Curtice & Branches Intercounty Drain

Intercounty Drain Drainage Board Meeting Minutes
Friday, August 25, 2023

The Drainage Board for the Curtice & Branches Intercounty Drain met at the office of the Midland County Drain Commissioner, 220 W. Ellsworth St., Midland, Michigan at 10:00 a.m. on Friday, August 25, 2023.

Present: Mike Gregg, MDARD, Chairman
Joe Sova, Midland County Drain Commissioner
Terry Walters, Gladwin County Drain Commissioner

Also Present: Lucy Zeestraten, Gladwin County Deputy Drain Commissioner
Norma Stuart, Midland County Deputy Drain Commissioner
Christian Valesano – Spicer Group
Joe Brezvai – MDARD
Nick Czerwinski – Spicer Group
Robert Bendzinski – Bendzinski & Co.
Roger Swets – Dickenson Wright (via Teams)
Tonya Lewandowski – ECT (via Teams)
Stacy Hissong – FSBR (via Teams)
Charles Humphriss – ECT (via Teams)
Brittany Nichol – FSBR (via Teams)

Chairman Gregg called the meeting to order at 10:32 a.m.

Joe Sova made a motion to elect Midland County to serve as secretary, seconded by Terry Walters. Motion carried.

Sova moved to approve the agenda. Walters seconded the motion.
Motion carried.

Walters made a motion to accept and file the minutes from June 29, 2023. Sova seconded the motion. Motion carried.

Chairman Gregg then turned the meeting over to Nick Czerwinski regarding an analysis of the costs of the project with or without the grant. Czerwinski thanked Joe Brezvai for all his work on the analysis. Czerwinski went through all the different issues with using the grant and the restrictions that is put on the project. The tree clearing is an issue because there is no work around because of the bats. There are also issues with culvert installations and asphalt. He added a buffer amount to his calculation because of all the issues that the contractors will face. Czerwinski thinks that we should ask for 2 bids from the contractors; one bid using the grant, and one bid without using the grant. Czerwinski asked Tonya Lewandowski about the ECT costs. Lewandowski stated that they have not come to a final number yet, the BMPs have not been computed as of yet. Joe Brezvai stated that the numbers at this time show the breakeven point with the grant, the project is looking to be approximately $5.5 million using the grant, and $4 million without the grant. The BMPs that the NRCS put in place is causing issues with not being able to get a lot of work during the construction season and other requirements will add

cost to the project, thus getting the project done in a timely matter and getting a good bid is going to be an issue.

Chairman Gregg called on Lewandowski to ask about the bidding issue, she agrees this could be an issue with bidding with or without using the grant. She stated that the trees are a big issue and there is no work around. However, she thinks that other issues might be able to be worked around.

Czerwinski stated that they had a meeting with the NRCS on Monday and was able to get some feedback on the plans. He asked for a written statement of all the issues that were verbally spoken about so that they can make sure everything is addressed in the first pass. He has not received it from NRSC as of yet.

Chairman Gregg asked Czerwinski to explain the reimbursement process for the grant. Czerwinski stated that NRCS does not pay the reimbursement (50% grant) until construction is completed. He spoke with Lewandowski about closing out parts of the project(the Branches) so that reimbursement can be submitted. Spicer would have to prepare a very detailed as built set of plans for every branch completed and then NRCS would have to inspect and approve before reimbursement would be submitted. Lewandowski stated Tim & his team understand the urgency, but there are still steps that will have to taken before the reimbursement. Lewandowski stated 30-60 days for reimbursement. Czerwinski stated that with the issue of reimbursement not happening in a timely manner, he suggested that the full cost of the project be borrowed.

Chairman Gregg called on Roger Swets to explain the cash flow issues. He suggested that we borrow the net amount (cost of project minus the anticipated grant reimbursement). Lewandowski said NRCS has to approve the plans, and as long the project is built to those approved plans she does not see a problem with the reimbursements. Swets stated that if we were worried about the reimbursement, then we could approve assessments for the full cost of the project, and have a mechanism built in that we can prepayment to pay down the bonds early. It could be expensive going that route because the interest rate can be a full percentage above the normal rate if we have a prepayment mechanism built in. The other route would be to estimate the amount of reimbursement and to reduce the computation of costs for borrowing by that amount. Another route would be to do a 3-year borrowing to pay the contractors and then to pay the loan when the reimbursement comes in, this could cost $75,000.00 a year in interest or more.

Robert Bendzinski does not have a problem with the scenarios Swet went over, but did say that many of banks are not doing drain notes any longer. Another issue that that we are at an inverted yield curve. We can do a long term financing at 20 years at 4% at this time. Interest will be higher in the short term vs. a long-term borrowing. Full faith and credit will be needed from both Counties.

Czerwinski said that plans will be sent to EGLE next week to get approval. The plans were submitted to NRCS in April, then had a phone call in May with NRCS and then in July the reworked plans were sent in. We are still waiting for written approval. Lewandowski said Tim has written a report but hasn't sent it in yet.

Walters made a motion to allow the Chairman to set the bid schedule after Spicer receives the written report and approval from NRCS. Sova seconded the motion.
Motion carried.

Lucy Zeestraten said the ROW was sent to the landowner(Mr. Wagner). Mr. Wagner contacted FSBR in regards to what all the ROW entails and what work would be done on his property. Christian Valesano called Mr. Wagner about 2 weeks ago and left a message. The owner has not returned his call. Valesano will follow up with Mr. Wagner.

Chairman Gregg presented the financial report. Current balance is ($365,305.18). Sova made a motion to accept and file the Treasurers report, seconded by Walters.
Motion carried.

Chairman Gregg presented the following invoices for approval and payment.

Record & Clarion	#4026	$ 29.42
ECT	#233452	$ 760.00
ECT	#233453	$ 11,342.50
ECT	#234031	$ 995.00
FSBR	#12583	$ 143.00
FSBR	#13282	$ 108.00
Spicer	#223291	$ 4,490.00
Spicer	#223010	$ 4,537.75

Walters made a motion to pay the invoices, seconded by Sova.
Motion carried.
Drain Orders were circulated for signatures.

There was no public comment

It was decided that the next meeting would be at the call of the Chairman.

Walters made a motion to adjourn, seconded by Sova. Meeting adjourned at 12:09 pm

Respectfully submitted,

Joseph J. Sova
Midland County Drain Commissioner