



Charles Bergdahl, a Marquette County Commissioner, being duly sworn, hereby submits this Affidavit pursuant to the provisions of MCL 15.323(2) (a):

1. The Final Disbursement List submitted for approval at this June 23, 2009 meeting of the County Board of Commissioners Committee of the Whole includes Check No. 102851, dated June 16, 2009, payable to Bergdahl's, Inc. in the amount of \$78.34, in payment for Sawyer Int'l Airport Supplies;
2. I hereby disclose that I have a personal financial interest in Bergdahl's, Inc., which is as follows:  
90% Shareholder
3. I hereby certify that any direct benefit I personally will receive from this payment to Bergdahl's Inc. will be less than \$250.00, and will be less than 5% of the total payment of \$78.34.

Dated this 23<sup>rd</sup> day of June, 2009.  
Charles Bergdahl

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The Committee considered a resolution to support maintaining the existing number of judgeships in the County of Marquette. 96<sup>th</sup> District Court Judge, Dennis Girard, was present and explained that every two years the State Court Administrator's Office conducts its judicial needs assessment. Once again, Marquette County is included for a secondary analysis. As the Board is aware from previous occasions, if a judge is eliminated additional staff, such as law clerks/attorney, magistrates and/or referees, would need to be hired at County expense to make sure that all statutory and constitutional functions are performed. Even with the addition of one or more support personnel that service level to area residents would be negatively affected if Marquette County were to lose a judge.

Judge Girard is requesting once again, support from the County Board through a resolution to maintain the current number of judgeships in the County of Marquette.

It was moved by Comm. Pellow, seconded by Comm. Cihak, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board adopt a Resolution to Support Maintaining the Existing Number of Judgeships in the County of Marquette.

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The Committee considered an informational item from the Michigan Association of Counties regarding the Wind Energy Resource Zone (WERZ) Board. The WERZ Board was established in December 2008 pursuant to P.A. 295 of 2008, also known as the "Clean, Renewable and Efficient Energy Act." On June 2, 2009, the WERZ Board issued its proposed report that identifies four regions of the state with the highest level of wind energy harvest potential. These regions cover all or portions of the following counties (and other local units of government within those counties): Region 1 – Allegan; Region 2 – Antrim and Charlevoix; Region 3 - Benzie, Leelanau, and Manistee; Region 4 – Bay, Huron, Saginaw, Sanilac, and Tuscola.

The WERZ Board is charged with soliciting comments on the proposed report from the local units of government in the four identified regions, as well as local governments that are not within the regions and other individuals and organizations. Comments are due August 4, 2009.

While MAC is not directly involved with the WERZ Board, they have monitored the process as it has developed and remain in close contact with the WERZ Board.

It was moved by Comm. Cihak, seconded by Comm. Pellow, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board send an inquiry to MAC as to why there were no sites identified in the Upper Peninsula.

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The Committee was presented with the 2009 Audit by Mike Gretz, Anderson, Tackman & Company. A complete copy of the Audit Report was distributed. Mr. Gretz provided information in the form of graphs and tables to use in conjunction with the Audit Report Presentation. He explained that professional standards require them to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Mr. Gretz also explained significant deficiencies and instances of non-compliance as reported in the Audit. County staff is currently working to correct any deficiencies or instances of non-compliance.

Commissioners thanked Mr. Gretz for the presentation of the 2009 Audit. They commended Staff, Department Managers and Elected Officials for their efforts and discipline in managing their budgets.

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The Committee received an update on the State Budget and Board of Commissioner Priorities. Steve Powers, County Administrator, distributed a summary report of priorities showing the status of the efforts to accomplish the priorities and priority plans for the 2009 Third Quarter. He also distributed economic and demographic information showing a comparison to other counties in Michigan and the Midwest and as a summary of changes in Marquette County. The information also included possible goals for our region to pursue.

The 2008 General Fund had a net fund balance of \$3,128,679, an increase of \$579,481. While \$338,000 of equity was needed to balance the 2009 budget, reserves remain at levels required by County policy. Almost all funds are in good to excellent financial condition. Areas of concern have been identified by the Board as shown in the priorities.

Despite the severe budget cuts at the state level, the Marquette County 2009 budget remains balanced. Projections for the 2010 General Fund are that operating expenditures will exceed operating revenues by \$980,000, a four percent gap. Adding to the challenge is the need to begin funding the accumulated liability for retiree health insurance.

There will not be any assistance from the State of Michigan. Revenues to support the 2010 budget will be 1.7 to 1.8 billion dollars less than the current year. The governor and legislature plan on using one-time federal stimulus funds to help balance the state budget. While revenue sharing for counties has been spared so far, the probability of reduction is very high.

2012 is a pivotal year for Marquette County. Our revenue sharing is scheduled to resume at \$1.3 million dollars. If the state is unable or unwilling to meet the revenue sharing commitment make to counties, we will have a challenge equal to five percent of the 2012 projected expenditures. The airport stabilization will no longer be a viable funding source for Sawyer Airport. The airport stabilization fund currently provides \$1.0 million for airport operations. The state budget will likely be in worse shape than 2010, causing unknown impacts at the community level. Continuing thoughtful discussion and planning will help us prepare for the challenges.

Mr. Powers explained the 2010 budget process. He stated that department directors and managers will be involved in preparing the recommended 2010 budget, focusing on expenditure reductions, increasing revenues consistent with Board policy, prioritizing programs and a discussion of priorities.

Commissioners and Staff discussed post employment benefit funding, revenue sharing, effects of taxable value on the budget, status of building permits, and a brief discussion regarding a deposit policy for custodial credit risk.

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The Committee considered a report from the Ad Hoc Rehire Committee detailing the review of the rehire program and the pros and cons of continuing the use of that program. Comm Heikkila explained that the members of the Ad Hoc Committee are Comm. Bergdahl, Comm. Heikkila, and Comm. Struck. Information was distributed to Commissioners along with the report. He explained the Ad Hoc Rehire Committee began meeting on December 22, 2008, and has met a total of five times. In addition to those meetings, some individual members have met with or had telephone discussions with a MERS representative to discuss specific questions. A general summary of issues discussed by the committee would include:

- Is the current 30-day severance period appropriate?
- Should elected officials be treated differently?
- Are elected officials covered by the County Personnel Policy?
- Can a rehired employee be hired at a different way or for different hours?
- Compared to a new hire, does a rehired employee save the county dollars or cost the county dollars?
- Did MERS change their actuarial assumptions?

The committee discussed the pros and cons of requiring a longer severance period. A discussion of elected officials concluded that elected officials are not employees of the county and need only comply with MERS and IRS requirements in order to receive a retirement benefit.

Some of the employees who have been rehired have come back in a revised position or at reduced hours. A review of each position occurs whenever there is a severance of employment.

MERS has, in the past several years, made some changes in their actuarial assumptions that will both moderate the short-term impact of the current economic situation as well as reduce the time period necessary to catch up with unfunded liabilities. There are many actuarial assumptions involved in calculating annual contributions to the MERS Defined Benefit Plan, and there is no simple method of determining whether the rehire of an individual employee will save money or increase costs.

Some of the pros and cons of the rehire program as identified by the committee are as follows:

**PROS:** We are on a 20-year plan to eliminate unfunded liabilities; A rehire program gives the employer a tool to bring back experienced and knowledgeable employees or those from hard-to-fill positions; A rehire program may save dollars since the retiree already receives health insurance and is not eligible for additional retirement contributions. **CONS:** We have unfunded liabilities; A rehire program limits opportunities for younger employees to advance; In the event of layoffs there is the potential for more young families to be affected; An actuarial study would have to be completed for each employee to determine whether a rehire saves money or costs more than a new hire.

As an update on the current status of the program, please note that out of 240 regular County positions we currently have 14 employees working for the County as rehires, five of them on a part-time bases. During the period in which they were rehired we have had 39 resignation/terminations and 41 retirements for a total of 80 regular (as opposed to irregular, temporary, or seasonal) job openings. We have filled 70 of those positions and eight positions were eliminated using the process discussed above (two remain open). We have hired 56 new employees to regular positions over the approximately four year period the program has been in use.

Until recently all those that have been rehired and previously retired from either the courthouse union or the non-represented group. The deputies union has not participated in the rehire program. The deputies have now agreed to language that would amend their bargaining agreement to allow participation in the program for their membership.

Commissioners and Staff engaged in a lengthy discussion regarding the specific questions raised by the Ad Hoc Committee. They discussed the pros and cons of the program, whether MERS is complying with IRS guidelines in relation to whether the regular employee or the elected official has had a bona fide termination of employment, clearly showing a complete severance. They also discussed actuarial assumptions, post employment benefits, and unfunded liabilities.

It was moved by Comm. Cihak, seconded by Comm. Pellow, and carried by voice vote 5 Ayes (Comm. Bergdahl, Comm. Cihak, Comm. Heikkila, Comm. Pellow, Comm. Struck) to 3 Nays (Comm. Arsenault, Comm. Joseph, Comm. Corkin), that the Committee of the Whole recommend the County Board direct Civil Counsel to write a letter to MERS questioning whether or not MERS is complying with the IRS regulations for both regular employees and elected officials in relation to a bona fide termination of employment.

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The Committee they considered a Lease Amendment Request from Argonics, Inc. Scott Erbisch, Sawyer Operations Manager, was present and explained that in April of 2009, the County Board approved the Second Amendment to the Lease with Argonics. The primary reason for the Second Amendment was to move the beginning lease payment schedule from May 1, 2009 to May 1, 2010.

One of the reasons for the request was that the final construction had not started in Building 727 and Argonics was not in a position to move into the building. Also, the County had not spent any of the \$900,000 committed for building enhancements. The final construction was scheduled to begin in November of 2009 with the beginning rent to start upon substantial occupancy or not later than May 1, 2009.

Argonics is now in a position to begin the final construction and would like to have occupancy in Building 727 sometime within 2009. However, the President of Argonics is requesting consideration from the County Board to modify the lease to allow for beginning rent to start May 1, 2010, not at substantial occupancy which could occur in 2009.

It was discussed with the President of Argonics that because Marquette County was contributing a substantial amount of funding for building improvements that Marquette County could not completely waive payments. Staff proposed, contingent upon the approval of the County Board, that Argonics pay the going interest on the amount of money drawn out of the County's funds until May 1, 2010.

According to the County Treasurer, it was recommended that if this is approved, that the going interest rate be 2%, with an option to review the rates every six (6) months. If \$900,000 of the County funds was used for the project and a 2% interest rate was applied, the monthly payment to the County would be \$1,500.

It was moved by Comm. Bergdahl, seconded by Comm. Struck, and carried by voice vote 7 Ayes to 1 Abstention (Comm. Arsenault), that the Committee of the Whole recommend the County Board approve the request to amend the Lease Agreement with Argonics to require lease payments to begin May 1, 2010, removing the condition to begin least payments upon substantial occupancy, and further that: 1) Argonics will make a monthly 2% interest payment on the County funds used for this project; 2) The payment will be calculated by County staff at the end of each month and Argonics will be invoiced; and 3) Review the going interest rate in six (6) months.

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***Minutes are Subject to Correction and Approval***

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The Committee considered the FY 2009 Emergency Management Performance Grant (EMPG) Agreement. Teresa Schwalbach, PEM, Emergency Management Coordinator, explained that the amount of the grant has increased from \$27,695 in 2008 to \$30,064 for 2009, which is an increase of \$2,369.

Once the agreements are signed, they will be forwarded to the Emergency Management Homeland Security Division.

It was moved by Comm. Pellow, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board approve the FY 2009 Emergency Management Performance Grant (EMPG) Agreement.

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Chairperson Corkin opened the meeting for public comment. Pete Mackin, Marquette, spoke regarding the 2008 Audit Presentation. There being no further public comment, Chairperson Corkin closed this portion of the meeting

**COMMISSIONER COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS**

Chairperson Corkin announced that on Thursday, June 25, 2009 activities by Explorer Solutions are scheduled at Sawyer. Steve Powers, County Administrator, announced that beginning at 8:30 a.m. the Aircraft Recycling Steering Committee will be holding its first meeting. This is the project recommended by Explorer Solutions and Telkite attempting to generate aviation interest at Sawyer. The specific concept is aircraft recycling. Approximately 24 individuals will be attending or available over the web to discuss interest in the project.

Comm. Cihak announced that as we all know, there is not a lot of good news coming out of Lansing, however the Senate just passed their version of the 2010 fiscal year budget and in that is a County Jail Reimbursement Program. Approximately 4.3 million dollars has been added to the roughly 12 million dollars the program has been funded with. The Senate has also included funds to reimburse all counties for fiscal year 2008, and to fully fund the remainder of fiscal year 2009. He added that the House may not support this version. Comm. Cihak asked that if anyone is interested to please contact our U.P. Legislators requesting they support the Senate version of the Corrections Bill.

Comm. Struck commended the citizens of Little Lake who showed their support of their community by attending a meeting with MDOT regarding the change to the posted regulatory speed limit. MDOT is changing the regulatory speed limit to that of an advisory speed limit. The people of Little Lake are very concerned with the safety implications of the speed limit as well as other concerns that they have. Comm. Struck also explained the proposal by MDOT regarding the signage for the change in the speed limit.

There being no further business to come before the Committee of the Whole, the meeting adjourned at approximately 7:45 p.m.

Respectfully submitted,

Connie M. Branam  
Marquette County Clerk