

CHARTER TOWNSHIP OF MERIDIAN  
TOWNSHIP BOARD REGULAR MEETING - **APPROVED** -  
5151 Marsh Road, Okemos, MI 48864-1198  
853-4000, Town Hall Room  
THURSDAY, SEPTEMBER 29, 2016 **6:00 P.M.**

PRESENT: Clerk Dreyfus, Treasurer Brixie, Trustees Scales, Styka, Veenstra, Wilson  
ABSENT: Supervisor LeGoff  
STAFF: Township Manager Frank Walsh, Assistant Township Manager/Director of Public Works and Engineering Derek Perry, Director of Community Planning & Development Mark Kieselbach, Assistant Police Chief Ken Plaga, EMS/Training Chief Bill Priese, Finance Director Miriam Mattison, Director of Information and Technology Stephen Gebes

1. CALL MEETING TO ORDER

Clerk Dreyfus called the meeting to order at 6:00 P.M.

**Trustee Scales moved to appoint Trustee Wilson as Supervisor Pro Tem for tonight's meeting. Seconded by Trustee Styka.**

VOICE VOTE: Motion carried 6-0.

2. PLEDGE OF ALLEGIANCE/INTRODUCTIONS

Supervisor Pro Tem Wilson led the Pledge of Allegiance.

3. ROLL CALL

The secretary called the roll of the Board.

4. HEARINGS

A. 2017 Recommended Budget

Supervisor Pro Tem Wilson opened the public hearing at 6:03 P.M.

Township Manager Walsh provided a general overview of the 2017 Recommended Budget, including a recap of the 2016 Budget.

Board and staff discussion:

- Replacement of body cameras due to extremely poor performance of previous equipment from the Homeland Security Department
- Police Department tested and evaluated other camera systems from different vendors
- Replacement needed for one of two (2) thermal imaging cameras used by the Fire Department
- Two (2) thermal imaging cameras are placed on different vehicles for dispatch
- Thermal imaging cameras used by the Fire Department differ from the cameras used by Police as they must be effective in an immediately dangerous to life or health (IDLH) atmosphere
- Actuarial Accrued Liabilities-Comparative Schedule previously requested by a Board member is located on page 24 of the Municipal Employees' Retirement System of Michigan Annual Actuarial Valuation Report as of December 31, 2015 and included in the Board packet
- Consequences for the Township if the budget is not passed by October 1<sup>st</sup>
- Township must either send in its signed millage rate form by September 30<sup>th</sup> or a Truth-in-Taxation hearing must be held and public notices published
- Required language in the public notice is confusing to the public as it speaks to how the Township will increase taxes when that is not the case
- Board member concern with the sitting Board voting on a budget under which a subsequent Board must operate, one in which the majority of members will be newly elected
- Board member belief the law requires millage rates to be approved before the new Board is seated

- Board member belief the budget process creates “institutional inertia”
- Newly elected Board will have the ability to make changes through quarterly budget amendments
- Process in place safeguards how the budget cycles from one Board to the next
- Board member belief the only deadline pertaining to the budget is one in which the Township cannot spend money in 2017 if the budget is not adopted by December 31, 2016.
- Millage rates must be set in order for tax bills to be mailed on December 1<sup>st</sup>
- Increase in costs of quarterly water and sewer billing rates is proposed due to the need for a software package upgrade
- Inquiry if there is an area in the budget which would allow funding incentives for developers of the Haslett Village Square, Carriage Hills or downtown Okemos areas
- Suggestion to create a Meridian Redevelopment Fund using money from the General Fund, including \$570,000 from the sale of the old Meridian Area Resource Center (MARC) property
- Board member request for inclusion of the interest rate on the bonds for the Fire Station Debt Retirement Fund in future budgets
- Fifteen year bond for the Fire Station will likely be paid off in 11-12 years
- Township has \$47,000 remaining in the Fire Station Bond Fund to make necessary repairs to the station
- Fire Station bond interest rate is currently 1%, will be 1.25% in 2017 and increases to 2.8% in 2028

#### Public Comment

- Ody Norkin, 3803 Sandlewood, Okemos, alleged the incumbent Treasurer has not monitored the condition of the MERS pension. He believed she was more concerned about appointments to Boards and Commissions and working to get friends and political allies into office. Mr. Norkin stated the Treasurer should have recommended the formation of a Comprehensive Pension Review Team to provide oversight of the MERS Pension, instead of serving on the Township Pension Board which oversees a single employee. He indicated the Treasurer demonstrated lack of foresight and a lack of professional financial experience. Mr. Norkin noted township citizens will be asked to help fund the unfunded pension legacy costs and urged residents not to reward the current Treasurer with reelection. He indicated Township retirees deserve to be made whole and receive all they were promised.
- Neil Bowlby, 6020 Beechwood Drive, Haslett, expressed appreciation the Greenwood subdivision was taken out of the Capital Improvements Program (CIP) contained in the 2017 recommended budget. He spoke to the ambulance fees charged to residents who refuse transport. Mr. Bowlby stated, according to his calculations, the majority of residents who utilize ambulance services are not charged a fee.
- Erik Lindquist, 4436 Copperhill Drive, Okemos, addressed the actual recognized rate of return shown in the MERS Annual Actuarial Valuation Report as of December 31, 2015. He noted bonds were issued in 2012 at 1% while MERS recorded an assumed rate of return at 8%. Mr. Lindquist stated the Township should be building its budget based on the reality of the unfunded pension liability (\$45 million). He inquired as to whether the Fire Station Debt Retirement Fund bonds were sold at a premium or discount price as it would reveal how outside investors view the Township as an investment. Mr. Lindquist pointed to the investment income line in the General Fund which is the same (\$46,000) as the previous year even though the fund balance dropped by \$800,000. He voiced concern with the ambulance fee relative to residents being charged the fee who do not have insurance and cannot afford it. Mr. Lindquist inquired as to the benefits the Township received for its \$15,000 paid in dues to LEAP.

Supervisor Pro Tem Wilson closed the public hearing at 6:47 P.M.

#### 5. ACTION ITEMS

Supervisor Pro Tem Wilson opened Public Remarks.

Neil Bowlby, 6020 Beechwood Drive, Okemos, questioned the amount of unfunded pension liability when MERS' rate of return is not realized. He offered a graph of future projections using lower assumed rates of return. Mr. Bowlby alleged if actual rates of return are used, the unfunded liability is much greater than projected by MERS for this year. He indicated if a 4.75% rate of return is used for 2017, the Township would need to pay MERS \$5 million just to retain the 57% funding level.

Ody Norkin, 3803 Sandlewood, Okemos, questioned where the Township will find the \$5 million in the 2017 budget to pay toward the unfunded pension liability. He believed the Township Board is not addressing the issue in the budget to be approved tonight. Mr. Norkin requested answers to how much it is going to cost residents, who will pay for it, what the options are and how the Township will dig out of the pension "hole."

Supervisor Pro Tem Wilson closed Public Remarks.

A. 2017 Recommended Budget

**Treasurer Brixie moved that the Township Board approve the 2017 Recommended Budget resolution. Seconded by Trustee Styka.**

**Treasurer Brixie offered the following amendment:**

- **Return the initial rental registration fee to the previous level of \$1,200**

**Seconded by Trustee Styka.**

Board and staff discussion:

- Township reduced the initial rental registration fee a few years ago to \$800
- If the Township makes it easier to convert affordable single family housing to rentals in neighborhoods within close proximity to the university (e.g., Wardcliff), they are purchased and turned into student housing
- Since the housing market has improved, the Board should take this opportunity to recover some of the rental homes back into single family housing by making it harder to convert
- Many of the homes being converted are being purchased by international investors
- Board member belief this is a positive step for the Township's rental program, code enforcement and neighborhoods
- Board member belief a Supreme Court decision indicated a fee must have a reasonable relationship to the cost of providing a service
- Board member belief since \$1,200 is greater than the cost of service, it could not legally be called a fee, but would need to be called a "tax"
- Most of the surrounding communities charge much less for rental registration
- Our current rental registration fee includes all inspections and reinspections
- Increase would assist in recovering costs associated with inspections and reinspections
- Significant time spent by staff when residential properties are converted to rental due to the necessity of upgrading to all current residential standards and the commensurate inspections
- City of Lansing charges \$400, plus \$250, plus \$25 with one inspection and one reinspection
- Board member belief when a side-by-side comparison is made between Meridian Township and the other jurisdictions listed, Meridian Township's rental registration fee is more expensive
- Board member belief the \$800 fee has been in place for several years without an influx of new rentals in the Township
- Board member belief the \$800 fee is a market tested rate
- The maker of the motion appears to be in support of a significant amount of rental properties within the Township in the form of large student apartment complexes
- Board member belief large student complexes devalue the community more than individual single family homes rented for various reasons
- Concern effected parties do not have an opportunity to state their position when proposed fee increases are made at the last minute, in spite of the Board having the budget document for over a month
- Preference for staff to provide the Board with the true costs involved

- When fees were lowered, the same process was used and effected parties did not have an opportunity to provide input
- Board member concern with a sitting Board member not disclosing ownership of multiple rental properties in the City of Lansing, which she believes is a conflict of interest
- Multi-family units are charged the same fees
- Number of prospective units which will need inspections in the future is over 437 units
- Township has two (2) rental housing inspectors who work 25 hours each week and are booked "solid" each day
- Community Planning and Development will need additional help in the next 1-2 years in order to complete inspections
- Township has completed a cost v. expenditure analysis for each department over the last four (4) years and the obligations are being met with the current fees
- Current revenues meet expenditures or administration would be before the Board for an increase
- The Township Board has the ability to raise fees at any point throughout the year
- Rebuttal regarding a Board member's alleged conflict of interest as he does not own any rental property in Meridian Township
- Sitting Board member converts distressed properties in the City of Lansing and turns them into affordable housing, one of the Board's goals for Meridian Township as well as placing these houses back on the tax rolls for the city

**Supervisor Pro Tem Wilson called for a vote on the amendment.**

VOICE VOTE: Motion failed 1-5 (Trustees Scales, Styka, Veenstra, Wilson, Clerk Dreyfus)

**Treasurer Brixie moved to add a \$150 vacant home registration fee in the fee schedule for 2017.**

**The motion died for lack of a second.**

Continued Board and staff discussion:

- Pooled fund rates used are experiencing better rates
- Tax collection time allows for that money to be invested for a short period of time
- Summer tax collection realized approximately \$3,500 for a seven-day investment of the summer taxes
- The actuarial accrued liabilities comparative schedule contained on page 24 of the MERS Annual Actuarial Valuation Report dated December 31, 2015 shows the MERS pension has been underfunded since 2001
- MERS pension has been funded at a higher percentage rate from 2009 going forward than it was from 2001 through 2008
- Board member belief the Board has let Township employees "down" as they did not approve the appropriate money to adequately fund the MERS pension system
- Board member opposition to taking money which should go to the pensions of Township employees and "giving it back" to other funding sources to help people other than our own employees
- Board member preference not to reduce employee pensions
- Board member preference not to "renege" on the promises made to employees
- Pension is a portion of an employee's compensation package
- Township receives an annual actuarial statement from MERS and has paid its annual required contribution (ARC) each year
- Highest pension offered by MERS is a B-4, with a 2.5 multiplier
- In 2004, one of the bargaining units asked for an increase in their multiplier from 2.5 to 2.75 which was an accelerated B-4 plan and paid for by members of that group
- Township is looking at a different rate of return and will make payments to MERS based on that rate

- Even though employees paid for their increased multiplier to 2.75 based on the numbers provided by MERS at that time, the rate of return used has not materialized and they are not “really” paying for the benefit
- Plan is to change the accelerated multiplier going forward because it is not sustainable
- Township is not taking anything away from employees prior to 2016-2017
- New employees will be hired at a lower multiplier
- Township approved an increase in multipliers in 2004 when the pension was 52% funded
- One bargaining unit received four (4) pension increases from 1998 to 2007
- Cost of the current Police and Fire Department is \$10 million
- Township is on the lower end of police and fire staffing and cannot go lower based on the national standard of one (1) police/fire employee for every 1,000 citizens
- Existing employees may take a “little bit of a bump”
- Revenue for police and fire “just pays the bill”
- Township needs \$1.6 to \$1.9 million over the next ten (10) to twelve (12) years plus the modification of benefits
- Township is basing the calculation on a rate of return just over 5%
- Township does not have a “Plan B” if the proposed plan is not implemented
- One (1) mill equates to \$1.6 million in Meridian Township
- Concern with the explanation that retiree pensions will be higher than their wages when an employee was on staff
- Clarification of earlier statement that state employee pensions use a 1.5 multiplier by explaining state employees do not pay into their pension
- Many employees pay for part of their pension so they are investors and should expect a return after working 25 years
- Capital Improvements Program (CIP) indicates Service Center fuel tank replacement, but it should state removal with the possible replacement of tanks
- Meridian Township needs fuel for its equipment, so a decision will be made whether there will be replacement tanks at the Service Center or use of an outside vendor
- Sleepy Hollow Sanitary and Water Main is currently being discussed with the neighborhood as a result of a petition filed by residents
- The Sleepy Hollow Sanitary and Water Main is listed in the CIP for 2018, but the Township is considering alternatives for the entire neighborhood because of the substantial cost
- Nothing has been allocated in the 2017 budget under the Township Improvement Revolving Fund (TIRF) where such projects are typically funded
- CIP Projects listed for 2017 and beyond which do not have funding allocated at this time need to be retained within the budget and kept on the Township’s “radar”
- Township is required to prepare a six (6) year plan

**Trustee Veenstra moved to amend LEAP dues from \$15,000 to \$5,000. Seconded by Trustee Scales.**

Board discussion:

- Dues of \$5,000 gives Meridian Township a voice at LEAP
- Amount of dues is based on the size of a municipality
- LEAP is a regional partnership who works to bring businesses into the region which support Meridian Township
- Many of the employees who work at large corporations in the area choose to live in Meridian Township
- Many of the larger employers in the region have employees who want to relocate to Meridian Township
- Every municipality in the region is a voting member of LEAP
- LEAP has worked on the concept of placemaking
- Meridian Township has received a competitive grant through LEAP for artwork placed in downtown Okemos

- Board member hope Meridian Township will receive a competitive grant in 2017 through LEAP for artwork in Haslett which would be located on a parcel the Township obtained for blight removal near the lake
- Board member concern the Township has not been represented “at the table” the last few months due to the Township Board LEAP representative being unable to attend LEAP meetings because of illness
- LEAP had a leadership “vacuum” when it was first created
- Previously, Meridian Township pulled out of LEAP which produced a response from LEAP’s Executive Director who came to the Township to discuss LEAP’s vision
- Board member belief paying dues allows Meridian Township to have credibility as a member of LEAP
- Township has used LEAP when faced with economic development issues

ROLL CALL VOTE: YEAS: Trustee Veenstra  
 NAYS: Trustee Scales, Styka, Wilson, Treasurer Brixie, Clerk Dreyfus  
 Motion failed 1-5.

**Clerk Dreyfus moved to delete the 2017 dues to the Lansing Chamber of Commerce. Seconded by Trustee Veenstra.**

Board discussion:

- Concern with the political overtones conveyed by the Lansing Chamber of Commerce (LCC)
- Board member belief Meridian Township does not need to be a dues paying member of the LCC to connect with the township’s business community and the business community at large
- \$400 annual dues is minimal
- Michigan Chamber of Commerce is the political entity
- LCC’s position statement on the Bus Rapids Transit (BRT) system will have an impact on the overall outcome of the BRT
- Board member belief the LCC changed the mindset of some who did not wish to do business with Meridian Township four (4) years ago
- Board member belief Meridian Township received a significant return by being a member of the LCC through payment of \$400 in dues
- Board member belief Meridian Township should not be associated with LCC as it is a politicized and partisan organization
- LCC is dedicated to enhancing the business community within the greater Lansing region
- LCC has spirited public purposes which cover the entire community
- LCC has a separate and distinct political “arm”

ROLL CALL VOTE: YEAS: Trustee Veenstra  
 NAYS: Trustee Scales, Styka, Wilson, Treasurer Brixie, Clerk Dreyfus  
 Motion failed 1-5.

ROLL CALL VOTE YEAS: Trustee Scales, Styka, Veenstra, Wilson, Treasurer Brixie, Clerk  
 ON THE MAIN Dreyfus

MOTION: NAYS: None  
 Motion carried 6-0.

**6. FINAL PUBLIC REMARKS**

Supervisor Pro Tem Wilson opened Public Remarks.

Jeff Neilson, 2450 Barnsbury Road, East Lansing, stated the LCC has taken a non-partisan approach in its endeavor to understand the methodologies used by Meridian residents in their opposition to the BRT. He stated CATA has not addressed one concern expressed by Meridian residents during countless meetings and public remarks on the BRT. Mr. Neilson noted if CATA receives approval from the Federal Transit Authority (FTA), the BRT will be a reality as proposed by CATA. He stated Meridian Township is overpaying CATA nearly \$3 million annually and those funds could be used to help reduce the unfunded pension liability.

Neil Bowlby, 6020 Beechwood Drive, Okemos, inquired if the Township's only payment to MERS in 2017 is the \$400,000 as noted in the language contained in the General Fund Summary on page 35 of the 2017 Budget. He voiced concern with the Treasurer's ongoing campaign to vilify the Clerk stating it only makes her look bad. Mr. Bowlby cautioned residents about voting into power a majority of Board members who could push through any issue at the Board level (e.g., budget amendments, commission appointments). He urged the public to use caution when they vote in the November election for Team Meridian (Treasurer and 3 trustee positions). Mr. Bowlby reminded residents one of the first actions of the new Board in 2012 with three (3) new members plus the incumbent Treasurer was overriding the Supervisor's reappointment of Shane Goodale to the Planning Commission.

Ody Norkin, 3803 Sandlewood, Okemos, stated the Clerk and Treasurer carry a different level of responsibility than other trustees of the Board due to their full time status and level of responsibility due to contractual obligations. He stated he did not believe all Board members share the blame equally regarding the unfunded pension liability. Mr. Norkin believed the Treasurer is the professional financial consultant to Meridian residents who should have raised the red flag on the pension problem. He commended Trustee Scales for all he has done for the Township and urged he and Trustee Veenstra to get back on the Board.

Supervisor Pro Tem Wilson closed Public Remarks.

#### 7. FINAL BOARD MEMBER COMMENT

Trustee Scales clarified discussion which took place at the last Board meeting regarding the hunter safety law which included language that no one could hunt within 450 feet of a dwelling. He explained the definition of hunting changed over the course of a few years and incorporated trapping. Trustee Scales indicated the trappers and archery hunters approached the legislature and asked for an amendment which would remove them, as the safety zone was in existence to address firearms.

Trustee Veenstra shared his distaste for Treasurer Brixie's continued personal attacks on Clerk Dreyfus, specifically when the township's rental fees were discussed this evening. He stressed Clerk Dreyfus does not own rental property within Meridian Township and the fact he owns rental properties in the City of Lansing was not relevant. Trustee Veenstra reported his attendance at last evening's Tri County Regional Planning Commission (TCRPC) regular meeting where discussion of the BRT ensued and CATA's listening sessions were announced. He reported the CATA listening session in Meridian Township will take place on Wednesday, October 5<sup>th</sup> at 6:00 P.M. at the Okemos Masonic Temple. Trustee Veenstra reminded people the Board's resolution concerning the BRT contained language which objected to a center running lane, although Assistant Executive Director Alexander stated to the contrary. He added a presentation on recycling at that meeting showed that when Lansing and East Lansing switched from tubs to carts, the volume of their recyclables increased 80-90%. Trustee Veenstra believed it wise to cut the cost of trucking the recycling to another location by giving favorable consideration to Granger's proposal to switch from tubs to carts.

Clerk Dreyfus reported the Clerk's Office will be mailing out absentee ballots requested to date on Tuesday, October 4<sup>th</sup>. He noted local postal facilities have the option to keep election mail locally and not send it to Grand Rapids. Clerk Dreyfus indicated the Okemos Post Office has chosen to retain absentee ballots here in Okemos for a speedier delivery to recipients. He announced residents can request an absentee ballot until Monday, November 7<sup>th</sup> at 4:00 P.M., and the Clerk's Office will be open on Saturday, November 5<sup>th</sup> from 8:00 A.M. until 2:00 P.M.

Trustee Styka announced the Semi-Annual Recycling Event will take place on Saturday, October 1<sup>st</sup> at Chippewa Middle School. He believed the Board could discuss the increase in initial rental registration fees and vacant home registration fees at a subsequent meeting.

Supervisor Pro Tem Wilson expressed appreciation to the Board and Meridian citizens for their patience as she works through significant health issues. She refuted earlier public comment by clarifying she and Trustee Styka ran their campaigns in 2012 as single candidates, not as part of a slate. Supervisor Pro Tem Wilson stated Treasurer Brixie has voiced concern with the Township's unfunded pension liability as long as Supervisor Pro Tem Wilson has been a member of the Board.

8. ADJOURNMENT

Supervisor Pro Tem Wilson adjourned the meeting at 8:24 P.M.

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ANGELA WILSON  
TOWNSHIP SUPERVISOR PRO TEM

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BRETT DREYFUS, CMMC  
TOWNSHIP CLERK

Sandra K. Otto, Secretary