

**Northfield Township Board Meeting
Notes of Regular Meeting
Public Safety Building; 8350 Main Street
May 14, 2013**

cost of such items so the Board can make plans in its budgets for them.

Otto said the Township has needed this for a long time because “failing to plan is planning to fail.” She commended the department heads for working on this with the Commission. In answer to a question from Thomas, Lewan said the Board can expect to see the 2014-2019 plan about the same time next year.

Motion carried 7—0 on a voice vote.

BUSINESS ITEMS

1.

Auditor and Investment Representatives

Treasurer Braun noted that Account Executive Emily Jones from Multi-bank Securities, Inc., auditors John Pfeffer and Chris Arsenault of Pfeffer, Hanniford & Palka, and Controller Rick Yaeger are all present to answer questions from the Board about the Township’s investments.

Jones said she has been working with the Township for about 2½ years. She said Multi-bank buys and sells only fixed incomes and underwrites federal agency bonds. She said concerns have been expressed to her about the length of the maturity of Township investments and Fink has provided good input about that. She said Multi-bank charges no fees or commissions and she cannot make any investment for the Township without specific direction from it.

She said the par value of the Township’s funds including the library and sewer funds is \$2.8 million with \$66,000 in average income. She noted that one of the investment funds is rated BBB, but if the Township would like to set a policy of investing only in higher-rated bonds or specific types of investments it can do that at any time.

Dockett said he does not like to hear about Freddie Mac or Fannie Mae given the problems they have had. In answer to a question from Dockett, Jones said the Treasurer and the Manager are the ones who will give her direction about investments. Fink said while it will be his responsibility and Braun’s to handle investments on a day-to-day basis, it is ultimately up to the Board to set the direction and policy. He suggested that at some point the positives and negatives of all investment options be discussed.

Dockett said Braun is responsible to the taxpayers, but Fink is not, so Braun should be ultimately responsible. Fink agreed.

Jones acknowledged there had been trouble with Freddie Mac and Fannie Mae, and so the government came in and took them over. She said the government now has 80% control of both, and the U.S. government has indicated it will continue to honor their debt, even though it will not continue to keep that ownership. Regarding the bonds,

Jones said they generally pay semi-annually, and some bonds will protect the Township against being left with bonds paying much lower interest after rates go up.

Braun said she wants to make sure everyone on the Board understands the options available for investments and the investments that are made.

Auditor John Pfeffer said he has had an opportunity to start working with Braun and Fink and it is good that they are engaged at this point. Chris Arsenault said he had reviewed the Township’s investments and compared them to the Township’s investment policy. He noted that Public Act 20 of 1943 sets limits on investments the Township can make, but the Township’s investment policy is more restrictive. Pfeffer said his firm does not have the investment expertise that Jones has, but it is his job as the Township’s auditor to tell the Township that it should understand its investments. He said in general if you don’t understand it you shouldn’t be in it.

Engstrom asked what Pfeffer thinks of the Township’s investment policy. Pfeffer said it is more restrictive than P.A. 20, and that is good, but it appears that not all of the Township’s investments are in conformance with it. He said, for instance, that the Township’s investment in Wayne County bonds does not conform to the policy of not investing in other Michigan municipalities. He said he is not saying the Township’s investments are bad, but that it should be aware of the policy and what the Township is invested in.

Fink said he would like the Board to consider whether an independent advisor should be consulted to review the Township’s investments. He said Jones is not allowed to give advice and he, Braun, and Yaeger are not professional investment advisors. Chick and Engstrom said that would be a good idea. Thomas said there is also not institutional historical knowledge about how the Township got to where it is with its investments, so outside help would be a good idea. Fink said there might be a small fee involved, but he will keep the Board informed.

2.

Bid Results for WWTP Culvert

Hardesty read the letter of May 2nd from Tetra Tech regarding the six bids submitted for replacement of the culvert under the Wastewater Treatment Plant (WWTP) driveway.

- **Motion:** Manning moved, Engstrom supported, that the lowest bid from Joe Raica Excavating, Inc. of Fowlerville in the amount of \$117,525.00 for the Wastewater Treatment Plan culvert repair be approved. This would also include authorizing the Township Manager to authorize contract changes up to a value of \$125,000.

Motion carried 7—0 on a voice vote.