

Gull Lake Sewer & Water Authority

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MINUTES OF THE AUGUST 19, 2020 REGULAR BOARD MEETING

Authority Board Meeting

2:30 P.M.

CALL TO ORDER/ ROLL CALL: Chairperson Harma called the meeting to order at 2:30 P.M. Commissioners present were Lysanne Harma, Jimmy Stoneburner and Wes Kahler. Commissioner Rob Baker was absent. Also present were Executive Director John Crumb, Executive Assistant Anne Richmond, Engineer Paul Schram, Attorney Rob Thall, and Accountant Robert Loftus. Charleston Township Supervisor Jerry VanderRoest arrived later. Mr. and Mrs. Ritz of 9638 West Gull Lake Drive were present to address the Board. Access to the meeting was available via Zoom.

REVIEW AND SET THE AGENDA: Stoneburner made the motion to set the Agenda as presented. Motion was seconded by Kahler. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.**

HEAR THOSE PRESENT (Non-Agenda Items): Mr. and Mrs. Ritz of 9638 West Gull Lake Drive claimed that the location of the sewer/sewer easement that crosses their property denies them reasonable use of their property and requested that GLSWA share in the cost to relocate it.

Auditor Presentation: Motion: Authorize Seber Tans to Submit FYE 3/31/2020 Audit Robert Loftus from Seber Tans, PLC was present to review the results of the GLSWA audit for FYE March 31, 2020 with the Board. The Auditors' Report on the Financial Statements was an unqualified "clean opinion". There were no concerns with management to report. Due to the small size of the Authority's office staff, segregation of duties is a significant deficiency. Loftus encouraged the board to continue their diligence in monitoring the financial reports and asking questions.

Total Net Assets decreased \$352,000 or 2.4% due to capital contributions being less than depreciation. Revenue increased by \$248,000 or 16.2%. The Authority's operating revenue is increasing with User Fees representing 70% of total revenue, however, variation in industrial and purge flow revenue will impact the Authority's operating revenue. Industrial revenue in FYE 2020 was impacted by a meter issue. The meter issue also affected Treatment Charges. Expenses increased by \$228,000 or 11.2%. Compensation, Treatment Charges, and Depreciation make up approximately 81% of GLSWA's expenses. The monthly cost per REU is \$26.59, an increase of \$.58/REU over last year. Absent depreciation, the Authority had an excess of operating revenues over operating expenses of approximately \$105,000 in

2020. This compares to an excess of operating revenues over operating expenses of approximately \$70,000 in 2019. Operations generated \$34,572 of cash flow in FYE 2020. Loftus reviewed a summary of key GLSWA financial data in tabular and graphical form. FYE 2020 was a financially solid year consistent with past years, however, the regression lines for revenue and expenses are converging and the Authority will need to address this. Stoneburner made the motion to approve the audit as presented, and authorize Seber Tans, PLC to finalize and file the audit with the State of Michigan as required. Motion was seconded by Kahler. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.** The Board thanked Robert for his work.

CONSENT AGENDA: Crumb informed the Board that GLSWA received proof that the Ordinance Revision was published in the Kalamazoo Gazette on July 16. Crumb reviewed the Balkema Invoice for the lateral installation for the Gull Lake Country Club with the Board. The Board discussed the MDOT Memo requesting cost sharing for a sink hole investigation. A motion was made by Kahler and seconded by Stoneburner to approve the consent agenda. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.**

NEW BUSINESS

Pictometry High Resolution Aerial Flight Motion
 GLSWA received a quote from Kalamazoo County of \$9,900 for the cost of the Pictometry High Resolution Aerial Flight for the GLSWA service area sectors (70 quarter sections). Richland Township's portion of the cost is \$3,937.50. Harma raised a concern getting current record information from Kalamazoo County and issues in past years with the quality of the aerial photography. A motion was made by Harma and seconded by Kahler to authorize the Pictometry High Resolution Aerial Flight at a cost of \$9,900. Kalamazoo County will need to provide updated record information. Richland Township will pay their portion of the cost. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.**

9638 West Gull Lake Drive Motion
 Attorney Thall addressed the request by the Ritz's that the Authority share in the cost of relocating the sewer. As there is no benefit to the Authority to move the sewer, it is not a lawful expenditure. The existing easement is binding, and the Ritz's were aware of it when they purchased the property. A motion was made by Kahler and seconded by Stoneburner to authorize Executive Director Crumb and Attorney Thall to submit a letter to the Ritz's denying their request. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.**

Republic First National Financing Rates and Terms Motion
 Attorney Thall explained necessary changes to the Republic First National Bank documents to finance the purchase of the Hydraulic Cleaning/Combination Truck. A motion was made by Stoneburner and seconded by Kahler to authorize Executive

Director Crumb to execute the Republic First National Bank financing documents upon approval of Attorney Thall. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.**

GLSWA/Charleston Township Agreement Motion
 Attorney Thall reviewed and the Board discussed a draft GLSWA/Charleston Township Agreement. A motion was made by Kahler and seconded by Stoneburner to direct Attorney Thall to make any necessary changes to the draft GLSWA/Charleston Township Agreement, deliver the document to Charleston Township Attorney Craig Rolfe, and set the September 16, 2020 GLSWA Board Meeting as the deadline to review the document with changes by all parties. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.**

Certify Delinquent User Bills Motion
 A list of delinquent sewer use accounts for the annual certification to the local unit tax rolls was provided to the Board members for their review. Executive Director Crumb reviewed the updated Master List. The Grand Total of delinquent sewer use bills to be certified is \$23,887, an 11.1% increase over last year. Commissioner Harma suggested increasing the late payment penalty. Kahler made a motion to approve the annual delinquent certification list as submitted on August 19, 2020. Motion was seconded by Stoneburner. **Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.** *The final delinquent sewer certification list will be sent to the Township Treasurers at the end of October to be put on the tax roll.*

OLD BUSINESS: On Going

Crumb reviewed the status of the items on the Master List. He will be focusing on the Charleston Township, Village of Augusta, and Cooper Township Agreements with Attorney Thall.

CLOSING COMMENTS

Kahler informed the Board that the amphitheater is being built. Barry Township will have a new Board Member.

Harma informed the Board that Phase 2 of City Water to address PFAS is being implemented; the M89 portion will not be implemented.

Crumb informed the Board that he completed 6-month evaluations for all employees with no issues. Website updates are in process and Crumb provided an update on the SCADA Upgrade project. Crumb gave the Board members a memo addressing the status of the Water Advisory Committee. Meetings are currently on hold due to COVID-19 restrictions.

ADJOURN.

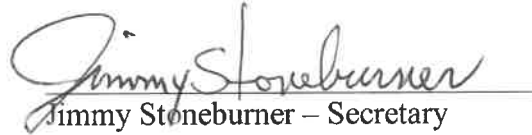
A motion was made by Kahler and seconded by Stoneburner to adjourn the meeting.
Roll Call Vote: Kahler-aye; Stoneburner-aye; Harma-aye; Motion carried.

The meeting was adjourned at 4:30 P.M.

NEXT MEETING:

WEDNESDAY, SEPTEMBER 16, 2020 3:30 P.M.

Submitted for approval


Jimmy Stoneburner – Secretary