



SOUTHEAST MACOMB SANITARY DISTRICT

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St. Clair Shores, MI 48080
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**REGULAR MEETING OF THE SOUTHEAST MACOMB SANITARY DISTRICT
HELD ON WEDNESDAY, SEPTEMBER 27, 2023**

Meeting called to order by Chairman Taylor 4:34 p.m.

Board Member Present

Board Members Roll Call: Robert Taylor, John Caron, Monique Owens.

Also Present:

Kip Walby, Pete Trombley, Marie Tighe, Kyle Seidel, Michael Way, Tim Tomlinson, Ryan Clark (Woodhill) and Michael Rolka (Yeo & Yeo).

APPROVAL OF AGENDA

MOTION by Caron, supported by Owens to approve the agenda.

AYES: All

MOTION CARRIED

REVIEW AND APPROVAL OF PROPOSED MINUTES

Minutes of the Southeast Macomb Sanitary District Regular Meeting held on Wednesday, September 13, 2023, were reviewed.

MOTION by Caron, supported by Cobb-Muniz to approve the Minutes of the Southeast Macomb Sanitary District Regular Meeting held on Wednesday, September 13, 2023, as presented.

AYES: All

MOTION CARRIED

APPROVAL OF PAYROLL AND BILLS

The payroll and bills were presented to the Board as follows:

PAYROLL:	8/30/23	9/13/23
Matt Adams	\$2,342.68	\$2,678.00
Brent Avery	\$1,708.99	\$1,643.07
Paul Everett	\$4,177.51	\$3,354.18
Blake Jones	\$2,811.75	\$2,344.43
Frank Pelione	\$3,449.62	\$2,782.33
Joe Rayner	\$2,465.15	\$2,373.77
Thomas Riley	\$2,732.41	\$2,277.96
Dianne Schelosky	\$2,356.81	\$2,356.80
Luke Smith	\$2,150.95	\$2,452.79
Brett Szydowski	\$1,188.81	
Marie Tighe	\$1,506.96	\$1,537.24
Pete Trombley	\$9,005.82	\$6,352.39

Chairman/Treasurer Robert Taylor **Vice-Chairman** John Caron **Secretary** Monique Owens

Protecting the Environment

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Kip Walby	\$6,304.26	\$5,758.87
Chris Zielinski	\$3,230.81	\$2,353.28

BILLS:

General Fund	\$ 67,745.82
Hoffman Pump Station	\$ 0
Kerby Road Pump Station	\$ 0
Rio Vista Pump Station	\$ 24.50
Marter Road Pump Station	\$ 538.76
Milk River Pump Station	\$ 79,928.25
	\$ 148,237.33

MOTION by Caron, supported by Owens to approve the Payroll, General Fund, Hoffman Pump Station, Kerby Road Pump Station, Rio Vista Pump Station, Marter Road Pump Station, Milk River Pump Station, Wayne County invoices including the Building Application for Payment as presented.

AYES: All

MOTION CARRIED

RECEIVE AND FILE FINANCIAL REPORT

The Financial Report was presented.

MOTION by Caron, supported by Owens to receive and file the financial report.

AYES: All

MOTION CARRIED

New Business

Director of Operations

The Operations and Administrator update was provided by Kip Walby.

FY23 Audit

Michael Rolka, Senior Manager from Yeo & Yeo presented the FY23 SEMSD Audit. He began with the Independent Auditor's report. Yeo & Yeo has issued unmodified opinions. The management responsibilities are to present fair financial statements, design, implement and maintain internal controls. To evaluate the SMDA ability to continue beyond the next 12 months.

The Auditor responsibility to obtain reasonable assurance that is materially correct. Exercise professional judgment and maintain professional skepticism. Physically look for risks and create specific procedures to address those risks. Gain an understanding of internal controls, look at all the accounting policies and conclude whether the SEMSD has the ability to continue for the next 12 months. Required supplementary information is limited procedures are applied, and no opinion is given. Other supplementary information is subject to auditing procedures; unmodified opinion and is fairly stated in relation to the basic financial statements.

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Mr. Rolka presented the highlights of the Governance letter. They look at the accounting policies and see if they are appropriate. They look at the significant estimates that they are unbiased. Mr. Rolka explained the most significant estimates are the useful lives of capital assets and the post closure care liabilities. The net pension liability and related deferrals and net OPEB liability and related referrals are big estimates based on actuarial calculations. Deferred acquisition costs is related to NESDS. They look at all the footnotes' disclosures and identify certain risks like management override of controls and revenue recognition. No difficulties dealing with management or Woodhill Group. No material audit adjustments.

Yeo & Yeo has one recommendation that pay the SMDA Trustees should flow through the payroll system, so the appropriate IRS documentation is taken out. Mr. Walby explained that will begin at the beginning of the new year.

Mr. Rolka provided brief financial highlights as of June 30, 2023. He explained the operating revenue at 30,382,652 and operating expenses at (30,410,554) the operating loss is at a negative of (27,902) and the nonoperating expenses (212,776) brings the change in net position to (240,678). The net investment in capital assets is 10,136,395, unrestricted is 13,200,205, total net position 23,336,600. The distribution of the unrestricted net position has 8,252,745 in the operating fund 4,947,460 in the capital fund. Mr. Rolka pointed out as of June 30, 2023 the pension fund was 81.5% funded and the OPEB plan was 86.1% funded due to poor market conditions. Mr. Rolka stated it's obvious the fund balance policy is working with so many funds sitting in the capital fund, the expenditure control appears to be strong with just a small operating loss. The compensated absences standard will have an impact in FY25. Mr. Clark from Woodhill explained the breakdown of the net position in the management discussion and analysis.

MOTION by Caron, supported Owens to receive and file the FY23 SEMSD Audit.

AYES: All

MOTION CARRIED

GLWA Contract

Mr. Tomlinson presented the Wastewater Disposal contract between GLWA and SEMSD. This contract began in 2021. There were several renditions provided. A big group of attorneys and state holders at one point tried to redo the model contract for all the entities that operate with GLWA. It became a fiasco and went nowhere. They finally provided a model contract that resembles the one that was designed in 2013 and 2014 with some modifications. That's the genesis of what is before you today and some minor changes. Mr. Tomlinson recommends the board approve the contract as presented.

MOTION by Caron, supported by Owens to approve the Wastewater Disposal contract between the SEMSD and GLWA as presented.

AYES: All

MOTION CARRIED

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GPS CAP 6 Month Update

Mr. Seidel reported Grosse Pointe Shores is required to provide us with an update every 6 months. The items completed inflow infiltration study and identified and prioritized cost effective improvements. GPS is in the process of constructing cost-effective improvements. The 130 linear feet of sewer in a side yard off Michaux Lane was lined. They applied for a SRF Clean Water funds but did not get approved for funding. The CRPS basis of design (BOD) was drafted. Another 6 months update due on March 11, 2024.

General Updates

Mr. Walby presented pictures of the construction of the SEMSD Office building. The contractor still feels we will be in the new building on May 15, 2024. The update on the contingency of \$300,000 so far, we had to relocate Comcast; earth work done and removal of a fire hydrant which saved us some money; two historical lights that we going to save; more earth work done; exterior brick change and reclaimed brick wall to put in the main entrance of new building.

The City of St. Clair Shores Civic Arena is getting their parking lot repaved and may ask the SEMSD to pay a portion of it. The SEMSD has been using this parking lot during the renovations.

Mr. Walby reported a meeting for the Jefferson Relief Sewer. He will provide an update to the SEMSD board on the first meetings of the month.

Mr. Trombley presented pictures and an update of the Kerby Road Pump Station pumps. A picture showed one pump being taken out to be refurbished by KSB and they will store it for us. One of the new pumps scheduled to go in failed start-up. KSB will do pressure test on the pump. Right now, we have four new pumps in and the fifth pump is a refurbished one. We have five operating pumps.

Mr. Trombley presented a picture of Kennedy Industries putting in a pump at Marter Road Booster Station. The pump shown in the picture is one of the three booster pumps. Kennedy is very experienced with these pumps and the facility. The pump had a test run for 15 minutes and ran great. We are now at full complement at Marter Road.

Mr. Walby reported on a meeting with GLWA, Mr. Trombley, Grosse Pointe City and Grosse Pointe Farms regarding the inspection of Fox Creek. GLWA sent the three communities a proposal to inspect Fox Creek. The proposal is from Inland Waters for \$295,000.00. The three communities flow into the Fox Creek pipe. The SEMSD is 14%, Grosse Pointe Farms is 63% and Grosse Pointe City is 22%. Grosse Pointe Farms does not want to do the inspection because if there are repairs that need to be done, they will have to pay 63% of the repairs. No agreement was made at the meeting. Grosse Pointe Farms will send a letter to Wayne County, who owns the Fox Creek requesting they have it inspected.

Attorney Update

None

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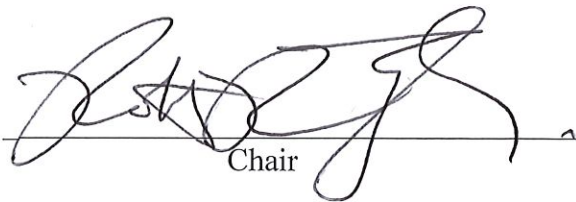
Public Participation

There being no public participation, Chairman Taylor called for a motion to adjourn.

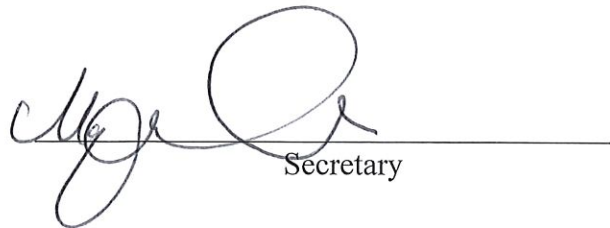
MOTION by Caron, supported by Owens to adjourn the meeting at 5:27 p.m.

YES: All

MOTION CARRIED



Chair



Secretary

FINANCIAL REPORT

General Fund – Cash on Hand-9/27/23	\$3,513,202.48
Titan Wealth Advisors – 9/13/23	
Unrestricted Fund-Emergency Fund-2726	\$10,967,591.14
General Fund – Accounts Payable	(\$148,237.33)
TOTAL	\$14,332,556.29