

March 17, 2014  
Gladwin, Michigan

The Regular Meeting of the Gladwin City Council was called to order by Mayor Pro Tem Tom Mienk at 5:00 p.m.

Present: Caffrey, Crawford, Hawblitzel, Jungman, Mienk, Rowley, Smith, Stout

Absent: Mayor Thomas L. Winarski

Staff Present: Bob Moffit, Bernie Weaver

Also Present: Nancy Bodnar, Commissioner Terry Walters, Gary DeShano, Attorney Doug Jacobson

Mayor Pro Tem Mienk led the Pledge of Allegiance and the invocation was given by Council Member Jungman.

Mayor Winarski was excused from the meeting.

Minutes of the March 3, 2014 meeting were approved as presented.

Motion by Council Member Rowley, supported by Council Member Caffrey to approve Warrant #14-26 in the amount of \$44,809.56 and payroll for pay period ending March 2, 2014 in the amount of \$56,548.50. All ayes. Motion carried.

#### Hearing of Delegations

County Commissioner Terry Walters stated that they are working on the Headlee Rollback and will come back to the next City Council meeting with more information.

Motion by Council Member Jungman, supported by Council Member Rowley to establish the agenda as presented. All ayes. Motion carried.

Motion by Council Member Crawford, supported by Council Member Rowley to establish the consent agenda as follows: Meetings – (i) Housing Commission – February 11, 2014, (ii) Personnel/Finance Committee – March 3, 2014, (iii) Fire Board – March 5, 2014, (iv) Board of Review – March 4, 2014, March 10, 2014, March 11, 2014, (v) Arena Board – March 12, 2014. All ayes. Motion carried.

#### Old Business

### **ORDINANCE #324** **TEMPORARY SIGNS – 602.10(C)**

**WHEREAS**, on February 25, 2014 the Gladwin City Planning Commission made a favorable recommendation to the Gladwin City Council that the following changes be made to the Gladwin City Zoning Ordinance:

602.10(c). Temporary signs for up to **four (4)** special events per year such as grand openings, fairs and festivals, and announcements of new products, service, or management, subject to the following:

**NOW, THEREFORE BE IT RESOLVED**, that at the March 17, 2014 meeting of the Gladwin City Council the aforementioned change was adopted.

First Reading

Second Reading

Dated: March 3, 2014

Dated: March 17, 2014

The foregoing Ordinance was offered by Council Member Caffrey and supported by Council Member Rowley.

Roll Call Vote:

Ayes: Caffrey, Crawford, Hawblitzel, Jungman, Mienk, Rowley, Smith,  
Stout

Nays: None

Absent: None

Abstain: None

Ordinance declared adopted this 17<sup>th</sup> day of March, 2014.

#### **ACTIONS TAKEN AND RESOLUTIONS ADOPTED BY CONSENT OF THE BOARD OF DIRECTORS OF CITY OF GLADWIN**

The undersigned, being all of the members of the Board of Directors of City of Gladwin (the "Employer"), hereby adopt the following Resolution by unanimous consent and direct that this Consent Resolution be entered in the minute books of the Employer.

**WHEREAS**, the Employer previously adopted a Code Section 125 Cafeteria Plan and a Code Section 105 Health Care Spending Account ("HCSA"), collectively referred to as the Flexible Benefits Plan (the "Plan");

**WHEREAS**, Article 9.02 of the Plan allows the Employer to amend the Plan;

**WHEREAS**, the Employer desires to amend the Plan to allow a carryover consistent with the terms of IRS Notice 2013-71, as set forth in the attached Amendment and Summary of Material Modifications;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors has hereby reviewed the attached amendments and Summary of Material Modifications and does hereby approve the adoption of the amendment as set forth therein;

**BE IT FURTHER RESOLVED**, that the officers of the Employer are authorized and directed to take any and all action as may be necessary to effectuate this Resolution.

The foregoing Resolution was offered by Council Member Smith, supported by Council Member Crawford.

Roll Call Vote:

Ayes: Caffrey, Crawford, Hawblitzel, Jungman, Mienk, Rowley, Smith,  
Stout  
Nays: None  
Absent: None  
Abstain: None

Resolution declared adopted this 17<sup>th</sup> day of March, 2014.

#### **AMENDMENT TO THE CAFETERIA PLAN**

This Amendment to the Plan is adopted by the Employer, effective as of the date set forth herein.

**NOW, THEREFORE**, effective for the first Plan Year commencing on or after April 1, 2014, the Plan is amended as follows:

Notwithstanding anything to the contrary herein, the Plan is hereby amended as follows:

Unused Health Flexible Spending Account balances may be used to reimburse expenses in the following plan year consistent with Internal Revenue Service Notice 2013-71 and the Summary Plan Description.

#### **SUMMARY OF MATERIAL MODIFICATIONS TO THE CAFETERIA PLAN**

***This document summarizes important changes to your Flexible Benefits Plan (the "Plan") and Health Care Spending Account ("Health FSA"). If you have any questions regarding the changes summarized in this Summary of Material Modifications ("SMM"), you should contact Andrew Rhind. You should keep a copy of this SMM with your Summary Plan Description for future reference.***

This SMM is effective with the first plan year beginning on or after April 1, 2014.

Notwithstanding anything to the contrary in the Summary Plan Description, Health FSA balances that are unused for a Plan Year may be used for reimbursement of eligible Health FSA expenses incurred at any time in the subsequent Plan Year (in addition to the amount that is otherwise available for reimbursement in the subsequent Plan Year) subject to the following terms and conditions:

- No more than \$500 of the unused amount for a Plan Year (“Carryover Maximum”) may be rolled over for use in the subsequent Plan Year
- The specific Carryover amount is generally determined at the end of the run out period following such Plan Year (“Carryover”).
  - For example, if you have an unused Health FSA balance at the end of the 2013 Plan Year equal to \$1000, and you have no other expenses that were incurred in 2013, your 2013 Carryover amount that may be used in the 2014 Plan Year is \$500. However, if you have 2013 Plan Year expenses equal to \$600 that you timely submit during the run out period for the 2013 Plan Year, then your 2013 Carryover amount that may be used in the 2014 Plan Year will only be \$400.
- If you incur an eligible expense during a Plan Year (“Current Year Expense”) but before the end of the prior Plan Year’s run out period, the plan administrator may, at its discretion, apply up to \$500 of the amount unused *at the end of the prior Plan Year* (if any) towards the Current Year Expense. NOTE: This will reduce the amount that is available to reimburse expenses incurred during the prior Plan Year (“Prior Year Expenses”) submitted during the prior Plan Year’s run out period and it will reduce the Carryover Maximum by the same amount.
  - For example, assume that you have \$800 at the end of the 2013 Plan year and you have elected \$2500 for the 2014 Plan Year. On February 1, 2014, you incur a \$2700 eligible medical expense. The entire \$2,700 expense will be reimbursed with the \$2,500 elected for 2014 and \$200 of the \$800 unused at the end of the 2013 Plan Year. However, only \$600 will be available for 2013 Plan Year expenses submitted during the run out period for the 2013 Plan year and your 2013 Carryover Maximum is reduced to \$300 (\$500 maximum minus the \$200 already used). Further assume that after reimbursement of the \$2,700 expense that was incurred on February 1, 2014 but before the end of the run out period for the 2013 Plan Year, you submit a \$750 expense incurred in 2013. Only \$600 of that 2013 expense will be reimbursed and you will have no 2013 Carryover for use in the 2014 Plan Year.
- The Carryover does not count against the maximum salary reduction election identified in the Summary Plan Description.

- If you are otherwise eligible for the Health FSA for a Plan Year but you do not make an election to participate, you may still use any Carryover from the prior Plan Year for Current Year Expenses and Prior Year Expenses (in accordance with terms of the Plan and the ordering rules described above).
- Under IRS rules, if you have unused Health FSA amounts on the last day of a Plan Year in a general purpose Health FSA (i.e., anything other than a \$0 balance), you (and your spouse, if you are married) cannot contribute to an HSA during the following plan year. For this purpose, whether you have unused Health FSA amounts is determined on a cash basis—that is, without regard to any claims that have been incurred but have not yet been reimbursed (whether or not the claims have been submitted). Unless, based on IRS clarification, your employer allows you to waive any Carryover eligibility and/or direct such amounts to a limited purpose Health FSA (if offered) you must exhaust your general purpose Health FSA account prior to the last day of the Plan Year to retain HSA eligibility.
- You must be a participant in the Health FSA as of the last day of the Plan Year to benefit from the Carryover. Termination of employment and cessation of eligibility will generally result in a loss of Carryover eligibility unless a COBRA election is made.

First reading of Ordinance #325 – Amendment to the Gladwin City Ordinance 237.

Motion by Council Member Caffrey, supported by Council Member Smith to approve the following appointments:

Election Commission – Lori Stout – One Year Term  
 Fair Board – Tammy Hawblitzel – One Year Term  
 Planning Commission – Greg Guild – One Year Term

All ayes. Motion carried.

Motion by Council Member Caffrey, supported by Council Member Rowley to schedule the following Safety Committee meetings:

June 18, 2014 at 9 a.m., July 16, 2014 at 9 a.m., and August 13, 2014 at 10 a.m.

All ayes. Motion carried.

Administrator Moffit gave information regarding North State Street. He stated that storm drains, widening, grinding of the road and more ditch work needs to be done. Rowe Engineering will do the plans and costs will be given to the City at the next City Council meeting.

Comments

Council Member Smith stated that tickets are now on sale for Frozen Affair.

Council Member Jungman stated that the Arena is a non-profit organization. Things are beginning to break down which are costly and they need people to buy tickets to Frozen Affair because this is the Arena's big event of the year and they need help.

Administrator Moffit stated that the County millage will be coming up soon and they need it to pass because the County is down to six road patrol individuals Hoping it passes for safety reasons.

Bob also stated that Tom Molski and the Waste Water Treatment Plant has their discharge permit for three years. We also have a minus \$23,000 in property tax revenue for July 2014 compared to July 2013.

Assessor Weaver handed out literature on Report of Assessment Roll Changes and Classifications for 2014.

Council Member Jungman stated that timesheets need to be turned in before March 28<sup>th</sup>.

Motion by Council Member Jungman, supported by Council Member Caffrey to adjourn. All ayes. Motion carried.

Meeting ended at 5:27 p.m.

---

Thomas Mienk, Mayor Pro Tem

---

Dee Jungman, Acting Secretary