

1. A Special Meeting of the Monroe County Board of Commissioners was held in the City of Monroe on Tuesday, July 5, 2011, with the Board of County Road Commissioners. Chairman Frederick called the meeting to order at 7:00 p.m. Roll call by Chairman Frederick as follows:

PRESENT

ABSENT

Henry Lievens	Jerry Oley
David Hoffman	Mary O'Neill
Stephen Bell	Jason Sheppard
Daniel Donahue	LaMar Frederick
William Sisk	

Others Present – Road Commissioner Bruce Stammer and Richard Turner and Howard Penrod, Managing Director, Monroe County Road Commission.

A quorum being present, the Board was able to transact business.

2. Commissioner Frederick led the Pledge of Allegiance.

3. Approval of Agenda –

Motion by Vice-Chairman Sisk to approve the July 5, 2011 Special Meeting Agenda. Supported by Commissioner Sheppard.

Motion carried.

4. Discussion of purchase of the building and ancillary agreements in the Dundee Business Center by the Monroe County Road Commission.

Chairman Frederick indicated that the Road Commission Board is autonomous and the Monroe County Board of Commissioners has no veto power over their decisions. Historically there were three Road Commissioners appointed by the Monroe County Board of Commissioners, but they are moving to an elected Road Commission Board.

Richard Turner indicated that they have always tried to keep an open dialog with the Commissioners.

Chairman Frederick stated that the Monroe County Board of Commissioners has concerns about the purchase of the Dundee property.

Howard Penrod read the list of questions presented to them by the Board of Commissioners and read the Road Commission's responses as follows:

NOTE: For the purposes of addressing these questions, the MCRC will refer to the properties as follows: 1) West District Service Center on Tecumseh Road in Dundee will be called "***Tecumseh Road.***"

2) Property formerly known as Tecumseh Products in the Dundee Business Center on Ann Arbor Road being purchased by the MCRC will be called "***Ann Arbor Road.***"

3) Property owned by the MCRC off Ida West Road (Road Commission Drive and Tandem Court) will be called "***Ida West Road.***"

Questions for Road Commissioners and Staff:

1. If, as you have stated, that the new site located on Tecumseh Street is temporary, why would you decide to purchase a new site when the old site could have a temporary structure assembled for much less that would meet your immediate needs?

There is no feasible permanent solution for the Tecumseh Road property. The Road Commission worked with township and obtained a temporary 12-month permit in order to get us through the 2010-2011 winter snow/ice season. A permanent structure placed on the Tecumseh Road property must be constructed to code and cannot be developed economically at this site on a temporary basis.

The site on Tecumseh Road does not have private or public water or sewer. The site does not perk and the water is not potable. In the past the water was hauled in commercially and the sewage was hauled away commercially at substantial expense. Presently there is no water storage and we are using commercial outdoor toilets. It is not practical to put a permanent structure on this property.

2. Do you have a three to five year plan for the roads to be resurfaced? If so, are these roads too far gone to be patched?

The MCRC chooses not to have a specific 5-year plan independent of the Township. Instead the MCRC utilizes Asset Management Plan when working with townships to preserve roads. We meet with each Township's road committee annually at a summer workshop, go over their plans and use MCRC expertise to determine a joint MCRC/Township road project plan for the next summer. We encourage the Township to submit a multi-year road plan for the Township. Some have done so, but most have not. At present 65% of the County roads are in poor condition most of which cannot be economically patched. The MCRC has started to turn the worst roads back to gravel.

3. What percentage of your yearly budget is allocated to resurfacing?

In the past resurfacing road projects have made up about half the MCRC budget. It varies yearly depending on how much each Township has and is willing to spend. The other half from the Michigan Transportation Fund (MTF) is spent on routine maintenance.

4. Have the Road Commissioners discussed the possibility of a millage request to facilitate road repairs?

We have discussed revenue needs including local millages continuously with all who will listen. We have worked with special citizen committees and with individual Townships and State and County officials to try and develop new revenue sources for roads.

It is possible for Monroe County to levy a county-wide millage for roads. It is possible for each Township to levy an individual millage for roads.

We presently have four Townships that levy a local millage in addition to the Michigan Transportation Funds provided by the State. Many Townships have levied special assessments for road projects.

Three (3) years ago the County Board eliminated the County Self Help program dedicated to road purposes which was very important to funding roads in Monroe County.

The MCRC is not legislatively enabled to levy any form of income. We are entirely dependent on the State, County or local government to raise funds for roads.

5. Who is your key contact person who works with MDOT?

The Managing Director County Highway Engineer and Superintendent of Maintenance share this responsibility depending on the task and what is required.

6. Does the Road Commission have a designated person responsible for locating and requesting grants?

This responsibility is shared between Engineering and Administrative staff.

General Questions:

1. In the March 21, 2011 Justification of a West District Garage, the Commission believes the cost of travel for employees is about \$284,000 per year from the Garage in Monroe. Since there will be no maintenance facility in the West District Garage (see the memo to Dundee Village), there will still be costs of transportation of trucks and people from the West District to Monroe for repairs

and maintenance so how much of the above cost is saved by parking trucks in the West District?

*There has never been a vehicle repair/maintenance facility in the West District. Therefore the vehicle maintenance cost has always been part of East District budgets which has included the travel costs between garages. The \$284,000 cost expressed above is the estimated additional **travel** costs (annually) to go from the East to the West over and above travel costs for maintenance of vehicles. The MCRC could save even more if a vehicle maintenance facility was established in the West. To date, this has not been economically possible especially now that we have 4 less mechanics on staff. In the future, we do plan for the new facility to have this capability. The Ann Arbor Road facility being purchased has the potential for providing vehicle maintenance. At present we do have not enough mechanics to staff it.*

2. The estimate shows that about 14 employees are going to be housed in the West District Garage. When a vehicle is required to go to the Garage in Monroe overnight for repairs and maintenance, how will the employee return to the West District Garage at the end of a shift? Does that require another truck to go with the employee to return the employee to the West District Garage?

Yes. This is logistic problem the MCRC must deal with daily. The Road Commission employees often drop a truck off and pick one up for the return trip that was being repaired. With a new adequate facility and sufficient budget this additional expense could be minimized.

3. Does the recently purchased facility solve most of the issues outlined in the HLP memo of March 21, 2011 or some of them? For example, there is a statement the Dundee site will be valuable as a commercial site but is part of the consideration for the purchase of the facility so that part of the analysis is no longer relevant.

The memo was done prior to the decision to purchase the Ann Arbor Road property and sell the Tecumseh Road property as part of the deal. The MCRC believes the Ann Arbor Road property being purchased meets most of the criteria set out in the 3/21/2011 memo, and we expect the property to have greater value in the future when the economy improves. Should the building be sold in the future, any revenues generated would be used to develop the Ida West District site. Development of the Ida West Site is still the MCRC long-term plan.

4. Possession of the Dundee facility is not going to be delivered at closing but at a much later date. Why? Are there environmental concerns that must be remedied or some other reason that possession is not delivered at closing?

The MCRC wants time to economically use the materials presently stored on Tecumseh Road site including sand gravel and salt. The MCRC is not aware of any environmental concerns at this site.

5. One of the valuable points in the March analysis was the access to US 23 from the Ida West Facility while access to US 23 from the new facility is on a private drive and another public road. Is this private drive (easement yet to be negotiated and cost to upgrade and maintain yet to be determined) going to be a problem if an easement in recordable form cannot be negotiated? What is Plan B if that occurs? We were not provided a copy of an easement either in draft or final form. The closing of the transaction is conditioned on securing the easement but there is a drop dead date of July 26. Is this Plan B?

The private drive easement is still under negotiation. If the easement is not obtained the plan will be to exit and enter the site from Research Parkway, and the modification plan will be adjusted accordingly.

6. It would appear that only 4 of the items listed on the March 21 analysis have been met with this new facility. Is this sufficient justification to go ahead with this purchase?

The ideal solution outlined in the March 21st analysis is to building on the Ida West Road property. However, the MCRC believes this is the best option given

present resources and economic conditions, and it meets most of the objectives stated in the 3/21/2011 memo.

Questions regarding the Real Estate Purchase Agreement.

1. The document provided for review was unsigned and undated. When was the document signed, by whom was it signed and what is the date of the agreement? I assume the document is the relevant document but there is no assurance delivered to the Board of Commissioners this is the actual transaction.

We intended to give you a signed document. We will provide a signed agreement at the meeting.

2. The purchase price set forth is \$1.3 million in cash and two parcels of land owned by the Road Commission. In the analysis of March 21, it is postulated the Dundee property is very valuable and the property at Ida West also has value. What is the value assigned to the two parcels of land? Have the parcels been appraised? What does the equalization department value these parcels? The Purchase Agreement indicates that the title insurance shall be for twice the value of the parcels. What is that value? What happens in the event of disagreement?

The value of the two properties is subjective. The value fluctuates with the economy and the availability of a buyer. The MCRC has two appraisals on file. The Tecumseh Road property was appraised in 2010 at \$100,000 and the Ida West Property to be sold was appraised at \$519,000 in 2004. The MCRC contacted both taxing authorities and there is no state equalized value due to the fact that these parcels are tax exempt.

3. Seller will make certain agreed upon modifications to the facility which are outlined on a separate agreement (at least this was signed and dated). There are not references in the Purchase Agreement or the Modification Agreement as to what the cost of the modifications will be but there is an escrow amount in the Purchase Agreement in the amount of \$215436 to be held for the modifications. Yet, there is evidence from the Collaborative that the cost of modifications would be nearly \$293000. Is it the thought of the Road Commission that the additional costs would be paid by the Commission? Has there been any negotiation on these matters? If the actual cost of the modifications is closer to the \$293000 number, where will the funds come to pay the additional costs? Further, there has been no consideration in the purchase price for the cost of easement on the private road and costs of improvement of that road.

The escrow amount withheld in the agreement is \$292,800 as determined by the architect. This escrow is part of the purchase price and will be set aside out of the total amount to be paid to the seller to guarantee the work is completed according to code as agreed upon.

4. There is a provision in the Purchase Agreement that the Title Insurance on the transaction should be in the amount of \$2.2 million. Is that the estimated all in price of this transaction other than the increase cost of modifications and improvement of the private road?

This is the estimated value the staff placed on the property for title insurance purposes. There are NO additional costs for modifications as they were included in the purchase price of the building.

5. Exhibits relating to personal property to be removed from the various properties involved are blank so is there anything important to be removed for preservation by the Road Commission or will all personal property be abandoned?

There is no personal property on the Ida West property and there were items listed for the Tecumseh St. property.

6. The new facility is being accepted in its "AS-IS" condition. Have all inspections been completed? Who is going to oversee the modifications to the facility and assure that the modifications meet code, etc.? There is a lot of building modification, new doors, walls to be demolished, etc., to be completed and the engineer from the Collaborative indicates that a serious problem may be involved

with wind bracing. Who is going to oversee the final determination on how that problem will be resolved? More costs?

The architect has inspected the property and all work will be reviewed daily and the architect will inspect the modifications when completed before the escrow is released.

7. How will the MCRC obtain approval for the land divisions on the Ida West Property before closing or the 26th of July?

The land division approvals have already been obtained from the City of Petersburg. (Please see letter – will be distributed at meeting.)

8. In Section 36.8.4 there is a reference to securing satisfactory financing for an installment purchase of the Property. Does this mean there will be an installment loan arrangement for the new facility? Who is the lender? What are the terms of the installment loan?

No installment loan is necessary. The property will be purchased with existing funds most of which resulted from insurance claim proceeds as a result of the tornado damage in June 2010.

Questions on the Modification Agreement

1. The document provided does not set forth the cost of the modifications noted in the schedule. While this document is referenced in the Purchase Agreement, the only information in the Purchase Agreement that seems to be related to the modifications is the escrowed amount of approximately \$215000. Has a structural engineer reviewed the work to be completed in this Modification Agreement to assure that the changes in the structure will be completed safely?

The escrow amount withheld for the modification in the agreement is \$292,800 as determined by the architect hired by the MCRC to inspect the property. The escrowed funds are included in the total purchase price, and will be held as insurance that the modification work is completed up to code as scheduled.

2. The Engineer for the Road Commission has advised that his estimate of the modifications necessary to be completed is nearly \$293000. What changes are necessary in either the modifications or the funding sources to make this Modification Agreement work? Has the seller agreed to make all the changes noted by the Road Commission consultant? Has the Road Commission agreed to the change in costs?

The escrow amount withheld for the modification in the agreement is \$292,800 as determined by the architect based on the scope of work outlined by the Road Commission. The seller has agreed to make the changes. A schedule of the modifications was included in the information given to the County

3. There is a reference in the Road Commission's consultant that there may be an issue with removal of ADA barriers in existing facilities. What is the conclusion regarding this issue?

The facility will be brought up to ADA requirements as determined necessary by the architect.

4. Who has addressed the ADA requirements for the facilities? I note that there will be some possibility that the public will have access to the facility either through the offices or otherwise.

The facility will be brought up to ADA requirements as determined by the architect.

Commissioner Sheppard questioned what other counties practices are and why there is such a difference in roads; other counties' roads seem to be in better shape and better taken care of.

Richard Turner indicated that all counties have same problems, some may be better, but they are always willing to listen to concerns or suggestions.

Commissioner Lievens indicated that the self-help road funding may be coming back due to pending legislation.

Mr. Penrod indicated that insurance proceeds from the damage caused by the tornado last year were placed in their fund balance. The building in Dundee was antiquated and they don't need just a place to park vehicles. The contractor that was hired had a structural engineer on board.

Commissioner Sheppard noted he has looked into Anika & Associates and they have filed bankruptcy, a company from Michigan that put a roof on the Ann Arbor Road property after the tornado still has not been paid for their services and stated he is concerned that the Road Commissioners has not received their own appraisal of the property.

Chairman Frederick noted he is concerned about the long-term prospect for the property once the Road Commission is done with it. He does not believe it will be a temporary solution and they will be there for a long, long time. In conclusion, this facility will satisfy needs and it's the best they could do.

Richard Turner said that they did look at other alternatives but they did not come to fruition; they did do good diligence.

5. Citizens Time -

Cheryl Baltrip Exeter Township Supervisor stated the funding crisis at the Monroe County Road Commission has been going on for at least 20 years and noted it appears priorities and policies are the real problem; not money. She indicated that top priority should be given to all emergency evacuation routes and questioned what happens to rural townships that can't match money for road repairs.

Marilyn Lawson, Dundee Township Trustee indicated Dundee Township has been notified of Anika & Associates bankruptcy. She noted the Ann Arbor Road property is under appeal and Aika & Associates has placed a value of \$680,000.00 on the property to the tax tribunal. He also noted new buildings don't build better roads; accountability does.

Commissioner Sheppard stated that this is why they need to get an appraisal done on the property. Anika & Associates must have some base line for the tax appeal.

Mr. Penrod stated that Anika & Associates paid \$2.3 million for the property and put over \$1 million in replacements/repairs; the price is reasonable.

Larry Rutledge, LaSalle Township Supervisor noted he is concerned that the Road Commission has neglected primary roads for over 12 years and read a letter from Jerry Blanchett, Raisinville Township Supervisor opposing the purchase of the building.

Phil Heath, Milan Township Supervisor stated he had a conversation with Mr. Penrod and they don't plan any road improvements in Milan Township; they have done nothing in Milan. He noted Milan Township agreed to pay for one project and the Road Commission does not know if they can get it done this year. He stated he knows several people that are out of work that would be interested in working; he could privatize the work.

Jim Morgan, Frenchtown Township questioned if the purchase of the property would affect service.

Mr. Penrod indicated that he cannot talk regarding lay-offs and noted primary and local roads are the same to them; they don't have funds for the primary roads and no way to raise money.

Vern Guindon, Dundee Township stated he has an issue with testing the water on his property. He noted he and other citizens have witnessed blue filmy water leaving the Road Commission property in Dundee going onto his property and questioned if any testing has been done to find all the underground pipes.

John Dubois, Dundee Township stated he lost a building in the tornado and they took it demolished it. He noted green water (like antifreeze) was flowing into the basement of his property.

Chairman Frederick suggested he contact the Road Commission and their attorney.

Cheryl Baltrip – Exeter Township questioned the status of road service requests.

Mr. Penrod stated that they try to prioritize service requests and they are not happy with their response time. He noted they have 12 less employees and weather has been an issue. They are trying to work with the townships.

Dean Hazel, Frenchtown Township noted he attending this evening's meeting out of curiosity. He also noted has been in many counties in the state and some have better roads, but it may be that they have more dollars to work with or more state or federal roads so they get more funding; it would be nice to have a clear cut guideline on checks and balances.

Richard Turner noted the Road Commission is glad that this meeting was held, they learned some things, now they have to go back and do their due diligence. He stated perhaps a joint session could be held with the supervisors and the Board of Road Commissioners to work to the betterment of roads for the citizens of the county; we need to get on the same page and start somewhere.

6. Members Time –

Commissioner Hoffman stated he will say a prayer

Commissioner Sheppard thanked the Road Commissioners, staff and citizens for attending this evening's meeting, noted taxpayer money should be spent wisely and urged the Road Commissioners to obtain an appraisal.

Commissioner Oley thanked the Road Commissioners for attending the meeting, noted he is surprised that more citizens did not attend and the Road Commissioners has one of the most difficult jobs in the county.

Commissioner Donahue thanked everyone for attending and noted he learned a great deal tonight and knows everyone in the county is turning over rocks to find money.

Commissioner Bell thanked everyone for attending and noted he hoped to feel better about the process, but doesn't, he is stunned the property was not appraised and if problems have been going on for 20 years maybe there is a way to look at the policies and change things so things can move forward.

Commissioner Lievens thanked everyone for attending and note he is not sure how many phone calls he receives regarding the museum, deputies, etc, but he knows that half of his phone calls are about the roads. He questioned if the Monroe County Road Commission is not buying a lawsuit; he would have preferred the Road Commission looked into the matter prior to completing the purchase and noted a five year plan needs to be addressed.

Chairman Frederick thanked everyone for attending and noted the answers to the Board's questions were clear and noted there is a need to have the property appraised.

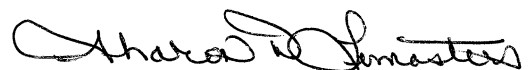
7. Motion by Commissioner Bell to adjourn. Supported by Commissioner Hoffman.

Motion carried.

8. The meeting was adjourned at 9:29 pm.



R. LaMar Frederick, Chairman



Sharon D. Lemasters, Monroe County Clerk