

City of Corunna  
Regular Council Meeting  
Monday, January 7, 2008

Present: Kerridge, Mehigh, Jessen, Spring, Johnson, Haskins, Hall.

Absent: None.

Guests: Joe Sawyer, City Manager; Donna Kerridge; Judy Horton; Janet Washburn, Parks & Recreation Director; Brad Reichert; Cheryl Warren, The Argus Press; Jackie Leone, The Independent; Merilee Lawson, City Assessor/Planner; Chief Scott Johnson, Fire Department; Gary Arnold, C2AE; Pat Yott; Bob & Sharon Morehouse; Scott Robbins; and other concerned citizens.

The meeting was called to order in the Olmsted Room located in the Olmsted Public Library Complex by Mayor Kerridge at 7:00 p.m.

MINUTES OF THE PREVIOUS REGULAR MEETING: Johnson moved, Mehigh seconded to approve the previous regular meeting minutes dated December 17, 2007.

Roll call vote:

Yes: Jessen, Johnson, Hall, Mehigh.

Abstain: Spring, Haskins.

No: None.

Motion CARRIED

AGENDA APPROVAL: Spring moved, Jessen seconded to approve the agenda with the following changes and additions: add Item No. 1A) Consider Excusal of Councilperson Haskins From the December 17, 2007 Council Meeting for Reason of Work Conflict, Change Item No. 1) to 1B, Eliminate Item No. 2A, 2B, & 2C, and Change Item No. 2D to 2A, 2E to 2B and 2F to 2C.

Roll call vote:

Yes: Spring, Johnson, Haskins, Hall, Mehigh, Jessen.

No: None.

Motion CARRIED

APPROVAL OF VENDOR DISBURSEMENTS: Johnson moved, Hall seconded to approve the vendor disbursements dated December 28, 2007.

Roll call vote:

Yes: Johnson, Haskins, Hall, Mehigh, Jessen, Spring.

No: None.

Motion CARRIED

CONSIDER EXCUSAL OF COUNCILPERSON HASKINS FROM THE DECEMBER 17, 2007

COUNCIL MEETING FOR REASON OF WORK CONFLICT: Johnson moved, Spring seconded to excuse Councilperson Haskins from the December 17, 2007 regular council meeting for reason of work related conflict.

Roll call vote:

Yes: Haskins, Hall, Mehig, Jessen, Spring, Johnson.

No: None.

Motion CARRIED

APPROVE 2008 MEETING SCHEDULE: Johnson moved, Spring seconded to approve the following 2008 meeting schedule as presented

Regular Council Meetings (\*)

January 7 (Monday)	July 7 (Monday)
January 22 ( <i>Tuesday</i> )	July 21 (Monday)
February 4 (Monday)	August 4 (Monday)
February 19 ( <i>Tuesday</i> )	August 18 (Monday)
March 3 (Monday)	September 2 ( <i>Tuesday</i> )
March 17 (Monday)	September 15 (Monday)
April 7 (Monday)	October 6 (Monday)
April 14 (Monday)	October 20 (Monday)
May 5 (Monday)	November 3 (Monday)
May 19 (Monday)	November 17 (Monday)
June 2 (Monday)	December 1 (Monday)
June 16 (Monday)	December 15 (Monday)

Meeting Location:

Olmsted Room – Olmsted Public Library Complex  
210 E. Corunna Avenue  
Corunna, MI 48817  
(989) 743-3650

Meeting Times:

Regular Meetings: 7:00 p.m.

(\*) Pre-Council Meetings: 6:30 p.m.

Committee of the Whole:

Scheduled when needed

Roll call vote:

Yes: Haskins, Hall, Mehig, Jessen, Spring, Johnson.

No: None.

Motion CARRIED

CONSIDER APPOINTMENT OF BOB MOREHOUSE TO THE EDF BOARD: Johnson moved,

Spring seconded to appoint Bob Morehouse to the Corunna EDF Board to serve at the pleasure of the council for a term to begin upon the taking of the oath of office and ending December 31, 2010.

Roll call vote:

Yes: Jessen, Johnson, Haskins, Mehigh, Hall, Spring.

No: None.

Motion CARRIED

CONSIDER APPOINTMENT OF JAN SCOTT TO THE CORUNNA PLANNING

COMMISSION: Spring moved, Johnson seconded to appoint Jan Scott to the Corunna Planning Commission to serve at the pleasure of the council for a term to begin upon the taking of the oath of office and ending December 31, 2010.

Roll call vote:

Yes: Hall, Jessen, Haskins, Spring, Mehigh, Johnson.

No: None.

Motion CARRIED

CONSIDER APPOINTMENT OF BILL LULHAM TO THE CORUNNA PLANNING

COMMISSION: Spring moved, Hall seconded to appoint Bill Lulham to the Corunna Planning Commission to serve at the pleasure of the council for a term to begin upon the taking of the oath of office and ending December 31, 2010.

Roll call vote:

Yes: Hall, Haskins, Mehigh, Jessen, Spring, Johnson.

No: None.

Motion CARRIED

CONSIDER INSTALLMENT LOAN PURCHASE AGREEMENT RESOLUTION: Johnson moved, Mehigh seconded to approve the following Resolution No. 010708-1, Resolution Authorizing Execution and Delivery of an Installment Purchase Agreement, with Jack & Loretta Boursmith as presented, and authorize the city manager to sign the necessary documents to exercise the agreement:

CITY OF CORUNNA  
(Shiawassee County, Michigan)

RESOLUTION AUTHORIZING EXECUTION AND DELIVERY OF AN  
INSTALLMENT PURCHASE AGREEMENT

WHEREAS the City of Corunna (the "City") desires to purchase real estate located on 500 Carey Street, in City of Corunna, Shiawassee County, MI (the "Property"), as legally described on Exhibit A, having a total purchase price of \$75,000; and

WHEREAS, to finance a portion of the cost of acquiring the Property, the City deems it necessary to borrow the sum of \$67,500; and

WHEREAS, the City has entered into a contract to purchase the Property (the "Purchase Contract") with Jack & Loretta Boursmith, husband and wife (the "Vendor"); and

WHEREAS, the Vendor has agreed to finance the purchase of the Property by entering into an Installment Purchase Agreement pursuant to which the City will make payments of principal and interest to the Vendor; and

WHEREAS, the City's outstanding balance of all installment purchases, exclusive of interest, not including (i) contracts entered into under Act No. 31, Public Acts of 1948, First Extra Session, as amended, or (ii) contracts or leases between public corporations or municipalities, but including the principal amount of the Installment Purchase Agreement authorized by this resolution, shall not exceed one and one-quarter percent (1-1/4%) of the taxable value of the real and personal property in the City.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. Acquisition of the Property is hereby found to be a public purpose and in the best interest of the health, safety and welfare of the City.
2. The City hereby approves the proposal of the Vendor and authorizes and directs the City Manager and City Clerk (i) to execute an Installment Purchase Agreement (the "Agreement") in the amount of \$67,500 in substantially the form as submitted herewith, with such changes as they shall approve, and (ii) to execute an Installment Note (the "Note") with the vendor in conformance with the Agreement, each with an interest rate on the principal amount outstanding of four percent (4%) per annum.
3. The City shall include in its budget each year the amount necessary to make all installment payments of principal and interest under the Agreement during such year, when and as the same shall become due.
4. The City shall, at all times while any payments on the Agreement are outstanding, have control of the Property and shall maintain the same for public purposes.
5. The useful life of the Property is hereby determined to be at least three (3) years.
6. The obligation of the City to make the principal and interest payments pursuant to the Note are the general obligations of the City, and the City hereby pledges its limited tax full faith and credit, general obligation to the payment of principal of, and interest on the Note, subject to charter, constitutional and statutory limitations.
7. The authority granted herein shall not be construed to require the City to levy taxes in excess of any charter, constitutional and statutory limitations.
8. The City Manager and the City Clerk are hereby authorized to do all acts and things and to execute any documents or certificates as may be necessary or desirable, and to deliver such documents to the parties to effectuate the transaction described in the Agreement.

9. All resolutions and parts of resolution insofar as they conflict with the provisions of this resolution be and they are hereby rescinded.

RESOLUTION DECLARED ADOPTED.

Roll call vote:

Yes: Mehigh, Jessen, Spring, Hall, Johnson, Haskins.

No: None.

CONSIDER ENGINEERING PROPOSAL FOR ENHANCEMENT GRANT: Johnson moved, Mehigh seconded to approve the engineering proposal with C2AE for West Corunna Avenue Enhancement Grant Design Engineering as presented.

Roll call vote:

Yes: Spring, Mehigh, Jessen, Johnson, Haskins, Hall.

No: None.

Motion CARRIED

CONSIDER ENGINEERING PROPOSAL FOR BRIDGE INSPECTION: Gary Arnold from C2AE advised the Michigan Department of Transportation requires a bridge inspection every two years. Johnson moved, Hall seconded to approve the engineering proposal with C2AE for the North Shiawassee Street Bridge Inspection as presented in the amount of \$4,150.00.

Roll call vote:

Yes: Hall, Mehigh, Jessen, Spring, Johnson, Mehigh.

No: None.

Motion CARRIED

CONSIDER 2008 INVESTMENT POLICY RESOLUTION: Johnson moved, Spring seconded to approve the following 2008 Investment Policy Resolution No. 010708-2 as presented:

City of Corunna Investment Policy  
Resolution No. 010708-2

I. Governing Authority

(i) Purpose

It is the policy of the City of Corunna to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes and local statutes governing the investment of public funds.

II. Scope

This investment policy applies to all financial assets of the City of Corunna, excluding the investment of employees' retirement funds. These assets are accounted for in the various funds of the City and include:

General Fund  
Special Revenue Funds  
Capital Project Funds  
Enterprise Funds  
Trust and Agency Funds  
Debt Service Funds  
Any new fund created by the legislative body

### III. General Objectives

The primary objectives, in priority order, of the City of Corunna's investment activities shall be safety, liquidity, and yield:

#### 1. *Safety*

Safety of principal is the foremost objective of the investment program. Investments of the City of Corunna shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

#### a. Credit Risk

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section VII of this Investment Policy
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with Section V
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

#### b. Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section VIII).

#### 2. *Liquidity*

The City's investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands

(static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

### 3. *Yield*

The City of Corunna's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

### 4. *Local Considerations*

*Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State. The City of Corunna may accept a proposal from an eligible institution which provides for a reduced rate of interest provided that such institution documents the use of deposited funds for community development projects.*

## IV. Standards of Care

### 1. *Prudence*

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence. Discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" and/or "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### 2. *Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial

institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City of Corunna.

3. *Delegation of Authority*

Authority to manage the investment program is granted to the City Clerk/Treasurer and derived from the following: City Treasurer per MCL 87.11. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

V. *Authorized Financial Institutions, Depositories, and Broker/Dealers*

1. *Authorized Financial Institutions, Depositories, and Broker/Dealers*

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Certification of having read and understood and agreeing to comply with the [entity's] investment policy.
- Evidence of adequate insurance coverage.

2. *Minority and Community Financial Institutions*

From time to time, the investment officer may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to certain parts of the criteria under Paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent

basis and should be consistent with state or local law. These types of investment purchases should be approved by the appropriate legislative or governing body in advance.

## Safekeeping and Custody

### 1. *Delivery vs. Payment*

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

### 2. *Safekeeping*

Securities will be held by a [centralized] independent third-party custodian selected by the entity as evidenced by safekeeping receipts in the City of Corunna's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

### 3. *Internal Controls*

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Corunna are protected from loss, theft or misuse. Details of the internal controls system shall be documented in an investment procedures manual and shall be reviewed and updated annually. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Dual authorizations of wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the City's annual independent audit.

## VII. Suitable and Authorized Investments

### 1. *Investment Types*

Consistent with the State and Local Laws Concerning Investment Practices, the following investments will be permitted by this policy and are those defined by state and local law where applicable:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available;
- U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value;
- Certificates of deposit and other evidences of deposit at financial institutions,
- Bankers' acceptances;
- Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency;
- Investment-grade obligations of state, provincial and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

Investment in derivatives of the above instruments shall require authorization by the appropriate governing authority.

## *2. Collateralization*

Where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

## VIII. Investment Parameters

### *1. Diversification*

It is the policy of the City of Corunna to diversify its investment portfolios. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all City of Corunna's funds shall be diversified by maturity, issuer, and class of security. Diversification strategies shall be determined and revised periodically by the investment committee/investment officer for all funds except for the employee retirement fund.

In establishing specific diversification strategies, the following general policies and constraints shall apply: Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.

For cash management funds:

- Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable U.S. Treasury bills.
- Positions in securities having potential default risk (e.g., commercial paper) shall be limited in size so that in case of default, the portfolio's annual investment income will exceed a loss on a single issuer's securities.

- Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.
- The investment committee/investment officer shall establish strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than repurchase agreements, Treasury bills or collateralized certificates of deposit. The committee shall conduct a quarterly review of these guidelines and evaluate the probability of market and default risk in various investment sectors as part of its considerations.

## IX. Reporting

### 1. *Methods*

The investment officer shall prepare an investment report monthly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the month. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the entity's chief administrative officer, the legislative body, the investment committee and any pool participants. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- Listing of investment by maturity date.
- Percentage of the total portfolio which each type of investment represents.

### 2. *Performance Standards*

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken, and the benchmarks shall have a similar weighted average maturity as the portfolio.

### 3. *Marking to Market*

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that

review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." (See GFOA Recommended Practices in Appendix.) In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

## X. Policy Considerations

### 1. *Exemption*

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

### 2. *Amendments*

This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

## Approval of Investment Policy

The investment policy shall be formally approved and adopted by the governing body of the City of Corunna and reviewed annually.

Roll call vote:

Yes: Jessen, Spring, Johnson, Hall, Haskins, Mehig.

No: None.

Motion CARRIED

## CONSIDER BID AWARD FOR EAST CORUNNA AVENUE RE-CONSTRUCTION: Mr.

Arnold advised C & L Trucking and Excavating submitted the lowest bid in the amount of \$252,422.26. Mr. Sawyer advised no action was required by the council since MDOT will award the bid. Councilperson Johnson asked if this contractor was good. Mr. Arnold advised yes, they are comparable to Perrin Construction.

CALL TO AUDIENCE: Janet Washburn advised the Founders Day committee would be meeting on Tuesday at city hall to start planning the activities scheduled for September 5, 6 and 7, 2008.

ROUNDTABLE DISCUSSION: Councilperson Mehig advised he had nothing to discuss.

Councilperson Jessen advised he had nothing to discuss.

Councilperson Spring advised he had nothing to discuss.

Councilperson Johnson advised the fire department ran the concession stand at the sled hill and they made over \$100.00. The proceeds will be used to purchase new Jaws of Life

equipment and rescue equipment. She further advised people in the community are thrilled with the sled hill. It is family fun that is inexpensive and she has not heard anything negative about it.

Councilperson Haskins advised he had nothing to discuss.

Councilperson Hall advised she had nothing to discuss.

Mayor Kerridge advised it was fun to see people using the sled hill.

ADJOURN: Jessen moved, Spring seconded to adjourn.

Roll call vote:

Yes: Haskins, Hall, Mehig, Spring, Johnson, Jessen.

No: None.

Motion CARRIED Time was 7:50 p.m.

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Charles Kerridge, Mayor

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Nichole L. Cowdrey, City Clerk/Treasurer