

Agenda
Tuscola County Board of Commissioners
Committee of the Whole – Monday, January 8, 2018 – 8:00 A.M.
HH Purdy Building - 125 W. Lincoln, Caro, MI

Finance/Technology
Committee Leaders-Commissioners Kirkpatrick and Bierlein

Primary Finance

1. **2018 First Draft Work Program – (See A)**
2. **Solar Assessing/Taxation Information (See B)**
3. **Establishment of Methods to Reserve Sites and Pay Park Camping and Other Fees**
4. **Opioid Lawsuit (See C)**
5. **Potential Dental Clinic Update**
6. **Resolution of Former Vassar Foundry Delinquent Tax Issue**
7. **Planning for Jail Remodeling (Jail Planning Committee)**
8. **Review of BSA Finance/Payroll Software Interface with Scheduling Software – 1/9/18**
9. **Common Computer Equipment is Subject to Security Hacks (See D)**

On-Going and Other Finance

1. Continue Review of Road Commission Legacy Costs
2. Indigent Defense Plan
3. Update Wind Turbine Revenue Projections
4. Work to Resolve Remaining Assessing/Taxation Disputes with Wind Turbine Companies
5. Presentation of County Treasurer Investment Reports
6. Bid 2018, 2019 and 2020 Audit
7. Water Rates Paid for County Facilities Along M24 and Deckerville Roads
8. Assess Avoidance Costs from Retirement System Changes Previously Implemented

Personnel

Committee Leader-Commissioner Bardwell

Primary Personnel

1. **Hiring Procedure Request by Sheriff Department (See E)**
2. **New Lawyer Assisting with Personnel Matters**
3. **Area Airport Zoning Board of Appeals (AZBA) Appointment/Organizational Meeting**
 - **See Previous Board Actions (Attachment F)**
 - **Appointment of ZBA Members to Staggered Terms and Conduct Organizational Meeting Training Assistance from Michigan Aeronautics Commission**

On-Going and Other Finance

1. Reporting Relationship (Nepotism Policy)
2. Review the Potential Formation of Quarterly Meetings with County Leaders
3. Procedural Coordination with HR Director Regarding Hiring/Discharge/Payroll/Record Keeping
4. Develop a System to Keep Job Postings on the Web Site Current
5. Determine how to Gain Help for the County from the Leaders Program
6. Process and cost to Replace County Health Department Medical Director

Building and Grounds
Committee Leaders-Commissioners Young and Vaughan

Primary Building and Grounds

1. **Repair or Replace Boiler at Jail**
2. **Recycling Building Remodeling – Next Steps**

On-Going and Other Building and Grounds

1. County Property Ownership Identification
2. Review Potential Acquisition of Land from State Near Caro Regional Center
3. Update 10 Year Capital Improvement Plan
4. Jail Window Replacement
5. 2018 Budgeted Driveway, Parking Lot and Sidewalk Repairs
6. City of Caro Potential Well Installation on Property Near State Police Post
7. Vanderbilt Park Next Steps for Further Improvement
8. Planning for County Record Storage Needs
9. Potential Annexation of County Property to City for Water/Sewer Cost Reductions

Other Items Not Assigned to a Committee

1. Caro Dam
2. Cass River Greenways
3. On-Going Economic Development Activity Updates from EDC Director
4. Review County-Wide Economic Development Strategic Plan
5. Dairy Farmers of America Phase 2– Cass City
6. Road Commission Organizational Alternatives – Next Steps
7. Sunday Retail Sales of Spirits, Beer and Wine – Next Steps

Other Business as Necessary

Public Comment Period

mhoagland@tuscolacounty.org

From: mhoagland@tuscolacounty.org
Sent: Thursday, January 4, 2018 12:00 PM
To: 'Bardwell Thom'; 'Bierlein Matthew'; 'Kim Vaughan'; 'Kirkpatrick Craig'; 'Tom Young'
Subject: First Draft 2018 Work Program
Attachments: 2018 Work Program.docx

Commissioners

As we know, planning is a critical function of an effective operation both in business and in government. An important part of planning is to develop an annual work program. Attached is a first draft county work program for 2018. The work program sets the stage by identifying major activities that will be undertaken during the year. It is an important document because it lists the areas where much of our time and energy will be dedicated. I will present this first draft at the Monday Committee of the Whole Meeting. Of course, there are new items that will be added during the year. Many of the items listed in the work program will be agenda items that are discussed and resolved at committee and board meetings during the year. Please treat this as a first draft and think about other items that you may want added. Eventually, the work program can be forwarded to county officials and incorporated on the county web site.

Mike

Michael R. Hoagland
Tuscola County Controller/Administrator
989-672-3700
mhoagland@tuscolacounty.org

VISIT US ON LINE FOR COUNTY SERVICES @ www.tuscolacounty.org

2018 WORK PROGRAM

Finance

1. Prepare the 2017 Comprehensive Annual Financial Plan (Audit) and 2019 County Budget
2. Determine if the county is paying reduced water rates to the City of Caro for facilities along M24, Deckerville and Luder Roads or if this property needs to be annexed to realize reduced water rates.
3. Convert all county funds, activities and accounts for compliance with the State Uniform Chart of Accountants.
4. Develop a plan for use of concealed weapon permit revenue.
5. If enough petitions are signed conduct an election in 2018 and vote to determine if Sunday Liquor sales will be allowed or not allowed. If an election is held then the county budget will have to be amended to fund said special election cost.
6. Determine when the Northwest Drain final bond payment will be made resulting in a substantial reduction in county drain-at-large costs.
7. Review County Treasurer investment reports.
8. Bid county annual county audit.
9. Update local unit of government fund and county fund balance information.
10. Determine if the state will fund the Indigent Defense Plan and make budget amendments and other changes if state funding is provided.
11. Obtain regular updates regarding child care fund costs and trends.
12. Evaluate what will done with Voted Veterans Fund balance.

Wind and Solar Energy

1. Update county wind energy revenue projections and assess the impact of this source of revenue on current and future county operational abilities.
2. Monitor wind turbine development to determine if the Consumers Energy and NextEra projects will proceed and the timelines for completion.
3. Work with the Michigan Renewable Energy Collaborative and state elected representatives to resolve through legislation remaining wind company turbine assessing/taxation disputes.
4. Gather information and gain a better understanding of solar energy in terms of land usage, assessing and taxation.

Fringe Benefits

1. Evaluate cost containment that has been achieved with retirement system changes.
2. Continue to monitor road commission progress in reducing unfunded retirement and health insurance cost liabilities.

Buildings and Grounds/Infrastructure

1. Develop a plan to upgrade the county jail and prepare potential financing methods with assistance from the Jail Planning Committee and other jail planning experts.
2. Identify all county owned property and determine if this land needs to remain in county ownership or if it can be sold.
3. Implement jail office window replacement budgeted for 2018.
4. Implement driveway, sidewalk and parking lot improvements budgeted for 2018.
5. Determine methods of making improvements to the Caro Dam (create a way to portage around the dam so the Cass River can gain National Waterways designation).
6. Update the 10 Year County Capital Improvement Plan as required for bond rating purposes.
7. Determine if City of Caro new well and water line will be installed near M24 and Deckerville Roads (if this is done the cost for inspection of the water tank at the state Police would not be necessary because the water line could be used eliminating the need for stored water).
8. Complete the relocation of recycling to the new location on M24 and begin operations at this new location.
9. Monitor Vanderbilt Park usage and revenue generation.
10. Implement the clearing of vegetation to the north of Vanderbilt Park to make the bay visible from the park and improve walking access from the park to the bay.
11. Continue planning for other improvements at Vanderbilt Park.
12. Develop a plan and solution to county physical and electronic storage needs.
13. Evaluate potential state land acquisition near the Caro Regional Center and former prisons along Chambers Road.

Personnel

1. Determine how to gain approval through the Leaders program for assistance from program attendees to the county serving on boards and commissions and special projects.
2. Develop a nepotism policy.
3. Conduct quarterly meetings with senior leaders of the county, judges, state elected representatives and road commissioners for enhancing collaborative and other opportunities.
4. Determine how legal assistance for labor negotiations and other personnel matters will be obtained.
5. Determine how the new Medical Director appointment will be made by the Health Department.
6. Hire additional road patrol officers per approved millage.
7. For improved coordination and avoiding problems coordinate all hiring and discharge with the Human Resource Coordinator for payroll and other multiple recording requirements.
8. Develop a system to keep job postings on the county web site up-to-date.

Economic Development

1. Continue work through the County EDC for Phase 2 Dairy Farmers of America project implementation in Cass City.
2. Develop and implement a plan to resolve issues involving the sale and delinquent taxes and environment assessments involving the former Vassar Foundry Property.

3. Review the Shiawassee County model of economic development and its potential application in Tuscola County.
4. Review and remain active with the Region 6 prosperity planning, define specific projects and implement changes needed for economic development.
5. Work with MSU-e, EDC and Farm Bureau to implement value added agricultural economic development.
6. Obtain an update from the Economic Development Corporation planning committee regarding development of a county-wide economic development strategic plan to further strengthen capabilities and effectiveness.
7. Study and develop options to enhance the Counties perception and understanding of the Economic Development opportunities for improving and contributing to the county financial infrastructure through business and agricultural opportunities.

Technology

1. Implement new BSA budget, finance and payroll software by year-end 2018.
2. Assist with implementation of microfilming of general ledger and tax roll records.
3. Implement budgeted jail computer upgrades, core switching equipment and improved Courthouse security cameras.
4. Provide a GIS status report of the county and determine next objectives.
5. Continue to develop and advance online services for public convenience.
6. Continue to update and make adjustments to the county web site so it remains relevant and useful to all parties.
7. Continue to evaluate Tuscola County serving as a technology hub if there is potential to turn this into a profitable operation.
8. Complete and review the five-year county technology plan.
9. Develop methods of improving web page ADA compliance.
10. Complete VOIP project to MSU-e and DOC buildings.

Other

1. Review alternative models to provide dental care to Medicaid eligible citizens and if feasible implement the chosen model.
2. Continue review of alternative road commission organizational structures.
3. Decide if the county will enter into a lawsuit against opioid manufactures.
4. Begin a review of alternative models to provide animal control including a single or possible two or more county operation.
5. Load all current county policies on county web site with an index system for ease of access.
6. Obtain a report on completed and remaining survey update work (remonumentation) for the county and new capabilities.
7. Complete the appointment of members to the Airport Zoning Board of Appeals.

Wind vs Solar Tax Revenue

Park Size	Park Cost	Millage		
100 MW	\$ 200,000,000	20		
Year	AE WIND Multiplier	AE Tax Revenue	Solar Equipment Machinery	Solar Tax Revenue
1	0.991	\$ 1,982,000	0.89	\$ 1,780,000
2	0.906	\$ 1,812,000	0.76	\$ 1,520,000
3	0.82	\$ 1,640,000	0.67	\$ 1,340,000
4	0.777	\$ 1,554,000	0.6	\$ 1,200,000
5	0.743	\$ 1,486,000	0.54	\$ 1,080,000
6	0.673	\$ 1,346,000	0.49	\$ 980,000
7	0.618	\$ 1,236,000	0.45	\$ 900,000
8	0.569	\$ 1,138,000	0.42	\$ 840,000
9	0.52	\$ 1,040,000	0.38	\$ 760,000
10	0.47	\$ 940,000	0.36	\$ 720,000
11	0.45	\$ 900,000	0.33	\$ 660,000
12	0.415	\$ 830,000	0.31	\$ 620,000
13	0.364	\$ 728,000	0.29	\$ 580,000
14	0.302	\$ 604,000	0.28	\$ 560,000
15	0.3	\$ 600,000	0.23	\$ 460,000
16	0.3	\$ 600,000	0.23	\$ 460,000
17	0.3	\$ 600,000	0.23	\$ 460,000
18	0.3	\$ 600,000	0.23	\$ 460,000
19	0.3	\$ 600,000	0.23	\$ 460,000
20	0.3	\$ 600,000	0.23	\$ 460,000
Total 20 Year		\$ 20,836,000		\$ 16,300,000

Wind and Solar Comparison

Construction Costs per Megawatt are estimated to be nearly the same at about \$2,000,000 per mW for both wind and solar. However, the larger the park built wind or solar the lower the cost per mW. A small 1 mW solar park will cost about \$2,000,000 per mW whereas a 50 mW park could drop to \$1,500,000 per mW. While wind also sees a lower cost per mW as the number of turbines increases, solar seems to benefit more from economies of scale. However, the trend toward larger mW size wind generators will also bring down overall costs

Wind will generate on average 2.7 times more megawatt hours than solar thus reducing the cost per mWh produced. This makes wind more attractive in the Thumb because of our higher wind speeds thus resulting in average capacity factors of 38% with some wind parks in Huron County reaching capacity factors in the 45% range. Solar on the other hand has average capacity factors of 14% in the Thumb.

The capacity factor is the average power generated, divided by the rated peak power. Let's take a five-megawatt wind turbine. If it produces power at an average of two megawatts, then its capacity factor is 40% ($2 \div 5 = 0.40$, i.e. 40%) Capacity factor is what makes money for the owner. If you build a 100 MW Wind Park with a 40% Capacity Factor it will produce 350,400 mWh which can be sold. The same 100 MW solar park with a 14% Capacity Factor will produce 122,640 mWh. So assuming the cost of construction and operation are the same the solar owner must increase the cost per mWh. So to meet Renewable Standards wind will bring more mWh on faster than solar at a lower cost.

A commercial wind project needs about 60 acres of land per megawatt (MW). But only 3% of that area — roughly three acres — is occupied by turbines, substations and access roads. The rest is a buffer zone to preserve wind flow. Also as turbine size increases, fewer turbines are needed to meet the 100 mW capacity. A solar park would require about 3 to 5 acres per MW. Thus a 50 mW solar plant would need about 250 acres, but yields 2.7 times less energy than wind.

In Michigan both Wind and Solar are considered Industrial Personal Property. However, the STC has ordered that solar use an Equipment and Machinery Multiplier Table which results in less tax revenue to the taxing units. (See Attached). Most Solar Park owners will take advantage of the 30% Solar Investment Tax Credit (SITC) which could be an issue for taxing units if the owners elected to deduct the 30% SITC from original cost.

Also Include is some news articles regarding taxation issues in Michigan.

August 10, 2017

Assessing the Taxability of Solar Energy Systems in Michigan

By: [Erin M. Haney](#)

The very practical concern of knowing how solar energy equipment is taxed in Michigan is just one of many questions for those considering such a project.

Under Michigan's General Property Tax Act (the "Act"), real and personal property not otherwise exempted is subject to tax (MCL 211.1). Before a property owner can estimate future tax bills, however, the subject property must be properly classified. While "real property" includes land, buildings, and fixtures on land, "personal property" includes "goods, chattels, and effects." "Personal property" is also defined to encompass certain enumerated items, including a "wind energy system." While this provision provides a measure of certainty to one segment of the alternative energy industry, the Act lacks a similar provision addressing solar panels or solar energy systems with such precision. As a result, another rapidly-growing alternative energy subsector is left with considerably less predictability.

The 2016 State Tax Commission (STC) Guide to Basic Assessing specifies that solar energy systems are to be assessed as personal property (STC Guide to Basic Assessing, page 55). Despite the absence of specific statutory classification, this position is supported by language within the General Property Tax Act. From 2003 to 2012, the Act provided a property tax exemption at MCL 211.9i for "alternative energy personal property." Although the tax exemption is no longer available, MCL 211.9i has not been repealed, and it defines "alternative energy personal property," with reference to "[a]n alternative energy system" as defined by the Michigan Next Energy Authority Act (MCL 207.821 et seq.). In pertinent part, the Michigan Next Energy Authority Act defines this term to include a fuel cell energy system, a photovoltaic energy system, a solar-thermal energy system, a wind energy system, and a thermoelectric energy system (MCL 207.822(c)). Therefore, although the personal property tax exemption for these systems is not currently operative, the existence and continued presence of the statute mitigates in favor of categorizing solar energy systems as personal property.

Categorization as personal property is partially determinative of the tax treatment of solar energy systems, but another level of classification is also required before reaching a conclusion regarding taxability. In 2013, the STC issued a memorandum to assessors and equalization directors indicating that solar panels would be considered *industrial* personal property. STC Memo, June 11, 2013. Industrial personal property includes "[a]ll machinery and equipment, furniture and fixtures, and dies on industrial parcels, and inventories not exempt by law," as well as personal property of mining companies. MCL 211.34c(3). While this subclassification seems to be a reasonable choice for solar energy systems, "commercial personal property" (generally equipment, furniture, and fixtures on commercial parcels, as well as billboards, well drilling rigs, and certain commercial vehicles) or "utility personal property" ("[e]lectric transmission and distribution systems, substation equipment, spare parts, gas distribution systems, and water transmission and distribution systems," as well as various types of oil and gas equipment, wells, and transmission lines) may seem like equally

appropriate options. The STC's 2013 memorandum arguably supports the classification of solar energy systems (which presumably include more than just solar panels) as industrial personal property, but the lack of clear statutory guidance and the availability of different categories theoretically provide multiple possibilities. However, the STC's earlier guidance regarding the classification of wind energy systems is instructive in suggesting a resolution to this question. In May 2008, the STC issued a memorandum acknowledging that, while the Act designated wind energy systems as personal property, uncertainty remained because it did not provide a definitive personal property classification. In its analysis, the STC noted that the definition of "utility personal property" only references electrical transmission and distribution and omits electrical generation. However, the same statute defines industrial *real* property to include sites where electrical generation takes place. Based on the legislature's decision to designate wind energy systems as personal property and the implied categorization of electrical generation as industrial activity, the STC concluded that wind energy systems were most appropriately categorized as industrial personal property (see STC Memo, May 13, 2008). This argument can be analogized to solar energy systems. Solar energy systems may lack a statutory categorization as clear as that provided for wind energy, but the STC analysis and the existing guidance regarding solar panels support a conclusion that solar energy systems would also be classified as industrial personal property.

Solar energy systems are likely ineligible for the recent property tax exemption made available to "eligible manufacturing property" because "eligible manufacturing personal property" specifically excludes "personal property used in the generation, transmission, or distribution of electricity for sale" (MCL 211.9m(7)(c)). However, there are still tax advantages to categorization as industrial personal property. Under MCL 380.1211, industrial personal property is exempt from the 18 mills permitted to be levied for school operating purposes. Generally, industrial personal property is also exempt from the 6 mill state education tax levied by MCL 211.903. (As of December 31, 2011, MCL 211.903 provides that turbines powered by gas, steam, nuclear energy, coal or oil for the generation of electricity remain subject to the 6 mill state education tax. However, this provision is notably silent regarding wind turbines, and there is no indication that electrical generation by solar energy would not be similarly exempt.)

While the language of the General Property Tax Act has not yet been updated to provide solar energy systems with the clear categorization afforded to wind energy systems, the growing popularity of solar energy systems may eventually warrant a place in the definition of "personal property." Until that time, however, a careful review of the existing statute, analogous property, and previously published guidance are likely to provide the most comprehensive basis for assessing the taxability of solar energy systems.

Advocates say wind, solar at a tax disadvantage in Michigan

WRITTEN BY Andy Balaskovitz June 30, 2016
PHOTO BY

Inovateus Solar

Following a week of uncertainty, the developer of a \$24 million, 13-megawatt solar installation at Michigan State University says the project will move forward.

MSU last year sought a third-party solar developer as part of its planned transition away from coal. Indiana-based Inovateus Solar plans to install more than 40,000 panels on roof structures in parking lots across campus. The MSU Board of Trustees approved the project in September 2015.

But the plan was in doubt after local officials last week denied Inovateus' request for an 80 percent tax abatement on the solar equipment for 25 years. The East Lansing City Council approved the abatement for taxes on "personal property" at 80 percent for 10 years.

A 25-year abatement would have saved the company about \$4.4 million. Over 10 years, the abatement is worth \$2.6 million, filings show.

Inovateus President T.J. Kanczuzewski said the company will hire fewer local workers and source less materials from Michigan in order to make the project economical.

“We’re trying to not let anything stop us from getting the project built and completed,” he said.

Inovateus hoped to start construction in February, “but the tax thing has definitely held it up,” one company official said before the council vote last week.

While some council members saw the project as a win-win for the city — a boost in tax revenue that otherwise would not have come in as well as a notch in the city’s and university’s sustainability plans — opponents felt there was too much potential tax revenue lost under the original proposal and that the project could have been built for less as the cost of solar continues to drop.

Uniform policy needed

More broadly, though, clean energy groups say the project sheds light on Michigan’s outdated and patchwork tax policy when it comes to renewable energy projects, particularly in assessing the value of solar installations and how much in taxes should be paid on the equipment.

“When we deal with these solar and wind projects and have conversations about tax abatements, we end up really shining a light on the fact that the tax code favors typical, old sources of generation,” said Liesl Eichler Clark, president of the Michigan Energy Innovation Business Council. “There are tax incentives for fuels and different structures on capital you use to build old-school generation, whereas some of these types of generation that aren’t built into the tax code have to go to city councils for tax abatements, which creates a more challenging environment.”

For instance, in 2014 state lawmakers approved a bill package that made it easier to acquire land for pipelines as well as gave tax breaks

to oil and gas companies that used enhanced oil recovery drilling methods.

A solution for solar projects may be in more uniform guidelines by the Michigan Tax Commission, advocates say.

“The MSU case does shed some light on the fact that we may need a statewide or comprehensive approach,” said Jack Schmitt, deputy director of the Michigan League of Conservation Voters. “I was disappointed to see (the council’s) decision. It speaks to the fact that it’s something as a state — particularly as the cost of solar comes down and we see greater commitments to generating energy from renewable sources — we need further direction on.”

Supporters also say that municipalities should be able to find new ways of bringing in revenue after years of cuts in statutory revenue sharing from the state.

“The backdrop for all of this is the continual decline in revenue sharing to communities creating different priorities that they have to have,” Eichler Clark said.

Not traditional development

A 1998 state law allows local units of government to offer personal property tax exemptions, typically for businesses “engaged in manufacturing, mining, research and development, wholesale trade or office operations,” according to the state Department of Treasury.

But clean-energy supporters say solar development is unlike traditional manufacturing projects — or even coal and natural gas plants — that receive public services for the taxes paid on personal property.

Kanczuzewski called working through the tax issues with the city “a challenge.”

“It’s also a challenge on the state level,” he said. “The property tax assessment for solar projects (in Michigan) is very hard to understand and different than almost 40 other states in the country. There’s a lot of gray area in terms of the tax law there.”

Eichler Clark agrees that there is too much uncertainty for developers.

“It’s not just the abatement that we ran into with the East Lansing project, but also the general tax treatment (of solar) and how different projects are looked at by assessors,” Eichler Clark said. “There’s some guidance at the state level, but not a lot. People can end up in situations where they have unforeseen tax consequences.”

Eichler Clark said the MSU case is notable for its scale, but that the issue has come up with residential solar projects. “Assessors have no clear direction on how to assess the value of projects,” she said.

She hopes that it’s an issue that will be discussed with lawmakers over the next year. Schmitt, of the League of Conservation Voters, called it a “secondary issue” behind a more comprehensive energy policy being discussed at the legislature.

“You need to have certainty in a tax environment,” Eichler Clark said. “The East Lansing project underscores the fact that when you don’t have certainty from the state, projects may not happen.”

mhoagland@tuscolacounty.org

From: Clayton J. Johnson <CLAJOH@BraunKendrick.com>
Sent: Wednesday, December 20, 2017 5:29 PM
To: 'MHoagland@TuscolaCounty.org'
Subject: FW: Opioid Multi-District litigation

Mike,

We reviewed the correspondence from the plaintiffs' firms regarding potential opioid litigation. Our initial assessment is that there is some momentum gathering behind this type of lawsuit, but even on a contingency fee basis, there are still costs (time, energy, possible staff resources) that would attach to this effort. For example, there would have to be some showing of the impact of these actions on Tuscola County which might mean resources expended to determine that impact. Additionally, though there are numerous cases already filed by municipalities in this area, the merits of the legal theory underlying are still somewhat unclear. This process has been compared to the tobacco litigation in the 90s, but it's still too early to assess the financial impact any possible future settlement might have on a local government like the County.

Overall, we suggest that the County consider allowing the local attorney (Behm) to make a presentation to Braun Kendrick and/or to you, to address the issues of:

- Getting a better understanding on the theory of liability
- Actual time and expense to the county
- The potential methods of proving damages
- Amount, timeline and method of distributing any settlement

If you agree with this assessment, we can listen to the details provided by this law firm and recommend whether we believe this proposal merits additional consideration by the County. We also recommend that the County move deliberately in evaluating this, since there does not appear to be a disincentive to waiting to obtain additional facts before committing to filing a lawsuit.

Thank you,
Clay

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EMAIL CONFIDENTIALITY NOTICE

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mhoagland@tuscolacounty.org

From: mhoagland@tuscolacounty.org
Sent: Thursday, January 4, 2018 11:05 AM
To: 'Eean Lee'
Subject: RE: Security Alert

Eean

What next.....it just never ends.....frustrating.....will schedule for more discussion Monday.

Mike

Michael R. Hoagland
Tuscola County Controller/Administrator
989-672-3700
mhoagland@tuscolacounty.org

VISIT US ON LINE FOR COUNTY SERVICES @ www.tuscolacounty.org

From: Eean Lee [mailto:eean.lee@tuscolacounty.org]
Sent: Thursday, January 4, 2018 8:39 AM
To: Mike Hoagland <mhoagland@tuscolacounty.org>
Subject: Security Alert

Mike,

See attached NYTimes article.

Yesterday was a monumental day in technology.

Basically this article is saying that every day common computer equipment manufactured over the last ten years, is vulnerable to a security hack. The fix will come at the cost of computer performance. This means that the total speed of everyone's computers (including any servers I have) are now only 70% as efficient as they used to be. This is not just our network. This is world wide.

I've never seen anything like this before. Every advancement we've had in processor speed for the last decade, is now reduced by 30%.

Fixes from Microsoft are starting to roll in and of course we're going to apply them immediately to secure things as much as possible. I believe that our network users won't see that much of a performance issue as we've built the network to be as robust as we could. This however is a massive hit to our network as a whole. Every decision and every purchase over the last 10 years is within an instant, only 70% as efficient as it was originally.

I think this should be an agenda item to update our board with. No action is needed at this time. However, a security patch to keep things safe has now cost us years of advancement.

Michael R. Hoagland
Director of Information Systems

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The New York Times <https://nyti.ms/2E1MPHa>

TECHNOLOGY

Researchers Discover Two Major Flaws in the World's Computers

By CADE METZ and NICOLE PERLROTH JAN. 3, 2018

SAN FRANCISCO — Computer security experts have discovered two major security flaws in the microprocessors inside nearly all of the world's computers.

The two problems, called Meltdown and Spectre, could allow hackers to steal the entire memory contents of computers, including mobile devices, personal computers and servers running in so-called cloud computer networks.

There is no easy fix for Spectre, which could require redesigning the processors, according to researchers. As for Meltdown, the software patch needed to fix the issue could slow down computers by as much as 30 percent — an ugly situation for people used to fast downloads from their favorite online services.

“What actually happens with these flaws is different and what you do about them is different,” said Paul Kocher, a researcher who was an integral member of a team of researchers at big tech companies like Google and Rambus and in academia that discovered the flaws.

Meltdown is a particular problem for the cloud computing services run by the likes of Amazon, Google and Microsoft. By Wednesday evening, Google and Microsoft said they had updated their systems to deal with the flaw.

Amazon told customers of its Amazon Web Services cloud service that the vulnerability “has existed for more than 20 years in modern processor architectures.” It said that it had already

protected nearly all instances of A.W.S. and that customers must update their own software running atop the service as well.

To take advantage of Meltdown, hackers could rent space on a cloud service, just like any other business customer. Once they were on the service, the flaw would allow them to grab information like passwords from other customers.

That is a major threat to the way cloud-computing systems operate. Cloud services often share machines among many customers — and it is uncommon for, say, a single server to be dedicated to a single customer. Though security tools and protocols are intended to separate customers' data, the recently discovered chip flaws would allow bad actors to circumvent these protections.

The personal computers used by consumers are also vulnerable, but hackers would have to first find a way to run software on a personal computer before they could gain access to information elsewhere on the machine. There are various ways that could happen: Attackers could fool consumers into downloading software in an email, from an app store or visiting an infected website.

According to the researchers, the Meltdown flaw affects virtually every microprocessor made by Intel, which makes chips used in more than 90 percent of the computer servers that underpin the internet and private business operations.

Customers of Microsoft, the maker of the Windows operating system, will need to install an update from the company to fix the problem. The worldwide community of coders that oversees the open-source Linux operating system, which runs about 30 percent of computer servers worldwide, has already posted a patch for that operating system. Apple had a partial fix for the problem and is expected to have an additional update.

The software patches could slow the performance of affected machines by 20 to 30 percent, said Andres Freund, an independent software developer who has tested the new Linux code. The researchers who discovered the flaws voiced similar concerns.

This could become a significant issue for any business running websites and other software through cloud systems.

There is no evidence that hackers have taken advantage of the vulnerability — at least not yet. But once a security problem becomes public, computer users take a big risk if they do not install a patch to fix the issue. A so-called ransomware attack that hit computers around the world last year took advantage of machines that had not received a patch for a flaw in Windows software.

The other flaw, Spectre, affects most processors now in use, though the researchers believe this flaw is more difficult to exploit. There is no known fix for it, and it is not clear what chip makers like Intel will do to address the problem.

It is not certain what the disclosure of the chip issues will do to Intel's business, and on Wednesday, the Silicon Valley giant played down the problem.

"Intel and other technology companies have been made aware of new security research describing software analysis methods that, when used for malicious purposes, have the potential to improperly gather sensitive data from computing devices that are operating as designed," the company said in a statement. "Intel believes these exploits do not have the potential to corrupt, modify or delete data."

The researchers who discovered the flaws notified various affected companies. And as is common practice when such problems are identified, they tried to keep the news from the public so hackers could not take advantage of the flaws before they were fixed.

But on Tuesday, news of the Meltdown flaw began to leak through various news websites, including The Register, a science and technology site based in Britain. So the researchers released papers describing the flaws on Wednesday, much earlier than they had planned.

For now, computer security experts are using a patch, called Kaiser, that was originally discovered by researchers at the Graz University of Technology in Austria to respond to a separate issue last year.

Spectre will be much more difficult to deal with than issuing a software patch.

The Meltdown flaw is specific to Intel, but Spectre is a flaw in design that has been used by many processor manufacturers for decades. It affects virtually all microprocessors on the

market, including chips made by AMD that share Intel's design and the many chips based on designs from ARM in Britain.

Spectre is a problem in the fundamental way processors are designed, and the threat from Spectre is "going to live with us for decades," said Mr. Kocher, the president and chief scientist at Cryptography Research, a division of Rambus.

"Whereas Meltdown is an urgent crisis, Spectre affects virtually all fast microprocessors," Mr. Kocher said. An emphasis on speed while designing new chips has left them vulnerable to security issues, he said.

"We've really screwed up," Mr. Kocher said. "There's been this desire from the industry to be as fast as possible and secure at the same time. Spectre shows that you cannot have both."

The Meltdown flaw was discovered by Jann Horn, a security analyst at a Google-run security research group called Google Project Zero, last June. Mr. Horn was the first to alert Intel. The chip giant then heard from other researchers who had also discovered the flaw, including Werner Haas and Thomas Prescher, at Cyberus Technology; and Daniel Gruss, Moritz Lipp, Stefan Mangard and Michael Schwarz at the Graz University of Technology.

The researchers had been working through the Christmas holiday on a patch, and coordinating with companies like Microsoft and Amazon to roll out the fix.

The second flaw, Spectre, was also discovered by Mr. Horn at Google and separately by Mr. Kocher, in coordination with Mike Hamburg at Rambus, Mr. Lipp at Graz University and Yuval Yarom at the University of Adelaide in Australia.

A fix may not be available for Spectre until a new generation of chips hit the market.

"This will be a festering problem over hardware life cycles. It's not going to change tomorrow or the day after," Mr. Kocher said. "It's going to take a while."

Follow Cade Metz and Nicole Perlroth on Twitter: @CadeMetz and @nicoleperloth

A version of this article appears in print on January 4, 2018, on Page B1 of the New York edition with the headline: 2 Big Flaws Discovered In Nearly All Computers.

mhoagland@tuscolacounty.org

From: Robert Baxter <rbaxter@tuscolacounty.org>
Sent: Thursday, January 4, 2018 1:13 PM
To: Mike Hoagland
Subject: New Hires

Good afternoon Mike,

We held several interviews over the last few days in attempt to get the five millage positions filled. We have several good candidates that can start since the academies just graduated their latest classes. Typically we see that the cream of the crop get scooped up right away and the chaff is left the longer you wait.

Would it be possible to get a "go ahead" to fill these positions without waiting for board approval each time since the budget/millage increase allows for them to be hired?

Tuscola County Sheriff's Office
Undersheriff Robert E. Baxter
420 Court St
Caro, MI 48723
989-673-8161 ext 2225
Fax: 989-673-8164



[Like Us on Facebook](#)

mhoagland@tuscolacounty.org

Subject: FW: Airport Zoning Board of Appeals

Michael R. Hoagland
Tuscola County Controller/Administrator
989-672-3700
mhoagland@tuscolacounty.org

VISIT US ON LINE FOR COUNTY SERVICES @ www.tuscolacounty.org

From: mhoagland@tuscolacounty.org [mailto:mhoagland@tuscolacounty.org]
Sent: Friday, January 5, 2018 10:00 AM
To: jfetting@tuscolacounty.org; 'Bardwell Thom' <bardwellthomas1@gmail.com>; 'Bierlein Matthew' <mbierlein@tuscolacounty.org>; 'Kim Vaughan' <kvaughan@tuscolacounty.org>; 'Kirkpatrick Craig' <ckirkpatrick@tuscolacounty.org>; 'Tom Young' <tyoung@tuscolacounty.org>
Subject: Airport Zoning Board of Appeals

Commissioners

The deadline to receive applications to serve on the Airport Zoning Board of Appeals (AZBA) is today, January 5, 2018 at 4:00 P.M. As you know four of the five original members have already agreed to continue to serve. These members are Keith Kosick, Paul Hoose, Don Clinesmith and Johnathon Blasius. There is one vacancy to fill.

At a recent 'Indianfields Township meeting Commissioner Vaughan inquired with William Campbell who said he no longer wanted to serve on the AZBA. I inquired with the County Clerk who explained that as of 9:00 A.M. this morning (January 5, 2018) applicants are: William Campbell, Mary Tussy and Garrett Tetil.

Commissioner Vaughan had a follow up conversation with William Campbell (one of the five original members appointed to the AZBA) who said he has reconsidered and now would like to continue to serve on the AZBA.

The action needed at the Committee of the Whole and Full Board meetings next week is to appoint the AZBA. The Board may want to appointed members to staggered terms of three years as previously explained by the county attorney. A meeting of the AZBA should be posted as an open meeting and held to elected a Chair, Vice-Chair and Secretary as explained in the By-Laws. The AZBA should also adopt the By-Laws. Lynn Smith from the Michigan Aeronautics Commissioners could be invited to the organizational meeting to explain the role and responsibilities of the AZBA.

Mike

Michael R. Hoagland
Tuscola County Controller/Administrator
989-672-3700
mhoagland@tuscolacounty.org

CONSENT AGENDA

Agenda Reference: A

Entity Proposing: COMMITTEE OF THE WHOLE 11/6/17

Description of Matter: Move that per the recommendation from the county attorney that the following actions be taken regarding the Airport Zoning Board of Appeals:

- County Clerk to contact original members of the Airport Zoning Board of Appeals and ask if they want to continue serving.
- If any previously appointed members do not want to continue serving then the County Clerk will advertise in the newspaper and use other normal methods to receive applications to fill the necessary number of vacancies.
- Direct the county attorney to prepare draft By-Laws explaining the purpose of the Airport Zoning Board of Appeals in addition to provisions stating that members of the Board shall have three year staggered terms and meet at least annually. Also, incorporate other provisions as recommended by county lawyers.
- Review applications and appoint members according to the By-Laws.
- Direct that an Airport Zoning Board of Appeals meeting be held to elect a chair and other officers as necessary.

Agenda Reference: B

Entity Proposing: COMMITTEE OF THE WHOLE 11/6/17

Description of Matter: Move that the 2017 County Audit (Comprehensive Annual Financial Report) be conducted by Anderson, Tuckey, Bernhardt & Doran, P.C. per the provisions contained in the November 1, 2017 engagement letter.

Agenda Reference: C

Entity Proposing: COMMITTEE OF THE WHOLE 11/6/17

Description of Matter: Move that staff prepare specifications and bids be requested to conduct 2018, 2019 and 2020 County Audits (Comprehensive Annual Financial Report).

-Register of Deeds Microfilm Storage Contract and Budget Amendment -

Register Bishop explained the need to change storage companies for the microfilm for the Register of Deeds office. The current contract is with Conduent and the proposed contract from them would double the cost per roll for storage. The contract quote from Kofile Technologies has a cost per roll for storage less than the proposed Conduent contract. There will be a cost to move to the new storage company even though it is at the same storage facility. Budget amendments to be handled at a later date once finalized.

17-M-236

Motion by Young, seconded by Vaughan that the contract with Kofile Technologies for microfilm storage for the Register of Deeds office be approved and all appropriate signatures be authorized. Motion Carried.

-Jail Medical Contract Renewal -

Mike Hoagland reviewed the proposed contract and changes included. The Sheriff's Department is satisfied with the services provided by Correctional Healthcare Companies.

17-M-237

Motion by Young, seconded by Vaughan that per the recommendation of the Jail Administrator that the contract with Correctional Healthcare Companies to provide medical care services to jail inmates be approved with a 1.8% increase from the current \$9,109.85 per month to \$9,273.83 per month. Also, all appropriate signatures are authorized. Motion Carried.

-Appointment of New Airport Zoning Administrator -

Ione Vyse expressed her desire to resign as the Airport Zoning Administrator. Michael Yates has agreed to serve Tuscola County in this capacity.

17-M-238

*

Motion by Young, seconded by Vaughan that the resignation of Ione Vyse as Tuscola County Airport Zoning Administrator be received and placed on file effective December 31, 2017. Motion Carried.

17-M-239

*

Motion by Young, seconded by Vaughan effective January 1, 2018 Michael Yates be appointed as Tuscola County Airport Zoning Administrator. Motion Carried.

-Veterans Affairs Committee -

17-M-240

Motion by Vaughan, seconded by Young to appoint the following members to the Tuscola County Veteran's Committee per the recommendation of Director Mark Zmierski for the specified terms effective January 1, 2018:

Dr. Richard Horsch for a 1-year term

Steve Meyers for a 1-year term

Ann Westover for a 4-year term

Ann Cherry for a 3-year term

Gary Haas for a 2 year term


Motion Carried.

-Harry Kashat, Lucky's Party Store, would also like to see Sunday liquor sales allowed.

*Consent Agenda Resolution -
17-M-209*

Motion by Bierlein, seconded by Kirkpatrick that the following Consent Agenda Resolution from the December 11, 2017 Committee of the Whole Meeting be adopted. Motion Carried.

CONSENT AGENDA

- Agenda Reference:** A
- Entity Proposing:** COMMITTEE OF THE WHOLE 12/11/17
- Description of Matter:** Move that per the recommendation of the Court Administrator and Chief Judge that the In-Home Parenting Independent Contractor agreements with Heather M. Jensen and Janice Burgess be extended until March 31, 2018 (expire on December 31, 2017). Also, the Board Chair be authorized to sign said contracts.
- Agenda Reference:** B
- Entity Proposing:** COMMITTEE OF THE WHOLE 12/11/17
- Description of Matter:**  Move that an initial fee of \$1,000 be set for applications submitted to the Airport Zoning Board of Appeals. Also, for each additional wind turbine, tower, antenna or other structure a fee of \$500 be established for each additional structure. Said fees to take immediate effect.
- Agenda Reference:** C
- Entity Proposing:** COMMITTEE OF THE WHOLE 12/11/17
- Description of Matter:** Move that the Airport Zoning Administrator 2017 Annual Report be received and placed on file.
- Agenda Reference:** D
- Entity Proposing:** COMMITTEE OF THE WHOLE 12/11/17
- Description of Matter:** Move that the 2018 Sheriff Department Police Services Contract with Millington Township be approved and all appropriate signatures are authorized.

17-M-221

Motion by Bierlein, seconded by Kirkpatrick that as explained in the December 14, 2017 report titled "Year-End Compliance with the Uniform Budgeting and Accounting Act" that authorization is given to transfer \$713,000 in estimated delinquent tax fund net income to the general fund. Motion Carried.

17-M-222

Motion by Kirkpatrick, seconded by Young to authorize staff after consultation with the county auditors to conduct further year-end financial transactions and make other adjustments as necessary to gain compliance with the Uniform Budgeting and Accounting Act. Motion Carried.

- Potential Lawsuit Against Companies that Manufacture Addictive Pain Medicines - Commissioner Bierlein stated Michigan Association of Counties (MAC) is conducting research to determine which law firm would be best to contract with.


Clerk Fetting told the Board she has been informed that Delta County and Leelanau County are going to join the lawsuit.

Board did not take action to join at this point.

- Airport Zoning Board of Appeals

Commissioner Vaughan spoke to William Campbell and he is no longer interested in serving on this Board.

17-M-223

 Motion by Vaughan, seconded by Bierlein that because former Airport Zoning Board of Appeals member, William Campbell, has explained he no longer wishes to serve, the County Clerk be requested to advertise in the local newspaper and on the County Web page for interested individuals to serve on this appeals board. Motion Carried.

- Primary Road and Bridge Millage Transfer Requests

17-M-224

Motion by Bierlein, seconded by Kirkpatrick to approve the Primary Road Millage transfer request of \$1,020,605.52 as identified by Voucher #03-17 dated December 13, 2017 for transfer from the Primary Road Millage Fund to the Road Commission General Fund. Motion Carried.

17-M-225

Motion by Young, seconded by Bierlein to approve the Local Bridge Millage transfer request of \$355,544.75 as identified by Voucher #03-17 dated December 12, 2017 for transfer from the Local Bridge Millage Fund to the Road Commission General Fund. Motion Carried.

New Business -

-Introduction of Cass City Manager, Debbie Powell - Mrs. Powell introduced herself to the Board. She reviewed the projects the Village has put as a priority such as a grocery store, economic development, wastewater treatment plant, streets, blight, the master plan and parks and recreation.

-Airport Authority Update - Joe Greene provided an update to the Board as the airport is the only one on the East side of the state offering multiple types of octane fuel. There has been discussion of ways to fund the airport and a special millage has been discussed. Nancy Barrios updated the Board regarding the growth of the airport due to Midwest Sky Sports and Lapeer Flight training. On December 9, 2017 at 10:00 a.m., Santa Claus will be flying into the airport.

* -Airport Zoning Board of Appeals By-Laws - Clerk Fetting has received confirmation that 4 of the 5 current members would continue to serve on the Board of Appeals.

17-M-198

* Motion by Bierlein, seconded by Young that the Airport Zoning Board of Appeals By-Laws as recommended by the county attorneys be approved and implemented. Motion Carried.

-Indigent Defense Plan - Barbara Klimaszewski updated the Board to the progress of the plan to be submitted on behalf of Tuscola County. She does not recommend that the plan include a line to include the Prosecutor. She feels any plan that includes the Prosecutor arm will be rejected by the State Commission. The plan must be submitted today. Clayette has reviewed the recommendations received from Barbara with the only two issues outstanding is the Prosecutor and polycom units. Barbara recommends removing the polycom units as the tablets included would be sufficient. Board discussed and agreed to remove the two polycom units for each of the conference rooms in the courthouse. Board discussed and agreed to remove the Assistant Prosecuting Attorney portion.

17-M-199

Motion by Bierlein, seconded by Vaughan that the Tuscola County Indigent Defense Plan be approved and submitted to the Michigan Indigent Defense Commission with the stipulation that if state funding is not provided for all costs over the local share then it is not the county's responsibility to carry out any of the new plan functions or fund any of the state share of the plan costs. (Clearly the county has limited funding capabilities and could not add over \$800,000 in new cost for an expanded Indigent Defense Program). Motion Carried.

-2018 Budget Development Update and Set Public Hearing - Draft budget has been submitted to Department Heads for review and comments. Public hearing to be set with the Controller's Office to handle the newspaper posting and Clerk Fetting to post on the website and Purdy Building.

Tuscola Area Airport Zoning Board of Appeals By-Laws

The following rules of organization and procedure are hereby adopted by the Tuscola Area Airport Zoning Board of Appeals pursuant to the Michigan Airport Zoning Act (MCL 259.431 *et seq.*) and the Tuscola Area Airport Zoning Ordinance (County Ordinance # 01-2010).

I. ORGANIZATION

The Airport Zoning Board of Appeals ("AZBA") consists of five (5) members appointed by the Tuscola County Board of Commissioners. Each member of the AZBA is appointed for a term of three (3) years and until his or her successor is appointed; except that upon adoption of these By-Laws, the Board of Commissioners may initially appoint one member for a term of one (1) year, two members for terms of two (2) years each, and two members for terms of three (3) years each, so as to create a staggered board. Notice of resignation by an AZBA member shall be made in writing to the chairperson, who shall forthwith notify the Board of Commissioners. A member appointed to fill a vacancy created by removal or resignation shall fulfill the remaining term of the member replaced.

II. MEETINGS

(1) The AZBA shall hold an annual meeting in February of each year. Other meetings of the AZBA shall be held at the call of the chairperson and at such other times as the AZBA may determine. A meeting shall also be held upon written request to the chairperson of at least two members. Notice of all meetings shall be given to all members.

(2) The chairperson, or in his or her absence the vice-chairperson, may administer oaths or affirmations and issue subpoenas to compel the attendance of witnesses.

(3) All hearings of the AZBA shall be public, and it shall keep minutes of its proceedings, showing the vote of each member upon each question, or if absent, abstaining with cause, or failing to vote, then so indicating and recording.

(4) The AZBA shall keep records of its examinations and other official acts, all of which shall be immediately filed in the offices of the AZBA (Annex Office) and shall be a public record.

(5) The presence of three members shall constitute a quorum.

III. OFFICERS

(1) Selection and Tenure: At the annual meeting, the AZBA shall select a chairperson, vice-chairperson, and secretary. All officers shall serve a term of one year, or until their successors are selected and assume office, except as noted in Subsection (2) below.

(2) Chairperson: The chairperson shall preside at all meetings, appoint committees, and perform such other duties as ordered by the AZBA or required by these By-Laws.

(3) Vice-Chairperson: The vice chairperson shall act in the capacity of the chairperson in his or her absence. In the event the office of chairperson becomes vacant, the vice-chairperson shall succeed to this office for the unexpired term, and the AZBA shall select a successor to the office of vice-chairperson for the unexpired term.

(4) Secretary: The secretary shall be responsible for maintaining a permanent record of the minutes of each meeting. The secretary shall execute documents in the name of the AZBA, and shall be responsible for issuing formal written correspondence with other groups or persons, as directed by the AZBA. All communications or other written materials received by the secretary shall be brought to the attention of the AZBA. The secretary shall issue such notices as may be required, and shall oversee the issuance of such notices in conformity with these By-Laws and other applicable law.

IV. PROCEDURE

(1) Appeals shall be made within 30 days after the issuance of a written decision of the Airport Zoning Administrative Agency/Zoning Administrator.

(2) Appeals and other requests shall proceed in accordance with the provisions set forth in the Tuscola Area Airport Zoning Ordinance (County Ordinance # 01-2010).

(3) The AZBA shall hereafter develop forms for appeals and other requests, which shall be made part of these By-Laws upon adoption, and as may be modified from time to time.

V. CONFLICT OF INTEREST

(1) AZBA members shall disclose a potential conflict of interest to the AZBA, and abstain from participating in a hearing or deliberations, when:

- a. A family member is involved in any request for which the AZBA is asked to make a decision.
- b. The member has a business or financial interest in the property involved in the request or has a business or financial interest in the applicant's company, agency, or association.
- c. There is a reasonable appearance of a conflict of interest, as determined by the AZBA member declaring such conflict.

VI. AMENDMENTS

These By-Laws may be amended at any meeting by a vote of a majority of the members of the AZBA.

Adopted by the Tuscola County Area Airport Zoning Board of Appeals at a meeting held on _____.

Secretary of the AZBA