



KAREGNONDI WATER AUTHORITY
Public Board Meeting
Genesee County Water & Waste Services
(810) 732-7870

MINUTES OF MEETING
August 20, 2014

Meeting Convened 2:06 p.m.
The Pledge of Allegiance was recited.
Invocation was given by Jeff Wright

Roll Call –

Board Members Present: Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Jamie Curtis, Joseph Suma, Dale Kerbyson, Dayne Walling

Members Absent (Excused): Micki Hoffman, Steve Landaal, Sheldon Neeley, Greg Alexander

Also Present:

Jeff Wright, Chief Executive Officer

- ❖ Motion to Add Michigan Fair Contracting to Agenda for Discussion by *Jamie Curtis*; Supported by *Paula Zelenko*; No Discussion; Voice Vote – Motion Passed Unanimously

Minutes:

- ❖ Motion for Approval of February 19, 2014 Minutes by *Ted Henry*; Supported by *Paula Zelenko*; No Discussion; Voice Vote – Motion Passed Unanimously
- ❖ Motion for Approval of May 21, 2014 Minutes by *Dale Kerbyson*; Supported by *Joseph Suma*; No Discussion; Voice Vote – Motion Passed Unanimously

Reports:

Deputy Treasurer Karl Kramer presented the Treasurer's Report.

- ❖ Motion to Approve Treasurer's Report as Presented by *Larry Green*; Supported by *Josh Freeman*; No Discussion; Voice Vote – Motion Passed Unanimously

CEO Jeff Wright gave a short presentation on the construction progress of the project. He also invited to Board to the ground breaking at August 26, 2014, at 10 a.m., on Stanley Road at Holloway Reservoir Causeway for Contract S.4007.

Communication: Tabled due to the absence of Corporation Counsel.

Consent Agenda:

- ❖ Motion to Adopt Resolution 2014-06 Establishing Regular Meeting Dates by *Rick Hammel*; Supported by *Larry Green*; No Discussion; Voice Vote – Motion Passed Unanimously

Public Comment:

Mark Munson inquired about the fee paid to engineering companies – is it an estimate, paid percent, or flat fee? Regarding Treasurer's Report, when bonds were originally sold and put in a safe "purse", why did that have to be done twice and a fee paid twice? Why didn't they put the funds in the second fund originally?

Jay Freeman introduced himself as a business agent with the Flint Electrical Workers, and he also has a seat on the GLS Building Trades Council. The GLS Building Trades Council has been a big proponent of the pipeline and commends Jeff Wright for all of the time put on the project. They see a big value in the labor and the man hours for the men and women of this community. There is Prevailing Wage Rates on the projects. Mr. Freeman continued to state that unfortunately there are contractors who will try to undercut and will take advantage of workers. The tool to prevent this that is used in the area is a company called Michigan Fair Contracting. They are a third party entity. They come in at no cost to the developer. They make their money when there is suspect that someone is not being fair. When a claim for an audit is made, if the employee makes the claim and it is valid, the contractor will pay. If the employee's claim is not valid, the employee will pay for the audit. Any conflict as a result of the audit will be brought before the Board. The KWA Board would never have to pay for anything. Levels the playing field so to speak. Would like to see this added to the specifications in any future projects being bid.

Chris Del Morone has concern with the meeting schedule and asked that if possible, all future meetings could be held at a certain given location and a certain given time.

Old Business: None

New Business:

- ❖ Motion to Accept Resolution 2014-04 Establishing a Public Hearing on the Karegnondi Water Authority Fiscal Year 2015 Budget by *Dale Kerbyson*; Supported by *Paula Zelenko*; No Discussion; Voice Vote – Motion Passed Unanimously

No Board action required on Resolution 2014-05. Will be published in the newspaper, however, State of Michigan has required language regarding millages. CEO reiterated that there will be no millage; the KWA is 100% funded by the people using the water system.

- ❖ Motion to Accept Resolution No. 2014-07 Directing the CEO of KWA to Include Section 00870-Labor Relations in all Future Construction Contracts issued by the Karegnondi Water Authority for the Initial Construction of the System by *Jamie Curtis*; Supported by *Rick Hammel*; Discussion Ensued; Voice Vote – Motion Passed Unanimously.

Second Public Comment:

Mark Monson inquired of Dale Kerbyson if Lapeer has approved buying water yet? Mr. Kerbyson indicated that they haven't, further noting that Lapeer just received an updated contract for purchasing treated water, and Lapeer is going through the last step in evaluating the contract before making its decision.

Mark Monson asked that compassion be had for the two parcels affected by the project. CEO Wright indicated that he has spoken to the homeowners. One homeowner loves the idea, and there are ongoing discussions with the second property owners.

Chris Del Morone asked that if anyone wants raw water for their business, who will pay for the piping over to the business? He asked the CEO if he would define "our area" and we are keeping track that the people are from our area? CEO Wright indicates that he considers the area to be our region. The majority of workers are from the Flint and Genesee County area. He knows because he visits all job sites and talks to the employees.

Board Comment:

Jeff Wright indicated all meetings are posted on the website and schedules are set each year. Meetings are usually scheduled on the third Wednesday, at 2 p.m. The meetings are posted to the KWA website. The Board tries to meet in all of the different communities. CEO Wright further indicated that there should be an official office for KWA at some point in about two years where all of the meetings will be held.

The raw water pipeline will be run to the Flint Water Plant, which is near the Buick City site. It could be available for brown field development. There are people from around the country that are watching to see when this project is completed. There are already people looking at Michigan in general and the surrounding areas because of the water. CEO Wright indicated he doesn't believe raw water pipelines will be run all over the county until the economy is back on track. Someday he believes we will be running dual pipelines.

Engineers are paid in two ways. One is they get a percentage of the actual cost of the construction and the other is a flat rate. CEO Wright indicated that a flat fee was chosen in the beginning of the project, so the engineers do not get a percentage of the construction cost.

CEO Wright indicated that \$231 million was borrowed from multiple investors and put in a 30-day government CD to try and earn as much interest as possible. We then went back to the financial advisers and bond counsel and conducted a public bid with investors to obtain a better rate.

Jeff Wright asked the Incorporating Board to hold a nominating committee meeting on September 24, at 1:30 p.m., one half hour prior to the Board meeting.

Trustee Svrcek indicated that he is glad to see the interest rate was lower than estimated. He also thanked the engineering companies for their hard efforts.

Trustee Kerbyson indicated that he would like to go visit more of the sites and would like to have a Finance Committee meeting.

Trustee Zelenko thanked Mr. Freeman, Mr. Argentodi, and Mr. Randick for coming to the Board meeting and explaining the nature of the Michigan Fair Contracting Center.

Trustee Hammel inquired as to who is doing all of inspecting of the construction projects? Jeff Wright indicated there are multiple staff members and members of the design teams from the engineering firms.

Chairman Walling indicated that it is a pleasure to see the job number up where it is. Economic impact is tremendous. He indicated he was contracted by Trustee Landaal who had made the comment of insuring that we are looking at any property value impacts, and CEO Wright assured that steps were being taken. Chairman Walling commented that the City of Flint has the postings for all of the KWA meetings.

MEETING MINTUES DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss:
COUNTY OF GENESEE)

I, Steve Montle, Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of the Minutes of Meetings of August 20, 2014, adopted by the Karegnondi Water Authority Board, acting in the County of Genesee, at a meeting held on September 24, 2014, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 24th day of September, 2014.



JANIS M. WELLS, Deputy Secretary