

**MINUTES
BOARD OF COMMISSIONERS MEETING
HURON-CLINTON METROPOLITAN AUTHORITY
THURSDAY, JANUARY 12, 2012**

The regular meeting of the Huron-Clinton Metropolitan Authority's Board of Commissioners was held at 10:30 a.m. on Thursday, January 12, 2012 at the Administrative Office. The meeting was convened in pursuance to a call thereof by the Executive Secretary and due notice to the HCMA Board of Commissioners.

Present:	Commissioners:	Anthony V. Marrocco John E. La Belle John C. Hertel John P. McCulloch Harry E. Lester Robert W. Marans Timothy J. McCarthy
	Staff Officers:	
	Director	David C. Moilanen
	Deputy Director	Gregory J. Almas
	Controller	David L. Wahl
	Executive Secretary	George Phifer
Absent:	None	
Others:	Legislative Consultant	George Carr

The meeting was called to order by Chairman Marrocco at 10:30 a.m.

1. Chairman's Statement

The Chairman wished everyone a Happy New Year. Marrocco said the Metroparks has always been a well-funded organization, but there's been a drop in property tax revenue and that 68 percent of HCMA revenues are generated from property taxes.

Marrocco said that in 2008, revenue from taxes was \$36 million. In 2011, revenues were only \$31 million; a \$5 million drop in revenue that had to be dealt with. In 2012, it is expected that revenue from property taxes will be about \$29 million.

Marrocco said that it is not his intentions to layoff anyone for the next two years, however, these financial challenges will need to be dealt with.

2. Public Comments

Jerry McVety, Davey Golf representative, said he wanted to thank the Board for considering the Davey Golf proposal for the Kensington Golf Course and that Davey Golf offered a second alternative for cost savings, but it was not considered.

Commissioner Marrocco inquired what the savings were in the second alternative.

McVety replied that the alternate proposal excluded costs for work that may not be needed; and if needed, the Authority would only be billed for work completed.

Garnett Potter, HCMA Employee Association president, said he wanted to extend an offer to the Board to meet with the Employee Association anytime to discuss how the employees can help with the financial situation.

3. Minutes

A. 2012 Budget Hearing Minutes

It was moved by Commissioner Hertel, supported by Commissioner Lester that the Board of Commissioners approve the Dec. 8, 2011 Budget Hearing meeting minutes as submitted by Executive Secretary Phifer and staff.

Motion carried unanimously.

B. December 8, 2011 Regular Meeting Minutes

It was moved by Commissioner Hertel, supported by Commissioner Lester that the Board of Commissioners approve the Dec. 8, 2011 Regular Meeting minutes as submitted by Executive Secretary Phifer and staff.

Motion carried unanimously.

4. Reports

A. Kensington

1. Bids – Boat Rental Building/Sewer Pump Station Replacement

Chief Engineer Arens reported that the project was to include removal and decommissioning of the existing sanitary pump station serving the Boat Rental building; replace with new pump station, force main and appurtenances including pre-engineered simplex sewage pump station, and approximately 713 lineal feet of 2-inch sanitary force main.

Arens reported that if a contract is awarded, no additional appropriation of funds is necessary. Sufficient funds exist in the Kensington Metropark Major Maintenance Account to cover the difference between Budget Amount and low bid plus contract administration.

It was moved by Commissioner Marans, supported by Commissioner Lester that the Board of Commissioners award Contract No. 704-11P to the low responsive, responsible bidder, Bob Myers Excavating, Inc., in the amount of \$30,126.25 as recommended by Chief Engineer Arens and staff.

Motion carried unanimously.

2. Kensington Golf Maintenance – RFP

It was moved by Commissioner La Belle, supported by Commissioner Marans that the Board of Commissioners reject all three proposals from private companies to enter into a three-year contract with the Metroparks to maintain Kensington Metropark Golf Course, and continue to maintain the course with Metroparks staff as recommended by Director Moilanen and staff.

Motion carried unanimously.

4. Reports

B. Administrative Office

1. 2011 Tax Levy Adjustments

Controller Wahl reported that at the start of each budget year, HCMA establishes a receivable account for the current year's tax levy. Since 2008, HCMA has been estimating the amount of taxes that will be captured locally under various tax abatement programs or adjusted downward by Board of Reviews.

Wahl said that for the 2011 Budget, HCMA's initial levy was \$32,525,452 with estimated captured taxes of \$1,177,000 producing a "net" tax receivable balance of \$31,348,452; and that as tax payments are received during the year, they are applied to reduce the tax receivable balance.

Wahl said prior to year end, it is necessary to reconcile the differences between HCMA and County Treasurer's accounting records. Wahl said in total, the actual tax levy adjustments reported by County Treasurer's offices are \$988,401.84 compared to HCMA estimated adjustments of \$1,177,000. This results in a net tax levy receivable increase or write-up of \$188,598.16 (0.6 percent).

Wahl said that at this time it is appropriate to reduce HCMA tax receivable balances for uncollected delinquent 2005 and prior years' personal property taxes. The total tax receivable balances to write off for all five counties is \$159,599.36.

Wahl said that between the 2011 tax levy adjustments due to the current year reconciliations and the write off of 2005 and prior year's personal delinquent balances the net increase to HCMA tax receivable balance totals \$28,998.80. The net impact of these tax levy adjustments is an increase to the Authority's Reserve account.

It was moved by Commissioner La Belle, supported by Commissioner McCarthy that the Board of Commissioners approve the 2011 Tax Levy Adjustments as recommended by Controller Wahl and Staff.

Motion carried unanimously.

4. Reports

B. Administrative Office

2. 2012 Property/Casualty Insurance Coverage

Controller Wahl reported that working with HCMA's independent insurance agent, Mr. Robert Wolf of the Wolf-Hulbert Agency, staff secured the recommended insurance coverages as summarized on the 2012 Insurance Summary included in the Board packet.

Wahl reported that the general insurance market is starting to tighten up as reinsurance markets push through double digit rate increases resulting from global disasters. HCMA's renewals reflect this trend somewhat. Overall, HCMA's 2012 renewal premiums for 15 policies total \$877,380, compared to \$795,305 in 2011 – a net increase of \$82,075 (10.3 percent).

Wahl reported that generally, the majority of the renewals went smoothly. Premiums for 13 of the 15 policies experienced net premium reductions of \$11,800 (2.6 percent).

Wahl reported that despite a potentially serious claim from the 2009 Lake Erie Wave Pool drowning (reserved at \$1.0 million), the Authority's comprehensive General Liability premium will continue to drop by another \$9,100 (7.6 percent). The Authority's long term relationship with CNA was critical in negotiating this reduction. The premium increases on the other 11 policies were minimal (\$14,600) and justified on the basis of higher insured values.

Wahl reported that these premium reductions were offset entirely by premium increases in: (1) Employment Practices Liability (EPL) (\$19,000 – 81 percent), and (2) Worker's Compensation (\$74,800 – 23 percent).

Wahl reported that renewing coverages for EPL through Scottsdale was not possible. Scottsdale declined renewal due to the adverse frequency of claim experience from Police Department claims, which increased from two at \$102,000 (reserved) in 2010 to six at \$125,000 (reserved) in 2011. Placement of the EPL coverage proved problematic. After an extensive market search, which included approaching 32 EPL carriers, Wolf Hulbert secured two quotes – XL (Indian Harbor) and Lloyd's of London. Each carrier would only offer \$1.0 million of coverage (versus \$11.0 million), with XL (Indian Harbor) being most cost effective at \$42,900. Due to the unanticipated cancellation and subsequent premium increase associated with the EPL coverage, a supplemental appropriation of \$15,000 will need to be made from the Authority's Reserve account to the Administrative Office insurance account (900-71.923).

Wahl reported that Worker's Compensation 2012 premiums were hampered by four consecutive years of high claims (2007 - \$370,000; 2008 - \$250,000; 2009 - \$149,000; and 2010 - \$311,000). Although the Authority's experience modification factor held steady at .88, which continues to indicate better than average claim experience, the four years of high claims resulted in CNA reducing the scheduled workplace credits from 39 percent to 22 percent. Premium discounts held steady at 10 percent.

Wahl reported that in an effort to reduce Worker's Compensation costs, the Wolf Hulbert Agency solicited quotes from nine other markets. Six markets declined to quote as they felt they could not be competitive with CNA since they were unwilling to offer comparable discounts due to claim experience trends. Travelers, Chartis (AIG) and Accident Fund quoted, ranging from \$405,000 to \$909,000. Travelers offered the most competitive quote, but it was contingent upon writing all other lines of coverage (general liability, property, etc.). Although Travelers has a public sector program, they declined to develop a comprehensive quote, citing inability to be price competitive.

Wahl reported that the Wolf Hulbert Agency investigated an alternative self insured program through Citizens. If claims were to sustain at the \$300,000 level, a self insured program might offer some cost savings. However, 2011 claim levels have reduced to \$89,000 and if they hold in that range. The same cost savings could materialize in the guaranteed cost plan with CNA.

Wahl reported that in keeping with the Board's practice, staff has reviewed all recommended 2012 insurance coverages with the Authority's insurance consultant, Mr. Haig Neville and that Mr. Neville feels HCMA's insurance program is placed with highly rated insurance carriers offering broad based coverages at competitively priced premium levels in today's market. Mr. Neville recommends acceptance

Commissioner McCulloch requested that staff provide commissioners with a copy of all the EPL claims.

Discussion was held by commissioners and staff.

It was moved by Commissioner Lester, supported by Commissioner Marans that the Board of Commissioners approve: (1) the 2012 insurance coverages as detailed on the 2012 Insurance Summary, and (2) a \$15,000 supplemental appropriation from the Reserve account as recommended by Controller Wahl and staff.

Motion carried unanimously.

4. Reports

B. Administrative Office

3. 2012 Liability Indemnification Resolution

Controller Wahl reported that based on a continuing recommendation from Miller Canfield, the Authority's Board of Commissioners has adopted the Liability Indemnification Resolution since 1986. This annual administrative matter is necessary each year so that the Board can reaffirm their general intent on liability indemnification in case a claim is presented to the Authority at some later date.

Wahl said the Liability Indemnification Resolution offers protection for Board members, employees and volunteers against claims and losses arising out of the course of their service/employment with the Authority while acting within the scope of their duties.

It was moved by Commissioner La Belle, supported by Commissioner McCulloch that the Board of Commissioners adopt the Liability Indemnification Resolution at the January 12, 2012 meeting as recommended by Controller Wahl and staff.

Motion carried unanimously.

4. Reports

B. Administrative Office

4. Adoption of High Deductible Health Plan for Non-Represented Employees

Human Resources Manager Carol Stone reported that there are seven management positions that are not represented by collective bargaining agreements. These positions are the Director, Deputy Director, Controller, Executive Secretary/Police Chief, HR Manager, HR Administrator, and Administrative Office Secretary.

Stone reported that Michigan Public Act 152 of 2011 went into effect for HCMA non-represented employees on Jan. 1, 2012; and that Public Act 152 limits the amount public entities can pay for employee health care benefits to \$5,500 for single coverage, \$11,000 for two-person coverage, and \$15,000 for family coverage. The Act also provides for opt-out provisions and an alternative 80/20 limit.

Stone reported that in December 2008, the Board established benefits for non-represented HCMA employees at a level similar to those established in the POAM Police Officer's contract. Staff has received a legal opinion that indicates that this action does not constitute a contract under Public Act 152 and the limits will apply to non-represented employees in 2012.

It was moved by Commissioner Marans, supported by Commissioner McCarthy that the Board of Commissioners adopt the Blue Cross Simply Blue High Deductible Health Care Plan with a Health Savings Account for non-represented HCMA employees effective March 1, 2012 and allow 2012 premium co-pays to be deposited into the Health Savings Account to assist in funding the deductible as recommended by Human Resources Manager Stone and staff.

Motion carried unanimously.

5. Donations

Deputy Director Almas requested the Board accept the December donations:

- Michael Cook donated an 11-year-old Belgian mare to be used at the Kensington Metropark Farm Center.
- Janet Birk made a \$475 cash donation for a bench to be used at Hudson Mills Metropark on the hike-bike trail.

It was moved by Commissioner McCarthy, supported by Commissioner Lester that the Board of Commissioners accept the donations and a letter of appreciation be sent to the donors as recommended by Deputy Director Almas and staff.

Motion carried unanimously.

6. Legislative Report

Legislative Consultant Carr reported the Michigan Legislature reconvened on Jan. 11 marking the remainder of the 2011-2012 session. Carr said that this was largely a ceremonial event dictated by the Michigan Constitution and normally includes the introduction of a large number of new bills.

Carr said the first significant benchmark for Lansing will be the governor's State of the State address on Jan. 18. Carr said the governor's speech will serve as a framework for, but not control, the Legislature's agenda going into the 2012 presidential elections. Carr said the focus is expected to be on transportation funding, a new bridge to Canada, emergency financial managers and Personal Property Tax reform.

Carr said the Legislature will resume regular sessions following the State of the State address.

It was moved by Commissioner Hertel, supported by Commissioner Lester that the Board of Commissioners receive and file the legislative report as submitted by Legislative Consultant Carr.

Motion carried unanimously.

5. Closed Session

It was moved by Commissioner Hertel, supported by Commissioner Lester that the Board of Commissioners immediately adjourn to a closed session to discuss litigation and contract negotiations.

ROLL CALL VOTE

Voting Yes: Commissioners Marrocco, La Belle, Hertel, McCulloch, Lester, Marans, McCarthy
Voting No: None

Motion carried unanimously.

The regular meeting adjourned at 11:03 a.m.

In closed session, it was moved by Commissioner La Belle, supported by Commissioner Lester that the Board of Commissioners adjourn the closed session.

The regular meeting reconvened at 12:06 p.m.

It was moved by Commissioner McCarthy, supported by Commissioner McCulloch that the Board of Commissioners direct staff to proceed with the recommendations as discussed in the closed session.

Motion carried unanimously.

It was moved by Commissioner Lester, supported by Commissioner Hertel that the Board of Commissioners approve keeping the Par 3 golf course at Lower Huron open and direct staff to look at other alternatives for cost reductions other than the Lower Huron Par 3.

Motion carried unanimously.

6. Director's Comments

Director Moilanen commented that the Michigan Recreation and Parks Association (MRPA) annual conference will be held Feb. 8 – 10 in Dearborn, which is during the same time as the commission meeting. Moilanen asked that commissioners contact him if they were interested in attending.

Moilanen also said that as requested by the Board, he has put together a list of consultants currently being used throughout the park system.

7. Commissioner Comments

Commissioner Lester wished everyone a Happy New Year.

Commissioner Hertel inquired about the status of hiring a Fund Development Director. Director Moilanen replied staff would have information for the Board meeting in February.

Commissioner La Belle commented that there were a lot of people at the meeting for a lot of different reasons. La Belle said the park system was created by the voters and that our legacy must be to keep the whole organization in place, with a focus on providing needed recession services to the citizens of Southeast Michigan.

8. Motion to Adjourn

It was moved by Commissioner Marans, supported by Commissioner Hertel that the Board of Commissioners adjourn the regular meeting.

Motion carried unanimously.

The meeting adjourned at 12:17 p.m.

Respectfully submitted,



George Phifer
Executive Secretary