

JUNE 15, 2005

The Board of County Road Commissioners for Montcalm County held a meeting at its office located in Stanton, Michigan at 3:00 p.m. on June 15, 2005.

Present: Commissioners Dale Linton, Robert Brundage and Donald McCracken; Jack Johnson, Superintendent; Bob Buckowing, County Highway Engineer; and Karen Swan, Finance Director-Clerk.
Absent: Randy Stearns, Managing Director.

Moved by McCracken, seconded by Brundage, to approve the minutes of June 1, 2005 as presented. Motion carried.

Moved by Brundage, seconded by McCracken, to approve the agenda as presented. Motion carried.

Steve Pritchard of the Indian Lakes Association came before the Board to ask that a gravel approach be built in the road right-of-way on Indian Shores Drive where the association has two large signboards. One board has a map of the Indian Lakes area, and the other is used for posting notices by residents and the association. Currently there is no area for a vehicle to pull off onto in order for residents to hang postings, etc. Vehicles now stop partially on the shoulder and partially in the driving lane, which is creating a hazard. The Board advised Mr. Pritchard that the Road Commission would not construct the approach; however, a permit could be issued to the association allowing the association to have a contractor construct an approach.

Moved by McCracken, seconded by Brundage, to adopt the following policy, No. 2005-03, Ethical Standards and Standards of Conduct. Motion carried. Roll call: Yes – McCracken, Brundage, Linton.

It is the policy of the Road Commission for Montcalm County to follow the highest business ethics and standards of conduct. The following commitments serve as broad ideals to shape our conduct:

1. All relationships are to be truthful, trustworthy and honest.
2. In all activities for the road commission, employees are to abide by all laws and regulations and adhere to road commission policies and procedures.
3. Assignments, duties and responsibilities are to be carried out in a reliable and exemplary manner.
4. Road Commission resources are to be utilized economically and efficiently.
5. Verbal communications and written statements are to be truthful and accurate.
6. Fellow employees must receive fair and considerate treatment, and they are not to be discriminated against because of race, color, religion, sex, age, national origin, marital status, height, weight, or qualifying physical disability.
7. Employees must be committed to customer satisfaction.
8. Employees are prohibited from having any type of relationship, association or contact with any customer or supplier which compromises, or appears to compromise, our standards of conduct and ethics.
9. Each employee must avoid any investment, arrangement or other association, whether his/her own or that of an immediate family or household member, which could give the appearance of, or actually interfere with, the independent exercise of sound business judgment in the best interests of the road commission, or otherwise represents a real or apparent conflict of interest between the interests of the employee and those of the road commission. For purposes of this policy, "immediate family" shall mean an employee's spouse, children, parents, or siblings, including any such step-relatives.
10. Employees shall familiarize themselves with the applicable laws and regulations referred to in the Code of Business Ethics and Standards of Conduct.

It is the obligation of every employee to be a responsible employee; that is, to be honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices.

CODE OF BUSINESS ETHICS

- Employees shall conduct their employment activities with the highest principles of honesty, integrity, truthfulness and honor. To this end, employees are to avoid not only impropriety, but also the appearance of impropriety.
- Employees have a legal, moral and ethical responsibility to report to the road commission known or suspected violations of law, regulations, or policy including the Standards of Conduct.
- Employees shall not make, recommend, or cause to be taken any action known or believed to be in violation of any law, regulation, or policy.
- Employees shall not make, recommend or cause to be made any expenditure of funds known or believed to be in violation of any law, regulation, or policy.
- Employees shall not use their position in employment to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favor, gift or benefit, whether financial or otherwise, to themselves or others.

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- In business dealings, employees shall not provide or offer to provide, any gratuity, favor or other benefit, or engage in any other activity which could improperly influence, or reasonably be interpreted as improperly influencing, their decisions or activities. All such activities shall be conducted strictly on an arm's length business basis.
- Employees representing the road commission to third parties shall not allow themselves to be placed in a position in which an actual or apparent conflict of interest exists. Such conflict of interest may arise, or appear to arise, by reason of the employees' acceptance of gratuities, favors, or other valuable benefits which could improperly influence or reasonably be interpreted as improperly influencing sound business decisions. All such activities shall be conducted strictly on an arm's length, business basis.
- Employees will exercise great care in situations in which a pre-existing personal relationship exists between an employee and an industry representative or official of an agency with whom the road commission has an existing or potential business relationship. In such a situation, the employee shall immediately report the relationship to their supervisor and, pending further direction by the managing director, the employee shall take no further action associated with the business in which the personal relationship exists. Where there is any doubt as to the propriety of the relationship, the employee shall discuss the relationship with their supervisor so as to avoid even the appearance of impropriety.
- Employees shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier, or agent of the road commission, or engage in business activities which are inconsistent with, or contrary to the business activities of the road commission
- Employees shall not use or disclose the road commission's confidential information, or any other confidential information gained in the performance of road commission duties as a means for making private profit, gain, or benefit.

STANDARDS OF CONDUCT

This policy establishes standards of conduct and behavior for all employees of the Road Commission for Montcalm County. Further, it provides guidance to employees in interpreting and complying with standards of conduct and related corporate policies.

GRATUITIES

The Road Commission for Montcalm County has adopted the following definition of a "gratuity."

Any gift, favor, entertainment, hospitality, transportation, loan, forbearance, any other tangible item, and any intangible benefits, including discounts, passes, and promotional vendor training, given or extended to or on behalf of a road commission employee, the employee's immediate family or a household member, for which market value is not paid by the recipient. It does not include such items as modest items of food and refreshments, such as soft drinks, coffee and donuts, offered other than as part of a meal; and items with little intrinsic value, such as plaques, certificates, and trophies, which are intended solely for presentation.

The road commission prohibits any employee from providing, or offering to provide, a gratuity of any value. In connection with this prohibition, the road commission will not reimburse an employee for any business expenses found to be a gratuity. It must be remembered that the Road Commission for Montcalm County employees are prohibited from providing such gratuities not only because it violates Act 51 uses for Transportation Funds but also because such gratuities give the appearance of impropriety or favoritism. Remember, no matter how innocent the gratuity may be, it immediately brings into question the integrity and business ethics of the employee and the road commission.

Road Commission employees, or members of their families, shall not solicit, accept, or agree to accept, any gratuity having a market value greater than \$20, lavish entertainment, or other valuable benefits for themselves, members of their families, or others, either directly or indirectly, from an interest outside the road commission that is engaged in or seeking business or financial relations with the road commission, or has business or financial interests which are affected by the performance or non-performance of the employees of the road commission.

No road commission employee shall accept any payments, fees, commissions or other form of remuneration from sub-contractors, vendors or other third parties because of transactions or business involving the road commission.

BRIBERY AND KICKBACKS

The Road Commission for Montcalm County prohibits any employee from participating in any bribery or kickback scheme, whether in the offering or receiving of payments for beneficial or favorable actions in any business matter.

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CONFLICT OF INTEREST

All road commission employees are in positions of trust. As such, employees are prohibited from taking official business actions on any matter in which they or their immediate families have a direct or indirect financial interest. Should such a situation arise, the employee shall immediately disclose in writing the connection or interest in the activity or transaction to the Managing Director who, in turn, will take appropriate action to eliminate the conflict of interest.

Employees should be alert to situations in which they suspect a possible conflict of interest. Questions regarding potential conflicts of interest should be directed to the Managing Director. The following are examples of conflicts of interest when a road commission employee engages in outside employment activities:

- Employment or activities which benefit, either directly or indirectly, from the road commission's activities.
- Employment or activities which so expend the time and effort of a road commission employee that it interferes with or otherwise diminishes the expected productivity or effort of the employee in carrying out the road commission's employment responsibilities.
- Employment, full, part-time, or temporary, in any organization which does business with the road commission.
- Employment that conflicts with the satisfactory or impartial performance of the road commission's employment duties.

The following outside employment activities are prohibited:

- Supplemental employment without the express written consent of the Managing Director.
- Supplemental employment during actual road commission duty time.
- Request for or use of sick leave to engage in supplemental employment.
- Use of any road commission funds, property, or equipment in or for the benefit of any supplemental employment.

DUTY TO REPORT VIOLATIONS

If an employee observes activities prohibited by this policy or if an employee is asked to engage in any activity which is prohibited by this policy, the employee must report it so that the road commission may investigate and resolve the matter. The report should be made to the Managing Director or the Finance Director. Violations of this policy will result in disciplinary action, up to and including discharge from employment.

Moved by McCracken, seconded by Brundage, to adopt the following policy, No. 2005-04, Fraud. Motion carried. Roll call: Yes – McCracken, Brundage, Linton.

The Road Commission for Montcalm County is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries, or its own employees, to gain, by deceit, financial or other benefits. This policy prohibits fraud or misuse of Road Commission for Montcalm County assets and sets forth specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

DEFINITIONS

As used in this policy, the terms listed below shall have the following definitions:

Embezzlement is to misappropriate property entrusted to one's care to one's own use.

Misappropriate means to wrongfully take or make use of an asset without authority or right.

Loss is defined as the Road Commission for Montcalm County losing possession or control of any type of asset through fraudulent activities.

Employee(s) refers to all Road Commission for Montcalm County employees, independent contractors, consultants, and temporary workers.

Assets refer to the entire property of the road commission and include but are not limited to, all road commission vehicles, equipment, and building property, computers and software, cash receivables, wages and benefits.

Equipment is defined as a capital asset that is not consumable or expandable; it is movable, even though sometimes attached to other objects or buildings; and its removal does not create a readily observable physical impairment or deterioration. Examples include, but are not limited to: office equipment including computers, desks, cabinets, printers and scanners, electronic data processing

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equipment, cameras and recording devices, construction and maintenance equipment, tools, and inventory items.

PROHIBITED ACTS

Fraud and misuse of Road Commission for Montcalm County assets are prohibited. Examples of fraud and misuse of road commission assets include but are not limited to:

1. Embezzlement.
2. Misappropriation, misapplication, destruction, removal, or concealment of Road Commission for Montcalm County property.
3. Alteration or falsification of documents.
4. Theft of any asset (money, tangible property, road materials, inventory, etc.)
5. Intentional circumvention of procedures.
6. Authorizing or receiving compensation for goods not received or services not performed.
7. Authorizing or receiving compensation for hours not worked.
8. Misrepresentation of fact.

The Road Commission for Montcalm County hereby adopts a zero tolerance policy regarding fraud and misuse of road commission assets. No employees of the road commission, contractor or sub-contractor working for the road commission or member of the public shall engage in fraud, embezzlement, misappropriation, theft or misuse of and road commission asset. An individual who violates this policy will be subject to any or all of the following: civil action, restitution, and/or criminal charges. In addition to the above-listed remedies, employees who violate this policy will be subject to disciplinary action, up to and including discharge.

COMPLAINT PROCEDURE

1. Employees of the Road Commission for Montcalm County shall read and understand this policy. Employees shall be expected to report any suspected or known fraudulent act to their supervisor or to the Department Head. If an employee has reason to believe that his/her supervisor may be involved in the suspected or known fraudulent act, the employee shall notify the Managing Director or Director of Finance.
2. Supervisors/Department Heads shall (a) communicate the provisions of this policy to all staff, (b) report all complaints of suspected or fraudulent activity to the Managing Director or Director of Finance, (c) take no action without consulting the Managing Director, and (d) recommend appropriate disciplinary action when there is evidence of wrong-doing.
3. When made aware of a suspected or known fraudulent act, the Managing Director or Director of Finance must initiate an internal investigation. The internal investigation may include, but is not limited to, review of cash journals, ledgers, and accounting records.
4. All participants in a fraud investigation shall keep the details and results of the investigation as confidential as is reasonable possible under the circumstances.
5. There shall be no retaliation against any employee because the employee has made a report of a suspected or known fraudulent act, testified, assisted, or participated in an investigation under this policy. Any such retaliation will result in disciplinary action, up to and including discharge from employment.

PREVENTION

Each department will maintain an internal control environment to protect the department and the Road Commission for Montcalm County from loss or other damages as a result of a fraudulent act.

FALSE ALLEGATIONS

False allegations of suspected fraud with the intent to disrupt or cause harm to another will be subject to disciplinary action up to and including termination of employment.

CORRECTIVE ACTIONS AND DISCIPLINE

Appropriate and timely action will be taken against anyone who has committed a violation of this Policy. These remedial actions may include, but are not limited to:

1. Disciplinary action (up to and including immediate termination of employment).
2. Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
3. Forwarding information to the appropriate authorities for criminal prosecution.
4. Institution of civil action to recover losses.
5. Where the Road Commission for Montcalm County elects to take corrective or disciplinary action, it will proceed under the procedures in place under policy or under any collective bargaining agreement for the respective employment classification.
6. The Road Commission for Montcalm County may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from the fraudulent conduct.

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CONFIDENTIALITY

All investigations will be conducted in confidence insofar as reasonably possible. The name or names of those communicating information about a fraudulent act and the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.

Moved by Brundage, seconded by McCracken, to request reimbursement in the amount of \$10,000 for payments made during the period of July 1, 2004 through June 30, 2005 to licensed professional engineers employed or retained by this Commission, in accordance with Section 12(2) of Act 51, as amended. Motion carried. Roll call: Yes- McCracken, Brundage, Linton.

Developer Chris Chase came before the Board to discuss the end of West Suwanee Drive at Indian Lakes and the current extension and turnaround that is outside of the plat and has been used by the Road Commission to turnaround for many years. Mr. Chase is considering developing the un-platted property and stated that he may be willing to provide some property at the end of West Suwanee and inside the plat for a turnaround or may move and rebuild the extension of the road and possibly make it public. Mr. Chase was advised that all public roads must be built to the Road Commission's Plat Standards and that in April 2005 the Board of County Commissioners adopted a countywide ordinance requiring all private roads to be built to the Road Commission's Plat Standards. The Board advised Mr. Chase to first contact the county's Building Department and the Drain Commissioner to discuss drainage issues on the un-platted property.

Moved by McCracken, seconded by Brundage, to approve the purchase, by Rod Vining and the Road Commission, of five years of generic credited service under the MERS retirement plan. Motion carried. Roll call: Yes-McCracken, Brundage, Linton.

Moved by McCracken, seconded by Brundage, to accept the following Maple Valley Township contracts, which were turned in after the deadline because an adjoining township board did not sign contracts for township line projects on Lake Montcalm Road that had been signed and turned in by Maple Valley Township. Maple Valley Township had to revisit what projects they wanted to do instead of the ones on Lake Montcalm Road. 1) Machine wedge and seal Masters Road from Cannonsville Rd to Coral Rd; 2) Seal Maple Street from Lincoln St to Isabella St in Coral; and 3) Seal Lincoln Street from Oak St to Grove St in Coral. Motion carried.

Moved by McCracken, seconded by Brundage, to approve a contract with Bloomer Township to crush, shape and place a 330# bituminous mat on Crystal Road (CR565) from M57 south to Fenwick Road. Motion carried.

Manager's Report

- Culvert replacements are being done on the Sidney Road project; the culvert crew will then go to Johnson Road.
- Crushing is scheduled to start next Monday on Sidney Road followed by Johnson Road, Deaner Road and Crystal Road.
- Looking at next year's budget; suggest we look at purchasing three float trucks, a loader for Stanton and a new hydro-hoe.
- We've had several calls requesting guard rail on Bass Lake Road in Pierson Township; Bob is getting estimates from contractors.

Clerk's Report

- The next Seven County Council meeting is at 9:00 a.m., Tuesday, July 26th at Eaton County Road Commission.
- Year-to-date MTF funds are lower by 7.37% than this time last year; prior to the start of the fiscal year MDOT had advised CRAM that it would be down by about 2.5%, which is what the budget is based on.
- We have an employee who has been off work for several weeks due to surgery. The employee has filed a workers comp claim; however, workers comp is disputing the claim at this time because the employee did not notify me that there were any problems or a possible claim until the day before their surgery even though I later learned they knew in early spring that they would be having surgery some time this summer. The insurance carrier has been waiting for medical information from the employee, but finally got it recently and has issued requests for medical records—they cannot do anything until they can review the records and determine if an independent medical exam is needed. Three weeks after surgery the employee turned in short-term disability papers and asked that they be placed on disability until such time that workers comp makes a determination. Because the employee is claiming a work-related disability and because it's in dispute, the short-term disability insurance carrier has denied the claim. Before they will consider the claim, the short-term disability carrier has requested that the employee sign an agreement to reimburse them if the workers comp carrier approves the claim. The employee, along with the Union's Chapter Chairman and Chapter Vice-Chairman approached me yesterday and stated the employee has had no income in five weeks—would the Board be willing to advance the employee a check? I have

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- calculated what the employee would have received to-date if they had been on the short-term disability. The Board stated it was reluctant to do so, because all of this could have been avoided if the employee had advised the Finance Director in early spring when they were aware that surgery was going to take place sometime this summer; however, after much discussion they agreed to do so but only if both of the following conditions are met: 1) The employee agrees to sign an agreement to reimburse the Road Commission upon receipt of a check from either the short-term disability carrier or the workers comp carrier; and 2) The insurance carrier agrees to make the check payable to the employee and the Road Commission.

Superintendent's Report

- Second applications of chloride will commence next week; most of the townships, except those only getting two applications, should have their second applications completed by July 4th.
- The paving projects are coming along well—projects in the Greenville area will be finished today; the contractor will be going to the Howard City area this afternoon and then go to Tamarack Road in Cato Township. Only the federal aid projects on Sidney Road and Johnson Road and the paving projects on Musson Road and Crystal Road will be left to do.
- The culvert crew will be finishing up on Sidney Road today; starting on Johnson Road tomorrow.

Engineer's Report

- Kurt Zachary and I met with Nagle Construction this morning in Crystal to look at some of the final things that need to be done on the Crystal enhancement project. Nagle plans to have everything done by the end of this week, and then MDOT can finalize or sign off on the project.
- I met on-site with a representative from SME, a testing company, about doing borings and an analysis on Wyman Road and Derby Road. He will be giving me a quote before the next board meeting.
- I have reviewed the plans for Little Whitefish Woods I and II; however, I would like to hold off giving an approval until the Drain Commissioner has approved the drainage structures. The Board agrees.
- Discussed guardrail estimates on south side of Stanton Road at the Lake Stanton outlet and on Bass Lake Road at Bass Lake.

Moved by McCracken, seconded by Brundage, to approve the 6/15/05 bills totaling \$699,896.85 and Payroll #12 totaling \$78,386.50. Motion carried. Roll call: Yes-McCracken, Brundage, Linton.

There being no further business, the meeting adjourned at 5:13 p.m.

Chairman

Clerk