

**County of Jackson**  
**120 W. Michigan Ave.**  
**Jackson, MI 49201**  
**(517) 788-4335**

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## **BOARD OF COMMISSIONERS**

**Clifford E. Herl, District 1**  
**David F. Lutchka, District 2**  
**Jeffrey D. Kruse, District 3**  
**Philip S. Duckham III, District 4**  
**Earl J. Poleski, District 5**  
**James C. Videto, District 6**  
**James E. Shotwell, Jr., District 7**  
**Gail W. Mahoney, District 8**  
**Jonathan T. Williams, District 9**  
**Patricia A. Smith, District 10**  
**Michael J. Way, District 11**  
**David K. Elwell, District 12**

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## **ELECTED OFFICIALS**

**Amanda Riska, Clerk**  
**Dan Heyns, Sheriff**  
**Mindy Reilly, Register of Deeds**  
**Karen Coffman, Treasurer**  
**Geoffrey Snyder, Drain Commissioner**  
**Hank Zavislak, Prosecuting Attorney**

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## **COUNTY STAFF**

**Randy Treacher, Administrator/Controller and**  
**Human Resources Director**  
**Adam Brown, Deputy Administrator**  
**Charles Adkins, Circuit Court Administrator**  
**Tammy Bates, District Court Administrator**  
**Andy Crisenbery, Friend of the Court**  
**Gerard Cyrocki, Finance Officer**  
**Connie Frey, IT Director**  
**Jim Guerriero, Parks Director**  
**Teresa Hawkins, Youth Center Director**  
**Juli Ann Kolbe, Equalization Director**  
**Dr. John Maino, Medical Director**  
**Kent Maurer, Airport Manager**  
**Ric Scheele, Director-Fleet & Facilities Opns.**  
**Jan Seitz, MSU Ext.-Jackson County Director**  
**Kristy Smith, Department on Aging Director**  
**Steve Thelen, Fair Manager**  
**Dave Welihan, Veterans Affairs Officer**  
**Ted Westmeier, Health Officer**

## **County Commission Agenda** **August 18, 2009**

### **Order of Business:**

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Approval of Agenda
6. Awards and Recognitions
7. Communications and Petitions
8. Special Orders/Public Hearing(s)
9. Public Comment
10. Special Meetings of Standing Committees
11. Minutes
12. Consent Agenda
13. Standing Committees
  - A. County Affairs
  - B. County Agencies
  - C. Human Services
  - D. Personnel & Finance
14. Unfinished Business
15. New Business
16. Public Comment
17. Commissioner Comment
18. Closed Session
19. Adjournment

### **Public Comment**

Any person desiring to speak on a matter to the Board of Commissioners may do so under the Public Comment items near the beginning and end of the meeting. Please state your name and use the microphone. Please note that the Commission allocates a maximum of five minutes per individual at the beginning of the meeting and three minutes per individual at the end of the meeting for this purpose.

### **Consent Agenda**

Items on the Consent Agenda are items generally routine in nature that have passed a Standing Committee and will be enacted by one motion and one vote. There will be no separate discussion on these items. Any Commissioner may remove an item from the Consent Agenda and it will be considered by separate motion at the proper place during the meeting.

### **Standing Committees**

The Board of Commissioners operates under a Standing Committee system with the following Committees: County Affairs, County Agencies, Human Services, Personnel & Finance. All departments of the County coordinate their business through one of the Standing Committees. The Committees then forward their recommendations to the Board of Commissioners.

### **Closed Session**

The Board of Commissioners is permitted under the Open Meetings Act to go into Closed Session to discuss labor contracts, purchase of property, and certain employee matters if requested by the employee. A two-thirds vote of the Commission is required to go into Closed Session.

**"Your interest in your County Government is appreciated"**

**AGENDA**  
**JACKSON COUNTY BOARD OF COMMISSIONERS BOARD MEETING**  
**August 18, 2009**  
**7:00 p.m.**  
**County Commission Chambers**

***Mission Statement:** Jackson County Government, in cooperation with the community  
and local governmental units, strives through a planned process  
to deliver quality services that address public needs.*

1. **CALL TO ORDER** – *Chairman Steve Shotwell*
2. **INVOCATION** – *by Commissioner Patricia Smith*
3. **PLEDGE OF ALLEGIANCE** – *by Chairman Steve Shotwell*
4. **ROLL CALL** – *County Clerk Amanda Riska*
5. **APPROVAL OF AGENDA**
6. **AWARDS & RECOGNITIONS** – None.
7. **COMMUNICATIONS/PETITIONS** – None.
8. **SPECIAL ORDERS/PUBLIC HEARINGS**

**7:10 p.m.**     A.     **Public Hearing – Revision to the Parks Ordinance**

Attachments:

\*Draft Revision of Parks Ordinance Chapter VIII, Section 5

9. **PUBLIC COMMENTS**
10. **SPECIAL MEETINGS OF STANDING COMMITTEES** – None.
11. **MINUTES** - Minutes of the 7/21/09 Regular Meeting of the Jackson County Board of Commissioners

Attachments:

\*7/21/09 Regular Meeting Minutes

12. **CONSENT AGENDA (*Roll Call*)**

A. **County Affairs**

1. **Resolution (08-09.19) Authorizing the County Board of Commissioners Chair, James E. Shotwell, Jr., to Sign MDOT Contract #2009-0639 (Federal Project #B-26-0051-2508) for Land Acquisition/Easement Costs of Parcels**

Attachments:

\*Memo from Airport Manager dated 7/28/09 and MDOT Contract

\*Resolution (08-09.19)

**2. Contract with Mead & Hunt for Phase II and III for Woodville Road Property Acquisition Services**

Attachments:

\*Memos from Airport Manager dated 7/18/09 and 7/14/09 and Contract with Mead & Hunt

**3. Request to Add Monaghan, P.C. to County List of Approved Attorneys for the Reynolds Field Land Acquisition Project Only**

Attachments:

\*Letter from Monaghan, P.C. dated 7/15/09

**4. Parks Ordinance Revision - Regulation of Weapons in Jackson County Parks**

Attachments:

\*Letter from Attorney dated 6/26/09

\*Draft Revision of Parks Ordinance Chapter VIII, Section 5

**5. Road Commission Annual Financial Report 12/31/08**

Attachments:

\*Road Commission 2008 Annual Financial Report

**B. County Agencies**

**6. Resolution (08-09.20) Designating the County of Jackson as a Recovery Zone**

Attachments:

\*Letter from EDC Executive Director dated 7/31/09

\*Resolution (08-09.20) Designating Jackson County as a Recovery Zone

\*IRS Client Alert Regarding Recovery Zone Program

**7. Resolution (08-09.21) Granting Limited Waiver of Exemption of Property Taxes from Capture by Proposed Grass Lake Charter Township Downtown Development Authority**

Attachments:

\*Ganton Rehabilitation Center Summary Proposal for DDA Financing

\*Resolution (08-09.21)

\*Inter-local Agreement Granting Limited Waiver of Exemption of Property Taxes From Capture by Proposed Grass Lake Charter Township Downtown Development Authority

**C. Human Services**

- 8. DHS Board of Directors Resolution Requesting the Board of Commissioners to Adopt an Early Retirement Option for Jackson County Medical Care Facility Non-Union Employees**

Attachments:

\*DHS Board of Directors Resolution dated 8/3/09

**D. Personnel & Finance**

- 9. Department on Aging - Request to Eliminate a Grade 10 Activity Specialist Position and Replace it with a Grade 9 Enrichment Specialist Position**

Attachments:

\*Memo from Department on Aging Director dated 7/22/09

- 10. Jackson County 2008 Audit – Response to Auditor’s Comments and Recommendations**

Attachments:

\*Letter from Rehmann Robson dated 6/22/09

- 11. Fair - Fund Deficit Elimination Plan**

Attachments:

\*Memo from Fair Manager dated 8/1/09

- 12. Budget Adjustments**

- a. **Fair Fund**
- b. **Float Adjustment 2009 Wages**
- c. **PROPS Program Funds 101/292**
- d. **Road Patrol Grant**
- e. **Facilities-Fund 245**
- f. **Child Care Administrative Reimbursement Cost Allocation**
- g. **Health Department**

Attachments:

\*2009 Fair Fund Budget Adjustment

\*Float Adjustment

\*Email from Finance Officer dated 6/25/09 and attachments

\*Road Patrol Budget Adjustment

\*Facilities Budget Adjustment

\*Child Care Administrative Reimbursement Cost Allocation

\*Memo from JCHD Financial Services Manager re: Budget Adjustment and Health Department Budget Adjustment

13. **Claims** – 7/1/09 – 7/31/09

13. **STANDING COMMITTEES**

A. **County Affairs – Commissioner Dave Lutchka**

None.

B. **County Agencies – Commissioner Gail W. Mahoney**

None.

C. **Human Services – Commissioner Mike Way**

None.

D. **Personnel and Finance – Commissioner James Videto**

None.

14. **UNFINISHED BUSINESS** – None.

15. **NEW BUSINESS**

16. **PUBLIC COMMENTS**

17. **COMMISSIONER COMMENTS**

18. **CLOSED SESSION** – None.

19. **ADJOURNMENT**

## Section 5: Weapons

No person shall, at any time, bring into or upon the property of the Commission, or have in his possession, whether concealed or otherwise, any weapon including, but not limited to, a ~~firearm, revolver, pistol, shotgun, rifle, air rifle, air gun, water gun,~~ bow and arrow, slingshot, cross bow, spear or spear gun, switchblade, ~~knife,~~ dirk, dagger, stiletto, sword, blackjack, ~~bully~~ **billy** club, bludgeon, whip, ~~ax,~~ or any weapon capable of discharging a projectile, either by air, ~~spirit, gas or explosive,~~ any explosive substance of any ~~other~~ force, or any other dangerous weapon; provided that this Section shall not apply to any duly sworn peace officer while carrying out his duties, **nor** ~~or~~ to any person properly hunting or target practicing in areas designated by the Director for such activities. **This Section does not prohibit the lawful possession and transportation of firearms as defined by State Law.**

**MINUTES**  
**JACKSON COUNTY BOARD OF COMMISSIONERS BOARD MEETING**  
**July 21, 2009**  
**7:00 p.m.**  
**County Commission Chambers**

1. **CALL TO ORDER** – Chairman Shotwell called the July 21, 2009 meeting of the Jackson County Board of Commissioners to order at 7:01 p.m.
2. **INVOCATION** – *by Commissioner Jonathan Williams*
3. **PLEDGE OF ALLEGIANCE** – *by Chairman Steve Shotwell*
4. **ROLL CALL** – *County Clerk Amanda Riska*

(12) Present. Commissioner Herl, Lutchka, Kruse, Duckham, Poleski, Videto, Mahoney, Williams, Smith, Way, Elwell and Shotwell.

5. **APPROVAL OF AGENDA**

*Moved by Mahoney, supported by Way for Approval of the Agenda.* Motion carried unanimously.

6. **AWARDS & RECOGNITIONS** – None.

7. **COMMUNICATIONS/PETITIONS** – None.

8. **SPECIAL ORDERS/PUBLIC HEARINGS**

A. **Public Hearing to Adopt the 2010 General Fund Budget**

Jim Spink requested that the Board not eliminate conservation district funding.

Nancy Paully requested that the Board not eliminate conservation district funding.

Nancy Seydell requested that the Board not eliminate conservation district funding.

Sharon Parker requested that the Board not eliminate conservation district funding.

Phil Moilanen spoke on behalf of JTA stating that they appreciate the continued funding.

Kathy Kulchinski requested that the Board not eliminate conservation district funding.

Joe Jones asked the Board what the \$100,000 contribution to the Enterprise Group was used for.

B. **Resolution (07-09.17) Jackson County 2010 General Appropriations Act**

Comments to the public were made by the Commissioners explaining the reasoning for the budget cuts and the prioritization of them.

*Moved by Mahoney, supported by Elwell to Adopt Resolution (07-09.17) Jackson County 2010 General Appropriations Act. Roll Call: (12).* Motion carried

unanimously.

- C. **Resolution (07-09.18) to Establish the 2010 Budget for the General Fund and for Special Revenue, Enterprise, Capital Project, and Internal Services Funds for the County of Jackson**

*Moved by Videto, supported by Mahoney to Adopt Resolution (07-09.18) to Establish the 2010 Budget for the General Fund and for Special Revenue, Enterprise, Capital Project, and Internal Services Funds for the County of Jackson. Roll Call: (12). Motion carried unanimously.*

- D. **County of Jackson, Michigan 2008 Comprehensive Annual Financial Report for the Fiscal year Ended December 31, 2008**

Dave Fisher from Rehmann Robson presented the report and answered questions from the commissioners.

*Moved by Mahoney, supported by Herl to receive report. Motion carried unanimously.*

9. **PUBLIC COMMENTS**

Pamela McCrum spoke regarding RSVP, and asked that the County reconsider an appropriation to RSVP.

Kenny Price requested that the Board not eliminate conservation district funding.

Sandra Marsh spoke regarding her concern about County health cuts for retirees.

10. **SPECIAL MEETINGS OF STANDING COMMITTEES – None.**

11. **MINUTES** - Minutes of the 6/16/09 Regular Meeting of the Jackson County Board of Commissioners

*Moved by Videto, supported by Elwell to Approve the Minutes of the 6/16/09 Regular Meeting of the Jackson County Board of Commissioners. Motion carried unanimously.*

12. **CONSENT AGENDA**

*Moved by Mahoney, supported by Duckham for Approval of the Consent Agenda. Roll Call: (12) Yeas. Motion carried unanimously.*

A. **County Affairs – None.**

B. **County Agencies – None.**

C. **Human Services**

1. **Department on Aging Grant Application List 2010-2012**

2. **Resolution (07-09.15) Honoring Mary Thompson - Department on Aging Volunteer of the Year - Leadership**



3. **Resolution (07-09.16) Honoring Jeanette Otto - Department on Aging Volunteer of the Year - Service**
4. **Region 2 Area on Aging FY 2010-2012 Multi-Year Implementation Plan for Older Americans Act**
5. **Health Department FY 2008 Annual Report**
6. **Personnel Change Request**

**D. Personnel & Finance**

**7. Budget Adjustments**

- a. Department on Aging
- b. Friend of the Court
- c. Health Department

**E. Claims – 6/1/09 – 6/30/09**

**13. STANDING COMMITTEES**

**A. County Affairs – *Commissioner Dave Lutchka***

None.

**B. County Agencies – *Commissioner Gail W. Mahoney***

None.

**C. Human Services – *Commissioner Mike Way***

None.

**D. Personnel and Finance – *Commissioner James Videto***

None.

**14. UNFINISHED BUSINESS – None.**

**15. NEW BUSINESS**

**A. New/Revised Policies**

Some discussion held.

**1. New Fiscal Policy 1170 – Annual Audit**

*Moved by Elwell , supported by Herl to Adopt New Policy 1170 and Revised Policy 2030.* Roll Call: (12) Yeas. Motion carried unanimously.

**2. Revised Purchasing Policy 2030 – Professional Services**

*Moved by Mahoney, supported by Lutchka to Approve Revised Purchasing Policy 2030 – Professional Services.* Motion carried unanimously.

16. **PUBLIC COMMENTS**

Jim Spink spoke stated that he appreciated the Board and was committed to keeping the Board informed. He encouraged the Board to be involved in agriculture programs in Jackson.

17. **COMMISSIONER COMMENTS**

Cmr. Mahoney encouraged other commissioners to get involved in the conservation district, and apologized for her not being involved as much as possible.

Cmr. Videto thanked Staff and pledged to look at conservation district funding.

Cmr. Lutchka encouraged commissioners to come to the fair.

Cmr. Smith stated that she would like to see the Enterprise Group come to the full board meeting.

Cmr. Herl commended Staff for being in such a good position with the budget. He invited everyone to the Fair and pledged to look at conservation district funding.

Cmr. Poleski expressed his appreciation to Staff and cooperation together.

18. **CLOSED SESSION** – None.

19. **ADJOURNMENT**

Chairman Shotwell adjourned the July 21, 2009 meeting of the Jackson County Board of Commissioners at 8:21 p.m.

James E. Shotwell – Chairman, Jackson County Board of Commissioners

Amanda L. Riska – County Clerk

Respectfully submitted by Carrienne VanDusseldorp – Chief Deputy County Clerk



# J X N

## Jackson County Airport

3606 Wildwood Avenue  
(517) 788-4225

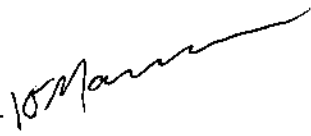
Jackson, Michigan 49202  
FAX (517) 788-4682

July 28, 2009

TO: Randy Treacher, County Administrator/Controller

Cc: Airport Board Members

FROM: Kent Maurer, Airport Manager



RE: Grant with MDOT Runway 7-25 Property/Easement Acquisition for  
Parcels: 86, E87- E89, 90-96, E97 – E100, 101- 104, E105 – E109

Contract No. 2009-0639 Federal Project No. B-26-0051-2508

I am requesting approval of the referenced Sponsor Contract (and separate Resolution) with MDOT – Aeronautics for a total of \$1,500,000 to provide grant monies for acquisition of the referenced parcels and easements. The grant is comprised of \$1,425,000 Federal; \$37,500 State; and, \$37,500 Local funding.

In order to expedite this item it is being forwarded ahead of Airport Board approval for County Board of Commissioners consideration at their August 18, 2009 meeting. I am requesting that this matter be forwarded to the County Board of Commissioners for consideration.

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**JACKSON COUNTY BOARD OF COMMISSIONERS**  
**CONTRACT FOR A FEDERAL/STATE/LOCAL**  
**AIRPORT PROJECT**  
**UNDER THE BLOCK GRANT PROGRAM**

This Contract is made and entered into this date of \_\_\_\_\_ by and between the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," and Jackson County Board of Commissioners, hereinafter referred to as the "SPONSOR," for the purpose of fixing the rights and obligations of the parties in agreeing to the following undertaking at the Jackson County-Reynolds Field, whose associated city is Jackson, Michigan, such undertaking hereinafter referred to as the "PROJECT," estimated in detail in Exhibit 1, dated June 26, 2009, attached hereto and made a part hereof.

**PROJECT DESCRIPTION: LAND ACQUISITION COSTS FOR PARCELS 86, E87, E88, E89, 90, 91, 92, 93, 94, 95, 96, E97, E98, E99, E100, 101, 102, 103, 104, E105, E106, E107, E108, AND E109. THIS WORK IS FURTHER DEFINED IN CONTRACT NO. FM 38-01-LAND.**

WITNESSETH:

WHEREAS, the PROJECT is eligible for federal funding pursuant to the Airport and Airway Improvement Act of 1982, as amended, and/or the Aviation Safety and Noise Abatement Act of 1979; and

WHEREAS, the DEPARTMENT has received a block grant from the Federal Aviation Administration (FAA) for airport development projects; and

WHEREAS, the DEPARTMENT is responsible for the allocation and management of block grant funds pursuant to the above noted act;

NOW, THEREFORE, the parties agree:

1. The term "PROJECT COST," as herein used, is defined in Attachment(s) 3, attached hereto and made a part hereof. The PROJECT COST will also include administrative costs incurred by the DEPARTMENT in connection with the PROJECT. Administrative costs incurred by the SPONSOR are not eligible PROJECT COSTS.

THE SPONSOR WILL:

2. Enter into a contract with a consultant for each element of the PROJECT that requires expertise. The consultant will be selected in conformity with FAA Advisory Circular 150/5100-14. The DEPARTMENT will select the consultant for each element of the PROJECT involving preparation of environmental documentation. The SPONSOR will select the consultant for all other aspects of the PROJECT. All consultant contracts will be submitted to the DEPARTMENT for review and approval. Any such approvals will not be construed as a warranty of the consultant's qualifications, professional standing, ability to perform the work being subcontracted, or financial integrity. The SPONSOR will neither award a consultant contract nor authorize the consultant to proceed prior to receiving written approval of the contract from the DEPARTMENT. Any change to the consultant contract will require prior written approval from the DEPARTMENT. In the event that the consultant contract is terminated, the SPONSOR will give immediate written notice to the DEPARTMENT.
3. Make payment to the DEPARTMENT for the SPONSOR's share of the PROJECT COSTS within thirty (30) days of the billing date. The DEPARTMENT will not make payments for any PROJECT work prior to receipt of payment from the SPONSOR for the SPONSOR's share of that item of the PROJECT work.

Eligible PROJECT COSTS that are paid by the SPONSOR may be submitted for credit toward the SPONSOR's share of the PROJECT COST provided that they are submitted within one hundred eighty (180) days of the date the costs were incurred or within one hundred eighty (180) days of the date of award of this Contract by the parties, whichever is later. Documentation of the PROJECT COST will include copies of the invoices on which the SPONSOR will write the amounts paid, the check numbers, the voucher numbers, and the dates of the checks. Each invoice will be signed by an official of the SPONSOR as proof of payment. The amount of the SPONSOR billing will be reduced by the amount of the eligible credit, based on documentation submitted, provided it is submitted prior to the date of the billing. Should it be determined that the SPONSOR has been given credit for payment of ineligible items of work, the SPONSOR will be billed an amount to insure that the SPONSOR share of PROJECT COSTS is covered.

The SPONSOR pledges sufficient funds to meet its obligations under this Contract.

4. With regard to audits and record-keeping,
  - a. The SPONSOR will establish and maintain accurate records, in accordance with generally accepted accounting principles, of all expenses incurred for which payment is sought or made under this Contract, said records to be hereinafter

referred to as the "RECORDS." Separate accounts will be established and maintained for all costs incurred under this Contract.

- b. Audit and Inspection. The SPONSOR will comply with the Single Audit Act of 1984, as amended, including, but not limited to, the Single Audit Amendments of 1996 (31 U.S.C. 7501-7507) the OMB Circular A-133, as revised or amended, and the provisions of 1951 PA 51; MCL 247.660h; MSA 9.1097(10i), as applicable, that is in effect at the time of Contract award with regard to audits.

- i. Agencies expending a total of Five Hundred Thousand Dollars (\$500,000.00) or more in federal funds from one or more funding sources in their fiscal year will comply with the requirements of the federal Office of Management and Budget (OMB) Circular A-133, as revised or amended.

The SPONSOR will submit two (2) copies of:

- The Reporting Package
- The Data Collection Package
- The management letter to the SPONSOR, if one issued by the audit firm

The OMB Circular A-133 audit must be submitted to the address below in accordance with the time frame established in the circular, as revised or amended.

- ii. Agencies expending less than Five Hundred Thousand Dollars (\$500,000.00) in federal funds must submit a letter to the DEPARTMENT advising that a circular audit was not required. The letter will indicate the applicable fiscal year, the amount of federal funds spent, the name(s) of the DEPARTMENT federal programs, and the CFDA grant number(s). This information must also be submitted to the address below.

- iii. Address: Michigan Department of Transportation  
Multi-Modal Transportation Services Bureau (Aeronautics)  
2700 East Airport Service Drive  
Capital City Airport  
Lansing, MI 48906-2060

- iv. Agencies must also comply with applicable state laws and regulations relative to audit requirements.

- v. Agencies will not charge audit costs to the DEPARTMENT's federal programs that are not in accordance with the aforementioned OMB Circular A-133 requirements.

- vi. All agencies are subject to the federally-required monitoring activities, which may include limited scope reviews and other on-site monitoring.
  - vii. The federal award associated with this Contract is CFDA Airport Improvement Program number 20.106, Federal Project Number B-26-0051-2508, award year 2008, Federal Aviation Administration, Department of Transportation.
- c. The SPONSOR will maintain the RECORDS for at least six (6) years from the date of final payment made by the DEPARTMENT under this Contract. In the event of a dispute with regard to allowable expenses or any other issue under this Contract, the SPONSOR will thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals of that decision has expired.
  - d. The DEPARTMENT or its representative may inspect, copy, or audit the RECORDS at any reasonable time after giving reasonable notice.
  - e. If any part of the work is subcontracted, the SPONSOR will assure compliance with subsections (a), (b), (c), and (d) above for all subcontracted work.
- 5. Provide and will require its subcontractors to provide access by the DEPARTMENT or its representatives to all technical data, accounting records, reports, and documents pertaining to this Contract. Copies of technical data, reports, and other documents will be provided by the SPONSOR or its subcontractors to the DEPARTMENT upon request. The SPONSOR agrees to permit representatives of the DEPARTMENT to inspect the progress of all PROJECT work at any reasonable time. Such inspections are for the exclusive use of the DEPARTMENT and are not intended to relieve or negate any of the SPONSOR's obligations and duties contained in this Contract. All technical data, reports, and documents will be maintained for a period of six (6) years from the date of final payment.
  - 6. The SPONSOR agrees to require all prime contractors to pay each subcontractor for the satisfactory completion of work associated with the subcontract no later than ten (10) calendar days from the receipt of each payment the prime contractor receives from the DEPARTMENT or SPONSOR. The prime contractor also is required to return retainage payments to each subcontractor within ten (10) calendar days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from these time frames may occur only upon receipt of written approval from the DEPARTMENT. These requirements are also applicable to all sub-tier subcontractors and will be made a part of all subcontract agreements.

This prompt payment provision is a requirement of 49 CFR, Part 26, as amended, and does not confer third-party beneficiary right or other direct right to a subcontractor against the DEPARTMENT. This provision applies to both Disadvantaged Business Enterprise (DBE) and non-DBE subcontractors.

The SPONSOR further agrees that it will comply with 49 CFR, Part 26, as amended, and will report any and all DBE subcontractor payments to the DEPARTMENT semi-annually in the format set forth in Appendix G, dated June 1, 2001, attached hereto and made a part hereof, or any other format acceptable to the DEPARTMENT.

7. In the performance of the PROJECT herein enumerated, by itself, by a subcontractor, or by anyone acting on its behalf, comply with any and all state, federal, and local applicable statutes, ordinances, and regulations. The SPONSOR further agrees to obtain all permits that are applicable to the entry into and the performance of this Contract.

The SPONSOR agrees to comply with the Special Conditions set forth in Appendix F, attached hereto and made a part hereof.

In addition, the SPONSOR agrees to accomplish the project in compliance with the FAA "Terms and Conditions of Accepting Airport Improvement Program Grants" signed on October 19, 2006.

THE DEPARTMENT WILL:

8. Bill the SPONSOR for the SPONSOR's share of the estimated PROJECT COST. The DEPARTMENT will bill the SPONSOR for the SPONSOR's share of additional estimated PROJECT COSTS for changes approved in accordance with Section 14 at the time of award of the amendment for approved work.
9. Upon receipt of payment request approved by the SPONSOR, make payment for eligible PROJECT COSTS. The DEPARTMENT will seek reimbursement from the FAA through the block grant issued to the DEPARTMENT for funds expended on eligible PROJECT COSTS.

The DEPARTMENT will not make payments for any PROJECT work prior to receipt of payment from the SPONSOR for the SPONSOR's share of that item of PROJECT work.

10. Make final accounting to the SPONSOR upon completion of the PROJECT, payment of all PROJECT COSTS, and completion of necessary audits. Any excesses or deficiencies will be returned or billed to the SPONSOR.

IT IS FURTHER AGREED:

11. The PROJECT COST participation is estimated to be as shown below and as in the attached Exhibit 1. Exhibit 1 is to be considered an estimate. The actual DEPARTMENT, FAA, and SPONSOR shares of the PROJECT COST will be determined at the time of financial closure of the FAA grant.



Federal Share .....	\$1,425,000.00
Maximum DEPARTMENT Share .....	\$37,500.00
SPONSOR Share .....	\$37,500.00
<i>Estimated PROJECT COST</i> .....	\$1,500,000.00

12. The PROJECT COST will be met in part with federal funds granted to the DEPARTMENT by the FAA through the block grant program and in part with DEPARTMENT funds. Upon final settlement of cost, the federal funds will be applied to the federally-funded parts of this Contract at a rate not to exceed ninety-five percent (95%) up to and not to exceed the maximum federal obligations shown in Section 11 or as revised in a budget letter, as set forth in Section 14. Those parts beyond the federal funding maximum may be eligible for state funds at a rate not to exceed ninety percent (90%) up to and not to exceed the maximum DEPARTMENT obligation shown in Section 11.

For portions of the PROJECT where only DEPARTMENT and SPONSOR funds will be applied to the final settlement, DEPARTMENT funds will be at a rate not to exceed ninety percent (90%), and the total DEPARTMENT funds applied toward the PROJECT COST may be up to but will not exceed the maximum DEPARTMENT obligations shown in Section 11 or as revised in a budget letter, as set forth in Section 14. Any items of PROJECT COST not funded by FAA or DEPARTMENT funds will be the sole responsibility of the SPONSOR.

DEPARTMENT funds in this Contract made available through legislative appropriation are based on projected revenue estimates. The DEPARTMENT may reduce the amount of this Contract if the revenue actually received is insufficient to support the appropriation under which this Contract is made.

13. The SPONSOR agrees that the costs reported to the DEPARTMENT for this Contract will represent only those items that are properly chargeable in accordance with this Contract. The SPONSOR also certifies that it has read the Contract terms and has made itself aware of the applicable laws, regulations, and terms of this Contract that apply to the reporting of costs incurred under the terms of this Contract.
14. The PROJECT COST shown in Section 11 is the maximum obligation of DEPARTMENT and federal funds under this Contract. The maximum obligation of DEPARTMENT and federal funds may be adjusted to an amount less than the maximums shown in Section 11 through a budget letter issued by the DEPARTMENT. A budget letter will be used when updated cost estimates for the PROJECT reflect a change in the amount of funds needed to fund all PROJECT COSTS. The budget letter will be signed by the Administrator of Airports Division of the Multi-Modal Transportation Services Bureau (Aeronautics).

A budget letter will also be used to add or delete work items from the PROJECT description, provided that the costs do not exceed the maximum obligations of Section

11. If the total amount of the PROJECT COST exceeds the maximum obligations shown in Section 11, the PROJECT scope will have to be reduced or a written amendment to this Contract to provide additional funds will have to be awarded by the parties before the work is started.

15. In the event it is determined by the DEPARTMENT that there will be either insufficient funds or insufficient time to properly administer such funds for the entire PROJECT or portions thereof, the DEPARTMENT, prior to advertising or authorizing work performance, may cancel the PROJECT or any portion thereof by giving written notice to the SPONSOR. In the event this occurs, this Contract will be void and of no effect with respect to the canceled portion of the PROJECT. Any SPONSOR deposits on the canceled portion less PROJECT COST incurred on the canceled portions will be refunded following receipt of a letter from the SPONSOR requesting excess funds be returned or at the time of financial closure, whichever comes first.
16. In the event that an audit performed by or on behalf of the DEPARTMENT indicates an adjustment to the costs reported under this Contract or questions the allowability of an item of expense, the DEPARTMENT will promptly submit to the SPONSOR a Notice of Audit Results and a copy of the audit report, which may supplement or modify any tentative findings verbally communicated to the SPONSOR at the completion of an audit.

Within sixty (60) days after the date of the Notice of Audit Results, the SPONSOR will (a) respond in writing to the responsible Bureau of the DEPARTMENT indicating whether or not it concurs with the audit report, (b) clearly explain the nature and basis for any disagreement as to a disallowed item of expense, and (c) submit to the DEPARTMENT a written explanation as to any questioned or no opinion expressed item of expense, hereinafter referred to as the "RESPONSE." The RESPONSE will be clearly stated and will provide any supporting documentation necessary to resolve any disagreement or questioned or no opinion expressed item of expense. Where the documentation is voluminous, the SPONSOR may supply appropriate excerpts and make alternate arrangements to conveniently and reasonably make that documentation available for review by the DEPARTMENT. The RESPONSE will refer to and apply the language of the Contract. The SPONSOR agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes the DEPARTMENT to finally disallow any items of questioned or no opinion expressed cost.

The DEPARTMENT will make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the Notice of Audit Results. If the DEPARTMENT determines that an overpayment has been made to the SPONSOR, the SPONSOR will repay that amount to the DEPARTMENT or reach agreement with the DEPARTMENT on a repayment schedule within thirty (30) days after the date of an invoice from the DEPARTMENT. If the SPONSOR fails to repay the overpayment or reach agreement with the DEPARTMENT on a repayment schedule within the thirty (30) day period, the SPONSOR agrees that the DEPARTMENT will deduct all or a portion of the overpayment from any funds then or thereafter payable by

the DEPARTMENT to the SPONSOR under this Contract or any other agreement or payable to the SPONSOR under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by the DEPARTMENT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. The SPONSOR expressly consents to this withholding or offsetting of funds under those circumstances, reserving the right to file a lawsuit in the Court of Claims to contest the DEPARTMENT's decision only as to any item of expense the disallowance of which was disputed by the SPONSOR in a timely filed RESPONSE.

17. This Contract will be in effect from the date of award through twenty (20) years.
18. Failure on the part of the SPONSOR to comply with any of the conditions in this Contract may be considered cause for placing the SPONSOR in a state of noncompliance, thereby making the SPONSOR ineligible for future federal and/or state funds until such time as the noncompliance issues are resolved. In addition, this failure may constitute grounds for cancellation of the PROJECT and/or repayment of all grant amounts on a pro rata basis, if the PROJECT has begun. In this Section, pro rata means proration of the cost of the PROJECT over twenty (20) years, if the PROJECT has not yet begun.
19. Any approvals, acceptances, reviews, and inspections of any nature by the DEPARTMENT will not be construed as a warranty or assumption of liability on the part of the DEPARTMENT. It is expressly understood and agreed that any such approvals, acceptances, reviews, and inspections are for the sole and exclusive purposes of the DEPARTMENT, which is acting in a governmental capacity under this Contract, and that such approvals, acceptances, reviews, and inspections are a governmental function incidental to the PROJECT under this Contract.

Any approvals, acceptances, reviews, and inspections by the DEPARTMENT will not relieve the SPONSOR of its obligations hereunder, nor are such approvals, acceptances, reviews, and inspections by the DEPARTMENT to be construed as a warranty as to the propriety of the SPONSOR's performance, but are undertaken for the sole use and information of the DEPARTMENT.

20. In connection with the performance of PROJECT work under this Contract, the parties (hereinafter in Appendix A referred to as the "contractor") agree to comply with the State of Michigan provisions for "Prohibition of Discrimination in State Contracts," as set forth in Appendix A, attached hereto and made a part hereof. The parties further covenant that they will comply with the Civil Rights Act of 1964, being P.L. 88-352, 78 Stat. 241, and the Regulations of the United States Department of Transportation (49 CFR, Part 21) issued pursuant to said Act, including Appendix B, attached hereto and made a part hereof, and will require similar covenants on the part of any contractor or subcontractor employed in the performance of this Contract.

The SPONSOR will carry out the applicable requirements of the DEPARTMENT's Disadvantaged Business Enterprise (DBE) program and 49 CFR Part 26, including, but not limited to, those requirements set forth in Appendix C, dated October 1, 2005, attached hereto and made a part hereof.

21. In accordance with 1980 PA 278; MCL 423.321 et seq; MSA 17.458(22), et seq, the SPONSOR, in the performance of this Contract, will not enter into a contract with a subcontractor, manufacturer, or supplier listed in the register maintained by the United States Department of Labor of employers who have been found in contempt of court by a federal court of appeals on not less than three (3) separate occasions involving different violations during the preceding seven (7) years for failure to correct an unfair labor practice, as prohibited by Section 8 of Chapter 372 of the national Labor Relations Act, 29 USC 158. The DEPARTMENT may void this Contract if the name of the SPONSOR or the name of a subcontractor, manufacturer, or supplier utilized by the SPONSOR in the performance of this Contract subsequently appears in the register during the performance period of this Contract.
22. With regard to claims based on goods or services that were used to meet the SPONSOR's obligation to the DEPARTMENT under this Contract, the SPONSOR hereby irrevocably assigns its right to pursue any claims for relief or causes of action for damages sustained by the State of Michigan or the DEPARTMENT due to any violation of 15 USC, Sections 1 - 15, and/or 1984 PA 274, MCL 445.771 - .788, excluding Section 4a, to the State of Michigan or the DEPARTMENT.

The SPONSOR shall require any subcontractors to irrevocably assign their rights to pursue any claims for relief or causes of action for damages sustained by the State of Michigan or the DEPARTMENT with regard to claims based on goods or services that were used to meet the SPONSOR's obligation to the DEPARTMENT under this Contract due to any violation of 15 USC, Sections 1 - 15, and/or 1984 PA 274, MCL 445.771 - .788, excluding Section 4a, to the State of Michigan or the DEPARTMENT as a third-party beneficiary.

The SPONSOR shall notify the DEPARTMENT if it becomes aware that an antitrust violation with regard to claims based on goods or services that were used to meet the SPONSOR's obligation to the DEPARTMENT under this Contract may have occurred or is threatened to occur. The SPONSOR shall also notify the DEPARTMENT if it becomes aware of any person's intent to commence, or of commencement of, an antitrust action with regard to claims based on goods or services that were used to meet the SPONSOR's obligation to the DEPARTMENT under this Contract.

23. In any instance of dispute and/or litigation concerning the PROJECT, the resolution thereof will be the sole responsibility of the party/parties to the contract that is/are the subject of the controversy. It is understood and agreed that any legal representation of the SPONSOR in any dispute and/or litigation will be the financial responsibility of the SPONSOR.

24. The DEPARTMENT and the FAA will not be subject to any obligations or liabilities by contractors of the SPONSOR or their subcontractors or any other person not a party to this Contract without its specific consent and notwithstanding its concurrence in or approval of the award of any contract or subcontract or the solicitation thereof.
25. Each party to this Contract will remain responsible for any claims arising out of that party's performance of this Contract as provided by this Contract or by law.

This Contract is not intended to increase or decrease either party's liability for or immunity from tort claims.

This Contract is not intended to nor will it be interpreted as giving either party a right of indemnification, either by Contract or at law, for claims arising out of the performance of this Contract.

26. In case of any discrepancies between the body of this Contract and any exhibit hereto, the body of the Contract will govern.

27. This Contract will become binding on the parties and of full force and effect upon signing by the duly authorized representatives of the SPONSOR and the DEPARTMENT and upon adoption of a resolution approving said Contract and authorizing the signature(s) thereto of the respective representative(s) of the SPONSOR, a certified copy of which resolution will be sent to the DEPARTMENT with this Contract, as applicable.

IN WITNESS WHEREOF, the parties have caused this Contract to be awarded.

JACKSON COUNTY BOARD OF COMMISSIONERS

By: \_\_\_\_\_  
Title:

MICHIGAN DEPARTMENT OF TRANSPORTATION

By: \_\_\_\_\_  
Title: Department Director

## Exhibit 1

Jackson County - Reynolds Field

Jackson, Michigan

B-26-0051-2508

FM-38-01-LAND

6/26/2009

	Federal	State	Local	Total
ADMINISTRATION	\$19,000	\$500	\$500	\$20,000
DEPARTMENT - AERO	\$19,000	\$500	\$500	\$20,000
LAND	\$1,406,000	\$37,000	\$37,000	\$1,480,000
Land acquisition costs for parcels 86, E87, E88, E89, 90, 91, 92, 93, 94, 95, 96, E97, E98, E99, E100, 101, 102, 103, 104, E105, E106, E107, E108, E109. Costs include acquisition, closing, relocation assistance, and condemnation.				
Parcel Cost (Estimate)	\$950,000	\$25,000	\$25,000	\$1,000,000
Relocation Assistance (est)	\$247,000	\$6,500	\$6,500	\$260,000
Closing Cost	\$19,000	\$500	\$500	\$20,000
Consultant Costs				
Exhibit A Cost	\$0	\$0	\$0	\$0
Phase 1 ESA Cost	\$0	\$0	\$0	\$0
Preliminary Interview	\$0	\$0	\$0	\$0
Coordination/Documentation	\$0	\$0	\$0	\$0
Acquisition/Closing Cost	\$0	\$0	\$0	\$0
Appraisal Cost	\$0	\$0	\$0	\$0
Appraisal Review Cost	\$0	\$0	\$0	\$0
Relocation Cost	\$0	\$0	\$0	\$0
Demolition Cost	\$0	\$0	\$0	\$0
Title Costs	\$0	\$0	\$0	\$0
Exhibit X Cost	\$0	\$0	\$0	\$0
Survey Cost	\$0	\$0	\$0	\$0
Miscellaneous Cost	\$0	\$0	\$0	\$0
Condemnation Attorney/Expert Witness	\$190,000	\$5,000	\$5,000	\$200,000
DESIGN				
CONSTRUCTION				
CONTINGENCIES				
Funding Contingencies	\$0	\$0	\$0	\$0
TOTAL PROJECT BUDGET	\$1,425,000	\$37,500	\$37,500	\$1,500,000

## **ATTACHMENT 3**

*(Aeronautics)*

### **SUPPLEMENTAL PROVISIONS FOR FEDERAL/STATE/LOCAL CONTRACTS INVOLVING LAND ACQUISITION AT ALL CLASSIFICATIONS OF AIRPORTS**

1. The term PROJECT COST, shall include the costs necessary for the performance of the PROJECT work including related engineering, title research, appraisals, negotiations, acquisition, relocation of displaced persons and businesses, structure removal, legal and litigation costs and attorney fees, the costs of technical guidance, and monitoring incurred in connection with the PROJECT.
2. If the PROJECT is canceled or the SPONSOR ceased acquisition on a voluntary basis, all costs, fees and damages allowed shall be the responsibility of the SPONSOR. If the SPONSOR discontinues or abandons any condemnation case, the SPONSOR shall be responsible for all costs, fees and damages allowed at law or equity. It is further agreed that any claims filed alleging a constructive or de facto taking shall be the responsibility of the SPONSOR with regard to damages, costs, interest, and attorney fees.
3. The SPONSOR hereby agrees that it will maintain said Airport in full operating condition on a year-round basis for a period of twenty (20) years in accordance with general utility licensing requirements set forth by the Michigan Aeronautics Commission rules and regulations. During this period, the Airport shall not be abandoned or permanently closed without the express written permission of the DEPARTMENT. During this period and beyond for land purchased under the project, the SPONSOR, when the land is no longer needed for airport purposes, shall dispose of such land at fair market value and make available to the DEPARTMENT an amount equal to the DEPARTMENT's proportionate share of the current fair market value of the land.
4. In addition to the requirements of paragraph 3 of these supplemental provisions, and not in lieu thereof, should the SPONSOR desire to abandon, close, sell or otherwise divest itself of the airport or any portion thereof, the SPONSOR agrees to also provide to the DEPARTMENT a prior written notice of any such intent giving the DEPARTMENT, for a period of one hundred eighty (180) days after receipt of such notice, a first right to purchase at fair market value the airport and all facilities thereon. Fair market value shall be determined by an independent appraisal of such properties.

The notice of intent and first right to purchase shall be provided via registered or certified mail, return receipt, postage prepaid, addressed to the Deputy Director of the Multi-Modal Transportation Services Bureau (Aeronautics), Michigan Department of Transportation.



5. The SPONSOR will operate and maintain in a safe and serviceable condition the Airport and all facilities thereon and connected therewith which are necessary to serve the aeronautical users of the Airport other than facilities owned or controlled by the United States in the State of Michigan, and will not permit any activity thereon which would interfere with its use for airport purposes; provided that nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to any act of God or other condition or circumstances beyond the control of the SPONSOR.
6. The SPONSOR will, either by the acquisition and retention of easements or other interests in or rights for the use of land or airspace, or by the adoption and enforcement of zoning regulations, prevent the construction, erection, alteration or growth of any structure, tree or other object in the approach areas of the runways of the Airport, which would constitute an obstruction to air navigation according to the criteria or standards prescribed in FAA Advisory Circulars.

For a period of twenty (20) years, the SPONSOR will make the airport available, as an airport, for public use, to all types, kinds and classes of aeronautical use on fair and reasonable terms and without unjust discrimination. Rates charged to aeronautical users will be determined on the basis of the cost to the SPONSOR of providing the facility. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or engage in an approved non-aeronautical activity, the SPONSOR will charge fair market value for the right to conduct such activity. During this period, all revenues generated by the airport, for either aeronautical or non-aeronautical activities, will be expended for the capital or operating costs of the airport; the local airport system; or other local facilities, which are owned or operated by the SPONSOR and directly and substantially related to the actual air transportation of passengers or property.

## **APPENDIX A**

### **PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS**

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Act No. 453, Public Acts of 1976, the contractor hereby agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or as a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. Further, in accordance with Act No. 220, Public Acts of 1976 as amended by Act No. 478, Public Acts of 1980 the contractor hereby agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants shall be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinabove set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to insure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status or a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The contractor or his collective bargaining representative will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this appendix.
6. The contractor will comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission which may be in effect prior to the taking of bids for any individual state project.

7. The contractor will furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission, said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor as well as the contractor himself, and said contractor will permit access to his books, records, and accounts by the Michigan Civil Rights Commission and/or its agent, for purposes of investigation to ascertain compliance with this contract and relevant with rules, regulations, and orders of the Michigan Civil Rights Commission.
8. In the event that the Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contractor has not complied with the contractual obligations under this agreement, the Civil Rights Commission may, as part of its order based upon such findings, certify said findings to the Administrative Board of the State of Michigan, which Administrative Board may order the cancellation of the contract found to have been violated and/or declare the contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, and including the governing boards of institutions of higher education, until the contractor complies with said order of the Civil Rights Commission. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Civil Rights Commission to participate in such proceedings.
9. The contractor will include, or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by the rules, regulations or orders of the Michigan Civil Rights Commission, and will provide in every subcontract or purchase order that said provisions will be binding upon each subcontractor or seller.

March 1998

## **Appendix B**

*(Aeronautics)*

### **CIVIL RIGHTS ACT OF 1964, TITLE VI - 49 CFR PART 21 CONTRACTUAL REQUIREMENTS**

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. Compliance with Regulations. The contractor will comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
2. Nondiscrimination. The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The contractor will not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
3. Solicitation for Subcontracts, Including Procurement of Materials and Equipment. In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. Information and Reports. The contractor will provide all information and reports required by the Regulations or directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Sponsor or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the contractor will so certify to the sponsor of the FAA, as appropriate, and will set forth what efforts it has made to obtain the information.
5. Sanctions for Noncompliance. In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the sponsor will impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

- a. Withholding of payments to the contractor under the contract until the contractor complies, and/or
  - b. Cancellation, termination, or suspension of the contract, in whole or in part.
- 6. Incorporation of Provisions. The contractor will include the provisions of paragraphs 1 through 5 in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Regulations or directive issued pursuant thereto. The contractor will take such action with respect to any subcontract or procurement as the sponsor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the Sponsor to enter into such litigation to protect the interests of the sponsor and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

## **APPENDIX C**

### **Assurances that Recipients and Contractors Must Make (Excerpts from US DOT Regulation 49 CFR § 26.13)**

- A. Each financial assistance agreement signed with a DOT operating administration (or a primary recipient) must include the following assurance:

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any US DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of US DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26 and as approved by US DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

- B. Each contract MDOT signs with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:

The contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of US DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.

Airport Name: Jackson County-Reynolds Field  
Associated City: Jackson, Michigan  
Project No: B-26-0051-2508

## APPENDIX F

### SPECIAL CONDITIONS

1. RUNWAY PROTECTION ZONES The Sponsor agrees to take the following actions to maintain and/or acquire a property interest, satisfactory to the FAA, in the Runway Protection Zones:
  - a. Existing Fee Title Interest in the Runway Protection Zone.  
The Sponsor agrees to prevent the erection or creation of any structure or place of public assembly in the Runway Protection Zone, as depicted on the Exhibit "A" Property Map, except for navigaids that are fixed by their functional purposes or any other structure approved by the FAA. Any existing structures or uses within the Runway Protection Zone will be cleared or discontinued unless approved by the FAA.
  - b. Existing Easement Interest in the Runway Protection Zone.  
The Sponsor agrees to take any and all steps necessary to ensure that the owner of the land within the designated Runway Protection Zone will not build any structure in the Runway Protection Zone that is a hazard to air navigation or which might create glare or misleading lights or lead to the construction of residences, fuel handling and storage facilities, smoke generating activities, or places of public assembly, such as churches, schools, office buildings, shopping centers, and stadiums.
  - c. Future Interest in the Runway Protection Zone.  
The Sponsor agrees that it will acquire fee title or easement interest in the Runway Protection Zone(s) for Runway(s) that presently are not under their control. Said interest shall provide the protection noted in above Subparagraphs a. and b.
2. AIR AND WATER QUALITY. Approval of the project included in this agreement is conditioned on the Sponsor's compliance with applicable air and water quality standards in accomplishing project construction and in operating the airport. Failure to comply with this requirement may result in suspension, cancellation, or termination of federal assistance under this agreement.
3. BUY AMERICAN REQUIREMENT. Unless otherwise approved by the FAA, the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured products produced outside the United States to be used for any project for airport development or noise compatibility for which funds are provided under this grant.

The Sponsor will include in every contract a provision implementing this special condition.

4. WASTE DISPOSAL SITES. It is hereby agreed by and between the parties hereto that, within its authority, the Sponsor will not approve or permit the establishment or existence of a waste disposal site which has been determined to be objectionable under the provisions of FAA Order 5200.5A, dated January 31, 1990, entitled "Waste Disposal Sites On or Near Airports."
5. OPEN BIDDING. The Sponsor agrees not to include in any bid specification, project agreement, or other controlling documents to perform construction activities under this grant, any provisions which would:
  - a. Require bidders, offerors, contractors, or subcontractors to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction project(s), or
  - b. Otherwise discriminate against bidders, offerors, contractors, or subcontractors for refusing to become or remain signatories or otherwise adhere to agreements with one or more labor organizations, on the same or other related construction project(s), or
  - c. Require any bidder, offeror, contractor, or subcontractor to enter into, adhere to, or enforce any agreement that requires its employees, as a condition of employment, to:
    - (1) become members of or affiliated with a labor organization, or
    - (2) pay dues or fees to a labor organization, over an employee's objection, in excess of the employee's share of labor organization costs relating to collective bargaining, contract administration, or grievance adjustment.

The Sponsor further agrees to require any contractor or subcontractor to agree to not include any similar provision that would violate paragraphs a through c above in their contracts or subcontracts pertaining to the projects under this grant.

6. PAVEMENT MAINTENANCE MANAGEMENT PROGRAM (PGL 95-2). For a project to replace or reconstruct pavement at the airport, the Sponsor shall implement an effective airport pavement maintenance program as is required by the assurance in Section III.C.11 of the "Terms and Conditions of Accepting Airport Improvement Program Grants." The Sponsor shall use such program for the useful life of any pavement constructed, reconstructed, or repaired with federal financial assistance at the airport. An effective pavement maintenance management program is one that details the procedures to be followed to assure that proper pavement maintenance, both preventive and repair, is performed. An airport sponsor may use any form of inspection program it deems appropriate. As a minimum, the program must include the following:



- a. **Pavement Inventory.** The following must be depicted in an appropriate form and level of detail:

- (1) location of all runways, taxiways, and aprons;
- (2) dimensions;
- (3) type of pavement, and;
- (4) year of construction or most recent major rehabilitation.

For compliance with the Airport Improvement Program (AIP) assurances, pavements that have been constructed, reconstructed, or repaired with federal financial assistance shall be so depicted.

- b. **Inspection Schedule.**

- (1) Detailed Inspection. A detailed inspection must be performed at least once a year. If a history of recorded pavement deterioration is available, i.e., Pavement Condition Index (PCI) survey as set forth in Advisory Circular 150/5380-6, "Guidelines and Procedures for Maintenance of Airport Pavements," the frequency of inspection may be extended to three years.
- (2) Drive-By Inspection. A drive-by inspection must be performed a minimum of once per month to detect unexpected changes in the pavement condition.

- c. **Record Keeping.** Complete information on the findings of all detailed inspections and on the maintenance performed must be recorded and kept on file for a minimum of five years. The types of distress, their locations, and remedial action, scheduled or performed, must be documented. The minimum information to be recorded is listed below:

- (1) inspection date,
- (2) location,
- (3) distress types, and
- (4) maintenance scheduled or performed.

For drive-by inspections, the date of inspection and any maintenance performed must be recorded.

- d. **Information Retrieval.** An airport sponsor may use any form of record keeping it deems appropriate, so long as the information and records produced by the pavement survey can be retrieved to provide a report to the FAA as may be required.

- e. **Reference.** Refer to Advisory Circular 150/5380-6, "Guidelines and Procedures

for Maintenance of Airport Pavements," for specific guidelines and procedures for maintaining airport pavements and establishing an effective maintenance program. Specific types of distress, their probable causes, inspection guidelines, and recommended methods of repair are presented.

7. AGENCY AGREEMENTS. The Sponsor will not amend, modify, or terminate the agency relationship between the Sponsor, as principal, and the Michigan Aeronautics Commission, as agency, created by the Agency Agreement without prior written approval of the FAA.
8. PROGRAM INCOME FROM LAND. It is agreed that all program income produced from real property purchased in part with federal funds in this grant received during the grant period shall be deducted from the total cost of that project for determining the net costs on which the maximum United States obligation will be based. Airport fiscal and accounting records shall clearly identify actual sources and uses of these funds.
9. REVENUE FROM REAL PROPERTY – LAND IN PROJECT. The Sponsor agrees that all net revenues projected from real property purchased in part with federal funds in this grant shall be used on the airport for airport planning, development, or operating expenses, except that all income from real property purchased for noise compatibility purposes or for future aeronautical use as indicated on Exhibit "A" for this grant under the Airport and Airway Improvement Act of 1982. Income from noise or future use property may not be used for the Sponsor's matching share of any airport grant. Airport fiscal and accounting records shall clearly identify actual sources and uses of these funds.
10. FUTURE DEVELOPMENT LAND. The Sponsor agrees to perform within 10 years of this Grant the airport development which requires this land acquisition, and further agrees not to dispose of the land by sale or lease without prior consent and approval of the Federal Aviation Administration. In the event the land is not used within the 10 years for the purpose for which it was acquired, the Sponsor will refund the federal share of acquisition cost or the current fair market value of the land, whichever is greater.
11. TITLE EVIDENCE BEFORE CONSTRUCTION. It is further understood and agreed that the Sponsor will not permit or suffer the commencement of any construction work on the parcel(s) until it has submitted evidence satisfactory to the FAA that it has acquired the aforementioned property interest.
12. EXHIBIT A. It is understood and agreed by and between the parties hereto that notwithstanding the fact that this Grant Offer is made and accepted upon the basis of the Exhibit "A" property map, the Sponsor hereby covenants and agrees that it will update said Exhibit "A" property map to standards satisfactory to the Department and submit said documentation in final form to the Department for approval. It is further mutually agreed that the reasonable cost of developing said Exhibit "A" property map is an eligible administrative cost for participation within the scope of this project.

**Prime Consultant Statement of DBE Subconsultant Payments**

Information required in accordance with 49 CFR §26.37 to monitor progress of the prime consultant in meeting contractual obligations to DBEs.

<b>PRIME CONSULTANT:</b>			<input type="checkbox"/> <b>CHECK IF PRIME IS MDOT-DBE CERTIFIED</b>		<b>AUTHORIZATION NO.</b>		<b>CONTRACT NO.</b>		
<b>BILLING PERIOD:</b>						<input type="checkbox"/> <b>Check if Final Payment</b>		<b>JOB NO.</b>	
<b>CERTIFIED DBE CONSULTANT</b>	<b>SERVICES WORK PERFORMED</b>	<b>TOTAL CONTRACT AMOUNT</b>	<b>CUMULATIVE DOLLAR VALUE OF SERVICES COMPLETED</b>	<b>DEDUCTIONS</b>	<b>ACTUAL AMOUNT PAID TO DATE</b>	<b>ACTUAL AMOUNT PAID DURING THIS BILLING PERIOD</b>	<b>DBE AUTHORIZED SIGNATURE (Final Payment Report Only)</b>	<b>DATE</b>	
As the authorized representative of the above prime consultant, I state that, to the best of my knowledge, this information is true and accurate.									
<b>PRIME CONSULTANT'S AUTHORIZED REPRESENTATIVE (SIGNATURE):</b>				<b>TITLE</b>			<b>DATE</b>		
FOR MDOT USE ONLY									

COMMENTS:

<b>CONTRACT ADMINISTRATOR (Signature)</b>	<b>DATE:</b>
---	--------------

Special note: "Prime Consultant or Authorized Representative" refers to recipients of federal funds as defined at 49 Code of Federal Regulations Part 26.

## **INSTRUCTIONS**

This statement reports the actual dollar amounts of the project cost earned by and paid to DBE subconsultants. Complete and submit to the Contract Administrator semi-annually. Some forms may be blank if no payment was made since the previous billing.

For “Authorization No., Contract No.,” and “Job No.” as appropriate, use the numbers assigned by MDOT.

For “Billing Period,” report the calendar days covered by the billing.

For “Services Work Performed” report the main service performed by the subconsultant during the reporting period.

For “Total Contract Amount” report the total amount of the contract between the prime consultant and subconsultant.

For “Cumulative Dollar Value of Services Completed” report the total amount the subconsultant has earned since beginning the project.

For “Deductions,” report deductions made by the prime consultant to the subconsultant’s “Cumulative Dollar Value of Services Completed” for retainage, bond or other fees, materials, services or equipment provided to the subconsultant according to mutual, prior agreement (documentation of such agreement may be required by MDOT).

For “Actual Amount Paid to Date,” report cumulative actual payments made to the subconsultant for services completed.

For “Actual Amount Paid During this Billing Period” report actual payments made to the subcontractor for services during this billing period.

Provide “DBE Authorized Signature” for final payment only.

Be sure to sign, title and date this statement.

### **MDOT CONTRACT ADMINISTRATOR:**

Complete “Comments” if necessary, sign, date and forward to the Office of Equal Opportunity within seven (7) days of receipt.

**RESOLUTION (08-09.19)**  
**AUTHORIZING THE COUNTY BOARD OF COMMISSIONERS**  
**CHAIR, James E. Shotwell Jr. TO SIGN MDOT CONTRACT**  
**#2009-0639 (FEDERAL PROJECT #B-26-0051-2508),**  
**For Land Acquisition/Easement Costs of Parcels**  
**Parcels: 86, E87- E89, 90-96, E97 – E100, 101- 104, E105 – E109**

**WHEREAS,** The FAA has indicated that Runway 6-24 at the Jackson County Airport does not have required "safety areas" at the ends and approaches; and

**WHEREAS,** Because of FAA Runway Safety Requirements, a new Runway 7-25 will be constructed and requires acquisition of private property and/or easements located at the approach ends of this runway, specifically

Parcels: 86, E87- E89, 90-96, E97 – E100, 101- 104, E105 – E109, and

**WHEREAS,** The referenced parcels may require institution of condemnation procedures; and

**WHEREAS,** This project is necessary and in the public interest; and

**WHEREAS,** Grant funds in the amount of \$1,500,000 were allocated by the Michigan Bureau of Aeronautics and Freight Services with an allocation of \$1,425,000 Federal; \$37,500 State and \$37,500 Local match amounts are required to purchase these easements and/or parcels; and

**WHEREAS,** The Jackson County Board of Commissioners has legal authority to approve this resolution and sponsor contract; and

**WHEREAS,** James E. Shotwell, Jr., is the Chairman of the Jackson County Board of Commissioners and has authority to sign such resolution and contract; and

**NOW, THEREFORE, BE IT RESOLVED,** that the Jackson County Board of Commissioners approves of the referenced grant and contract authorizes James E. Shotwell Jr. to sign on behalf of the Jackson County Board of Commissioners.

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James E. Shotwell, Jr., Chairman  
August 18, 2009

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STATE OF MICHIGAN                    )  
  ) ss.  
COUNTY OF JACKSON                )

I, Amanda Riska, the duly qualified and acting Clerk of the County of Jackson, Michigan, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the County Board of Commissioners of the County of Jackson, State of Michigan, at a regular meeting held on August 18, 2009 at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the County. I further certify that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

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Amanda Riska, County Clerk

Date: \_\_\_\_\_



# J X N

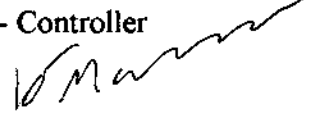
## Jackson County Airport

3606 Wildwood Avenue  
(517) 788-4225

Jackson, Michigan 49202  
FAX (517) 788-4682

July 18, 2009

TO: Randy Treacher, Administrator - Controller

FROM: Kent Maurer, Airport Manager 

RE: Contract with Mead and Hunt for  
Phase II and III for Woodville Road Property Acquisition  
Services

I am submitting a contract with Mead and Hunt for County Commission consideration. This contract with Mead and Hunt will provide Woodville Road Phase II and Phase III land acquisition services to include: property appraisals; appraisal reviews; Phase I environmental assessments; land owner coordination and historical house initial coordination services.

The (4) owners of Woodville Road property were contacted during Phase I and have indicated an initial willingness to continue discussions to potentially sell their property to the Airport. All owners understand that any sale is conditioned upon: funding being available; the necessity of all four owners agreeing to sell; and, final approval by the Jackson County Commission.

This contract is not to exceed \$50,734.57. The Airport Board has approved forwarding this contract to the Board of Commissioners. The source of funding for this contract is the Public Improvement "runway match" fund.



# J X N

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## Jackson County Airport

3606 Wildwood Avenue  
(517) 788-4225

Jackson, Michigan 49202  
FAX (517) 788-4682

July 14, 2009

TO: Airport Board Members

FROM: Kent Maurer, Airport Manager 

RE: Contract with Mead and Hunt for  
Phase II and III for Woodville Road Property Acquisition  
Services

I am submitting a contract with Mead and Hunt for your consideration and requesting that you approve the contract be forwarded to the County Commission for approval. The initial contact with the property owners during Phase I indicated an initial willingness by all owners to sell their property to the Airport. All owners understand that any sale is conditioned upon: funding being available; the necessity of all four owners agreeing to sell; and, final approval by the Jackson County Commission.

This contract is not to exceed \$50,734.57 and will provide appraisals, appraisal review, Phase I environmental assessment, relocation determinations and initial agency coordination for the historical house as detailed in the contractual agreement.

**AGREEMENT FOR PROFESSIONAL  
CONSULTANT SERVICES  
(LUMP SUM)  
PROJECT NO.  
CONTRACT NO.**

**THIS AGREEMENT** made this \_\_\_\_\_ day of \_\_\_\_\_, in the year of 2009,

**BETWEEN the OWNER** (hereinafter referred to as **SPONSOR**),

**SPONSOR INFO**

*Jackson County  
3606 Wildwood Ave.  
Jackson, MI 49202*

and the **CONSULTANT**.

**Mead & Hunt Inc.  
2605 Port Lansing Road  
Lansing, MI 48906**

For the following **PROJECT**:

**LOCATION:**

*Jackson County-Reynolds Airport  
Jackson, Michigan*

**DESCRIPTION:**

*Land Acquisition: Woodville Road Parcels 90, 91, 92 & 93 - Phase II & III*

**SEE DETAIL BREAKDOWN IN ATTACHMENT "E"**



**WHEREAS**, the Sponsor proposed to have Professional Consultant Services performed for the described project;

**AND WHEREAS**, the Sponsor has caused a review to be made of the qualifications of the Consultant and is satisfied the Consultant is competent and qualified;

**AND WHEREAS**, the Consultant is willing and able to accomplish the services provided and set forth hereinafter this Agreement;

**AND WHEREAS**, the Sponsor shall compensate the Consultant, in accordance with the Terms and Conditions of this Agreement.

**WITNESSETH:** That for and in consideration of the covenants and agreements to be performed by the respective parties hereto, it is agreed by and between the Sponsor and the Consultant as follows:

**Article 1 - Description of Work to be Done:**

Services to be furnished by the Consultant to the Sponsor together with obligations of the Sponsor or Sponsor's Agent (Michigan Department of Transportation, Multi-Modal Transportation Services Bureau, Airports Division or hereinafter referred to as AERO) to furnish certain information and data shall consist of the following described elements (additional explanations included in Attachment "E"): **Land Acquisition: Woodville Road Parcels 90, 91, 92 & 93 - Phase II & III at the Jackson County-Reynolds Airport in Jackson, Michigan.**

**Article 2 - Time of Beginning and Completion**

**2.1 - Time of Beginning**

Upon acceptance of this agreement by both the Sponsor and the Consultant, the Consultant shall have fourteen (14) days from the date of notification to proceed in which to organize and actually commence work.

**2.2 - Time for Completion**

The estimated time for the Consultant to complete the work named in Article 1 and Attachment "E" of this agreement, ready for Sponsor's approval is one hundred eighty (180) calendar days from the date the Consultant actually starts work. The Consultant shall report his progress to the Sponsor and keep the Sponsor informed of progress and any adjustments to the estimated time schedule which may be necessary because of weather conditions which may affect survey work, the supplying of information to the Consultant by the Sponsor's Agent as provided under Article 1, and other reasons beyond the control of either the Sponsor or the Consultant.

**Article 3 - Payment**

**3.1 – Fee (Planning Service)**

**3.1.1**

The Sponsor agrees to pay the Consultant or and in accordance of the services rendered, as set forth in Article 1 of the Agreement, a fixed fee of fifty thousand, seven hundred and thirty four and 57/100 (\$50,734.57) dollars. (See Attachment "C").

**3.1.2**

The fixed fee named above shall be considered payment in full by the Sponsor to the Consultant for all services rendered, except as hereinafter provided under Article 4 – Element 4.5 – Changes in Work (See Attachment “C” for project fee breakdown and Attachment “E” for project scope of work).

### 3.2 - Progress Payments

#### 3.2.1

The Consultant shall submit monthly statements for services rendered. The statement shall be based upon the Consultant's estimate of the proportion of the total service actually completed at the time of billing. Sponsor shall make prompt monthly payments in response to the Consultant's monthly statement.

#### 3.2.2

The first progress payment request shall be submitted thirty (30) days from the date the Sponsor authorizes the Consultant to proceed with the work.

#### 3.2.3

Payment by the Sponsor to the Consultant for extra copies of documents shall be due and payable upon receipt of invoice to the Sponsor from the Consultant.

#### 3.2.4

Payment is due forty-five (45) days after billing.

#### 3.2.5

The final progress payment (10%) of the original contract amount will be due and payable forty-five (45) days after the Consultant completes the work and submits all documents for final approval to the Sponsor.

#### 3.2.6

The Consultant agrees to pay each subconsultant for the satisfactory completion of work associated with the subcontract no later than ten (10) calendar days from the receipt of each payment the Consultant receives from the State of Michigan or Sponsor. The Consultant also is required to return retainage payments to each subconsultant within ten (10) calendar days after the subconsultant's work is satisfactorily completed. Any delay or postponement of payment from these time frames may occur only upon receipt of written approval from the Sponsor or the Sponsor's Agent. These requirements are also applicable to all sub-tier subconsultants and will be made a part of all subconsultant agreements.

This prompt payment provision is a requirement of 49 CFR, Part 26, as amended, and does not confer third-party beneficiary right or other direct right to a subconsultant against the Sponsor or the State of Michigan. This provision applies to both Disadvantaged Business Enterprise (DBE) and non-DBE subconsultants.

The Consultant further agrees that it will comply with 49 CFR, Part 26, as amended, and will report any and all DBE subconsultant payments to the DEPARTMENT semi-annually in the format set forth in Attachment G, dated June 1, 2001, attached hereto and made a part hereof, or any other format acceptable to the Sponsor or the Sponsor's Agent.

### 3.3 – Extra Service

#### 3.3.1

Extra Service charges shall be negotiated by an amendment to this Agreement. Each amendment shall describe the service rendered and the fixed dollar amount for the requested work and estimated contract time for completion.

### 3.4 – Subconsultant Services

#### 3.4.1

Any services to be provided by subconsultants shall be provided for in a subconsultant agreement which shall meet the written approval of the Sponsor. Costs of subconsultant services shall be included in Element 3.1 - Fee. The Consultant will not apply a fixed fee on any of the costs for Subconsultant Services.

### Article 4 - Miscellaneous Provisions

#### 4.1 – Certification of Consultant

The Consultant certifies that Ron J. Engel is the authorized representative of the firm of Mead & Hunt, Inc., whose address is 2605 Port Lansing Road, Lansing, MI, 48906 and headquartered in Madison, WI and further represents that it did not:

##### 4.1.1

Employ or retain for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for Mead & Hunt, Inc. to solicit or secure this agreement;

##### 4.1.2

Agree, as an express or implied condition for obtaining this contract to employ or retain the services of any firm or person in connection with carrying out the agreement; or,

##### 4.1.3

Pay or agree to pay any firm, organization or person (other than a bona fide employee working solely for Mead & Hunt, Inc. any fee, contribution, donation or consideration of any kind for, or in connection with, procuring or carrying out this agreement;

Except as here expressly stated (if any): NONE

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##### 4.1.4

The CONSULTANT acknowledges that this certificate is to be furnished to the Federal Aviation Administration, U.S. Department of Transportation, in connection with this agreement involving participation of Airport Improvement Program (AIP) funds, and is subject to applicable State and Federal laws, both criminal and civil.

#### 4.2 – Certification of Sponsor

##### 4.2.1

The Sponsor certifies through the Chairperson of the Airport Authority that the above consulting firm or his representatives has not been required, directly or indirectly as an express or implied condition in connection with obtaining or carrying out this agreement to:

##### 4.2.2

Employ or retain, or agree to employ or retain, any firm or person, or

#### 4.2.3

Pay, or agree to pay, to any firm, person, or organization, any fee, contribution, donation, or consideration of any kind:

Except as here expressly stated (if any): NONE

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#### 4.2.4

The Sponsor acknowledges that this certificate is to be furnished to the Federal Aviation Administration, U.S. Department of Transportation, in connection with this agreement involving participation of Airport Improvement Program (AIP) funds, and is subject to applicable State and Federal laws, both criminal and civil.

### 4.3 – Guidelines and Policies for Land Acquisition Related Activities

#### 4.3.1

The Consultant shall follow, insofar as applicable and reasonable and as approved by the Sponsor, current guidelines and policies for land acquisition related activities set forth by the Sponsor, the Sponsor's agent, and other participating governmental agencies in effect at the time of work herein provided is started. Those currently in effect and applicable to this contract are: AC150/5100-37A, 5100-38B, 5100-17, CFR 49 Part 24, FAA Land Acquisition Checklists, FAA Land Acquisition Guidelines, and any applicable MDOT Guidelines and Checklists related to work necessary for land acquisitions, appraisals, review appraisals, relocations, condemnations, and Exhibit "A" property maps. In the event any guidelines or policies change after the Consultant has completed that portion of the work to which a particular policy may apply, and in the event the Consultant is required by the Sponsor to make revisions to completed work to meet revised policies, the Consultant shall be entitled to additional compensation as provided under Article 4.5 – Changes in Work. In the event the Sponsor elects to accept the work which conforms to policies in effect, the Consultant will complete the work as outlined in the original scope without additional compensation, and is relieved of any changes required to meet the revised policies.

#### 4.3.2

Guidelines, policies, specifications, special conditions, contract documents, and requirements developed by the Sponsor, Sponsor's Agent, or other participating governmental agency and required to be incorporated in the final plans and documents shall not be the responsibility of the Consultant. All liability to third parties, for loss or damage as a result of claims, demands, costs, or judgments arising out of activities, to be carried out by the Sponsor in the performance of this contract shall be the responsibility of the Sponsor, and not the responsibility of the Consultant, if the liability, loss, or damage is caused by or arises out of, the action or failure to act on the part of the Sponsor, or any elected or appointed officer, employee or agent of the Sponsor, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the Sponsor, or any elected or appointed officer, employee or agent of the Sponsor by statute or court decision.

### 4.4 – Ownership of Documents

#### 4.4.1

Original documents shall be delivered to and become the property of the Sponsor. Original basic notes, sketches, changes, drawings, partially completed drawings, computations,

quantities and other data shall remain in the possession of the Consultant but shall be made available, upon request, to the Sponsor without restriction or limitation of their use.

#### 4.4.2

In the event any of the above documents are revised by the Sponsor, the nameplates of the Consultant will be removed and the Consultant will be released and held harmless of any subsequent liability which may arise from the reuse of these documents.

### 4.5 – Changes in Work

#### 4.5.1

By mutual acceptance of both the Sponsor and the Consultant, changes in work from that work herein provided, including changes in original policies and guidelines and reviews/updating of project work may be accomplished by amendment to this Agreement. The amendment shall describe the change in work scope, the adjustment in fixed fee herein provided by a fixed dollar amount for each negotiated change order and estimated change to the original or adjusted estimated contract time for each amendment. Each amendment must be approved prior to execution and must be signed and dated by the Sponsor, by the Sponsor's Agent, and the Consultant. Payment shall be made after all approvals and signatures have been obtained.

### 4.6 – Delays in Extensions

#### 4.6.1

Changes in the estimated time schedule as may be required by the Sponsor or the Consultant shall be in writing, setting forth the reason for delay or extension, and the estimated time adjustment necessary or as provided in Article 4.5 – Changes in Work.

### 4.7 – Insurance and Liability

#### 4.7.1

The Consultant will maintain Workmen's Compensation, Professional Liability, Property Damage, and Public Liability Insurance and file certificates with the Sponsor.

### 4.8 – General Compliance with Laws

#### 4.8.1

Unless otherwise specified, this Agreement shall be governed by the Law of Michigan of the principal place of business of the Sponsor. The Consultant agrees to comply with all Federal, State, and Local laws applicable to the work.

### 4.9 – Assignment of Antitrust Rights

With regard to claims based on goods or services that were used to meet the Consultant's obligation to the Sponsor or the Sponsor's Agent under this Contract, the Consultant hereby irrevocably assigns its right to pursue any claims for relief or causes of action for damages sustained by the State of Michigan or the DEPARTMENT due to any violation of 15 USC, Sections 1 - 15, and/or 1984 PA 274, MCL 445.771 - .788, excluding Section 4a, to the State of Michigan or the DEPARTMENT.

The Consultant shall require any subcontractors to irrevocably assign their rights to pursue any claims for relief or causes of action for damages sustained by the State of Michigan or the DEPARTMENT with regard to claims based on goods or services that were used to meet the

consultant's obligation to the DEPARTMENT under this Contract due to any violation of 15 USC, Sections 1 - 15 and/or 1984 PA 274, MCL 445.771 - .788, excluding Section 4a, to the State of Michigan or the DEPARTMENT as a third-party beneficiary.

The Consultant shall notify the Sponsor if it becomes aware that an antitrust violation with regard to claims based on goods or services that were used to meet the Consultant's obligation to the Sponsor or the Sponsor's Agent under this Contract may have occurred or is threatened to occur. The Consultant shall also notify the Sponsor or the Sponsor's Agent if it becomes aware of any persons intent to commence, or of commencement of, an antitrust action with regard to claims based on goods or services that were used to meet the Consultant's obligation to the Sponsor or the Sponsor's Agent under this Contract.

#### 4.10 – Subletting, Assignments and Transfer

##### 4.10.1

The Sponsor and the Consultant each binds himself, his partners, successors, assignees, and legal representatives to the other party to this Agreement and to the partners, successors, assignees, and legal representatives of such other party with respect to all covenants of this Agreement. The Consultant shall not assign, sublet or transfer his interest in this Agreement without the written consent of the Sponsor.

#### 4.11 – Consultant's Endorsement

##### 4.11.1

The Consultant shall seal and sign all final plans and specifications furnished to the Sponsor.

#### 4.12 – Disputes

##### 4.12.1

All disputes concerning a question of fact in connection with work not disposed of by agreement between the Sponsor and the Consultant shall be settled through standard court actions.

#### 4.13 – Responsibility for Claims and Liability

##### 4.13.1

The Consultant shall save harmless the Sponsor, Sponsor's Agent, FAA or other governmental agencies from all claims and liability due to negligence of the Consultants or its subcontractors.

## **Article 5 – Miscellaneous**

### **5.1**

This Agreement represents the entire and integrated Agreement between the Sponsor and the Consultant and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the Sponsor and the Consultant. Nothing contained in this Agreement, nor the performance of the parties hereunder shall inure to the benefit of any third party.

### **5.2**

Unless otherwise specified, this Agreement shall be governed by the laws of the State of Michigan.

### **5.3**

If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected, thereby, such remainder would then continue in force provided it conforms to the terms and requirements of applicable law.

### **5.4**

Unless otherwise specified, this agreement shall incorporate all provisions of Attachments "A", "B", "C", "D", "E", & "F".

IN WITNESS WHEREOF, the parties hereto have fixed their hand this day and date first written above.

**ACCEPTED BY THE SPONSOR**

Witness: \_\_\_\_\_

Jackson County  
2606 Wildwood Ave.  
Jackson, MI 49202

By: \_\_\_\_\_

Authorized Representative of Sponsor

Title: \_\_\_\_\_

**ACCEPTED BY THE CONSULTANT**

Witness: \_\_\_\_\_

Mead & Hunt, Inc.  
2605 Port Lansing Road  
Lansing, MI 48906

By: \_\_\_\_\_

  
Authorized Representative of Consultant

Title: \_\_\_\_\_

  
Vice President



## **SCHEDULE OF ATTACHMENTS**

Attachment "A" -	
Appendix "A" -	Prohibition of Discrimination in State Contracts
Appendix "B" -	Civil Rights Act of 1964....Contractual Requirements
Attachment "B" -	Additional Provisions
Attachment "C" -	Cost Breakdown
Attachment "D" -	Sketches
Attachment "E" -	Scope of Work/Services
Attachment "F" -	Non-Construction Contract Requirements
Attachment "G" -	Prime Consultant Statement of DBE Subconsultant Payments

## **ATTACHMENT "A"**

### **APPENDIX A**

#### **PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS**

In connection with the performance of work under this contract, the Contractor agrees as follows:

1. In accordance with Act No. 453, Public Acts of 1976, the Contractor hereby agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. Further, in accordance with Act No. 220, Public Acts of 1976 as amended by Act No. 478, Public Acts of 1980, the Contractor hereby agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment, because of a handicap that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants shall be regarded as a material breach of this contract.
2. The Contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinbefore set forth in Section 1 of this Appendix.
3. The Contractor will take affirmative action to insure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status or a handicap that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status or handicap that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The Contractor or his collective bargaining representative will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the Contractor's commitments under this Appendix.
6. The Contractor will comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission which may be in effect prior to the taking of bids for any individual state project.
7. The Contractor will furnish and file compliance reports within such time and upon such forms as provided by the Michigan Civil Rights Commission, said forms may also elicit information as to the practices, policies, program, and employment statistics of each subcontractor as well as the Contractor himself, and said Contractor will permit access to his books, records, and accounts by the Michigan Civil Rights Commission, and/or its agent, for purposes of investigation to ascertain compliance with this contract and relevant with rules, regulations, an orders of the Michigan Civil Rights Commission.
8. In the event that the Civil Rights Commission finds, after a hearing held pursuant to its rules, that a contractor has not complied with the contractual obligations under this agreement, the Civil Rights Commission may, as part of its order based upon such findings, certify said findings to the Administrative Board of the State of Michigan, which Administrative Board may order the cancellation of the contract found to have been violated, and/or declare the Contractor ineligible for future contracts with the state and its political and civil subdivisions, departments, and officers, and including the governing boards of institutions of higher education, until the Contractor complies with said order of the Civil Rights. Notice of said declaration of future ineligibility may be given to any or all of the persons with whom the Contractor is declared ineligible to contract as a contracting party in future contracts. In any case before the Civil Rights Commission in which cancellation of an existing contract is a possibility, the contracting agency shall be notified of such possible remedy and shall be given the option by the Civil Rights Commission to participate in such proceedings.
9. The Contractor will include, or incorporate by reference, the provisions of the foregoing paragraphs (1) through (8) in every subcontract or purchase order unless exempted by the rules, regulations or orders of the Michigan Civil Rights Commission, and will provide in every subcontract or purchase order that said provisions will be binding upon each subcontractor or seller.

The Civil Rights Commission referred to is the Michigan Civil Rights Commission.

## **ATTACHMENT "A"**

### **APPENDIX B (Aeronautics)**

#### **CIVIL RIGHTS ACT OF 1964, TITLE VI - 49 CFR PART 21 CONTRACTUAL REQUIREMENTS**

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations.** The contractor shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter, "DOT"), Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
2. **Nondiscrimination.** The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
3. **Solicitations for Subcontracts, Including Procurement of Materials and Equipment.** In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. **Information and Reports.** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the Sponsor or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the contractor shall so certify to the sponsor or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance.** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the sponsor shall impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to:
  - a. Withholding of payments to the contractor under the contract until the contractor complies, and/or
  - b. Cancellation, termination, or suspension of the contract, in whole or in part.
6. **Incorporation of Provisions.** The contractor shall include the provisions of paragraphs 1 through 5 in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the sponsor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the Sponsor to enter into such litigation to protect the interests of the sponsor and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

**ATTACHMENT "B"**

**ADDITIONAL PROVISIONS**

NONE

**AIRPORT:** Jackson County Airport - Jackson, MI  
**PROJECT DESCRIPTION:** Land Acquisition - Consultant Costs

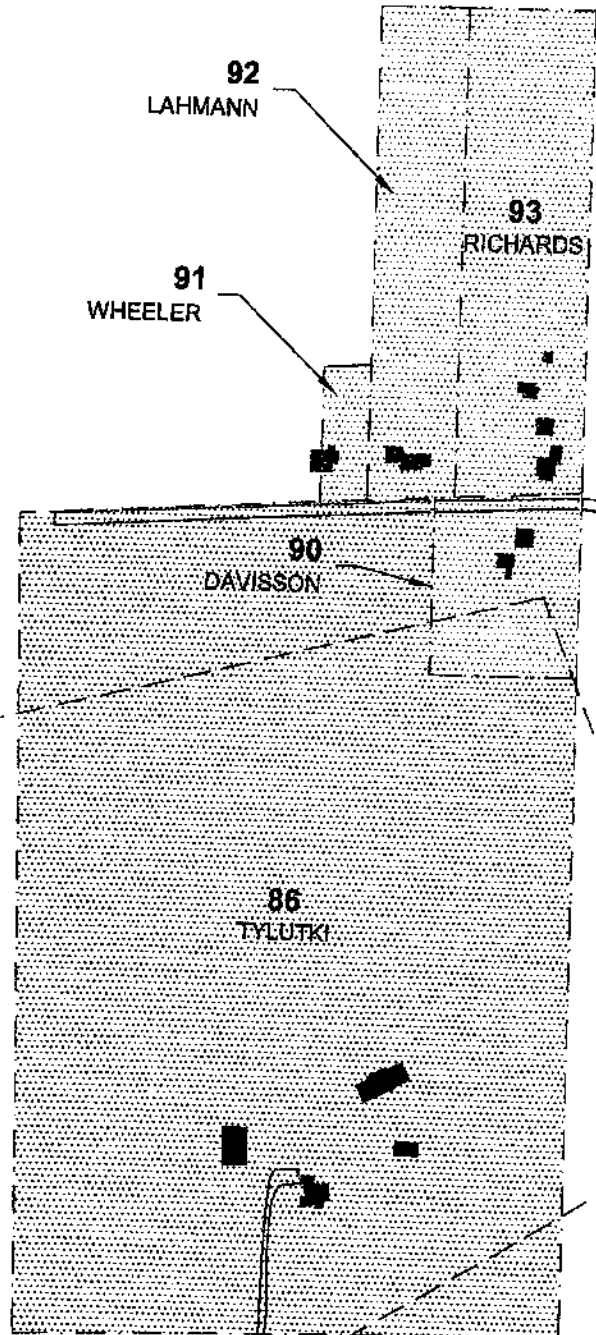
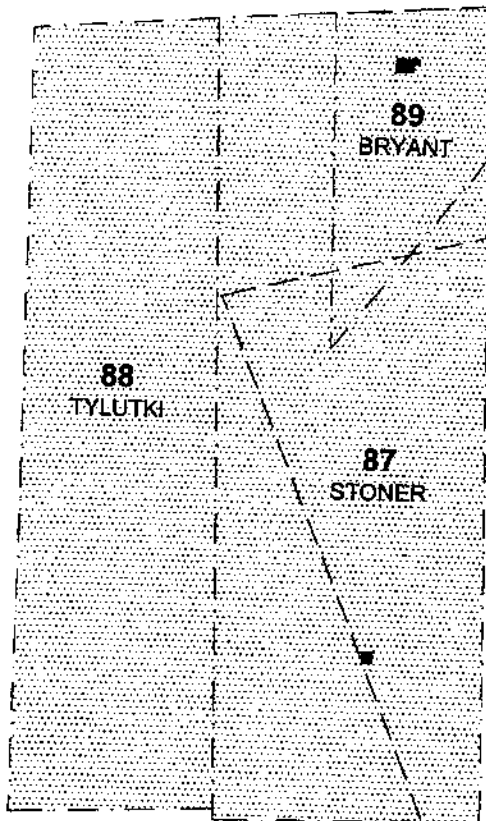
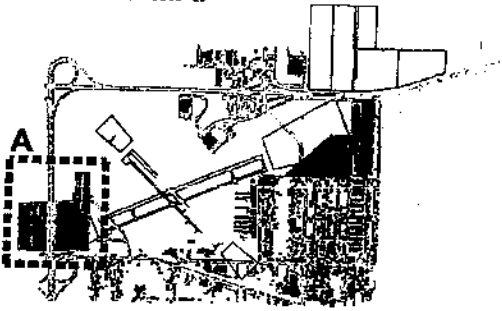
TIME:

**FILE:**

LABOR	CLASSIFICATION:	PROJECT MANAGER	PLANNER III	PLANNER II	PLANNER I	CADD TECH - III	CLERICAL	ENGINEER TECH II	HISTORIAN	
	RATE:	\$49.00	\$35.00	\$30.00	\$28.00	\$28.00	\$19.00	\$30.00	\$30.00	
Coordination with SPONSOR including 1 mtg at JXN		12					4			
Coordination with CAI		16					4			
General coordination with SHPO on Parcel 90		4					2		15	
Update Exhibit "A" Property Map		2				8	2			
Printing & Revisions based upon AERO comments		2				4	2			
DIRECT LABOR COST:	\$2,630.00	\$1,548.00	\$0.00	\$0.00	\$0.00	\$336.00	\$266.00	\$0.00	\$480.00	\$0.00

SUMMARY		DIRECT LABOR COSTS	OVERHEAD ON LABOR @ 1.72	TOTAL LABOR COSTS	EXPENSES	FEE @ 0.11	SUB TOTAL	SUB- CONSULTANT	PROJECT TOTAL
Subconsultants									
CAI Phase II	\$34,748	\$2,630.00	\$4,523.60	\$7,153.60	\$232.50	\$812.47	\$8,198.57	\$42,536.00	\$50,734.57
CAI Phase III	\$7,788								

VICINITY MAP





NOT TO SCALE

**AREA A**

PROPERTY ACQUISITION

JACKSON COUNTY AIRPORT - REYNOLDS FIELD  
JACKSON, MI

**LEGEND**

-  EASEMENT
-  ACQUISITION

**MEAD HUNT**

DATE: 3/6/08  
DRAWN BY: AEF

## **ATTACHMENT "E"**

### **CONSULTANT SCOPE OF SERVICES**

Parcels 90, 91, 92 and 93 will be acquired in full-fee simple acquisition to allow for obstruction removal and abandonment of the existing Woodville Road, located east of M-60. A phased approach has been undertaken with the majority of Phase I having been completed in June 2009. Phase II and Phase III are the subject of this scope of services. The CONSULTANT shall utilize a subconsultant, Commonwealth Associates, Inc. (CAI), for a portion of the scope of services.

The purpose of Phase I was to determine the willingness of property owners to sell their property in fee rather than be subject to an avigation easement. Phase I yielded positive responses to full acquisition, therefore, Phase II and Phase III will include efforts to commit the owners through the execution of option agreements for fee purchase, based upon fair market value appraisals of each of the four parcels. Phase III will include exercising the options, closings, and relocation as part of the full acquisition of the properties. Phase III will also include Phase I ESAs for each parcel.

Important assumptions that are made as part of this contract include:

- These four parcels are being pursued for acquisition on a voluntary basis.
- This contract will include only these four parcels.
- Five relocations will be required since one of the parcels includes a rental unit.
- All five parcels are residential properties and the effort required to acquire Parcel 90, the Davison property, also known as the Miners House, will not exceed that of a typical residential relocation. Any efforts necessary to address issues related to the historic aspects of the property will be handled by a separate amendment, as noted below.
- As part of Phase I, the CONSULTANT is providing initial coordination related to the historic structure on Parcel 90, up to 16 hours. Additional coordination and work effort to address this issue will likely be required; however, the scope of that effort is unknown at this time. An amendment to this contract will likely be necessary to accomplish tasks required by the State Historic Preservation Office (SHPO).
- A Phase I ESA for each parcel will be included as part of this scope of services and will be completed as part of Phase II.
- Completion of Phase II ESAs for the four parcels is not a part of this contract. Should they be deemed to be necessary, they will need to be added to this scope of work by amendment.
- Demolition of the structures are not included as part of this contract and will be included as an amendment to this after the Phase I ESAs studies are completed to provide any assessment of potential demolition concerns.

#### **Phase II – Appraisal Process**

In order to formally gauge and commit the property owners to potential acquisition, based on funding availability, option agreements will be sought on the four parcels, based upon the fair-market appraisal which will be conducted as part of this phase. The CONSULTANT, along with CAI's land services staff will:

1. Notify owners that SPONSOR is moving forward with the appraisal process and that they, the property owners, will be contacted by the appraiser.
2. Update preliminary interview.
3. Oversee completion of Phase I ESAs on each parcel.
4. Provide a complete, self contained, appraisal and review for all 4 parcels.
5. Work with SPONSOR corporate counsel, MDOT AERO and CAI to design Option Agreements.
6. Prepare Option Agreements and other documents as required for the acquisition.
7. Prepare relocation determinations and eligibility forms.
8. Participate in preliminary discussions with SHPO regarding historical issues with parcel 90.
9. Present offer and perform good faith negotiations (if required) with owners to secure Option Agreement.
10. Maintain files and document all contact with landowners.

### **Phase II Deliverables**

1. Written report with stating the success of the Phase II effort.
2. Upon request- Option Agreement (signed or unsigned), appraisal & review, relocation documents, title report and preliminary interview.
3. Appraisal and review appraisal reports.
4. Phase I ESA reports

Should Phase II be successful, and at the direction of the SPONSOR, the CONSULTANT will proceed to Phase III. If Phase II is not successful, the contract will be terminated with the completion of Phase II activities and Phase III activities will be abandoned.

### **PHASE III – Acquisition and Relocation Services**

At the direction of the SPONSOR, the CONSULTANT and CAI's land services staff will provide the following services to acquire the four parcels:

1. Notify owners of the status and the intent to proceed with full purchase of their property.
2. Update preliminary interview, if sufficient time has passed to warrant an update.
3. Update relocation determinations and eligibility forms if sufficient time has passed to warrant an update.
4. Prepare documents as required to exercise Option Agreements.
5. Coordinate closings.
6. Prepare relocation claims and other documents required to complete the relocations.

### **Phase III Deliverables**

1. Complete file including- contact reports, acquisition and relocation documents, appraisal & review, misc parcel information.

### **Assumptions of the Acquisition Process**

The CONSULTANT and CAI will perform the following actions related to full acquisition of the four parcels:

1. Be familiar with all procedures required to acquire necessary real property in accordance with city, state, and federal laws, procedures, and regulations.
2. Follow Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Federal Aviation Administration Order 5100.37A) under Public Law 91-646. The Federal Aviation Administration is hereinafter referred to as FAA.
3. Comply with rules and regulations as set forth in Land Acquisition/Relocation under Airport Improvement Program (FAA Advisory Circular 150/5100-17).
4. Utilize acquisition and relocation forms from Advisory Circular 5100.37A or comparable forms approved by AERO.
5. Prepare and maintain at least two parcel files which include all documentation needed for FAA cost reimbursement. One copy of each parcel file shall be furnished to AERO for review and approval.
6. Secure title commitments to show ownership interests, easements, mineral leases, and all other interests and encumbrances.
7. A Phase I Environmental Site Assessment (ESA) will be conducted at this time. If a Phase II Environmental Site Assessment is found to be necessary, it will need to be added by amendment to this scope of services and the CONSULTANT shall be entitled to additional compensation through an amendment to the Agreement.
8. Secure appraisals and appraisal reviews (where identified) prepared by qualified persons.



9. Conduct relocation assessment, for four of the parcels, as well as relocation for one renter.
10. Meet with the parcel owners to determine/convey valid title interests, needed relocation services, and salvage value estimates and prepare preliminary interview which includes complete information on occupant, title, housing, land and plan.
11. Keep in close contact with the SPONSOR and AERO and provide monthly progress reports.
12. Abide by decisions made by the SPONSOR on questions concerning acceptability of any work performed on the project. All decisions made by AERO and SPONSOR are final.
13. Develop appropriate property maps, documenting all land interests which are dedicated for airport purposes, necessary for the appraisal process.

Should any legal proceedings result from the proposed acquisitions, the CONSULTANT and their subconsultants, will be entitled to payment for activities requested by the SPONSOR or the SPONSOR's legal counsel.

## ATTACHMENT "F"

### NON-CONSTRUCTION CONTRACT

#### CIVIL RIGHTS ACT OF 1964, TITLE VI - 49 CFR PART 21 CONTRACTUAL REQUIREMENTS

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

- 1.1 **Compliance with Regulations.** The contractor shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
- 1.2 **Nondiscrimination.** The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- 1.3 **Solicitations for Subcontracts, Including Procurement of Materials and Equipment.** In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
- 1.4 **Information and Reports.** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the Sponsor or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the contractor shall so certify to the sponsor or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.
- 1.5 **Sanctions for Noncompliance.** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the sponsor shall impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to:
  - a. Withholding of payments to the contractor under the contract until the contractor complies, and/or
  - b. Cancellation, termination, or suspension of the contract, in whole or in part.
- 1.6 **Incorporation of Provisions.** The contractor shall include the provisions of paragraphs 1 through 5 in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the sponsor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the Sponsor to enter into such litigation to protect the interests of the sponsor and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

#### AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1982, SECTION 520 GENERAL CIVIL RIGHTS PROVISIONS

## **49 U.S.C. 47123**

The contractor assures that it will comply with pertinent statutes, Executive orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates the tenant/concessionaire/lessee or its transferee for the period during which Federal assistance is extended to the airport a program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the airport sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract. This provision is in addition to that required of Title VI of the Civil Rights Act of 1964.

### **ACCESS TO RECORDS AND REPORTS 49 CFR PART 18.36(i)**

The Contractor shall maintain an acceptable cost accounting system. The Contractor agrees to provide the Sponsor, the Federal Aviation Administration and the Comptroller General of the United States or any of their duly authorized representatives access to any books, documents, papers, and records of the contractor which are directly pertinent to the specific contract for the purpose of making audit, examination, excerpts and transcriptions. The Contractor agrees to maintain all books, records and reports required under this contract for a period of not less than three years after final payment is made and all pending matters are closed.

### **RIGHTS TO INVENTIONS - 49 CFR PART 18.36(i)(8)**

All rights to inventions and materials generated under this contract are subject to regulations issued by the FAA and the Sponsor of the Federal grant under which this contract is executed.

### **DISADVANTAGED BUSINESS ENTERPRISES 49 CFR Part 26**

Contract Assurance (§26.13) - The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the recipient deems appropriate.

Prompt Payment (§26.29) - The prime contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than ten days from the receipt of each payment the prime contractor receives from the Sponsor or the Sponsor's Agent. The prime contractor agrees further to return retainage payments to each subcontractor within ten days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the Sponsor or the Sponsor's Agent. This clause applies to both DBE and non-DBE subcontractors.

### **LOBBYING AND INFLUENCING FEDERAL EMPLOYEES 49 CFR Part 20, Appendix A**

- (1) No Federal appropriated funds shall be paid, by or on behalf of the contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any Federal grant and the amendment or modification of any Federal grant.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any

Federal grant, the contractor shall complete and submit Standard Form-LLL, "Disclosure of Lobby Activities," in accordance with its instructions.

**TRADE RESTRICTION CLAUSE  
49 CFR PART 30**

The contractor or subcontractor, by submission of an offer and/or execution of a contract, certifies that it:

- a. is not owned or controlled by one or more citizens of a foreign country included in the list of countries that discriminate against U.S. firms published by the Office of the United States Trade Representative (USTR);
- b. has not knowingly entered into any contract or subcontract for this project with a person that is a citizen or national of a foreign country on said list, or is owned or controlled directly or indirectly by one or more citizens or nationals of a foreign country on said list;
- c. has not procured any product nor subcontracted for the supply of any product for use on the project that is produced in a foreign country on said list.

Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR 30.17, no contract shall be awarded to a contractor or subcontractor who is unable to certify to the above. If the contractor knowingly procures or subcontracts for the supply of any product or service of a foreign country on said list for use on the project, the Federal Aviation Administration may direct through the Sponsor cancellation of the contract at no cost to the Government.

Further, the contractor agrees that, if awarded a contract resulting from this solicitation, it will incorporate this provision for certification without modification in each contract and in all lower tier subcontracts. The contractor may rely on the certification of a prospective subcontractor unless it has knowledge that the certification is erroneous.

The contractor shall provide immediate written notice to the sponsor if the contractor learns that its certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances. The subcontractor agrees to provide written notice to the contractor if at any time it learns that its certification was erroneous by reason of changed circumstances.

This certification is a material representation of fact upon which reliance was placed when making the award. If it is later determined that the contractor or subcontractor knowingly rendered an erroneous certification, the Federal Aviation Administration may direct through the Sponsor cancellation of the contract or subcontract for default at no cost to the Government.

Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of a contractor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.

**TERMINATION OF CONTRACT  
49 CFR Part 18.36(i)(2)**

- a. The Sponsor may, by written notice, terminate this contract in whole or in part at any time, either for the Sponsor's convenience or because of failure to fulfill the contract obligations. Upon receipt of such notice services shall be immediately discontinued (unless the notice directs otherwise)

and all materials as may have been accumulated in performing this contract, whether completed or in progress, delivered to the Sponsor.

- b. If the termination is for the convenience of the Sponsor, an equitable adjustment in the contract price shall be made, but no amount shall be allowed for anticipated profit on unperformed services.
- c. If the termination is due to failure to fulfill the contractor's obligations, the Sponsor may take over the work and prosecute the same to completion by contract or otherwise. In such case, the contractor shall be liable to the Sponsor for any additional cost occasioned to the Sponsor thereby.
- d. If, after notice of termination for failure to fulfill contract obligations, it is determined that the contractor had not so failed, the termination shall be deemed to have been effected for the convenience of the Sponsor. In such event, adjustment in the contract price shall be made as provided in paragraph 2 of this clause.
- e. The rights and remedies of the sponsor provided in this clause are in addition to any other rights and remedies provided by law or under this contract.

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION,  
INELIGIBILITY AND VOLUNTARY EXCLUSION  
49 CFR Part 29**

The bidder/offeror certifies, by submission of this proposal or acceptance of this contract, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. It further agrees by submitting this proposal that it will include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the bidder/offeror/contractor or any lower tier participant is unable to certify to this statement, it shall attach an explanation to this solicitation/proposal.

**BREACH OF CONTRACT TERMS  
49 CFR Part 18.36**

Any violation or breach of terms of this contract on the part of the contractor or their subcontractors may result in the suspension or termination of this contract or such other action that may be necessary to enforce the rights of the parties of this agreement. The duties and obligations imposed by the Contract Documents and the rights and remedies available there under shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

July 1, 2004

**Prime CONSULTANT Statement of DBE Sub-CONSULTANT Payments**

Information required in accordance with 49 CFR §26.37 to monitor progress of the prime CONSULTANT in meeting contractual obligations to DBEs.

PRIME CONSULTANT:				<input type="checkbox"/> CHECK IF PRIME IS MDOT-DBE CERTIFIED		AUTHORIZATION NO.		CONTRACT NO.	
BILLING PERIOD:				Check if Final Payment <input type="checkbox"/>		Attachment		JOB NO.	
CERTIFIED DBE SUBCONSULTANT	SERVICES WORK PERFORMED	TOTAL CONTRACT AMOUNT	CUMULATIVE DOLLAR VALUE OF SERVICES COMPLETED	DEDUCTIONS	ACTUAL AMOUNT PAID TO DATE	ACTUAL AMOUNT PAID DURING THIS REPORTING PERIOD	DBE AUTHORIZED SIGNATURE (Final Payment Report Only)	DATE	

As the authorized representative of the above prime CONSULTANT, I state that, to the best of my knowledge, this information is true and accurate.

PRIME CONSULTANT'S AUTHORIZED REPRESENTATIVE (SIGNATURE)	TITLE	DATE
--	-------	------

FOR MDOT USE ONLY

COMMENTS:

CONTRACT ADMINISTRATOR (SIGNATURE)	DATE
------------------------------------	------

**SPECIAL NOTE:** "Prime CONSULTANT or Authorized Representative" refers to recipients of federal funds as defined at 49 Code of Federal Regulations Part 26.

## INSTRUCTIONS

### PRIME CONSULTANT OR AUTHORIZED REPRESENTATIVE:

This statement reports the actual dollar amounts of the project cost earned by and paid to DBE subCONSULTANTS. Complete and submit to the Contract Administrator with each billing and within 20 days of receipt of final payment. Some forms may be blank if no payment was made since the previous billing.

For "Contract No., Authorization No.," and "Job No." as appropriate, use the numbers assigned by MDOT.

For "Period Covered," report the calendar days covered by the billing.

For "Services Work Performed" report the main service performed by the subCONSULTANT during the reporting period.

For "Total Contract Amount" report the total amount of the contract between the prime CONSULTANT and the subCONSULTANT.

For "Cumulative Dollar Value of Services Completed" report the total amount the subCONSULTANT has earned since beginning this project.

For "Deductions," report deductions made by the prime CONSULTANT to the subCONSULTANT's "Cumulative Dollar Value of Services Completed" for retainage, bond or other fees, materials, services or equipment provided to the subCONSULTANT according to mutual, prior agreement (documentation of such agreement may be required by MDOT).

For "Actual Amount Paid to Date," report cumulative actual payments made to the subCONSULTANT for services completed.

For "Actual Amount Paid During this Reporting Period" report actual payments made to the subcontractor for services during this reporting period.

Provide "DBE Authorized Signature" for final payment only.

Be sure to sign, title and date this statement.

### MDOT CONTRACT ADMINISTRATOR:

Complete "Comments" if necessary, sign, date and forward to the Office of Business Development within seven (7) days of receipt.

MDOT Office of Business Development  
P.O. Box 30050  
Lansing, Michigan 48909  
Questions about this form? call Toll-free, 1-866-DBE-1264

BORIS K. YAKIMA  
JOHN E. GRENKE  
THOMAS J. MCCARTHY  
CHARLES C. LILLIE  
RONALD J. ZADORA  
THOMAS E. CALLOW  
TIMOTHY J. HARRINGTON\*\*\*  
TRACY L. BARBAGIOVANNI\*\*

OF COUNSEL  
PATRICK A. McDONALD\*

ALSO ADMITTED TO PRACTICE IN  
CO., DC., NH., AND TX.

MONAGHAN, P.C.

ATTORNEYS AND COUNSELORS

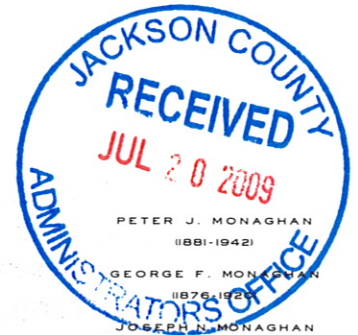
GOVERNOR'S PLACE

33 BLOOMFIELD HILLS PKWY., STE. 260  
BLOOMFIELD HILLS, MICHIGAN 48304-2946

TELEPHONE (248) 642-5770

FACSIMILE (248) 642-9460

www.monaghanpc.com



PETER J. MONAGHAN  
(1881-1942)  
GEORGE F. MONAGHAN  
(1876-1921)  
JOSEPH N. MONAGHAN  
(1911-1979)  
PETER J. MONAGHAN, JR.  
(1909-1982)

July 15, 2009

Randy Treacher  
County Administrator & Controller  
COUNTY OF JACKSON  
120 West Michigan Avenue  
Jackson, MI 49201

***Re: Jackson County Airport - Reynolds Field Land Acquisition Project***

Dear Mr. Treacher:

Kent Maurer asked that I submit a proposal to undertake legal representation of the County of Jackson (the "County"), as special condemnation counsel in connection with the acquisition of private property needed for the above referenced public improvement. More specifically, the County anticipates the need to acquire land and other property interests to improve the existing facilities at the airport. The County believes that formal condemnation proceedings, pursuant to the Uniform Condemnation Procedures Act, will need to be instituted to acquire the land and property interests.

I will act as special counsel for the County in connection with these acquisition activities, and, in that regard, file an appearance as co-counsel with Kevin M. Thomson, in the condemnation proceedings. My professional services will include, but not necessarily be limited to, advice and consultation with Mr. Thomson, the County's representatives and contractors regarding overall strategy and procedures to be implemented both before and after the filing of a formal condemnation complaint in the Jackson County Circuit Court, supervision of and/or liaison with expert witnesses and management, in concert with Mr. Thomson, of the litigation itself.

Professional fees will be based upon the time expended plus out-of-pocket expenses incurred on behalf of the County. In the scope of representing the County, I will be the principal attorney from my firm in charge of this matter and my hourly rate will be \$245 per hour which, as I have advised Mr. Maurer, is less than my normal hourly minimum rate. From time to time, it may become necessary and more economical to have other members of my firm assist me during the course of these proceedings. This is especially true during the information gathering and formal discovery phase of the litigation. In the event other members of my firm, including professional staff, devote time to this matter, they will be billed at their then prevailing hourly rate. Under no circumstances



Randy Treacher  
July 15, 2009  
Page 2

MONAGHAN, P.C.

will that rate exceed \$245 per hour. My firm's monthly statements will identify each individual working on the file together with his or her hourly rate.

Out-of-pocket expenses directly attributed to the services rendered to the County will be charged at cost. These expenses include such items as photocopying, facsimile transmission, travel, telephone charges, computerized research, courier/delivery service, and court fees. We will advise the County of any foreseeable expenses that may be significant and may request that the County pay such expenses directly.

We will bill the County monthly so that you will have an opportunity to monitor costs and fees involved. You should feel free to contact me at any time to discuss our billing procedure, the description of the legal services appearing on the bill, and the charges for our services. Payment for the fees and costs identified in the monthly invoice is due within thirty (30) days after receipt.

It is also our policy to keep the client informed of events as the matter proceeds. Generally, we provide the client with copies of those documents that we deem are necessary for the client's information and review. Copies of documents will be sent to Mr. Maurer and Mr. Thomson, or to whomever else you may designate, during the course of this representation.

If you find that you need additional information or have any questions regarding this submission, please feel free to contact the undersigned.

Thank you for your consideration.

Very truly yours,

MONAGHAN, P.C.

Boris K. Yakima

BKY/b

CC: Kevin M. Thomson, Esq.  
Kent Maurer

W:\JACKSON COUNTY\Treacher ltr 07-15-09.wpd

THE ABOVE IS APPROVED AND AGREED BY:

COUNTY OF JACKSON

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

ITS: \_\_\_\_\_

COHL, STOKER, TOSKEY & McGLINCHEY, P.C.  
ATTORNEYS AND COUNSELORS  
601 NORTH CAPITOL  
LANSING, MICHIGAN 48933

PETER A. COHL  
DAVID G. STOKER  
ROBERT D. TOWNSEND  
BONNIE G. TOSKEY  
JOHN R. McGLINCHEY  
RICHARD D. McNULTY  
TIMOTHY M. PERRONE

June 26, 2009



Randall W. Treacher, Administrator/Controller  
Jackson County  
120 W. Michigan Ave., 6<sup>th</sup> Floor  
Jackson, MI 49201

*Attorney/Client Privilege*

Re: Regulation of Weapons in Jackson County Parks

Dear Mr. Treacher:

This is in response to your request for an opinion on the legality of certain provisions of the Amended Ordinance for the Use, Protection, Regulation and Control of the Property of the Jackson County Parks and Recreation Commission (hereafter, "Parks Ordinance"), specifically the prohibition of weapons in general and of hunting on trail right-of-ways.

As more fully set forth below, the regulation of firearms is preempted by State law, and thus those types of weapons may not be prohibited on park property by County ordinance. The County may validly prohibit hunting on park property.

Relevant Provisions of the Parks Ordinance

Chapter VIII, Sec. 5 of the Parks Ordinance states:

No person shall, at any time, bring into or upon the property of the Commission, or have in his possession, whether concealed or otherwise, any weapon including, but not limited to, a **firearm, revolver, pistol, shotgun, rifle, air rifle, air gun**, water gun, bow and arrow, slingshot, cross bow, spear or spear gun, switchblade, knife, dirk, dagger, stiletto, sword, blackjack, bully club, bludgeon, whip, ax, **or any weapon capable of discharging a projectile**, either by air spirit, gas or explosive, any explosive substance of any other force, **or any other dangerous weapon**; provided that this Section shall not apply to any duly sworn peace officer while carrying out his duties, or to any person properly hunting or target practicing in areas designated by the Director for such activities. (Emphasis added).

Chapter VI, Sec. 13.D., of the Parks Ordinance states: "All hunting and trapping is prohibited on the 100 foot Trail right-of-way."

Preemption by State Law

According to MCL 46.11(j), a County Board of Commissioners may adopt ordinances “that relate to county affairs and do not contravene the general laws of this state or interfere with the local affairs of a township, city, or village within the limits of the county....” (Emphasis added).

The ordinance prohibition in Chapter VIII, Section 5 against the possession of “a firearm, revolver, pistol, shotgun, rifle, air rifle” may contravene the general laws of the state, and thus exceed the authority of the County to adopt such an ordinance. Further, the Courts have determined that state law completely occupies the field the ordinance provision attempts to regulate, and thus the ordinance provision is preempted by state law. See *Mich Coalition for Responsible Gun Owners v City of Ferndale*, 256 Mich App 401, 413; 662 NW2d 864 (2003), *app den* 469 Mich 880 (2003).

There is an express statutory prohibition against local regulation in this area. MCL 123.1102 states:

A local unit of government<sup>1</sup> shall not impose special taxation on, enact or enforce any ordinance or regulation pertaining to, or regulate in any other manner the ownership, registration, purchase, sale, transfer, transportation, or possession of pistols or other firearms, ammunition for pistols or other firearms, or components of pistols or other firearms, except as otherwise provided by federal law or a law of this state.

This provision, however, does not prohibit a local unit of government from doing either of the following:

- (a) Prohibiting or regulating conduct with a pistol or other firearm that is a criminal offense under state law.
- (b) Prohibiting or regulating the transportation, carrying, or possession of pistols and other firearms by employees of that local unit of government in the course of their employment with that local unit of government.

MCL 123.1103.

Aside from the limited exceptions set forth above, the language in MCL 123.1102 is broad and all-encompassing. That is, by mandating that local governments shall not enact or enforce any ordinance or regulation pertaining to the transportation or possession of pistols or other firearms, except as otherwise provided by federal or state law, the Legislature “stripped local units of government of all authority to regulate firearms by ordinance or otherwise with respect to the areas enumerated in the statute.” *Mich Coalition for Responsible Gun Owners v City of Ferndale*, *supra* at 413. The effect is to occupy the field of regulation to the exclusion of local units of government. *Id.*

---

<sup>1</sup> A county is expressly included in the term “local unit of government.” MCL 123.1101(a).

Further, State law regulates the selling, purchasing, possessing, and carrying of certain firearms. The rights of a concealed weapons licensee are set forth in MCL 28.425c(2), which states:

- (2) Subject to section 5o and except as otherwise provided by law, a license to carry a concealed pistol issued by the county concealed weapon licensing board authorizes the licensee to do all of the following:
  - (a) Carry a pistol concealed on or about his or her person anywhere in this state.
  - (b) Carry a pistol in a vehicle, whether concealed or not concealed, anywhere in this state.

Section 5o as referenced above, MCL 28.425o, provides a list of premises on which carrying a concealed weapon is specifically prohibited:

- (1) Subject to subsection (4), an individual licensed under this act to carry a concealed pistol, or who is exempt from licensure under section 12a(1)(f), shall not carry a concealed pistol on the premises of any of the following:
  - (a) A school or school property. . . .
  - (b) A public or private child care center or day care center...
  - (c) A sports arena or stadium.
  - (d) A bar or tavern licensed under the Michigan liquor control code of 1998. . . where the primary source of income of the business is the sale of alcoholic liquor by the glass and consumed on the premises. This subdivision shall not apply to an owner or employee of the business....
  - (e) Any property or facility owned or operated by a church, synagogue, mosque, temple, or other place of worship. . . .
  - (f) An entertainment facility<sup>2</sup> with a seating capacity of 2,500 or more

---

<sup>2</sup> The Attorney General has opined that a municipal outdoor recreation park does not, by itself, constitute an "entertainment facility" within the meaning of MCL 28.425o(1)(f), and is thus not a gun free zone. However, if an outdoor recreation park includes a band shell, amphitheater, or similar structure that has a seating capacity of 2,500, that portion of the park would constitute a gun free zone under MCL 28.425o(1)(f). OAG 2001-2002, No. 7120, p \_\_ (December 4, 2002).

individuals. . . .

- (g) A hospital.
- (h) A dormitory or classroom of a community college, college, or university.

The listing of “gun free zones” in Section 5o(1) does not include municipal buildings, offices, libraries, or parks.

In the *City of Ferndale* case, *supra*, the Court of Appeals held that a city ordinance prohibiting the possession or concealment of firearms in all municipal buildings owned or controlled by the City was preempted by MCL 123.1102, and thus had no legal force or effect. Moreover, the enumeration of “gun free zones” in MCL 28.425o(1) completely occupies the field of regulation, such that a local entity may not provide for additional regulations expanding the scope of such “gun free zones.” The Court stated:

With the enactment of §1102, the Legislature made a clear policy choice to remove from local units of government the authority to dictate where firearms may be taken.

256 Mich App at 414.

The Court further held that the phrase “except as otherwise provided by law” contained in MCL 28.425c(2) does not refer to local regulations, based upon the express prohibition on local regulation set forth in MCL 123.1102:

Therefore, we hold that the “except as otherwise provided by law” language of §5c does not revoke or modify the prohibition on firearm regulation contained in §1102 and, consequently, provides no basis on which to hold that the Ferndale ordinance is not preempted.

256 Mich App at 418.<sup>3</sup>

Rather, the phrase “except as otherwise provided by law” refers to other state laws, such as MCL 259.80f, which prohibits the possession of a firearm in the “sterile” (secure) area of a commercial airport, and Michigan Supreme Court Administrative Order 2001-3, 464 Mich lxxv, which with certain exceptions prohibits the possession of a weapon in any courtroom or facility used for official business of the court upon penalty of contempt of court. It also refers to state administrative regulations, such as the rule promulgated by the Department of Agriculture, 1979 AC, R 291.208, making it unlawful for any person, except authorized peace officers, “to enter upon a fairgrounds and have in his possession any firearm loaded or

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<sup>3</sup> The City of Ferndale’s application for leave to appeal the Court of Appeals’ decision to the Michigan Supreme Court was denied. 469 Mich 880 (2003).

unloaded.” See OAG 2003, No. 7123 (February 11, 2003).

#### Discussion

As set forth above, a local government such as Jackson County is prohibited from enacting or enforcing ordinances that regulate the transportation or possession of pistols or other firearms. The term “firearms” is defined in MCL 28.421(b) as follows:

- (b) “Firearm” means a weapon from which a dangerous projectile may be propelled by an explosive, or by gas or air. Firearm does not include a smooth bore rifle or handgun designed and manufactured exclusively for propelling by a spring, or by gas or air, BB’s not exceeding .177 caliber.

Chapter VIII, Section 5 of the Jackson County Park Ordinance currently prohibits the possession of a firearm, revolver, pistol, shotgun, rifle, air rifle, or air gun, on property of the County Parks and Recreation Commission. All of these weapons are included in the statutory definition of firearms for which a local government is prohibited from regulating the transportation and possession.<sup>4</sup> It is unclear whether a “water gun” is a firearm as defined by statute.

#### Conclusion

It will be necessary to modify the language of Chapter VIII, Section 5 of the Ordinance, to delete the references to firearms. An amendment of the Ordinance in this regard will not have any effect on the current provisions regulating hunting in the County parks. See Chapter V, and Chapter VI, Sec. 13.D. of the Parks Ordinance.

We recommend amending Chapter VIII, Sec. 5 of the Parks Ordinance to state:

#### Section 5. Weapons

No person shall, at any time, bring into or upon the property of the Commission, or have in his possession, whether concealed or otherwise, any weapon including, but not limited to, a bow and arrow, slingshot, cross bow, spear or spear gun, switchblade, knife, dirk, dagger, stiletto, sword, blackjack, bully club, bludgeon, whip, ax, any explosive substance of any force, or any other dangerous weapon; provided that this Section shall not apply to any duly sworn peace officer while carrying out his duties, nor to any person properly hunting or target practicing in areas designated by the Director for such activities. This Section does not prohibit the lawful possession and transportation of firearms as defined by State law.

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<sup>4</sup>The County is not prohibited from regulating the possession of slingshots, bows and arrows, knives, explosives or other weapons in County parks as also provided in Chapter VIII, Section 5 of the Parks Ordinance.

June 26, 2009

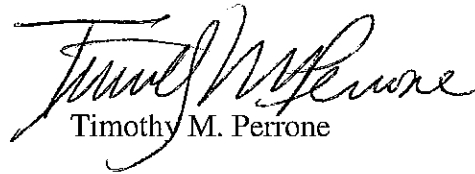
Page 6

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This office is available to assist with the preparation of a proposed Amendment to the Parks Ordinance. Please do not hesitate to contact us if you have any questions.

Very truly yours,

COHL, STOKER, TOSKEY & McGLINCHEY, P.C.



Timothy M. Perrone

TMP/hsk

N:\Client\Jackson\Opinions\Teacher re Weapons in County Parks.wpd

**JACKSON COUNTY ROAD COMMISSION**

(A COMPONENT UNIT OF JACKSON COUNTY, MICHIGAN)

**ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2008





**JACKSON COUNTY ROAD COMMISSION**  
**ANNUAL FINANCIAL REPORT**

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# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

2880 SPRING ARBOR ROAD • JACKSON • MICHIGAN • 49203

PHONE (517) 782-9351

FAX (517) 782-0599

RONALD. L. MARKOWSKI, C.P.A.

DOUGLAS E. ATKINS, C.P.A.

SCOTT O. McLANE

RANDALL D. BIDDIX, C.P.A.

**FOUNDING PARTNER:**

K. LAVERNE MARKOWSKI, C.P.A. (1961 – 2006)

**MEMBERS:**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

### INDEPENDENT AUDITOR'S REPORT

To the Board of Road Commissioners  
Of Jackson County  
Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the **JACKSON COUNTY ROAD COMMISSION**, a component unit of Jackson County, Michigan as of and for the year ended December 31, 2008, which collectively comprise the Jackson County Road Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jackson County Road Commission's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Jackson County Road Commission are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major funds of Jackson County, Michigan that is attributable to the transactions of the Jackson County Road Commission. They do not purport to, and do not, present fairly the financial position of Jackson County, Michigan as of December 31, 2008, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

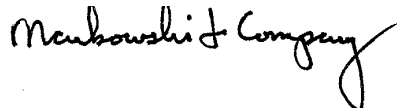
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Jackson County Road Commission as of December 31, 2008 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2009 on our consideration of the Jackson County Road Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, budgetary comparison, and schedule of pension plan funding progress presented on pages 3-7 and 32-33 respectively, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Jackson County Road Commission taken as a whole. The additional information - Analysis of Changes in Road Fund Balance on pages 34-36 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Jackson County Road Commission. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**MARKOWSKI & COMPANY, CPAs**  
Jackson, Michigan  
May 29, 2009



## JACKSON COUNTY ROAD COMMISSION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### **Board of Road Commissioners:**

John Hurd - Chairperson

Michael Rand - Vice Chairperson

Marvin Jester - Member

Anthony Philipps - Member

Michael Stimpson - Member

#### **Management:**

Kenneth Straub - Managing Director

Charles Walker - Director of Finance/Clerk

Joesph Michalsky, P.E. - Director of Engineering

David Smith - Director of Operations

# JACKSON COUNTY ROAD COMMISSION

## Management's Discussion and Analysis

Year Ended December 31, 2008

---

Management's Discussion and Analysis is intended to provide an understanding of the Jackson County Road Commission's (the "Road Commission") basic financial statements.

The management team of the Road Commission made great strides in implementing its new vision during 2008. Management worked to improve relations with the union, and much was accomplished in this area. A new three year contract was approved during 2008. This agreement provides more flexibility of resource utilization and will improve the Road Commission's efficiency in the future.

### Financial Highlights

- Funding provided from the Michigan Transportation Fund (MTF) decreased by 6.3% in 2008. This is the Road Commission's main source of revenue. In the 2004 fiscal year, MTF funds received by the Road Commission totaled \$11.8 million. The total for 2008 was \$10.2 million.
- Total net assets decreased by \$2.3 million in 2008.
- Accounting for other postemployment benefits under Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented during 2008. This resulted in recognizing a \$360,000 liability (and expense).

### Using this Annual Report

The Road Commission's management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the commission's financial activity, (c) identify changes in the commission's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the approved budget and (e) identify any issues or concerns.

This report consist of several sections – management's discussion and analysis (this section), which presents management's view of the Road Commission's finances; the basic financial statements, which present reports based on two different accounting standards – one based on the current resource perspective, and the other focused on a long term view of the Road Commission's finances; notes to the financial statements, which provide information about accounting policies and detail behind various accounts; required supplementary information in the form of a budgetary analysis of the Road Commission's finances and a snapshot of the retirement system's funding status; and additional information which reports the Road Commission's operating fund activities broken down into Primary Road, Local Road and County Road activities.

### Government-wide Financial Statements

The statement of net assets and the statement of activities report information about the commission as a whole and about its activities in a way that helps answer the question of whether the commission as a whole is better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting method used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements mentioned above, report the commission's net assets and changes in them. The reader can think of the commission's net assets (the difference between assets and liabilities) as one way to measure the commission's financial health or financial position. Over time, increases or decreases in the commission's net assets are one indicator of whether its financial health is improving or deteriorating.

# JACKSON COUNTY ROAD COMMISSION

## Management's Discussion and Analysis

Year Ended December 31, 2008

### Reporting the Commission's Major Fund

Our analysis of the commission's major fund begins on page five. The fund financial statements begin on page eight and provide detailed information about the major fund. The commission currently has only one fund, the general operations fund, in which all of the commission's activities are accounted. The general operations fund is a governmental fund type.

- Governmental fund – Governmental fund focus on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the commission's services. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental fund in a reconciliation following the fund financial statements.

### The Road Commission as a Whole

Net assets may, over time, enable governmental agencies to determine their overall fiscal position. As shown in the condensed statement of net assets below, the Road Commission's assets exceed liabilities by \$75,563,662. The commission's net assets decreased approximately 3%, from \$75,563,662 to \$73,274,962 during the year ended December 31, 2008.

A comparative analysis of the Road Commission's financial data follows:

Condensed Statement of Net Assets	Governmental Activities	
	December 31,	
	2008	2007
<b>Assets</b>		
Current and other assets	\$ 5,965,327	\$ 7,378,242
Capital assets, net of depreciation	70,035,809	70,204,047
Total assets	76,001,136	77,582,289
<b>Liabilities</b>		
Long-term liabilities outstanding	1,110,230	480,712
Other liabilities	1,615,944	1,537,915
Total liabilities	2,726,174	2,018,627
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	69,488,545	69,914,561
Invested in inventory	1,492,991	1,869,968
Unrestricted	2,293,426	3,779,133
Total net assets	\$ 73,274,962	\$ 75,563,662

# JACKSON COUNTY ROAD COMMISSION

## Management's Discussion and Analysis Year Ended December 31, 2008

### Condensed Statement of Activities

	Governmental Activities	
	The Year Ended December 31, 2008	2007
<b>REVENUES:</b>		
<b>Program Revenues:</b>		
Permits	\$ 84,912	\$ 79,727
Federal and State sources	12,484,761	13,688,055
Contributions from local units	656,122	977,879
Charges for services	3,151,502	2,731,536
Other	24,592	34,047
Total program revenues	16,401,889	17,511,244
<b>General Revenues:</b>		
Interest and rentals	90,493	149,691
Gain on asset disposals	(83,983)	42,441
Total general revenues	6,510	192,132
Total revenue	16,408,399	17,703,376
<b>EXPENSES:</b>		
Primary road maintenance	5,409,572	3,205,371
Local road maintenance	4,973,342	4,488,423
State trunkline maintenance	2,968,655	2,709,642
Non-motorized project	264,782	1,322,811
Administrative Expense - Net	561,119	531,467
Equipment Expense - Net	621,222	536,111
Infrastructure Depreciation	3,877,320	3,927,045
Interest	21,087	23,660
Total expenses	18,697,099	16,744,530
<b>CHANGE IN NET ASSETS</b>	(2,288,700)	958,846
<b>NET ASSETS - BEGINNING</b>	75,563,662	74,604,816
<b>NET ASSETS - ENDING</b>	\$ 73,274,962	\$ 75,563,662

### The Road Commission's Fund

The Road commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county which are earmarked by law for road and highway purposes.

For the year ended December 31, 2008 the fund balance of the general operations fund decreased \$1,359,142 as compared to an increase of \$1,725,174 in the fund balance for the 2007 fiscal year.

# JACKSON COUNTY ROAD COMMISSION

## Management's Discussion and Analysis

Year Ended December 31, 2008

### Budgetary Highlights

Prior to the beginning of any year, the Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year. The revenue and expenditure budgets were amended during 2008, to reflect changes in grant funded projects and revenue decreases greater than originally anticipated.

### Capital Asset and Debt Administration

#### Capital Assets

As of December 31, 2008 and 2007 the commission had \$70,035,809 and \$70,204,047 respectively, invested in capital assets as follows:

	2008	2007
Capital assets not being depreciated:		
Land and improvements	\$ 1,029,834	\$ 948,392
Infrastructure land and improvements	15,632,919	15,556,341
Total capital assets not being depreciated	16,662,753	16,504,733
Other capital assets:		
Buildings and improvements	6,087,799	6,048,281
Road equipment	13,473,799	12,843,031
Other equipment	1,704,989	1,706,843
Gravel pits	548,074	548,074
Infrastructure	81,063,597	81,777,193
Total other capital assets	102,878,258	102,923,422
Less - Accumulated depreciation	(49,505,202)	(49,224,108)
Net other capital assets	53,373,056	53,699,314
Net capital assets	\$ 70,035,809	\$ 70,204,047

Current year's major additions included the following:

Roads and related land improvements	\$ 3,765,727
Bridges and related structures	215,860
Road equipment - Sewer vacuum/high pressure jet rodder	309,500
	<u>\$ 4,291,087</u>

The Road Commission's fleet is aging, and there have been very few purchases in the past few years. This is expected to change in 2009 and the future.



# **JACKSON COUNTY ROAD COMMISSION**

## **Management's Discussion and Analysis**

**Year Ended December 31, 2008**

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### ***Debt***

The Road Commission currently experiences a relatively debt free status. Long-term debt consists of two installment purchase agreements totaling \$296,296 (which financed the 2006 acquisition of three new graders; and the \$291,900 lease of a sewer vacuum/high pressure jet rodder acquired in 2008); two capital leases (used to finance improvements to the main complex's energy systems in 2006 and 2008) in the amount of \$250,968; and accrued compensated absences totaling \$298,959. There are currently no plans to incur new debt.

### **Economic Factors and Next Year's Budget**

The Board of County Road Commissioners considered many factors when setting the fiscal year 2009 budget. One of the factors is the economy. The commission derives approximately 62% of its revenues from the fuel tax collected by the State. The economic downturn has resulted in less consumption of fuel and consequently fewer Michigan Transportation Funds to be distributed. Also, the increases in the cost of supplies such as road salt and asphalt raise the costs for road maintenance. The outlook is not optimistic to maintain the current service level as revenues stay static or decrease, and expenses increase.

The Board realizes, and the reader should understand, that there are not sufficient funds available to repair and/or rebuild every road in Jackson County's transportation system. The board attempts to spend the public's money wisely and equitably and in the best interest of the motoring public and the citizens of Jackson County.

### **Contacting the Commission's Financial Management**

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the commission's finances and to show the commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Jackson County Road Commission administrative offices at 2400 North Elm Road, Jackson, MI 49201.



JACKSON COUNTY ROAD COMMISSION

BASIC FINANCIAL STATEMENTS:

GOVERNMENT WIDE/GOVERNMENTAL FUND FINANCIAL STATEMENTS

**JACKSON COUNTY ROAD COMMISSION**  
**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2008**

	Governmental Funds	Adjustments (Note 2)	Statement of Net Assets
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,762,044	\$ -	\$ 1,762,044
Receivables	2,322,589	-	2,322,589
Inventory	1,492,991	-	1,492,991
Capital assets - Net:			
Assets not being depreciated	-	16,662,753	16,662,753
Assets being depreciated (Net)	-	53,373,056	53,373,056
Receivables - Noncurrent	387,703	-	387,703
Total Assets	<u>\$ 5,965,327</u>	<u>\$ 70,035,809</u>	<u>76,001,136</u>

**Liabilities and Fund Balances/Net Assets**

<b>Liabilities:</b>			
Accounts payable	509,720	-	509,720
Accrued payroll	159,897	-	159,897
Due to other governments	144,438	-	144,438
Performance bonds payable	38,250	-	38,250
Advances	666,213	-	666,213
Deferred revenue	433,627	(433,627)	-
Current portion of long-term debt	-	97,426	97,426
Total current liabilities	<u>1,952,145</u>	<u>(336,201)</u>	<u>1,615,944</u>
Compensated absences payable	-	298,959	298,959
Net other post employment benefit payable	-	361,433	361,433
Long term debt	-	449,838	449,838
Long-term liabilities, net	<u>-</u>	<u>1,110,230</u>	<u>1,110,230</u>
Total liabilities	<u>1,952,145</u>	<u>774,029</u>	<u>2,726,174</u>

**Fund Balances/Net Assets:**

<b>Fund Balances:</b>			
Reserved	1,492,991	(1,492,991)	-
Unreserved and undesignated	2,520,191	(2,520,191)	-
Total fund balances	<u>4,013,182</u>	<u>(4,013,182)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,965,327</u>		<u>2,726,174</u>

**Net Assets:**

Invested in capital assets net of related debt	69,488,545	69,488,545
Invested in inventory	1,492,991	1,492,991
Unrestricted	2,293,426	2,293,426
	<u>73,274,962</u>	<u>73,274,962</u>
	<u>\$ 70,035,809</u>	
Total net assets		<u>\$ 73,274,962</u>

The notes to the financial statements are an integral part of this statement.

**JACKSON COUNTY ROAD COMMISSION**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
**THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Funds	Adjustments (Note 2)	Statement of Activities
<b>Revenues:</b>			
Permits	\$ 84,912	\$ -	\$ 84,912
Federal grants	1,864,842	-	1,864,842
State grants	409,550	-	409,550
Michigan Transportation Fund	10,210,369	-	10,210,369
Local government sources	883,140	(227,018)	656,122
Charges for services	2,999,602	-	2,999,602
Interest and rentals	90,493	-	90,493
Special assessments	30,798	121,102	151,900
Gain on asset disposals	(98,011)	14,028	(83,983)
Other revenues	24,592	-	24,592
Total revenues	16,500,287	(91,888)	16,408,399
<b>Expenditures/Expenses:</b>			
Primary roads - Construction/Preservation	3,097,370	(3,097,370)	-
Local roads - Construction/Preservation	1,012,050	(900,695)	111,355
Primary roads - Routine/Preventive Maintenance	5,301,997	107,575	5,409,572
Local roads - Routine/Preventive Maintenance	4,759,071	102,916	4,861,987
State trunkline maintenance	2,968,655	-	2,968,655
Non-motorized grant - County parks	264,392	390	264,782
Administrative expense - Net	494,710	66,409	561,119
Equipment expense - Net	542,548	78,674	621,222
Depreciation expense	-	3,877,320	3,877,320
Capital outlay - Net	(344,673)	344,673	-
Debt service	94,727	(73,640)	21,087
Total expenditures/expenses	18,190,847	506,252	18,697,099
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures/Change in Net Assets</b>	(1,690,560)	(598,140)	(2,288,700)
<b>Other Financing Sources (Uses)</b>			
Loan proceeds	331,418	(331,418)	-
<b>Net Change in Fund Balances</b>	(1,359,142)	(929,558)	(2,288,700)
<b>Fund Balance/Net Assets - Beginning</b>	5,372,324	-	75,563,662
<b>Fund Balance/Net Assets - Ending</b>	\$ 4,013,182	\$ (929,558)	\$ 73,274,962

The notes to the financial statements are an integral part of this statement.



**JACKSON COUNTY ROAD COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

**JACKSON COUNTY ROAD COMMISSION**  
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**JACKSON COUNTY ROAD COMMISSION**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**  
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**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Jackson County Road Commission (the Road Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity:**

The Road Commission was established by the County of Jackson pursuant to County Road Law MCL 224.1. The Road Commission is administered by a Board comprised of five Commissioners, appointed to staggered six year terms by the Jackson County Board of Commissioners.

In accordance with the provisions of GASB Statement No. 14, the Road Commission is considered a component unit of the County of Jackson for financial reporting purposes. The Road Commission itself has no component units. The criteria for determining which units are a component unit (and therefore included in the entity's financial statements) include oversight responsibility, scope of public service, and special financing relationships.

The Road Commission accounts for the Michigan Transportation Fund revenues distributed to the County of Jackson and all other revenues provided for the construction and maintenance of primary and local roads within Jackson County (exclusive of those located within incorporated Cities and Villages). As of December 31, 2008, there were approximately 1,583 miles of roads maintained by the Jackson County Road Commission – 546 miles of paved primary roads, and 788 miles of paved and 249 miles of gravel local roads.

**B. Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Road Commission. The Road Commission consists solely of governmental-type activities; it has no business-type activities. There is only one fund reported in the government-wide financial statements.

The Statement of Net Assets presents the Road Commission's assets and liabilities, with the difference reported as either invested in capital assets (net of related debt), restricted, or unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to users or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other sources of income not properly included among program revenues are reported instead as general revenue.



**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

**B. Government-Wide and Fund Financial Statements:** (Continued)

The fund financial statements are provided for governmental fund, and have been separately stated in conjunction with the government-wide financial statements. The County Road Fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Road Commission considers revenues to be available if they are collected within 60 days of the fiscal year end. Amounts collected beyond this time frame are recorded as deferred revenue.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and claims and judgments are recorded only when payment is due.

Noncurrent receivables, such as special assessments and township agreements, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year end.

Interest earned on investments is recorded on the accrual basis. Interest charged on special assessment installments is not accrued until its due date.

The Road Fund is the Road Commission's only governmental fund (a major fund). The Road Fund is used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**D. Assets, Liabilities, and Net Assets or Equity:**

**Cash, Cash Equivalents, and Investments:**

All investments of the Road Commission are reported at cost. It is the policy of the Road Commission that all investments with an original maturity of 90 days or less are accounted for as cash equivalents. The Road Commission's investments are made through the Jackson County Treasurer, thus providing for increased interest rates and revenue.

**Inventories:**

Inventories are valued at cost as determined on the first-in, first-out method using average costs. Inventory items are charged to road construction, equipment maintenance, repairs, and operations as they are used.

**Capital Assets and Depreciation:**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges and similar items), are reported in the general operating fund in the government-wide financial statements. The Road Commission considers assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year to be a capital asset. Capital assets are recorded at their historical cost (or, in the case of infrastructure assets, at estimated historical cost). Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred.

The initial capitalization of infrastructure assets was developed using actual costs of construction and heavy maintenance incurred by the Road Commission. All such assets were retroactively capitalized when implementing GASB Statement No. 34.

Depreciation is computed on the sum-of-the-years-digits method for road equipment, and the straight-line method for all other assets. Estimated useful lives are used as follows:

	<u>Years</u>
Buildings and Improvements	10-40
Road Equipment	5-8
Other Equipment	3-10
Infrastructure	8-50

Depletion is computed by allocating the purchase and/or processing costs over the total resource available (which provides a cost per unit) and charging depletion for the units extracted and used during the year.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities, and Fund Balance or Net Assets: (Continued)

**Compensated Absences:**

Paid time off is earned in varying amounts, depending on the employee's number of years of service. It is earned and credited throughout the year. A maximum of thirty paid days off may be accumulated.

Effective December 31, 1987, sick pay is no longer earned. The hours earned and unused as of that date were banked. The Road Commission now provides disability insurance coverage to its employees, providing benefits effective with the first day of an injury or the eighth day of an illness.

Under the terms of its union contract expiring in July 2011, employees are allowed to accumulate up to 48 hours of compensatory time in lieu of receiving overtime pay.

Road Commission policy is to pay unused paid time off at 100% using the employee's current rate of pay. Compensatory time is to be paid off at 50% of the employee's current rate of pay upon termination.

**Long-term Obligations:**

Long-term debt and other long-term obligations (due more than one year from the balance sheet date) are reported as liabilities in the government-wide financial statements. Premiums and discounts, as well as any issuance costs related to the long-term debt are deferred and amortized to expense over the life of the long-term debt.

Fund financial statements report the proceeds from long-term debt issuance as other financing sources, along with any premiums received. Discounts on long-term debt are reported as other financing uses. Issuance costs are reported as debt service expenditures in the period incurred.

E. Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND  
FINANCIAL STATEMENTS:**

Amounts reported in the government-wide financial statements are different from amounts reported in the governmental funds because of the following:

<b>Governmental funds fund balance</b>	\$ 4,013,182
Capital assets used in governmental activities; these are not financial resources and as such are not reported in the fund financial statements.	70,035,809
Special assessment and Township receivables which are not collected within 60 days of year end are not considered available to pay current year expenditures. In the fund financial statements, they are reported as Deferred Revenue.	433,627
Compensated absences are not paid from current resources; accordingly a liability is not reported in the fund financial statements.	(298,959)
Long-term liabilities (debt) are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(547,264)
Long-term liabilities for Other Post Employment Benefits (OPEB) obligations do not present a claim on current financial resources and are therefore not reported as fund liabilities.	<u>(361,433)</u>
<b>Government-wide net assets</b>	<u><u>\$ 73,274,962</u></u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND  
FINANCIAL STATEMENTS: (Continued)**

<b>Net changes in fund balances - Total governmental funds</b>	\$	(1,359,142)
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The governmental fund reports the purchase of capital assets as expenditure; in the statement of activities, these costs are allocated to expense over their estimated useful lives as depreciation:

Capital assets purchased/constructed during the current year		5,172,186
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Depreciation expense		(5,275,497)
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Proceeds from the sale of capital assets are recognized as revenue in the fund financial statements. These proceeds are reduced by the net book value of assets sold in the statement of activities

		(105,195)
--	--	-----------

Special assessment and township road agreement billings are reported as revenue in the fund financial statements when collected during the year or within 60 days of year end; these billings are reported as revenue when they are earned in the statement of activities

		(105,916)
--	--	-----------

Accumulated compensated absences are reported as an expenditure in the fund financial statements when paid; the statement of activities reports this expense as it is earned by the employee

		(36,193)
--	--	----------

Changes in net OPEB obligations are reported in the statement of activities as these future benefits are earned; because they do not require the use of current resources they are not reported in the fund financial statements

		(321,165)
--	--	-----------

Proceeds from long term debt are recognized as revenue in the fund financial statements; a liability is reeognized for this debt in the statement of net assets

		(331,418)
--	--	-----------

The payment of long-term debt is reported as an expense when paid in the fund financial statements; these payments are applied to reduce the liability in the government-wide financial statements

		73,640
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<b>Change in net assets of governmental activities</b>	\$	<u>(2,288,700)</u>
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**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary procedures are established pursuant to Michigan Act 621 PA 1978, as amended, (MCL 141.421). This act requires the commissioners to approve a budget for the general operating fund. Pursuant to the Act, the Road Commission has adopted the following procedures:

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:** (Continued)

The Road Commission's Managing Director and its Director of Finance/Clerk prepare and submit a proposed Operating Fund budget to the Board of Road Commissioners for its review and consideration prior to the start of a new fiscal year. The budget is developed at the activity level (Primary Construction/Heavy Maintenance, Primary Routine Maintenance, etc.). The Board of Road Commissioners conducts public budget hearings and subsequently adopts a budget. This budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The budget as presented has been amended during the year by official action of the board, taken at a public meeting. All budget appropriations lapse at year end.

Michigan Public Act 621 of 1978, as amended, requires budgets amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. For the year ended December 31, 2008, the Road Commission's expenditures were in excess of the amounts appropriated, as follows:

	Final Amended Budget	Actual	(Excess Budget Variance)
Debt service	\$ -	\$ 94,727	\$ (94,727)

**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS:**

State statutes (Michigan Compiled Laws, Section 129.91) and Road Commission policy authorize the County Treasurer, on behalf of the Road Commission, to deposit and invest in the following types of accounts:

(1) Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States; (2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution (but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States; (3) Commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services and that matures not more than 270 days from the purchase date; (4) Repurchase agreements consisting of instruments listed in subdivision (1) above; (5) Bankers' acceptances of United States banks; (6) Mutual funds registered under the Investment Company Act of 1940, that maintain a \$1.00 per share net asset value, and with authority to purchase only investment vehicles that are legal for direct investment by a public corporation; (7) Obligations described in (1) through (6) as named above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967; (8) Investment pools organized under the Surplus Funds Investment Act, 367 of 1982; (9) Investment pools organized under the Local Government Investment Pool Act, 121 of 1985.

(The above statute references refer to Michigan Public Acts).

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS:** (Continued)

The Road Commission's deposits are in accordance with statutory authority and Road Commission policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Road Commission minimizes this risk by investing in shorter term securities and holding them to maturity.

**Concentration of Credit Risk**

The Road Commission's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The cash accounts are held at one local financial institution. \$250,000 of the cash is covered by FDIC insurance; the remaining \$1,513,794 is uninsured (\$250 of cash is actual cash on hand).

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Road Commission's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depositary insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Road Commission's name. The Road Commission does not have a policy requiring its deposits to be collateralized. The Director of Finance/Clerk evaluates each financial institution holding its deposits and assesses the level of risk of each; only those institutions with an acceptable estimated risk level are used as depositories.

The risk disclosure for the Road Commission's cash and cash equivalents is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash on Hand	\$ 250	\$ -
Insured (FDIC)	250,000	250,000
Uninsured	<u>1,511,794</u>	<u>1,947,173</u>
	<u>\$ 1,762,044</u>	<u>\$ 2,197,173</u>

The Road Commission did not violate any of the provisions of its investment policies or state laws during the year ended December 31, 2008.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS:** (Continued)

**Restricted Cash**

The cash at December 31, 2008 includes monies from performance bonds deposited by contractors with the County Treasurer in the County's Trust and Agency bank account. An offsetting liability has been established for the performance bonds payable. The balance payable, upon completion of projects with no damage to County roads, at December 31, 2008 was \$38,250.

The County had no investments at December 31, 2008.

**NOTE 5 – RECEIVABLES/DEFERRED REVENUE:**

**A. Current Receivables:**

Receivables at December 31, 2008 consist of accounts receivable from the ordinary course of operations, MTF funds for November and December due from the State, trunkline maintenance contract reimbursements and advances due from the State, and payments due under Township road agreements.

Accounts receivable		\$	88,288
Special assessments receivable - Current			45,924
Due from other governments			
Michigan Transportation Fund collections	\$	1,542,825	
State trunkline maintenance billings		540,877	
Township road agreements - Current		<u>104,675</u>	<u>2,188,377</u>
			<u>\$ 2,322,589</u>

The noncurrent receivables reported on the statement of net assets consist of special assessment and township road agreement payments not due within the next fiscal year.

**B. Special Assessments:**

In accordance with state statute, the Road Commission will pave local streets within subdivisions or residential areas following a process which is initiated by the request of at least 51% of benefiting property owners. It is the Road Commission's policy to spread the resident's payments out over a five year period by levying a special assessment on each winter tax bill. The winter tax bills are sent to property owners in December, and are due without penalty by February 14 of the following year. Interest is charged on installments after the first one, and prepayment is allowed. The Jackson County Treasurer collects the assessments and distributes the collections to the Road Commission each May.



**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – RECEIVABLES/DEFERRED REVENUE:** (Continued)

**B. Special Assessments:** (Continued)

Because only the current year's installment is available to the Road Commission within sixty days of year end, a deferred revenue liability account is established in the governmental fund financial statements to offset the long-term portion of this receivable.

**C. Township Road Agreements:**

The Road Commission also paves certain local roads under a cost sharing agreement with the local townships. One half of the estimated project cost will be reimbursed by the township over a five year period. Installments are billed each December, and are payable upon receipt. The first three installments are interest free, each installment after that includes an interest charge. Prepayment is allowed. Because the installments billed in December 2008 will be collected within sixty days of year end (except for special assessments returned delinquent, which will be received by the Road Commission in May 2009), it is recognized as revenue in the governmental fund financial statements during 2008. A deferred revenue liability is established in the governmental fund financial statements for the remaining installments.

Installment billed/ levied in December	Special Assessments	Twsp. Road Agreements	Total	Deferred Revenue
2008	\$ 45,924	\$ -	\$ 45,924	\$ 45,924
2009	46,842	172,325	219,167	219,167
2010	29,179	80,999	110,178	110,178
2011	29,179	-	29,179	29,179
2012	29,179	-	29,179	29,179
	180,303	253,324	433,627	\$ 433,627
Less: current receivable	(45,924)	-	(45,924)	
	\$ 134,379	\$ 253,324	\$ 387,703	

**NOTE 6 – INVENTORIES:**

The inventory at December 31, 2008 consisted of the following:

	Amount
Equipment materials and parts	\$ 289,798
Road materials	1,203,193
	<u>\$ 1,492,991</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – CAPITAL ASSETS:**

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 948,392	\$ 81,442	\$ -	\$ 1,029,834
Infrastructure land and land improvements	15,556,341	76,578	-	15,632,919
Subtotal	<u>16,504,733</u>	<u>158,020</u>	<u>-</u>	<u>16,662,753</u>
Capital assets being depreciated:				
Buildings and improvements	6,048,281	39,518	-	6,087,799
Road Equipment	12,843,031	1,020,461	(389,693)	13,473,799
Other equipment	1,706,843	31,306	(33,160)	1,704,989
Gravel pits	548,074	-	-	548,074
Infrastructure	81,777,193	3,963,149	(4,676,745)	81,063,597
Subtotal	<u>102,923,422</u>	<u>5,054,434</u>	<u>(5,099,598)</u>	<u>102,878,258</u>
Less - accumulated depreciation for:				
Buildings and improvements	(4,294,559)	(245,332)	-	(4,539,891)
Road Equipment	(10,355,186)	(1,064,705)	284,498	(11,135,393)
Other equipment	(1,451,776)	(88,140)	33,160	(1,506,756)
Gravel pits	(147,019)	-	-	(147,019)
Infrastructure	(32,975,568)	(3,877,320)	4,676,745	(32,176,143)
Subtotal	<u>(49,224,108)</u>	<u>(5,275,497)</u>	<u>4,994,403</u>	<u>(49,505,202)</u>
Net capital assets being depreciated	<u>53,699,314</u>	<u>(221,063)</u>	<u>(105,195)</u>	<u>53,373,056</u>
Net capital assets	<u>\$ 70,204,047</u>	<u>\$ (63,043)</u>	<u>\$ (105,195)</u>	<u>\$ 70,035,809</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – ADVANCES:**

As part of its agreement with the Michigan Department of Transportation (MDOT) to maintain state and federal highways (trunklines) within Jackson County and portions of Lenawee County, MDOT provides upfront cash to assist with cash flow for equipment and operating purposes. The amount advanced is reviewed annually, and is to be returned upon termination of the contract. At December 31, 2008, these advances totaled \$666,213. As such, this money is reported as a liability by the Road Commission.

**NOTE 9 – LONG-TERM LIABILITIES:**

Long-term liabilities of the Jackson County Road Commission consist of the following at December 31, 2008:

**Accrued Compensated Absences:**

As discussed in Note 1D, the Road Commission allows employees to accrue certain paid time off. The liability for accrued compensated absences at December 31, 2008 is as follows:

	Beginning of Year	Change	End of Year
Accrued Paid Time Off (100%)	\$ 261,359	\$ 30,954	\$ 292,313
Accrued Compensatory Time (100%)	-	6,646	6,646
Accrued Sick Pay (100%)	1,407	(1,407)	-
	<u>\$ 262,766</u>	<u>\$ 36,193</u>	<u>\$ 298,959</u>

**Changes in Long Term Debt:**

	Balance Beginning	Additions of New Debt	Retirements/ Repayments	Balance - Ending
Honeywell - Capital lease - Building improvements, maturing serially in quarterly amounts of \$9,490 including interest at a rate of 7.84%	\$ 233,746	\$ -	\$ (20,198)	\$ 213,548
Honeywell - Capital lease - Building improvements, maturing serially in quarterly amounts of \$1,463 including interest at a rate of 4.25%	-	39,518	(2,098)	37,420
Caterpillar Financial - Road equipment - Installment purchase agreements - monthly payments of \$2,205 including interest at a rate of 4.85%	55,740	-	(51,344)	4,396
Kansas State Bank - Road equipment - Installment purchase agreement - four annual payments of \$49,219 with a \$137,655 balloon payment due in 2013, including interest at 4.2880%.	-	291,900	-	291,900
Total Long Term Debt:	<u>\$ 289,486</u>	<u>\$ 331,418</u>	<u>\$ (73,640)</u>	<u>\$ 547,264</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – LONG-TERM LIABILITIES:** (Continued)

**Debt Service Requirements:**

The annual principal and interest requirements to service the capital lease and installment purchase agreements as of December 31, 2008 are as follows:

	Principal	Interest	Total
December 31, 2009	\$ 70,240	\$ 27,186	\$ 97,426
December 31, 2010	66,518	26,513	93,031
December 31, 2011	70,266	22,764	93,030
December 31, 2012	74,248	18,782	93,030
December 31, 2013	166,915	14,551	181,466
<i>Subtotal</i>	<i>448,187</i>	<i>109,796</i>	<i>557,983</i>
December 31, 2014	37,549	6,262	43,811
December 31, 2015	40,383	3,428	43,811
December 31, 2016	21,145	3,510	24,655
	<u>\$ 547,264</u>	<u>\$ 122,996</u>	<u>\$ 670,260</u>

**NOTE 10 – FUND EQUITY/NET ASSETS:**

**Governmental Fund Financial Statements – Reserves and Designations:**

Reserved Fund Balance in the Road Commission's Operating Fund was established to present the portion of fund equity which is not available for expenditure in future periods. The reserve at December 31, 2008 consists of \$1,492,991 for inventory.

**NOTE 11 – FEDERAL/STATE GRANTS:**

The Michigan Department of Transportation (MDOT) requires that the local Road Commission report federal and state grant revenues/expenditures for all projects within the Road Commission's jurisdiction. During 2008, federal and state aid reported as revenue and expenditures was \$2,274,392 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (as such, they are included in MDOT's single audit rather than the Road Commission's). The Road Commission acts as the contractor in negotiated projects. A summary of the 2008 grant projects is presented on the next page:

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11 – FEDERAL/STATE GRANTS:** (Continued)

Project Number	Description	Federal Revenue	State Revenue	Expenditures Recognized
59712A	Van Wert Rd bridge over Kalamazoo River	\$ -	\$ 30	\$ 30
74493A	Dettman Rd - Michigan Ave to Page Ave	45	-	45
77083A	County Farm Rd - Blackman to Sandstone	1,040,463	225,428	1,265,891
79015A	Lansing Ave - Cunningham to Morrill	6,400	-	6,400
83307A	McCain Rd - Robinson to Arbor Hills	499,800	105,000	604,800
83310A	McDevitt Rd - US-127 to Draper	137,729	34,432	172,161
86425A	Draper Rd bridge over Grand River	117,503	22,032	139,535
86426A	Mt Hope Rd bridge over Portage River	-	22,628	22,628
87292A	Falling Waters Trail	6,667	-	6,667
100335A	Rumble Strips - 11 locations	18,891	-	18,891
102134A	E. Michigan/Norvell Rd traffic signal	37,344	-	37,344
		<u>\$ 1,864,842</u>	<u>\$ 409,550</u>	<u>\$ 2,274,392</u>

As of December 31, 2008 the Road Commission owed the State of Michigan \$144,438 for matching project funds. This is reported as Due to Other Governments in the financial statements.

**NOTE 12 – EXPENDITURE/EXPENSE REPORTING:**

In accordance with Michigan Department of Transportation guidelines, certain expenditures/expenses are reported net of related revenues. These are noted as 'net' on the basic financial statements, and are summarized as follows:

**Administrative:**

Administrative expenditures/expenses (A515 accounts)		\$ 748,605
Less:		
Overhead charges - State	\$ (237,077)	
Handling charges	(13,608)	
Purchase discounts	<u>(3,210)</u>	<u>(253,895)</u>
Administrative expenditure/expense - Net		<u>\$ 494,710</u>

**Equipment:**

Direct equipment expenditures/expenses	\$ 2,739,307
Indirect equipment expenditures/expenses	1,295,686
Operating expenses	<u>853,116</u>
	<u>4,888,109</u>
Less - Equipment rental credits	<u>(4,345,561)</u>
Equipment expenditure/expense - Net	<u>\$ 542,548</u>

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 – EXPENDITURE/EXPENSE REPORTING: (Continued)

**Capital outlay:**

Capital outlay expenditure	\$ 1,172,727
Less:	
Equipment retirements (Cost less accumulated depreciation)	(119,223)
Depreciation	<u>(1,398,177)</u>
Capital outlay expenditure - Net	<u><u>\$ (344,673)</u></u>

NOTE 13 – EMPLOYEES' RETIREMENT PLAN:

The Jackson County Road Commission participates in the Jackson County Employees' Retirement System, a defined benefit pension plan. This plan was established in accordance with applicable state and local statutes.

A. Employee Membership Data:

As of December 31, 2008 (the latest valuation data available) employee membership data related to the pension plan (Road Division) was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	92
Active plan participants:	
Vested	48
Nonvested	<u>41</u>
	<u><u>181</u></u>

B. Benefit Provisions:

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire at age 60 with 10 or more years of credited service. Benefits vest after eight years. Employees retiring at age 60 with eight or more years credited service are entitled to pension payments for the remainder of their lives equal to 2.5% of their Final Average Compensation (the average of the highest five consecutive years in the ten years prior to retirement). The Road Commission financed portion is limited to 75% of final average compensation.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 13 – EMPLOYEES’ RETIREMENT PLAN: (Continued)

**B. Benefit Provisions:** (Continued)

Pension provisions include a deferred allowance whereby an employee may terminate his or her employment with the Road Commission after accumulating eight years of credited service. The pension benefit is payable at age 60 or any age allowed by the retirement by-laws at the time of retirement. The benefit amount is computed in the same manner as the regular benefit described above.

Provisions are also included for duty and non-duty disability or death benefits. Disability benefit payments are computed in the same manner as regular benefits. The minimum benefit for a disability is 15% of final average compensation, with the maximum County-financed portion limited to 50% of FAC and worker’s compensation. Non-duty disability benefits are payable only after 10 or more years of credited service. Death benefits are computed in the same manner as the regular benefits; in the case of a duty death, additional service credit will be granted up to the amount needed to be vested prior to computation of the retirement allowance of the spouse.

**C. Required Contributions:**

Employees of the Road Commission are required to pay 2.5%, plus 50% of the employer contribution above 2.5% (an employee contribution rate of 4.31% for 2008) of their gross earnings to the pension plan. The payments are deducted from the employee’s wages and remitted to the pension plan each bi-weekly pay period. If an employee leaves the Road Commission prior to vesting, these contributions plus interest are returned to the employee.

The Road Commission makes bi-weekly contributions to the pension plan in an amount as determined by the plan’s actuaries. For the year ended December 31, 2008, the required contribution was computed as 4.31% of covered payroll. The Road Commission pension expense for the year ended December 31, 2008 was \$179,514. The actuarial assumptions used to compute this amount are available in the County of Jackson’s Comprehensive Annual Financial Report.

Substantially all of the Road Commission’s employees are covered by this plan. The Road Commission’s total payroll for the year ended December 31, 2008 was approximately \$4,475,000 with \$4,165,000 covered by the pension plan.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 – EMPLOYEES’ RETIREMENT PLAN:** (Continued)

Trend information for the plan as a whole is presented below:

**Schedule of Funding Progress**

<u>Valuation Date Dec. 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
1999(a)	\$ 112,224	\$ 77,492	\$ (34,732)	144.8%	\$ 26,781	0.0%
2000(a)	\$ 120,724	\$ 84,373	\$ (36,351)	143.1%	\$ 27,224	0.0%
2001(a)	\$ 124,551	\$ 92,102	\$ (32,449)	135.2%	\$ 29,687	0.0%
2002 (a)	\$ 120,693	\$ 104,222	\$ (16,471)	115.8%	\$ 29,763	0.0%
2003 (a)	\$ 118,340	\$ 112,314	\$ (6,026)	105.4%	\$ 29,566	0.0%
2004	\$ 121,005	\$ 121,440	\$ 435	99.6%	\$ 31,519	0.0%
2005	\$ 125,487	\$ 128,872	\$ 3,385	97.4%	\$ 31,441	10.8%
2006	\$ 137,122	\$ 135,894	\$ (1,228)	100.9%	\$ 30,779	0.0%
2007	\$ 144,465	\$ 140,898	\$ (3,567)	102.5%	\$ 32,298	0.0%
2008	\$ 138,532	\$ 146,517	\$ 7,985	94.6%	\$ 32,803	24.3%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions and cost methods.

**Schedule of Employer Contributions**

<u>Fiscal Year</u>	<u>Actuarial Value of Assets</u>	<u>Contribution Rates as a % of Valuation Payroll*</u>	<u>Computed \$ Contribution Based on Projected Payroll</u>	<u>Annual Required Contribution Based on Actual Payroll</u>	<u>Percentage Contributed</u>
1999	12/31/97(a)	0.22%	\$ 55,039	\$ 59,036	100%
2000	12/31/98	0.00%	\$ -	\$ -	100%
2001	12/31/99(a)	0.00%	\$ -	\$ -	100%
2002	12/31/00(a)	0.00%	\$ -	\$ -	100%
2003	12/31/01	0.00%	\$ -	\$ -	100%
2004	12/31/02	6.21%/1.75%	\$ 1,477,934	\$ 1,477,934	100%
2005	12/31/03	6.96%/3.97%	\$ 2,247,761	\$ 2,247,761	100%
2006	12/31/04	6.96%	\$ 2,367,969	\$ 2,367,969	100%
2007	12/31/05	7.57%	\$ 2,324,801	\$ 2,324,801	100%
2008	12/31/06	7.57%	\$ 2,156,285	\$ 2,156,285	100%

Note: \$ amounts in Thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions.

\* Weighted averages.



**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 – EMPLOYEES’ RETIREMENT PLAN:** (Continued)

Some additional information relating to the actuarial assumptions used in the December 31, 2008 valuation follows:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of Payroll
Remaining amortization for	
Unfunded actuarial accrued	
Liability	30 years (open)
Remaining amortization period	
For credit	10 years (open)
Asset valuation method:	4 year smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0%-8.8%
Includes inflation at	5.0%

The details of amounts attributable solely to the Road Commission were not available. Detailed information concerning the Jackson County Employees’ Retirement System is presented in the publicly available County of Jackson, Michigan Comprehensive Annual Financial Report. Copies of this report may be obtained from the Jackson County Administrator / Controller’s Office, 120 West Michigan Avenue, Jackson, Michigan, 49201.

**NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB):**

The Jackson County Road Commission provides health insurance benefits for its retired employees and their beneficiaries through the Jackson County Self-Funded Managed Care Health Insurance program. The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due (in other words, this obligation can be financed on a “pay-as-you-go” basis). The Road Commission has, however, made contributions to The Jackson County Retiree Health Care Benefit Plan and Trust (established pursuant to Public Act 199 of 1999) in an effort to advance fund these benefits.

For the year ended December 31, 2008 the Road Commission has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2007. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not to exceed thirty years. The valuation’s computed contribution and the actual 2008 funding are summarized on the following page.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB): (Continued)**

Annual required contribution (recommended)	\$ 1,136,433
Amounts contributed:	
Payments of current premiums	(575,000)
Advance funding	(200,000)
	<hr/>
Increase in net OPEB obligation	\$ 361,433
	<hr/>

The annual OPEB costs, the percentage contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2008 is as follows:

Annual OPEB costs	\$ 1,136,433
Percentage contributed	68.20%
Net OPEB obligation	\$ 361,433

The funding progress of the Plan as of the most recent valuation date is as follows:

Valuation as of January 1, 2007:	
Actuarial value of assets	\$ 674,950
Actuarial accrued liability	\$ 14,766,660
Unfunded actuarial accrual liability	\$ 14,091,710
Funded ratio	4.57%
Annual covered payroll	\$ 3,865,855
Ratio of unfunded actuarial accrued liability to covered payroll	364.52%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funding status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Road Commission and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB): (Continued)**

In the January 1, 2007 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions include the following:

Medical care inflation rate (annual)	5.0%
Wage inflation rate (annual)	5.0%
Investment rate of return (annual)	8.0%
Amortization of Unfunded Actuarial Accrued liability (UAAL)	30 years

The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2007 was 30 years.

**NOTE 15 – RISK MANAGEMENT:**

During the normal course of its operations the Jackson County Road Commission is exposed to various risks of loss related to liability, employee injury, and other circumstances. In certain instances, the Jackson County Road Commission has opted to protect itself from such risks through means other than the purchase of traditional insurance coverage. These exceptions are as follows:

**A. Liability Insurance:**

The Jackson County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for its liability insurance. The Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event that a reinsurer does not meet its obligation to the Pool, the responsibility for payment of any unpaid claims reverts to the Pool, and, indirectly, to the Pool members.

**B. Health Insurance:**

The Road Commission participates jointly with the County of Jackson in the Jackson County Self-Funded Managed Care Health Insurance program. The premiums paid by the participating employers are the program's source of income, and expenses include: 1) the payment of claims; 2) the payment of an administrative fee; and 3) the payment of Stop-Loss insurance premiums (reinsurance). At December 31, 2008 (unaudited), the Road Commission had a deficit of \$99,000 in this Fund. This deficit will be addressed through increased deposits to the program during 2009. The County of Jackson, Michigan Comprehensive Annual Financial Report provides further details regarding this insurance program.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 15 – RISK MANAGEMENT: (Continued)

C. Workers Compensation:

The Jackson County Road Commission participates in the County Road Association Self-Insurance Fund for its workers compensation insurance. The Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event that a reinsurer does not meet its obligation to the Pool, the responsibility for payment of any unpaid claims reverts to the Pool, and, indirectly, to the Pool members.

NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A. Claims and Lawsuits:

In the normal course of its operations, the Jackson County Road Commission often becomes a party to various claims and lawsuits. In the opinion of the Road Commission's legal counsel, if any of these claims should result in an unfavorable resolution to the Road Commission, the Road Commission's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Road Commission.

B. Trunkline Maintenance Audit:

As part of its trunkline maintenance agreement with the State of Michigan, the Road Commission's costs charged to the State are subject to audit. During 2009, the State completed its audit of the 2006 and 2007 costs. The audit resulted in the State refunding \$102,000 to the Road Commission. The amount due, if any, under its 2008 contract has not been determined.

C. Commitments to Townships:

The Jackson County Road Commission is committed to providing the best road system possible to the residents of Jackson County. This commitment includes the Township Road Agreement matching program. The Road Commission offers to match \$50,000 of construction funds to each of the 19 townships within its jurisdiction. The match may be used up to three years in advance. This program has been highly successful, as Townships contracted for \$397,000 of new projects during 2008. Future matching funds have been temporarily suspended due to the declining revenues.

**JACKSON COUNTY ROAD COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 16 – COMMITMENTS AND CONTINGENCIES: (Continued)

D. Construction Commitments:

Estimated future contract cost obligations related to the completion of construction projects in progress as of December 31, 2008, net of estimated federal, state and local grants and contributions, total \$420,000. The actual costs for completion of these projects will be greater than this amount, as the Road Commission will also pay for inspection costs and other services not covered by the construction contracts. The actual costs of completion cannot be determined at this time.

E. Concentrations:

The Road Commission receives approximately 76% (\$12.5 million) of its revenue from the state and federal governments. A large portion of these revenues (\$10.2 million) is derived from the collection of taxes on gasoline and diesel fuels. These revenues could be susceptible to an economic downturn. The revenue generated from gasoline and diesel fuels decreased 6.3% during 2008, and was down 13.6% compared to revenues in 2003 (not adjusted for inflation).



JACKSON COUNTY ROAD COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**

**SCHEDULE OF FUNDING PROGRESS -  
JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM**

**JACKSON COUNTY ROAD COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**  
**YEAR ENDED DECEMBER 31, 2008**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue:</b>				
Permits	\$ 68,000	\$ 84,912	\$ 84,912	\$ -
Federal grants	2,781,433	1,917,533	1,864,842	(52,691)
State sources	11,013,732	10,560,560	10,619,919	59,359
Local government sources	650,000	780,536	883,140	102,604
Charges for services -				
State trunkline maintenance	2,403,161	2,968,655	2,968,655	-
Other	-	7,000	30,947	23,947
Interest and rentals	142,000	123,493	90,493	(33,000)
Special assessments	26,000	30,798	30,798	-
Gain on asset disposals	-	-	(102,084)	(102,084)
Other revenues	94,800	26,800	28,665	1,865
Lease proceeds	-	331,418	331,418	-
Total revenues	17,179,126	16,831,705	16,831,705	-
<b>Expenditures/Expenses:</b>				
Primary roads - Preservation	4,826,851	3,097,375	3,097,370	5
Local roads - Preservation	946,558	1,012,050	1,012,050	-
Primary roads - Maintenance	4,135,259	5,302,079	5,301,997	82
Local roads - Maintenance	4,317,803	4,759,076	4,759,071	5
State trunkline - Maintenance	2,403,631	2,931,752	2,931,752	-
State trunkline - Nonmaintenance	-	36,903	36,903	-
Non motorized grant - County Parks	-	264,392	264,392	-
Equipment expense - Net	-	556,220	542,548	13,672
Administrative expense - Net	833,024	575,000	494,710	80,290
Capital outlay - Net	(284,000)	(344,000)	(344,673)	673
Debt service	-	-	94,727	(94,727)
Total expenditures	17,179,126	18,190,847	18,190,847	-
<b>Excess of Revenues Over (Under) Expenditures</b>	-	(1,359,142)	(1,359,142)	-
<b>Fund Balance - Beginning</b>	5,465,007	5,372,324	5,372,324	-
<b>Fund Balance - Ending</b>	\$ 5,465,007	\$ 4,013,182	\$ 4,013,182	\$ -

**JACKSON COUNTY ROAD COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM**  
**DECEMBER 31, 2008**

The information presented in the required supplementary schedule was determined as part of the actual valuation at the dates indicated.

<u>Valuation Date Dec. 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
1999(a)	\$ 112,224	\$ 77,492	\$ (34,732)	144.8%	\$ 26,781	0.0%
2000(a)	\$ 120,724	\$ 84,373	\$ (36,351)	143.1%	\$ 27,224	0.0%
2001(a)	\$ 124,551	\$ 92,102	\$ (32,449)	135.2%	\$ 29,687	0.0%
2002 (a)	\$ 120,693	\$ 104,222	\$ (16,471)	115.8%	\$ 29,763	0.0%
2003 (a)	\$ 118,340	\$ 112,314	\$ (6,026)	105.4%	\$ 29,566	0.0%
2004	\$ 121,005	\$ 121,440	\$ 435	99.6%	\$ 31,519	0.0%
2005	\$ 125,487	\$ 128,872	\$ 3,385	97.4%	\$ 31,441	10.8%
2006	\$ 137,122	\$ 135,894	\$ (1,228)	100.9%	\$ 30,779	0.0%
2007	\$ 144,465	\$ 140,898	\$ (3,567)	102.5%	\$ 32,298	0.0%
2008	\$ 138,532	\$ 146,517	\$ 7,985	94.6%	\$ 32,803	24.3%

Note: \$ amounts in thousands; information is for the plan as a whole.

(a) After changes in benefit provisions and/or actuarial assumptions and cost methods.

See Note 13 for more complete disclosures relating to the Road Commission's participation in the Jackson County Employees' Retirement System.





JACKSON COUNTY ROAD COMMISSION

ADDITIONAL INFORMATION

**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**

**JACKSON COUNTY ROAD COMMISSION**  
**ADDITIONAL INFORMATION**  
**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2008**

	Primary Road	Local Road	County Road Commission	Total
<b>Revenue:</b>				
Permits	\$ -	\$ -	\$ 84,912	\$ 84,912
Federal grants	1,858,175	6,667	-	1,864,842
State grants:				
Michigan Transportation Fund	6,838,000	3,372,369	-	10,210,369
State critical bridge grants	22,658	22,032	-	44,690
Jobs Today grants	364,860	-	-	364,860
Revenues from local governments:				
Cities and villages	-	66,148	-	66,148
Township contributions	-	493,509	-	493,509
Other governments	-	323,483	-	323,483
Charges for services:				
State trunkline maintenance	-	-	2,931,752	2,931,752
State trunkline non-maintenance	-	-	36,903	36,903
Salvage sales	-	-	22,388	22,388
Fuel rebates	-	-	8,559	8,559
Interest and rentals:				
Interest	36,816	-	21,692	58,508
Rental of property	-	-	31,985	31,985
Special assessments	-	30,798	-	30,798
Gain (loss) on asset disposal	-	-	(98,011)	(98,011)
Other revenue	7,470	12,323	4,799	24,592
Total revenue	9,127,979	4,327,329	3,044,979	16,500,287
<b>Expenditures:</b>				
Construction	-	-	-	-
Preservation/Structural Improvements:				
Roads	3,060,124	487,052	-	3,547,176
Structures	37,246	178,010	-	215,256
Safety projects	-	-	-	-
Special assessments	-	346,988	-	346,988
Traffic Control	-	-	-	-
Non-motorized projects	-	-	-	-
Total preservation	\$ 3,097,370	\$ 1,012,050	\$ -	\$ 4,109,420

**JACKSON COUNTY ROAD COMMISSION**  
**ADDITIONAL INFORMATION**  
**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2008**

	Primary Road	Local Road	County Road Commission	Total
<b>Expenditures: (Continued)</b>				
Routine/Preventive Maintenance:				
Roads	\$ 2,976,199	\$ 3,005,278	\$ -	\$ 5,981,477
Structures	5,963	996	-	6,959
Roadside parks	3,359	-	-	3,359
Winter maintenance	1,872,630	1,510,370	-	3,383,000
Traffic Control	443,846	242,427	-	686,273
Total maintenance	5,301,997	4,759,071	-	10,061,068
Trunkline maintenance	-	-	2,931,752	2,931,752
Trunkline non-maintenance	-	-	36,903	36,903
Total trunkline	-	-	2,968,655	2,968,655
Non-motorized grant - County Parks	-	264,392	-	264,392
Administrative expenses:				
Administrative expenses	435,604	313,001	-	748,605
Less:				
Handling charges	(7,919)	(5,689)	-	(13,608)
Overhead - State	(137,955)	(99,122)	-	(237,077)
Purchase discounts	(1,868)	(1,342)	-	(3,210)
Net administrative expenses	287,862	206,848	-	494,710
Equipment expense:				
Direct expenses	965,585	1,054,131	719,591	2,739,307
Indirect expenses	456,729	498,580	340,377	1,295,686
Operating expenses	300,723	328,279	224,114	853,116
Less - Rental credits	(1,531,789)	(1,672,218)	(1,141,554)	(4,345,561)
Net equipment expenses	191,248	208,772	142,528	542,548
Capital outlay:				
Capital acquisitions	-	-	1,172,727	1,172,727
Less:				
Equipment retirements	-	-	(119,223)	(119,223)
Depreciation	-	-	(1,398,177)	(1,398,177)
Total capital outlay	\$ -	\$ -	\$ (344,673)	\$ (344,673)

**JACKSON COUNTY ROAD COMMISSION**  
**ADDITIONAL INFORMATION**  
**ANALYSIS OF CHANGES IN ROAD FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2008**

	Primary Road	Local Road	County Road Commission	Total
<b>Expenditures:</b> (Continued)				
Debt service:				
Debt principal payment	\$ -	\$ -	\$ 73,641	\$ 73,641
Interest expense	-	-	21,086	21,086
Total debt service	-	-	94,727	94,727
 Total expenditures	 8,878,477	 6,451,133	 2,861,237	 18,190,847
 <b>Excess of Revenue Over (Under) Expenditures</b>	 249,502	 (2,123,804)	 183,742	 (1,690,560)
 <b>Other Financing Sources (Uses):</b>				
Loan proceeds	-	-	331,418	331,418
Optional transfers	(2,051,400)	2,123,804	(72,404)	-
Total other financing sources	(2,051,400)	2,123,804	259,014	331,418
 <b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	 (1,801,898)	 -	 442,756	 (1,359,142)
 <b>Fund Balance - Beginning</b>	 3,380,559	 -	 1,991,765	 5,372,324
 <b>Fund Balance - Ending</b>	 \$ 1,578,661	 \$ -	 \$ 2,434,521	 \$ 4,013,182

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

2880 SPRING ARBOR ROAD • JACKSON • MICHIGAN • 49203

PHONE (517) 782-9351

FAX (517) 782-0599

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K. LAVERNE MARKOWSKI, C.P.A.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Road Commissioners  
Of Jackson County  
Jackson, Michigan

We have audited the financial statements of the governmental activities and the major fund information of **JACKSON COUNTY ROAD COMMISSION** (a component unit of Jackson County, Michigan) as of and for the year ended December 31, 2008, which collectively comprise the Jackson County Road Commission's basic financial statements and have issued our report thereon dated May 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Jackson County Road Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson County Road Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson County Road Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the proceeding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

**Internal Control Over Financial Reporting** (Continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Jackson County Road Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Jackson County Road Commission's financial statements that is more than inconsequential will not be prevented or detected by the Jackson County Road Commission's internal control. We consider the deficiency #2008-1 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Jackson County Road Commission's internal control.

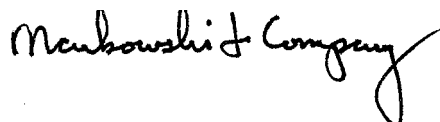
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Jackson County Road Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of Jackson County Road Commission in a separate letter dated May 29, 2009.

This report is intended solely for the information and use of the Board of Commissioners and the management of the Road Commission and is not intended to be and should not be used by anyone other than these specified parties.



**MARKOWSKI & COMPANY, CPAs**  
May 29, 2009

**JACKSON COUNTY ROAD COMMISSION**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2008**

**Finding 2008-1: Financial Statement Preparation**

**Condition** – The Road Commission’s management has the responsibility of preparing financial statements in accordance with generally accepted accounting principles (GAAP). Preparation of financial statements in accordance with GAAP requires internal controls over both the recording, processing, and summarizing accounting data, and reporting government-wide and fund financial statements including the related notes to the financial statements.

The Road Commission currently has appropriate internal controls in place, but has historically relied on its external auditors to assist in the preparation of its GAAP financial statements. By definition, the external auditors cannot be considered part of the Road Commission’s internal controls.

**Recommendation** – This situation exists in most small to medium sized entities. We recommend no change to the current practice as long as management is comfortable with their decision.

**Response** – Management made the decision to outsource GAAP financial statement preparation rather than incur the expense of obtaining the necessary training and expertise required for the Road Commission to perform this function internally. A careful review of the financial statements and related notes is performed by the Finance Director, and management accepts responsibility for the financial statements and related notes prior to their issuance.

**FOLLOW UP ON PRIOR YEAR COMMENTS**

**Finding 2007-1: Journal Entry Preparation and Approval**

During 2008, journal entries were prepared by the Road Commission’s Finance Director. All entries were reviewed and approved by the Road Commission’s financial consultant, an independent CPA, and/or the Managing Director. This response appropriately addresses the concerns surrounding journal entry preparation.

**Finding 2007-2: Inventory Reconciliations**

In 2007, there were instances in which gasoline usage was not properly expensed in the general ledger, which resulted in an overstatement of inventory. Our recommendation was to work towards developing an automated solution to this problem.

Progress was made in working towards an automated solution, but it has not been finalized as of December 31, 2008. In the meantime, staff has taken appropriate steps to improve the manual processing of these entries to ensure the accurate presentation of assets and expenses. The steps taken have been appropriate to address the concerns noted.

# Memo

Date: July 31, 2009

To: Gail Mahoney, Chair - Jackson County Agencies Committee

From: Amy L. Torres, EDC Executive Director

CC: Randy Treacher/Adam Brown, County Administrator  
EDC Board Members

Re: EDC Recommendation to County Commission to designate County of Jackson as a Recovery Zone.

---

Dear Chair Mahoney and Committee Members:

The Economic Development Corporation of Jackson County conducted a board meeting on July 22, 2009 where Mr. Craig Hammond of Dickinson-Wright, PLLC was present to discuss the American Recovery and Reinvestment Act of 2009 (ARRA), which allows for the issuance of 1) Recovery Zone Economic Development Bonds to pay the costs of public infrastructure and other municipal facilities at advantageous net interest costs, and 2) tax-exempt Recovery Zone Facility Bonds to make loans to private companies to pay the costs of capital expenditures for economic development projects.

The County of Jackson has been allocated the sum of \$11,459,000 in Recovery Zone Economic Development bonds and \$17,188,000 in Recovery Zone Facility bonds, which are available for issuance, preferably, by The Economic Development Corporation of Jackson County through December 31, 2010 (the State of Michigan also has the capability to induce bonds).

In order to participate, Jackson County must determine and designate a Recovery Zone area, which must be economically distressed with significant unemployment, poverty, and/or significant home foreclosure.

The EDC Board of Directors took action to recommend to the Jackson County Commission to consider designating Jackson County in its entirety as a Recovery Zone to maximize the potential for qualifying projects. A draft Resolution and the Client Report, prepared by Dickinson-Wright, (which includes additional information regarding the program) are attached for your review.

The EDC and The Enterprise Group of Jackson will work collaboratively to select eligible projects in an effort to expend the bond allocations, to the County's benefit, prior to the December 31, 2010 deadline.

Thank you for your consideration. EDC Staff will attend the August 10, 2009 meeting at 10:00 a.m. to respond to any questions of the Committee.



**RESOLUTION NO. (08-09.20)**  
**DESIGNATING THE COUNTY OF JACKSON AS A RECOVERY ZONE**

Minutes of a regular meeting of the County Board of Commissioners of the County of Jackson, State of Michigan, held on August 18, 2009.

PRESENT: Commissioners \_\_\_\_\_  
\_\_\_\_\_

ABSENT: Commissioners \_\_\_\_\_

The following preamble and resolution were offered by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_:

**WHEREAS**, the federal government has recently enacted the American Recovery and Reinvestment Act of 2009 ("ARRA") which allows for the issuance of (i) Recovery Zone Economic Development Bonds to pay the costs of public infrastructure and other municipal facilities at advantageous net interest costs and (ii) tax exempt Recovery Zone Facility Bonds to make loans to private companies to pay the costs of capital expenditures for economic development projects; and

**WHEREAS**, pursuant to ARRA the County of Jackson (the "County") has been allocated the sum of (i) \$11,459,000 in Recovery Zone Economic Development Bond capacity and (ii) \$17,188,000 in Recovery Zone Facility Bond capacity, which is available for the issuance of such bonds through December 31, 2010; and

**WHEREAS**, pursuant to the ARRA, Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds can only be used to finance capital projects located in areas designated by the County as a Recovery Zone; and

**WHEREAS**, the County desires to designate the entire County of Jackson as a Recovery Zone to maximize potential qualifying projects; and

**WHEREAS**, this Board of Commissioners will consider requests for allocation of the County's Recovery Zone Economic Development Bond capacity and Recovery Zone Facility Bond capacity on a case by case basis in the future.

***NOW, THEREFORE, BE IT RESOLVED THAT:***

1. This Commission determines that all areas of the County of Jackson have significant unemployment, rate of home foreclosures or general distress and therefor this Commission hereby designates the entire County of Jackson as a Recovery Zone pursuant to ARRA.

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

AYES: Commissioners \_\_\_\_\_

NAYS: Commissioners \_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Amanda Riska, Clerk, County of Jackson

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the County Board of Commissioners of the County of Jackson, Michigan, at a regular meeting held on August 18, 2009, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Date: \_\_\_\_\_, 2009

\_\_\_\_\_  
Amanda Riska, Clerk, County of Jackson

By: Craig W. Hammond and Paul M. Wyzgoski

June 2009

## IRS Releases Guidance and Allocations for New Recovery Zone Bonds

On Friday, June 12, 2009, the Internal Revenue Service released Notice 2009-50, which provides guidance on the maximum face amount of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds that may be issued by each state, and counties and large municipalities within each state, before January 1, 2011 under Sections 1400U-1 through 1400U-3 of the Internal Revenue Code (Code). Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds are two new types of bond programs that were enacted under the American Recovery and Reinvestment Act of 2009 (ARRA) to provide tax incentives for state and local units of government by allowing designated projects to be financed with lower borrowing costs to promote job creation and economic recovery in areas affected by employment decline. The release of Notice 2009-50 enables states and local units of government and economic development agencies to take advantage of this new program.

### Background

State and local units of government have long been permitted to issue tax exempt bonds to finance municipal projects such as schools, roads, sewers, municipal buildings and other governmentally owned facilities. In addition, state and local units of government, often acting through publicly created agencies or authorities, have the ability to issue tax exempt private activity bonds to make loans to private companies to finance certain categories of privately owned facilities. Common examples of private activity bond financings include projects for health care, senior living, education, cultural institutions, small manufacturing facilities, airports, housing and solid waste disposal facilities.

The ARRA contained a number of groundbreaking provisions designed to stimulate the municipal finance market and provide additional tools to encourage economic development in distressed areas. These changes included the creation of new types of tax credit bonds called Build America Bonds and Recovery Zone Economic Development Bonds, and the creation of a new category of private activity bonds called Recovery Zone Facility Bonds. There is no limitation on the amount of Build America Bonds which a state and local unit of government can issue for qualifying projects. There is a limitation on the amount of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds which may be issued and a process for allocating a national volume limitation, as described below.

Recovery Zone Economic Development Bonds will assist local governments by reducing borrowing costs for qualifying governmentally owned and operated facilities located in Recovery Zones. Recovery Zone Economic Development Bonds are not available for privately owned or operated facilities. Recovery Zone Facility Bonds, on the other hand, are designed to assist private companies and developers finance economic development projects located in Recovery Zones without having to qualify within the other limited categories of private activity bond financing.

Recovery Zone Economic Development Bonds are comparable to Build America Bonds except with a larger federal subsidy and additional qualification requirements. In order to understand Recovery Zone Economic Development Bonds it is necessary to describe the tax credit provisions applicable to Build America Bonds.

### Build America Bonds

**General.** Build America Bonds are a new type of tax credit bond that are available to any state or local unit of government with authority to issue tax exempt bonds. Any program that is eligible for tax exempt bonding may instead be financed as a Build America Bond, subject to a few exceptions below. Build America Bonds are issued pursuant to existing state law bonding authority. A Build America Bond is a taxable obligation that provides a federal subsidy through tax credits. The two principal types of Build America Bonds are referred to as "Build America Bonds (Direct Payment)" and "Build America Bonds (Tax Credit)." A state or local governmental issuer ("Issuer") of Build America Bonds can elect to keep the tax credit and receive a payment from the federal government (the direct payment option) or give the tax credit to the bondholder and receive a lower interest rate on the bonds (the tax credit option).

**Build America Bonds (Direct Payment).** If the Issuer elects to keep the tax credit, the federal government will pay the Issuer 35% of the total interest coupon payable by the Issuer on the bonds. Such payment is to be paid contemporaneously with each interest payment date of the bonds. For fixed rate bonds, the IRS is establishing procedures which would involve the Issuer filing a new 8038-CP prior to the relevant interest payment

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date and such amount would be paid contemporaneous with the interest payment date. For variable rate bonds, the 8038-CP would be filed within 45 days after the interest payment date and paid on a reimbursement basis.

**Build America Bonds (Tax Credit).** The Issuer can elect to give the tax credit to the bondholder equal to 35% of the total coupon interest payable by the Issuer on the bonds, which represents a federal subsidy to the Issuer equal to approximately 25% of the total return to the investor (including the coupon interest paid by the Issuer and the tax credit). Such credits would accrue as of the date of the interest payment and may be used to offset federal tax liability of the bondholder.

**Restrictions on Build America Bonds.** For Build America Bonds (Direct Payment), 100% of the bond proceeds must be used for capital expenditures (other than proceeds used to fund a reserve fund and to pay issuance costs subject to a 2% limit). Build America Bonds (Direct Payment) are not available for refundings or working capital borrowings. Build America Bonds (Tax Credit) can be used for refundings or working capital borrowings and there is no limitation on amount of issuance costs to be paid from bond proceeds. Build America Bonds cannot be used for private activity bonds (meaning bond proceeds cannot be used by or loaned to private parties). Build America Bonds must be issued prior to January 1, 2011.

**Traditional Tax Exempt Financing v. Build America Bonds: Which choice is better?** Build America Bonds (Direct Payment) can result in greater savings than traditional tax exempt bonds in many circumstances. Recent large long term bond sales have chosen the Build America Bonds (Direct Payment) structure. Build America Bonds (Direct Payment) will result in a lower net borrowing cost than Build America Bonds (Tax Credit). Issuers should consult with their financial advisors and bond counsel to determine which alternative best meets the financing goals of the Issuer.

**Risks to Issuer of a future change in tax law impairing Build America Bonds?** The risk of a change in federal tax law in a manner that could adversely affect the tax benefit applies to traditional tax exempt bonds and Build America Bonds, but with traditional tax exempt bonds the risk is borne by the bondholders. With Build America Bonds (Direct Payment), that risk is borne by the Issuer. Refundable credits payable to an Issuer of Build America Bonds (Direct Payment) are treated as an overpayment of tax. This is intended to make the payment obligation of the federal government a "permanent appropriation" but also makes the payment subject to offset for

certain liabilities the Issuer may have to the federal government. The political risk of a change in tax law should be reduced as more state and local units of government issue Build America Bonds in reliance on the current legislation.

**Other tax and securities law considerations.** Arbitrage rules and other rules applicable to tax exempt bonds apply to Build America Bonds. Securities laws applicable to traditional tax exempt bonds will also apply to Build America Bonds.

## Recovery Zone Economic Development Bonds

**45% Tax Credit.** Recovery Zone Economic Development Bonds are comparable to Build America Bonds (Direct Payment), except they provide for a deeper federal subsidy through a tax credit paid to Issuers in an amount equal to 45% (rather than 35% for Build America Bonds) of the total coupon interest payable to the bondholders, and they have different program requirements regarding eligible uses of proceeds for qualified economic development purposes within designated Recovery Zones as described below.

**Qualified Economic Development Purpose.** Recovery Zone Economic Development Bonds can be issued to finance any "qualified economic development purpose," which consists of expenditures for the purposes of promoting development or other economic activity in a Recovery Zone, including:

- capital expenditures paid or incurred with respect to property located in a Recovery Zone;
- expenditures for public infrastructure and construction of public facilities; and
- expenditures for job training and educational programs.

**Recovery Zones.** A "Recovery Zone" means any area:

- designated by the Issuer as having significant poverty, unemployment, rate of home foreclosures or general distress;
- designated by the Issuer as economically distressed by reason of the closure or realignment or a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; or

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- designated as an empowerment zone or renewal community as in effect as of the adoption of the ARRA on February 17, 2009.

Unlike empowerment zones created in the 1990's which had limited and fixed districts, recovery zones are flexible, permitting counties and large municipalities to determine whether the project constituting the qualified economic development purpose will be located in an area having "significant poverty, unemployment, rate of home foreclosures or general distress" or satisfy the other criteria for a Recovery Zone. There is no fixed benchmark that must be satisfied to meet this requirement and no limitation on the number of recovery zones that can be created within a county or large municipality (except as may be limited by the amount of volume cap allocation available to the county or large municipality for the issuance of Recovery Zone Economic Development Bonds as described below). Any county or large municipality that receives a volume cap allocation for Recovery Zone Bonds may make designations of recovery zones in any reasonable manner as it shall determine in good faith in its discretion.

**Prevailing Wages.** Federal Davis-Bacon Act prevailing wage rules apply to projects financed with Recovery Zone Economic Development Bonds. As a result, persons performing work in connection with the construction of facilities financed with Recovery Zone Economic Development Bonds must be paid in accordance with federal prevailing wage laws.

**Volume Limitation.** There is a \$10 billion limitation nationally that applies through December 31, 2010. Recovery Zone Economic Development Bonds can only be issued if the Issuer has received a volume cap allocation from a county or large municipality that received an allocation of volume cap, as described further below.

### Recovery Zone Facility Bonds

**RZFB Requirements.** Recovery Zone Facility Bonds are a new tax-exempt private activity bond, which can be issued to finance certain capital projects for the benefit of private companies located or to be located in a designated Recovery Zone which meet the following requirements:

- at least 95% of proceeds of such issue are to be used for recovery zone property;

- the obligation is issued by a State or local government pursuant to a Recovery Zone Facility Bonds volume cap allocation; and
- the issuer designates the obligation as a recovery zone facility bond.

"Recovery zone property" is depreciable property that satisfies the following requirements:

- the property was constructed, reconstructed, renovated, or acquired by purchase by the taxpayer after the date on which the designation of the Recovery Zone took effect. Note that this criteria is more restrictive than the customary 60 day look back from the date the Issuer adopts its inducement resolution which applies to other types of private activity bonds.
- the original use of which in the Recovery Zone commences with the taxpayer (subject to an exception for certain substantial renovations); and
- substantially all of the use of which is in the Recovery Zone and is in the active conduct of a qualified business by the taxpayer in such zone.

A qualified business means any trade or business except (i) residential rental property (as defined in Code Section 168(e) (2) and (ii) any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for off premises consumption.

The criteria for establishing a Recovery Zone is the same as described above for Recovery Zone Economic Development Bonds.

**Volume Cap Limitation.** There is a \$15 billion limitation nationally that applies through December 31, 2010. Recovery Zone Facility Bonds can only be issued if the Issuer has received a volume cap allocation from a county or large municipality that received an allocation of volume cap, as described further below.

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**Private Activity Bond Restrictions.** The normal private activity bond requirements continue to apply to Recovery Zone Facility Bonds, such as the average life of the bonds cannot exceed 120% of weighted average life of the project assets; no more than 25% of bond proceeds can be used to finance land acquisition; the bonds must be issued pursuant to certain notice, public hearing and elected official approval requirements; no more than 2% of the proceeds of the bonds can be used to finance costs of issuance, etc. However, rules relating to the limitation on the acquisition of existing property are different and Recovery Zone Facility Bonds are subject to a different national limitation described below.

**RZFBs v. RZEDBs.** The primary difference between Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds are that Recovery Zone Facility Bonds are tax exempt private activity bonds used to make loans to private companies, similar to industrial development bonds, but with a much broader category of eligible projects. A Recovery Zone Facility Bond is not a tax credit bond and the federal subsidy is the same as available for other existing types of private activity bonds.

A point of caution: this is not free money. For Recovery Zone Facility Bonds, conduit borrowers will need to be creditworthy and projects must make economic sense or there will not be a market for the sale of the bonds.

## Recovery Zone Volume Cap Allocations

**Volume Cap Designations in General.** The ARRA allocated a \$10 billion nationwide volume limitation for Recovery Zone Economic Development Bonds and a \$15 billion nationwide volume limitation for Recovery Zone Facility Bonds and required that such amount be allocated among the States in the proportion that each such State's 2008 State employment decline bears to the aggregate of the 2008 State employment declines for all of the States; provided that each state was guaranteed at least 0.9% of the national Recovery Zone Facility Bonds limitation. The ARRA further required that each state must reallocate its Recovery Zone volume cap allocation among its counties and municipalities with a population in excess of 100,000 ("large municipalities") in the proportion to each such county's or large municipality's 2008 employment decline bears to the aggregate of the 2008 employment declines for all the counties and large municipalities in such State.

**Waivers.** A county or large municipality may waive any portion of a volume cap allocation received for Recovery Zone Bonds. Upon such waiver, the State in which such county or large

municipality is located is authorized to reallocate the volume cap in any reasonable manner as it shall determine in good faith.

**Local Reallocations.** On February 12, 2009 the IRS published the volume cap allocations for each State and the suballocations for each county and large municipality within a State. This information is available at the following web address: [www.irs.gov/taxexemptbond/index.html](http://www.irs.gov/taxexemptbond/index.html) under the heading entitled "IRS Releases Guidance on ARRA Bond Provisions" by clicking on the subheading regarding the Recovery Zone Bond allocations.

**Michigan Local Reallocations.** As a result of Michigan's substantial employment loss in 2008, Michigan received the second largest Recovery Zone allocation nationally (California was first) with \$773 million Recovery Zone Economic Development Bond allocation and \$1.160 billion Recovery Zone Facility Bond allocation. The IRS has reallocated these amounts to all Michigan Counties and the Cities of Ann Arbor, Detroit, Flint, Grand Rapids, Lansing, Sterling Heights and Warren in accordance with the employment loss formula described above. Attached to this Client Alert is a copy of the local county and large municipality reallocations in Michigan published by the IRS. These allocations apply through December 31, 2010.

## Eligible Issuers of Recovery Zone Bonds

Eligible Issuers of Recovery Zone Bonds include any state or local unit of government or agency or authority authorized under state law to issue bonds. An Issuer may issue Recovery Zone Bonds based on a volume cap received by the Issuer (if the Issuer is a county or large municipality) or by a conduit borrower or other ultimate beneficiary of the issue of the bonds. For example in Michigan, Recovery Zone Facility Bonds may be issued by local Economic Development Corporations (EDC's) created by a county or large municipality or by the Michigan Strategic Fund (MSF), based on an allocation received from a county or large municipality for the project. EDC's and the MSF have the statutory authority to issue bonds and make loans to private companies for the purpose of financing economic development projects. There are also other issuers in Michigan with the statutory power to issue private activity bonds for certain types of projects. In all instances, the eligible costs for qualified economic development purposes or recovery zone property, as applicable, financed with the proceeds of an issue of Recovery Zone Bonds must relate to any such purpose or property that

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is located within, or attributable to, both the jurisdiction of the issuer of the bonds and the jurisdiction of the entity authorized to allocate volume cap to an issue of bonds for the financing of such purpose or property. This means that trading in volume cap among counties and large municipalities will not be permitted, but a pooling of allocation to finance a joint project among counties or large municipalities may qualify.

The IRS guidance indicates that counties and large municipalities may use volume cap themselves or allocate such volume cap to ultimate beneficiaries in any reasonable manner as they shall determine in good faith in their discretion for use for qualified economic development purposes or recovery zone property, as applicable. We believe the exercise of that discretion will need to be made by the county board of commissioners or city council of a large municipality, as the case may be, when deciding on the designation of Recovery Zones and the awarding of allocations.

## Conclusion

Recovery Zone Economic Development Bonds are a new economic development tool for state and local units of government to finance municipal projects at lower borrowing costs to promote job creation and economic recovery in areas particularly affected by employment declines. Recovery Zone Facility Bonds are a new economic development tool for counties and large municipalities looking to provide tax incentives to lower the financing costs of private economic development projects in designated recovery zones. These programs are subject to volume cap limitations and expire January 1, 2011. The demand for volume cap allocation may exceed supply and the line may begin to form quickly in many counties and large municipalities. Counties and large municipalities will have to consider how to distribute the allocation in a manner which best serves their economic development goals.

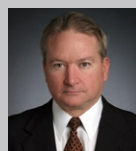
Dickinson Wright's public finance attorneys have extensive experience representing state and local units of government in connection with the issuance of tax exempt obligations and tax credit bonds for public facilities and economic development projects. Please contact a Dickinson Wright public finance attorney if you have any questions regarding the new Recovery Zone Bond program.

## For additional information, contact:



Craig W. Hammond  
Dickinson Wright PLLC  
38525 Woodward Avenue, Suite 2000  
Bloomfield Hills, MI 48304-2970  
Direct Dial: (248) 433-7256  
email: [chammond@dickinsonwright.com](mailto:chammond@dickinsonwright.com)

Craig Hammond is a member of Dickinson Wright PLLC, resident in the Bloomfield Hills, Michigan office. He joined the firm in 1988 and became a partner in 1996. Mr. Hammond specializes in public finance, banking and economic development law, with more than twenty years of experience representing issuers, lenders, underwriters and borrowers in connection with tax exempt private activity bond financings in the government and nonprofit corporation sectors. He has acted as bond counsel for numerous private activity bond financings issued by the Michigan Strategic Fund and economic development corporations throughout the State of Michigan. He received his J.D. (cum laude) from the University of Michigan Law School, 1988, and his B.A. (cum laude) from Williams College, 1985.



Paul M. Wyzgoski  
Dickinson Wright PLLC  
38525 Woodward Avenue, Suite 2000  
Bloomfield Hills, MI 48304-2970  
Direct Dial: (248) 433-7255  
email: [pwyzgoski@dickinsonwright.com](mailto:pwyzgoski@dickinsonwright.com)

Paul Wyzgoski is a public finance attorney with Dickinson Wright PLLC, which he joined in 1982. He became a partner with the firm in 1988. During almost all of his time with Dickinson Wright, Mr. Wyzgoski has served Michigan counties and their authorities as bond counsel. He has worked on a wide variety of financings on behalf of counties, including voted and non-voted general obligation bonds, revenue bonds, water and sewer contract bonds, tax increment bonds, property redevelopment bonds and notes, road improvement bonds and notes, tax anticipation notes, delinquent tax anticipation notes and installment purchase contracts. Mr. Wyzgoski is a frequent speaker to county associations on public finance topics. He graduated summa cum laude from Arizona State University with a bachelors degree in business administration, and earned his juris doctor from the University of Michigan Law School.

Area	Recovery Zone	
	Economic Development	Recovery Zone Facility
	Residual	Bond
Michigan		773,050,000
Ann Arbor city, MI		11,511,000
Detroit city, MI		49,690,000
Flint city, MI		11,052,000
Grand Rapids city, MI		16,725,000
Lansing city, MI		9,880,000
Sterling Heights city, MI		11,365,000
Warren city, MI		11,332,000
Alcona County, MI		285,000
Alger County, MI		596,000
Allegan County, MI		7,556,000
Alpena County, MI		1,205,000
Antrim County, MI		1,205,000
Arenac County, MI		1,449,000
Baraga County, MI		340,000
Barry County, MI		5,031,000
Bay County, MI		6,612,000
Benzie County, MI		985,000
Berrien County, MI		10,858,000
Branch County, MI		2,651,000
Calhoun County, MI		9,653,000
Cass County, MI		3,952,000
Charlevoix County, MI		2,185,000
Cheboygan County, MI		1,663,000
Chippewa County, MI		1,578,000
Clare County, MI		1,836,000
Clinton County, MI		5,802,000
Crawford County, MI		1,106,000
Delta County, MI		2,253,000
Dickinson County, MI		1,636,000
Eaton County, MI	Residual	8,656,000
Emmet County, MI		1,452,000
Genesee County, MI	Residual	35,570,000
Gladwin County, MI		1,106,000
Gogebic County, MI		807,000
Grand Traverse County, MI		5,456,000
Gratiot County, MI		2,756,000
Hillsdale County, MI		3,082,000
Houghton County, MI		2,259,000
Huron County, MI		2,893,000
Ingham County, MI	Residual	13,855,000
Ionia County, MI		4,935,000
Iosco County, MI		727,000
Iron County, MI		755,000
Isabella County, MI		3,274,000
Jackson County, MI		11,459,000
Kalamazoo County, MI		18,433,000
Kalkaska County, MI		952,000
Kent County, MI	Residual	36,571,000
Keweenaw County, MI		129,000



Area	Recovery Zone		
	Residual	Economic Development Bond	Recovery Zone Facility Bond
Lake County, MI		689,000	1,033,000
Lapeer County, MI		7,188,000	10,782,000
Leelanau County, MI		1,279,000	1,918,000
Lenawee County, MI		8,901,000	13,351,000
Livingston County, MI		15,844,000	23,767,000
Luce County, MI		274,000	412,000
Mackinac County, MI		1,018,000	1,527,000
Macomb County, MI	Residual	46,293,000	69,439,000
Manistee County, MI		1,504,000	2,256,000
Marquette County, MI		2,992,000	4,487,000
Mason County, MI		1,339,000	2,009,000
Mecosta County, MI		2,602,000	3,903,000
Menominee County, MI		1,191,000	1,787,000
Midland County, MI		3,307,000	4,961,000
Missaukee County, MI		1,024,000	1,536,000
Monroe County, MI		13,237,000	19,856,000
Montcalm County, MI		3,000,000	4,500,000
Montmorency County, MI		604,000	906,000
Muskegon County, MI		13,890,000	20,835,000
Newaygo County, MI		3,702,000	5,554,000
Oakland County, MI		103,887,000	155,831,000
Oceana County, MI		2,692,000	4,039,000
Ogemaw County, MI		1,005,000	1,507,000
Ontonagon County, MI		859,000	1,289,000
Osceola County, MI		1,383,000	2,075,000
Oscoda County, MI		1,087,000	1,630,000
Otsego County, MI		1,702,000	2,552,000
Ottawa County, MI		20,697,000	31,045,000
Presque Isle County, MI		832,000	1,247,000
Roscommon County, MI		1,449,000	2,174,000
Saginaw County, MI		16,950,000	25,426,000
St. Clair County, MI		13,520,000	20,280,000
St. Joseph County, MI		5,618,000	8,427,000
Sanilac County, MI		4,185,000	6,278,000
Schoolcraft County, MI		412,000	618,000
Shiawassee County, MI		6,263,000	9,395,000
Tuscola County, MI		5,519,000	8,279,000
Van Buren County, MI		5,404,000	8,106,000
Washtenaw County, MI	Residual	22,044,000	33,066,000
Wayne County, MI	Residual	78,259,000	117,388,000
Wexford County, MI		2,286,000	3,429,000

## GANTON REHABILITATION CENTER SUMMARY PROPOSAL FOR DDA FINANCING

The Downtown Development Authority (DDA) Act, 1975 PA 197, allows townships and other local units to establish DDAs to assist in the financing of local infrastructure, including sewer and water systems, roads, site improvements, and other local investments. The DDA financing mechanism allows for the capture of the incremental growth of local property taxes over a period of time to fund public infrastructure improvements. A DDA can capture property taxes that would have otherwise been paid to entities such as the township, library, community college, and county, and instead use them for public improvements in the targeted area. By borrowing against the future tax increments, the DDA is able to fund large-scale projects, which can foster new development opportunities within the DDA area.

Grass Lake Charter Township does not currently have a DDA, so it is eligible to establish one. The DDA area is proposed to encompass the entire Ganton and Moore properties, as well as additional contiguous properties. The DDA can borrow funds to make infrastructure improvements, and then use its captured revenues to repay its borrowings.

The Ganton Rehabilitation Center will be a 91-bed, state-licensed skilled nursing facility and rehabilitation facility that will employ 120 employees when it is placed in operation. The State of Michigan has already granted this facility a certificate of need, which is both a necessary state approval and a demonstration that this facility will fill an unmet need for these services within the community.

The owners of the Ganton Rehabilitation Center have committed \$3 million of their own equity to this project, and propose to borrow the remaining funds necessary to make this \$11 million project a reality. Private financing is an extreme challenge in the present marketplace, and DDA financing of the following infrastructure improvements will help to make this project more attractive to banks considering this financing:

Sewer and water extension along Michigan Avenue:	\$280,000
On-site sanitary sewer and water:	\$55,000
Storm sewer, detention, excavation and drainage:	\$87,000
On-site roads/sidewalks:	<u>\$87,000</u>
Total:	\$509,000

The above improvements are eligible for DDA financing and would support the efforts of the owners to procure the necessary private financing to allow the construction of the Ganton Rehabilitation Center. Grass Lake Charter Township has already indicated its willingness to commit to DDA financing of these improvements for the new facility. To make the DDA financing feasible, additional commitments are being sought from Jackson County, Jackson District Library and Jackson Community College.

**Resolution 08-09.21**  
**Granting Limited Waiver of Exemption of Property Taxes from Capture**  
**By Proposed Grass Lake Charter Township Downtown Development Authority**

**WHEREAS**, Grass Lake Charter Township desires to establish a Downtown Development Authority (DDA); and

**WHEREAS**, Jackson County previously adopted Resolution 06-09.12 on June 16, 2009, exempting its taxes from capture by the proposed DDA pursuant to MCL 125.1653(3); and

**WHEREAS**, Resolution 06-09.12 encouraged an inter-local agreement with Grass Lake Charter Township with respect to the proposed establishment of a DDA; and

**WHEREAS**, the proposed DDA is intended to fund improvements to property within a Downtown District of Grass Lake Charter Township, including improvements that will allow the construction of the Ganton Rehabilitation Center, an \$11 million rehabilitation center and skilled nursing facility that will be a major employer and taxpayer within Jackson County; and

**WHEREAS**, the improvements to be financed by the DDA would include a sewer and water extension along Michigan Avenue, on-site sanitary sewer and water lines, storm sewer, detention, excavation, drainage and on-site roads and sidewalks, estimated to cost \$509,000; and

**WHEREAS**, Jackson County and Grass Lake Charter Township have approved an inter-local agreement to grant a limited waiver of the exemption from capture of Jackson County's property taxes, effective only until the DDA repays the \$509,000 obligation for the above improvements.

**NOW, THEREFORE, BE IT RESOLVED** that Jackson County does hereby partially rescind Resolution 06-09.12, but only to the limited extent that the above-referenced inter-local agreement permits the capture of Jackson County's property taxes, and for no other purpose, and authorizes the Chairman to execute the inter-local agreement.

**BE IT FURTHER RESOLVED** that Jackson County will consider future waivers of its exemption from property tax capture on a case-by-case basis.

**BE IT FURTHER RESOLVED** that a copy of this Resolution shall be served upon the Clerk of Grass Lake Charter Township effective August 18, 2009.

Said Resolution was offered at a special meeting of the Jackson County Board of Commissioners held at the Jackson County Tower Building on the 18<sup>th</sup> day of August 2009.

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**James E. Shotwell, Jr., Chairman**  
**Jackson County Board of Commissioners**  
**August 18, 2009**

## **INTER-LOCAL AGREEMENT GRANTING LIMITED WAIVER OF EXEMPTION OF PROPERTY TAXES FROM CAPTURE BY PROPOSED GRASS LAKE CHARTER TOWNSHIP DOWNTOWN DEVELOPMENT AUTHORITY**

This Agreement is entered into by and between JACKSON COUNTY, whose address is 120 West Michigan, Jackson, Michigan 49201 (“COUNTY”) and GRASS LAKE CHARTER TOWNSHIP, whose address is 373 Lakeside Drive, Grass Lake, Michigan 49240 (“TOWNSHIP”). The COUNTY and TOWNSHIP are collectively referred to as the “PARTIES.”

### **BACKGROUND**

The TOWNSHIP wishes to establish a Downtown Development Authority (“DDA”) pursuant to Public Act 197 of 1975, as amended, (MCL 125.1651 *et seq.*) (the “Act”). The COUNTY previously adopted Resolution 06-09.12 on June 16, 2009, exempting its taxes from capture by the proposed DDA pursuant to Section 3(3) of the Act (MCL 125.1653(3)). Resolution 06-09.12 encouraged an inter-local agreement between the COUNTY and the TOWNSHIP with respect to the proposed establishment of a DDA. The proposed DDA is intended to fund improvements to property within a Downtown District of the TOWNSHIP, including improvements that will allow the construction of the Ganton Rehabilitation Center, an \$11 million rehabilitation center and skilled nursing facility that will be a major employer and taxpayer within the COUNTY. The improvements to be financed by the DDA would include a sewer and water extension along Michigan Avenue, on-site sanitary sewer and water lines, storm sewer, detention, excavation, drainage and on-site roads and sidewalks, estimated to cost \$509,000. The PARTIES wish to enter into this Agreement to grant a limited waiver of the exemption from capture of the COUNTY’S property taxes, effective only until the DDA repays the \$509,000 obligation for the above improvements

### **AGREEMENT**

1. Unless otherwise specifically indicated herein, the words and phrases used in this Agreement shall have the definitions attributed to them in Section 1 of the Act.
2. The PARTIES mutually determine that this Agreement shall control the terms and conditions relating to the capture of assessed value pursuant to the Development Plan and Tax Increment Financing Plan to be adopted by the proposed DDA, and contains express authority for the DDA to capture the COUNTY’S assessed value within the Downtown District of the TOWNSHIP only for the limited time and limited purposes specified by this Agreement.
3. The COUNTY agrees that the DDA shall be permitted to capture the COUNTY’S assessed value within the Downtown District only for the limited purpose of repaying the DDA’s obligation to fund the following improvements to serve the proposed Ganton Rehabilitation Center: sewer and water extension along Michigan Avenue, on-site sanitary sewer and water lines, storm sewer, detention, excavation, drainage and on-site roads and sidewalks, all estimated to cost \$509,000.

4. This Agreement shall expire after the fiscal year in which the DDA repays its obligation with respect to the above-described proposed improvements.
5. This Agreement shall take effect upon execution of this Agreement after approval by the PARTIES.
6. The COUNTY will consider future waivers of its exemption from property tax capture on a case-by-case basis.

The PARTIES hereby indicate their assent to this Agreement by the signatures of their authorized representatives.

JACKSON COUNTY

Dated: \_\_\_\_\_

\_\_\_\_\_  
By: James E. Shotwell, Jr., Chairman

GRASS LAKE CHARTER TOWNSHIP

Dated: \_\_\_\_\_

\_\_\_\_\_  
By: James Stormont, Supervisor

Dated: \_\_\_\_\_

\_\_\_\_\_  
By: Marge Clark, Clerk



**DEPARTMENT OF HUMAN SERVICES BOARD OF DIRECTORS  
RESOLUTION ADOPTING AN EARLY RETIREMENT OPTION FOR  
JACKSON COUNTY MEDICAL CARE FACILITY NON-UNION EMPLOYEES**


**WHEREAS**, the Jackson County Medical Care Facility adopt the following amendment regarding Section 8 – NORMAL RETIREMENT CONDITIONS of the Jackson County Employees' Retirement System Bylaws and;

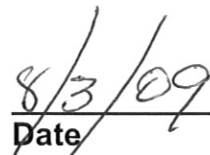
**WHEREAS**, In addition to the current retirement qualifications requiring a minimum of eight years of service and 60 years of age, Jackson County Medical Care Facility non-union employees may elect another option and apply for early retirement for those who attain a minimum of 90 points. Points are calculated in that a non-union employee must be at least 55 years of age with a minimum of 35 years of service. This early retirement option is subject to approval by the Jackson County Human Services Committee as well as the Jackson County Board of Commissioners. Once approved for either normal or early retirement, non-union employees who receive a pension pursuant to this Resolution shall also be eligible for retiree insurance benefits pursuant to the terms of the Employee Handbook.

Therefore be it **RESOLVED**, that the Department of Human Services Board of Directors adopts said early retirement qualifiers for its non-union employee participants at Jackson County Medical Care Facility and requests that the Jackson County Human Services Committee and the Jackson County Board of Commissioners approve such adoption and take action necessary to amend the bylaws and implement this Resolution.

Further let it be **RESOLVED**, that copies of this Resolution will be provided to all Jackson County Medical Care Facility non-union employees participating in the Jackson County Employees' Retirement System and to the Jackson County Employees' Retirement System.

I certify this is a copy of the Resolution supported and passed by the Department of Human Services Board of Directors at its regular meeting held on July 22, 2009.

  
\_\_\_\_\_  
**Ronald Markowski, Chairperson**  
**Chair, Department of Human Services Board of Directors**

  
\_\_\_\_\_  
**Date**

# JACKSON COUNTY DEPARTMENT AGING

1715 Lansing Avenue - Suite 672 • Jackson, MI 49202 • (517)788-4364 • Fax:(517)780-4739

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## MEMORANDUM

**TO:** Jim Videto, Chairman  
Personnel & Finance Committee

**DATE:** July 22, 2009

**FROM:** Kristy Smith - Director

**RE:** Position Replacement

Our Grade 10 *Activity Specialist* position was vacated on July 3, 2009. We would like to replace it with a Grade 9 *Enrichment Specialist* position. The reason for the downgrade is that the position would no longer supervise the congregate nutrition site leaders as it has in the past. Enrichment Specialist hire rate would be \$17.48 per hour versus the Activity Specialist \$18.79, or an annual department savings of \$2,725.

The State Office of Services to the Aging has become increasingly food-service regulation-oriented. The supervisor of the site leaders has to have completed an accredited food protection manager certification program, which Nutrition Services Manager Amy Hopping already has. She has assumed supervision of the site leaders.

We also need this position to become more focused on the delivery and coordination of educational programs to encourage congregate nutrition site participation in order to capture the available ARRA (federal stimulus) funds that have been earmarked for congregate nutrition programs. Our future focus will be more on education and special events than activities.

*Action Requested: Permission to eliminate a Grade 10 Activity Specialist position and replace it with a Grade 9 Enrichment Specialist position.*

June 22, 2009

To the Board of Commissioners of  
Jackson County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *Jackson County* (the "County") for the year ended December 31, 2008, and have issued our report thereon dated June 22, 2009. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133**

As stated in our engagement letter dated June 22, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.



### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters on April 13, 2009.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated June 22, 2009.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the Jackson County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

## **Jackson County**

### **Comments and Recommendations (Concluded)**

**For the Year Ended December 31, 2008**

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In planning and performing our audit of the financial statements of the Jackson County as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

#### **Other Matters**

#### **Journal Entries (Follow-up on prior year comment)**

Management is responsible for establishing effective internal controls to safeguard the County's assets, and to prevent or detect misstatements in the financial statements. Journal entries, while an essential part of any accounting system, represent an opportunity to enter information into the County's records in a way that that could potentially bypass normal internal controls. Accordingly, the County should have a system in place to ensure that all journal entries and similar adjustments made to the County's accounting records are reviewed and approved by an appropriate member of management independent of the preparer. Effective September 2008, the approval system for all journal entries prepared by individuals from the Finance Department was put into place.

## **Jackson County**

### **Comments and Recommendations (Concluded)**

**For the Year Ended December 31, 2008**

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#### **Management's Response**

This recommendation was implemented as a result of a 2007 audit finding. It was decided to postpone immediate implementation of this recommendation until the hiring of Deputy Administrator, at which time that person could commence becoming familiar with county operations. In the absence of Deputy Administrator, the approving process would default to County Administrator/Controller.

#### **Information Technology (Follow-up on prior year comment)**

As of June 2009, there is no formal process in place for adding, changing or deleting users. In order to provide adequate security to computer system operations and valuable assets such as system hardware, software, and data, procedures should be developed to address changes in employee security rights. Typical procedures include the following:

- A form be developed that details the rights a new user will need with a spot for appropriate management sign-off.
- A form be developed that details a needed change in user rights with a spot for appropriate management sign-off.
- A process that ensures at least a yearly review of the granted security rights of each user.

However, we understand that an Ad Hoc committee on Board policy has been formed and is working on implementing these procedures identified above, and encourage the County to continue its efforts in enhancing IT controls.

#### **Management's Response**

IT has developed an on-line form to meet the recommendations as set forth by the auditors for "new users" and "change" in user rights.

Although the process for yearly review of granted security rights of each user was not directed to a specific application, IT and Finance departments have taken the approach that "financial software" applications will initially be subject to at least an annual review of security rights. Going forward IT will evaluate other applications and make a determination as to the need to implement a security rights evaluation review.

**Jackson County**  
**Comments and Recommendations (Concluded)**  
**For the Year Ended December 31, 2008**

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**Payroll internal control**

The Human Resources Department has the ability to change pay rates and step grades for employees and there is presently no independent review of these changes after the changes are processed into the payroll system. We recommend that a payroll maintenance report be run on a regular basis showing the changes in employees' master salary and wage rates to be reviewed by a knowledgeable person independent of the Human Resources Department.

**Management's Response**

Most employees have grade and step levels attached to their pay strings. Typically their pay rates would only change on an annual basis for "cost of living" increase. These changes when done in mass would go thru a rigorous review process before being entered into payroll system. There are however, changes in pay rates due to anniversary and step increases that are implemented throughout the year. These changes are generated via a "change of status" form.

A prior year audit comment was suggested (and implemented) that a thorough review of selected pay periods be performed. Therefore, in light of the auditor's comment for 2008, it was decided that all "change of status" forms will be signed off by Administrator/Controller's designee for propriety, and these rate changes (in payroll system) will be test checked back to change of status forms when the periodic payroll reviews are conducted.

**Fund deficits**

At December 31, 2008, the Self-insured workers compensation fund had a net fund deficit of (\$287,916) after incurring expenditures in excess of revenues of \$289,496 in 2008. We recommend that the County address this deficit by increasing charges to the various funds in 2009.

Additionally, at December 31, 2008, the Fair Enterprise fund had a deficit in the unreserved portion of net assets in the amount of (\$179,572) after a loss in 2008 of approximately \$126,000. Working capital is in a negative position of the same amount of \$179,572. We recommend that the County in conjunction with the Fair Board address this situation in 2009.

**Management's Response**

- 1) Worker Compensation Fund- this deficit was addressed in March 2009. A budget adjustment was approved in conjunction with the changeover to Humana insurance for Medicare

**Jackson County**  
**Comments and Recommendations (Concluded)**  
**For the Year Ended December 31, 2008**

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eligible retirees.

- 2) Fair Fund- A “deficit elimination” plan has been created and will be submitted to Board of Commissioners in August 2009.

\* \* \* \* \*

# Memorandum

**To:** Randy Treacher

**From:** Steve Thelen

**Re:** Fair Fund deficit elimination plan

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Please consider this letter as the formal deficit elimination plan for the Jackson County Fair Fund. Attached are supporting schedules (Balance Sheet & Income Statement for years 2009 thru 2012) that support the following action plan. It is expected that the action plan as suggested will result in elimination of the deficit by 2012.

- A) Request postponing 2009 principle and interest loan payment to Delinquent Tax Fund. Will resume payment in 2010.
- B) Increase Non-fair revenue (rental of various Fair facilities). This can be accomplished because of elimination of contract restrictions as a result of a lawsuit settlement with Jackson Trotting Association. It is expected that an additional \$25,000 can be generated each year starting in 2010.
- C) Increase operating efficiencies of county fair should result in additional profit of \$25,000. This can be accomplished via a combination of revenue increases and cost cutting.
- D) Decrease 1 FTE (full time equivalent) as a result of retirement in 2010. It's expected that a contract arrangement can be consummated for grounds & building maintenance because of lack work during winter months. This will result in a net savings of \$19,150 in 2010 over 2009 operations and \$32,600 savings in 2011 and 2012 over 2009 operations.

Please let me know if you should have any questions.

**Date:** 8/1/2009



**JACKSON COUNTY  
FAIR FUND  
BALANCE SHEET PROJECTION  
YEARS 2009 thru 2012**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash	\$ 96,180	\$ 140,866	\$ 199,002	\$ 257,138
Cash and cash equivalents	1,024	1,024	1,024	1,024
Accounts receivable	-	-	-	-
	<u>97,204</u>	<u>141,890</u>	<u>200,026</u>	<u>258,162</u>
Capital assets, net	<u>963,173</u>	<u>862,673</u>	<u>762,173</u>	<u>661,673</u>
 <b>TOTAL ASSETS</b>	 <u>1,060,377</u>	 <u>1,004,563</u>	 <u>962,199</u>	 <u>919,835</u>
 <b>LIABILITIES</b>				
Accounts payable	7,674	7,674	7,674	7,674
Accrued payroll	4,254	4,254	4,254	4,254
Due to other funds	226,653	214,556	200,920	186,443
Unearned revenue	14,566	14,566	14,566	14,566
Compensated absences balances	<u>1,208</u>	<u>1,208</u>	<u>1,208</u>	<u>1,208</u>
 <b>Total liabilities (all current)</b>	 254,355	 242,258	 228,622	 214,145
 <b>Net Assets</b>				
Invested in capital assets	963,173	862,673	762,173	661,673
Unrestricted ( deficit)	(157,151)	(100,368)	(28,596)	44,017
 <b>Total net assets</b>	 <u>\$ 806,022</u>	 <u>\$ 762,305</u>	 <u>\$ 733,577</u>	 <u>\$ 705,690</u>

**ASSUMPTIONS:**

- 1) postpone loan principle & interest for 2009
- 2) assumed other liabilities remain constant for years 2010 thru 2012

**JACKSON COUNTY  
FAIR FUND  
INCOME STATEMENT PROJECTION  
FOR YEARS 2009 thru 2012**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>REVENUE</b>				
Fair	\$ 848,159	\$ 873,159	\$ 873,159	\$ 873,159
Non-fair	125,990	130,990	130,990	130,990
	<u>974,149</u>	<u>1,004,149</u>	<u>1,004,149</u>	<u>1,004,149</u>
<b>EXPENSE</b>				
Personnel	318,151	279,851	252,951	252,951
Fair attractions	315,500	315,500	315,500	315,500
Other	319,595	319,595	319,595	319,595
Contract maintenance	-	19,150	32,600	32,600
Interest	-	13,270	11,731	10,890
Depreciation	100,500	100,500	100,500	100,500
	<u>1,053,746</u>	<u>1,047,866</u>	<u>1,032,877</u>	<u>1,032,036</u>
<b>NET PROFIT</b>	(79,597)	(43,717)	(28,728)	(27,887)
<b>CASH BALANCE -beg of year</b>	75,277	96,180	140,866	199,002
<b>Add- depreciation</b>	100,500	100,500	100,500	100,500
<b>Less-loan payments</b>	-	12,097	13,636	14,477
<b>CASH BALANCE -end of year</b>	<u>\$ 96,180</u>	<u>\$ 140,866</u>	<u>\$ 199,002</u>	<u>\$ 257,138</u>

**ASSUMPTIONS:**

- 1) increase Fair revenue by \$25,000 for years 2010 thru 2012 over 2009
- 2) increase Non-fair revenue by \$25,000 for years 2010 thru 2012 over 2009
- 3) no raceway rental for years 2010 thru 2012
- 4) assumed a contract maintenance arrangement upon retirement of current maintenance staff

**COUNTY OF JACKSON  
FUND 561-BUDGET ADJUSTMENT  
EXPENSE  
2009**

LINE ITEM					CURRENT		AMENDED
FUND	DEPT.	ACCOUNT	ACCOUNT DESCRIPTION	BUDGET	INCREASE	DECREASE	BUDGET
							0
							0
							0
561	100	705	500 CASUAL LABOR	137,035		37,035	100,000
561	100	802	010 AUDIT SERVICE	800		800	0
561	100	861	100 PROFESSIONAL; DEVELOPMENT	10,000		3,000	7,000
561	100	958	010 SPECIAL ATTRACTIONS	35,500		10,000	25,500
561	100	958	020 GRANDSTAND ATTRACTIONS	313,000		38,000	275,000
561	100	995	000 INTEREST EXPENSE	13,973		13,973	0
561	100	965	0 TRANSFER TO FUND BALANCE	14,477	5,362		19,839
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
					5,362	102,808	(97,446)

[illegible]

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DATE \_\_\_\_\_

COMMITTEE \_\_\_\_\_ DATE \_\_\_\_\_

BUDGET DIR \_\_\_\_\_

DATE \_\_\_\_\_

ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_

**COUNTY OF JACKSON**  
**FUND 561-BUDGET ADJUSTMENT**  
**REVENUE**  
**2009**

[illegible][illegible]

DEPT HEAD \_\_\_\_\_

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DATE \_\_\_\_\_

ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_

# JACKSON COUNTY 2009 FLOAT CALCULATION

## 2009 Budget adjustment re: Float policy #1040

dept	acct	budget amt	less 2.5%	adjusted amt
101131	704000	1,037,907	25,948	1,011,959
	715000	112,506	2,813	109,693
	718000	102,185	2,555	99,630
		1,252,598	31,315	1,221,283
		-	-	-
101136	704000	1,958,229	48,956	1,909,273
	715000	172,439	4,311	168,128
	718000	191,740	4,794	186,946
		2,322,408	58,060	2,264,348
		-	-	-
101229	704000	1,091,888	27,297	1,064,591
	715000	95,841	2,396	93,445
	718000	99,741	2,494	97,247
		1,287,470	32,187	1,255,283
		-	-	-
101301	704000	2,463,101	61,578	2,401,523
	715000	213,649	5,341	208,308
	718000	238,197	5,955	232,242
		2,914,947	72,874	2,842,073
		-	-	-
101345	704000	769,318	19,233	750,085
	715000	64,063	1,602	62,461
	718000	71,464	1,787	69,677
		904,845	22,621	882,224
		-	-	-
101351	704000	2,655,891	66,397	2,589,494
	715000	218,927	5,473	213,454
	718000	260,157	6,504	253,653
		3,134,975	78,374	3,056,601
		-	-	-
101890	989697		295,431	

**From:** Charles Adkins  
**To:** Cyrocki, Gerard  
**Date:** 6/25/2009 11:09 AM  
**Subject:** Fwd: High fields  
**Attachments:** Doc 6 17a.doc; 2009 Final Prop's Invoice Letter.pdf

**CC:** Brown, Adam; Bunch, Theresa; Stone, Marion  
Hello Gerard,

I have prepared a requested invoice from ISD on what will be the annual final payment for the Props program. (See Attached) Since they are canceling the annual contract before Sept. 30th, we are required to adjust the original contracted amount of \$130,000 by \$13,000 which is 1/10th or equal to 1 month's worth of service under the contract. The invoiced amount will then be \$117,000. I know that this will require a budget adjustment that would need to go thru committee. Please let me know if you have any questions. I plan to send the invoice out this afternoon.

Thank you....Charles

>>> Gerard Cyrocki 06/17/2009 3:25 PM >>>  
Theresa

see attached, does not appear this money has been received yet.

**JACKSON COUNTY CIRCUIT-FAMILY-PROBATE COURTS  
OFFICE OF COURT ADMINISTRATOR**

312 SOUTH JACKSON STREET  
JACKSON, MICHIGAN 49201  
(517) 768-8565 FAX:(517) 788-4623  
Charles M. Adkins, Court Administrator

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**MEMORANDUM**

**TO:** Mr. John Graves, ISD Superintendent  
Mr. Kevin Oxley, ISD Asst. Superintendent

**FROM:** Charles M. Adkins

**DATE:** June 25, 2009

**RE:** Props Annual Payment Invoice

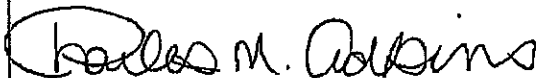
Dear Mr. Graves and Mr. Oxley,

I have received your letter notifying us of your decision to terminate the present Props contract. Since the termination is effective before the effective end date of September 30, 2009, I have modified the amount of the required payment by one month, which is equal to 1/10<sup>th</sup> of the original contract amount of \$130,000. This is reflected in the net amount owed in the chart below.

ISD Props Payment Invoice for 2009	
Description	Amount
Original Contract Amount	\$130,000.00
Termination Adjustment for September 2009	(\$13,000.00)
Net Amount Owed	\$117,000.00

If you have any questions please let me know.

Sincerely,



Charles M. Adkins

**COUNTY OF JACKSON**  
**FUNDS 101/292-BUDGET ADJUSTMENT**  
**EXPENSE**  
**2009**

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DEPT HEAD \_\_\_\_\_

DATE \_\_\_\_\_

COMMITTEE \_\_\_\_\_ DATE \_\_\_\_\_

BUDGET DIR \_\_\_\_\_

DATE \_\_\_\_\_

ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_



**COUNTY OF JACKSON  
FUNDS 101/292-BUDGET ADJUSTMENT  
REVENUE  
2009**

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DEPT HEAD \_\_\_\_\_

DATE \_\_\_\_\_

COMMITTEE \_\_\_\_\_ DATE \_\_\_\_\_

BUDGET DIR

DATE \_\_\_\_\_

ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_

EXPENSE ACCOUNTS						
<b>Category: TAXES</b>						
CURRENT PROPERTY TX-SUMMER	403000	21,567,000.00	2,001,620.67	0.00	19,565,379.33	9.28%
COUNTY SUMMER TAX PENALTY	403050	125,000.00	102,399.23	0.00	22,600.77	81.91%
PA 105 INTEREST	403075	5,000.00	2,877.04	0.00	2,122.96	57.54%
CURRENT TAXES-DNR	403600	30,000.00	22,943.69	0.00	7,056.31	76.47%
I F T /MISC. TAXES	404000	194,500.00	861.95	0.00	193,638.05	0.44%
LDR/MISC ABATEMENTS	405000	150,000.00	156,825.00	0.00	-6,825.00	104.53%
PERSONAL PROPERTY TAX	417000	70,000.00	19,910.91	0.00	50,089.09	28.44%
STATE-IN LIEU OF TAX	424000	60,000.00	1,576.11	0.00	58,423.89	2.62%
TRAILER TAX	425000	23,000.00	11,076.00	0.00	11,924.00	48.15%
Sub Total:		22,224,500.00	2,320,090.60	0.00	19,904,409.40	10.43%
<b>Category: LICENSES &amp; PERMITS</b>						
DOG LICENSES	477000	60,000.00	38,776.00	0.00	21,224.00	64.62%
Sub Total:		60,000.00	38,776.00	0.00	21,224.00	64.62%
<b>Category: INTERGOVERNMENTAL</b>						
STATE COURT FUNDING	574000	1,100,000.00	483,142.00	0.00	616,858.00	43.92%
STATE REVENUE LIQUOR CONTROL	576000	9,000.00	577.50	0.00	8,422.50	6.41%
STATE REVENUE LIQUOR TAX	578000	720,325.00	233,777.00	0.00	486,548.00	32.45%
ST REVENUE CIGARETTE TAX 5/17	579001	15,000.00	0.00	0.00	15,000.00	0.00%
Sub Total:		1,844,325.00	717,496.50	0.00	1,126,828.50	38.90%
<b>Category: CHARGES FOR SERVICES</b>						
DEED CERTIFICATIONS	608000	3,500.00	1,482.00	0.00	2,018.00	42.34%
SEARCHES	609000	6,500.00	3,026.00	0.00	3,474.00	46.55%
Sub Total:		10,000.00	4,508.00	0.00	5,492.00	45.08%
<b>Category: INTEREST &amp; RENTALS</b>						
INTEREST	664000	1,000,000.00	141,754.77	0.00	858,245.23	14.17%
Sub Total:		1,000,000.00	141,754.77	0.00	858,245.23	14.17%
<b>Category: OTHER REVENUE</b>						
SALE OF USED/SCRAP EQUIPMENT	644000	10,000.00	690.70	0.00	9,309.30	6.90%
CONTRIBUTIONS-HIGHLANDS	674900	130,000.00	0.00	0.00	130,000.00	0.00%
ADMIN REIMBURSEMENT	685010	619,895.00	499,406.00	0.00	120,489.00	80.56%
MISCELLANEOUS	695000	20,000.00	14,241.26	0.00	5,758.74	71.20%
Sub Total:		779,895.00	514,337.96	0.00	265,557.04	63.94%



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF STATE POLICE  
LANSING



COL. PETER C. MUNOZ  
DIRECTOR

April 14, 2009

Sheriff Daniel H. Heyns  
Jackson County Sheriff's Office  
212 West Wesley Street  
Jackson, Michigan 49201

Dear Sheriff Heyns:

This is to inform you that due to a shortfall in revenue for the Secondary Road Patrol and Accident Prevention Program (SRP) fund, the Office of Highway Safety Planning (OHSP) must decrease the amount of funds allocated to the participating counties for the current fiscal year, ending September 30, 2009.

The SRP Program is funded from a \$10 surcharge on all moving violations in Michigan. Each year OHSP allocates funding levels to each county based on fund revenue and the expected carry forward. Unfortunately, SRP fund revenues are currently falling short of projections for fiscal year 2009. This decrease has impacted all programs funded through surcharge revenue. OHSP can not reimburse more to the counties than the fund collects in revenue, therefore, a decrease in the amount of funds allocated to the counties for the current fiscal year is necessary.

**OHSP is withholding 12 percent of each county's SRP allocation until year-end.** Your county's new allocation for FY 2009 is **\$206,775**. If it is determined at year-end that the revenue has increased, funds will be released according to the program formula.

It will not be necessary to complete a new SRP contract for this revision. You may either continue to spend your current budgeted amount with your county providing a larger county supplement, or you may decrease expenditures for the remainder of the year in whichever budget categories you prefer. All previous contract conditions and reporting requirements included in the original 2009 contract remain in effect.

If you have any questions, please contact Julie Roth at (517) 333-5333.

Sincerely,

MICHAEL L. PRINCE, DIRECTOR  
Office of Highway Safety Planning

MLP:KWK:ske

**From:** Tom Finco  
**To:** Gerard Cyrocki  
**Date:** 7/27/2009 2:49 PM  
**Subject:** Re: ROAD PATROL BUDGET ADJUSTMENT

**CC:** Kevin Stellingworth

Gerard

Pleased make the following adjustments

wages \$15,239	net 15,239
printing 730000 from \$2500 to 0	net 2500
photo 743000 from 500 to 0	net 500
uniforms 745000 from 2500 to 1000	net 1500
capital outlay 978000 from 25,000 to 20,678	net 4,322
gasoline 864000 from 10,000 to 9011	net 989
insurance 912000 to 3,500 to 0	net 3500
maint of equip 932000 from 1,000 to 0	net 1000
indirect costs 959001 from 573 to 0	net 573
total \$30,123	

please call if you have any questions

thanks tom

I was given the attached to do a budget adjustment, I need an offset, should I use wages? Do you have a preferred account?

**COUNTY OF JACKSON**  
**101303-BUDGET ADJUSTMENT**  
**REVENUE**  
**2009**

[illegible][illegible]

DEPT HEAD

DATE \_\_\_\_\_

COMMITTEE \_\_\_\_\_ DATE \_\_\_\_\_

BUDGET DIR

DATE \_\_\_\_\_

ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_

**COUNTY OF JACKSON**  
**101303-BUDGET ADJUSTMENT**  
**EXPENSE**  
**2009**

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ADMIN	DATE
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BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_

**COUNTY OF JACKSON  
BUDGET ADJUSTMENT  
EXPENSES  
2009**

LINE ITEM								
FUND	DEPT.	ACCOUNT		ACCOUNT DESCRIPTION	CURRENT BUDGET	INCREASE	DECREASE	AMENDED BUDGET
245	265	931041		COURTHOUSE AIR CONDITIONING	20000		8382	11618
245	265	931005		COURTHOUSE TUCKPOINTING	40000		10000	30000
245	267	931005		NORTHLAWN TUCKPOINTING	35000		10000	25000
245	292	931906		CHILD CARE BLDG PARKING LOT	15000		11000	4000
245	268	931995		TOWER BLDG CHAMBER (2ND FLOOR)	0	39382		39382
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
						39382	39382	0

	REASONING:
To cover emergency repairs to plaster ceiling	

BOARD OF COMM DATE

DATE \_\_\_\_\_

DATE \_\_\_\_\_

DATE \_\_\_\_\_

**COUNTY OF JACKSON  
FUNDS 101/292-BUDGET ADJUSTMENT  
REVENUE  
2009**

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DEPT HEAD \_\_\_\_\_

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COMMITTEE \_\_\_\_\_ DATE \_\_\_\_\_

BUDGET DIR \_\_\_\_\_

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ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_



**COUNTY OF JACKSON**  
**FUNDS 101/292-BUDGET ADJUSTMENT**  
**EXPENSE**  
**2009**

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ADMIN \_\_\_\_\_ DATE \_\_\_\_\_

BOARD OF COMM \_\_\_\_\_ DATE \_\_\_\_\_

Ledger: GL

Budget Level: OB

Percent

<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Balance</u>	<u>Used</u>
---------------	---------------	--------------------	----------------	-------------

518,394.00	499,406.00	0.00	18,988.00	96.33%
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518,394.00	499,406.00	0.00	18,988.00	96.33%
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→

0.00	0.00	0.00	0.00	0.00 %
510,000.00	100,000.00	0.00	10,000.00	21.50 %

518,394.00	499,406.00	<del>0.00</del>	18,988.00	96.33 %
518,394.00	499,406.00	0.00	18,988.00	

-318,394.00	-499,406.00	0.00	-18,988.00
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**Jackson County, Michigan**  
**Cost Allocation Plan**  
**Based On The Year Ended December 31, 2007**  
**Allocated Costs By Department**

Detail

Central Service Departments	Child Care Fund	CCF Bldg Depr	Veteran's Trust	Airport	Bond Debt Refire	Bldg Auth Debt	Equipment Fund
Building Use Charge	0	26,392	840	0	0	0	0
Equipment Use Charge	4,382	0	0	592	0	0	0
County Administrator	14,563	0	0	1,597	0	0	0
Information Technology	14,055	0	0	9,215	0	0	0
I.T. Telephone Support	3,740	0	0	505	0	0	0
Administrative Services	31,892	0	957	8,284	419	170	975
Printing	526	0	0	111	0	0	0
Human Resources	16,875	0	0	1,851	0	0	0
Facilities Maintenance	95,460	0	5,257	57,069	0	0	0
Treasurer	5,713	0	471	4,861	322	51	519
Fleet Maintenance	13,546	0	0	2,858	0	0	0
Retiree Health/Life/Waiver	243,768	0	0	26,240	0	0	0
Miscellaneous Expenses	54,866	0	480	52,280	75	25	105
Parks Administration	0	0	0	0	0	0	0
Total Allocated	499,406	26,392	8,005	165,463	816	246	1,599
Roll Forward	0	0	0	0	0	0	0
Cost With Roll Forward	499,406	26,392	8,005	165,463	816	246	1,599
Adjustments	0	0	0	0	0	0	0
Proposed Costs	499,406	26,392	8,005	165,463	816	246	1,599

7/31/09

To: Ted Westmeier  
Health Officer, JCHD

Budget Adjustment Request (AUGUST, 2009)

It is my recommendation that the Health Department request a budget adjustment of \$16,862 in August, 2009 in order to reflect changes in revenues and expenses with a state grant funded program. No additional county allocation funding is being requested.

ADDITIONAL STATE GRANT FUNDS:

For Orgkey 221175, JCHD has received notice of additional funding of our Emergency Preparedness Program from the Michigan Department of Community Health (Swine Flu planning program). Swine Flu funding of \$16,862 has been allocated by MDCH to cover planning expenses for the 2 months of August & September, 2009 and an additional amount of \$84,310 will cover the first 10 months of FYE 9/30/2010.

ADDITIONAL EXPENSE APPROVALS REQUEST:

Additional expenses will be incurred in Orgkey 221175, offsetting the additional grant funds cited above. For this 2 month period, we are planning to spend \$10,862 in personnel costs and about \$6,000 for additional refrigeration & freezer capacity for preparation to administer swine flu vaccines this fall.

JCHD is planning to utilize existing employees currently assigned to other orgkeys so that no additional FTE's are required and no additional legacy costs are incurred. When we propose our final budget adjustments for September, 2009, we will reflect reduced costs in other orgkeys.

By separate e-mail attachment, I will send an Excel file with a summary of the proposed adjustments to revenues & expenditures. Upon your approval, I will also forward to Gerard the paper copies of complete detail schedules for all of the requested changes in the above orgkey & object codes of the affected revenues & expenses.

Please let me know if you would like any further information to submit to the Personnel & Finance Committee or to the Administrator's Office.

Rex R. Pierce  
JCHD Financial Services Manager

Prepared 7/31/09- RRP

## SUMMARY OF BUDGET ADJUSTMENTS (YE 9/30/09)

## Health Department

Expenditure Accounts	Current Budget	Increases	Decreases	Amended Budget
221100 - ADMINISTRATION	\$495,803	\$0	\$0	\$495,803
221160 - HEALTH EDUCATION	\$208,471	\$0	\$0	\$208,471
221175 - EMERGENCY PREPAREDNESS	\$147,986	\$16,862	\$0	\$164,848
221200 - ENVIRONMENTAL HEALTH	\$642,736	\$0	\$0	\$642,736
221300 - GENERAL NURSING	\$180,732	\$0	\$0	\$180,732
221301 - MSS/ISS (MIHP)	\$384,388	\$0	\$0	\$384,388
221310 - IMMUNIZATIONS	\$303,804	\$0	\$0	\$303,804
221312 - EARLY ON	\$147,388	\$0	\$0	\$147,388
221313 - SEXUALLY TRANSMITTED DISEASES (STD)	\$128,785	\$0	\$0	\$128,785
221320 - INFANT MORTALITY & PREVENTION	\$82,216	\$0	\$0	\$82,216
221341 - CHILDRENS SPECIAL HEALTH CARE SERVICES	\$101,975	\$0	\$0	\$101,975
221417 - HEARING & VISION	\$97,890	\$0	\$0	\$97,890
221451 - MEDICAID OUTREACH & ADVOCACY	\$182,107	\$0	\$0	\$182,107
221460 - WOMEN, INFANTS, CHILDREN (WIC)	\$517,362	\$0	\$0	\$517,362
221575 - SOIL EROSION (Transfer from Orgkey 575100)	No Entry Yet	\$0	\$0	\$0
221611 - TEEN PARENT PROGRAM	\$121,818	\$0	\$0	\$121,818
221612 - EARLY ON STIMULUS	\$30,000	\$0	\$0	\$30,000
221616 - AIDS COUNSELING & TESTING	\$19,298	\$0	\$0	\$19,298
221630 - TOBACCO REDUCTION COALITION	\$18,772	\$0	\$0	\$18,772
221634 - IMMUNIZATION ACTION PLAN	\$84,897	\$0	\$0	\$84,897
221635 - CAR SEAT PROGRAM	\$67,324	\$0	\$0	\$67,324
221638 - JACKSON ABSTINENCE PROGRAM	\$50,000	\$0	\$0	\$50,000
221655 - TEEN PREGNANCY PREVENTION	\$55,374	\$0	\$0	\$55,374
<b>Total</b>	<b>\$4,069,126</b>	<b>\$16,862</b>	<b>\$0</b>	<b>\$4,085,988</b>

Increase in Expenditures by

\$16,862

Prepared 7/31/09- RRP		SUMMARY OF BUDGET ADJUSTMENTS (YE 9/30/09)		
		Health Department		
Revenue Accounts	Current Budget	Increases	Decreases	Amended Budget
221100 - ADMINISTRATION	\$715,362	\$0	\$0	\$715,362
221160 - HEALTH EDUCATION	\$118,541	\$0	\$0	\$118,541
221175 - EMERGENCY PREPAREDNESS	\$158,441	\$16,862	\$0	\$175,303
221200 - ENVIRONMENTAL HEALTH	\$754,625	\$0	\$0	\$754,625
221300 - GENERAL NURSING	\$54,958	\$0	\$0	\$54,958
221301 - MSS/ISS (MIHP)	\$335,531	\$0	\$0	\$335,531
221310 - IMMUNIZATIONS	\$334,716	\$0	\$0	\$334,716
221312 - EARLY ON	\$143,263	\$0	\$0	\$143,263
221313 - SEXUALLY TRANSMITTED DISEASES (STD)	\$83,228	\$0	\$0	\$83,228
221320 - INFANT MORTALITY & PREVENTION	\$61,675	\$0	\$0	\$61,675
221341 - CHILDRENS SPECIAL HEALTH CARE SERVICES	\$119,207	\$0	\$0	\$119,207
221417 - HEARING & VISION	\$54,735	\$0	\$0	\$54,735
221451 - MEDICAID OUTREACH & ADVOCACY	\$133,012	\$0	\$0	\$133,012
221460 - WOMEN, INFANTS, CHILDREN (WIC)	\$602,099	\$0	\$0	\$602,099
221575 - SOIL EROSION (transfer from Orgkey 575100)	No Entry Yet	\$0	\$0	\$0
221611 - TEEN PARENT PROGRAM	\$97,095	\$0	\$0	\$97,095
221612 - EARLY ON STIMULUS	\$30,000	\$0	\$0	\$30,000
221616 - AIDS COUNSELING & TESTING	\$18,518	\$0	\$0	\$18,518
221630 - TOBACCO REDUCTION COALITION	\$20,000	\$0	\$0	\$20,000
221634 - IMMUNIZATION ACTION PLAN	\$67,380	\$0	\$0	\$67,380
221635 - CAR SEAT PROGRAM	\$61,366	\$0	\$0	\$61,366
221638 - JACKSON ABSTINENCE PROGRAM	\$50,000	\$0	\$0	\$50,000
221655 - TEEN PREGNANCY PREVENTION	\$55,374	\$0	\$0	\$55,374
<b>Total</b>	<b>\$4,069,126</b>	<b>\$16,862</b>	<b>\$0</b>	<b>\$4,085,988</b>

**Increase in Revenues by** **\$16,862**