

**Minutes of the Clay Township Regular Board Meeting Held Monday November 3, 2008 in the Clay Township Meeting Hall, 4710 Pointe Tremble Road, Clay Township, Michigan**

Clerk Michael Pellerito called the meeting to order at 7:30 pm.

**ROLL CALL**

SUPERVISOR: Clerk Michael Pellerito, Treasurer Connie Turner, Trustee Thomas Krueger, Trustee John Makuch, Trustee Jay DeBoyer, Trustee David Dare

ABSENT: Supervisor Jon Manos

Citizens: 15

**Motion** by Turner, supported by Dare, appointing the Clerk to chair the meeting

AYES: All

NAYES: None

**MOTION CARRIED**

**BILLS PAYABLE**

**Motion** by Turner, supported by Makuch, to pay the bills in the amount of \$55,954.13

Krueger: Added up all the bills for Plante & Moran and it came to \$36,000 plus, is that the entire bill?

Pellerito: No, it will probably be about another \$15,000, expenses went up because of GADSB regulations

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Pellerito, DeBoyer, Dare

NAYES: None

ABSENT: Manos

**MOTION CARRIED**

**CONSENT AGENDA**

**Motion** by Makuch, supported by Turner, to approve the Consent Agenda with the reading of the notices and correspondence.

AYES: All

NAYES: None

**MOTION CARRIED**

Clerk Pellerito read the notices pertaining to Thanksgiving hours and the letter from Port Huron Police Chief Donald E. Porrett on Chief Don Drake's outstanding job while serving on Promotional oral board

**OLD BUSINESS**

**1. BMJ Litigation**

Pellerito: Have been given the settlement and mutual release agreement prepared by Attorney McNamee. If you have had time to review it we can take a motion and discuss it.

Makuch: I have reviewed it; this has been an ongoing situation. Have talked with Water Department Superintendent also and my opinion is that it is not the ultimate solution but think it is the most reasonable.

**Motion** by Makuch, supported by DeBoyer, to approve the agreement and have our attorney do what is needed to solidify it with BMJ.

Pellerito: Understand you authorized the Township officials to execute the agreement.

ROLL CALL VOTE

AYES: Makuch, Turner, Pellerito, DeBoyer, Dare, Krueger

NAYES: None

ABSENT: Manos

**MOTION CARRIED**

**PUBLIC COMMENTS RELATING TO ANY NEW BUSINESS**

None

**NEW BUSINESS**

**1. Presentation by Seaway Bank**

Pellerito: Have Seaway Bank CEO Roy Klecha and Vice President Beth Engel with us. This is part of the recommendation by Plante & Moran at our review

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Klecha: Provided information on Seaway Bank's Capital levels, which is the difference between the assets and liabilities. The more capital a bank has the more stable the bank is. A step further, this would include the access to capital. Federal government requirement of 5% of tier one capital, which is the ratio of your capital to your average assets. Seaway is currently at 9.25%. Recently in the third quarter our Stockholders added an addition 2 million dollars in capital, they injected that to add to our stability. The assets are 165 million and our capital position is at about 15.3 million. In addition, our loan loss reserve is about 2 million dollars, that is money that is specifically set aside for our capital. Liquidity is defined as the ability of the bank to meet its obligations as they come due, we are in a strong liquidity position, have various sources of liquidity available to us. Investment portfolio is about 15 million dollars; this is quick access to cash. Our deposits are about 132 million. Shareholder base; Seaway does have a distinct advantage over the public financial institutions. We have our access to capital through tremendous strength of our private shareholder group. Have the ability to go to our private shareholders, who are small business owners who are committed to the financial institutions they support and currently we are one of three banks in the company, Seaway, Northstar, and another in Deland Florida. We do have future growth plans. It's not going to happen tomorrow but when things improve it will go that way.

Engel: FDIC insurance has moved from \$100,000 per taxpayer to \$250,000. Township because of Public Funds, you were at \$200,000. CD is separate from your checking accounts, both now moved up to \$250,000. October 14<sup>th</sup> the FDIC changed the rules all DDA that are non-interest bearing are covered unlimited. All of your funds are in interest bearing accounts, as you are allowed. I know you want to be insured and you want the interest, but need to decide where you want to be. Also for Michigan there is a program call CEDERS, which works through a company call Promator, they get CDs for under \$100,000, now under \$250,000, so you are fully insured and earning a nice interest rate. Seaway is involved in this program and what we can do for you is invest your money, with everything covered. Unfortunately Michigan does not allow Municipals because they don't want investments out of the state, expect will be allowed by the end of November. Keeping Connie posted.

DeBoyer: Connie, roughly what do have invested right now with Seaway?

Turner: Approximately 5 million. Wanted Seaway to come tonight because don't want it to be my decision on how we go with this. Should be a Board decision.

DeBoyer: What was the reason for the injection of funds?

Klecha: Seaway wants to make sure that our Capital ratio remains over 9% and in this environment with the loan losses to try to strength that situation as well and keep our loan loss reserve where it was.

Pellerito: Can we have all our deposits insured and but no interest accounts?

Engel: Yes, that is one option.

DeBoyer: There are options. Seaway looks very strong but those are taxpayer dollars and we have to consider in this environment.

Krueger: Does Seaway carry their own mortgages?

Klecha: Our mortgage portfolio is about 14 to 15 million. Probably about 80% are sold. We do retain all of our commercial real estate. Our commercial loan portfolio is in the 90 million dollar category.

Krueger: Have you estimated what your loss ratio would be?

Klecha: Currently that loan loss ratio is about 1.5% and that is what is required by the regulators.

DeBoyer: The thing you mention about diversifying but is not an option yet in Michigan, is that a legislative process?

Engel: Yes, we will know by the end of this month. We are one of eight states that are not participating.

Krueger: Just to paraphrase, you take \$250,000 and put it in another bank in an interest bearing account and all those \$250,000 are insured up to the maximum so that would cover us 100%.

Engel: If Michigan passes this, Seaway sets the rate, because we aren't going out to 100 different banks for rates, and then we want reciprocal. We have personal consumers that are using this product now.

Pellerito: What are the typical time rates of those investments?

Engel: From 4 weeks to 23 months.

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Krueger: The two times a year we collect taxes, how much do we hold before we distribute to the County?

Turner: The summer tax all we get is the Township operating and is disturbed every two weeks. September 15<sup>th</sup> distributed over 4 million to the County on a two-week basis.

Krueger: So there are some windows of high depositing in our checking account and it's probably another concern too.

Turner: Also have a Money Market account and all our funds that are brought into the Township other than taxes go in to the Money Market account because it makes more interest and transferred as needed. The Tax account is an interest bearing account.

Pellerito: Are there any other questions? Thank you to Roy Klecha and Beth Engel for coming.

**2. St. Clair County Road Commission Summer Meeting**

Pellerito: Road Commission is asking if we would like to have them come down to hold the annual meeting here. It is held on the third Tuesday of the month. If Board desires we can send our calendar showing the days that are open and perhaps have the County DPW come down. No motion necessary

**3. Board Appointments**

**Motion** by DeBoyer, supported by Makuch, to reappoint Edward Keller and Kathie Schweikart to the Planning Commission for a 3-year term.

AYES: All

NAYES: None

**MOTION CARRIED**

**Motion** by DeBoyer, supported by Dare, to reappoint Marianne Diss to the Zoning Board of Appeals for a 3-year term.

AYES: All

NAYES: None

**MOTION CARRIED**

**PUBLIC COMMENTS**

L. Kasperowicz: Like to ask Board for some tax breaks on old gas station if can re-open.

Pellerito: Start with EDC in Port Huron

**BOARD MEMBER COMMENTS**

Makuch: Vote tomorrow

Pellerito: Polls open 7 am to 8 pm

**ADJOURNMENT**

**Motion** by Makuch, supported by DeBoyer, to adjourn the meeting at 8:00 p.m.

AYES: All

NAYES: None

**MOTION CARRIED**

Michael P. Pellerito  
Clay Township Clerk