financial Report – Receiving Saving Analysis. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.


Mr. Thomas directed the Board’s attention to the Usage Report – Consumption Report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

L. **Director’s Report** - Larry R. Thomas

Mr. Thomas reminded the Board that the new committee meeting schedules had been distributed to the Board and asked them to attend as many meetings as possible for the committees that they each chair.

Mr. Thomas advised the Board that DWSD had recently announced a 17.97% water rate increase to YCUA.

4. **OLD BUSINESS:**

There was no old business for the month.
5. OTHER BUSINESS:

T. Michael Jessee welcomed Scott D. Westover, YCUA’s new Engineering Manager.

Peter J. Murdock requested that YCUA institute a “Cell Phones On Silent” policy for all meetings at the Authority.

6. STATEMENTS AND CHECKS: Motion by Doe to pay the bills in the amount of $3,199,498.72 plus an addendum in the amount of $3,642,545.67. Support by Murdock. In favor: All. Opposed: None. (Motion carried)

7. PUBLIC COMMENTS:

There were no public comments for the month.

8. ADJOURNMENT: Motion by Murdock to adjourn the meeting at 4:43 p.m. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

LARRY J. DOE, Secretary/Treasurer
YCUA RESOLUTION NO. 04-1

Estimated Actuarial Cost of Additional Credited Service

Henry J. Gerst  
Division No. 8106BU12 - Ypsilanti Com Util Auth-Tmstrs  
Member's Date of Birth: 11/03/1953  
Spouse's Date of Birth: 07/01/1952  
Estimated Final Average Compensation on Calculation Date: $67,881.01  
Calculation Date: 1/1/2004  
(Valid until 2 months after Calculation Date)  
Age on Calculation Date: 50.1600 Years  
N/A

Credited Service on Calculation Date: 16 Years, 6 Months  
Other Governmental Service (for eligibility): 0 Years, 0 Months  
Type of Credited Service to be Granted: General

Additional Credited Service to be Granted: 3 Years, 0 Months

Total Actuarial Cost of Additional Credited Service: $42,381

The member's share of the cost may be any amount from zero up to the Total Actuarial Cost, and is due at the time of purchase. The employer's share is the balance of the actuarial cost not paid by the member, and may be paid in a lump sum, or amortized over 30 years. For example, amortizing the Total Actuarial Cost over 30 years results in a first year employer contribution of $2,273, increasing 4.5% each year thereafter.

Benefit Provisions in Effect on Calculation Date:

Resolution to be Adopted by the Governing Body

As provided by the MERS Plan Document, the above additional credited service is granted this member by resolution adopted by The YCUA Board of Commissioners (Governing Body) at its meeting on January 27, 2004. It is understood that calculation of the actuarial cost is based on the assumptions approved by the Retirement Board on the date the calculation was prepared. Actual future events and experience may result in changes different than those assumed and liability different than that estimated.

Larry L. Doe, Secretary/Treasurer

To Be Completed By The Member

I do hereby certify that the above service credit, for which I am applying, is in accordance with the restrictions regarding purchasing service credit. (Restrictions are outlined on reverse side of this form.)

(Signature of Henry J. Gerst)  
(Date)

Acknowledgement of Purchase (To Be Completed By MERS Staff)

Payment Received:

Member Payment:

Employer Payment:

Service Credited:

(Date)

Signed:

Or Amortized: 

(MERS Staff)

Res. Date  Res. Age  Service  PAC  Annual Base  Change Date  Change Age  Annual Item
Before Purchase: 07/01/2012 58.6600 25.0000 98681.73 49340.88
After Purchase: 07/01/2009 55.6600 25.0000 64744.47 43237.20

12/30/2003 16:56:14

1134 Municipal Way, Lansing, MI 48917  
Phone (517) 703-9030 - 1-800-767-6377  
Fax (517) 622-3197

Please Return  
Signed Original  
With Your Payment
RETIREMENT BOARD ASSUMPTIONS FOR CALCULATING ESTIMATED COST TO PURCHASE ADDITIONAL SERVICE CREDIT

1. Member will retire at the earliest date for unreduced retirement benefits. If member will terminate employment before eligibility for unreduced retirement benefits and MERS was not notified at time of calculation, the employer understands they may be incurring an additional liability.
2. Final average compensation is projected to increase 4.5% annually from date of purchase to date of retirement.
3. Investment return is projected to be 8% annually.

RESTRICTIONS ON PURCHASES OF OTHER GOVERNMENTAL SERVICE CREDIT

1. Service credit has not and will not be used in any other defined benefit retirement plan for the purpose of drawing a retirement benefit.
2. If the prior plan was not a defined benefit plan, service may be purchased if the former employer did not make contributions on behalf of the member to the retirement fund. This applies whether or not the member is currently receiving, or will in the future, receive, a benefit or distribution, except where the former employee did not vest and will not receive any benefit from this fund.

NOTE: Under federal law changes, effective January 1, 2002, if the distribution is an eligible qualified rollover to MERS from a public sector 401(k) plan, 401(a) defined contributions plan, or 457 deferred compensation plan in which employer contributions were made for the member, then the service period for which the employer contributions were made may be purchased in MERS.

EMPLOYER’S AMORTIZATION PAYMENT

If the member will pay a portion, but not all, of the Total Actuarial Cost, and the Balance of the Total Actuarial Cost will be funded by the employer, then the employer can determine the adjusted first year employer contribution, based on the amortization period and method reflected on the calculation printout, using the following formula:

1. Balance of Actuarial Cost = Total Actuarial Cost - Member Payment
2. Adjusted First Year Employer Contribution = First Year Employer Contributions * Balance of Actuarial Cost / Total Actuarial Cost