

HOLLY TOWNSHIP
PROPOSED AGENDA
Board of Trustees Regular Meeting
July 16, 2025 6:30 PM
Holly Township Hall (Upstairs)
102 Civic Dr. Holly, Michigan 48442

CALL TO ORDER – PLEDGE OF ALLEGIANCE

ROLL CALL: George Kullis Karin Winchester Jennifer Ryan Derek Burton
 Ryan Matson Michael McCanney Richard Kinnamon

AGENDA APPROVAL

CONSENT AGENDA:

1. Approval of Regular Meeting Minutes – June 18, 2025.
2. Approval of Financial Statement – June 2025.
3. Approval of Bills for Payment – July 2025
4. Receipt of Routine Reports:
 1. N.O.C.F.A. Minutes – June 24, 2025.
 2. Planning Commission Minutes – June 11, 2025.
 3. Building Permits – June 2025.
 4. Treasurer’s Annual and Quarterly Report – June 30, 2025.
5. Communications: None.

All items listed under “Consent Agenda” are considered to be routine, and non-controversial, do not require discussion by the Township Board and will be approved by one motion. There will be no separate discussion. If discussion is desired on an item, that item will be removed from the consent agenda and will automatically be moved to the last item under New Business.

PUBLIC HEARINGS: None.

PRESENTATIONS: None.

REPORTS: TRUSTEES CLERK TREASURER SUPERVISOR

PUBLIC COMMENT on Agenda Items Only. Members of the public can address the Board, on agenda items only, once recognized by the Supervisor. Comments are limited to a maximum of 3 minutes. The board may extend this time by a majority vote. Prior to addressing the board, members of the public shall state their name and address for the record. A second public comment is available after New Business for all other comments. Thank you for your cooperation.

OLD BUSINESS

1. Charter Township/Detachment.

NEW BUSINESS

1. EGLE Community Energy Management Agreement.
2. Confirm Special Assessment Roll for Fire and Emergency Services – Proposed Resolution 2025-15.
3. Riverside North Developers Agreement.

PUBLIC COMMENT

ADJOURNMENT

Holly Township
Board of Trustees Regular Meeting
Minutes of June 18, 2025

CALL TO ORDER: Supervisor Kullis called the Regular Meeting of the Holly Township Board of Trustees to order at 6:30 pm located at the Holly Township Offices (Upstairs), 102 Civic Drive, Holly, Michigan 48442.

PLEDGE OF ALLEGIANCE

ROLL CALL

Members Present

George Kullis
Karin Winchester
Jennifer Ryan
Michael McCanney
Richard Kinnamon

Members Absent

Derek Burton

Others Present

Lisa Hamameh, Attorney
Alexis Farrell, McKenna & Associated

- **Motion by Supervisor Kullis to excuse Trustee Burton. Supported by Clerk Winchester. A voice vote was taken. All present voted yes. The motion carried 6/0.**

AGENDA APPROVAL

Trustee Ryan asked to add Item 10 under New Business: Charter Township of Holly.

- **Motion by Trustee Ryan to approve the agenda as amended. Supported by Trustee Kinnamon. A voice vote was taken. All present voted yes. The motion carried 6/0.**

CONSENT AGENDA:

1. Approval of Regular Meeting Minutes – May 21, 2025.
2. Approval of Financial Statement – May 2025.
3. Approval of Bills for Payment – June 2025
4. Receipt of Routine Reports:
 1. N.O.C.F.A. Minutes – May 27, 2025.
 2. Planning Commission Minutes – None.
 3. Building Permits – May 2025.
 4. Treasurer's Annual and Quarterly Report – None.
5. Communications: None.

- **Motion by Trustee Matson to approve the Consent Agenda as presented. Supported by Clerk Winchester. A roll call vote was taken. All present voted yes. The motion was approved 6/0.**

PUBLIC HEARINGS: 2025-2026 Holly Township Proposed Budget and for the Annual Redetermination Confirming Special Assessment District for the Purpose of Fire and Emergency Service and Supporting Millages.

- **Motion by Clerk Winchester to open the Public Hearing. Supported by Trustee Kinnamon. A voice vote was taken. All present voted yes. The motion was carried 6/0.**

No public comment was received.

- **Motion by Clerk Winchester to close the Public Hearing. Supported by Trustee Matson. A voice vote was taken. All present voted yes. The motion was carried 6/0.**

PRESENTATIONS: NOCFA Chief Weil on NOCFA Semi Annual Budget.

Because of the transition to a new fiscal year, Chief Weil presented and reviewed a 6-month budget from July 1, 2025 – December 31, 2025.

The following changes have impacted the current proposed budget:

- 5% wage increase
- Short-term disability is a new benefit
- Significant increases in health care
- The SAFER grant has been a significant revenue contributor for training, recruitment, and retention, but it's going away

6-month budget projections are as follows:

- Revenue: \$1,493,310.00
- Expenses: \$1,463,300.45
- Contribution to Fund Balance: \$30,009.45
- Does not include a Capital Equipment Replacement Fund

Chief Weil noted the following:

- Estimated \$25k for overtime may not be adequate; overage can be taken from the Fund Balance if needed
- The Fund Balance is below the recommended amount (per the accountant)
- Need to establish and fund a Capital Equipment Replacement Fund (estimated replacement costs are \$2M/year)

REPORTS

Trustee Kinnamon

- Attended a stakeholder meeting with Seven Lakes State Park; encouraged everyone to complete a public opinion survey online
- Upcoming Chamber events – two ribbon cuttings, Saturday Food Truck Rally on the north end, monthly networking breakfast

Trustee McCanney

- The Planning Commission approved the Renaissance Festival Special Land Use permit with contingencies

Trustee Matson – No Report.

Treasurer Ryan – No Report.

Clerk Winchester – No Report.

Supervisor Kullis

- Met with Riverside North developers and HOA; contract agreement between developer and Township; bond money is included; will come before the Township Board for approval
- Met with Jane DiSessa regarding parks projects and progress
- Acknowledged Diane Hill's last night as Recording Secretary

PUBLIC COMMENT – None.

OLD BUSINESS – None.

NEW BUSINESS

1. Proposed Holly Township Code of Ordinances Amendment to Chapter 32 – Zoning and Conditional Rezoning Agreement – Michael and Elizabeth Isaac.

Alexis Farrell presented an overview of the proposed conditional rezoning of parcel 01-22-476-007.

The site is split zoned, located on both the east and west sides of Fagan Road, just north of Quick Road and Grange Hall Road, and is currently undeveloped. The parcel is currently AGRE on the east of Fagan Road and SR on the west, encompassing approximately 15.19 acres. The applicant is requesting a conditional rezoning of the area to the east from AGRE to SR, and to eventually pursue a site condominium with 6 detached family units. The portion of Fagan Road that serves the parcels is part of the total acreage. If the road portion is dedicated to the county, as suggested, the remaining parcels will meet the minimum acreage requirement of 1.5 acres. There were concerns about an old cemetery on the property. It was determined that the cemetery is located elsewhere, and there is no cemetery on the parcel.

- **Motion by Clerk Winchester to approve amending the Holly Township Code of Ordinances Chapter 32 – Zoning and Conditional Rezoning Agreement. Supported by Trustee Kinnamon. A roll call vote was taken. All present voted yes. The motion was carried 6/0.**

2. Proposal for Zoning Services and Fee Increase beginning July 1, 2025.

Alexis Farrell stated that she has been assisting Clerk Winchester as a planning advisor for 1 ½ years. The last two years have been busier than the previous ten years. Clerk Winchester has been serving as the primary Zoning Administrator, but the current volume of work exceeds her capacity given her clerk responsibilities. She will be in the offices ½ day a week initially for an hourly rate, rather than a retainer to provide flexibility while need and budget are evaluated.

- **Motion by Trustee Ryan to approve the proposal for Zoning Services and fee increase beginning July 1, 2025. Supported by Trustee Kinnamon. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

3. Proposal for Code Enforcement Services beginning July 1, 2025.

Alexis Farrell introduced Jim Wright, Senior Building Administrator for McKenna and Associates. This proposal is for Mr. Wright to assist Holly Township with Code Enforcement.

- **Motion by Clerk Winchester to approve the proposal for Code Enforcement Services beginning July 1, 2025. Supported by Trustee Matson. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

4. 2025-2026 NOCFA Semi-Annual Proposed Budget – Proposed Resolution 2025-09.

The proposed budget is for July 1, 2025 – December 31, 2025 to transition to the new fiscal year (January 1 – December 31).

- **Motion by Clerk Winchester to approve the 2025-2026 NOCFA semi-annual budget, Proposed Resolution 2025-09. Supported by Trustee Matson. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

5. 2025-2026 Holly Township Parks Proposed Budget – Proposed Resolution 2025-10.

Mary Blanchard and Jane DiSessa read a letter from the Parks Board to the Board of Trustees.

- **Motion by Trustee Ryan to approve 2025-2026 Holly Township Parks Proposed Budget - Proposed Resolution 2025-10. Supported by Trustee Kinnamon. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

6. 2025-2026 Holly Township Budget and Appropriations – Proposed Resolution 2025-11.

- **Motion by Clerk Winchester to approve the 2025-2026 Holly Township Budget and Appropriations - Proposed Resolution 2025-11. Supported by Supervisor Kullis. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

7. Board Policies and Procedures Amendments – Proposed Resolution 2025-12.

Trustee McCanney expressed his concerns with the definitions in the Investment Policy Appendixes.

- **Motion by Clerk Winchester to approve Board Policies and Procedures Amendments - Proposed Resolution 2025-12. Supported by Trustee Matson. A roll call vote was taken. Winchester; yes, Ryan; yes, Matson, Kinnamon; yes, Kullis; yes, McCanney; no. The motion carried 5/1.**

8. 2024-2025 Budget Amendments – Proposed Resolution 2025-13.

- **Motion by Trustee Kinnamon to approve the 2024-2025 budget amendments, Proposed Resolution 2025-13. Supported by Trustee Matson. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

9. 2023-2025 Assessing Contract Extension – Proposed Resolution 2025-14.

This is a request to approve a two-month extension on the current County assessing contract.

- **Motion by Supervisor Kullis to approve the 2023-2025 Assessing Contract Extension of two months, Proposed Resolution 2025-14. Supported by Trustee McCanney. A roll call vote was taken. All present voted yes. The motion carried 6/0.**

10. Charter Township.

The Village of Holly is pursuing cityhood which could mean an extension of their current boundaries into Holly Township taking in all the properties serviced by the Village for water and sewer and out to the High School which would have huge negative effect on the township financially and would hinder the ability to provide Fire and Emergency Services without enough tax base to pay for it. It is what villages do when they get into financial trouble but instead of helping, it hurts them as they have to provide additional services as a city. Since Village residents are also Township residents, Board agreed that all residents need options, including detachment from the Village.

- **Motion by Trustee Kinnamon to research the possibility of becoming a charter township and the options that are available, including detachment. Supported by Trustee Matson. A voice vote was taken. All present voted yes. The motion carried 6/0.**

PUBLIC COMMENT

Jane DiSessa, resident, addressed the board.

Mary Blanchard, 3444 Old Leake Court, addressed the board.

ADJOURNMENT – Supervisor Kullis adjourned the meeting at 8:47 pm.

Submitted by Diane Hill, Recording Secretary

Karin Winchester, Clerk

REVENUE AND EXPENDITURE REPORT FOR HOLLY TOWNSHIP
PERIOD ENDING 06/30/2025

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 101 - GENERAL FUND						
Expenditures						
101-215-860-000	MILEAGE REIMBURSEMENT	1,000.00	0.00	0.00	1,000.00	0.00
101-215-861-000	LODGING & EXPENSES	1,000.00	0.00	0.00	1,000.00	0.00
Total Dept 215 - CLERK		90,655.00	86,639.44	7,179.46	4,015.56	95.57
Dept 216 - CLERK ADMINISTRATION						
SALARIES						
101-216-702-000	DEPUTY SALARY	59,343.00	59,343.00	4,945.14	0.00	100.00
101-216-703-000	SOCIAL SECURITY	1,200.00	1,200.00	100.00	0.00	100.00
101-216-715-000	DUES, SUBS & TUITION	4,632.00	4,631.54	385.96	0.46	99.99
101-216-830-000	MILEAGE REIMBURSEMENT	2,500.00	40.00	0.00	2,460.00	1.60
101-216-860-000	LODGING & EXPENSES	1,000.00	0.00	0.00	1,000.00	0.00
101-216-861-000		1,000.00	0.00	0.00	1,000.00	0.00
Total Dept 216 - CLERK ADMINISTRATION		69,675.00	65,214.54	5,431.10	4,460.46	93.60
Dept 247 - BOARD OF REVIEW						
SALARIES						
101-247-702-000	SOCIAL SECURITY	1,500.00	843.00	0.00	657.00	56.20
101-247-715-000	DUES, SUBS & TUITION	115.00	64.49	0.00	50.51	56.08
101-247-830-000	MILEAGE REIMBURSEMENT	1,000.00	0.00	0.00	1,000.00	0.00
101-247-860-000	LODGING & EXPENSES	300.00	0.00	0.00	300.00	0.00
101-247-861-000		0.00	0.00	0.00	0.00	0.00
Total Dept 247 - BOARD OF REVIEW		2,915.00	907.49	0.00	2,007.51	31.13
Dept 253 - TREASURER						
SALARIES						
101-253-702-000	SOCIAL SECURITY	80,032.00	80,032.00	6,669.26	0.00	100.00
101-253-715-000	DUES, SUBS & TUITION	6,123.00	6,122.44	510.19	0.56	99.99
101-253-830-000	MILEAGE REIMBURSEMENT	2,500.00	933.00	0.00	1,567.00	37.32
101-253-860-000	LODGING & EXPENSES	1,000.00	450.53	450.53	549.47	45.05
101-253-861-000		1,000.00	504.00	0.00	496.00	50.40
Total Dept 253 - TREASURER		90,655.00	88,041.97	7,629.98	2,613.03	97.12
Dept 255 - TREASURER ADMINISTRATION						
SALARIES						
101-255-702-000	DEPUTY SALARY	50,165.00	50,165.00	4,180.38	0.00	100.00
101-255-703-000	SOCIAL SECURITY	1,200.00	1,200.00	100.00	0.00	100.00
101-255-715-000	DUES, SUBS & TUITION	3,930.00	3,929.42	327.45	0.58	99.99
101-255-830-000	MILEAGE REIMBURSEMENT	2,500.00	1,796.80	0.00	703.20	71.87
101-255-860-000	LODGING & EXPENSES	1,000.00	400.66	0.00	599.34	40.07
101-255-861-000		1,000.00	504.00	0.00	496.00	50.40
Total Dept 255 - TREASURER ADMINISTRATION		59,795.00	57,995.88	4,607.83	1,799.12	96.99
Dept 257 - ASSESSING						
CONTRACTED SERVICES						
101-257-802-000		106,000.00	0.00	0.00	106,000.00	0.00
Total Dept 257 - ASSESSING		106,000.00	0.00	0.00	106,000.00	0.00
Dept 261 - CODE ENFORCEMENT/ASSIST SUPERVISOR						
SALARIES						
101-261-702-000		53,138.00	53,138.00	4,428.24	0.00	100.00

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDT USED
Fund 101 - GENERAL FUND						
Expenditures						
101-261-715-000	SOCIAL SECURITY	4,065.00	4,065.05	338.76	(0.05)	100.00
101-261-830-000	DUES, SUBS & TUITION	2,500.00	25.00	0.00	2,475.00	1.00
101-261-860-000	MILEAGE REIMBURSEMENT	1,000.00	0.00	0.00	1,000.00	0.00
101-261-861-000	LODGING & EXPENSES	1,000.00	1,097.32	0.00	(97.32)	109.73
Total Dept 261 - CODE ENFORCEMENT/ASSIST SUPERVISOR						
		61,703.00	58,325.37	4,767.00	3,377.63	94.53
Dept 262 - ELECTIONS						
101-262-708-000	ELECTION SALARIES	35,000.00	15,027.25	0.00	19,972.75	42.94
101-262-740-000	OPERATING EXPENSES	20,000.00	18,133.13	0.00	1,866.87	90.67
Total Dept 262 - ELECTIONS						
		55,000.00	33,160.38	0.00	21,839.62	60.29
Dept 265 - TOWNSHIP PROPERTIES						
101-265-850-000	TELEPHONE	6,700.00	5,749.38	734.02	950.62	85.81
101-265-920-000	UTILITIES	10,000.00	11,821.27	1,713.09	(1,821.27)	118.21
101-265-930-000	MAINTENANCE & REPAIRS	50,000.00	34,443.81	5,154.88	15,556.19	68.89
Total Dept 265 - TOWNSHIP PROPERTIES						
		66,700.00	52,014.46	7,601.99	14,685.54	77.98
Dept 267 - ARPA OPERATING EXPENSES						
101-267-740-000	OPERATING EXPENSES	0.00	0.00	0.00	0.00	0.00
Total Dept 267 - ARPA OPERATING EXPENSES						
		0.00	0.00	0.00	0.00	0.00
Dept 272 - GENERAL SERVICES						
101-272-710-000	PENSION	40,995.00	41,314.20	3,442.74	(319.20)	100.78
101-272-720-000	HEALTH/LIFE INSURANCE	82,775.00	81,971.86	11,966.40	803.14	99.03
101-272-737-000	RETIREMENT HEALTH CARE FUNDING	0.00	0.00	0.00	0.00	0.00
101-272-740-000	OPERATING EXPENSES	50,000.00	28,914.83	(1,314.63)	21,085.17	57.83
101-272-801-000	ACCOUNTANT/AUDITOR	19,300.00	18,300.00	0.00	1,000.00	94.82
101-272-802-000	CONTRACTED SERVICES	2,000.00	1,050.00	168.75	950.00	52.50
101-272-804-000	ATTORNEY	50,000.00	43,952.04	6,700.30	6,047.96	87.90
101-272-816-000	COMPUTER MAINTENANCE	35,000.00	39,026.70	3,994.20	(4,026.70)	111.50
101-272-820-000	ORDNANCE CODIFICATION	7,000.00	2,456.63	0.00	4,543.37	35.09
101-272-830-000	DUES, SUBS & TUITION	9,000.00	8,107.54	0.00	892.46	90.08
101-272-900-000	LEGAL NOTICES	7,000.00	6,657.56	702.00	342.44	95.11
101-272-955-000	MISCELLANEOUS	7,832.00	530.31	(0.01)	7,301.69	6.77
101-272-956-000	INSURANCE	14,500.00	13,240.00	0.00	1,260.00	91.31
101-272-971-000	CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00
101-272-991-000	DEBT SERVICE - TOWNSHIP HALL	0.00	0.00	0.00	0.00	0.00
101-272-995-206	TRANSFER TO FIRE SAD - ADVANCE	122,762.00	0.00	0.00	122,762.00	0.00
101-272-995-390	TRANSFER TO FUND BALANCE	0.00	0.00	0.00	0.00	0.00
101-272-995-401	TO CAPITAL PROJECT FUND	550,000.00	550,000.00	0.00	0.00	100.00
101-272-995-404	TRANSFERS TO ROAD IMPROVEMENT FUND	100,000.00	100,000.00	0.00	0.00	100.00
Total Dept 272 - GENERAL SERVICES						
		1,098,164.00	935,521.67	25,659.75	162,642.33	85.19
Dept 336 - PUBLIC SAFETY						
101-336-959-000	NOCFA CONTRIBUTION	0.00	0.00	0.00	0.00	0.00

GL NUMBER	DESCRIPTION	2024-25		YTD BALANCE		ACTIVITY FOR		AVAILABLE	
		AMENDED BUDGET	NORMAL (ABNORMAL)	06/30/2025	NORMAL (ABNORMAL)	MONTH 06/30/2025	INCREASE (DECREASE)	BALANCE	% BDGT USED
Fund 101 - GENERAL FUND									
Expenditures									
Total Dept 336 - PUBLIC SAFETY		0.00		0.00		0.00		0.00	0.00
Dept 441 - PUBLIC WORKS									
101-441-821-000	CEMETERY	15,000.00		3,783.19		1,138.26	11,216.81	25.22	
101-441-822-000	CLEANUP DAYS	13,000.00		9,185.86		1,605.67	3,814.14	70.66	
101-441-824-000	PHRAGMITE CONTROL	0.00		0.00		0.00	0.00	0.00	
101-441-825-000	ROAD GRAVEL	25,000.00		(2,006.78)		0.00	27,006.78	(8.03)	
101-441-826-000	ROAD MAINT.-CHLORIDE	86,796.00		52,077.60		0.00	34,718.40	60.00	
101-441-990-000	N. HOLLY RD. PROJECT	37,500.00		37,500.00		0.00	0.00	100.00	
Total Dept 441 - PUBLIC WORKS		177,296.00		100,539.87		2,743.93	76,756.13	56.71	
Dept 660 - COMMUNITY SERVICES									
101-660-844-000	YOUTH ASSISTANCE	3,500.00		3,500.00		0.00	0.00	100.00	
Total Dept 660 - COMMUNITY SERVICES		3,500.00		3,500.00		0.00	0.00	100.00	
Dept 701 - PLANNING									
101-701-702-000	SALARIES	9,035.00		3,855.00		1,360.00	5,180.00	42.67	
101-701-715-000	SOCIAL SECURITY	692.00		294.89		104.01	397.11	42.61	
101-701-802-000	CONTRACTED SERVICES	2,000.00		318.75		0.00	1,681.25	15.94	
101-701-811-000	PLANNER SERVICES	60,000.00		9,974.50		0.00	50,025.50	16.62	
101-701-812-000	ENGINEER SERVICES	25,000.00		(235.20)		0.00	25,235.20	(0.94)	
101-701-830-000	DUES, SUBS & TUITION	4,000.00		893.00		0.00	3,107.00	22.33	
101-701-860-000	MILEAGE REIMBURSEMENT	500.00		0.00		0.00	500.00	0.00	
Total Dept 701 - PLANNING		101,227.00		15,100.94		1,464.01	86,126.06	14.92	
Dept 702 - ZONING ADMINISTRATOR									
101-702-702-000	SALARIES	8,000.00		8,000.00		666.63	0.00	100.00	
101-702-715-000	SOCIAL SECURITY	612.00		612.00		51.00	0.00	100.00	
101-702-830-000	DUES, SUBS & TUITION	1,000.00		0.00		0.00	1,000.00	0.00	
101-702-860-000	MILEAGE REIMBURSEMENT	500.00		0.00		0.00	500.00	0.00	
101-702-861-000	LODGING & EXPENSES	800.00		0.00		0.00	800.00	0.00	
Total Dept 702 - ZONING ADMINISTRATOR		10,912.00		8,612.00		717.63	2,300.00	78.92	
Dept 703 - COMMUNITY DEVELOPMENT									
101-703-956-000	COMMUNITY DEVELOPMENT - CDBG	5,792.00		5,760.00		0.00	32.00	99.45	
Total Dept 703 - COMMUNITY DEVELOPMENT		5,792.00		5,760.00		0.00	32.00	99.45	
Dept 704 - ZONING BOARD OF APPEALS									
101-704-702-000	SALARIES	505.00		0.00		0.00	505.00	0.00	
101-704-715-000	SOCIAL SECURITY	40.00		0.00		0.00	40.00	0.00	
101-704-802-000	CONTRACTED SERVICES	300.00		0.00		0.00	300.00	0.00	
101-704-830-000	DUES, SUBS & TUITION	1,500.00		302.00		0.00	1,198.00	20.13	
101-704-860-000	MILEAGE REIMBURSEMENT	500.00		0.00		0.00	500.00	0.00	

PERIOD ENDING 06/30/2025

GL NUMBER	DESCRIPTION	2024-25	YTD BALANCE		ACTIVITY FOR		AVAILABLE		% BDGT USED
		AMENDED BUDGET	NORMAL	06/30/2025 NORMAL (ABNORMAL)	MONTH 06/30/2025 INCREASE (DECREASE)	NORMAL	ABNORMAL		
Fund 101 - GENERAL FUND									
Expenditures									
Total Dept 704 - ZONING BOARD OF APPEALS		2,845.00		302.00	0.00		2,543.00		10.62
TOTAL EXPENDITURES		2,117,581.00		1,615,168.32	78,373.11		502,412.68		76.27
Fund 101 - GENERAL FUND:									
TOTAL REVENUES		2,117,581.00		1,448,131.22	169,629.93		669,449.78		68.39
TOTAL EXPENDITURES		2,117,581.00		1,615,168.32	78,373.11		502,412.68		76.27
NET OF REVENUES & EXPENDITURES		0.00		(167,037.10)	91,256.82		167,037.10		100.00
BEG. FUND BALANCE		1,494,588.65		1,494,588.65					
END FUND BALANCE		1,494,588.65		1,327,551.55					

PERIOD ENDING 06/30/2025

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 206 - FIRE AND EMERGENCY SPECIAL ASSESSMENT						
Revenues						
Dept 000 - GENERAL						
206-000-451-000	SPECIAL ASSESSMENT COLLECTION	1,129,000.00	1,111,473.46	42,111.83	17,526.54	98.45
206-000-665-000	INTEREST	1,000.00	5,782.85	1,165.60	(4,782.85)	578.29
206-000-678-000	MISCELLANEOUS	0.00	0.00	0.00	0.00	0.00
206-000-699-101	TRANSFER FROM GENERAL FUND	0.00	0.00	0.00	0.00	0.00
206-000-699-390	TRANSFER FROM FUND BALANCE	0.00	0.00	0.00	0.00	0.00
Total Dept 000 - GENERAL						
		1,130,000.00	1,117,256.31	43,277.43	12,743.69	98.87
Dept 338 - FIRE AND EMERGENCY						
206-338-699-000 TRANSFERS FROM OTHER FUNDS						
		122,762.00	0.00	0.00	122,762.00	0.00
Total Dept 338 - FIRE AND EMERGENCY						
		122,762.00	0.00	0.00	122,762.00	0.00
TOTAL REVENUES						
		1,252,762.00	1,117,256.31	43,277.43	135,505.69	89.18
Expenditures						
Dept 338 - FIRE AND EMERGENCY						
206-338-740-000 OPERATING EXPENSES						
		1,000.00	860.30	67.58	139.70	86.03
206-338-802-000	CONTRACTED SERVICES	1,103,000.00	1,103,000.00	0.00	0.00	100.00
206-338-971-000	CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00
206-338-995-101	TRANSFER TO GENERAL FUND	122,762.00	0.00	0.00	122,762.00	0.00
206-338-995-390	TRANSFER TO FUND BALANCE	26,000.00	0.00	0.00	26,000.00	0.00
Total Dept 338 - FIRE AND EMERGENCY						
		1,252,762.00	1,103,860.30	67.58	148,901.70	88.11
TOTAL EXPENDITURES						
		1,252,762.00	1,103,860.30	67.58	148,901.70	88.11
Fund 206 - FIRE AND EMERGENCY SPECIAL ASSESSMENT:						
TOTAL REVENUES						
		1,252,762.00	1,117,256.31	43,277.43	135,505.69	89.18
TOTAL EXPENDITURES						
		1,252,762.00	1,103,860.30	67.58	148,901.70	88.11
NET OF REVENUES & EXPENDITURES						
		0.00	13,396.01	43,209.85	(13,396.01)	100.00
BEG. FUND BALANCE						
		432,912.49	432,912.49			
END FUND BALANCE						
		432,912.49	446,308.50			

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025		ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE		% BDGT USED
			NORMAL	(ABNORMAL)		NORMAL	(ABNORMAL)	
Fund 213 - PEG FUNDS								
Revenues								
Dept 000 - GENERAL								
213-000-478-000	PEG FUNDS	6,400.00	4,331.92	0.00	2,068.08	67.69		
213-000-665-000	INTEREST	1,000.00	4,240.14	352.31	(3,240.14)	424.01		
213-000-699-390	TRANSFER FROM FUND BALANCE	80,600.00	0.00	0.00	80,600.00	0.00		
Total Dept 000 - GENERAL		88,000.00	8,572.06	352.31	79,427.94	9.74		
TOTAL REVENUES		88,000.00	8,572.06	352.31	79,427.94	9.74		
Expenditures								
Dept 213 - PEG								
213-213-740-000	OPERATING EXPENSES	88,000.00	0.00	0.00	88,000.00	0.00		
213-213-995-390	TRANSFER TO FUND BALANCE	0.00	0.00	0.00	0.00	0.00		
Total Dept 213 - PEG		88,000.00	0.00	0.00	88,000.00	0.00		
TOTAL EXPENDITURES		88,000.00	0.00	0.00	88,000.00	0.00		
Fund 213 - PEG FUNDS:								
TOTAL REVENUES		88,000.00	8,572.06	352.31	79,427.94	9.74		
TOTAL EXPENDITURES		88,000.00	0.00	0.00	88,000.00	0.00		
NET OF REVENUES & EXPENDITURES		0.00	8,572.06	352.31	(8,572.06)	100.00		
BEG. FUND BALANCE		98,559.06	98,559.06					
END FUND BALANCE		98,559.06	107,131.12					

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDT USED
Fund 214 - METRO ACT FUNDS						
Revenues						
Dept 000 - GENERAL						
214-000-572-000	METRO ACT PAYMENTS	8,000.00	13,239.69	13,239.69	(5,239.69)	165.50
214-000-665-000	INTEREST	1,000.00	4,133.11	334.11	(3,133.11)	413.31
214-000-699-390	TRANSFER FROM FUND BALANCE	91,000.00	0.00	0.00	91,000.00	0.00
Total Dept 000 - GENERAL						
		100,000.00	17,372.80	13,573.80	82,627.20	17.37
TOTAL REVENUES						
		100,000.00	17,372.80	13,573.80	82,627.20	17.37
Expenditures						
Dept 214 - METRO ACT						
214-214-740-000	OPERATING EXPENSES	100,000.00	0.00	0.00	100,000.00	0.00
214-214-995-390	TRANSFER TO FUND BALANCE	0.00	0.00	0.00	0.00	0.00
Total Dept 214 - METRO ACT						
		100,000.00	0.00	0.00	100,000.00	0.00
TOTAL EXPENDITURES						
		100,000.00	0.00	0.00	100,000.00	0.00
Fund 214 - METRO ACT FUNDS:						
TOTAL REVENUES		100,000.00	17,372.80	13,573.80	82,627.20	17.37
TOTAL EXPENDITURES		100,000.00	0.00	0.00	100,000.00	0.00
NET OF REVENUES & EXPENDITURES		0.00	17,372.80	13,573.80	(17,372.80)	100.00
BEG. FUND BALANCE		97,843.52	97,843.52			
END FUND BALANCE		97,843.52	115,216.32			

User: KARIN

DB: Holly Township

PERIOD ENDING 06/30/2025

GL NUMBER	DESCRIPTION	2024-25		YTD BALANCE 06/30/2025		ACTIVITY FOR MONTH 06/30/2025		AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
		AMENDED BUDGET	NORMAL (ABNORMAL)	NORMAL (ABNORMAL)	INCREASE (DECREASE)	INCREASE (DECREASE)			
Fund 249 - BUILDING									
Revenues									
Dept 000 - GENERAL									
249-000-476-000	LICENSES & PERMITS	170,500.00		176,045.89		21,684.27		(5,545.89)	103.25
249-000-665-000	INTEREST	3,300.00		5,006.61		278.40		(1,706.61)	151.72
249-000-699-390	TRANSFER FROM FUND BALANCE	40,900.00		0.00		0.00		40,900.00	0.00
Total Dept 000 - GENERAL		214,700.00		181,052.50		21,962.67		33,647.50	84.33
TOTAL REVENUES		214,700.00		181,052.50		21,962.67		33,647.50	84.33
Expenditures									
Dept 371 - BUILDING INSPECTION									
249-371-702-000	SALARIES	0.00		0.00		0.00		0.00	0.00
249-371-710-000	PENSION	0.00		0.00		0.00		0.00	0.00
249-371-715-000	SOCIAL SECURITY	0.00		0.00		0.00		0.00	0.00
249-371-720-000	HEALTH/LIFE INSURANCE	0.00		0.00		0.00		0.00	0.00
249-371-740-000	OPERATING EXPENSES	19,500.00		11,888.98		1,139.98		7,611.02	60.97
249-371-805-000	BUILDING INSPECTOR	61,500.00		66,037.04		8,245.44		(4,537.04)	107.38
249-371-806-000	ELECTRICAL INSPECTOR	18,500.00		16,308.00		2,923.20		2,192.00	88.15
249-371-807-000	MECHANICAL INSPECTOR	18,000.00		15,543.60		1,596.60		2,456.40	86.35
249-371-808-000	PLUMBING INSPECTOR	12,000.00		8,171.40		111.00		3,828.60	68.10
249-371-830-000	DUES, SUBS & TUITION	500.00		0.00		0.00		500.00	0.00
249-371-860-000	MILEAGE REIMBURSEMENT	100.00		0.00		0.00		100.00	0.00
249-371-941-000	LEASE PAYMENT	18,000.00		18,000.00		1,500.00		0.00	100.00
249-371-942-000	LABOR DUE TO GENERAL FUND	66,100.00		66,100.00		5,508.00		0.00	100.00
249-371-955-000	MISCELLANEOUS	500.00		0.00		0.00		500.00	0.00
249-371-995-390	TRANSFER TO FUND BALANCE	0.00		0.00		0.00		0.00	0.00
Total Dept 371 - BUILDING INSPECTION		214,700.00		202,049.02		21,024.22		12,650.98	94.11
TOTAL EXPENDITURES		214,700.00		202,049.02		21,024.22		12,650.98	94.11
Fund 249 - BUILDING:									
TOTAL REVENUES		214,700.00		181,052.50		21,962.67		33,647.50	84.33
TOTAL EXPENDITURES		214,700.00		202,049.02		21,024.22		12,650.98	94.11
NET OF REVENUES & EXPENDITURES		0.00		(20,996.52)		938.45		20,996.52	100.00
BEG. FUND BALANCE		137,558.17		137,558.17					
END FUND BALANCE		137,558.17		116,561.65					

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 401 - CAPITAL IMPROVEMENT FUND						
Revenues						
Dept 000 - GENERAL						
401-000-665-000	INTEREST	11,400.00	52,285.76	4,087.29	(40,885.76)	458.65
401-000-699-000	TRANSFERS FROM OTHER FUNDS	550,000.00	550,000.00	0.00	0.00	100.00
401-000-699-390	TRANSFER FROM FUND BALANCE	478,600.00	0.00	0.00	478,600.00	0.00
Total Dept 000 - GENERAL		1,040,000.00	602,285.76	4,087.29	437,714.24	57.91
TOTAL REVENUES		1,040,000.00	602,285.76	4,087.29	437,714.24	57.91
Expenditures						
Dept 000 - GENERAL						
401-000-971-000	CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00
Total Dept 000 - GENERAL		0.00	0.00	0.00	0.00	0.00
Dept 901 - CAPITAL IMPROVEMENT						
401-901-955-000	MISCELLANEOUS	0.00	0.00	0.00	0.00	0.00
401-901-971-000	CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00
401-901-973-000	TOWNSHIP HALL SERVICES & EXPENSES	1,000,000.00	52,531.48	0.00	947,468.52	5.25
401-901-974-000	FARMSTEAD PROJECT	40,000.00	0.00	0.00	40,000.00	0.00
401-901-995-390	TRANSFER TO FUND BALANCE	0.00	0.00	0.00	0.00	0.00
Total Dept 901 - CAPITAL IMPROVEMENT		1,040,000.00	52,531.48	0.00	987,468.52	5.05
TOTAL EXPENDITURES		1,040,000.00	52,531.48	0.00	987,468.52	5.05
Fund 401 - CAPITAL IMPROVEMENT FUND:						
TOTAL REVENUES		1,040,000.00	602,285.76	4,087.29	437,714.24	57.91
TOTAL EXPENDITURES		1,040,000.00	52,531.48	0.00	987,468.52	5.05
NET OF REVENUES & EXPENDITURES		0.00	549,754.28	4,087.29	(549,754.28)	100.00
BEG. FUND BALANCE		749,931.17	749,931.17			
END FUND BALANCE		749,931.17	1,299,685.45			

PERIOD ENDING 06/30/2025

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025		ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE		% BDGT USED
			NORMAL (ABNORMAL)			NORMAL (ABNORMAL)		
Fund 403 - CAPITAL GRANT FUND								
Revenues								
Dept 000 - GENERAL								
403-000-665-000	INTEREST	13,600.00	11,196.07	444.51	2,403.93	82.32		
403-000-674-000	CHARLES MOTT GRANT FUNDS	0.00	182,975.04	0.00	(182,975.04)	100.00		
403-000-675-000	THE GLENMEDE TRUST GRANT FUNDS	0.00	0.00	0.00	0.00	0.00		
403-000-679-000	COMMUNITY FOUNDATION	0.00	23,000.00	0.00	(23,000.00)	100.00		
403-000-698-390	TRANSFER FROM FUND BALANCE	417,920.00	0.00	0.00	417,920.00	0.00		
Total Dept 000 - GENERAL		431,520.00	217,171.11	444.51	214,348.89	50.33		
TOTAL REVENUES		431,520.00	217,171.11	444.51	214,348.89	50.33		
Expenditures								
Dept 903 - CAPITAL OUTLAY								
403-903-976-000	CAPITAL OUTLAY - CHARLES MOTT GRANT	182,975.00	165,343.42	0.00	17,631.58	90.36		
403-903-977-000	CAPITAL OUTLAY - GLEN MEADE TRUST FUND	225,545.00	0.00	0.00	225,545.00	0.00		
403-903-978-000	COMMUNITY FOUNDATION	23,000.00	1,979.06	0.00	21,020.94	8.60		
Total Dept 903 - CAPITAL OUTLAY		431,520.00	167,322.48	0.00	264,197.52	38.78		
TOTAL EXPENDITURES		431,520.00	167,322.48	0.00	264,197.52	38.78		
Fund 403 - CAPITAL GRANT FUND:								
TOTAL REVENUES		431,520.00	217,171.11	444.51	214,348.89	50.33		
TOTAL EXPENDITURES		431,520.00	167,322.48	0.00	264,197.52	38.78		
NET OF REVENUES & EXPENDITURES		0.00	49,848.63	444.51	(49,848.63)	100.00		
BEG. FUND BALANCE		243,461.67	243,461.67					
END FUND BALANCE		243,461.67	293,310.30					

GL NUMBER	DESCRIPTION	2024-25 AMENDED BUDGET	YTD BALANCE 06/30/2025 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 06/30/2025 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDT USED
Fund 404 - ROAD IMPROVEMENTS						
Revenues						
Dept 000 - GENERAL						
404-000-665-000	INTEREST	100.00	7,036.25	595.12	(6,936.25)	7,036.25
404-000-699-101	TRANSFER FROM GENERAL FUND	100,000.00	100,000.00	0.00	0.00	100.00
404-000-699-390	TRANSFER FROM FUND BALANCE	0.00	0.00	0.00	0.00	0.00
Total Dept 000 - GENERAL						
		100,100.00	107,036.25	595.12	(6,936.25)	106.93
TOTAL REVENUES						
		100,100.00	107,036.25	595.12	(6,936.25)	106.93
Expenditures						
Dept 404 - ROAD IMPROVEMENT FUND						
404-404-995-390	TRANSFER TO FUND BALANCE	100,100.00	0.00	0.00	100,100.00	0.00
404-404-995-401	TRANSFER TO CAPITAL PROJECT FUND	0.00	0.00	0.00	0.00	0.00
Total Dept 404 - ROAD IMPROVEMENT FUND						
		100,100.00	0.00	0.00	100,100.00	0.00
TOTAL EXPENDITURES						
		100,100.00	0.00	0.00	100,100.00	0.00
Fund 404 - ROAD IMPROVEMENTS:						
TOTAL REVENUES						
		100,100.00	107,036.25	595.12	(6,936.25)	106.93
TOTAL EXPENDITURES						
		100,100.00	0.00	0.00	100,100.00	0.00
NET OF REVENUES & EXPENDITURES						
		0.00	107,036.25	595.12	(107,036.25)	100.00
BEG. FUND BALANCE						
		61,884.82	61,884.82			
END FUND BALANCE						
		61,884.82	168,921.07			
TOTAL REVENUES - ALL FUNDS						
		5,344,663.00	3,698,878.01	253,923.06	1,645,784.99	69.21
TOTAL EXPENDITURES - ALL FUNDS						
		5,344,663.00	3,140,931.60	99,464.91	2,203,731.40	58.77
NET OF REVENUES & EXPENDITURES						
		0.00	557,946.41	154,458.15	(557,946.41)	100.00
BEG. FUND BALANCE - ALL FUNDS						
		3,316,739.55	3,316,739.55			
END FUND BALANCE - ALL FUNDS						
		3,316,739.55	3,874,685.96			

07/10/2025

INVOICE GL DISTRIBUTION REPORT FOR HOLLY TOWNSHIP
 POST DATES 06/19/2025 - 07/16/2025
 BOTH JOURNALIZED AND UNJOURNALIZED
 BOTH OPEN AND PAID

GL Number	Invoice Line Desc	Invoice Description	Amount
Fund 101 GENERAL FUND			
101-000-018-000	ACCOUNTS RECEIVABLE	SENIOR CHORE PROGRAM	11,508.00
			11,508.00
Dept 257 ASSESSING			
101-257-802-000	CONTRACTED SERVICES	2024-2025 ASSESSING CONTRACT	102,219.58
			102,219.58
Dept 265 TOWNSHIP PROPERTIES			
101-265-850-000	TELEPHONE	JUNE 25	605.87
101-265-850-000	TELEPHONE	JUNE 25	195.04
101-265-920-000	UTILITIES	JUNE 25 -4092 GRANGE HALL RD	199.12
101-265-920-000	UTILITIES	JUNE 2025- 13409 N HOLLY RD	10.73
101-265-920-000	UTILITIES	JUNE 2025-120 S SAGINAW ST	649.13
101-265-920-000	UTILITIES	JUNE 2025-13465 N HOLLY RD	8.87
101-265-930-000	MAINTENANCE & REPAIRS	OFFICE CLEANING	500.00
101-265-930-000	RUGS	JUNE 25- RUGS	190.00
101-265-930-000	MAINTENANCE & REPAIRS	SERVICE FOR AC AT TWP HALL	89.00
101-265-930-000	MAINTENANCE & REPAIRS	PLUMBING REPAIRS-BATHROOMS	466.63
101-265-930-000	MAINTENANCE & REPAIRS	SHIAWASSEE BRIDGE PAINTING	450.00
101-265-930-000	MAINTENANCE & REPAIRS	ANNUAL MAINTENANCE AGREEMENT	1,077.00
101-265-930-000	MAINTENANCE & REPAIRS	ANNUAL MAINT PERIOD- 7/1/25-6/30/26	795.60
			5,236.99
Dept 272 GENERAL SERVICES			
101-272-740-000	OPERATING EXPENSES	JUN-25 COPIER	571.55
101-272-740-000	OPERATING EXPENSES	JUNE 25- WATER COOLER	38.95
101-272-740-000	OPERATING EXPENSES	COPIES	7.47
101-272-740-000	OPERATING EXPENSES	7/1/25-9/30/25 ALARM SERVICE	346.69
101-272-740-000	OPERATING EXPENSES	POSTAGE METER	66.45
101-272-740-000	OPERATING EXPENSES	JULY-WATER	21.95
101-272-802-000	CONTRACTED SERVICES	MEETING MINUTES	168.75
101-272-804-000	ATTORNEY	GENERAL MATTERS	1,665.00
101-272-804-000	ATTORNEY	RON DENNIS	185.60
101-272-804-000	ATTORNEY	DAVID & DENISE GILLESPIE	1,551.00
101-272-804-000	ATTORNEY	ORDINANCE ENFORCEMENT	60.00
101-272-804-000	ATTORNEY	SPROUTS OF FENTON	33.00

101-272-804-000	ATTORNEY	STONY RUN LLC	676.50
101-272-804-000	ATTORNEY	STONY RUN LLC	82.50
101-272-816-000	COMPUTER MAINTENANCE	JUN-25	37.00
101-272-816-000	COMPUTER MAINTENANCE	JUN-25	600.00
101-272-816-000	COMPUTER MAINTENANCE	JUNE 25	28.39
101-272-816-000	COMPUTER MAINTENANCE	BALANCE DUE ON AUDIO EQUIPMENT INSTALI	1,415.69
101-272-816-000	COMPUTER MAINTENANCE	JUNE 25	665.61
101-272-830-000	DUES, SUBS & TUITION	POOL PREMIUM RENEWAL & ASSOC MEMBER	200.00
101-272-830-000	DUES, SUBS & TUITION	MEMBERSHIP DUES FOR 7/1/25-6/30/26	7,537.54
101-272-900-000	LEGAL NOTICES	JUNE 25	1,384.50
101-272-956-000	INSURANCE	POOL PREMIUM RENEWAL & ASSOC MEMBER	14,555.00
			<u>31,899.14</u>

Dept 441 PUBLIC WORKS

101-441-821-000	CEMETERY	JUNE 25 CEMETERY LAWN MAINT-	480.00
101-441-822-000	CLEANUP DAYS	JUNE 25- CLEAN UP DAY ASSISTANCE	500.00
101-441-825-000	ROAD GRAVEL	2025 GRAVEL ROAD PROGRAM	20,216.00
101-441-826-000	ROAD MAINT.-CHLORIDE	2025 CHLORIDE PROGRAM	43,398.00
			<u>64,594.00</u>

Dept 701 PLANNING

101-701-830-000	DUES, SUBS & TUITION	ANNUAL MEMBER DUES-JULY 1 2025-JUNE 30	452.13
			<u>452.13</u>

Dept 704 ZONING BOARD OF APPEALS

101-704-830-000	DUES, SUBS & TUITION	ANNUAL MEMBER DUES-JULY 1 2025-JUNE 30	322.87
			<u>322.87</u>

216,232.71

Fund 206 FIRE AND EMERGENCY SPECIAL ASSESSMENT

Dept 338 FIRE AND EMERGENCY

206-338-740-000	OPERATING EXPENSES	JUNE 2025 2413 BELFORD WELL HYDRANT	28.69
206-338-740-000	OPERATING EXPENSES	JUNE 2025 WELL HYDRANT	44.33
206-338-740-000	OPERATING EXPENSES	JUNE 2025-13323 FISH LAKE RD	24.33
206-338-802-000	CONTRACTED SERVICES	NOCFA SERVICE 7/1/25 - 12/31/25	591,505.00
			<u>591,602.35</u>

591,602.35

Fund 249 BUILDING

Dept 371 BUILDING INSPECTION

249-371-740-000	OPERATING EXPENSES	BUILDING DEPARTMENT FILE MAINTENANCE	315.00
249-371-805-000	BUILDING INSPECTOR	06/01/25 - 06/15/25	5,818.66

249-371-805-000	BUILDING INSPECTOR	6/16/25 - 6/30/25	3,612.23
249-371-806-000	ELECTRICAL INSPECTOR	06/01/25 - 06/15/25	2,757.60
249-371-806-000	ELECTRICAL INSPECTOR	6/16/25 - 6/30/25	396.60
249-371-807-000	MECHANICAL INSPECTOR	06/01/25 - 06/15/25	858.60
249-371-807-000	MECHANICAL INSPECTOR	6/16/25 - 6/30/25	841.80
249-371-808-000	PLUMBING INSPECTOR	06/01/25 - 06/15/25	60.00
249-371-808-000	PLUMBING INSPECTOR	6/16/25 - 6/30/25	457.20
249-371-941-000	LEASE PAYMENT	JULY 25-BUILDING DEPT RENT	1,500.00
249-371-942-000	LABOR DUE TO GENERAL FUND	JULY 25-LABOR DUE TO GEN FUND	5,480.50
			<u>22,098.19</u>
			<u><u>22,098.19</u></u>

Fund 401 CAPITAL IMPROVEMENT FUND

Dept 901 CAPITAL IMPROVEMENT

401-901-973-000	TOWNSHIP HALL SERVICES & E JUNE 25- ENGINEER SERVICES - DAWSON	11,359.96
401-901-973-000	TOWNSHIP HALL SERVICES & E JUNE 2025-ENGINEER SERVICES - DAWSON	9,921.20
		<u>21,281.16</u>
		<u><u>21,281.16</u></u>

Fund 101 GENERAL FUND	216,232.71
Fund 206 FIRE AND EMERGENCY SPECIAL ASS	591,602.35
Fund 249 BUILDING	22,098.19
Fund 401 CAPITAL IMPROVEMENT FUND	21,281.16
Total For All Funds:	<u><u>851,214.41</u></u>

**NORTH OAKLAND COUNTY FIRE AUTHORITY
MINUTES**

Tuesday June 24, 2025

Location: Rose Township Hall, 9080 Mason Street, Holly, MI 48442

PLEDGE OF ALLEGIANCE

CALL TO ORDER: Chair Kullis called the meeting to order at 6:31 pm.

ROLL CALL

MEMBERS PRESENT: Kullis, Johnson, Winchester, Miller

ABSENT: Stilwell

Motion by Winchester to excuse Stilwell. Supported by Johnson. A voice vote was taken. All present voted yes. The motion was carried 4/0.

AGENDA APPROVAL

Motion by Winchester to approve the agenda as presented. Supported by Miller. A voice vote was taken. All present voted yes. The motion was carried 4/0.

CONSENT AGENDA

1. Approval of Regular Meeting Minutes – May 27, 2025
2. Financial Reports: General Fund Revenue & Expense – May 2025
Balance Sheet – May 2025
3. Bills for Payment: 05-28-25 to 06-24-25
4. Payroll Cost: 05-23-25 to 06-09-25

Motion by Johnson to approve the consent agenda as presented. Supported by Miller. A roll call vote was taken. All present voted yes. The motion was carried 4/0.

PUBLIC COMMENT – ON AGENDA ITEMS ONLY

No public comment received.

PRESENTATIONS: None

UNFINISHED BUSINESS - None

NEW BUSINESS

1. 2024-2025 Budget Amendments

Motion by Winchester to approve the 2024-2025 budget amendments. Supported by Miller. A roll call vote was taken. All present voted yes. The motion was carried 4/0.

2. NOCFA Administrative Fee Services Schedule

Motion by Winchester to approve the NOCFA Administrative Fee Schedule. Supported by Miller. A roll call vote was taken. All present voted yes. The motion was carried 4/0.

REPORTS

- Chief's Report
 - 154 runs in May; split between Holly and Rose Townships – much of it was storm damage
 - 7 runs on I-75
 - Response time – 8.6 minutes
 - 36 priority calls for the month
 - Brush Truck #1 is out of service (at the body shop)
 - Closing the year around \$50k for maintenance and repairs; expected it to be higher
 - I-75 project – MDOT is putting 4-way stop signs at each off ramp and on ramp on each side of I-75 - expect to see that at the end of July; Oakland County Road Commission has to install advance warning signs before 4-way stop signs can be installed; Oakland County Sheriffs have heard our pleas and are hitting Dixie Hwy, Grange Hall, East Holly corridor quite hard; MDOT will see what they can do with MSP patrols
 - Open shift coverage was 2.6% so 78 hours out of 2,976 for the month of May
 - Mutual Aid Count – on average 6% of runs are mutual aid out of the area (not counting anything that happens on I-75)
 - Hosted training at Station #1 – Michigan Urban Search and Rescue Foundation. They are experts in trench rescue and high-angle rescue and much more. Had participants from the region.
 - Doug Smith Report
 - Applying for Fire Prevention and Safety Grant from FEMA; goal is to supply more green house number signs for high-risk populations (over 65; under 14; low income; handicap) which will increase response time to houses that are difficult to find; 64% of our fires are on narrow, gravel, unlit roads which makes it hard to find homes that don't have signs or the signs are located incorrectly. 27% of fires were in homes with residents over 65 years of age; 36% were low income; 18% were under the age of 14; 5% were handicapped. 33% of gravel road signs are inadequate and could use a sign placed in the correct location – Holly Twp. needs 792 signs, and Rose Twp needs 789 signs; added another 60 special signs for long driveways (where hoses can't reach). Application deadline is the 30th. Do not know when it will be awarded or whether we will get it.
- Firefighters Assoc. – No report
- Holly Twp. – Supervisor Kullis
 - Met with Village of Holly regarding both Fire Departments
 - Farmstead project is one panel away from having a roof; the contractor works alone, so it is taking longer than expected. Understanding is that once the roof is completed, the project should move swiftly.
- Rose Twp. – Clerk Miller
 - Supervisor is working on the budget
 - A lot of concerned residents because of the proposed Springfield gravel pit
 - Planning Commission turned down request for subdivision at Hickory Ridge and Rose Center roads
- Citizen at Large – Johnson
 - No report

PUBLIC COMMENT

- Mr. Flake thanked NOCFA for their assistance

ADJOURNMENT – Chair Kullis adjourned the meeting at 7:18 pm.

Submitted by: Diane Hill, Recording Secretary

Holly Township
Planning Commission – Regular Meeting
Minutes of June 11, 2025

CALL TO ORDER: Vice Chair Kerton called the regular meeting of the Holly Township Planning Commission to order at 6:30 p.m. Located at the Holly Township Offices (Upstairs), 102 Civic Drive, Holly, Michigan 48442

PLEDGE OF ALLEGIANCE

Members Present

Glen Mitchell
Ray Kerton
Ben Armstead
Chuck Stoner
Leslie Jorgensen
Michael McCanney
Derek Sommer

Members Absent

Glen Mitchell

Others Present

Karin Winchester, Clerk/Zoning Administrator
Alexis Farrell, McKenna & Assoc.
Paige McKenna & Assoc.
Doug Smith, NOCFA Deputy Cheif
Chip Schults, Michigan Renaissance Operating Manager

- **Motion by Commissioner McCanney to excuse Glen Mitchell. Supported by Commissioner Armstead. A voice vote was taken. All present voted yes. The motion carried 7/0.**

AGENDA APPROVAL

- **Motion by Commissioner Sommer to approve the agenda as presented. Supported by Commissioner Kerton. A voice vote was taken. All present voted yes. The motion carried 7/0.**

PUBLIC COMMENT: For items on the agenda only.

PUBLIC HEARINGS: Special Land Use Application by the Michigan Renaissance Festival to operate a Festival and other Events on parcel number 01-12-476-002 and 01-12-401-003 in an AGRE. Zoning District.

- **Motion by Commissioner Stoner to open the public hearing. Supported by Commissioner Sommer. A voice vote was taken. All present voted yes. The motion carried 7/0.**

No Public Comment.

- **Motion by Commissioner Jorgensen to close the public hearing. Supported by Commissioner Sommer. A voice vote was taken. All present voted yes. The motion carried 7/0.**

APPROVAL OF MINUTES – April 09, 2025

- **Motion by Commissioner Sommer to approve the minutes as presented. Supported by Commissioner Armstead. A voice vote was taken. All present voted yes. The motion was carried 7/0.**

COMMUNICATIONS: None.

OLD BUSINESS: None.

NEW BUSINESS

1. Special Land Use Application by the Michigan Renaissance Festival to operate a Festival and other Events on parcel number 01-12-476-002 and 01-12-401-003 in an AGRE. Zoning District.

Township Planner Alexis Farrell presented her June 3, 2025 Michigan Renaissance Festival Planners Review to the commission in detail and noted that the Festival is working very closely with the Township, the Fire Department and the Building Inspector to correct Festival building and fire code issues. The Building Inspector has a very extensive list of requirements they are required to complete by August 1, 2026. They provide the township, the planner and the fire department status reports on a regular basis.

The fire department does an annual report at the end of the Festival. During the Festival, the department has at least two people full-time on-site, doing fire watch and catching issues as they occur.

The Festival is very good at taking care of the items that are more operational and happening during the Festival. The bigger items we put into a report that we give them every year. It is broken down into infrastructure items, and then on things that occur on an operational basis. This year, we had 10 major categories of items. One of the big items is increasing the water supply. They do not have the water supply that is required.

They need enough water to adequately supply the site which will provide an adequate, orderly and safe evacuation of people which will be done through several methods. They have a 25-year-old 30,000-gallon water tank that they have committed to replacing. In addition, they have committed to installing one five-hundred-gallon fire hydrant well this year and a second one before the Festival in 2026. With a new water tank and well hydrants there will be enough water supply to have a proper emergency response

We estimate that there could be 22,000 to 25,000 people on-site at a time because people come and go all day. We designed access in our plan for 32, 000 to 35,000 people and how to

get them evacuated. They are required to install the kind of gates which are called stadium gates that swing open and to have people manned at each gate to get people out. In an emergency people must be directed to these gates so they are not sent back to the main entrance.

They have replaced the main gate at first aide, the gates at 100, 300 buildings and at the 700 Fire Lane. They purchased the material to do 3 more gates this year and will replace the rest of the gates in 2026. The majority of the fire departments' requirements are planned to be done by August 1st this year, but some will linger through the season and then a few items into 2026. We agreed last year that the drop dead to complete all building and fire related issues is August 1, 2026. From a fire department's standpoint, we believe there is a plan in place that will take care of it.

The commitments this year are much stronger than in past years. There are concrete solutions that are being proposed that will meet the intent of codes and safety standards.

- **Motion by Commissioner McCanney to approve the special use requests for the operation of the Michigan Renaissance Festival at 12600 Dixie Highway, Holly, MI 48442 subject to the eight conditions outlined in the Planner's report dated June 3, 2025, on the findings of fact that:**
- **The operation of the site will be harmonious and in accordance with the general and specific objectives of the Township master plan and will be compatible with the natural environment based on the site design and operational regulations put in place by the Festival.**
 - **The site is designed, constructed, operated, and maintained so as to be harmonious and appropriate in appearance with the existing or intended character of the general vicinity and will not change the essential character of the area.**
 - **The site and operation are not hazardous or disturbing to existing or future nearby uses based on the landscape buffering and operational regulations such as parking management put in place by the Festival.**
 - **The site and operation are compatible with adjacent uses of land and will promote the use of land in a socially and economically desirable manner, based on the landscape buffering and operational regulations such as parking management put in place by the Festival.**
 - **The site and operation are served adequately by essential public services and facilities that the Michigan Renaissance Festival provides and facilitates**

through contracts with the Oakland County Sheriff's Office, and services provided by the North Oakland County Fire Authority and Groveland Township Fire Department adequately any such service or facility.

- **The site and operation will not create excessive additional public costs and will not significantly decrease property values of surrounding properties, based on the continuing investment into the site and its long-standing history in the Township.**
- **The site and operation meets all the requirements and standards of the Holly Township Zoning Ordinance and other applicable laws, standards, ordinances, and/or regulations.**

Supported by Commissioner Armstead. A voice vote was taken. All present voted yes. The motion was carried 7/0.

2. **Site Plan Application by the Michigan Renaissance Festival to operate a Festival and other Events on parcel number 01-12-476-002 and 01-12-401-003 in an AGRE Zoning District.**
 - **Motion by Stoner to approve the Site Plan Motion to approve the site plan for the Michigan Renaissance Festival at 12600 Dixie Highway, Holly, MI 48442 based on the plans dated April 1, 2025. Supported by Commissioner Sommer. A voice vote was taken. All present voted yes. The motion was carried 7/0.**

REPORTS – No Reports.

PUBLIC COMMENT - No Public Comment.

ADJOURNMENT – Vice Chair Kerton adjourned the meeting at 7:21 pm.

Karin S. Winchester, Clerk

Revenue Totals Report

07/09/2025

Record Type	Exact Type	Category	Description	Entries	Amount
Permit	Building	Commercial	Com, Remodel	7	565.60
Permit	Building	Commercial	Com, REROOF	3	230.00
Permit	Building	Commercial	Com, REROOF	2	99.60
Permit	Building	Commercial	Commercial Base Permit Fee	12	1,200.00
Permit	Building	Inspection	Inspection, Re-Inspection	1	65.00
Permit	Building	Registration Fee	Registration - Builder	2	30.00
Permit	Building	Residential	INGROUND POOL AND POOL HOUSE	2	615.63
Permit	Building	Residential	PLAN REVIEW	18	1,040.00
Permit	Building	Residential	Res, Addition	1	692.00
Permit	Building	Residential	Res, Demolition	2	150.00
Permit	Building	Residential	Res, Garage	9	559.95
Permit	Building	Residential	RES, POLE BARN UP TO 3000 SQ	1	89.60
Permit	Building	Residential	Res, Porch/Deck/Balcony	4	180.00
Permit	Building	Residential	Res, Remodel	3	689.54
Permit	Building	Residential	Res, REROOF	2	409.60
Permit	Building	Residential	Residential New SF	8	4,924.75
Permit	Building	Standard Item	Base fee	21	1,575.00
Permit	Electrical	Inspection	Inspection, Additional	2	195.00
Permit	Electrical	Inspection	INSPECTION, SERVICE	5	375.00
Permit	Electrical	Inspection	RESI AND COMM 2 INSPECTIONS	1	140.00
Permit	Electrical	License Fee	Registration - Electrical	2	30.00
Permit	Electrical	Service	Service, 15 thru 200 amps	4	245.00
Permit	Electrical	Service	Service, 201 t0 400 amps	1	50.00
Permit	Electrical	Standard Item	A/C Unit	3	30.00
Permit	Electrical	Standard Item	Circuit	5	42.00
Permit	Electrical	Standard Item	Feeder, Mobile Home in Park	16	1,400.00
Permit	Electrical	Standard Item	Fixture/Device	1	10.00
Permit	Electrical	Standard Item	Motor, 1 - 20 KVA/HP	3	45.00
Permit	Electrical	Standard Item	NEW SF DWELLING UP TO 150 AMPS	4	1,000.00
Permit	Electrical	Standard Item	PERMIT BASE FEE	24	1,650.00
Permit	Electrical	Standard Item	Trench	4	80.00
Permit	Mechanical	Air Handler	Unit Heater	1	20.00
Permit	Mechanical	Cooling	CENTRAL A/C OVER 8 HP	1	65.00
Permit	Mechanical	Cooling	CENTRAL A/C UP TO 8 HP	6	270.00
Permit	Mechanical	Cooling	Heat Pump, GEO THERMAL SYSTEM	1	25.00
Permit	Mechanical	Heating	GAS OR SOLID FUEL MANUFACT FIREP	1	25.00
Permit	Mechanical	Inspection	Inspection, Additional	1	65.00
Permit	Mechanical	Inspection	Inspection, Re-Inspection	1	65.00
Permit	Mechanical	License Fee	Registration - Mechanical	1	15.00
Permit	Mechanical	Piping	Piping, Gas, per Outlet	4	96.00

Population: All Records

Transaction.DateToPostOn Between 6/1/2025
12:00:00 AM AND 6/30/2025 11:59:59 PM

Permit	Mechanical	Standard Item	FUEL BURNING EQUIPMENT	4	180.00
Permit	Mechanical	Standard Item	Humidifier	1	15.00
Permit	Mechanical	Standard Item	Permit Base Fee	14	1,050.00
Permit	Mechanical	Standard Item	Res, New SF Dwelling	4	1,000.00
Permit	Mechanical	Standard Item	Water Connected Appliance	1	8.00
Permit	Plumbing	Distribution	WATER DISTRIBUTION PIPING, RES	2	20.00
Permit	Plumbing	Inspection	Inspection, Additional	2	130.00
Permit	Plumbing	Inspection	Inspection, Re-Inspection	2	130.00
Permit	Plumbing	License Fee	Registration - Journeyman	1	15.00
Permit	Plumbing	Sewer/Drain	Sump Pump	2	20.00
Permit	Plumbing	Standard Item	Fixture	4	208.00
Permit	Plumbing	Standard Item	Meter, Sprinkler	1	10.00
Permit	Plumbing	Standard Item	Meter, Water	2	20.00
Permit	Plumbing	Standard Item	Permit Base Fee	5	375.00
Permit	Plumbing	Standard Item	Stack	2	64.00
Totals				237	22,299.27

Population: All Records

Transaction.DateToPostOn Between 6/1/2025
12:00:00 AM AND 6/30/2025 11:59:59 PM

HOLLY TOWNSHIP



“UP NORTH IN OAKLAND COUNTY”

102 CIVIC DRIVE
HOLLY, MI 48442
P: 248.634.9331
F: 248.634.5482
WWW.HOLLYTOWNSHIP.ORG

TO: Holly Township Board Members

FROM: Jenn Ryan
Holly Township Treasurer
248-634-9331
treasurer@hollytownship.org

SUBJECT: Treasurer's Quarterly Investment Report
FY2025 Q4 Investments as of 06/30/2025

DATE: July 16, 2025

Please find included in this quarterly investment report the current cash and investment information for FY2025 as of June 30, 2025, as well as some economic information and updates on the Township's investment strategy.

Investment Strategy

With the current inverted yield curve and the anticipated expenditures for the new townhall project, the investment strategy is focused on short-term items.

Per the investment policy, the Township's goals include limiting deposits to insurance coverage, diversifying with no more than 50% of the portfolio in one type of investment, and maintaining liquidity with maturity dates of two years or less.

Current authorized institutions include The State Bank, Multi-Bank Securities, and MI CLASS. The plans for future investments include CDARS through The State Bank, federal government obligations (such as US Treasury Bills) purchased through Multi-Bank Securities, and participation in MI CLASS local government investment pool.

SUBJECT: Treasurer's Quarterly Investment Report
FY2025 Q4 Investments as of 06/30/2025

Investment Portfolio

Below is a summary of the cash and investments for Holly Township. Differences between principal and market value do not represent real gains or losses unless the investment is sold before maturity. The "interest" on the checking accounts represents the earnings credits, which are net bank fees.

Fund	Institution	Type	Purchase	Maturity	Yield	Principal	Portion	Market Value	FYTD Interest
<u>Current</u>									
Combined	ChoiceOne Bank	Checking	N/A	N/A	N/A	182,355.60	20%	182,355.60	378.37
Fire SAD	ChoiceOne Bank	Checking	N/A	N/A	N/A	595,997.70		595,997.70	97.86
T&A	ChoiceOne Bank	Checking	N/A	N/A	N/A	41,721.30		41,721.30	114.13
Tax	ChoiceOne Bank	Checking	N/A	N/A	N/A	1,508.32		1,508.32	733.91
Combined	ChoiceOne Bank	ICS Account	N/A	N/A	2.50%	425,964.32	11%	425,964.32	21,747.58
Fire SAD	ChoiceOne Bank	ICS Account	N/A	N/A	2.50%	157.04		157.04	128.90
T&A	ChoiceOne Bank	ICS Account	N/A	N/A	2.50%	11,381.48		11,381.48	999.06
General	MI CLASS	Investment Pool	N/A	N/A	4.4084%	477,097.32	57%	477,097.32	7,097.32
PEG	MI CLASS	Investment Pool	N/A	N/A	4.4084%	98,246.45		98,246.45	3,246.45
Metro Act	MI CLASS	Investment Pool	N/A	N/A	4.4084%	93,167.59		93,167.59	3,167.59
Building	MI CLASS	Investment Pool	N/A	N/A	4.4084%	77,639.59		77,639.59	2,639.59
Capital	MI CLASS	Investment Pool	N/A	N/A	4.4084%	1,139,810.56		1,139,810.56	39,810.56
Grants	MI CLASS	Investment Pool	N/A	N/A	4.4084%	123,964.72		123,964.72	3,964.72
Roads	MI CLASS	Investment Pool	N/A	N/A	4.4084%	165,960.49		165,960.49	5,960.49
Fire SAD	MI CLASS	Investment Pool	N/A	N/A	4.4084%	56.09		56.09	5,556.09
T&A	MI CLASS	Investment Pool	N/A	N/A	4.4084%	181,489.03		181,489.03	6,489.03
General	Multi-Bank Securities	Money Market	N/A	N/A		14,853.48	0%	14,853.48	2,236.04
General	Multi-Bank Securities	US Gov't Bonds	05/05/2025	11/15/2025	2.25%	500,000.00	12%	496,180.00	5,625.00
						<u>\$ 4,131,371.08</u>	<u>100%</u>	<u>\$ 4,127,551.08</u>	

SUBJECT: Treasurer's Quarterly Investment Report
FY2025 Q4 Investments as of 06/30/2025

The below table lists the investments that have matured during this fiscal year, and includes the total interest earned for the fiscal year to date on all investments in the portfolio.

Fund	Institution	Type	Purchase	Maturity	Yield	Principal	FYTD Interest
<u>Matured</u>							
PEG	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	90,000.00	482.66
Metro Act	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	80,000.00	429.04
Building	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	100,000.00	536.29
Capital	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	590,000.00	3,164.10
Grants	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	300,000.00	1,608.87
Roads	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	25,000.00	134.07
T&A	The State Bank	CDARS	05/09/2024	08/08/2024	5.10%	110,000.00	589.92
General	Multi-Bank Securities	US Gov't Bonds	08/23/2021	08/23/2024	0.43%	145,000.00	311.75
General	Multi-Bank Securities	US Gov't Bonds	04/19/2022	10/18/2024	2.50%	250,000.00	0.00
General	Multi-Bank Securities	US Gov't Bonds	04/25/2022	10/25/2024	2.80%	250,000.00	16,303.94
General	Multi-Bank Securities	US Gov't Bonds	10/24/2024	04/30/2025	3.875%	500,000.00	9,687.50
							<u>\$ 143,240.83</u>

Additionally, the General Fund loans money to the Fire SAD Fund each year for the July 1 NOCFA payment. This loan is needed due to the timing of the property tax collections, as the Fire special assessment is on the winter tax bill as payable on December 1. Once winter taxes are collected, the Fire SAD fund pays the January 1 NOCFA payment and pays the balance of the loan back to the General Fund. The balance of the loan from the General Fund to the Fire SAD Fund was \$150,000 on June 30, 2025.

SUBJECT: Treasurer's Quarterly Investment Report
 FY2025 Q4 Investments as of 06/30/2025

Economic Indicators

Inflation

The below inflation data from the US Bureau of Labor Statistics is the Consumer Price Index (CPI). The CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods. The CPI market basket is developed from detailed information provided by families and individuals on what they actually bought.

CPI for the month of May 2025 was 0.2%, and the CPI since May 2024 was +2.4%.
CPI information for Jun 2025 was not yet available.

Trend	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	May 25
CPI	3.0%	3.7%	3.4%	3.5%	3.0%	2.4%	2.9%	2.4%	2.4%

CPI-U, US City Average, All Items, 12-month percentage change

Unemployment

The below unemployment data from the US Bureau of Labor Statistics is part of the Current Population Survey (CPS). The CPS is a monthly survey of households that provides comprehensive data on the labor force, employment, unemployment, persons not in the labor force, hours of work, earnings, and other demographic and labor force characteristics.

The average unemployment for 2024 was 4.0%, with unemployment in June 2025 at 4.1%.

Trend	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25
CPS	3.6%	3.8%	3.7%	3.8%	4.1%	4.1%	4.1%	4.2%	4.1%

CPS, Unemployment, Seasonally Adjusted

SUBJECT: Treasurer's Quarterly Investment Report
FY2025 Q4 Investments as of 06/30/2025

Federal Funds Rate

The below rate data from the Federal Reserve Bank of New York represent the effective federal funds rate (EFFR) on the last day of each of the below months. The federal funds market consists of domestic unsecured borrowings in U.S. dollars by depository institutions from other depository institutions and certain other entities, primarily government-sponsored enterprises. The Federal Open Market Committee (FOMC) establishes the target rate, or range, for trading in the federal funds market.

The effective federal funds rate for June 30, 2025 was 4.33%.

Trend	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25
EFFR	5.08%	5.33%	5.33%	5.33%	5.33%	4.83%	4.33%	4.33%	4.33%

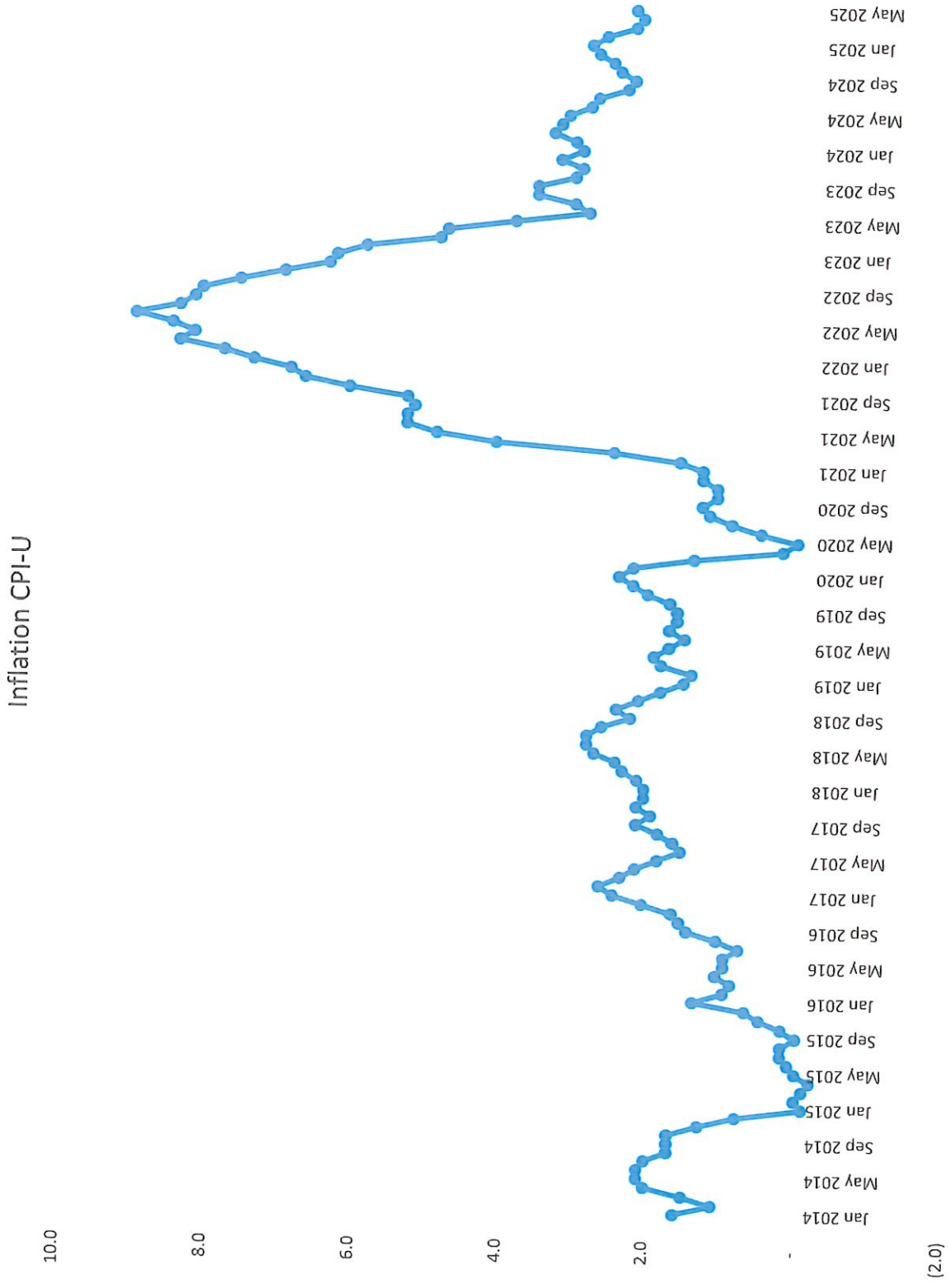
US Treasury Bill Rates

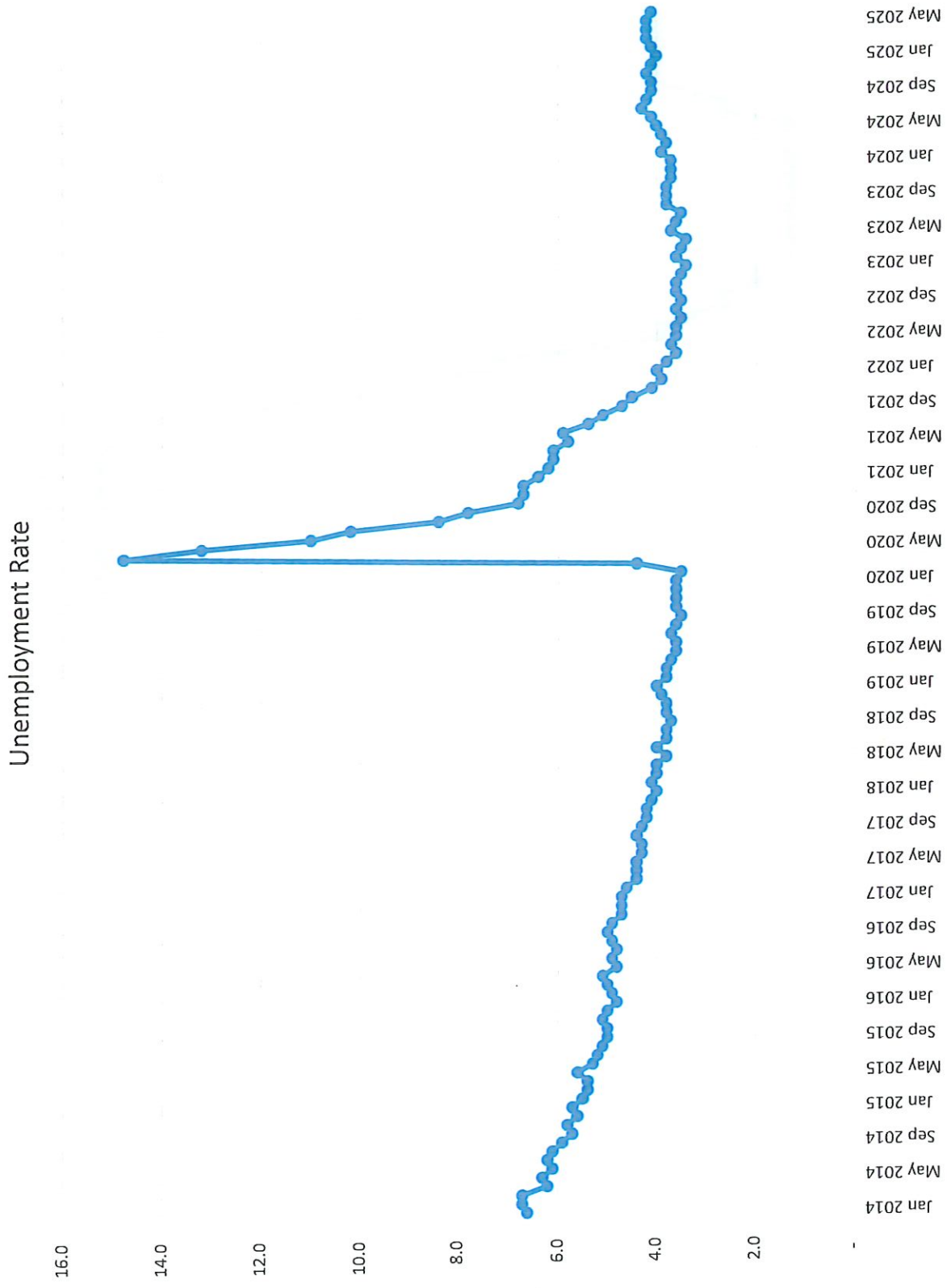
The below rate data from the US Department of the Treasury represents the bank discount treasury bill rates on the last day of each of the below months. These rates can be used as a benchmark for the interest rates earned by the Township's investment portfolio.

The treasury bill rates for June 30, 2025 were 3.81% to 4.24%.

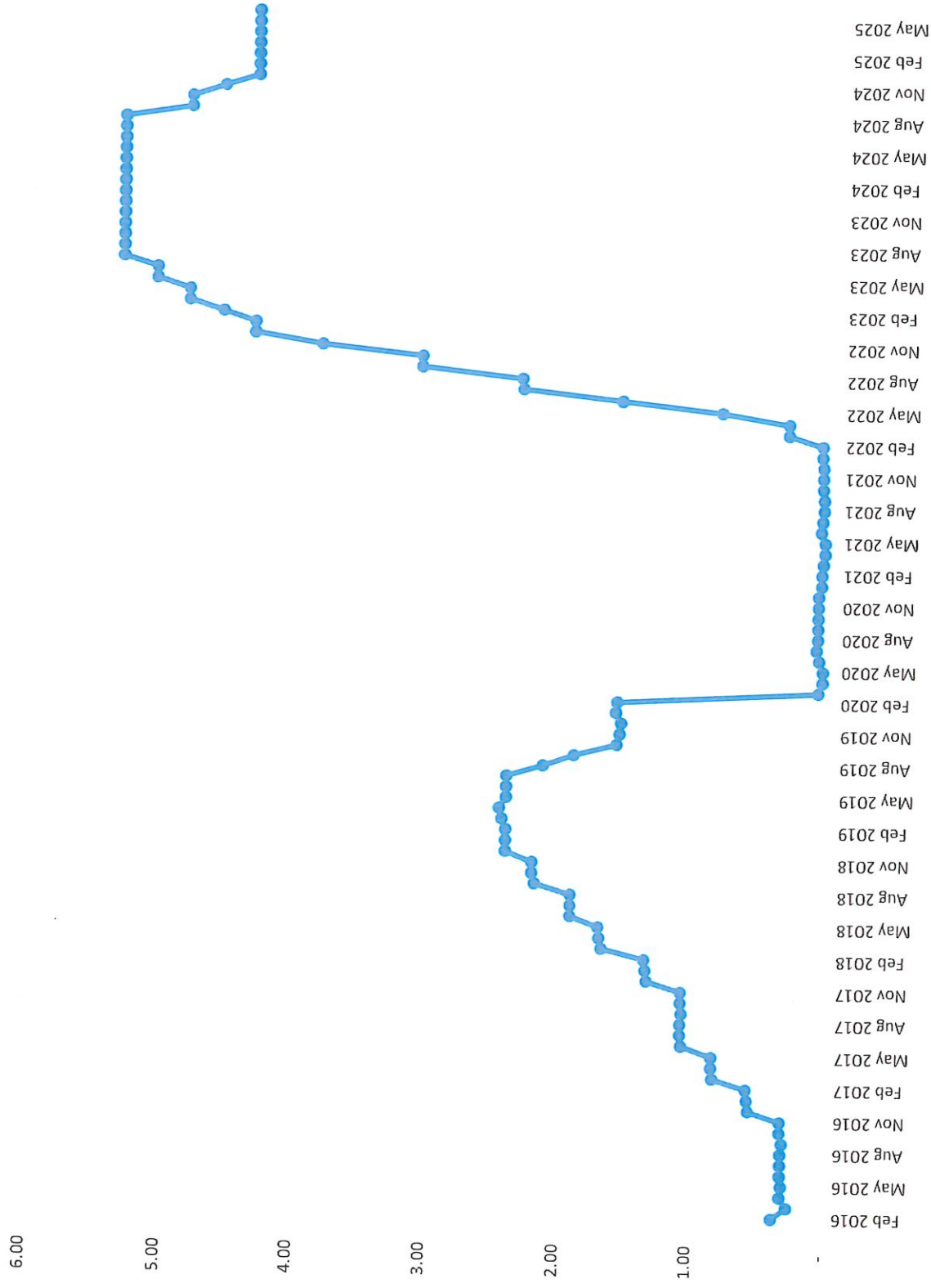
Trend	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25
4 weeks	5.08%	5.29%	5.33%	5.29%	5.27%	4.74%	4.22%	4.24%	4.16%
13 weeks	5.17%	5.32%	5.20%	5.23%	5.22%	4.52%	4.23%	4.21%	4.24%
26 weeks	5.24%	5.32%	5.05%	5.13%	5.11%	4.23%	4.13%	4.08%	4.11%
52 weeks	5.13%	5.19%	4.55%	4.79%	4.86%	3.85%	3.98%	3.87%	3.81%

Daily Treasury Bill Rates, Bank Discount

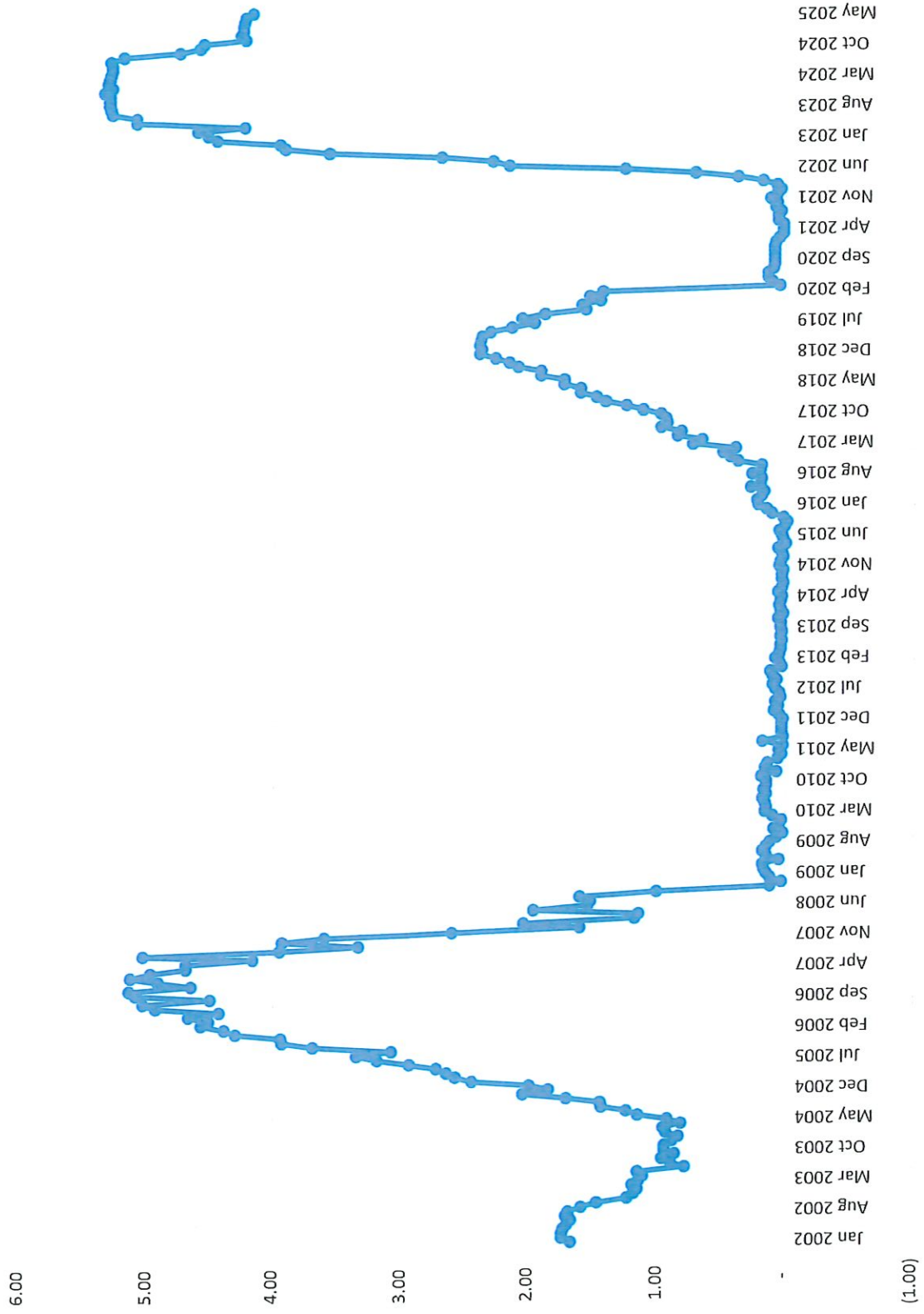




Effective Federal Funds Rate



US Treasury Bill Bank Discount Rates, 4-Weeks



HOLLY TOWNSHIP



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TO: Holly Township Board Members
SUBJECT: Potential changes as a result in the change in status of the Village of Holly

This document is meant to be an in-progress review of the potential changes for Township residents resulting from changes in the status of the Village of Holly, either cityhood or detachment. This document also includes some notes on the changes should the Township become a Charter Township. Calculations were completed in a separate workbook; let us know if you would like additional information on the calculations.

Review of the potential Cityhood of the Village of Holly

- One-time items associated with the transition
 - Village takes portion of the Township assets
 - Effects on Parks and Library?

City incorporation will also mean a sharing in the township's assets and liabilities. When a new city is incorporated, the assets and liabilities are divided with the city in the proportion that the assessed valuation in the area incorporated as a city bears to the total township assessed valuation before the city incorporation. The assets mentioned refer to personal property such as cash on hand or invested, furniture and fixtures, equipment and so forth. In addition, any real property owned by the township and located in the area incorporated as a city would be held jointly by the city and township and is subject to division in the same ratio as personal property.

- Costs associated with the required voting process
 - Vote for cityhood, vote for charter commission members, vote for new charter (1-3 times)
- Costs associated with creating a new City Charter
- Costs associated with the documentation for the process
 - Documentation for the State
 - Documentation for the asset allocation with the Township
- Hiring new personnel and training for new responsibilities
- Capital costs for additional equipment for additional staff and responsibilities, such as election equipment

Review of the potential Cityhood of the Village of Holly, continued

- Increase in costs to the Village/City, and any related reductions in Township
 - Assessor – assessing contract, Board of Review
 - The Village/City would have to assess the parcels within their boundaries. The reduction in Township costs would be similar but not equal to the increase in Village/City costs.
 - Based on the \$30.86 per parcel as charged in TY2025 by Oakland County, the cost for the Village would be \$75,761.
 - The Village/City would have to establish a Board of Review. There would be little or no decrease in Township costs.
 - The Township budgeted \$2,415 for its BOR for FY2026.
 - Clerk – elections
 - The Village/City would have to complete the elections for their residents. The decrease in Township costs would be less than the increase in Village/City costs, as there are many fixed costs associated with the elections.
 - The estimated cost for a new Deputy Clerk is about \$65K.
 - **Need an estimate for other costs, such as equipment.**
 - Treasurer – The Village/City would have additional responsibilities that would likely require additional staff. The Township would have to decrease its staff, and therefore its hours, in order to see a cost savings.
 - Tax disbursements, winter tax collection and disbursements, settlement
 - Mortgage code changes, address changes (PTA, deeds), assessing paperwork (PTA, PRE, etc.), weekly adjustments and reconciling with assessing
 - Assuming that the Village splits the Clerk/Treasurer position into separate Clerk and Treasurer positions, the increased costs would be about \$110K.
 - Public Works – Gravel road chloride applications currently paid by the Township. The cost for the Oakland County 2025 program for Village roads is \$5,409.

Review of the potential Cityhood of the Village of Holly, continued

- Increase in revenue to the Village, and any related reductions in Township
 - Property Tax Administrative Fees – The portion of administrative fees associated with the summer and winter taxes for Village parcels would increase, though the decrease to the Township would be greater as the Village parcels would not have Township taxes.
 - Based on TY2025, the Village increase would be about \$55K, while the decrease for the Township would be about \$60K.
 - If the Village increased its millage, the admin fee would also increase by 1% of that additional revenue.
 - School Collection Fees – The Township would lose a portion of its school collection fees due to the reduction in parcel counts. The Village/City would not be able to charge the schools for summer tax collection.
 - Based on TY2025, the decrease in Township revenue would be about \$27K.
 - State Revenue Sharing – A portion of the State Shared Revenue calculation includes a factor that would be increased if the Village becomes a City.
 - Need an estimate for the change in Village revenue.
 - Currently unsure if there would be any changes to the Cable Franchise Fees, including PEG fees.
 - Metro Act payments – These are paid by telecommunications providers owning infrastructure located within a public right of way. These payments are made to the State and then allocated to the municipalities based on the type of government and the linear feet of public rights-of-way occupied by providers.
 - Need an estimate for the change in Village revenue.
 - If the Village does not currently receive Metro Act payments, then the Township would have a decrease in its revenue.

Review of the potential Cityhood of the Village of Holly, continued

- Changes in property taxes
 - Village/City parcels would no longer pay Township taxes (operating, library, parks)
 - Based on TY2025, the decrease in property tax revenue would be
 - Township \$154K
 - Library \$195K
 - Parks \$74K
 - Currently, village parcels taxable value is about 62% residents (residential real ad valorem parcels with PRE). For TY2025, the average TV of the resident parcels is \$71,126.
 - The decrease for the three Township millages would be \$193.96.
 - The Village/City would likely either keep the library millage or make contractual payments to remain part of the Township library.
 - The Village/City would likely require additional tax millages to cover the costs of the additional services. One of the reasons they have mentioned on why they would like to become a City is to reset the millage to 20 mills.
 - Based on TY2025, if the Village millage was reset to 20-mills, and the public safety special assessment removed, the additional property tax revenue would be about \$826K.
 - For the average resident (owned/occupied) as mentioned above at TV of \$71,126, the tax bill based on TY2025 millages is below.

○ General millage	\$805.53
○ Public Safety SAD	\$284.50
○ Increase to 20-mills	\$332.48
○ Total taxes at 20-mills	\$1,422.51
- Other effects
 - New Township Hall project

Review of the potential of detachment of the Village of Holly

- One-time items associated with the transition
 - Township absorbed Village assets and liabilities
 - Cash and investments, capital assets
 - Long-term debt, pension and OPEB liabilities
 - Costs associated with the required voting process
 - Revenue from the sale of duplicate Village properties
 - Costs associated with the documentation for the process
 - Costs associated with the merger of financial systems
- On-going changes in costs to the Township
 - Village outstanding debt and pension and OPEB legacy costs
 - Police and Fire
 - Fire services would be provided by NOCFA.
 - Police services may need to be covered by a special assessment for the areas to be covered by the police services.
 - Water and Sewer – These funds should be self-sufficient with water/sewer rates.
 - Special Assessment departments should also be self-sufficient.
 - Garbage Collection – Would the area be expanded to the entire Township?
 - DDA (TIFA) – Would the DDA still exist after the detachment?
 - Potential additional costs in various areas, including parks, cemetery, legal services, building department, IT costs, accounting functions, building maintenance, code enforcement, planning, and public works
 - The increased work wouldn't necessarily cost the amount it currently does at the Village, as there will be some cost savings by having one government.
 - Do the Village parks go to Township Parks Commission?
- Village costs not absorbed by the Township
 - Village road work would go to the Oakland County Road Commission
 - Village property tax collection, as there would no longer be a village tax bill
 - Village duplicate or unnecessary positions would be eliminated, such as council, clerk/treasurer, and Streets fund labor

Review of the potential of detachment of the Village of Holly, continued

- Changes in revenue
 - Removal of Village millages, addition of the Township fire millage
 - Removal of the village millages (general and public safety) would save the average resident (TV \$71,126) about \$1,090.03.
 - The addition of the Township fire millage would increase the average resident's property taxes about \$298.73.
 - Need more information to calculate changes in State Revenue Sharing, Marihuana permits, and Franchise fees.
 - Various revenues associated with expenses, such as building permits, police grants and fees, and cemetery revenue
- Below is information on some alternatives and their effects on property taxes, based on TY2025 millages and taxable values. The amounts calculated reflect the increase in property taxes; for example, alternative 1 is calculated at 0.21 as the Township already has 1-mill.
 - Alternative 1 – The Township increases it's millage to the maximum allowed 1.21.
 - Alternative 2 – The Township becomes a Charter Township and has 5-mills.
 - Alternative 3 – The Township becomes a Charter Township and the residents vote for 10-mills.
 - Alternative 4 – Those residents in the current village pay a special assessment to cover the cost of the police department, which would require 12-mills.

<u>Alternatives</u>	<u>Average Residents</u>			
	<u>Total</u>	<u>Village</u>	<u>Outer</u>	<u>Township</u>
Taxable Value	517,167,461	71,126	109,500	93,909
Township Mill Increase	108,605	14.94	22.99	19.72
Charter Township 5 mills	2,068,670	284.50	438.00	375.64
Charter Township 10 mills	4,654,507	640.13	985.50	845.18
Village Police SAD	2,120,156	853.51	-	-

- Additional notes on Charter Township
 - A general law township having a minimum population of 2,000 inhabitants is authorized to adopt the Charter Township Act and incorporate as a charter township.
 - A township is not authorized to develop its own charter; the Charter Township Act is the charter of the township.
 - The Charter Township Act grants a charter township supervisor more authority over the day-to-day operations of the township. The township board of a charter township is authorized to hire a superintendent. If the township board appoints a superintendent, the board may delegate any or all of the specified duties to that official. If these duties are not delegated to the superintendent, they become the responsibility of the township supervisor.
 - A charter township is generally protected from annexation to any adjacent city or village if it meets certain statutory criteria:
 - ✓ State equalized valuation of at least \$25 million
 - ✓ Minimum population density of 150 persons per square mile (not including any incorporated village)
 - $(2020 \text{ Census } 12,006 - 5,997 = 6,009) / (36.42 - 3.13 = 33.29 \text{ sq mi}) = 180 \text{ persons per square mile}$
 - Provides ✓ fire and ✕ police protection, ✕ solid waste disposal, and ✕ water and/or ✕ sewer services by contract or some other method
 - ✓ Has a comprehensive zoning ordinance or master plan
 - The State Boundary Commission may order a portion of the township to be annexed to straighten boundaries and avoid instances in which portions of a township are completely surrounded by the annexing city. Township territory can also be annexed if the action is initiated by the citizens themselves.
 - A charter township may adopt one of two fiscal years: January 1 to December 31 OR April 1 to March 31.
 - Each township official prepares a department budget and delivers it to the supervisor or superintendent on or before 150 days prior to the fiscal year commencement. The supervisor or superintendent must submit a complete itemized budget to the township board no later than 120 days prior to the beginning of the fiscal year.
 - Charter Townships may levy up to 5 mills, or the electors can vote to increase to up to 10 mills for 20 years. All charter township millages are subject to Headlee rollback. Extra-voted millages for specific purposes are also allowed.
 - The township board of a charter township is required to meet at least once a month.
 - State law requires additional publication of an ordinance before and after it is adopted.



General Law or Charter Township? The Choice is Yours ...

*An Overview of Distinctions between General Law and Charter
Township Structure and Authority, with Information on the Process to
Incorporate*

January 14, 2022

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Introduction

The Charter Township Act, Public Act 359 of 1947, is an example of progressive legislation affecting Michigan townships. The Michigan Legislature recognized that there are townships which provide additional services and need additional laws to provide for better administration of township affairs. Since its passage in 1947, there have been several amendments to the act to meet the changing needs of townships.

A general law township having a minimum population of 2,000 inhabitants is authorized to adopt the Charter Township Act and incorporate as a charter township. A township is not authorized to develop its own charter; the Charter Township Act is the charter of the township. The act's provisions are uniform for all Michigan townships, and they cannot be altered by a particular township.

Charter townships and general law townships are similar in organizational structure and powers except for specific differences provided for in the Charter Township Act. In particular, the act grants charter townships additional flexibility in their organizational structure, boundary protection against annexation and enhances the unit's general tax authority.

Should your township incorporate as a charter township? The decision belongs to your township alone. To help you make an informed decision, the following information spells out some differences and similarities between a charter township and a general law township. Note that this is NOT a comprehensive guide or manual to what charter townships do—it is intended as an introduction to the primary considerations of deciding whether to become a charter township.

Organizational Structure

In a charter township, all legislative authority and powers are vested in a seven-member township board comprised of a supervisor, clerk, treasurer and four trustees. A quorum of four members must be present at a meeting to conduct business.

Organizational changes in the act affect the offices of the supervisor and trustee. There are no substantive changes in the duties of the township clerk and treasurer if a township incorporates under the act.

The Supervisor and Superintendent

In general law and charter townships, the supervisor is an officer of the township board and has an equal voice and vote in township board proceedings. In a general law township, the township board retains most of the administrative authority. The Charter Township Act grants a charter township supervisor more authority over the day-to-day operations of the township.

The township board of a charter township is authorized to hire a superintendent. (MCL 42.11) If the township board appoints a superintendent, the board may delegate any or all of the following statutory duties in MCL 42.10 to that official:

- Oversee enforcement of township ordinances and laws
 - Manage public improvement projects; oversee construction, repair, maintenance lighting and cleaning of township property, including streets, sidewalks, bridges and sewers
 - Manage construction, repair, maintenance of sidewalks, streets, bridges, sewers, pavements of all public buildings and other township property
 - Oversee operation of township utilities and maintenance of township property, tools and appliances
 - Oversee terms and conditions of township contracts
 - Attend township board meetings and take part in discussions, but without the right to vote
 - Serve as ex-officio member of all township board committees
 - Prepare and administer the annual budget under township board direction and apprise the township board of the township's financial status
 - Make recommendations to the township board as necessary
 - Administer all township departments
 - Serve as the purchasing agent for the township or delegate this responsibility to some other officer or employee
 - Conduct authorized sales of township personal property
 - Serve as personnel director or delegate this duty to some other officer or employee, and
 - Perform any other duties delegated to him/her which are not assigned to some other official.
- (MCL 42.10)

If these duties are not delegated to the superintendent, they become the responsibility of the township supervisor. In effect, this provides additional authority to a charter township supervisor beyond that accorded a supervisor of a general law township.

If a board appoints a superintendent, he or she serves at the pleasure of the township board. State law provides that the township board determines the superintendent's salary, and the appointee must become a township resident within 90 (calendar) days of assuming the position, unless the board waives

the requirement by resolution adopted by 2/3 of the members of the board. The act also provides that the appointee must be selected on the basis of training and ability without regard to political or religious preferences. (MCL 42.11)

If a township has not appointed a township superintendent under MCL 42.10, the township board may employ a township manager to perform duties lawfully delegated to the manager by the township board. The duties may include those that are delegated by law to another township official if written consent has been granted by that official. (MCL 42.10a)

State law does not specify the duties of a township manager. MTA's position is that a township board may delegate to a manager any or all of the same duties as listed in MCL 42.10, but the supervisor would have to give written consent to diminishing the statutory duties of the supervisor's office.

Trustees

A charter township board must have four trustees. If a township becomes chartered with only two trustees, the additional two trustees must be elected at the first general election held following incorporation.

The duties of a charter township trustee are identical to those of a general law township trustee. He or she possesses an equal voice and vote in township affairs. Trustees are legislators on the township board and should have an understanding of all aspects of township board affairs. A trustee is responsible for attending township board meetings and takes part in all decisions.

Other Officials

What about hiring other township officials? There is no difference in the ability of a general law township or a charter township to hire the necessary personnel to properly and efficiently operate the township. The Charter Township Act enables a township board, by resolution, to establish additional offices to administer township affairs, such as a public works administrator or personnel director, or combine any administrative offices, so long as it does not conflict with state law. The newly created offices cannot replace, abolish or diminish the statutory duties of the clerk's or treasurer's office. (MCL 42.9)

Annexation Protection

The Charter Township Act grants enhanced protection from annexation to townships that provide police and fire protection, water and sewer services, and other services. In the 1970s, many general law townships incorporated as charter townships because of the annexation protection offered by the act.

If a township became chartered prior to June 16, 1978, the township is generally protected from annexation.

A charter township that incorporated after June 15, 1978, is generally protected from annexation to any adjacent city or village if it meets certain statutory criteria:

- State equalized valuation of at least \$25 million
- Minimum population density of 150 persons per square mile (not including any incorporated village)
- Provides fire and police protection, solid waste disposal, and water and/or sewer services by contract or some other method
- Has a comprehensive zoning ordinance or master plan. (MCL 42.34)

Note that these criteria are NOT required to become or continue to be a charter township. They are only required for a specific charter township to receive the qualified protection from annexation under MCL 42.34.

Michigan Supreme Court decisions indicate a township must provide more than minimum service to obtain greater protection from annexation. (*Shelby Charter Twp. v. State Boundary Comm'n*, 425 Mich. 50, 1986)

However, the exemption from annexation is not complete immunity. Although the authority of the State Boundary Commission over charter township land is lessened by the act, the commission may order a portion(s) of the township to be annexed to straighten boundaries and avoid instances in which portions of a township are completely surrounded by the annexing city. Township territory can also be annexed if the action is initiated by the citizens themselves.

Financial Matters

Fiscal Year

A charter township may adopt one of two fiscal years: January 1 to December 31 OR April 1 to March 31. This differs from general law townships, which can choose either April 1 to March 31 OR July 1 to June 30. An annual audit is required.

Budget

Each township official prepares a department budget and delivers it to the supervisor or superintendent on or before 150 days prior to the fiscal year commencement. The supervisor or superintendent must submit a complete itemized budget to the township board no later than 120 days prior to the beginning of the fiscal year. (MCL 42.24)

The township board must hold a budget public hearing at a township board meeting before adopting the budget. The notice of the budget public hearing must be published in a newspaper of general circulation in the township at least 7 days prior to the meeting at which the hearing will be conducted. If a township operates on a calendar-year budget cycle, the budget public hearing must be held no later than December 15, and the budget must be adopted no later than December 31. (MCL 42.27)

Prior to the new fiscal year, the township board must pass a resolution adopting the budget (general appropriations act) for the new fiscal year, make an appropriation of the money needed for township purposes, and provide for a levy of taxes upon real and personal property.

The supervisor or superintendent must prepare quarterly reports that disclose estimated and actual expenditures and revenues to date. (MCL 42.29)

Within 60 days after a township becomes chartered, the board must pass a resolution adopting an interim budget until the next fiscal year. (MCL 42.27)

Taxing Authority

Charter township taxes are not subject to allocation or to the same constitutional tax limitations as general law township taxes. Article IX, Section 6 of the Michigan Constitution, which imposes the 15- and 18-mill tax limitations on real and personal property taxes, specifically exempts charter township taxes from those limitations:

“The foregoing limitations shall not apply to taxes imposed for the payment of principal and interest on bonds approved by the electors or other evidences of indebtedness approved by the electors or for the payment of assessments or contract obligations in anticipation of which bonds are issued approved by the electors, which taxes may be imposed without limitation as to rate or amount; or, subject to the provisions of Section 25 through 34 of this article, to taxes imposed for any other purpose by any city, village, charter county, charter township, charter authority or other authority, the tax limitations of which are provided by charter or by general law.” (Article IX, Section 6, Michigan Constitution of 1963)

Note that the Charter Township Act does not refer to charter township property tax rate limits in “mills.” Instead, MCL 42.27 requires the township board, in adopting its budget for the next fiscal year, to provide for a levy of taxes upon real and personal property that cannot exceed 1/2 of 1% of the assessed valuation of all real and personal property subject to taxation in the balance of the township. This is often referred to as “5-mill charter millage.”

MCL 42.27 also authorizes the electors of a charter township to vote to increase the township's total tax levy, not to exceed a total of 1% of the assessed valuation of all real and personal property in the township, not counting debt obligation or other property taxes exempt from tax limitations by law. This charter township total tax limitation is commonly known as the "10-mill limit."

In both cases, a charter township's total tax limitation is determined as a percentage of the assessed valuation of all real and personal property in the township (excluding debt), and not strictly as 5 or 10 mills. But this article will follow the common usage of 5 or 10 mills.

Charter millage

Charter townships are also different from general law townships in that their "general operating" millage is not allocated, but is set by the township board. The levy of charter millage is based on the charter township's adopted or amended budget and is determined at or following the budget public hearing. It cannot exceed the authorized charter millage.

All charter townships may levy up to 10 mills (*see above*), determined on assessed value (not counting debt service millage). The Charter Township Act does not require a charter township to levy any or all of the additional mills available to it under the Act. (MCL 42.27) All charter township millages are subject to Headlee rollback.

MCL 42.27 authorizes a charter township board to annually provide for a levy of taxes upon real and personal property that cannot exceed 5 mills (*see above*). The township board may choose to automatically levy up to the first 5 mills ("charter millage") without additional voter approval, and without limit in the number of years. The township may then levy up to five additional mills (for a maximum of 10 mills), but only by voter approval and limited to 20 years. (MCL 42.27)

Extra-Voted Millage

When a charter township goes to the voters for approval of additional millage, over and above the authorized charter millage, the township must identify a purpose in the ballot language—it may be for general charter township millage or a specific purpose (which will restrict that millage to that purpose).

Borrowing Powers

The act limits a charter township's borrowing ability to a total outstanding net indebtedness of not more than 10 percent of its assessed value with certain specified exceptions. A charter township must have prior voter approval to issue bonds except for special assessment bonds, bonds issued for the township portion of local improvements, and specific statutory bonds which do not require voter approval. (MCL 42.14a)

A charter township that does not levy the full mills available to it shows bond purchasers that the township has surplus taxing authority. Consequently, the township could have greater ability to borrow at a reduced interest rate (within the 10 percent limit) than a general law township.

Compensation

Setting Salaries

How are compensation levels set in a charter township? Salary levels can be set in one of two ways: 1) by township board resolution subject to citizen referendum or 2) by a compensation commission established by ordinance. (MCL 42.6a)

Note that, if the Charter Township Act does not address a specific township authority and it is addressed in the general township statutes, then the general township statutes apply except where it would conflict with the Charter Township Act. Charter township board salary questions start with looking at the general township laws.

If a general law or charter township does not conduct an annual meeting of the electors, and does not have a compensation commission, the township board shall, by resolution, set the salaries of township board members. The board's resolution to increase a salary is subject to referendum if a citizen petition is filed with the township clerk. (MCL 41.95(3))

If a compensation commission is established, the township board cannot set the salary for any of the four township offices (supervisor, clerk, treasurer, trustee). Note that this is the salary established for the statutory duties of the office, and does not include compensation for additional, non-statutory duties, benefits, expense reimbursements or meeting stipends (per diem or per meeting payments).

Trustees

The Charter Township Act provides that "A trustee may receive, in addition to other emoluments provided by law for his service to the township, a sum per meeting of the township board meetings actually attended by him, as established by the township board to be paid upon authorization of the board." (MCL 42.6) MTA interprets this provision to allow a trustee to be paid on a per diem or per meeting basis for attending township board meetings, in addition to an annual salary.

The Act specifically prohibits a supervisor, clerk or treasurer from receiving additional compensation for attending township board meetings.

Decreases in Salary

The Charter Township Act provides that the salary of an elected township official cannot be decreased during the official's term of office unless the responsibilities and requirements of that office are diminished and the official consents in writing to the salary reduction. (MCL 42.6a)

If the township hires a superintendent, the township board may designate all or some of the supervisor's statutory duties of MCL 42.10 to the superintendent without written consent of the supervisor. If the board designates any of the statutory duties of MCL 42.10 to a manager who is not a superintendent, then the supervisor must consent in writing to diminishing the statutory duties of the supervisor's office under MCL 42.10. In either case, the board cannot reduce the salary of the supervisor's office, for the statutory duties of the supervisor's office, without the written consent of the supervisor. (MCL 42.6a)

Township Board Meetings

A general law township board is required to meet once every three months and at additional times as necessary. The township board of a charter township is required to meet at least once a month. Each member of a charter township is required to vote, if present, on any issues presented to the board, unless the official is excused by the unanimous consent of board members who are present. (MCL 42.7)

There is one exception to this requirement. A charter township board member may abstain from voting without the other board members' consent when voting to fill a vacancy on the charter township board and the board member abstaining states that he or she desires to be appointed to fill that vacancy. (MCL 42.7)

Board Authority

Acquiring and Disposing of Township Property

A charter township board is authorized to purchase, sell or long-term lease real or personal property without authorization from the inhabitants (MCL 42.14). Under Public Act 16 of 1992, a general law township board, by resolution, has the same authority (MCL 41.2).

Police and Fire Departments

Both general law townships and charter townships may have police or fire departments. In a charter township, the officers are appointed by the supervisor or superintendent—if that authority has been delegated by the township board—with the approval of the township board. (MCLs 42.12 and 42.13) In a general law township, the township board appoints police and fire officers. Note that the word “appoint” is really in the context of hiring. Only the township board may hire or fire any township employee, so even if a charter township board has given the supervisor or superintendent authority to hire or fire the police or fire chief, for example, it is still subject to township board approval. (*Ureste v. W. Bloomfield Twp.*, Unpublished, Mich. App. No. 303976, June 21, 2012)

Ordinance Authority

Charter townships are authorized to adopt ordinances to protect the health, safety and general welfare of township inhabitants and property. Ordinances in effect when a general law township incorporates as a charter township remain in effect unless they are repealed or amended. (MCL 42.19)

A charter township can operate in essentially the same manner as a general law township without any additional costs, with the exception of adopting ordinances. State law requires additional publication of an ordinance before and after it is adopted. A charter township is authorized to adopt any state law as an ordinance by reference. In general law townships, only certain ordinances, such as the Uniform Traffic Code, may be adopted by reference.

Public Improvements

Public improvements are managed in the same manner in both charter townships and general law townships. Both general law and charter townships can create special assessment districts and issue special assessment bonds to finance authorized improvements (MCL 42.31).

Citizen Expectations

Another significant difference for charter townships, not found in any law book, is that citizens may have increased expectations for services when a township incorporates as a charter township. Because a charter township is often viewed as an “urbanized” form of township government, citizens may expect additional and improved services beyond that which the township currently provides.

Annual Meeting of the Electors

Charter townships are not required to conduct an annual meeting of the electors unless a majority of the township board determines to do so by resolution.

Conclusion

Should your township become a charter township? It is a value judgment which can only be determined by your township. It is a complicated issue. We recommend that township board officials and citizens familiarize themselves with the facets and implications of the Charter Township Act to make an informed decision.

Under the Campaign Finance Act (MCL 169.201, *et seq*), the township board cannot use general fund monies to campaign for or against becoming a charter township. It is permissible to provide information, such as a newsletter article, that provides both pros and cons of becoming a charter township. (MCL 169.257)

The Michigan Townships Association is available to offer advice and sample forms that a township may adapt to meet its particular needs. In addition, your township should contact legal counsel experienced in township law to assist you throughout the process

How to Become a Charter Township

A township having a population of 2,000 or more inhabitants, according to the most recent regular or special federal or state census of the inhabitants of the township, may incorporate as a charter township.

Election

The original process for incorporating as a charter township is the ballot proposition method described in MCL 42.2 and 42.3. **This may occur at any time.** The ballot proposition may be initiated by the township board or by petition signed by a number of electors of the township which shall not be less than 10% of the total vote cast for supervisor in the township at the last election in which a supervisor was elected.

Per Attorney General Opinion 7038 of 1999, the township is legally incorporated on the date “a copy of the petition or resolution initiating the move to become a charter township, together with the notice of the election at which such question was submitted to the electors of the township, the ballot upon which such question was submitted, and a certificate of the board of canvassers showing that the purposes of such petition or resolution have been approved by a majority of the electors of the township voting thereon, which certificate shall also give the number of votes cast on such proposition and the number cast for and against the same” is filed with the Secretary of State. (“From the date of such filing, the township shall be duly and legally incorporated as a charter township.”)

Other options following Census notification

In 1976, PA 90 of 1976 added MCL 42.3a, which requires the Office of the Great Seal to notify all townships with a minimum population of 2,000 (excluding the population of any incorporated village) that they are eligible to incorporate as a charter township. This must be done after each federal, state or special census—and every time a township meets those population levels (not just the first time it does so in its history).

MCL 42.3a also requires the clerk of an eligible township to publish notice of eligibility twice in a newspaper of general circulation within the township.

MCL 42.3a also added the following options for a township board:

- a. Adopt a resolution opposing incorporation,
- b. Adopt a resolution of intent to incorporate, wait at least 60 (calendar) days, and then—if no valid petition of disagreement is submitted—adopt a second resolution actually incorporating as a charter township. Because the resolution is not required to be filed with the Office of the Great Seal, the township becomes a charter township upon the adoption of the incorporation resolution (AGO 7038 of 1999). (Although it is recommended that a township submit its resolution to the Office of the Great Seal.)

If a valid petition of disagreement (signed by not less than 10% of the number of electors of the township voting for township supervisor at the last election in which a supervisor was elected) is timely submitted, the clerk shall put the referendum proposition on the ballot at the next general or special election.

If the referendum on the resolution to incorporate results in a defeat of the incorporation, then the township cannot incorporate by board resolution until the next decennial notice from the Office of the Great Seal but may incorporate by ballot proposition as provided in MCLs 42.2 and 42.3.

Notice of Eligibility to Incorporate

MCL 42.3a(3) sets forth duties of the township clerk following receipt of notification from the Office of the Great Seal at the Secretary of State.

The township clerk of any township notified must prepare a notice of *Eligibility to Incorporate and Right of Referendum* for publication in a newspaper of general circulation within the township. The notice must be published twice:

- The first time within 15 days following receipt of notification from the Office of the Great Seal, and
- The second time 7 days after the first notice.

The requirement to publish applies regardless of whether the township board intends to take any of the options available under MCL 42.3a.

NOTICE OF ELIGIBILITY TO INCORPORATE AS A CHARTER TOWNSHIP AND RIGHT TO REFERENDUM

Official certification has been received from the Michigan Secretary of State that the Township of _____ has a population of 2,000 or more, making it eligible to incorporate as a charter township. The township board may choose to exercise options concerning incorporation as a charter township under the provisions of the Charter Township Act, Public Act 359 of 1947, MCL 42.1, et seq. (MCL 42.3a):

1. Adopt by majority vote a resolution opposed to incorporation as a charter township.
2. Adopt by majority vote a resolution of intent to approve incorporation as a charter township by resolution. At least 60 days after the adoption of the resolution of intent, the township board may adopt the resolution to incorporate as a charter township.
3. Adopt by majority vote a resolution to place before the electorate at the next regular or special township election the question of incorporation as a charter township.

A township board may also choose to take no action.

If Option 2 is adopted by the township board, the citizens of the township have the right to file a "Right to Referendum Petition." This petition must be filed before the final adoption of the resolution to incorporate as a charter township.

The petition must follow, in general form, the nominating petition form as prescribed in the Michigan Election Law (MCL 168.488), and the heading must indicate "Disagreement of Intent to Incorporate as a Charter Township." The petition must be signed by not less than 10% of the number of electors of the township voting for township supervisor at the last election in which a supervisor was elected.

If the petition is successful, the question of incorporation will be placed on the ballot at the next general or special township election.

(Sample 1)

Resolution of Intent Opposing Incorporation as a Charter Township

_____ Township
_____ County, Michigan

WHEREAS, the Township Clerk has been notified by the Michigan Secretary of State that _____ Township has a population of 2,000 or more inhabitants, excluding the population of any incorporated village, and notice of that notification was duly published in the _____ (*identify newspaper*), a newspaper of general circulation in the township, as required by law, and

WHEREAS, under the provisions of MCL 42.3a, the Township is eligible to be incorporated as a charter township by resolution of the Township Board, and

WHEREAS, after notification is received by the clerk, the township board may adopt, by a majority vote, a resolution opposed to incorporation, and

WHEREAS, the Township Board does not desire to incorporate as a charter township,

NOW, THEREFORE, IT IS HEREBY RESOLVED that the _____ Township Board does declare its intent to not incorporate as a charter township.

Motion was made by _____, seconded by _____, to adopt the foregoing resolution.

Upon roll call vote, the following voted "Yes":

Upon roll call vote, the following voted "No":

The supervisor declared the motion carried and the resolution duly adopted.

Township Clerk

CERTIFICATE

The undersigned, being the duly elected and acting Clerk of the Township of _____ hereby certifies that the foregoing resolution was duly adopted at a regular meeting of the Township Board at which a quorum was present on the ____ day of _____, 20__, and that the members voted as set forth above.

Township Clerk

(Sample 2A)
First Resolution to Incorporate by Resolution
(Subject to Petition of Disagreement Calling for Referendum)

Resolution of Intent to Become a Charter Township
_____ Township
_____ County, Michigan

WHEREAS, the Township Clerk has been notified by the Michigan Secretary of State that _____ Township has a population of 2,000 or more inhabitants, excluding the population of any incorporated village, and notice of that notification was duly published in the _____ (*identify newspaper*), a newspaper of general circulation in the township, as required by law, and

WHEREAS, under the provisions of MCL 42.3a, the Township is eligible to be incorporated as a charter township by resolution of the Township Board stating its intent to so incorporate, and a second, subsequent resolution of said Township Board incorporating the township as a charter township, adopted at least 60 days after the adoption of the first resolution of intent, and

WHEREAS, if no petition of disagreement calling for referendum on the question of such incorporation is received by the Township Clerk signed by not less than 10% of the number of electors of the township voting for Township Supervisor at the last election, said township shall be incorporated as a charter township on the date of the second resolution.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the _____ Township Board does declare its intent to incorporate _____ Township as a charter township by resolution to be adopted not less than 60 days from the date of this resolution, unless a petition of disagreement with this resolution of intent to incorporate is filed with the Township Clerk prior to the passage of the final resolution.

Motion was made by _____, seconded by _____, to adopt the foregoing resolution.

Upon roll call vote, the following voted "Yes":

Upon roll call vote, the following voted "No":

The supervisor declared the motion carried and the resolution duly adopted.

Township Clerk

CERTIFICATE

The undersigned, being the duly elected and acting Clerk of the Township of _____ hereby certifies that the foregoing resolution was duly adopted at a regular meeting of the Township Board at which a quorum was present on the ____ day of _____, 20__, and that the members voted as set forth above.

Township Clerk

(Sample 2b)

Second Resolution of Intent to Incorporate by Resolution,
to be adopted at least 60 days after adopting Resolution of Intent

Resolution of Intent to Become a Charter Township

_____ Township
_____ County, Michigan

WHEREAS, the Township Clerk has been notified by the Michigan Secretary of State that _____ Township has a population of 2,000 or more inhabitants, excluding the population of any incorporated village, and notice of that notification was duly published in the _____ (*identify newspaper*), a newspaper of general circulation in the township, as required by law, and

WHEREAS, under the provisions of MCL 42.3a, the Township is eligible to be incorporated as a charter township by resolution of the Township Board stating its intent to so incorporate, and a second, subsequent resolution of said Township Board incorporating the township as a charter township, adopted at least 60 days after the adoption of the first resolution of intent, and

WHEREAS, if no petition of disagreement calling for referendum on the question of such incorporation is received by the Township Clerk signed by not less than 10% of the number of electors of the township voting for Township Supervisor at the last election, said township shall be incorporated as a charter township on the date of the second resolution.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the _____ Township Board does declare its intent to incorporate _____ Township as a charter township by resolution to be adopted not less than 60 days from the date of this resolution, unless a petition of disagreement with this resolution of intent to incorporate is filed with the Township Clerk prior to the passage of the final resolution.

Motion was made by _____, seconded by _____, to adopt the foregoing resolution.

Upon roll call vote, the following voted "Yes":

Upon roll call vote, the following voted "No":

The supervisor declared the motion carried and the resolution duly adopted.

Township Clerk

CERTIFICATE

The undersigned, being the duly elected and acting Clerk of the Township of _____ hereby certifies that the foregoing resolution was duly adopted at a regular meeting of the Township Board at which a quorum was present on the ____ day of _____, 20__, and that the members voted as set forth above.

Township Clerk

(Sample 3)

**Resolution of Intent to Place the Question of Incorporation as a Charter Township on the Ballot at the _____ (Month, day, year) _____ (Regular or Special) Election
_____ Township, _____ County, Michigan**

WHEREAS, the Township Clerk has been notified by the Michigan Secretary of State that _____ Township has a population of 2,000 or more inhabitants, excluding the population of any incorporated village, notice of which notification was duly published in the _____ (identify newspaper) newspaper of general circulation in the township, as required by law, and

WHEREAS, under the provisions of MCL 42.3a, the Township is eligible to be incorporated as a charter township by resolution of the Township Board placing the question of incorporation on the ballot at the next regular or special township election, and

WHEREAS, the Township Board desires to place the question of incorporation before the electorate,

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Township Board does declare its intent to place the question of incorporation as a charter township on the ballot at the _____ (Month, day, year) _____ (Regular or Special) Election.

BE IT FURTHER RESOLVED that the Township Clerk shall prepare a ballot for the submission of such proposition at such election in accordance with the general election laws of the state and setting forth the proposition as follows:

Shall the Township of _____ incorporate as a charter township which shall be a municipal corporation subject to the provisions of Act No. 349 of the Public Acts of 1947, as amended, which act shall constitute the charter of such municipal corporation?

Yes () No ()

Motion was made by _____, seconded by _____, to adopt the foregoing resolution.

Upon roll call vote, the following voted "Yes":

Upon roll call vote, the following voted "No":

The supervisor declared the motion carried and the resolution duly adopted.

Township Clerk

CERTIFICATE

The undersigned, being the duly elected and acting Clerk of the Township of _____ hereby certifies that the foregoing resolution was duly adopted at a regular meeting of the Township Board at which a quorum was present on the ____ day of _____, 20__, and that the members voted as set forth above.

Township Clerk

When a Petition for Referendum is Submitted

MCL 42.3a(4) sets forth duties of the township clerk if petitions for referendum are submitted as follows:

1. Upon receiving a petition seeking referendum on the charter township question, the township clerk must check the petition signatures against the registered electors' signatures.
2. If the petition contains the proper number of valid signatures, the clerk must make all provisions for submitting the question of incorporation as a charter township to the registered electors of the township.
3. The question must be placed on the ballot at the next regular or special township election which allows the clerk the necessary time to provide for an orderly conduct of the election.
4. If a special election is contemplated for the purpose of submitting the question, the proposed date must be present to the county scheduling committee for approval.
5. The wording on the ballot shall read as follows:

Shall the township of _____ incorporate as a charter township which shall be a municipal corporation subject to the provisions of Act No. 359 of the Public Acts of 1947, as amended, which act shall constitute the charter of such municipal corporation?

Yes ____ No ____

**Filing Documents with the
Office of the Great Seal and Registration Section,
Michigan Department of State**

1. If the township board adopts a resolution opposed to incorporation as a charter township, a copy of the resolution should be filed for informational purposes.
2. If the township board adopts a resolution of intent to approve incorporation as a charter township, and NO petitions of disagreement are filed, the following documents may be filed (informational only—Attorney General Opinion 7038 of 1999):
 - a) Affidavit of publication of required notices
 - b) Resolution of intent
 - c) Certificate of township clerk that no petitions were filed within the 60-day period; and
 - d) Resolution approving incorporation.
3. If the township board adopts a resolution of intent to approve incorporation as a charter township, and petitions of disagreement ARE filed, an election is held, and the proposition is approved, the following documents must be filed:
 - a) Affidavit of publication of required notices
 - b) Resolution of intent
 - c) Certificate of township clerk that petitions were filed within the 60-day period and date set for election
 - d) Copy of ballot, and
 - e) Board of Canvassers certificate showing total votes cast and number of votes cast for and against incorporation as a charter township.
4. If the township board adopts a resolution to place the question of incorporation as a charter township before the electorate, an election is held, and the proposition is approved, the following documents must be filed:
 - a) Affidavit of publication of required notices
 - b) Resolution of township board
 - c) Copy of ballot, and
 - d) Board of Canvassers certificate showing total votes cast and number of votes cast for and against incorporation as a charter township.
5. If the proposition to incorporate as a charter township is defeated at an election held under 3 or 4 above, the township clerk may file just a copy of the Board of Canvassers certificate showing that the proposition did not pass.

Office of the Great Seal, Michigan Department of State Bureau of Elections

Mailing Address	Walk-in (Appointment only: MDOS-Notary@Michigan.gov or (517) 241-1832)
Bureau of Elections	Richard H. Austin Building, 1 st Floor
7064 Crowser Drive	430 W. Allegan, Lansing, MI 48933
Lansing, MI 48918	Main Office: (888) 767-6424, Fax: (517) 241-1820

FAHEY
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YOUR TOWNSHIP ATTORNEYS

Township Law *E-Letter*

Fahey Schultz Burzych Rhodes PLC, Your Township Attorneys

SHOULD YOU BECOME A CHARTER TOWNSHIP TO PROTECT YOUR BOUNDARIES?

The answer to this question is generally "No." The history of annexation in charter townships shows that they are vulnerable to annexation, perhaps more so than general law townships. This publication suggests that protection from annexation may not be an adequate reason to select the charter township form of government.

SUMMARY

- Many general law townships have become charter townships to protect against annexation, but the degree of that protection has substantially been eroded. A charter township may even be more vulnerable to annexation.

Thirty years ago, with great fanfare, the Michigan legislature amended the Charter Township Act to supposedly confer "protection from annexation" on the state's charter townships. Many general law townships raced to qualify for the charter status, attempting to protect their beleaguered boundaries from further pilfering by neighboring cities. As of last year, 137 townships had reorganized as charter townships.

Although charter townships differ from general law townships in a number of respects, including some differences in board size, authority, fiscal years, frequency of meetings, and millage rates, by far the biggest reason usually offered for chartering is "annexation protection." In truth, the 1978 amendments to the Charter Township Act did give charter townships that met certain criteria an exemption from annexation in proceedings before the State Boundary Commission. Those criteria include an SEV of at least \$25 million, population density of 150 persons per square mile, township police and fire service, water and/or sewer service, solid waste disposal service, and a comprehensive zon-

ing ordinance or master plan. Many townships do not meet one or more of these criteria, and so for them the opportunity of claiming this "annexation protection" has not even been an issue.

Even for those townships that met the criteria, however, the promise of "annexation protection" proved to be very short lived. The ink was hardly dry on the 1978 amendments to the Charter Township Act when this claim was tested in a case involving the City of East Lansing and Meridian Charter Township. Although Meridian met all of the criteria, the township discovered that the 1978 amendments to the Act created a whole new method of annexation that applies *only* to charter townships, and that makes charter townships *more* vulnerable to annexation in certain cases.

Under Section 34 of the Charter Township Act, the territory of a charter township can be annexed to a city on the petition of 20% of the registered electors within an area proposed for annexation. If such a petition is presented, it bypasses the Boundary Commission completely and goes right to an election—in the City and

*... one township
initially adopted a
charter, but later
resumed general
law status to
avoid increased
annexation...*



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in the area proposed to be annexed, but not in the balance of the Township.

Unfortunately, this annexation method has proven to be a relatively easy way to take territory away from charter townships. In general law townships, the annexation process must at least go before the Boundary Commission and be subject to public hearings and administrative decisions over a period of many months or even years. In the case of charter townships, however, the entire annexation process can be accomplished in a matter of weeks.

This method of annexation is especially dangerous if the owner of the annexation parcel desires it to be annexed to the city. For example, if the property owner has attempted to obtain zoning approvals from the township, but the township has imposed certain land use restrictions, the landowner may attempt to shop for a more favorable zoning decision from the adjacent city. If the city is willing to cooperate, the property owner can orchestrate the annexation in little time, depriving the township of both its zoning control and its tax base. A substantial portion of the charter township annexations that have occurred over the last 30 years have involved variations on this land use motive.

In one case, the annexation was initiated by the residents of a senior citizen home that desired to expand its development into property that had previously been designated as open space. In another, tenants of a few older rental structures petitioned on behalf of their landlords to annex the territory into the city to allow the structures to be razed and replaced by a new high-rise development that would have violated the

township's zoning ordinance. In each case, the city was more than willing to compromise the township's zoning principles to entice the development to locate within the expanded city boundaries.

Charter township annexations have not been limited to land use issues, however. In one township, the annexation took place because the city had a lower millage rate (a rare occurrence). In another, the city reportedly promised the property owner more favorable tax treatment than was being given by the township (a promise of dubious legality). In one unusual case, the motivation for the annexation was to transfer more student voters into the city and affect the local political races.

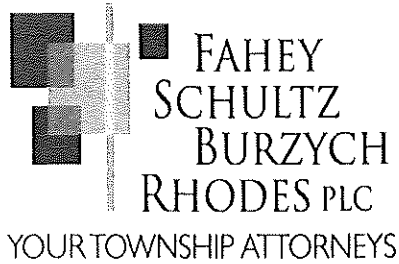
So, while there may be many valid reasons for your township to consider a charter, "annexation protection" should not generally be one of those reasons. At least one township that initially decided to adopt a charter later returned to the general law form of government to avoid the increased exposure to annexation they discovered.

Our lawyers are very familiar with the annexation process, both for general law townships and charter townships. We welcome your questions about defending against city and village incorporations and annexations.

Fahey Schultz Burzych Rhodes PLC, Your Township Attorneys, is a law firm specializing in the representation of Townships. Our lawyers have more than 30 years of experience in township law, and have represented more than 100 townships across the state of Michigan. This publication is intended for our clients and friends. This communication highlights specific areas of law, and is not legal advice. The reader should consult an attorney to determine how the information applies to any specific situation.

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Township Law *E-Letter*

CITY DETACHMENT AND VILLAGE DISSOLUTION

Many townships across the state are neighbors to a city or village. Unfortunately, those municipalities are not always good neighbors. In the push to balance their own budgets, many cities choose to annex territory from adjacent townships. A growing number of villages are attempting to reincorporate as cities, removing vast areas from a township's tax roll and taking a portion of the township's assets and funds as well. Townships that are in these positions need to know about city detachment and village dissolution, which may help to avoid or reverse the losses caused by annexation and incorporation.

CITY DETACHMENT

To reverse an annexation, or to gain leverage in a boundary dispute, townships should consider city detachment. This process allows property to be removed from a city by a petition and an election, requires no involvement before the State Boundary Commission, and can be accomplished in a few months. Detachment has become the most potent defense available to townships that face annexation threats.

Detachment Petition

The detachment process begins with a citizen petition. It must be signed by qualified electors and freeholders residing within the affected city and township, in an amount equal to at least 1% of the total combined city and township populations, or 100 signatures, whichever is greater. The petition requires at least ten (10) signatures from the city and at least ten (10) signatures from the township, but none of the signers need to be from the proposed detachment area. Different signing rules apply if the city is located in 2 or more counties.

To be valid, a map of the territory to be detached must be affixed to the petition. The petition also requires an accurate legal description of territory to be detached. The petition must be

verified under oath by one or more petitioners, addressed to the County Board Commissioners and filed with County Clerk.

Review and Election

The County Board of Commissioners determines the legal sufficiency of the petition. After its determination, the sufficiency and legality of the petition may not be questioned in any proceeding.

If the petition is found legally sufficient, the Board of Commissioners submits the proposed detachment to the electors of the entire city and the entire township. At the election, votes are counted in the city and township combined. A majority of the total **combined** vote determines the outcome. Following the election, when the results are filed with the Secretary of State and the County Clerk, the detachment takes effect.

Winning the Election

Instead of battling before the Boundary Commission, detachment allows local voters to settle the dispute in a democratic manner. The township may handle the petition, map and legal description preparation, but remember that you may not use township funds to advocate for or against the detachment election proposal. Township officials may participate on their own time and cost. To comply with the campaign finance laws, a ballot

question committee should be organized to solicit and spend election contributions. Grass roots participation is a must to win a detachment election. There may be broad public dissatisfaction with the city council, both within the city and the township. That dissatisfaction may be the source of a great deal of support for detachment on both sides of the city-township boundary.

Case Studies

When it was faced with an announced annexation threat from the city, *Brighton Township* was able to avoid the threat simply by mentioning detachment. Since the city population was much less than the township's, the city was concerned that it might lose a detachment election. It dropped its annexation threat.

But even townships with much lower populations than their city neighbors have used detachment successfully. In *Wheatfield Township*, the first township to hold a successful detachment election, township and city voters approved the detachment of a square mile of the city even though the township population was only 1/3 that of the city.

Big Rapids Township was also successful in a detachment election, although its population was only ¼ of the city's. With an annexation in progress in the Boundary Commission, the township launched a detachment of the entire western edge of the city, including the city airport, pool, and cemetery. The detachment was successful, and as a result the property the city was attempting to annex was no longer contiguous to the city. The Boundary Commission had no choice but to dismiss the pending annexation because of lack of contiguity.

Many more townships, including *Sturgis Township*, *Eaton Rapids Township*, and *Grant Township*, have used the possibility of detachment to bring their cities to the bargaining table. In each case, the townships were successful in ne-

gotiating favorable Act 425 agreements with the cities.

VILLAGE DISSOLUTION

Villages are increasingly turning to city incorporation in hopes of reversing their financial misfortunes. This technique is usually misguided, since the cost of incorporation, the loss of township-funded services, and the high cost of operating as a city will only tend to worsen the village's fiscal problems. A far better answer for villages in financial trouble is to dissolve the village and recombine the village government with the township. Authority for village dissolution is in the General Law Village Act, but the process applies to home rule villages as well. A Court of Appeals decision just last week allowed a village dissolution election to proceed in August 2010 involving the Village of Sand Lake and Nelson Township. *Village of Sand Lake v Nelson Township* (May 26, 2010).

Initiation Process

The village dissolution process starts with a petition by 15% of village voters. Once circulated, the petition verification is done by the township clerk. If the petition is valid, the law gives the village council two different procedures for dissolution to choose from.

Village Council's Choices

In the first procedure, the village council may choose an immediate election. The election takes place in the township and the village combined, and the village will be dissolved if a **2/3 majority** of the **combined** electors who vote in the township and the village support the dissolution.

The alternative choice available to the village council is to create a "disincorporation commission" to draft a plan for village dissolution, which is submitted to the township board and the village council for ratification. If both the township board and village council ratify the plan, the dissolution will occur if it is approved by a **simple**

majority of the electors voting *separately* in the township and in the village. If either the township board or the village council fail to ratify the plan, then the village will be dissolved if a **2/3 majority** of the *combined* voters in the township and the village support the dissolution.

Other Considerations

Dissolution provides a way to eliminate the costs of village government and reduce the tax millage formerly paid by village property owners. While a dissolution petition is pending, a village annexation or incorporation proceeding may not be filed. If the village is dissolved, all its assets and liabilities are assumed by the township, so the financial condition of the village may be an issue at the election. After dissolution, special services provided to former village residents may be continued and supported by user fees or spe-

cial assessments.

There have been no recent successful village dissolutions in Michigan. As economic pressure mounts on village government and more village residents look for alternatives to city incorporation, we expect to see increased interest in village dissolution.

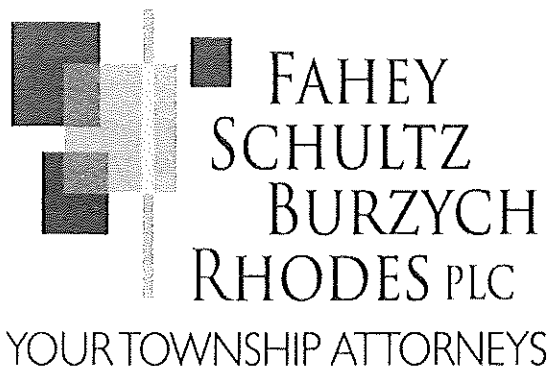
We Can Help

The lawyers of *Fahey Schultz Burzych Rhodes PLC* have more than 100 years of combined experience assisting townships with annexation, detachment and village to city incorporations. We work with townships to aggressively defend their boundaries and provide experienced counsel regarding alternatives that may benefit the entire community. Our lawyers have guided many townships through municipal boundary disputes. Please contact us if you need assistance.

Your Township Attorneys . . . In The UP !

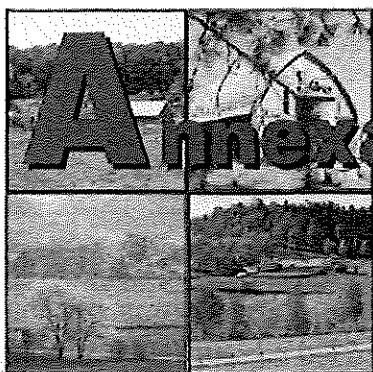
Bill Fahey will present 2 workshops on *Friday, August 6*, at the *MTA's UP Summit* in Harris (near Escanaba), a first-ever MTA event. Hear Bill explain "*Township Contracts*" (before lunch) and bring your questions to his session on "*Ask the Experts*" (after lunch). For more information on this MTA event, or to register, please contact MTA at 517.321.6467 Ext. 251.

Fahey Schultz Burzych Rhodes PLC, Your Township Attorneys, is a Michigan law firm specializing in the representation of Michigan townships. Our lawyers have more than 100 combined years of experience in township law, and have represented more than 100 townships across the state of Michigan. This publication is intended for our clients and friends. This communication highlights specific areas of law, and is not legal advice. The reader should consult an attorney to determine how the information applies to any specific situation.



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Annexation: A Convoluted Process Needing Reform

by Jean Hughes Raber, MTN Contributing Writer
and David Bertram, MTA Legislative Liaison

Annexation—it's the road to lost revenue, shrinking farmland, loss of community character, hard feelings, perhaps even disenfranchisement in the minds of many township officials. While there are moves township officials can take to gain some protection from annexation or even to reverse annexations that have already occurred (detachments), there are currently few guarantees to protect township land against annexation.

Selecting the right move against annexation means understanding the convoluted path that leads to annexation. This article provides an overview of the annexation process and introduces some of the key players involved. It also offers some topics for township officials to explore in more depth if they are faced with an annexation threat. Perhaps even more importantly, it provides a clear argument as to why reform is needed.

Understanding the Process

The process by which municipalities annex township lands depends on the types of local governments involved. At various points in the annexation process, state statutes may specify certain annexation protections, allow time for gathering referendum petitions, require that decision-makers adhere to certain decision criteria, hold public hearings, or allow annexation elections—again, all depending on the local units involved. Townships must therefore understand how these variables apply to their own situations.

While it is difficult to make many general statements about the annexation process, it usually begins when a city or village council passes a resolution to annex township property. Under some circumstances, annexations move directly from

resolution or petition to a final decision—by the State Boundary Commission or, more rarely, the county board of commissioners.

At other times, the annexation process may be detoured or even dead-ended because of testimony given at public hearings, referenda, etc. For example, general law townships facing annexation by cities may force an election by fulfilling petition requirements, provided there are at least 100 residents living on the land in question. In this case, a petition for election of 25% of the registered voters in the city and/or area to be annexed, and/or the remaining township may be filed.

Another variable in the annexation process is who votes in an annexation election and how those votes are counted. For example, an election must be held if a home rule village wishes to annex general township land. The annexation must pass among voters in the area to be annexed, in the village and in the balance of the township. The votes in the village and balance of the township are counted together.

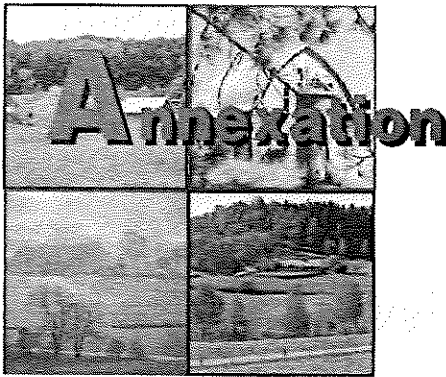
On the other hand, when charter township lands are marked for annexation by a petition of 20% of the registered voters in the annexed area, only the voters in the area to be annexed, and the city or village vote. Such situations, however, are rare.

Townships may also try using detachment as a strategy to fend off or reverse an annexation, challenge the legal sufficiency of the annexation petition, or present testimony at State Boundary Commission public hearings and meetings. Some of these strategies are discussed later in this article.



Protection from Annexation?

Charter townships have limited protections against ➤



annexations. The Charter Township Act (Public Act 359 of 1947) recognizes that townships which provide police and fire protection, water and sewer and other services should have additional protection from annexation, and that township land does not need to become part of a city in order to receive these services.

These protections exist if the charter township existed before June 15, 1978, or meets the following criteria under Section 34 of the Charter Township Act:

- Have SEV of at least \$25 million
- Have at least 150 residents per square mile
- Provide or contract for fire and

police protection, solid waste disposal, and water and sewer services

- Are governed by a comprehensive zoning ordinance or master plan

General law townships may enhance protection for their borders by incorporating as a charter township. However, this is not a guarantee against annexa-

MTA believes a fairer way to resolve annexation issues is through a three-way vote among those residing in the township, city and parcel to be annexed, eliminating the requirement for petitions to be filed in order for a vote to take place. MTA's position is that if a vote fails in any of those three areas, the annexation would not be allowed.

tion. A portion of the township can be annexed to straighten boundaries or to avoid instances in which portions of a township are completely surrounded by

the annexing city. Annexation can also occur if township residents themselves initiate the annexation process.

Role of the State Boundary Commission

The State Boundary Commission is the deciding body in most annexation situations. The Commission is comprised of three permanent state commissioners appointed by the governor for three-year terms. In addition, two members—one from a township, the other from a city—are appointed by the presiding probate judge in each county, to hear cases that arise within their county.

How a decision moves through the State Boundary Commission process is outlined in "Steps to a State Boundary Commission Annexation Decision" (page 16).

As the State Boundary Commission moves to approve an annexation, a township has opportunities for input into the process. For example, townships may challenge the legal sufficiency of a petition for annexation. Legal sufficiency means that:

1. All relevant boundaries of the adjacent city must be consistent with the boun-

425 Agreements: A Closer Look

Public Act 425 of 1984 allows one local unit of government to transfer property to another local unit for economic development projects—industrial or commercial enterprises, housing developments or environmental protection measures—for up to 50 years. The agreements generally involve sharing of revenue sharing by both units of government and may be renewed for up to 50 years as many times as both local units wish. Perhaps most important to townships, during the term of the 425 agreement, annexation may *not* occur.

425 agreements require a contract between the two local units. In drawing up the contract, the units must consider these factors:

• **Composition of the population.** This includes population density, land area and land uses, assessed valuation, topography, natural boundaries and draining basins, and past and probable future growth, including population increase and business, commercial, and industrial development in the area to be transferred. Comparative data for the transferring unit and the portion of the unit remaining after the transfer should be considered.

• **The need for organized community services.** This consideration includes the present cost and adequacy of governmental services in the area to be transferred; the probable future needs for services; the practicability of supplying such services in the area to be transferred; the probable effect of the transfer and of alternative courses of action on the cost and adequacy of services in the area to be transferred and on the remaining portion of the local unit from which the area will be transferred; the probable change in taxes and tax rates in

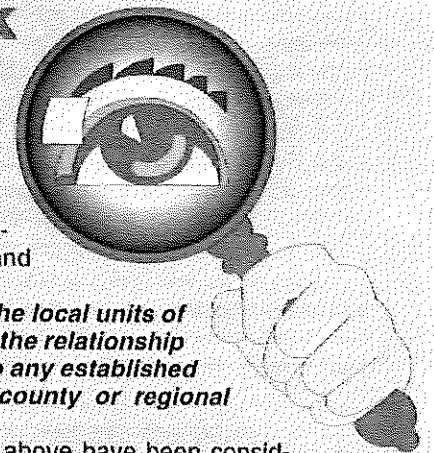
the area to be transferred in relation to the benefits expected to accrue from the transfer; and the financial ability of the local unit responsible for services in the area to provide and maintain those services.

- **The general effect on the local units of the proposed action and the relationship of the proposed action to any established city, village, township, county or regional land use plan.**

Once the factors listed above have been considered, the two local units must draw up a contract outlining the 425 agreement. The contract must stipulate:

- The length of the contract.
- Authorization for sharing taxes and other revenues designated by the local units. The manner and extent to which the taxes and other revenues are shared shall be specifically provided for in the contract.
- Methods by which a participating local unit may enforce the contract including return of the transferred area before the expiration date of the contract.
- Which local unit has jurisdiction over the transferred area upon the expiration, termination or nonrenewal of the contract.

Unless otherwise stated in the contract, the local unit to which the property is being transferred has jurisdiction over



dary data on file in the Office of the Great Seal, Michigan Department of State.

2. The description of the proposed area mathematically closes upon itself. This means that the measurements of the area make an area with boundaries that meet on all sides.

3. The proposed area must be contiguous to the city boundaries.

Legal sufficiency challenges may result in the withdrawal of the annexation petition, although a city wishing to move forward with the annexation may also revise the boundary definitions to meet legal sufficiency criteria.

Townships and individual property owners may participate in the public hearing process at which the commission determines the reasonableness of an annexation move. This determination is based on 18 criteria stipulated by Section 8 of the State Boundary Commission Act (MCL 123.1001 *et seq*) (see "Annexation, Incorporation and Consolidation Criteria", page 18). Townships may try to influence the Commission's decision by presenting their arguments on the last nine criteria on the list. Townships without land use plans will find it more difficult to pres-

ent their case at the public hearing.

After the public hearing, the township has 30 days to submit additional information to the Boundary Commission. Information collected during this 30-day period is distributed to interested parties; another seven days is allowed for response.

MTA further supports legislation requiring the annexation jurisdiction to pay for the cost of the elections.

Township residents may force a referendum on the final decision of the State Boundary Commission by filing a petition 30 days after the decision is made. Current law allows for petitions to be filed by residents in a city, township or village where an annexation situation arises, causing competing petitions. If the petition is valid, an annexation election is held in each area requesting an election. When the annexation election is held and all areas voting separately on the annexation approve it by a majority vote, the Commission will recommend that the

Michigan Department of Consumer & Industry Services (CIS) director sign an order implementing the annexation. If a majority in any one of the areas voting on the annexation does not approve the annexation, the annexation is defeated.

A referendum is permitted only if the annexed area has a population of 100 or more on the date the petition was filed. Such a referendum is an uphill battle for townships, because those in the city often outnumber township voters. According to current law, if the area proposed for annexation contains less than 100 residents, the determination by the Boundary Commission is final, and the residents have no right of referendum.

The township may also seek judicial review, after the Commission decision is made, through circuit court. A circuit judge may overturn a Commission decision signed by the CIS director, if he or she determines the Commission has made a procedural error, but not simply because he or she is sympathetic to the township's case.

A Fairer Way

The Michigan Townships Association believes a fairer way to resolve ➤

the property for the term of the contract. For example, if Township A transfers property to City B via a 425 agreement, the city has jurisdiction over the property for the duration of the contract.

In addition, 425 agreement contracts may include a variety of other provisions including:

- The method by which the contract may be rescinded or terminated by either local unit prior to the stated termination date.
- The manner of employing, engaging, compensating, transferring or discharging personnel required for the economic development project, subject to the provisions of applicable civil service and merit systems.
- The fixing and collecting of charges, rates, rents or fees and the adoption of ordinances and their enforcement by or with the assistance of the participating local units.
- The manner in which purchases shall be made and contracts entered into.
- The acceptance of gifts, grants, assistance funds or bequests.
- The manner of responding for any liabilities that might be incurred through performance of the contract and insuring against such liability.

Each local unit involved in a proposed 425 agreement must hold at least one public hearing before entering into a contract. Notice of the hearing must be given in compliance with the Open Meetings Act (MCL 15.261-15.275).

Thirty days after the hearings are held, the contract may be approved by a majority vote of the officials on the governing boards of both local units unless:

- **One or both of the local units passes a resolution calling for a referendum on the 425 agreement.** In this case, a

majority vote of electors is required for approval of the agreement. For example, City B could pass a resolution calling for a referendum while Township A does not. In this case, a majority of city voters and a majority of township board members are needed to approve the 425 agreement. If both city and township pass referendum resolutions, a majority vote of electors in both city and township is required.

- **At least 20% of the registered voters in the proposed transfer property file a petition in accordance with Michigan Election Law (MCL 168.488) with the local clerk within 30 days of the public hearing.** In this situation, a referendum on the transfer must be held in that locality. For example, if the 425 agreement involves a parcel in Township A and 20% of the registered voters in that parcel file a petition with the Township A clerk, Township A must hold a referendum on the 425 agreement. Township officials may not enter the contract without a majority vote of the voters.

- **There are no registered voters residing on the proposed transfer property and a petition signed by those owning 50% or more of the transfer area file a petition with the local clerk.** In this case, a referendum on the transfer must be held in that local unit.

The 425 agreement is in force when the clerk in the local unit where the transfer property is located files the contract with the county clerk and the Michigan Secretary of State. For example, if Township A transfers property within the township to City B under a 425 agreement, the Township A clerk must file the contract with the county clerk in which Township A is located (or in the county where the major part of Township A is located) and with the Secretary of State. ♦

annexation issues is through a three-way vote among those residing in the township, city and parcel to be annexed, eliminating the requirement for petitions to be filed in order for a vote to take place. MTA's position is that if a vote fails in any of those three areas, the annexation would not be allowed. A vote would not be required when the governing bodies agree to the annexation and no referendum petition is filed. MTA further supports legislation requiring the annexation jurisdiction to pay for the cost of the elections. Thus, annexation would not be outright prohibited, but the city would have to make a compelling case for the annexation to the voters in the community.

Strategies and Counter-strategies

Cities wishing to annex township land employ a number of strategies that make annexation easier. For example, a city might offer to:

- underwrite the costs of legal counsel for petitioners seeking annexation to the city;
- petition for boundary straightening;
- make sham land purchases; or

• designate urban growth areas near township borders.

Cities may also require or encourage developers to petition for annexation in order to receive sewer and water services. On the other hand, cities may do the opposite, and refuse to connect services to the townships or charge excessive rates to the township, thus making annexation more attractive. A 1979 court case ruled that cities could not refuse these services where public health was concerned. In that case, the Michigan Court of Appeals ordered the city of Saline to provide water and sewer services to T&N Chevrolet in Pittsfield Charter Township (Washtenaw County) when a malfunctioning septic tank created a health hazard. The city was allowed to charge higher rates to T&N Chevrolet than it charged to city users.

Cities may be detoured off the path to annexation by state and federal regulations. While a city's plan may include another local unit, such as a township or portion of a township, as a projected service area, state and federal agencies have policies to deny funds to plans contingent upon annexation.

Another strategy that cities may use to ease annexation is to divide a desired territory into two or more parcels with

fewer than 100 residents each in order to prevent a referendum on the annexation issue. That's what happened in the early 1990s when the City of Big Rapids tried to annex territory in Big Rapids Township (Macosta County).

The Big Rapids situation turned into something like a high-stakes poker game when Big Rapids Township upped the ante on the city by filing its own petition to detach city property surrounding the territory in question. The detachment would mean that the territory the city wanted was no longer contiguous to the city boundaries and no longer vulnerable to annexation. And since there were more than 100 residents in the area proposed for detachment, a referendum was called and passed in both the city and township despite the city's efforts.

Detachment can only occur where land was once township land. Townships have used detachment in other ways to fight against annexation. Wheatfield Township (Ingham County) used detachment to reverse a previous annexation of land to the city of Williamston. Brighton Township (Livingston County) got a nearby city to the negotiating table just by mentioning detachment. Oneida Charter Township

Steps Involved in a State Boundary Commission Annexation Decision

The exact steps in an annexation process depends upon three factors:

- Who initiates the request (residents, landowners or units of government),
- What units of government are directly involved (general law villages, home rule villages, home rule cities, townships, charter townships or the state), and
- The current land use and population of the land proposed for annexation, especially the number of residents (1 to 100 residents or more than 100).

1. **Filing a petition.** A petition includes forms and maps that must be filed in order for the State Boundary Commission to determine that the petition is legally sufficient.

2. **Legal sufficiency hearing.** The State Boundary Commission reviews petitions in the order they are received to determine if they are legally sufficient. If not, the petition is returned with an explanation of the deficiencies. If the petition is legally sufficient, the Commission approves it and sets a public hearing for between 60 and 220 days from the date the petition was filed.

A petition must meet three conditions to be legally sufficient:

- All relevant boundaries of the adjacent city must be consistent within the boundary data on file in the Office of the Great Seal, Michigan Department of State,
- The description of the proposed area mathematically closes upon itself; and
- The proposed area must be contiguous to the city boundaries.

3. **Public hearing.** In evaluating the reasonableness of the proposed annexation, the commission refers to a list of 18 statutory criteria (State Boundary Commission Act, section 9, MCL123.1001-123.1020). The hearing allows all parties an opportunity to speak about the proposed annexation. The hearing must be held in or near the municipalities involved.

At the hearing, the petitioner may explain why annexation is desired or needed. Representatives of the city and township explain their positions on the proposal, and residents affected by the proposal are encouraged to comment. At the end of the hearing, commission members may ask questions.

For 30 days following the hearing, the Commission will entertain additional written information. After these materials have been distributed to the interested parties, they have seven days to file a response. The Commission may

(Eaton County) successfully detached a portion of the city of Grand Ledge in 1999. The detached area had been annexed by the city nine years previously, and residents were angered when their taxes went up an average of \$500 per year and they received nothing in the way of improved services for it.

The Road Less Traveled: 425 Agreements

A 425 agreement (named for Public Act 425 of 1984) is an alternative to annexation that allows for sharing of revenue between two local units. 425 agreements essentially allow one local unit of government to conditionally transfer property to another local unit for economic development projects—industrial or commercial enterprises, housing developments or environmental protection measures—for up to 50 years. During the term of the 425 agreement, annexation may not occur. The agreement may be renewed for up to 50 years as many times as both local units wish. 425 agreements also stipulate who will own the land when the contract terminates; township parcels may revert to the township when the contract expires.

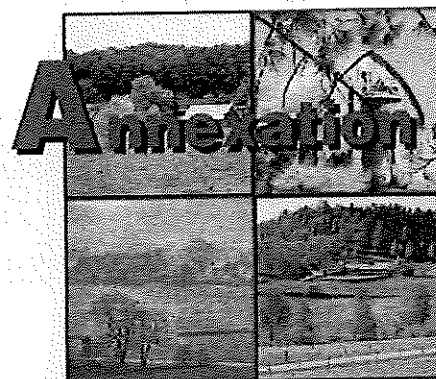
425 agreements may have several benefits for all parties concerned. Chief

among these are reduced hard feelings and legal fees associated with annexation disputes, and input in how the transferred land will be used, taxed and can affect adjacent properties. For more information on how 425 agreements work, see "425 Agreements: A Closer Look" (page 14).

Proponents tout 425 agreements as a win-win for all concerned. In four rural Michigan townships, a 425 agreement has been so successful that the neighboring city, once an annexation foe, may become a partner. Here's how it happened:

Lenox Township (Macomb County) runs along the southern boundary of the city of Richmond. Richmond Township (Macomb County) runs along the city's northern boundary. When the city slated portions of Richmond Township for annexation, Lenox Township was sympathetic. It was willing to provide services—police, fire, library, sewer, etc.—under a 425 agreement to portions of Richmond Township, thus protecting those portions from annexation.

Lenox Township, through two additional 425 agreements, offered services to parts of Casco and Columbus Townships (St. Clair County) on the eastern border of the city. This move



would form a contiguous 425 agreement to provide service from Lenox Township, through Casco and Columbus Townships and up to Richmond Township. The result: more revenue for Lenox Township and annexation protection for the three townships involved in 425 agreements with Lenox Township.

Lenox Township Supervisor John Gardner says that the townships "had to do some education" at the required public hearings in the four townships planning to enter into the 425 agreement. "People weren't sure what a 425 agreement was. When we showed them comparative tax rates and services information, that made it pretty clear what the benefits were." ➤

schedule a supplemental public hearing if more information is needed or new information needs to be brought forward. If no supplemental public hearing is scheduled, the public record is closed at the end of the seven-day period, and the Commission sets a date for an adjudicative meeting.

4. Adjudicative meeting. The adjudicative meeting is when the State Boundary Commission discusses the information presented and votes on what decision to recommend. The meetings are usually held in Lansing, but can be held closer to the involved parties. Adjudicative meetings are held in open session, and anyone attending may attend to hear the discussion and vote of the commission.

5. Findings of fact meeting and director's decision. The findings of fact meeting is held to finalize the Commission's action. At this meeting, the Commission adopts its findings of fact document, which outlines the facts relevant to the proposal and the considerations on which commission members base their decision. The Commission then submits the proposed order to the Michigan Department of Consumer & Industry Services (CIS) director for a decision. After the director makes a decision by signing an order, public officials and residents have two ways to appeal the decision: referendum election or judicial review.

Referendum election

A referendum election is permitted only if the annexed area had a population of 100 or more on the date the peti-

tion was filed. A referendum election is requested by filing a petition within 30 days of approval of an order for annexation in any one of the following:

- The area to be annexed.
- The balance of the township outside the area to be annexed.
- The city to which the area is to be annexed.

If the referendum petition is valid, the Commission will recommend that the director sign an order to place the question on the ballot in each area requesting an election. When the annexation election is held and all areas voting separately on the annexation approve it by a majority vote, the Commission will recommend that the CIS director sign an order implementing the annexation. If a majority in any one of the areas voting on the annexation does not approve the annexation, the annexation is defeated.

Judicial review

An involved party may seek judicial review through Circuit Court. The judge has the authority to overturn an order signed by the CIS director.

—Compiled from
Annexation: Bringing all the pieces together
Consumer & Industry Services,
Corporation, Securities and Land Development,
State Boundary Commission

Annexation, Incorporation and Consolidation Criteria

State Boundary Commission Act,
Section 9

1. Population
2. Population density
3. Land area
4. Land uses
5. Assessed valuations
6. Topography
7. Natural boundaries and drainage basins
8. Past and probable future urban growth, including population increase and business, commercial and industrial development in the area
9. Comparative data for the annexing municipality and the remaining portion of the unit from which the area will be detached
10. Need for organized community services
11. Present cost and adequacy of governmental services in the area to be annexed
12. Probable future needs for services
13. Practicability of supplying such services in the area to be annexed
14. Probable effect of the proposed annexation and of alternative courses of action on the cost and adequacy of services in the area to be annexed and on the remaining portion of the unit from which the area will be detached
15. Probable increase in taxes in the area to be annexed in relation to the benefits expected to accrue from annexation
16. Financial ability of the annexing municipality to maintain urban-type services in the area
17. General effect upon the entire community of the proposed action
18. Relationship of the proposed action to any established city, village, township, county or regional land use plan

Annexation *Continued from Page 17*

In an effort to guide land use throughout the four townships, the four townships formed a Regional Planning Commission made up of nine members, three from Lenox Township and two from the other townships. The commission takes a "big picture" approach to land use, considering how development will affect not just one township but the overall area. Gardner says that the city is now interested in becoming a cooperative partner with the townships; it has approached Lenox Township with a proposal to provide the yet-to-be-built sewer services in Richmond Township—through a 425 agreement.

Before the 425 agreements went into effect, two developers in Richmond Township petitioned the State Boundary Commission for annexation to the city of Richmond. The Commission, in reviewing their petition, claimed the 425 agreements between Lenox and Richmond, Casco and Columbus Townships were improper. The townships filed suit in circuit court on the grounds that the Commission did not have jurisdiction to determine the legal validity of 425 agreements.

In the past, the Commission had not been involved in 425 agreements. However, the circuit court judge ruled the Commission did have the authority to review the legal validity of the 425 agreements. The township appealed the decision to the Michigan Court of Appeals. In *Township of Casco, Township of Columbus and Township of Lenox vs. Michigan Boundary Commission and Walter Winkle, Patricia Winkle and City of Richmond*, #217621, the Court of Appeals upheld the circuit court decision. Further appeals are pending. Gardner says that if it is ultimately decided that the Lenox Township 425 agreements are improper, the townships will look at the ruling and try to revise the agreements accordingly.

A Summary of Options

Until reform is made, let's sum up some of the strategies that townships can use to fight annexation:

● **File petitions to force a referendum.** Success here depends on (a) whether there are 100 residents on the land proposed for annexation, (b) how well the township residents can make their case to the voters and (c) whether the township can get the vote out (since city voters generally outnumber township voters by a considerable margin). Be careful not to use township funds for this purpose; it's a violation of the Campaign Finance Act. A core group of dedicated volunteers willing to canvas neigh-

borhoods and get the word out is the best way to make the township's case.

● **Use charter township exemptions.** Remember that general law townships may be eligible for charter township protections if they meet certain criteria. Also remember that charter township exemptions are not a safeguard against all types of annexations.

● **Challenge legal sufficiency.** A legal sufficiency challenge may end in only a partial victory, since municipalities are allowed to change the boundary descriptions of their petitions.

● **Present arguments against annexation during State Boundary Commission proceedings.** Township partisans should be well-organized and prepared to address the decision criteria that decision-makers are bound to consider. A heartfelt plea to retain the proposed area of annexation isn't enough; it should be backed up with hard data, clear comments and written materials showing how the township's arguments address the decision criteria.

● **Play the detachment card.** Remember that only land that once belonged to the township can be detached. But if this applies to your situation, you may find that mere mention of detachment is enough to leverage an annexing municipality to the bargaining table, where a better solution to annexation can be found. Other townships have detached successfully.

● **Appeal to the circuit court.** If a township believes an annexation decision has been made in defiance of stipulated criteria, it can appeal to a circuit court judge to reverse the decision. Remember that the judge cannot simply decide to reverse the decision merely because he or she might sympathize with the township.

● **Try for a 425 agreement.** Parcels involved in a 425 agreement cannot be annexed for the duration of the agreement. Moreover, the 425 agreement provides for sharing of revenue and a say in how the 425 parcels are to be used. ♦





Michigan Townships Association

April 2010 Workshop Series

"Protecting Your Township Boundaries"

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I. ANNEXATION OF GENERAL LAW TOWNSHIPS.

A. Boundary Commission annexations:

1. Resolution by the city council
2. Petition by owners of 75% of affected land area; by 20% of the registered electors of the affected area; or by 1% of the population of the city and township combined

B. Annexations outside the Boundary Commission:

1. Mutual agreement of township board and city council
2. Unilateral annexation of vacant, city-owned land

II. CITY ANNEXATION STRATEGIES—GENERAL LAW TOWNSHIPS.

- A. Piecemeal approach--targeting areas with less than 100 residents.
- B. Force developers to annex to receive sewer and water services.
- C. Underwrite cost of legal counsel for petitioners.
- D. Boundary straightening.
- E. Sham land purchases by city.



III. ANNEXATION OF CHARTER TOWNSHIPS

- A. Subject to general law annexation methods, unless existing as a charter township before June 15, 1978, or meets following criteria:
 - 1. SEV at least \$25 million
 - 2. Population of 150 persons per square mile
 - 3. Fire protection by contract or otherwise
 - 4. Comprehensive zoning ordinance or master plan
 - 5. Solid waste disposal by contract, license, or municipal ownership
 - 6. Water or sewer services, by contract or otherwise
 - 7. Police protection through own department or contract with sheriff
- B. Even if "exempt," charter townships still may be annexed by election:
 - 1. Petition by 20% of registered electors filed with county clerk.
 - 2. Election held separately in the area to be annexed and the annexing city or village.
 - 3. No vote allowed in the balance of the charter township.

IV. CITY ANNEXATION STRATEGIES—CHARTER TOWNSHIPS.

- A. Encourage and support property owners who use 20% petitions
- B. Challenge criteria in Boundary Commission

V. TOWNSHIP DEFENSIVE STRATEGIES TO ANNEXATION.

- A. Plan for future land uses and needed infrastructure--most effective long-term strategy to avoid annexation.
- B. Defensive or "blocking" annexations: enlarge proposed annexation area population to more than 100, allowing possible referendum
- C. Attack legal sufficiency of petition.
- D. Defensive detachment before or after Boundary Commission decision.

- E. "White Knight" Agreements under Act 425.
- F. Farmers Home Administration Loans: Force cities to extend federally-financed sewer and water systems.
- G. Enforce city public utility duties.
- H. Charter townships—consider de-chartering if you do not meet the 7 exemption criteria; or even if you do meet the criteria.

VI. STRATEGIES FOR BOUNDARY COMMISSION HEARINGS.

- A. Location of the hearing; volunteer the township hall.
- B. Addressing the annexation criteria and the Boundary Commission questionnaire.
- C. Organization and preparation for township's presentation.
- D. Use of experts.
- E. Maps and exhibits.
- F. Petitions.
- G. Coordinating citizen comment.
- H. Supplemental written materials within 30 days after the hearing.
- I. Handling the adjudicative session.

VII. CITY DETACHMENT (MCL 117.6, *et seq*)

- A. To reverse an annexation, or to gain leverage in a boundary dispute, consider city detachment. This process allows property to be removed from a city by an election, requires no involvement before the Boundary Commission, and can be accomplished in a few months.
- B. Requirements for petition:
 - 1. Signed by 1 % of qualified electors and freeholders residing within affected city and township.

2. Not less than 100 signatures; at least ten (10) signatures from the city and at least ten (10) signatures from the township.
 3. Attached map of territory to be detached.
 4. Accurate legal description of territory to be detached.
 5. Verified under oath by one or more petitioners.
- C. Procedures for processing petition:
1. Addressed to the County Board Commissioners and filed with County Clerk.
 2. Board of Commissioners determines legal sufficiency of petition. After its determination, sufficiency and legality of the petition may not be questioned in any proceedings.
 3. If the petition is found legally sufficient, Board of Commissioners submits the proposed detachment to the electors of the entire city and the entire township.
- D. Procedures for election, canvassing, and certification:
1. At the election, votes are counted in the city and township combined. The total combined vote determines the outcome.
 2. Following the election, filing with the Secretary of State and the County Clerk; effective date.
- E. Winning the election
1. Township may handle the petition preparation and organization
 2. May not use Township funds to advocate for or against
 3. Township officials may participate on own time and at own cost
 4. Organize a ballot question committee
 5. Grass roots participation a must
 6. Appeal to city dissatisfaction

- F. Instead of battling before the Boundary Commission, detachment allows local voters to settle the dispute in a democratic manner.
- G. Detachment case studies:
 - 1. Brighton Township: Avoid annexation by the mention of detachment.
 - 2. Sturgis Township: Use detachment to bring the city to the bargaining table.
 - 3. Big Rapids Township: Defensive detachment.
 - 4. Wheatfield Township: Use detachment to reverse past annexation.

VIII. VILLAGE DISSOLUTION (MCL 74.18a, *et seq*)

- A. Authority is in the General Law Village Act, but the process should apply to home rule villages as well.
- B. Process starts with a petition by 15% of village voters.
- C. Petition verification is done by the township clerk.
- D. Village council may choose one of two different procedures:
 - 1. Immediate election, in which case the village will be dissolved if 2/3 majority of the electors who vote in the election in the township and the village combined support the dissolution.
 - 2. Create a "disincorporation commission" to draft a plan for village dissolution, which is submitted to the township board and the village council for ratification.
 - a. If either the township board or the village council fail to ratify the plan, then the village will be dissolved if 2/3 majority of the electors who vote in an election in the township and the village combined support the dissolution.
 - b. If both the township board and village council ratify the plan, the dissolution will occur if it is approved by a simple majority of the electors voting separately in the township and the village.
- E. If the village is dissolved, all its assets and liabilities are assumed by the township.

- F. Dissolution provides a way to eliminate the costs of village government and reduce the tax millage formerly paid by village property owners.
- G. While a dissolution petition is pending, a village annexation or incorporation proceeding may not be filed.
- H. After dissolution, special services provided to former village residents may be continued and supported by user fees or special assessments.

IX. VILLAGE-TO-CITY INCORPORATION

A. Process

1. Allows a village to remove itself from township taxing jurisdiction.
2. Begins with petition by 5% of village electors.
3. Incorporation area may also include areas outside village.
4. Proceedings and decision in Boundary Commission.
5. Opportunity for referendum by village electors after Boundary Commission decision.
6. Charter drafting; two election chances to approve the charter.
7. Process often requires 5 or more years.

B. Claimed advantages of city incorporation.

1. Avoid township tax millage.
2. Attain independence, self-government.
3. Grant opportunities.
4. Increased revenue sharing.

C. Disadvantages of city incorporation.

1. Hidden ongoing costs of being a city: election costs; tax assessment and collection costs; additional costs for libraries, fire and ambulance services; and city manager costs.

2. Cities charge on average 4 mills more than villages; no village has ever reduced its taxes by becoming a city.
3. Cost to incorporate exceeds \$75,000.
4. Lengthy period required to become city.
5. Many villages have recently failed or rejected city incorporation: Sparta, Oxford, Sebewaing, Holly, Bellaire, and Climax; recently incorporated cities include Caseville, Chelsea, Douglas and Caro.
6. Cityhood does not increase grant opportunities.
7. No economic development advantages of being a city.
8. No increase in revenue sharing.
9. No increase in road money.
10. Significant negative effect on intergovernmental relationships.

D. Strategies for responding to city incorporation.

1. Boundary Commission only rarely disapproves city incorporation.
2. Appeal to village voters.
3. Avoid election violations: independent ballot question committee.
4. Start the campaign early and be consistent and truthful.
5. Target portion of township revenues to benefit village.
6. Trade neutral position for limits on new city boundaries.

X. DIVISION OF ASSETS AFTER CITY INCORPORATION OR DETACHMENT

- A. Personal property and liabilities—divided according to relative SEV.
- B. Exemption of "trust property:" water and sewer systems, etc; advantages of dedicating cash to restricted trust purposes.
- C. Division of real property: depends on whether it is within or outside of the incorporation or detachment area.

- D. Advantages of converting cash to real property.
- E. Disposition of cemeteries.
- F. Disposition of state revenue sharing.

XI. SETTLEMENT UNDER ACT 425 (MCL 124.21, *et seq*).

- A. Act 425 conditional transfer contracts allow cities, villages and townships to transfer property and share revenues to achieve a win/win solution.
- B. The Act 425 process involves negotiation, not necessarily hostility. Reception by cities has been mixed.
- C. Applies to "economic development projects." This may include:
 - 1. Industrial or commercial enterprises.
 - 2. Housing developments.
 - 3. Environmental protection improvements.
 - 4. May be existing or planned.
- D. Act 425 is flexible. Negotiable matters under Act 425 include:
 - 1. Amount of land transferred. The land need not be contiguous to be transferred.
 - 2. Duration of the transfer. Maximum is 50 years plus 50 year renewal.
 - 3. Formula for tax sharing.
 - 4. Formula for sharing other funds, including revenue sharing dollars, grants, gifts, sales tax, and other revenue.
 - 5. Division of responsibility for municipal services, including fire, police, water, sewer, storm sewer, roads and other services.
 - 6. Division of responsibility for municipal ordinances, including land use ordinances and other regulatory measures.
 - 7. Sharing of municipal authority or municipal services between municipalities.



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8. Status of the property at the end of the contract.
 9. Authority to grant or recognize tax abatements, tax exemptions, and tax increment financing.
 10. Joint planning in the use and development of the transferred property.
 11. Measures to provide for the buffering and protection of adjacent properties.
 12. Procedures to foreclose further transfers (annexation) except by agreement.
 13. Procedures for dispute resolution.
 14. Procedures for renewal, enforcement, amendment, and termination of the contract prior to its expiration.
 15. Protection against liabilities.
- E. Property covered under an Act 425 agreement is exempt from all other methods of annexation. Township territory bordering an Act 425 parcel is not "contiguous" to the city or village for purposes of future annexation.
- F. Procedure for adopting Act 425 agreements: Public hearing; right of referendum; adoption; filing.
- G. Act 425 case studies: "Global" settlements.
1. Milan Township: Designate future city growth area.
 2. Grant Township: Effectively abolish annexation.
 3. Colfax Township: Exchange Act 425 territory for sewer and water in other areas of the township.
 4. Breitung Township: Designate growth area for city and growth area for township.

XII. SETTLEMENT UNDER ACT 108 (MCL 124.505a).

- A. Allows two or more local units (counties, cities, villages, and townships) to enter into an interlocal agreement to share property taxes derived from a

commercial or industrial development. Makes no provision for sharing other types of revenue.

- B. Cities can be expected to insist on annexation, followed by an interlocal agreement to share city property tax revenues with the contracting township.
- C. No specific time limitations for interlocal agreements.
- D. Procedure for adopting Act 108 agreements: Public hearing; right of referendum; adoption.
- E. In other respects, interlocal agreements are as flexible as Act 425 agreements. Like Act 425, interlocal agreements "may include any necessary and proper matter."
- F. Cities will prefer this approach to Act 425, because (1) the "city" status of the transferred property is more certain and (2) the transferred property (unlike Act 425 property) may be used as a "beachhead" for future annexation.

XIII. TOWNSHIP CONSOLIDATION.

- A. First method of consolidation (MCL 46.14).
 - 1. Application by at least 20% of the resident freeholders of each township proposed to be consolidated.
 - 2. Vote of 3/5 of the entire membership of the County Board of Commissioners.
- B. Second method of consolidation (46.16a, *et seq*)
 - 1. Petition by number of electors in each township equal to 5% of that township's population.
 - 2. County Board of Commissioners sets a date for an election.
 - 3. A majority of the electors voting separately in each township must approve the proposal for the townships to be consolidated.

MUNICIPAL BOUNDARY ADJUSTMENTS AND INTERGOVERNMENTAL AGREEMENTS

**Prepared by:
John H. Bauckham
Attorney for Michigan Townships Association**

**2000 MTA Annual Educational Convention
Legal Institute
January 17 through 21
Lansing Center
Lansing, Michigan**

MUNICIPAL BOUNDARY ADJUSTMENTS AND INTERGOVERNMENTAL AGREEMENTS

I. Boundary Commission Composition and Jurisdiction

- A. MCL 123.1001, et seq; MSA 5.224(1), et seq, provides for the appointment of a State Boundary Commission consisting of three state appointed members and two from each county appointed by the presiding probate judge acting only in matters involving their particular county. Two alternates are also appointed to serve in case of the absence or disability of the regular members.
- B. The Commission has jurisdiction over incorporation of cities and villages, and consolidation of two or more cities, villages, or townships as a new city subject to a referendum vote.
- C. The Commission also has jurisdiction over annexation of township territory to a city, subject to a referendum vote when the area to be annexed contains more than 100 persons with the following statutory exceptions:
 - 1. Annexation by joint agreement between the township and the city.
 - 2. Annexation of city owned vacant, uninhabited, contiguous land accomplished by city resolution.
 - 3. The substantial immunity of charter townships meeting the following qualifications:
 - (a) Having a SEV of not less than \$25,000,000.
 - (b) Having a minimum population density of 150 persons per square mile.
 - (c) Provides fire protection service by contract or otherwise.
 - (d) Has a comprehensive zoning ordinance or master plan.
 - (e) Provides solid waste disposal services by contract, license or municipal ownership.
 - (f) Provides water or sewer services by contract or otherwise.
 - (g). Provides police protection through contract with the sheriff through intergovernmental contracts or through its own police department.

4. Notwithstanding the foregoing charter township immunity, the Commission retains jurisdiction to straighten irregular boundaries and to approve annexation of enclaves of township territory surrounded by the annexing city.

In addition, the portion of a charter township contiguous to a city or village may be annexed to that city or village upon the filing of a petition with the County Clerk signed by 20% of the registered electors in the township area to be annexed, and the approval of the electors in the city or village voting independently, and the electors in the area petitioned for annexation also voting independently.

II. Transfer of Territory Under Public Act 425 of 1984, as amended

- A. Conditional transfer under Act 425 of 1984, as amended (MCL 124.21, et seq; MSA 5.4087(21, et seq)).

1. Significant features of the Act.

- (a) The purpose of any conditional transfer is for the purpose of economic development of existing or proposed commercial, industrial, housing or environmental protection projects.
- (b) Applies to agreements between cities, townships, villages, and any combination of the same.
- (c) Allows for revenue sharing between participating units including taxes and other revenues.
- (d) Involves transfer of full governmental jurisdiction unless the agreement provides for a lesser transfer of functions -- e.g. zoning, police protection, fire protection, sewer or water utility services, taxation, special assessment authority, public improvements, etc.
- (e) Can extend for up to 50 years with provisions for extension up to an additional 50 years.
- (f) Allows for return of the territory to its original jurisdiction or permanently to its transferred jurisdiction at the termination of the agreement.
- (g) Prohibits annexation or transfer of the involved territory during the term of the agreement, and the annexation of territory that is only contiguous through the conditional transferred territory.

2. Procedure involved.
 - (a) Negotiate the terms of the agreement which terms are almost as broad as the negotiators imaginations.
 - (b) Conduct a public hearing in each municipality separately on the agreement preceded by notice under the Open Meetings Act.
 - (c) Wait 30 days from the last public hearing for the acceptance of any referendum petition signed by 20% of the registered electors within the area proposed for transfer, or, if none, signed by 50% of the owners of the lands therein.
 - i. Where no petition is received, the agreement becomes effective upon the date specified and the transfer becomes effective upon filing of the agreement with the Secretary of State.
 - ii. If a referendum petition is filed, an election is held in the municipal unit from which the territory is transferred and the results of the election bind the parties.
 - iii. Because of the right of referendum, the registered electors or property owners, as the case may be, should be surveyed before the agreement is finalized.
 - (d) File a certified copy of the agreement with the County Clerk and Secretary of State. It might also be deemed advisable to file one with the county Register of Deeds and the State Boundary Commission.
3. Act 425 provides for both discretionary and mandatory contract provisions.
 - (a) Under the discretionary provisions, it is advisable to allow some amendment of the agreement (other than extension of the transferred area) to avoid the necessity of additional public hearings and the referendum potential on an amendment.
 - (b) Mandatory provisions include the term of the agreement, specifications for the sharing of taxes and other revenues, remedies for any default, and which unit has permanent jurisdiction over the area at the termination of the agreement.

4. Form of an Act 425 Agreement.

- (a) The statute provides for a broad range of negotiated terms.
 - i. Taxation and revenue sharing formula.
 - ii. What, if any, jurisdiction is to be retained by the transferring unit and what is to be transferred if less than total jurisdiction.
 - iii. The length of the conditional transfer. (The records of the Secretary of State's office through August 21, 1995 disclose a large majority of the agreements to be for 50 years with renewal possibilities, although three were for only 5 years with renewal possibilities. The total through that date that had been filed were 99. Professor Lynn Harvey of MSU made the survey.)
 - iv. Remedies for default to include reversion of the area or suit for specific performance, injunction, etc.
 - v. The time or times for a transfer or transfers to occur.
 - vi. The receiving unit's obligations and the dates for the performance of the same.
 - vii. The status of any utility improvements furnished by the receiving municipality upon termination of the transfer.
 - viii. City of Albion/Sheridan Township sample agreement.

5. Use of the Urban Cooperation Act (MCL 124.501; MSA 5.4088(1, et seq)).

- (a) Don't succumb to its use in lieu of Act 425.
- (b) It is our opinion that it was not enacted for such use.
 - i. It does not specify authority to transfer jurisdiction over territory.
 - ii. It was designed for joint municipal projects unconcerned with annexation.

- iii. Annexation under such statute permits further annexation of additional territory.
 - iv. Act 425 is specific on transfer of jurisdiction and, in our opinion, controls the field of conditional transfers.
 - (c) Section 3 of the Act provides, "if any provision of this act conflicts with any other statute of this state providing for the authorization or performance of joint or cooperative agreements or undertakings between public agencies of this state...the provisions of such other statutes shall control."
- 6. Availability of Act 425 between townships as a defense to annexation.
 - (a) State Boundary Commission has refused to acknowledge this defense.
 - (b) Issue pending in Court of Appeals.
- C. Detachment of Territory From a Home Rule City.
 - 1. MCL 117.6; MSA 5.2085, provides for detachment of territory from a Home Rule City and its attachment to the contiguous township.
 - 2. The State Boundary Commission is not involved in the proceedings.
 - 3. Statutory procedure for detachment.
 - (a) Initiated by petition signed by qualified electors who are freeholders equal to 1% of the population of the city and township with not less than 10 from each unit, and not less than 100 in total signatures.
 - i. The petition must contain a map or drawing showing clearly the area to be detached and an accurate description of that area.
 - ii. The petition must be verified by one or more petition circulators who are also a petitioner.
 - (b) The detachment petition is filed with the County Clerk and addressed to the County Board of Commissioners.
 - (c) If the board of commissioners finds the petition valid, it calls for an election in the city and township voting collectively.

- (d) After a favorable electoral vote, the territory is detached upon the filing of the Board of Canvasser's Certificate together with the petition and the County Board Resolution, with the County Clerk and Secretary of State.
- (e) Detachment is especially successful where township qualified electors exceed or are close in number to city electors, but such circumstance is not essential.
 - i. In the detachment from the City of Big Rapids of some 2,300 acres, the township electors were only one-third of the city electors.
 - ii. In the detachment from the City of Williamston, township electors were only one-half of the number of electors within the city.
- (f) The Court of Appeals confirmed the detachment procedure in the *City of Williamson v Wheatfield Township*, 142 Mich App 714 (1985).

D. Township Boundary Adjustments Between Townships.

- 1. Under MCL 46.14; MSA 5.337, by a vote of three-fifths of all members of the County Board of Commissioners, said Board may vacate, divide or alter a township within the county; may establish a new township; or may consolidate two or more townships.
- 2. Such action must be initiated by a petition of at least 20% of the freeholders who are residents of each of the townships to be effected.
- 3. After receipt of a map of all effected townships showing the proposed alterations satisfactory to the Board of County Commissioners, a certified statement of the action of said Board accompanied by the application and a copy of the map, shall be filed with the County Clerk and the Secretary of State in order to effectuate the action.
- 4. Before the county can act on the application, it must be posted in five public places in each of the effected townships four weeks before submission for decision, and shall also be published once each week for four successive weeks in a newspaper published within the county.

5. For consolidation of two or more townships, the petition to the County Board must be signed by registered electors who are residents of the area to be consolidated equal to at least 5% of the total population of each of the effected townships. The petition shall name the consolidated township and state the proposed millage if it is to be a charter township.
6. Where the Board finds the consolidation petition to be in compliance with the statute, it must submit the proposition to a vote of the electors of each of the effected townships voting independently and shall specify the date for the election. This date must be on or before May 1 in the year of a general November election.
7. Where the consolidation is approved by the electors, it shall become effective on November 20 at 12:00 p.m. following the election.
8. Procedures for organizing the consolidated township are specified at MCL 46.16c, et seq; MSA 5.339(3), et seq. The proceedings can apply to the consolidation of a charter township and general law township and can constitute the consolidated township a charter township.
9. In the proper circumstances, the proceedings could be used to enable the altered township or resulting consolidated township to outvote a city and accomplish detachment.
10. Boundary adjustments between Townships or between a township and a village could also be accomplished under the aforesaid Act 425 of 1984.

E. Annexation to a Village or Detachment from a Village.

1. Charter village under 1909 PA 278 (MCL 78.2 etc; MSA 5.1512 etc.).
 - (a) Annexation to or detachment from a village is initiated by a petition of qualified electors residing within the village and township equal to not less than one percent (1%) of the total population of the village and township and by a minimum of 100. If any part of the area proposed to be annexed or detached has been platted, the petition must be signed by qualified electors residing within each plat and within any unsubdivided portion to a number not less than one percent (1%) of the population of each plat or unsubdivided portion. If there are no qualified electors within the platted or unsubdivided portion, the petition shall be signed by persons

who collectively hold title to more than one-half of the land area proposed to be annexed, as well as by the qualified electors in the remainder of the district equal to the aforesaid one percent of the total population. The signers must also be owners of property assessed for taxes within the unsubdivided portions of the area.

- (b) The petition must accurately describe the boundaries of the area to be annexed or detached and is addressed to the county board of commissioners and filed with the county clerk.
- (c) If the petition conforms with the statute, the board of county commissioners must by resolution submit the issue to the qualified electors of the village and township with the electors in the area to be annexed or detached voting separately and the remainder of the qualified electors voting collectively. It must pass in both in order to become effective.
- (d) Upon the filing in the office of the Secretary of State and the clerk of the county, a copy of the petition, resolution and county canvassers certificate (if approved) the area in question shall be annexed or detached to or from the village.
- (e) Provision is included for the division of assets and liabilities between the village and township.
- (f) Where the territory affected is situated in more than one county, the petition is addressed and presented to the Secretary of State for verification of its legality and the calling of an election.

2. General law village under 1895 PA 3 (MCL 74.6; MSA 5.2470).

- (a) Annexation or detachment is initiated by resolution of the village council filed with the county board of commissioners, including a description of the territory proposed to be added or removed and the reasons for the request. The request is signed by the president and clerk of the village.
- (b) Before the request is presented to the board of county commissioners, notice shall be given by the village clerk of the time and place when the same will be presented for consideration by publishing the same in a newspaper published in such village for at least three (3) weeks immediately preceding the presentation. If no newspaper is published in

the village, then the notice must be given by posting the same in at least three of the most public places within the village and in at least three of the most public places in the territory directly affected. The notice must contain a description of the premises proposed to be annexed or removed.

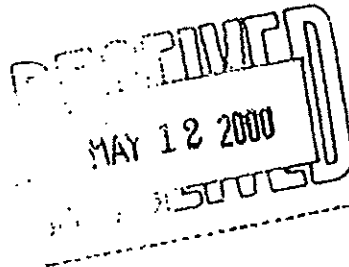
- (c) At the scheduled meeting of the county board of commissioners, all interested parties may appear and be heard on the request.
- (d) After the hearing before the county board, "It shall be the duty of the board of supervisors to order and determine as to whether the prayer contained in the petition or any part thereof shall be granted and they shall make an order of such determination." When the order is entered upon the county records, the boundaries of the village shall be accordingly adjusted. A certified copy of such order shall be transmitted to the clerk of the village and to the Secretary of State. The order shall be "prima facie evidence of such change of boundaries of such village and of the regularity of such proceedings in all courts and places."
- (e) Although it has never been litigated, it is the position of this author that this statute is an unconstitutional delegation of authority without any standards to guide the county board of commissioners.

Kenneth VerBurg Associates



May 11, 2000

Supervisor Dale Smith
Holly Township
102 Civic Drive
Holly, Michigan 48442-1505



Dear Mr. Smith:

Dr. Lynn Harvey and I are pleased to forward to you the final version of our report to the Board of Trustees of Holly Township. While much of the report is based on the assumption that the members of the Holly Village council were interested in pursuing a cooperative and collaborative strategy for guiding the future of the two units of government, we did include in the closing section some strategies that the Board of Trustees of Holly Township could pursue if it must take a unilateral course. Regretfully, it appears that the course to be taken will be unilateral.

Should the Village of Holly incorporate as a home rule city, or if the Village Council continue to express little or no interest in developing a common and collaborative future, the township Board of Trustees may wish to pursue its own independent future on its own. The best way that I know for a group of 10 or 15 people to begin that task is to reserve a day or two away from the press of regular business. Trying to achieve those goals on an intermittent basis usually does not provide the opportunity for the requisite discussion and does not usually produce the kind of mutual understanding that is so essential to establishing the basis for such future decisions. If Lynn or I can assist you in such an endeavor, please let us know.

Meanwhile, I would encourage you to reproduce copies of this report for circulation to the members of the board and perhaps the planning commission. If you would like me or Lynn to attend a meeting where we might respond to questions from the trustees and planning commissioners after they have had opportunity to read the report, please let us know.

It was a pleasure working with you and your colleagues. I extend my best wishes to you and to your efforts on behalf the residents of Holly Township.

Sincerely,


Kenneth VerBurg

ORGANIZATION
and
DEVELOPMENT ALTERNATIVES
in
HOLLY TOWNSHIP
and the
VILLAGE OF HOLLY

May 2000

Lansing, Michigan

KV Associates

Executive Summary

This report is the result of an agreement between the Board of Trustees of Holly Township and the consultants. The agreement called for the consultants to report on the governmental alternatives available to Holly Township and Holly Village as the area undergoes further development. The agreement was based on the assumption that officials from both the township and the village were interested in a long term plan for organizing the local governments as the two experienced economic development.

Demographic and economic data show that in 1990 about 60 percent of the population of the township resided in the village limits. However, the assessed value of the taxable property in 1999 was divided about equally between the two units. It is expected that over the coming years, the valuation of taxable properties in the township (outside the village) will grow more rapidly than that of the village in future years as the village lands become fully developed.

The tax rate of the village corporation is considerably higher than that of the township - 17.28 mills versus 2.48 mills. This is expected in that the density of the village demands a higher degree and range of municipal services funded with property tax dollars.

The report contains several tables outlining the financial condition of the two governmental corporations. The tables report on revenues and expenditures for both general and special revenue funds.

Section III presents both a history of the development of local government relations and a comparison of the similarities and differences between general law townships, charter townships, villages, and cities. The authority of each and the types of organizational, legislative, and administrative arrangements as well as taxing and revenue sharing differences are reported. The section also reports on issues related to planning, municipal service capacity, and territorial integrity.

Section IV reports on options and alternatives for Holly Township and Holly Village to grow cooperatively rather than competitively. The options for governmental organization are numerous and range from both units maintaining an independent legal status to eventually having the two units form a single jurisdiction either as a charter township or as a home rule city or village. Having any one of these options to develop under planned conditions and amicably will require extensive discussion among officials and administrators and written agreements.

Section V reports on the options before the township if it turns out that the two units go their separate ways. Options for governmental organization will be limited to remaining a general law township or converting to a charter township with either existing or expanded taxing power. Perhaps the most important options before the township officers and residents (if the unilateral course materializes) are (1) seeking to strengthen and expand the economic base of the township through economic development and intergovernmental agreements that do not threaten the territorial integrity of the township and (2) to develop a course of action where the township board and planning commission provide for and govern a process of generating responsible land use patterns and transition to other forms of urban government over the coming years.

Finally, it is noted that the board of trustees, members of the planning commission, and caring and interested residents should carry on a dialogue to identify the goals to which they, collectively, would have their township aspire.

I. INTRODUCTION

In one of his writings on community development, Roland Warren wrote about *creative* changes that take place. By creative changes he was referring to the idea that forces seem to be at work that bring about change that human beings can do little about. He observed that they occur either as economic change, social change, or technological change. He observed no matter what human efforts, individually or collectively, are invested, they have little, if any effect on these forces and the changes they generate. He observed that humankind has little choice but to invest its efforts into accommodating these forces of creative change by *adapting* to the new circumstances the creative changes generate.

What are some examples of the types of creative changes he had in mind? One certainly was the industrial revolution that began to emerge in Europe and U.S. during the late 19th Century. It spawned a variety of social economic changes including the movement from a society of small towns and agriculturally based employment to large urban centers and employment in industry and commerce. It led to the way we move around—from travel by foot and horse to buses and trains and eventually cars and planes.

In the social context, Warren would declare the women's movement toward equality as one of the social forces. In the U.S. the first major evidence of this change was the extension of voting rights to women. The economics of the 1930s slowed down the movement but the role of women in the war efforts of the 1940s and the demonstrations and reforms of the late 1960s and 1970s reinvigorated it to the point where it has become a common aspect of the social landscape. Society has adapted in a variety of ways to this social movement—for example, two-income households are now the norm, and women are found in virtually of types of employment, from factory jobs to executive suites.

One need not search far to identify an example of the creative force in technology. The microchip and computer are rapidly changing the way business is done, information is transferred, the way products are manufactured, where work is done, the kinds of products that are possible, and many other aspects of life in America and the world. Moreover, societies around the world are making adaptive changes in these and many other ways.

What is the relevance of this information to the discussion of Holly Township and Holly Village? Simply that many of these creative social, economic, and technological forces are having their effect on the way people at the community level can and do meet their daily needs. And, that residents and officials at the community level can work together to examine the way such forces are affecting the community, to assess the effect of these forces on the community, and to evaluate the impact in terms of the desired outcome. In brief, it is a responsibility to determine what is happening and to make a concerted effort to direct the ways humankind in this place is adapting to forces at hand.

THE PROBLEM STATEMENT

The purposes and objectives of this report, then in more concrete terms, have several dimensions.

The first objective is to *provide a foundation and context for exploring and discussing the nature and quality of the long-term outcome that is desired for Holly Township and the Village of Holly.* To meet this objective, section II presents some key financial and demographic data. These data

provide a kind of snapshot of the financial and developmental circumstances and directions of the two units of government

Second, the objective is to *examine the role of government in influencing the directions the development of the greater Holly community will take in the future*. Section III is presented in part to meet the first objective by providing a foundation for a common understanding of the similarities and differences of the governmental alternatives available in Michigan. The section also has the purpose of advancing a common understanding of the role of community governments and why these governments are active, or comparatively passive in exercising regulations and providing services.

A third objective is to *explore the question of whether the role of government can be best carried out as two separate and distinct governments or as one government*. Section IV outlines the possible ways in which the two units could work and grow together and benefit their clients—the present and future residents of the communities.

The fourth objective is to *analyze the ways the two governments can work and grow together, whether that be as two governments or one*. Section V provides an analysis of these alternatives and their implications for the outcome.

Finally, section VI outlines a series of options by which Holly Township—acting alone—can chart its future.

II. THE DEMOGRAPHIC AND FINANCIAL SETTING

Introduction

The purpose of the financial overview is to provide a summary of the composition of the tax base for the two units and a profile of revenues, expenditures, and taxing effort. The information used to construct the summary tables is taken from the annual audits of the governmental units. In most cases, data for the years 1991, 1993, 1995, and 1997 are employed to display financial trends. Interpretation of the data remains the responsibility of the investigators.

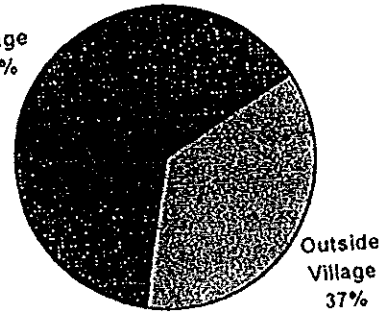
POPULATION

Holly Township's population has increased 20.53 percent between 1970 and 1990, rising from 7,344 to 8,852. In 1970, the village population 4,355 accounted for 59.3 percent of the township population while in 1990, the village population represented 63.2 percent of township's total. The village population increased 28.47 percent between 1970 and 1990, while the rest of the township (village excluded) increased 8.96 percent during the same period. The data thus indicate that the population residing within the village limits increased at a significantly greater rate during those two decades relative to areas outside of the village.

Table 1: Population

Unit	1970 Population	1990 Population	Percent Change 1970-1990
Holly Township	7,344	8,852	20.53
Holly Village	4,355	5,595	28.47
Township less Village	2,989	3,257	8.96
Village as Pct. Township	59.30	63.20	

Village
63%



FINANCIAL INFORMATION

Property Tax Base

Information about a jurisdiction's tax base is instructive in at least two aspects. The most obvious aspect is concerns the jurisdiction's fiscal capacity—How large is the economic base and what volume of revenue could it be expected to generate. A second aspect of concern is the nature of the change in the jurisdiction's tax base—Is it shrinking or growing; at what rate in absolute terms and relative to other jurisdictions. So both of these factors help us understand somewhat, the fiscal health of the jurisdiction being considered.

Tax base information for the units includes both state equalized (SEV) and taxable values. Both values are important because ever since voters approved Proposal A in 1994, the units levy millage on the taxable or capped value. The SEV, thus, provides an overall indication of property value in market demand terms but not necessarily the revenue generating capacity of that property.

The SEV for Holly Township has increased from \$114.4 million (1991) to \$182.0 million (1997), a 59.08 percent increase over seven years - Table 2A. The taxable value for the township was \$141.7 million in 1995 and increased to \$159.7 million in 1997 and to \$191 million in 1999. Taxable value as a percent of total SEV was 99.23 percent in 1995 and 87.78 percent in 1997. Because of the provisions of Proposal A, Holly Township collects property taxes on only 87.78 percent of its SEV (second column from right of Table 2B). The residential class of property remains the dominant property class for the township accounting for 67.78 percent of total SEV in 1997 and 69.44 percent of taxable value. Commercial and industrial property accounts for 13.8 percent and personal property 6.43 percent in 1997.

In 1991, 48.37 percent of total tax base (SEV) for Holly Township was located within the boundaries of the Holly Village. The percentage share dropped in 1997 to 45.79 percent. Thus, because of the actual and potential conversion of land uses outside the village, property valuation outside of the village is increasing at a higher rate than in the village where properties are already developed to a comparatively high level - Table 3A.

**Table 2A: State Equalized Value and Taxable Value
Holly Township**

Class	1991 SEV	1993 SEV	1995 SEV	1997 SEV	1995 Taxable Value	1997 Taxable Value
Agriculture	8,578,900	9,519,600	11,315,100	13,037,300	11,232,740	9,586,900
Commercial Industrial	15,508,400	17,265,950	18,654,050	25,119,400	18,420,370	20,680,955
Residential	76,482,950	86,937,550	96,452,500	123,378,150	95,760,390	110,950,127
Developmental	6,004,600	6,541,200	6,808,100	8,792,800	6,720,250	6,867,350
Personal	7,848,500	8,178,000	9,573,050	11,696,250	9,573,050	11,696,500
Total	114,423,350	128,442,300	142,802,800	159,781,652	141,706,800	159,781,652

Table 2B: SEV and Taxable Value Percent of Total - Holly Township

Class	1991 SEV	1993 SEV	1995 SEV	1997 SEV	1995 Taxable Value	1997 Taxable Value	1997 Taxable v. SEV	Pct. Chg. SEV 1991-1997*
Agricultural	7.50	7.41	7.92	7.16	7.93	6.00	73.53	51.97
Commercial Industrial	13.55	13.44	13.06	13.80	13.00	12.94	82.33	61.97
Residential	66.84	67.99	67.54	67.78	67.58	69.44	89.93	61.31
Developmental	5.25	5.098	4.77	4.83	4.74	4.30	78.10	46.43
Personal	6.86	6.37	6.70	6.43	6.76	7.32	100.00	49.03
Total	100.00	100.00	100.00	100.00	100.00	100.00	87.78	59.08

* By 1999, the taxable value of the village of Holly had reached \$94.5 million, or 49.5 percent of the total township taxable value.

Information about the SEV in terms of the class of property assessed also reflects differences in the kinds of development in the jurisdictions, as they exist today. In 1997, for example, the village accounted for 83.51 percent of the commercial and industrial taxable value, 51.54 percent of the personal property class, and 44.4 percent of residential class. Overall the village's taxable value was 45.7 percent of Holly Township, in 1997, 94.5 percent in 1999.

Per Capita Taxable Value

The average taxable value per capita, one measure of fiscal capacity, for Holly Township was \$18,050 in 1997. The village's per capita value was \$13,062 compared to the areas outside of the village with a per capita value of \$26,618 or approximately twice the value of the village.

Table 3A: Village SEV and Taxable Values

Class	1991 SEV	1993 SEV	1995 SEV	1997 SEV	1995 Taxable Value	1997 Taxable Value
		0			0	0
Agriculture					15,109,530	17,270,835
Commer/Indus		14,055,750			44,219,220	49,271,393
Residential		41,442,100			355,600	513,820
Developmental		355,600			5,428,050	6,028,600
Personal	5,234,950	5,062,000	5,469,500	6,005,780	65,112,400	73,084,648
Total	55,343,300	60,915,450	65,202,160	73,156,328	45.95	45.74
Village % Twnshp	48.37	47.43	45.66	45.79		

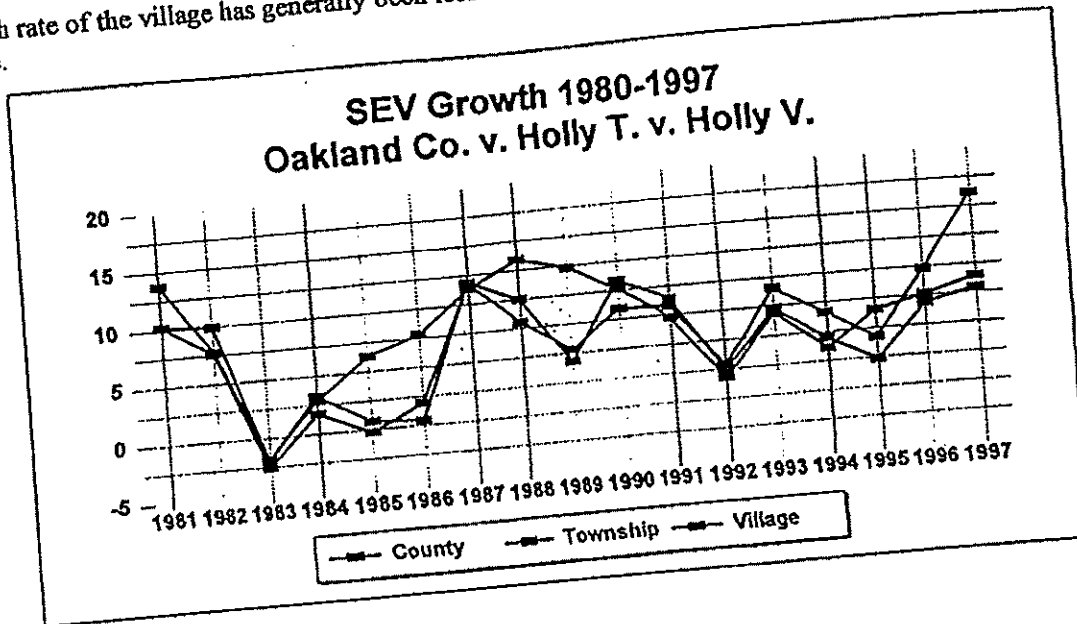
Table 3B: Village As a Percent Township Taxable Value By Class

Class	Village 1997 Taxable Value % of Total Township
Agriculture	0.00
Commercial / Industrial	83.51
Residential	44.40
Developmental	7.48
Personal	51.54
Total	45.74

SEV Growth Comparisons

Overall, the average SEV growth of Oakland County during the past 18 years has been above that of the village and township except for 1996 and 1997. During those two years the township SEV increased at a rate above both the county as a whole and the village of Holly - Figure 2. The

growth rate of the village has generally been less than that of the township or the county as a whole.



Millage Rates

Holly Township, a general law township, has a significantly lower millage levy than the village. The township's levy over the past six years has fluctuated between 2.35 mills and 2.43 mills. (It has risen to 2.48 mills by 1999. The village levy has peaked at 17.28 mills in 1999; the levy was 15.50 mills in 1996. In terms of millage yield, one mill for the township generates \$190.849 based on 1999 taxable value whereas a one-mill levy in the village raises \$94.515.

Table 4: Millage Rates

Unit	1991	1993	1995	1996
Holly Township	2.35	2.43	2.43	2.42
Village of Holly	16.69	15.91	15.5	15.5

Financial Overview

The financial overview for the township and village was constructed using data from annual audits for the years 1991, 1993, 1995 and 1997. The overview contains a summary of revenue and expenditure activity for the general fund and special revenue funds, the principal funds that capture a majority of the financial activity. A review of the fund balance will conclude the financial overview. Data are presented in nominal terms as well as in percentage terms to gain insight to emerging trends and shifts that are developing in terms of expenditure and revenue patterns. The discussion of changes in governmental organization between the two units will require the assessment of the financial impact. The detail financial tables will permit the construction of various financial analyses resulting from organizational alternatives.

Information about the SEV in terms of the class of property assessed also reflects differences in

Alternatives for Holly Township

the kinds of development in the jurisdictions as they exist today. In 1997, for example, the village accounted for 83.51 percent of the commercial and industrial taxable value, 51.54 percent of the personal property class, and 44.4 percent of residential class. Overall the village's taxable value is 45.74 percent of Holly Township; 49.5 percent in 1999.

The township and village, together, generate \$2.5 million (Table 5A) in general fund revenue from a variety of sources. Intergovernmental revenue, revenue from state and federal sources, represents the single largest revenue source for Holly Township (42.24 percent, 1997) whereas property tax revenues represent the largest revenue source for the village of Holly 53.93 percent) - Table 5B. Two revenue sources, intergovernmental and property tax, account for a majority of the township and village general fund revenue, 82.95 and 85.78 percent. License and permits, charges and fees, interest, and other income together make up between 14 and 17 percent of revenues. Therefore when discussing organizational alternatives, assessing the impact on property tax (millages) and intergovernmental revenues, specifically state revenue sharing, is required.

Table 5A: General Fund Revenue By Source

Category	Holly Township				Village of Holly			
	1991	1993	1995	1997	1991	1993	1995	1997
Revenue					735,017	781,885	959,723	1,088,731
Property Tax	157,549	186,251	173,715	201,045	484,895	511,914	563,304	643,137
Intergovernmental	177,154	188,556	199,312	208,611	49,969	44,475	63,070	125,186
Licenses/ Permits	34,440	38,337	48,616	37,078	113,412	210,363	267,495	54,785
Charges for Service	0	6,139	11,186	8,809	34,694	43,986	18,637	18,209
Fines/Forfeitures	0	0	0	0	29,694	26,933	29,474	29,474
Interest	26,256	1,697	9,854	19,935	38,473	197,798	28,328	13,746
Other	16,763	4,762	7,307	18,137	23,041	0	99	45,690
Transfers In	0	0	0	0	0	0	0	0
Total GF Revenue	412,162	425,742	449,990	493,815	1,479,501	1,820,115	1,927,589	2,018,958

Table 5B: General Fund Revenues By Source: Percent of Total

Category	Holly Township				Village of Holly			
	1991	1993	1995	1997	1991	1993	1995	1997
Revenue					49.68	42.96	49.79	53.93
Property Tax	38.23	43.75	38.60	40.71	32.77	28.13	29.22	31.89
Intergovernmental	42.98	44.29	44.29	42.24	3.38	2.44	3.27	6.20
Licenses/ Permits	8.36	9.00	10.80	7.51	7.67	11.56	13.88	2.71
Charges for Service	0.00	1.44	2.49	1.78	2.34	2.42	0.97	0.90
Fines/Forfeitures	0.00	0.00	0.00	0.00	2.60	1.63	1.40	1.46
Interest	6.37	0.40	2.19	4.04	1.56	10.87	1.47	0.68
Other	4.07	1.12	1.62	3.71	0.00	0.00	0.01	2.26
Transfers In	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total GF Revenue	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

public works whereas 4.29 percent of the township expenditures are class as public works. Table 7A provides a more detailed breakdown of expenditures under the various accounting categories associated with the general fund. Not every expenditure category has a directly parallel category positions; in the village the functions of offices have been combined into one appointed position.

Table 7A: General Fund Expenditures - Detailed

Category	Holly Township				Village of Holly			
	1991	1993	1995	1997	1991	1993	1995	1997
Expenditures								
Legislative								
Governing body	5,206	4,439	3,715	3,846	39,019	34,096	14,887	18,649
General Government								
Trustees							105,417	99,625
Supervisor/Manager	20,986	19,526	20,789	21,197	226,852	242,931		
Administration								
Elections	7,933	8,436	4,730	9,816				
Assessor	34,299	31,472	35,431	36,360		60,614	33,259	45,383
Attorney/Legal							120,980	155,769
Clerk/Treasurer								
Board of Review	37,041	36,380	41,854	46,679				
Treasurer	675	1,112	378	657				
Ordinance Dept	31,014	27,962	31,218	34,593				
Building Dept		18,973	25,828	36,815			96,521	115,311
General Services	28,218	8,351	16,551	12,393				
Landfill Site Cleanup	140,453	85,276	100,099	154,308			60,002	
Other/ Data Processing						163,489	6,722	4,046
Public Safety								
Police Protection					595,631	696,634	751,692	833,922
Fire Protection	64,013	73,686	80,899	97,522	64,013	73,686	80,899	97,522
Planning/Zoning	26,567	29,344	13,728	16,587			35,157	88,844
Protective Inspection							79,785	107,642
Public Works								
Dept. of Public Works			17,358	21,612	225,970	388,494	367,898	196,727
Street Lighting							38,413	36,043
Community Services							17,369	39,252
Trees							4,059	4,977
Culture & Recreation								
Historic District							415	746
Senior Citizens							3,000	3,500
Capital Outlay	3,962	10,661	1,026					
Other								
Transfers Out								
Total GF Expenditure	400,367	372,519	403,857	503,825	1,361,328	1,736,360	2,064,872	2,058,837

Special Revenue Funds

Both the township and village provide a significant amount of services through special revenue funds. For the township special revenue funds include the park and library funds. The village has eight special revenue funds reported in FY 1997, including major streets, local streets, parks and recreation, cemetery, solid waste, lake improvement, municipal street, community project. Data will be presented for selected years to provide a snapshot of the sources of revenue and activities for which the special revenue funds are expended.

Special revenue funds are derived from a variety of sources. Table 8A summarizes the sources of special revenue funds for Holly Township for FY 1995 and 1997. In FY 1997, the township collected \$323,271 with a majority of the funds derived from a dedicated property tax millage. Table 8B provides a breakdown of special revenue expenditures for the two funds.

**Table 8A: Special Revenue Funds By Source
Holly Township**

Category	1995			1997		
	Park	Library	Total	Park	Library	Total
Revenue						
Property Tax	65,252	130,535	195,787	71,501	143,039	214,540
Intergovernmental	5,611	14,790	20,401	4,426	21,483	25,909
Charges for Service	10,875	13,996	24,871		2,515	2,515
Interest	2,211	5,726	7,937	2606	5,515	8,121
Other	4,179	66,601	70,780	25,221	46,965	72,186
Total GF Revenue	88,128	231,648	319,776	103,754	219,517	323,271

**Table 8B: Special Revenue Fund Expenditures By Category
Holly Township**

Category	1995			1997		
	Park	Library	Total	Park	Library	Total
Expenditure						
Wages/Benefits	34,425	104,461	138,886	43,871	116,675	160,546
Supplies/Repairs	9,235	5,238	14,473	16,398	6,984	23,382
Other	7,575	60,011	67,586	26,094	63,931	90,025
Capital Outlay	8,251	83,454	91,705			
Debt Retirement		14,185	14,185		13,111	13,111
Total GF Expenditure	59,486	267,349	326,835	86,363	200,701	287,064

The township expends 70 percent of special revenue funds for operation of the township library with a majority of the expenditures attributed to wages and benefits of employees. The township supports a park operation that accounts for 30 percent of special revenue funds with one half of the expenditures targeted towards employee's wages and benefits.

The village as is the case in most villages and cities is responsible for a variety of municipal services not produced or provided by township government. The village is involved in the construction and maintenance of streets, bridges, a park system, cemetery, and Lake Improve-

ment. The street fund accounted for 50 percent of expenditure activity within the special revenue fund. The source of revenue to support special revenue fund expenditures for the village is derived principally from transfers from the general fund and intergovernmental funds (state gas and weight taxes). Table 9A and 9B display data for 1995 and 1997.

Table 9A: Special Revenue Funds By Source Village of Holly

1995	Major St	Local St	Parks/ Rec	Cemtry	Solid Waste	Lake Imprmnt	Municipal St	Total
Revenue						5692.51	34768.54	40,461
Tax/Special Assess't								226,846
Intergovernmental	165,344	61,502	600	27,964	30,171			58,735
Charges for Service			224	8,948	1,185	72.37	10907.73	48,504
Interest	23,065	4,102	2,000	25				2,025
Other								231,179
Transfers In		8,049	29,120	32,320	161,690			607,750
Total Special Revenue	188,409	73,652	31,944	69,257	193,046	5,765	45,676	

1997	Major St	Local St	Parks/ Rec	Cemtry	Solid Waste	Lake Imprmnt	Municipal St	Comm Project	Total
Revenue						6,173	16,610		22,783
Tax/Special Assess't									229,502
Intergovernmental	167,247	62,255	350	28,522	36,008				64,880
Charges for Service			223	14,036	932	84	15,931		73,138
Interest	40,253	1,680	1,506	404				8,365	10,274
Other									248,105
Transfers In		37,225	34,500	34,500	140,800	1,080			648,683
Total Special Revenue	207,500	101,160	36,578	77,463	177,740	7,337	32,540	8,365	

The annual audit format of the village does not permit a breakdown of expenditures from special revenue fund sources according to the same categories (wages, supplies, etc.) found in the township audit. The village audit categories essentially restate the purpose of the fund (cemetery, streets, garbage collection, etc.). In the more complex municipalities employees of the city or village most often are paid from two or three accounts. For example, DPW workers wages may be charged to both the general fund and special revenue fund. Or, if paid totally from special revenue funds, the wages may be assigned to several sub-accounts within the special revenue fund. The special revenue fund expenditure data for the village of Holly, then, do not provide significant additional insight than is provided in the general purpose of the expenditures as shown in table 9B.

Enterprise Funds

The village of Holly provides residents with sewer and water services that are accounted for in an enterprise fund. In general, activities accounted for in an enterprise fund, are expected to be self-financing; that is, paid from fees and charges for the services. Operating revenues for the fund are derived from the sale of services to village residents and perhaps by contract to areas outside of the village. Expenditures charged to the enterprise fund are those associated with the

unreserved fund balances for the general fund are combined and reported in Table 10.

Fund equity is presented as a percentage of fund balance in relation to total expenditures. For example, 100 percent fund equity translates into the ability of the unit to sustain expenditures at the previous year's level without collecting additional revenue. Past practice often dictates the amount of funds held in reserve by a unit. Some units historically maintain large fund balances while others, because of financial circumstances, maintain low fund balances. Both the township and village have experienced a degree of fluctuation in fund balances.

The township's general fund equity in 1997 stood at 66.5 percent but over the five periods examined, the percentage has varied from a low of 18 percent in 1991 to a high of 74.7 percent in 1995. The village's fund equity has ranged from a low of 17.3 percent in 1997 to a high of 45.4 percent in 1995. Units of government, generally, should maintain a minimum of 12-15 percent fund equity as a financial safety net.

Each of the other township and village funds (special revenue and enterprise) maintain fund balances but because these balances are restricted to specific purposes and remain with the fund no discussion or display of the funds are included in the report.

Table 10: General Fund Balance

Fund Balances	Holly Township				Village of Holly			
	1991	1993	1995	1997	1991	1993	1995	1997
Total GF Revenue	412,162	425,742	449,990	493,815	1,479,501	1,820,115	1,927,589	2,018,958
Transfers In	0	0	0	0	0	0	99	45,690
Total GF Revenue	412,162	425,742	449,990	493,815	1,479,501	1,820,115	1,927,688	2,064,648
Total GF Expenditure	400,367	372,519	403,857	503,825	1,361,328	1,736,360	2,064,872	2,058,837
Difference	11,795	53,223	46,133	(10,010)	118,173	83,755	(137,184)	5,811
Beginning Balance	60,343	119,733	255,402	334,810	307,014	705,299	598,756	396,022
End Balance	72,138	172,956	301,535	334,800	516,568	789,054	461,472	356,143
% Fund Equity	18.02	46.43	74.66	66.45	37.95	45.44	22.35	17.30

III. GOVERNMENT ORGANIZATIONAL FRAMEWORK

Michigan's system of local government is complex and difficult to understand. Those officials and residents who live out their lives in a jurisdiction of one type become familiar and knowledgeable about that type of unit but usually have little opportunity to learn or develop knowledge about the other forms. The purpose of this section of the report is to provide information about the several units we use in Michigan and to develop a comparison so officials and residents have a basis for making informed choices.

The "Grand Design"

One way to gain some understanding about these units of local government in Michigan is to think of them in terms of a "grand design". Legislators and policymakers of yesteryear never really articulated such a plan but in retrospect, their actions seem to have been based on some of the ideas involved.

The general pattern began to emerge even before Michigan was a state. It happened when Thomas Jefferson, in the Continental Congress in 1785 strongly advocated the surveying of the Northwest Territory into a pattern of squares, 6 miles to a side. He patterned it after what he had experienced in the New England states. When many of the residents came down the Erie Canal to settle this territory, they "discovered" townships that could form the basic community structure. The territorial legislature provided for the organization of both townships and counties whenever the population qualified them for that status. Thus, when Michigan became a state, this basic structure was already in place.

The difference between then and now, however, was that these units were intended not so much for local governance as they were to serve the needs of the state in reaching out to the various and distant parts of the state. When you think about the means of travel and communication in the 19th century, the need for the state to decentralize its authority becomes a little clearer. Thus, the purpose of townships and counties was more to serve the need of the state to reach out to all the borders of the state. Meeting the needs of the residents was almost incidental.

As the settlements began to form communities, however, residents back then, like those today, began to realize that a key task of government is to govern the interdependent relationships of people. So, as people began to interact together in the community setting, they needed a government that could fill some of those common needs. And so they pressed for authority to address some of these needs—fire protection, streets, and basic public health, primarily. Essentially, the legislature responded by granting these communities a degree of self-governing powers—large communities got a city government; smaller ones a village government.

Until 1908, when the state adopted a new constitution, the legislature, for the most part, enacted and amended city and village "charters" for these communities. The 1908 constitution said that cities and villages were to be "home rule" and so the legislature adopted two new statutes: the Home Rule City Act and the Home Rule Village Act. The new laws spelled out the processes by which these local units could develop and adopt their own home rule charters. The idea was that state legislators no longer would be free to interfere with local affairs. While it did not turn out exactly that way, as we will see later, the home rule charters enabled the local units to create their own local governments with the shape and form they preferred.

In summary, then, the "grand design" provided for different types of government for rural and urban areas. The counties and townships, with state specified powers, had the responsibility to govern the rural areas and cities would govern the urban communities. Villages had the mission of governing those areas that were going through a transition—the need for local government was greater than a township government could provide, but not as much as might be expected from a city.

The Post World War II Changes

This arrangement was sufficient to carry through the 1940s although the legislature enacted the Charter Township Act in 1948, an indication that the basic rural township government needed more flexibility in dealing with what was then the beginning of suburbanization or urban sprawl. By this time, both charter and general law townships were having to deal with the demands of their new suburban residents. Still, townships had very limited authority to produce and generate services: they did not possess authority to have their own police departments or to own and operate (let alone, finance) public water supply and wastewater treatment services, or, of course, road services. By the end of the 1960s, the legal authority for townships to provide urban services had been provided but for many townships financing infrastructure services was out of reach because financing services to the scattered housing and commercial patterns was very costly.

Thus, while general law townships, charter townships, villages, and cities are becoming more alike in terms of their powers and duties, important differences remain. With the foregoing overview as background, we will begin discussing the differences between the types of units and indicate the significance of these differences.

Similarities and Differences Among Michigan's Local Governments.

In many respects, the differences among the units derived from their origins and the types of conditions they were structured to address. Where the sets of interdependent relationships among people are numerous and complex, the role of government has to be pronounced and active. For example, in the rural setting, one can rake up the fall leaves and drop them over a fence someplace without infringing on anyone else's rights. In the city, however, putting the leaves over the back fence offends the neighbor greatly. So the person in the more urbanized setting has two choices—have the city/contractor pick them up or take them to a composting site. Leaves are a relatively minor matter but zoning issues, speeding autos, loud music, safe buildings, waste disposal, and the like all call for some form of governmental policy or action. We begin by reviewing the legal authority of these units.

Legal Basis

As noted above, cities and villages possess a grant of home rule authority that, at least in terms of legal theory, enables them to exercise whatever powers are not denied them by state or federal statute or constitution. The powers they exercise and the limits on those powers are spelled out in their respective charters, charters that a group of citizens (elected charter commissioners) draft and present to the rest of the citizens for adoption. Such municipal charters specify the form of organization, the maximum tax rate, debt limits, the terms of office, which positions are elective or appointive in nature, etc.

Villages differ somewhat from cities in a few specific respects. Because villages, in the eyes of the "grand design lawmakers" were seen to be transitional jurisdictions, the lawmakers kept them part of the township(s) in which they were located for specific purposes. The purposes were tax

administration, election administration, and local court administration. In terms of local property tax administration, the township is responsible for property assessment, county, school, village, and township tax collection, and administration of delinquent tax procedures. Townships, as a practical matter have the responsibility of administering the election laws on behalf of the state. Villages typically conduct their own elections but have no duties regarding voter registration and administering state or federal elections. The nature of the village and its relationship to local justice administration has been moot since the establishment of the district court system in the state. Prior to that time and the use of the justice of the peace system, villages (unlike cities) did not have their own municipal court.

Townships, both general law and charter, must operate within a somewhat narrower range of flexibility because the legal theory underlying these units is that they may not exercise a power that the legislature has not granted them. The Charter Township Act permits townships organized under that statute a few more powers than are granted to general law townships but it does not grant the flexibility and local discretion that the home rule units possess. The Charter Township Act is somewhat akin to the approach the legislature employed in 1895 when it enacted the Fourth Class City Act and the General Law Village Act—the act became the local “charter” but it was the same for all regardless of whether other needs existed. Of course, the units get by with whatever authority they possess and while a few cities continue to operate under that act (and quite a few more villages under the General Law Village Act) most have reorganized as home rule units.

Table 11. Municipal Authority

Characteristic	General Law Township	Charter Township	Home Rule Village	Home Rule City
Source of Law	General statutes	Charter Township Act and statutes	Home Rule Village Act and statutes	Home Rule City Act and statutes
Grant of Authority	Specified powers only, permitted choices.	Specified powers only, permitted choices	All powers not denied	All powers not denied
Local Definition of Authority	Citizen discretion defined by state law.	Citizen discretion defined largely by state law.	Citizen discretion exercised largely through charter.	Citizen discretion exercised largely through charter.
Functional Areas of Governance	Broad, some exclusions	Broad, some exclusions	Broad, some restrictions	Broad, few restrictions

Organizational Structure

Several elements are involved in the organizational structure of local governments. These include the executive / administrative branch, the elective and appointive positions, the method of election, the nature of the legislative body, and other matters. At stake in these kinds of matters is the extent to which the public is able to keep its “public servants” responsive to their needs and wants.

The Executive / Administrative Officers. Technically, the general law township operates with a multiple or group executive. That is, the three principal officials—supervisor, clerk, and treasurer—are elected officers, responsible to the law and to the electorate. The clerk and treasurer, especially, have highly specific statutory duties; the supervisor must chair the meetings and in some cases works as the tax assessor but many of the other supervisor duties are exercised either on an informal basis or because of resolutions the township board may have adopted. A few statutes refer to the supervisor as the executive officer but only with respect to those specific functions.

General law townships, of course, may employ a variety of appointed personnel, one of whom may be a township manager. The person in this position does not have statutory or "charter" duties; rather, whatever responsibilities the person may exercise must be assigned by the township board of trustees. And, of course, the board may only assign matters that are within their combined responsibility. The township board is not permitted to assign to another official those duties designated by law to be the responsibility of another official unless the officer consents. (MCLA 41.75a)

In a charter township, the statute gives the supervisor additional key duties. For example, the supervisor, by law, is the township superintendent if the township board does not employ a person in such a position. (The superintendent functions largely as a township manager.) Importantly, the Charter Township Act (CTA) places the superintendent in charge of the township budget and usually township personnel. At the same time, other "power centers" such as police, fire, or other key appointed officials may report directly to the township board unless the board determines otherwise.

Home rule villages and cities—those with their own home rule charters—may provide for a variety of arrangements through the charter. The general pattern, however, is to have an appointed manager who has general overall responsibility for carrying out policies adopted by the council. The appointed manager, in most charter arrangements, is the CAO—chief administrative officer—while the elected president of council or mayor as the CEO—chief executive officer—serves as head of the government with few, if any, administrative chores. As a general rule, the CAO heads up the chain of command. Department heads, except the village/city clerk and the legal counsel, report to the manager.

Table 12. Executive / Administrative Characteristics

Characteristic	General Law Township	Charter Township	Home Rule Village	Home Rule City
CEO		Supervisor	Village president	Mayor
CAO		Superintendent	Manager / Pres.	Manager/ Mayor
Clerk	None	Elected	Appointed	Appointed
Treasurer	Elected	Elected	Appointed	Appointed
Dept Heads			Manager	Manager
Report to:	Township Board	Superintendent		

The Legislative Body. It is customary in the U.S., of course, for members of legislative bodies to be directly elected by the voters. And so it is with the legislative bodies of the types of units being discussed here. In general law townships, the body is called the township board and usually

consists of the three officers mentioned above plus two trustees. (Townships with populations greater than 5,000 or 3,000 registered voters have four elected trustees. [MCLA 41.70]) A charter township board consists of the three officers and four trustees.

For home rule villages and cities the municipal charter specifies the size of the council. The most common pattern in Michigan is for these councils to have either 5 or 7 members. In smaller jurisdictions, the village president or mayor is a member of the council and is chosen in various ways. In some instances, the president or mayor is elected directly by the voters; in other instances the person so designated received the highest number of votes in the election or is elected by the members of the council.

A few other distinctions may be of interest and significance in some circumstances. Members of township boards are elected on a partisan basis. In partisan competitive townships this often makes for interesting general elections. In non-competitive townships, it means that the outcome of the election process is settled in the August primary elections. While partisan elections are not prohibited in village and city elections, the most common arrangement is for nonpartisan elections. The state schedule for village and city elections is in the fall season of odd-numbered years although a good number of village and city elections are held in February and March.

Terms of office in township governments are specified as four-year terms and all members are elected at-large. All the terms, thus, are concurrent, beginning and ending at the same time. In villages and cities terms of office typically range from two to four years. In smaller jurisdictions, elections are at-large but the options exist for election by ward or precinct, nomination by ward or precinct and election at-large, or a combination of at-large and ward representation.

In general, village and city charters enable voters to elect a majority of the council at each election but not for the possibility of a "clean sweep" as is possible in township government. (Giving the president or mayor a two-year term while other members serve four-year terms facilitates the opportunity for a majority turnover every two years.)

Table 13. Characteristics of Governing Body

Characteristic	General Law Township	Charter Township	Home Rule Village	Home Rule City
Size of Board	5-7	7	5-7 per charter	5-7 per charter
Election	Partisan	Partisan	Usually non-partisan	Usually non-partisan
District	At large	At large	As per charter	As per charter
Term of office	4 years	4 years	2-4 per charter	2-4 per charter
Presiding officer	Supervisor	Supervisor	Village President	Mayor

Financial Arrangements

The matter of financial arrangements in the several types of local units have several aspects. Among them are management requirements and practices, taxation, state revenue sharing, and borrowing and debt limits, and approaches to financing programs and projects.

Management standards

About 25 years ago, the state legislature adopted the uniform accounting and budgeting act for local governments. The act established uniform standards for all units of government below the

state level. The major thrust of the act was to require all local units, in their financial accounting, to comply with the GAAP standards (Generally Acceptable Accounting Practices) established by the Association of Governmental Accountants. These standards define several types of fund groups that local units are to use as a way of avoiding co-mingling of funds. The standards specify the general format for annual reporting, modified accrual approaches for year-end transactions, a uniform chart of accounts, and other technical accounting matters.

The state statute itself requires local units to have an independent audit of the financial records annually and to file a copy of the report with the state treasurer's department. (The data presented in Section II were derived from such audit reports.) This is the principal tool for assuring compliance by the local units.

The budgeting portion of the act directs local units to include in their budgets revenue and expenditure data for the year past, the current year, and the budget year. The act requires public notice of budget hearings and availability of copies of the proposed budget. Perhaps key to the whole process is that the act prohibits the adoption of a deficit budget; that is, the budget must be balanced. The act permits for a good deal of local discretion and allows a local governing body to determine whether the amounts will be appropriated on a line item or cost center basis.

A final element of state supervision over local finance has to do with a process for active state involvement in managing the finances of a local unit that is encountering severe financial trouble. Although it is an infrequent occurrence, the act permits the governor to appoint a financial "czar" to manage the unit's finances until equilibrium between revenues and expenditures is achieved.

All local units are required by state laws to comply with the same set of rules and standards. And while some units may take different avenues to achieve those standards, the form of government is not a critical determinant as to how the financial standards of the state are being met. As a general rule, in township government, accounts payable accounting and budget reporting falls under the domain of the township clerk; the township treasurer, as the banking and investments official, administers the tax collections and accounts for township revenues. Villages and cities, typically, establish department of finance where appointed personnel administer the budgeting and accounting responsibilities.

Taxing Authority

All of Michigan's local governments depend, primarily, on property taxes as the major source of their revenues. The four types of units being discussed in this paper all have authority to levy property taxes but the authority varies significantly. Cities, unlike the other units, may also levy a personal income tax.

The Property Tax. The state constitution and the statutes that flow from that authority establish a uniform set of rules for levying the property tax. All the units are bound by these rules. For example, the constitution stipulates that all taxable property rates will apply to not more than 50 percent of the "true cash value" of the property. The property tax act stipulates that the equalized base is 50 percent. The act also directs that property assessment will be done by township and city assessing officers. Other units such as villages, school districts, counties, and others that levy a property tax apply the levy to the taxable base established by these assessing officers in collaboration with the respective county equalization director and board of county commissioners. Since the reform of school finance in 1994, increases in property assessments are limited to the lesser of the annual rate of inflation or 5 percent. As noted in Section II, this value, referred to as "taxable value", now forms the basis for tax levies. The taxable value reverts to the state equalized value when ownership of the property changes.

Table 14. Comparison of Property Tax Factors

Factor	General Law Township	Charter Township	Home Rule Village	Home Rule City
Tax Base	50% of real and personal property	50% of real and personal property	50% of real and personal property	50% of real and personal property
Rate Authority	Property tax act	Charter township act	Home rule village act	Home rule city act
Maximum Rate	1 mill	5 mills, 10 with voter approval	20 mills statutory, limit in charter	23 mills statutory, limit in charter
Actual Levy Set by	Township board	Township board	Village council	City council
Personal Income Tax	Not permitted	Not permitted	Not permitted	1% on residents, .5% on non-residents

The difference in the property tax among the types of units being discussed arises in the matter of limits on tax rates. A general law township, for example, has a tax entitlement under the constitutional 15-mill limit to one mill (or one dollar per \$1000 of taxable base) if it can establish a need for the funds it would generate. Many counties operate on what is known as "fixed millage" that may be as high as 18 mills.¹ Usually, in such situations, general law townships received a millage authorization of more than one mill. Any other tax millage that a general law township levies must be approved specifically by the votes of the township. Such millage is then usually restricted to the purpose(s) for which the millage was approved. Aside from voter approval, general law townships encounter no overall tax millage limitation.

A charter township (if the electorate of the township approved its charter status) may levy a tax of up to 5 mills (\$5 per \$1000 of taxable base).² And with voter approval, that limit may be raised to 10 mills. Taxes raised from these levies are general-purpose revenues and are expended in accordance with the budget approved by the township board of trustees. These millage authorizations are stipulated in the charter township act and represent the only two choices as to the limits. The township board, of course, is not required to levy the full authorization.

¹ Both the 15- and 18-mill limits have been reduced to reflect the millage levied for school operating purposes in 1994 prior to the school tax reform action.

² Townships that achieve charter status without voter approval maintain the general law township taxing authority.

Table 15. State Revenue Sharing Pattern

State Revenue Shared	General Law Township	Charter Township	Home Rule Village	Home Rule City
Sales Tax – Constitutional	Yes, based on population	Yes, based on population	Yes, based on population	Yes, based on population
Sales Tax – Statutory	Yes, based on tax rate: tax base ratio	Yes, based on tax rate: tax base ratio	Yes, based on tax rate : tax base ratio	Yes, based on tax rate : tax base ratio
Transportation Funds	Indirect, through county road commission	Indirect, through county road commission	Yes, based on population and road miles	Yes, based on population and road miles

Home rule village and cities have similar arrangements in that the two governing acts stipulate maximum millage levies. For villages the maximum rate is 20 mills (\$20 per \$1000); for cities the limit is also 20 mills; and the home rule city act also permits a city levy up to 3 mills for refuse collection. Because both home rule villages and cities operate under the provisions of a locally prepared and voter-approved charter, the actual taxing limits are specified in the unit's charter. Typically, the maximum rate is less than 20 mills.³ (For cities, whose charters do not specify a maximum limit, the statute specifies a 10-mill maximum.)

Municipal Income Tax. State law permits cities to impose a tax on personal income, an authority not extended to other local units. The maximum rates in all cities, except Detroit, is set at 1 percent of taxable income for residents and .5 percent on incomes earned by non-residents in the city. A city council may act to adopt a resolution to impose the tax. Residents may petition for a referendum on the action and by majority vote, may overturn the council action. About 20 of the 271 home rule cities in Michigan levy a personal income tax. Many of those that levy an income tax offset it with reduction in the property tax.

State Revenue Sharing.

The state shares a portion of its revenues with local units of government including counties, cities, villages, and townships. Some of these revenues are unrestricted at use; others may be used only for specific purposes. The principal unrestricted revenues are those generated by the sales tax and personal income tax.

Unrestricted Funds. The constitution of the state of Michigan requires that a portion of the state sales tax be distributed to townships, villages, and cities on a population basis. The original

³ Note that all of the maximum taxing authorizations are affected by the so-called Headlee amendment the state electorate approved in 1978. This provision requires an adjustment in the maximum millage authorization when an existing tax base increases at a rate that exceeds the annual rate of inflation. As a result of this amendment, the maximum millage authorizations are generally overstated by as much as 1.5 mills or more. Voters have the authority to restore the "Headlee rollbacks" to the original authorization. The rollbacks apply to limits authorized by the tax allocation board, the municipal charter, or statute.

provision stipulates that one-half cent on each dollar of retail sales be set aside for this purpose. When the state raised the sales tax to 4 cents per dollar of sales and exempted food and drugs from the tax, the half-cent was adjusted to account for the food and drug exemption. The total estimated amount to be distributed in fiscal 1997-98 is estimated to be about \$565 million or about \$62 per capita. Of course, because these constitutionally mandated sales tax revenues are distributed on a per capita basis, the form of the local unit does not affect the per capita amount each unit receives.

In the recent past, the state distributed a portion of the state personal income tax with local units. This discretionary revenue sharing has since been changed and is now funded by sales tax revenues but on a basis that differs from the constitutionally mandated disbursements. It is thus subject to some change from time to time as the legislature and governor may agree. Presently, the formula for distributing these funds involves a "tax effort" factor multiplied by a unit's population. In effect, the formula favors units that levy higher taxes relative to the value of their tax base and they receive a larger share of the funds. The total amount to be distributed under this formula for 1997-98 is about \$490 million. Technically, then, the form of government does not affect the amount a unit receives under this formula. However, because villages and cities typically generate higher local tax revenues relative to their tax base, they receive a greater share of these funds. Townships, which have lower local tax revenue, receive a smaller share of these funds. (This explains the relatively high level of general fund state aid that Holly Village receives compared to Holly Township.)

The state makes one other distribution of general-purpose money to local units but it too, is not based on the form of government. This distribution derives from a promise the legislature made when, in 1975, it exempted certain personal property from the local property tax. The promise was that the legislature would hold the local units harmless by reimbursing units for the losses each incurred when the change was made.⁴ The formula used then is based on the amount of personal property valuation exempted times the millage rate at that time. The total amount distributed under this provision is about \$111 million per year.

For Holly Township, in 1997-98, the estimated receipts from state revenue sharing will be about \$235,000; for the Village of Holly, \$617,000.

Restricted Funds. The major revenue that is distributed to local units that is restricted as to use is the money from the state tax on gasoline and vehicles. In general these "gas and weight" taxes are allocated among the state highway department (39.1 percent), counties (39.1 percent), and cities and village (21.8 percent). The portion allocated to the cities and villages is distributed among them on the basis of three factors: population and the number of miles of major and minor streets. Villages and cities may receive additional funds for maintaining state highways that traverse the village or city.

Townships, of course, do not share directly in these revenues because the county road commissions are responsible for constructing and maintaining the public roads in townships.

Competitive Project Grants. State government shares other of its revenues with local units but such grants are competitive and not based directly on the form of local government. Because counties have a more direct linkage to state agencies they tend to share more in such state

⁴ Many argue that the state has not held local units harmless because the actual amount has been held constant over the years and the accrued inflation has effectively reduce the purchasing power of the payment. These critics argue that holding units harmless should mean that the units should be compensated for the current value of the exempted (and untaxed) personal property.

programs. Services such as public health, mental health, jail facilities, judicial salaries, and others draw a great deal of revenue that townships, villages, and cities share only indirectly. Competitive grant programs in which townships, villages, and cities share involve recreation programs (funded in part by oil and gas extraction taxes that are pledged to the Land Trust Fund). As a general rule, competitive project grants require the development of a project proposal and a commitment of a local fund (often 50 percent) contribution.

A few Headlee reimbursements come into play from time to time; for example, townships and cities are reimbursed for conducting the presidential primary election or for participating in the Qualified Voter File preparation. Such payments result from the 1978 amendment to the state constitution that directs the state to reimburse local units for the cost of providing services mandated by the state. This provision has not resulted in substantial state payments to local units.

Municipal Services and Regulations

A variety of explanations for the existence of local government, or government at any level, for that matter, can be offered in response to the question "Why have government?" One response is that we call on government to do things that individuals cannot do for themselves. The explanation we prefer is that the role of government is *to govern the interdependent relationships of people*. These interdependent relationships develop as people come into contact with each other in a variety of settings and circumstances. As a general rule, the number and complexity of contacts increase geometrically in urban settings where the actions of one person are likely to affect someone else. In the rural countryside one can usually play the radio as loudly as one wants without affecting another person. In an urban environment, loud radios are likely to lead to a neighborhood fight unless the local unit has a noise ordinance the police or other enforcement personnel enforce the ordinance. Other examples involving zoning, traffic control, garbage and refuse collection, construction, etc. could be offered.

Understanding this general principal is essential to understanding key differences between governments responsible for rural and urban settings. Thus, while villages and cities tend to generate a higher level of services and regulations than do general law townships and charter townships, the basic and critical factor is not so much the form of government but the density of the development within the jurisdiction of the local unit. In terms of the "grand design" discussed earlier, the traditional pattern has been for governments to change from general law township, to charter township, to village, and to city as the area transitions from rural to suburban to urban.

The intentions of the "grand designers," however, do not play out in the same way as they have historically because over the years, the service and regulatory powers of townships have increased gradually so that very little fundamental difference in service and regulatory authority exists between the rural/suburban units and the urban units. In actual practice, however, the urban units tend to exercise more of the powers and functions than do the other units. With this in mind we review the customary powers that local units exercise.

Regulatory Powers. Local governments have authority to exercise a rather broad range of regulatory powers. Typically, these powers are exercised through the adoption of local ordinances that they are then obligated to enforce. Among the notable regulations are those dealing with development practices. So we see townships, villages, and cities adopting and enforcing ordinances governing land use—planning, zoning, subdivision and condominium formation, etc. Such regulations will typically deal with such matters as water supply and wastewater facilities, surface water drainage, road and street standards, sidewalks and bicycle paths, and private

utilities. Related ordinances deal with construction, electrical, and plumbing standards. The state legislature has endowed townships, villages, and cities with the authority to deal with these matters although the units must collaborate with county officials on several of these matters for which they have responsibility. In exercising these powers, townships generally find their authority in specific statutes that sometimes limit the regulatory authority. Villages and cities generally find their authority in their charters, the pertinent home rule act, and in some cases, specific statutes.

Other common regulatory actions by local government may be characterized as relating to human behavior. In the urban settings these tend to be greater than in rural settings. Thus, one is more likely to find in villages and cities ordinances regulating noise, yard trash, housing occupancy, traffic, parking, home business, sidewalk conditions, inoperable vehicle storage, commercial signs, weed cutting, and many other topics. All three types of local units may adopt and enforce most of these ordinances. Again, one is more likely to find such ordinances in governments with substantial urban settings. It should be noted that townships, because they do not have control over streets and roads, do not have general authority to regulate automobile traffic. On the other hand, as recent Michigan Supreme Court decisions have determined, townships are responsible for the condition of sidewalks along county roadways.

Municipal Services. The second major area of local government activity is providing municipal services. As was the case with local municipal regulations, the statutory authority to provide municipal services does not differ a great deal among the types of units we are discussing in this paper. And like the exercise of regulatory power that is more likely to be exercised in areas of greater population density, the provision of local services is more likely in areas of population density. This phenomenon too, relates to the intensity of interdependent relationships that are present.

Fire protection, of course, is a basic service that virtually everyone expects the local government to provide. However, if a building fire occurs in a rural area, two expectations are likely: (a) people will expect a relatively long response time; and (2) the possibility of the fire spreading to another unit is not highly likely. In an urban setting residents will expect a rather short response time and if it is not, other buildings may be caught up in the conflagration. Virtually all local governments in Michigan are either producers of fire protective services or contract for such service on behalf of their residents.

A similar situation arises in connection with water and sewer services. All units are empowered to provide the service but it in the relatively densely settled areas that local units must provide the services because closely built areas often cannot rely on individual wells for domestic water supply and on-site waste water disposal in such areas often leads to health problems. Hence, people call upon their municipal government to provide the service.

Other services, as well, are related to the intensity of interdependent relationships. In densely populated areas, a municipal park and other recreational facilities (hockey, ice-skating, ball diamonds, soccer fields, senior citizen hall, a library, etc.) may be essential services. Similarly, well-maintained streets, parking facilities, police security, household refuse and yard-waste pickup, and numerous other services may not be easily handled in built-up areas without the efficient operation of the local municipality.

Because capital costs for such services are very high, economies of scale—through a mass demand and close proximity—are very important to providing these services on an affordable basis. Scale and proximity also directly affect operating costs. Consequently, providing some services is not very practical when the “customers” are spread over broad areas and when there are relatively few in number. For some services the capital costs are too great and for others, such as sanitary sewerage, it may not be possible to move low volumes of wastewater to the treatment facility. Thus, while the four types of local units being discussed here have legal authority to provide a wide range of services, the physical and economic circumstances render the provision of some services impossible.

Capital Financing

Related to the provision of capital intensive services such as water supply and wastewater treatment, as noted, is the problem of financing the capital costs associated with such services. As a general rule, municipalities amortize the capital costs of such facilities over 25 or 30 years by issuing bonds or some other form of debt pledge. In most instances, capital costs are met with some form of state or federal grant or loan in combination with a bond issue.

Federal or state grants, commonly, are directed toward those units with the greatest or most intense problem so that from the central government perspective, the money is directed to the point where it will do the most good for the most people. Often, that is not the case in a sparsely developed area.

A similar difficulty is encountered when debt issuance is necessary to finance a facility or the related infrastructure. Financial and bond counselors as well as bond brokers are interested mainly in two things: (a) Does the municipality have the fiscal capacity to repay the debt as scheduled? and (b) Will the “project numbers” look good enough to permit the sale of the bonds at interest rates that make the project possible? Reasonable capital and infrastructure costs, thus, are more likely to result when the scalar and proximity factors are favorable. Also, expansions of existing facilities is usually more “marketable” than “new starts”.

Forms of Debt. Local units rely primarily on three types of debt obligations to finance their projects. The most favorable (from the bond buyers’ perspective) form is the “full faith and credit pledge” to the debt. The security for such debt is the ability to tax with limit as to rate or amount to repay the debt. Thus, the bondholder is virtually assured that the interest and debt will be repaid on time. Such a pledge, however, requires the approval of the voters in the municipality. Since the 1978 “Headlee” amendment, local governing boards may not make such a promise without voter approval. And for good reason; the taxable property is the *real* security for the debt because if the taxpayer defaults on the property taxes, the government may seize the property and sell it for the taxes due. Yet, in most circumstances, this is sound way to finance projects that benefit property owners.

The state statutes permits home rule villages and cities and charter townships to incur such general obligation debt up to an amount equal to 10 percent of the unit’s tax base. This generous ceiling is seldom, if ever, reached. State law does not establish an overall general obligation debt limit for general law townships.

A second form of debt pledge is the “limited” tax pledge. A local governing board may issue this form of pledge without voter approval because the project theoretically does not permit the governing body to levy taxes to repay the debt. We say “theoretically”, however, because the pledge involves a commitment to make the debt a *first obligation* of the government. Thus, should the project not generate the expected revenues, the local unit would be obligated to trans-

fer general fund money for the project. The government may then have to reduce other services or go to the voters for a tax increase. Nonetheless, much of the municipal debt is financed by this method. It is generally well received in the bond marketplace.

A third common form of municipal debt is the revenue bond. Technically, such a bond is to be repaid from the revenues the project generates. The customers of the facility, then, are the people who repay the bonds. In the case of a water or sanitary sewer system, the customers' "contributions" would be paid in the form of rate charges for use of the system. The rate charges would include a portion dedicated to debt repayment. Often, municipalities also impose a substantial tap-in or hook-up charge that constitutes a "purchase of right" to use the service. A different form of capital debt contributor would be the person who parks a car in a municipal parking garage or lot and pays the parking fee. Part of the fee is used to finance the operation of the garage, another part goes to pay the debt on the facility. Except in unusual circumstances revenue bonds carry high interest rates because the bondholders bear the full risk of the project's capability to generate revenues sufficient to pay both the debt and operating costs. As a way of shifting the burden of risk and reduce the interest rate, local governing boards commonly attach a limited tax pledge to the debt. In this manner, the promise to make up any shortfall from general fund revenues is assured.

Paying for Capital Facilities. As is probably clear from the foregoing, ultimately, local residents in one way or another are going to pay the costs of the municipal facilities. (The one exception, perhaps, is the example of the parking garage, the costs of which might be shifted to nonresident users.) How do we pay for these facilities and the services they provide?

We pay in several ways. One common way is through a general or special tax. Both general and special taxes fall on all the property owners (unless the city levies an income tax) in the municipality. The general tax, though, presumes that the jurisdiction has the authority to increase the levy to pay for a particular project. This is rarely the case with general law townships, may be possible for a general law township, and is most likely in villages and cities where the charter limit is not artificially low. A special tax presumes voter approval and restricted use of the tax revenue. All four forms of municipalities being discussed here may levy a special tax with voter approval.

A second common method of financing our municipal debt, as intimated earlier, is through the imposition of fees and charges on users of the facility. User fees are usually based on some form of volume or frequency use; charges, such as hook-up fees, usually are one-time charges and are set (and modified) by the governing body. Note that some facilities are not susceptible to being financed by user fees. A library or park, for example, might generate some fee revenues but not sufficient to finance either operating or debt costs.

Special assessments constitute a third means of financing projects and services. In general, a special assessment is appropriate when a tangible benefit links the improvement (service) and assessed property being assessed. Physical improvements such as water and sewer lines, sidewalks, and street paving are examples. Such special assessments are usually based on a per lot or per front foot basis and are paid over a number of years.

Townships, however, also use the special assessment method to finance certain municipal services. This approach is common for townships in which a village is located. Theoretically, the service could be financed by a special (voter approved) tax millage but such a millage would have to be levied against the entire township, including the village. Village residents would likely vote against the proposed millage if no direct benefit is received. To avoid this dilemma, townships

have been authorized to create a special assessment district and impose a special assessment (usually on a millage basis) to finance a particular service such as fire or police protection.

Development Planning and Municipal Services

The role of municipal government in the physical development of the land under its jurisdiction is not always evident, especially to the ordinary resident. Not all local government boards are active in seeking to influence the ways the municipality develops, some are very active in this respect. Space and time does not allow an extensive discussion of the relationship but it is nonetheless an important role for local governing boards.

Playing a role in influencing the building of the physical community is more than a matter of merely wanting to do so. Policies and resources are critical to being successful partners in this effort. Key policy element is a comprehensive master plan and vision for the future of the area. Also essential are "tools" that enable the plan to materialize over the decades. These tools include a zoning ordinance that relates closely to the master plan, a zoning commission that vigorously administers the ordinance. Local policies should also be reflected in subdivision control and condominium ordinances that provide vehicles for regulating developers. These ordinances should include policies relating to the provision of utilities and construction of streets and drainage facilities and perhaps onsite storm water storage.

Other ordinances should express the community's desire regarding the preservation of farmland and open space. Planners have recently come to realize that the approach of minimum lot size in rural areas has not slowed urban sprawl. Rather, the regulation appears to have the effect of accelerating sprawl and contributing to the cost of providing municipal and educational services. Urban planners are now looking at policies that now impose maximum lot size and cluster development in rural open areas.

These approaches contribute to "connected" rather than dispersed and difficult-to-serve development and the provision of infrastructure by developers and subsequent building purchasers as the facilities are constructed rather than imposing them on the local government and taxpayers later.

Territorial Integrity

One of the very significant differences between townships and cities (and to a lesser degree, villages) is the level of control a unit has over the geographical territory that is circumscribed by its boundaries. As a general rule, townships cede territory to cities, which gain territory. This general pattern reflects the general "grand design" idea that urban areas require more active governing and townships was not empowered to exercise the requisite powers. Hence, the land should be ceded to cities that were so empowered. Thus, when a city is legally incorporated, or when land is annexed to the city, the land area is ceded to the city. (In this sense, villages differ from cities because, as "grand design" intermediate governmental units, the land area remains part of the township territory while also being subject to the village government.)

The rules for city and village incorporation as well as annexation and detachment of city land have undergone change over the years but the following is a summary of the present rules and the associated issues.

City Formation. In general, a city may now be formed from an area that has at least 2,000 residents and an average density of 500 persons per square mile.⁵ Citizens initiate a proposal to incorporate a city by filing a petition of signatures with the State Boundary Commission (SBC). The SBC conducts a public hearing in the vicinity and of the proposed city and, if it concurs with the proposal, establishes a date for the proposed area to elect a charter commission. Residents also have 45 days to petition for an election on the question of incorporation. If the residents file a qualified petition, both the incorporation question and the election of the charter commissioners is held simultaneously. If voters approve the main question, the 9 elected charter commissioners may begin the work of preparing a charter for the proposed city. Later residents get to vote on accepting or rejecting the charter. If a majority approves, the new city takes effect with the election of a mayor and council. The township, then, no longer has jurisdiction over that land area. Only registered voters who live in the area of the proposed city may vote on the question.

During the last several decades very few new cities have been organized and when they are, they tend to include the entire area of a township. Prior to adoption of the present annexation law and establishment of the SBC, numerous townships reorganized as home rule cities. Examples of such reorganization prior to the present annexation act include, Southfield, Livonia, Warren, Troy, and Sterling Heights. Rochester Hills, Farmington Hills, and Novi are examples of similar reorganizations but these took place after the act was passed.

Village Formation. A home rule village may be formed and organized in a similar manner. The action is initiated by citizen petition that is referred to the SBC. The procedures call for a public hearing, and election (if petitioned for), election of a charter commission, and a referendum on the charter. Forming new villages is unusual although one was formed in Isabella County a few years ago. The minimum population requirements are 150 and 100 per square mile.

Charter Township Formation. The process for converting a general law township to a charter township is considerably less complex. To qualify, the general law township must have at least 2,000 residents outside the limits of an incorporated village. The township board, by majority vote, may adopt a resolution incorporating the township under the charter township act. Residents have a period to circulate a petition asking for referendum on the board's action. If the period expires and no petition is signed, the charter township status takes effect. Voters in the township may also initiate the action to incorporate as a charter township by filing a petition with the township clerk. The question is then put before the voters at the next election. As noted earlier, the incorporation of a charter township pursuant to an election, authorizes the township to levy the general purpose tax of 5 mills; a maximum of 10 mills with additional voter approval. (The SBC is not involved in the incorporation of charter townships.)

Village to City Reorganization. A fourth approach to governmental reorganization is the conversion of a village (home rule or general law) to home rule city. Such reorganization can occur with or without land area in addition to that in the village. These actions are initiated by petitions filed with the SBC which then holds a public hearing. If it approves the proposal, it orders an election of charter commissioners to draft a charter. (Residents may petition for an election on the main question prior to the charter commission's formation.) Voters make the final decision when they vote on the proposed charter. If they approve the charter, the new city is established. If the charter is rejected, the charter commission may resubmit the charter or a modified one to the voters within a two-year period.

⁵ The act also permits villages with at least 750 but less than 2000 residents to form a 5th class city which essentially means that the city may have only one election precinct. In the instance that a village encompasses an entire township, the village council may initiate an action to reorganize as a home rule city.

III. GOVERNMENT ORGANIZATIONAL FRAMEWORK

Michigan's system of local government is complex and difficult to understand. Those officials and residents who live out their lives in a jurisdiction of one type become familiar and knowledgeable about that type of unit but usually have little opportunity to learn or develop knowledge about the other forms. The purpose of this section of the report is to provide information about the several units we use in Michigan and to develop a comparison so officials and residents have a basis for making informed choices.

The "Grand Design"

One way to gain some understanding about these units of local government in Michigan is to think of them in terms of a "grand design". Legislators and policymakers of yesteryear never really articulated such a plan but in retrospect, their actions seem to have been based on some of the ideas involved.

The general pattern began to emerge even before Michigan was a state. It happened when Thomas Jefferson, in the Continental Congress in 1785 strongly advocated the surveying of the Northwest Territory into a pattern of squares, 6 miles to a side. He patterned it after what he had experienced in the New England states. When many of the residents came down the Erie Canal to settle this territory, they "discovered" townships that could form the basic community structure. The territorial legislature provided for the organization of both townships and counties whenever the population qualified them for that status. Thus, when Michigan became a state, this basic structure was already in place.

The difference between then and now, however, was that these units were intended not so much for local governance as they were to serve the needs of the state in reaching out to the various and distant parts of the state. When you think about the means of travel and communication in the 19th century, the need for the state to decentralize its authority becomes a little clearer. Thus, the purpose of townships and counties was more to serve the need of the state to reach out to all the borders of the state. Meeting the needs of the residents was almost incidental.

As the settlements began to form communities, however, residents back then, like those today, began to realize that a key task of government is to govern the interdependent relationships of people. So, as people began to interact together in the community setting, they needed a government that could fill some of those common needs. And so they pressed for authority to address some of these needs—fire protection, streets, and basic public health, primarily. Essentially, the legislature responded by granting these communities a degree of self-governing powers—large communities got a city government; smaller ones a village government.

Until 1908, when the state adopted a new constitution, the legislature, for the most part, enacted and amended city and village "charters" for these communities. The 1908 constitution said that cities and villages were to be "home rule" and so the legislature adopted two new statutes: the Home Rule City Act and the Home Rule Village Act. The new laws spelled out the processes by which these local units could develop and adopt their own home rule charters. The idea was that state legislators no longer would be free to interfere with local affairs. While it did not turn out exactly that way, as we will see later, the home rule charters enabled the local units to create their own local governments with the shape and form they preferred.

In summary, then, the "grand design" provided for different types of government for rural and urban areas. The counties and townships, with state specified powers, had the responsibility to govern the rural areas and cities would govern the urban communities. Villages had the mission of governing those areas that were going through a transition—the need for local government was greater than a township government could provide, but not as much as might be expected from a city.

The Post World War II Changes

This arrangement was sufficient to carry through the 1940s although the legislature enacted the Charter Township Act in 1948, an indication that the basic rural township government needed more flexibility in dealing with what was then the beginning of suburbanization or urban sprawl. By this time, both charter and general law townships were having to deal with the demands of their new suburban residents. Still, townships had very limited authority to produce and generate services: they did not possess authority to have their own police departments or to own and operate (let alone, finance) public water supply and wastewater treatment services, or, of course, road services. By the end of the 1960s, the legal authority for townships to provide urban services had been provided but for many townships financing infrastructure services was out of reach because financing services to the scattered housing and commercial patterns was very costly.

Thus, while general law townships, charter townships, villages, and cities are becoming more alike in terms of their powers and duties, important differences remain. With the foregoing overview as background, we will begin discussing the differences between the types of units and indicate the significance of these differences.

Similarities and Differences Among Michigan's Local Governments.

In many respects, the differences among the units derived from their origins and the types of conditions they were structured to address. Where the sets of interdependent relationships among people are numerous and complex, the role of government has to be pronounced and active. For example, in the rural setting, one can rake up the fall leaves and drop them over a fence someplace without infringing on anyone else's rights. In the city, however, putting the leaves over the back fence offends the neighbor greatly. So the person in the more urbanized setting has two choices—have the city/contractor pick them up or take them to a composting site. Leaves are a relatively minor matter but zoning issues, speeding autos, loud music, safe buildings, waste disposal, and the like all call for some form of governmental policy or action. We begin by reviewing the legal authority of these units.

Legal Basis

As noted above, cities and villages possess a grant of home rule authority that, at least in terms of legal theory, enables them to exercise whatever powers are not denied them by state or federal statute or constitution. The powers they exercise and the limits on those powers are spelled out in their respective charters, charters that a group of citizens (elected charter commissioners) draft and present to the rest of the citizens for adoption. Such municipal charters specify the form of organization, the maximum tax rate, debt limits, the terms of office, which positions are elective or appointive in nature, etc.

Villages differ somewhat from cities in a few specific respects. Because villages, in the eyes of the "grand design lawmakers" were seen to be transitional jurisdictions, the lawmakers kept them part of the township(s) in which they were located for specific purposes. The purposes were tax

administration, election administration, and local court administration. In terms of local property tax administration, the township is responsible for property assessment, county, school, village, and township tax collection, and administration of delinquent tax procedures. Townships, as a practical matter have the responsibility of administering the election laws on behalf of the state. Villages typically conduct their own elections but have no duties regarding voter registration and administering state or federal elections. The nature of the village and its relationship to local justice administration has been moot since the establishment of the district court system in the state. Prior to that time and the use of the justice of the peace system, villages (unlike cities) did not have their own municipal court.

Townships, both general law and charter, must operate within a somewhat narrower range of flexibility because the legal theory underlying these units is that they may not exercise a power that the legislature has not granted them. The Charter Township Act permits townships organized under that statute a few more powers than are granted to general law townships but it does not grant the flexibility and local discretion that the home rule units possess. The Charter Township Act is somewhat akin to the approach the legislature employed in 1895 when it enacted the Fourth Class City Act and the General Law Village Act—the act became the local “charter” but it was the same for all regardless of whether other needs existed. Of course, the units get by with whatever authority they possess and while a few cities continue to operate under that act (and quite a few more villages under the General Law Village Act) most have reorganized as home rule units.

Table 11. Municipal Authority

Characteristic	General Law Township	Charter Township	Home Rule Village	Home Rule City
Source of Law	General statutes	Charter Township Act and statutes	Home Rule Village Act and statutes	Home Rule City Act and statutes
Grant of Authority	Specified powers only, permitted choices.	Specified powers only, permitted choices	All powers not denied	All powers not denied
Local Definition of Authority	Citizen discretion defined by state law.	Citizen discretion defined largely by state law.	Citizen discretion exercised largely through charter.	Citizen discretion exercised largely through charter.
Functional Areas of Governance	Broad, some exclusions	Broad, some exclusions	Broad, some restrictions	Broad, few restrictions

Organizational Structure

Several elements are involved in the organizational structure of local governments. These include the executive / administrative branch, the elective and appointive positions, the method of election, the nature of the legislative body, and other matters. At stake in these kinds of matters is the extent to which the public is able to keep its “public servants” responsive to their needs and wants.

The Executive / Administrative Officers. Technically, the general law township operates with a multiple or group executive. That is, the three principal officials—supervisor, clerk, and treasurer—are elected officers, responsible to the law and to the electorate. The clerk and treasurer, especially, have highly specific statutory duties; the supervisor must chair the meetings and in some cases works as the tax assessor but many of the other supervisor duties are exercised either on an informal basis or because of resolutions the township board may have adopted. A few statutes refer to the supervisor as the executive officer but only with respect to those specific functions.

General law townships, of course, may employ a variety of appointed personnel, one of whom may be a township manager. The person in this position does not have statutory or "charter" duties; rather, whatever responsibilities the person may exercise must be assigned by the township board of trustees. And, of course, the board may only assign matters that are within their combined responsibility. The township board is not permitted to assign to another official those duties designated by law to be the responsibility of another official unless the officer consents. (MCLA 41.75a)

In a charter township, the statute gives the supervisor additional key duties. For example, the supervisor, by law, is the township superintendent if the township board does not employ a person in such a position. (The superintendent functions largely as a township manager.) Importantly, the Charter Township Act (CTA) places the superintendent in charge of the township budget and usually township personnel. At the same time, other "power centers" such as police, fire, or other key appointed officials may report directly to the township board unless the board determines otherwise.

Home rule villages and cities—those with their own home rule charters—may provide for a variety of arrangements through the charter. The general pattern, however, is to have an appointed manager who has general overall responsibility for carrying out policies adopted by the council. The appointed manager, in most charter arrangements, is the CAO—chief administrative officer—while the elected president of council or mayor as the CEO—chief executive officer—serves as head of the government with few, if any, administrative chores. As a general rule, the CAO heads up the chain of command. Department heads, except the village/city clerk and the legal counsel, report to the manager.

Table 12. Executive / Administrative Characteristics

Characteristic	General Law Township	Charter Township	Home Rule Village	Home Rule City
CEO		Supervisor	Village president	Mayor
CAO		Superintendent	Manager / Pres.	Manager/ Mayor
Clerk	Township board	Elected	Appointed	Appointed
Treasurer	None	Elected	Appointed	Appointed
Dept Heads	Elected		Manager	Manager
Report to:	Township Board	Superintendent		

The Legislative Body. It is customary in the U.S., of course, for members of legislative bodies to be directly elected by the voters. And so it is with the legislative bodies of the types of units being discussed here. In general law townships, the body is called the township board and usually

consists of the three officers mentioned above plus two trustees. (Townships with populations greater than 5,000 or 3,000 registered voters have four elected trustees. [MCLA 41.70]) A charter township board consists of the three officers and four trustees.

For home rule villages and cities the municipal charter specifies the size of the council. The most common pattern in Michigan is for these councils to have either 5 or 7 members. In smaller jurisdictions, the village president or mayor is a member of the council and is chosen in various ways. In some instances, the president or mayor is elected directly by the voters; in other instances the person so designated received the highest number of votes in the election or is elected by the members of the council.

A few other distinctions may be of interest and significance in some circumstances. Members of township boards are elected on a partisan basis. In partisan competitive townships this often makes for interesting general elections. In non-competitive townships, it means that the outcome of the election process is settled in the August primary elections. While partisan elections are not prohibited in village and city elections, the most common arrangement is for nonpartisan elections. The state schedule for village and city elections is in the fall season of odd-numbered years although a good number of village and city elections are held in February and March.

Terms of office in township governments are specified as four-year terms and all members are elected at-large. All the terms, thus, are concurrent, beginning and ending at the same time. In villages and cities terms of office typically range from two to four years. In smaller jurisdictions, elections are at-large but the options exist for election by ward or precinct, nomination by ward or precinct and election at-large, or a combination of at-large and ward representation.

In general, village and city charters enable voters to elect a majority of the council at each election but not for the possibility of a "clean sweep" as is possible in township government. (Giving the president or mayor a two-year term while other members serve four-year terms facilitates the opportunity for a majority turnover every two years.)

Table 13. Characteristics of Governing Body

Characteristic	General Law Township	Charter Township	Home Rule Village	Home Rule City
Size of Board	5-7	7	5-7 per charter	5-7 per charter
Election	Partisan	Partisan	Usually non-partisan	Usually non-partisan
District	At large	At large	As per charter	As per charter
Term of office	4 years	4 years	2-4 per charter	2-4 per charter
Presiding officer	Supervisor	Supervisor	Village President	Mayor

Financial Arrangements

The matter of financial arrangements in the several types of local units have several aspects. Among them are management requirements and practices, taxation, state revenue sharing, and borrowing and debt limits, and approaches to financing programs and projects.

Management standards

About 25 years ago, the state legislature adopted the uniform accounting and budgeting act for local governments. The act established uniform standards for all units of government below the

state level. The major thrust of the act was to require all local units, in their financial accounting, to comply with the GAAP standards (Generally Acceptable Accounting Practices) established by the Association of Governmental Accountants. These standards define several types of fund groups that local units are to use as a way of avoiding co-mingling of funds. The standards specify the general format for annual reporting, modified accrual approaches for year-end transactions, a uniform chart of accounts, and other technical accounting matters.

The state statute itself requires local units to have an independent audit of the financial records annually and to file a copy of the report with the state treasurer's department. (The data presented in Section II were derived from such audit reports.) This is the principal tool for assuring compliance by the local units.

The budgeting portion of the act directs local units to include in their budgets revenue and expenditure data for the year past, the current year, and the budget year. The act requires public notice of budget hearings and availability of copies of the proposed budget. Perhaps key to the whole process is that the act prohibits the adoption of a deficit budget; that is, the budget must be balanced. The act permits for a good deal of local discretion and allows a local governing body to determine whether the amounts will be appropriated on a line item or cost center basis.

A final element of state supervision over local finance has to do with a process for active state involvement in managing the finances of a local unit that is encountering severe financial trouble. Although it is an infrequent occurrence, the act permits the governor to appoint a financial "czar" to manage the unit's finances until equilibrium between revenues and expenditures is achieved.

All local units are required by state laws to comply with the same set of rules and standards. And while some units may take different avenues to achieve those standards, the form of government is not a critical determinant as to how the financial standards of the state are being met. As a general rule, in township government, accounts payable accounting and budget reporting falls under the domain of the township clerk; the township treasurer, as the banking and investments official, administers the tax collections and accounts for township revenues. Villages and cities, typically, establish department of finance where appointed personnel administer the budgeting and accounting responsibilities.

Taxing Authority

All of Michigan's local governments depend, primarily, on property taxes as the major source of their revenues. The four types of units being discussed in this paper all have authority to levy property taxes but the authority varies significantly. Cities, unlike the other units, may also levy a personal income tax.

The Property Tax. The state constitution and the statutes that flow from that authority establish a uniform set of rules for levying the property tax. All the units are bound by these rules. For example, the constitution stipulates that all taxable property rates will apply to not more than 50 percent of the "true cash value" of the property. The property tax act stipulates that the equalized base is 50 percent. The act also directs that property assessment will be done by township and city assessing officers. Other units such as villages, school districts, counties, and others that levy a property tax apply the levy to the taxable base established by these assessing officers in collaboration with the respective county equalization director and board of county commissioners. Since the reform of school finance in 1994, increases in property assessments are limited to the lesser of the annual rate of inflation or 5 percent. As noted in Section II, this value, referred to as "taxable value", now forms the basis for tax levies. The taxable value reverts to the state equalized value when ownership of the property changes.

Table 14. Comparison of Property Tax Factors

Factor	General Law Township	Charter Township	Home Rule Village	Home Rule City
Tax Base	50% of real and personal property	50% of real and personal property	50% of real and personal property	50% of real and personal property
Rate Authority	Property tax act	Charter township act	Home rule village act	Home rule city act
Maximum Rate	1 mill	5 mills, 10 with voter approval	20 mills statutory, limit in charter	23 mills statutory, limit in charter
Actual Levy Set by	Township board	Township board	Village council	City council
Personal Income Tax	Not permitted	Not permitted	Not permitted	1% on residents, .5% on non-residents

The difference in the property tax among the types of units being discussed arises in the matter of limits on tax rates. A general law township, for example, has a tax entitlement under the constitutional 15-mill limit to one mill (or one dollar per \$1000 of taxable base) if it can establish a need for the funds it would generate. Many counties operate on what is known as "fixed millage" that may be as high as 18 mills.¹ Usually, in such situations, general law townships received a millage authorization of more than one mill. Any other tax millage that a general law township levies must be approved specifically by the votes of the township. Such millage is then usually restricted to the purpose(s) for which the millage was approved. Aside from voter approval, general law townships encounter no overall tax millage limitation.

A charter township (if the electorate of the township approved its charter status) may levy a tax of up to 5 mills (\$5 per \$1000 of taxable base).² And with voter approval, that limit may be raised to 10 mills. Taxes raised from these levies are general-purpose revenues and are expended in accordance with the budget approved by the township board of trustees. These millage authorizations are stipulated in the charter township act and represent the only two choices as to the limits. The township board, of course, is not required to levy the full authorization.

1. Both the 15- and 18-mill limits have been reduced to reflect the millage levied for school operating purposes in 1994 prior to the school tax reform action.

² Townships that achieve charter status without voter approval maintain the general law township taxing authority.

Table 15. State Revenue Sharing Pattern

State Revenue Shared	General Law Township	Charter Township	Home Rule Village	Home Rule City
Sales Tax – Constitutional	Yes, based on population	Yes, based on population	Yes, based on population	Yes, based on population
Sales Tax – Statutory	Yes, based on tax rate: tax base ratio	Yes, based on tax rate: tax base ratio	Yes, based on tax rate : tax base ratio	Yes, based on tax rate : tax base ratio
Transportation Funds	Indirect, through county road commission	Indirect, through county road commission	Yes, based on population and road miles	Yes, based on population and road miles

Home rule village and cities have similar arrangements in that the two governing acts stipulate maximum millage levies. For villages the maximum rate is 20 mills (\$20 per \$1000); for cities the limit is also 20 mills; and the home rule city act also permits a city levy up to 3 mills for refuse collection. Because both home rule villages and cities operate under the provisions of a locally prepared and voter-approved charter, the actual taxing limits are specified in the unit's charter. Typically, the maximum rate is less than 20 mills.³ (For cities, whose charters do not specify a maximum limit, the statute specifies a 10-mill maximum.)

Municipal Income Tax. State law permits cities to impose a tax on personal income, an authority not extended to other local units. The maximum rates in all cities, except Detroit, is set at 1 percent of taxable income for residents and .5 percent on incomes earned by non-residents in the city. A city council may act to adopt a resolution to impose the tax. Residents may petition for a referendum on the action and by majority vote, may overturn the council action. About 20 of the 271 home rule cities in Michigan levy a personal income tax. Many of those that levy an income tax offset it with reduction in the property tax.

State Revenue Sharing.

The state shares a portion of its revenues with local units of government including counties, cities, villages, and townships. Some of these revenues are unrestricted as to use; others may be used only for specific purposes. The principal unrestricted revenues are those generated by the sales tax and personal income tax.

Unrestricted Funds. The constitution of the state of Michigan requires that a portion of the state sales tax be distributed to townships, villages, and cities on a population basis. The original

³ Note that all of the maximum taxing authorizations are affected by the so-called Headlee amendment the state electorate approved in 1978. This provision requires an adjustment in the maximum millage authorization when an existing tax base increases at a rate that exceeds the annual rate of inflation. As a result of this amendment, the maximum millage authorizations are generally overstated by as much as 1.5 mills or more. Voters have the authority to restore the "Headlee rollbacks" to the original authorization. The rollbacks apply to limits authorized by the tax allocation board, the municipal charter, or statute.

provision stipulates that one-half cent on each dollar of retail sales be set aside for this purpose. When the state raised the sales tax to 4 cents per dollar of sales and exempted food and drugs from the tax, the half-cent was adjusted to account for the food and drug exemption. The total estimated amount to be distributed in fiscal 1997-98 is estimated to be about \$565 million or about \$62 per capita. Of course, because these constitutionally mandated sales tax revenues are distributed on a per capita basis, the form of the local unit does not affect the per capita amount each unit receives.

In the recent past, the state distributed a portion of the state personal income tax with local units. This discretionary revenue sharing has since been changed and is now funded by sales tax revenues but on a basis that differs from the constitutionally mandated disbursements. It is thus subject to some change from time to time as the legislature and governor may agree. Presently, the formula for distributing these funds involves a "tax effort" factor multiplied by a unit's population. In effect, the formula favors units that levy higher taxes relative to the value of their tax base and they receive a larger share of the funds. The total amount to be distributed under this formula for 1997-98 is about \$490 million. Technically, then, the form of government does not affect the amount a unit receives under this formula. However, because villages and cities typically generate higher local tax revenues relative to their tax base, they receive a greater share of these funds. Townships, which have lower local tax revenue, receive a smaller share of these funds. (This explains the relatively high level of general fund state aid that Holly Village receives compared to Holly Township.)

The state makes one other distribution of general-purpose money to local units but it too, is not based on the form of government. This distribution derives from a promise the legislature made when, in 1975, it exempted certain personal property from the local property tax. The promise was that the legislature would hold the local units harmless by reimbursing units for the losses each incurred when the change was made.⁴ The formula used then is based on the amount of personal property valuation exempted times the millage rate at that time. The total amount distributed under this provision is about \$111 million per year.

For Holly Township, in 1997-98, the estimated receipts from state revenue sharing will be about \$235,000; for the Village of Holly, \$617,000.

Restricted Funds. The major revenue that is distributed to local units that is restricted as to use is the money from the state tax on gasoline and vehicles. In general these "gas and weight" taxes are allocated among the state highway department (39.1 percent), counties (39.1 percent), and cities and village (21.8 percent). The portion allocated to the cities and villages is distributed among them on the basis of three factors: population and the number of miles of major and minor streets. Villages and cities may receive additional funds for maintaining state highways that traverse the village or city.

Townships, of course, do not share directly in these revenues because the county road commissions are responsible for constructing and maintaining the public roads in townships.

Competitive Project Grants. State government shares other of its revenues with local units but such grants are competitive and not based directly on the form of local government. Because counties have a more direct linkage to state agencies they tend to share more in such state

⁴ Many argue that the state has not held local units harmless because the actual amount has been held constant over the years and the accrued inflation has effectively reduce the purchasing power of the payment. These critics argue that holding units harmless should mean that the units should be compensated for the current value of the exempted (and untaxed) personal property.

programs. Services such as public health, mental health, jail facilities, judicial salaries, and others draw a great deal of revenue that townships, villages, and cities share only indirectly. Competitive grant programs in which townships, villages, and cities share involve recreation programs (funded in part by oil and gas extraction taxes that are pledged to the Land Trust Fund). As a general rule, competitive project grants require the development of a project proposal and a commitment of a local fund (often 50 percent) contribution.

A few Headlee reimbursements come into play from time to time; for example, townships and cities are reimbursed for conducting the presidential primary election or for participating in the Qualified Voter File preparation. Such payments result from the 1978 amendment to the state constitution that directs the state to reimburse local units for the cost of providing services mandated by the state. This provision has not resulted in substantial state payments to local units.

Municipal Services and Regulations

A variety of explanations for the existence of local government, or government at any level, for that matter, can be offered in response to the question "Why have government?" One response is that we call on government to do things that individuals cannot do for themselves. The explanation we prefer is that the role of government is *to govern the interdependent relationships of people*. These interdependent relationships develop as people come into contact with each other in a variety of settings and circumstances. As a general rule, the number and complexity of contacts increase geometrically in urban settings where the actions of one person are likely to affect someone else. In the rural countryside one can usually play the radio as loudly as one wants without affecting another person. In an urban environment, loud radios are likely to lead to a neighborhood fight unless the local unit has a noise ordinance the police or other enforcement personnel enforce the ordinance. Other examples involving zoning, traffic control, garbage and refuse collection, construction, etc. could be offered.

Understanding this general principal is essential to understanding key differences between governments responsible for rural and urban settings. Thus, while villages and cities tend to generate a higher level of services and regulations than do general law townships and charter townships, the basic and critical factor is not so much the form of government but the density of the development within the jurisdiction of the local unit. In terms of the "grand design" discussed earlier, the traditional pattern has been for governments to change from general law township, to charter township, to village, and to city as the area transitions from rural to suburban to urban.

The intentions of the "grand designers," however, do not play out in the same way as they have historically because over the years, the service and regulatory powers of townships have increased gradually so that very little fundamental difference in service and regulatory authority exists between the rural/suburban units and the urban units. In actual practice, however, the urban units tend to exercise more of the powers and functions than do the other units. With this in mind we review the customary powers that local units exercise.

Regulatory Powers. Local governments have authority to exercise a rather broad range of regulatory powers. Typically, these powers are exercised through the adoption of local ordinances that they are then obligated to enforce. Among the notable regulations are those dealing with development practices. So we see townships, villages, and cities adopting and enforcing ordinances governing land use—planning, zoning, subdivision and condominium formation, etc. Such regulations will typically deal with such matters as water supply and wastewater facilities, surface water drainage, road and street standards, sidewalks and bicycle paths, and private

utilities. Related ordinances deal with construction, electrical, and plumbing standards. The state legislature has endowed townships, villages, and cities with the authority to deal with these matters although the units must collaborate with county officials on several of these matters for which they have responsibility. In exercising these powers, townships generally find their authority in specific statutes that sometimes limit the regulatory authority. Villages and cities generally find their authority in their charters, the pertinent home rule act, and in some cases, specific statutes.

Other common regulatory actions by local government may be characterized as relating to human behavior. In the urban settings these tend to be greater than in rural settings. Thus, one is more likely to find in villages and cities ordinances regulating noise, yard trash, housing occupancy, traffic, parking, home business, sidewalk conditions, inoperable vehicle storage, commercial signs, weed cutting, and many other topics. All three types of local units may adopt and enforce most of these ordinances. Again, one is more likely to find such ordinances in governments with substantial urban settings. It should be noted that townships, because they do not have control over streets and roads, do not have general authority to regulate automobile traffic. On the other hand, as recent Michigan Supreme Court decisions have determined, townships are responsible for the condition of sidewalks along county roadways.

Municipal Services. The second major area of local government activity is providing municipal services. As was the case with local municipal regulations, the statutory authority to provide municipal services does not differ a great deal among the types of units we are discussing in this paper. And like the exercise of regulatory power that is more likely to be exercised in areas of greater population density, the provision of local services is more likely in areas of population density. This phenomenon too, relates to the intensity of interdependent relationships that are present.

Fire protection, of course, is a basic service that virtually everyone expects the local government to provide. However, if a building fire occurs in a rural area, two expectations are likely: (a) people will expect a relatively long response time; and (2) the possibility of the fire spreading to another unit is not highly likely. In an urban setting residents will expect a rather short response time and if it is not, other buildings may be caught up in the conflagration. Virtually all local governments in Michigan are either producers of fire protective services or contract for such service on behalf of their residents.

A similar situation arises in connection with water and sewer services. All units are empowered to provide the service but it in the relatively densely settled areas that local units must provide the services because closely built areas often cannot rely on individual wells for domestic water supply and on-site waste water disposal in such areas often leads to health problems. Hence, people call upon their municipal government to provide the service.

Other services, as well, are related to the intensity of interdependent relationships. In densely populated areas, a municipal park and other recreational facilities (hockey, ice-skating, ball diamonds, soccer fields, senior citizen hall, a library, etc.) may be essential services. Similarly, well-maintained streets, parking facilities, police security, household refuse and yard-waste pickup, and numerous other services may not be easily handled in built-up areas without the efficient operation of the local municipality.

Because capital costs for such services are very high, economies of scale—through a mass demand and close proximity—are very important to providing these services on an affordable basis. Scale and proximity also directly affect operating costs. Consequently, providing some services is not very practical when the “customers” are spread over broad areas and when there are relatively few in number. For some services the capital costs are too great and for others, such as sanitary sewerage, it may not be possible to move low volumes of wastewater to the treatment facility. Thus, while the four types of local units being discussed here have legal authority to provide a wide range of services, the physical and economic circumstances render the provision of some services impossible.

Capital Financing

Related to the provision of capital intensive services such as water supply and wastewater treatment, as noted, is the problem of financing the capital costs associated with such services. As a general rule, municipalities amortize the capital costs of such facilities over 25 or 30 years by issuing bonds or some other form of debt pledge. In most instances, capital costs are met with some form of state or federal grant or loan in combination with a bond issue.

Federal or state grants, commonly, are directed toward those units with the greatest or most intense problem so that from the central government perspective, the money is directed to the point where it will do the most good for the most people. Often, that is not the case in a sparsely developed area.

A similar difficulty is encountered when debt issuance is necessary to finance a facility or the related infrastructure. Financial and bond counselors as well as bond brokers are interested mainly in two things: (a) Does the municipality have the fiscal capacity to repay the debt as scheduled? and (b) Will the “project numbers” look good enough to permit the sale of the bonds at interest rates that make the project possible? Reasonable capital and infrastructure costs, thus, are more likely to result when the scalar and proximity factors are favorable. Also, expansions of existing facilities is usually more “marketable” than “new starts”.

Forms of Debt. Local units rely primarily on three types of debt obligations to finance their projects. The most favorable (from the bond buyers’ perspective) form is the “full faith and credit pledge” to the debt. The security for such debt is the ability to tax with limit as to rate or amount to repay the debt. Thus, the bondholder is virtually assured that the interest and debt will be repaid on time. Such a pledge, however, requires the approval of the voters in the municipality. Since the 1978 “Headlee” amendment, local governing boards may not make such a promise without voter approval. And for good reason; the taxable property is the *real* security for the debt because if the taxpayer defaults on the property taxes, the government may seize the property and sell it for the taxes due. Yet, in most circumstances, this is sound way to finance projects that benefit property owners.

The state statutes permits home rule villages and cities and charter townships to incur such general obligation debt up to an amount equal to 10 percent of the unit’s tax base. This generous ceiling is seldom, if ever, reached. State law does not establish an overall general obligation debt limit for general law townships.

A second form of debt pledge is the “limited” tax pledge. A local governing board may issue this form of pledge without voter approval because the project theoretically does not permit the governing body to levy taxes to repay the debt. We say “theoretically”, however, because the pledge involves a commitment to make the debt a *first obligation* of the government. Thus, should the project not generate the expected revenues, the local unit would be obligated to trans-

for general fund money for the project. The government may then have to reduce other services or go to the voters for a tax increase. Nonetheless, much of the municipal debt is financed by this method. It is generally well received in the bond marketplace.

A third common form of municipal debt is the revenue bond. Technically, such a bond is to be repaid from the revenues the project generates. The customers of the facility, then, are the people who repay the bonds. In the case of a water or sanitary sewer system, the customers' "contributions" would be paid in the form of rate charges for use of the system. The rate charges would include a portion dedicated to debt repayment. Often, municipalities also impose a substantial tap-in or hook-up charge that constitutes a "purchase of right" to use the service. A different form of capital debt contributor would be the person who parks a car in a municipal parking garage or lot and pays the parking fee. Part of the fee is used to finance the operation of the garage, another part goes to pay the debt on the facility. Except in unusual circumstances revenue bonds carry high interest rates because the bondholders bear the full risk of the project's capability to generate revenues sufficient to pay both the debt and operating costs. As a way of shifting the burden of risk and reduce the interest rate, local governing boards commonly attach a limited tax pledge to the debt. In this manner, the promise to make up any shortfall from general fund revenues is assured.

Paying for Capital Facilities. As is probably clear from the foregoing, ultimately, local residents in one way or another are going to pay the costs of the municipal facilities. (The one exception, perhaps, is the example of the parking garage, the costs of which might be shifted to nonresident users.) How do we pay for these facilities and the services they provide?

We pay in several ways. One common way is through a general or special tax. Both general and special taxes fall on all the property owners (unless the city levies an income tax) in the municipality. The general tax, though, presumes that the jurisdiction has the authority to increase the levy to pay for a particular project. This is rarely the case with general law townships, may be possible for a general law township, and is most likely in villages and cities where the charter limit is not artificially low. A special tax presumes voter approval and restricted use of the tax revenue. All four forms of municipalities being discussed here may levy a special tax with voter approval.

A second common method of financing our municipal debt, as intimated earlier, is through the imposition of fees and charges on users of the facility. User fees are usually based on some form of volume or frequency use; charges, such as hook-up fees, usually are one-time charges and are set (and modified) by the governing body. Note that some facilities are not susceptible to being financed by user fees. A library or park, for example, might generate some fee revenues but not sufficient to finance either operating or debt costs.

Special assessments constitute a third means of financing projects and services. In general, a special assessment is appropriate when a tangible benefit links the improvement (service) and assessed property being assessed. Physical improvements such as water and sewer lines, sidewalks, and street paving are examples. Such special assessments are usually based on a per lot or per front foot basis and are paid over a number of years.

Townships, however, also use the special assessment method to finance certain municipal services. This approach is common for townships in which a village is located. Theoretically, the service could be financed by a special (voter approved) tax millage but such a millage would have to be levied against the entire township, including the village. Village residents would likely vote against the proposed millage if no direct benefit is received. To avoid this dilemma, townships

have been authorized to create a special assessment district and impose a special assessment (usually on a millage basis) to finance a particular service such as fire or police protection.

Development Planning and Municipal Services

The role of municipal government in the physical development of the land under its jurisdiction is not always evident, especially to the ordinary resident. Not all local government boards are active in seeking to influence the ways the municipality develops, some are very active in this respect. Space and time does not allow an extensive discussion of the relationship but it is nonetheless an important role for local governing boards.

Playing a role in influencing the building of the physical community is more than a matter of merely wanting to do so. Policies and resources are critical to being successful partners in this effort. Key policy element is a comprehensive master plan and vision for the future of the area. Also essential are "tools" that enable the plan to materialize over the decades. These tools include a zoning ordinance that relates closely to the master plan, a zoning commission that vigorously administers the ordinance. Local policies should also be reflected in subdivision control and condominium ordinances that provide vehicles for regulating developers. These ordinances should include policies relating to the provision of utilities and construction of streets and drainage facilities and perhaps onsite storm water storage.

Other ordinances should express the community's desire regarding the preservation of farmland and open space. Planners have recently come to realize that the approach of minimum lot size in rural areas has not slowed urban sprawl. Rather, the regulation appears to have the effect of accelerating sprawl and contributing to the cost of providing municipal and educational services. Urban planners are now looking at policies that now impose maximum lot size and cluster development in rural open areas.

These approaches contribute to "connected" rather than dispersed and difficult-to-serve development and the provision of infrastructure by developers and subsequent building purchasers as the facilities are constructed rather than imposing them on the local government and taxpayers later.

Territorial Integrity

One of the very significant differences between townships and cities (and to a lesser degree, villages) is the level of control a unit has over the geographical territory that is circumscribed by its boundaries. As a general rule, townships cede territory to cities, which gain territory. This general pattern reflects the general "grand design" idea that urban areas require more active governing and townships was not empowered to exercise the requisite powers. Hence, the land should be ceded to cities that were so empowered. Thus, when a city is legally incorporated, or when land is annexed to the city, the land area is ceded to the city. (In this sense, villages differ from cities because, as "grand design" intermediate governmental units, the land area remains part of the township territory while also being subject to the village government.)

The rules for city and village incorporation as well as annexation and detachment of city land have undergone change over the years but the following is a summary of the present rules and the associated issues.

City Formation. In general, a city may now be formed from an area that has at least 2,000 residents and an average density of 500 persons per square mile.⁵ Citizens initiate a proposal to incorporate a city by filing a petition of signatures with the State Boundary Commission (SBC). The SBC conducts a public hearing in the vicinity and of the proposed city and, if it concurs with the proposal, establishes a date for the proposed area to elect a charter commission. Residents also have 45 days to petition for an election on the question of incorporation. If the residents file a qualified petition, both the incorporation question and the election of the charter commissioners is held simultaneously. If voters approve the main question, the 9 elected charter commissioners may begin the work of preparing a charter for the proposed city. Later residents get to vote on accepting or rejecting the charter. If a majority approves, the new city takes effect with the election of a mayor and council. The township, then, no longer has jurisdiction over that land area. Only registered voters who live in the area of the proposed city may vote on the question.

During the last several decades very few new cities have been organized and when they are, they tend to include the entire area of a township. Prior to adoption of the present annexation law and establishment of the SBC, numerous townships reorganized as home rule cities. Examples of such reorganization prior to the present annexation act include, Southfield, Livonia, Warren, Troy, and Sterling Heights. Rochester Hills, Farmington Hills, and Novi are examples of similar reorganizations but these took place after the act was passed.

Village Formation. A home rule village may be formed and organized in a similar manner. The action is initiated by citizen petition that is referred to the SBC. The procedures call for a public hearing, and election (if petitioned for), election of a charter commission, and a referendum on the charter. Forming new villages is unusual although one was formed in Isabella County a few years ago. The minimum population requirements are 150 and 100 per square mile.

Charter Township Formation. The process for converting a general law township to a charter township is considerable less complex. To qualify, the general law township must have at least 2,000 residents outside the limits of an incorporated village. The township board, by majority vote, may adopt a resolution incorporating the township under the charter township act. Residents have a period to circulate a petition asking for referendum on the board's action. If the period expires and no petition is signed, the charter township status takes effect. Voters in the township may also initiate the action to incorporate as a charter township by filing a petition with the township clerk. The question is then put before the voters at the next election. As noted earlier, the incorporation of a charter township pursuant to an election, authorizes the township to levy the general purpose tax of 5 mills; a maximum of 10 mills with additional voter approval. (The SBC is not involved in the incorporation of charter townships.)

Village to City Reorganization. A fourth approach to governmental reorganization is the conversion of a village (home rule or general law) to home rule city. Such reorganization can occur with or without land area in addition to that in the village. These actions are initiated by petitions filed with the SBC which then holds a public hearing. If it approves the proposal, it orders an election of charter commissioners to draft a charter. (Residents may petition for an election on the main question prior to the charter commission's formation.) Voters make the final decision when they vote on the proposed charter. If they approve the charter, the new city is established. If the charter is rejected, the charter commission may resubmit the charter or a modified one to the voters within a two-year period.

⁵ The act also permits villages with at least 750 but less than 2000 residents to form a 5th class city which essentially means that the city may have only one election precinct. In the instance that a village encompasses an entire township, the village council may initiate an action to reorganize as a home rule city.

Such an reorganization of existing village territory was proposed for the Village of Holly in the mid-1990s. The SBC did not approve the proposal and so the residents did not vote it on. The village to city reorganization is rather unusual although two other such actions were proposed during the 1990s.

As noted above, in instances where the entire territory of a township is also governed by one or more villages, the village council(s) may propose to organize as a home rule city without SBC review.

Consolidation of Municipalities. Another form of municipal reorganization is consolidation of two or more units. The approach virtually never happens although such an action did take place in the late 1980s when the City of Battle Creek and Battle Creek Township consolidated into a single unit. The city of Farmington and Farmington Township and two villages that were then part of the township had an election (prior to the organization of the city of Farmington Hills) on such a question but voters in the city narrowly defeated it.⁶

The process is much like that of incorporating a new city in that citizens initiate the process with a petition, submit it to the SBC for approval and public hearing, and then order an election of charter commissioners. If voters approve the charter, the two or more units constitute a new city.

Boundary Changes. Changes in municipal boundaries can occur in a variety of ways, some of them permanent, some temporary. Annexation is the most commonly known boundary change.

Annexation. Annexation is one of the means by which a local city or village can expand the amount of territory under its jurisdiction. Annexation of land from a township to a city can take place pursuant to several statutory methods. One method is by mutual agreement, either on a permanent or temporary basis. Land may be transferred from township to city if the governing bodies of the two units adopt resolutions permitting the transfer. Such transfers, perhaps, have been more common in the past than now although local units still cooperate to permit this to happen in a variety of circumstances. Typically, these transfers of land are made without conditions other than for the city or village to fulfill the service needs of the property in question.

Other annexations or transfers occur by mutual agreement pursuant to one of two statutes that permit the units to establish certain conditions. One of these statutes is referred to as a "425 agreement". The designation refers to PA 425 of 1984. It permits two units to transfer land with a variety of conditions specified in the agreement or contract. The agreement as a maximum duration of 50 years and may provide for the temporary transfer of land as well as the sharing of revenues derived from development that takes place on the property. Such an agreement requires the units to hold a public hearing on the proposed contract and approval by the two governing boards. The act applies to townships, cities, and villages but does specify that such agreements are to be made for purposes of economic development or housing.

The Urban Cooperation Act (initially enacted in 1967 and amended in 1995) also permits two units of government to transfer land from one unit to another and to share tax revenues that the transferred property generates. This act does not specify the need to demonstrate the purpose as economic development or housing; neither does it specify a maximum term for the agreement.

⁶ Although the two villages in Farmington Township were included in the new city of Farmington Hills, it was not the result of a consolidation. They were automatically included in the incorporation process under the requirements of the statute.

Rather, it permits the contracting parties to make the specification in the agreement. This act, though, does require the units hold at least one public hearing on the proposed agreement and affords residents 45 days in which to file a petition for a referendum on the proposed contract. This statutory mechanism has not been used widely although units in the Midland area have been using it for significant transactions.

The foregoing methods of transferring land from townships to cities or villages outline mutual agreement methods. What provisions exist when one of the jurisdictions or group of residents does not concur? Such actions usually involve either the SBC or the board of commissioners.

Owners of land, residents in an area, or a city council resolution can initiate the process of annexing land in a township to a city. The most common initiating action is by the owners who own at least 75 percent of the land proposed for annexation. Petitions initiated by residents must contain the signatures of 20 percent of the registered voters in the area proposed for annexation. The general process requires that the documents be filed with the SBC, which conducts a public hearing, and makes a decision to approve or deny the proposed annexation. The statute permits the SBC to enlarge or contract the area to be annexed. If the land in question has 100 or more residents at the time the petition is filed, registered voters one or more of three areas (the city, the township not including the annexed area, or the annexed area) may petition for a referendum on the SBC order. The annexation takes effect a majority of voters in each of the areas in which an election is held does not overturn it. Annexed areas that do have fewer than 100 residents are not subject to referenda.

The statute gives certain charter townships general immunity from such annexation procedures. Such charter townships must have a state equalized valuation of \$25 million and a population density of 150 people per square mile,⁷ provide fire and police protection, have a zoning ordinance or master plan, and provide solid waste disposal and water or sewer services. Charter townships request the SBC to rule on the immunity question. (The general immunity does not preclude the SBC from annexing "township islands" in the city or registered voters in the charter township from petitioning for annexation, submitting the signatures to the county clerk who then conducts an election in the city and the area to be annexed. The votes from the two areas are counted separately. Township voters are not afforded a vote in such elections.)

The process for annexing land to villages (or perhaps more accurately stated, expanding the jurisdictional area of the village) differs from that involving cities. Registered voters not residents of the village may initiate the process circulating a petition in the area proposed for annexation. The petitions must contain 1 percent of the population in the affected areas, and not less than 100. If the area has no residents, signatures of owners of at least 50 percent of the land area must be obtained. The petition is filed with the county clerk and the board of commissioners, after hearing a report on the petitions, sets a date for the election. In this process, the "affected area" includes the area to be annexed and the combined village and remainder of the township. The ballots from each of the two areas are counted separately and a majority in each must approve for the annexation to take place.

In summary, then, comparing the annexation processes of annexation to cities and to villages, it would appear that township residents may have greater voice over village annexation than over city annexation (when the city annexation involves 100 or fewer residents). As noted, the county board of commissioners has only ministerial functions to perform on village annexation petitions; it does not have authority to make a judgment on the proposed action. The ability of the township

⁷ The village population and land is excluded from this calculation.

to influence the outcome of the election depends on the relative number of registered voters compared to those of the village and the relative voter turnout and direction of the votes casts. In the case of a city annexation of under 100 residents, the statute does not provide for a referendum by any of the affected groups. The difference in process probably reflects the fact that a township does not incur losses through village expansion. In this summary, it also important to remind the reader that annexation of land from charter townships can be initiated by 20 percent of the residents in the proposed annexed area and the remainder of the township is not given a vote on the question.

Detachment Procedures. The converse of annexation is detachment; that is, the transfer of land from a city or village back to solely township jurisdiction. The process for detaching land from a city can be initiated by the filing of signatures with the county clerk who evaluates the petitions before referring them to the board of supervisors. The county board has ministerial duties with respect to detachment as well and if the petitions are proper, the board sets a date for the election. In this instance, the votes of the city and township are pooled and if a majority approves, and voters in the area to be detaches approve, the jurisdiction of the land reverts to the township.

Detachment may also take place by mutual agreement under certain circumstances. The circumstances are that the territory must revert to the township from which it came originally, the governing bodies of the two units agree, and the city does not provide water or sewer in the proposed detached area. In the event of such detachments, however, the land is immediately reattached if the city agrees to provide water and sewer service to the area and the SBC agrees that it can do so.

Detachment of land from villages can take place using the same process and steps that are used in expanding the village jurisdiction.

Table 16. Comparison of Territorial Integrity

Factor	Township	Charter Township	Home Rule Village	Home Rule City
Incorporation	Incorporated as township by state legislature	Townships with 2000 population may organize as a charter township.	Area must have 150 people, 100 p. sq. mile, SBC OK and voter approval of charter.	Area must have 2000 people, 500 p. sq. mile, SBC OK, and voter approval of charter
Annexation Subject to Vote	Cannot annex	Cannot annex	Can annex with voter approval	Can annex with SBC OK and voter OK in some instances
By contract Annexation Immunity	PA 425, PA 108 No	PA 425, PA 108 Under specific conditions; not under other conditions	PA 425, PA 108 Yes	PA 425, PA 108 Yes
Detachment	May receive detached area	May receive detached area	Detachment subject to referendum	Detachment subject to referendum

IV. COOPERATIVE ALTERNATIVES

The two communities have a variety of alternatives for organizing their governments or inter-governmental relations for the future. This section describes them in terms of the pertinent legal circumstances and the process by which they might be achieved. An analysis of perceived advantages and disadvantages is presented in Section V. The alternatives can be classified into two major categories: (a) the two jurisdictions maintain a separate legal identity and (b) the two units work toward or actually form a single unit.

Separate Legal Status

Maintaining separate legal identity can mean:

- a. The township and the village continue with the typical township/village relationship with the township providing certain basic services (property tax and elections administration) for the entire area and with residents of the entire area paying the township property tax and village property owners paying an additional village tax.
- b. The township and village continue but with a variety of long-term agreements regarding the sale/purchase of services from each other or jointly through the formation of authorities.

Maintaining separate legal identity can also mean:

- c. The township converts to a charter township and gains the authority to levy a higher property tax (if voters approve the change to charter township).
- d. The village (with the present or expanded territory) converts to city status and divests itself of the responsibility to pay township taxes and assumes tax and elections administration duties.
- e. Both c and d occur.

Moving toward one jurisdiction, actually forming one unit.

- f. Gradual approach.
 1. The units agree on a HUGA (Holly Urban Growth Area) line.
 2. The units agree to encourage urban development to occur within the HUGA line (and discourage urban development outside the HUGA line).
 3. Gradually expand village boundaries to include the urban development.
 4. The HUGA line is extended over time to include, eventually, all of the township area.
 5. Expansion of the HUGA and the annexation of such land would be by mutual agreement under P.A. 7.
 6. Township levies a general tax; services outside HUGA are financed with special assessment.
 7. Village agrees to remain a village until specified future criterion (e.g., minimum population for incorporation) is reached.
 8. Agreement is subjected to referendum and becomes binding on the parties.

The model for this approach is the city of Midland and adjacent townships. This has been rather successful in Midland because of the poor quality of ground water and the eventual urgent need for public water. The city's policy has been to refuse extension of water or sewerage inside the MUGA line without annexation. The adjacent townships and city have contracts providing annexation (some voluntary, some via SBC) and sharing of revenues generated from annexed areas for defined periods. A major distinction between the MUGA and a HUGA line is that the Midland townships plan to continue as units and at least one is now purchasing water supply from the city for use outside the MUGA line.

Township policies to discourage development outside a HUGA line are key ingredients to the success of this approach. Such policies would relate to land use: hookup to public water and sewerage required, maximum lot sizes in agricultural zones, agricultural zone development must be ag-related.

- g. The township converts to a charter township and the village votes to dissolve and be governed by charter township government.
 - 1. Township charter status is achieved by referendum, not by board resolution.
 - 2. General policy to move "measurable services" from general tax base to fee based or special assessment districts would be needed.
 - 3. Village assets and general debts would be transferred to the charter township.
- h. The township and village consolidate into a home rule city.
 - 1. Consolidation is not permitted under the SBC act unless one of the units involved in the consolidation is a home rule city and would thus necessitate the village's incorporating as a home rule city first.
- i. The village and the remainder of the township incorporate as a home rule city.
 - 1. The population standard of 500 per square mile would have to be met, thus requiring a population base of 18,000. The combined population of the units is somewhat distant from this requirement but the standards appear to be attainable in a relatively short time.
- j. The village incorporates as a home rule city and annexes the township area in whole or piecemeal as development takes place..

V. UNILATERAL OPTIONS

The present analysis was initiated on the assumption that township officials and village officials were interested in and willing to explore together the directions a common future for the two units might take in the years ahead. The plan was to have the two governing bodies consider and discuss together the several options outlined above. When the units decided upon two or three of the options, the consultants would cost out the options and detail a long-term plan for implementing the arrangement over time. At that point, the general public was to be invited to discuss the plan and then submitting the plan to the public for a confirming vote.

Members of the township board and the consultants made numerous attempts to arrange times and places where officials from the two governing bodies could begin a dialogue in which the ideas could be explored and the consultants given direction as to which options appeared to meet interests of the two bodies. Unfortunately, such discussions have not occurred. At no time, to

date, has the full village council accepted the township board's invitation to carry on such a discussion.

Even more significant, it appears that the village council appears dedicated to submitting to the residents of the village a proposal to incorporate the village as a home rule city. At this writing petitions to incorporate as a home rule city to the State Boundary Commission. If the State Boundary Commission should approve a filed petition, an election could be held to elect 9 persons to serve as members of the charter commission. The charter commission's product would then be submitted to the voters for acceptance or rejection. If a majority of voters approves the proposed charter the city incorporation would on a specified date.

Alternatively, as noted earlier in this report, the State Boundary Commission could approve the petition, and at the request a requisite number of residents, an election would be held to approve or reject the proposal of incorporation. If a majority voted against the proposed incorporation, the charter commission would not be formed. If voters approve the question, the nine candidates receiving the highest numbers of votes would be elected and begin drafting a charter. This process could take as long as two years.

Implications for Holly Township. The village's incorporation as a city would have significant implications for the township. The action would mean that the land area now included in the village (presumably the land area to be included in the city incorporation) would be ceded from the township. And, of course, with the land the tax base of the village would be ceded from the township. With the change, the responsibility of the township to maintain property tax records and registered voter files for property associated with the village would be relinquished. Perhaps most notably, the property tax revenues for Holly Township would be reduced by approximately half.

The city incorporation action would have further implications for the two units. It would likely separate the units permanently. The two units could subsequently be reunited through processes of annexation - piecemeal or in totality - or consolidation. However, Michigan history indicates that consolidation is highly unlikely and that annexation efforts would contribute to competitive and hostile relationships. (It is true, of course, that such relationships are not necessarily inevitable but the experiences in the state do not show a great deal of promise for relationships other than hostile ones.)

Visions and Options for Holly Township

If the Village of Holly incorporates as a home rule city and separates itself from the township, the leaders of Holly Township have new circumstances to evaluate. The challenge will be one of charting a new course for the jurisdiction.

We present several options below. Before reviewing them, however, a critical question must be addressed first. That question is "What vision does the leadership envision for the township sans village 20 or 30 years from now? The vision, for purposes here, should be stated in terms of (1) the nature and pattern of the urban development and (2) the character of the government.

The Nature And Pattern Of Urban Development.

Development patterns occur in response to a variety of forces, many of which lie outside the control of local officials and governments. Economic conditions and forces, for example, are important elements outside the purview of local officials. Means of transportation such as

freeways, airports, rail lines, and the proximity of such infrastructural elements are also very influential and largely outside the control of individual jurisdictions. Other elements of infrastructure, such as water supply and wastewater treatment and disposal, generally come closer to being within the domain of local jurisdictions. Beyond these elements are the wants and preferences of individual property owners and developers. The composite actions of these parties are not within the control of local officials although local government policies can have a significant influence on their decisions.

Development, then, is the consequence of a variety of forces or factors to which local government can respond with policies that guide and facilitate new development and land uses. An alternative response is to resist proposals for new land uses and development. If the relevant forces are operative in a community, guiding and facilitating the pressures will usually produce a more satisfactory result for the community than will actions to discourage development.

Preferences Regarding the Character of Government.

As explained earlier in this report, government exists largely to regulate or govern the interdependent relationships of people in a geographic location. The greater the number of people in the location (either permanently as residents or temporarily as transient workers or shoppers), the greater the intensity of interdependent relationships. And, the greater the intensity of interdependent relationships, the greater will be the demand for governmental regulation and action.

A corresponding characteristic to development or nondevelopment is high or low taxes. As a general rule, local taxes rise as development increases. This typically results from the fact that the interdependent relationships are more intense and the need for governmental regulation and services more intense. Local taxes will never likely be lower than when the community is largely rural and the land substantially undeveloped. To be fair, one should also note that as local taxes are low in rural communities, so also are service levels basic and low.

All of this is stated to clarify the nature of the choices available to officials and the public. Those making choices can envision the township as a fully developed community 20 or 25 years in the future. But they cannot also logically choose and expect to have a community government that remains small and passive, with low local taxes.

In summary, then, as one envisions the future, it should be noted that the vision should be structured on the basis of the presence or absence of factors relating to development rather than largely on the basis of wants and preferences. The latter should be employed to define the character of what occurs rather than the substance of it.

The options are several and are discussed below

Option 1. Remain a General Law Township.

At the outset of the village's separation from Holly Township, the township will have to make significant financial and policy adjustments because of the loss of tax revenue from properties in the village. And because current tax rates will generate considerably less revenue and expenditures will have to be reduced.

This option, of course, leaves the township open to annexation efforts in the future. It may well be that present village councilors and officers have little or no interest in expanding the newly incorporated city beyond the present boundaries of the current village or the presumed newly incorporated city. However, that does not indicate what future leaders of that municipality will

propose. Moreover, evidences of pressures to expand the present territory of the present village or future city have already been seen. Proposals for development outside the current village boundaries, either for the school project, housing development, or most recently, proposals for economic development, are present. While such proposed expansions may be based on contractual agreements and sharing of revenues, they nonetheless, indicate the kinds of pressures that will characterize relationships in the coming years.

The township board, of course, can exercise discretion as to whether it will participate in such intergovernmental agreements. However, in the absence of such agreements, it is possible that city officials or property owners could petition the State Boundary Commission to intervene and order the annexation of selected parcels. Under most circumstances involving annexation petitions, the township has little direct control - annexations ordered by the State Boundary Commission are subject to a vote in the township only when the number of residents in the area proposed for annexation exceeds 100 on the day the petitions are filed. It is possible, of course, that the State Boundary Commission could deny petitions for annexation. However, the general pattern is one in which the commission approves requests when a need for public services is demonstrated and when the township in question is unable to supply them to the property proposed for annexation and the city is able.

One implication, then, is that if the township continues to remain a general law township, its non-village territory will likely continue to be subjected to pressures for annexation during the coming years. A second implication is that if the township is to stave off future annexations, it will be necessary to expand its range of services, especially those of public water and sewage disposal services.

Option 2. Change to Charter Township Status.

The second and remaining option for Holly Township in this circumstance is to reorganize as a charter township. As noted earlier, organizing under this statute can be done by action of the township board of trustees subject to a period for residents to petition for a referendum on the action. Reorganizing under the Charter Township Act of 1947 offers benefits only in the form of government; it does not increase the township's taxing capacity which is essential to the provision of services.

A second method of organizing as a charter township involves the township board's official action to the place the question before voters and obtain the approval of a majority of the voters of the township. Such approval would provide the organizational aspects permitted under the law but would also permit the board to levy a property tax of 5 mills on the equalized valuation of the township. And, with subsequent voter approval, the residents could authorize the township board to impose a general levy of another 5 mills to fund the infrastructure and additional services.

While such additional revenues would help facilitate the provision services that would help offset petitions for annexation, charter township status, in and of itself, does not preclude annexation. The State Boundary Commission, though, is directed to grant charter townships exemption from annexation when the following conditions pertain: A charter township has

- (a) A state equalized valuation of not less than \$25,000,000
- (b) Has a minimum population density of 150 persons per square mile
- (c) Provides fire protection service by contract or otherwise.
- (d) Is governed by a comprehensive zoning ordinance or master plan.

- (e) Provides solid waste disposal services to township residents, within or without the township, by contract, license, or municipal ownership.
- (f) Provides water or sewer services, or both, by contract or otherwise.
- (g) Provides police protection through contract with the sheriff in addition to normal sheriff patrol, through an intergovernmental contract, or through its own police department. (MCLA 42.34)

Converting to a charter township form of government, then, does not bring an end to the uncertainty and the potentiality for "boundary wars" over the next several years. Charter township status, however, begins to put the township on the track of preparing to contest successfully against annexation efforts by other jurisdictions.

Other Options.

Does the township have any other options? The consultants foresee two possibilities. One involves an independent, non-governmental approach. The other involves a negotiated future.

Option 3. Independent, Non-Governmental Approach

The fundamentals of this approach are two-fold. One fundamental recognizes that Holly Township may not be able to protect its boundaries fully for several years. Pressures for cooperative and contractual annexation may be greater than present or township officials will be able to withstand. And, in the case of petitioned annexations before the State Boundary Commission, gaining exemption from annexation as a charter township may still be several years out.

The second fundamental is that the township may have to take a somewhat longer-term perspective. That is, the township board may wish to take the township on the course of increasing its tax base so that it generates the financial resources needed to provide the services and assure its independent status long term. How can this be accomplished?

Key elements, we think, relate to the locational aspects of Holly Township, to careful and goal-directed actions by the township planning commission, and to policies of the township board. All should contribute to the building of a broadly diverse tax base in the township. As a township in Oakland County, Holly Township is part of one of the most significant economic development regions of Michigan. Moreover, Holly Township is located along one of the most important economic growth corridors in the state - Interstate I-75. The township planning commission and board of trustees may wish to begin working with the Oakland County Department of Economic Development to identify potential developers and the various elements that local government can contribute to various types of industrial development near the I-75 corridor. The township board should give consideration as to how it may wish to address potential needs of such development projects. Such policies may involve discussions with municipalities such as Flint or Grand Blanc, or perhaps, Fenton, regarding the availability of water and sewer connections in the corridor area.

The township board of trustees should also prepare through its own policies the manner in which such facilities are to be financed and managed. Is the township board willing to issue bonds to construct such connections and the manner in which the bonded indebtedness will be repaid? Depending on the scope of early projects, it may be necessary for the township to make contributions from the township treasury. Alternatively, a sizeable economic development project may be large enough to finance sizeable connections through special assessment mechanisms. Federal or state grants may be available as well under certain circumstances.

The development of utility infrastructure along the I-75 corridor would begin to shift the "growth edges" of the township from the vicinity of the village to areas closer to the I-75 corridor. Development in the vicinity of Holly Village, though, would depend upon township policies regarding utility connections and zoning density standards throughout the township as well as upon policies regulating the availability of land for residential development in the present rural areas of the township.

In summary, development patterns are the results of a variety of factors ranging from transportation, of public utilities and facilities, government policies, and a complex of numerous individual decisions that eventually form a pattern that take on a life of their own for a time. Because of such complexities, including that of timing, it becomes clear that the patterns of development are virtually impossible to control. Nonetheless, it is important to remind ourselves that local officials can influence the patterns, if not direct them.

Option 4. Custodial or Responsive Approach.

In the earlier discussions reviewing the options available to the two jurisdictions, the emphasis was based largely on the future of cooperative development in the township and the relationship of the two units over time. Those alternatives were based primarily on the need for mutual understandings and a joint course of action. One remaining possibility should at least be discussed and considered. It is one in which the township would seek to guide the development of the township lands in a responsible manner but not with the primary goal of having the township necessarily become a large urban complex or survive as an separate and distinct governmental unit.

Under this approach the township would not seek to be a jurisdiction competing with the village for urban development and tax base. Nor would the township board of trustees seek to develop its own infrastructure. Instead, the township board of trustees would continue use of intergovernmental agreements that include revenue sharing provisions and as such provide a form of revenue that enables the township to finance the continued development of the township through a lengthy transitional period. Meanwhile, the township board of trustees over the coming years would seek to oversee the responsible development and preservation of the land area in Holly Township and respond in a reasonable manner to the economic and population demands as they develop.

Choosing From Among the Options.

Making the choice or choices from among the options outlined throughout this report is not an easy task. The difficulty arises in part from the fact that choosing and putting forth the energy to carry out the choice is not accompanied by guarantees. Nor is the pathway to accomplishing the choice clear.

It is thus suggested that the township board of trustees, the planning commissioners, and perhaps others reserve some time to discuss the choices and consider them in terms of what the participants envision as the most desirable outcomes; outcomes based not on the participants own individuals wants and preferences but on what is the most responsible course of action for those persons who will be residents, employees, employers, merchants, and visitors in the land area now known as Holly Township.



COMMUNITY ENERGY MANAGEMENT GRANT AGREEMENT

BETWEEN THE

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY

AND HOLLY TOWNSHIP

This Grant Agreement ("Agreement") is made between the Michigan Department of Environment, Great Lakes, and Energy (EGLE), **Materials Management Division** ("State"), and **Holly Township** ("Grantee").

The purpose of this Agreement is to provide funding in exchange for work to be performed for the project named below. Legislative appropriation of Funds for grant assistance is set forth in **Public Act No. 0166 of 2022**. This Agreement is subject to the terms and conditions specified herein.

PROJECT INFORMATION:

Project Name: EE Upgrades, Energy Audits, Alternative Fuel Vehicles, EV Charging

Project #: MEO-25-055

Amount of grant: \$100,000

% of grant state: 0 / % of grant federal: 100

Amount of match: \$0 = 0%

PROJECT TOTAL: \$100,000 (grant plus match)

Start Date (executed by EGLE):

End Date: 8/31/2026

GRANTEE CONTACT INFORMATION:

Name/Title: George Kullis, Supervisor

Organization: Holly Township

Address: 102 Civic Drive

City, State, ZIP: Holly, MI 48442

Phone Number: 248-634-9331

Fax Number: N/A

E-Mail Address: supervisor@hollytownship.org

Federal ID Number (Required for Federal Funding): 38-6032902

Grantee DUNS/UEI Number (Required for Federal Funding): CBNEU2DUN7H3

SIGMA Vendor Number: CV0048789

STATE'S CONTACT INFORMATION:

Name/Title: Cody Evans, Community Programs Coordinator

Division/Bureau/Office: Materials Management Division (MMD)

Address: Deborah A. Stabenow Building, 525 W Allegan St

City, State, ZIP: Lansing, MI 48909

Phone Number: 517-930-4755

Fax Number: N/A

E-Mail Address: evansc26@michigan.gov

The individuals signing below certify by their signatures that they are authorized to sign this Agreement on behalf of their agencies and that the parties will fulfill the terms of this Agreement, including any attached appendices, as set forth herein.

FOR THE GRANTEE:

	George Kullis, Supervisor	
Signature	Name/Title	Date

FOR THE STATE:

	Tracy Kecskemeti, Director (Acting), MMD	
Signature 	Name/Title	Date

I. PROJECT SCOPE

This Agreement and its appendices constitute the entire Agreement between the State and the Grantee and may be modified only by written agreement between the State and the Grantee.

(A) The scope of this project is limited to the activities specified in Appendix A and such activities as are authorized by the State under this Agreement. Any change in project scope requires prior written approval in accordance with Section III, Changes, in this Agreement.

(B) By acceptance of this Agreement, the Grantee commits to complete the project identified in Appendix A within the time period allowed for in this Agreement and in accordance with the terms and conditions of this Agreement.

II. AGREEMENT PERIOD

Upon signature by the State, the Agreement shall be effective from the Start Date until the End Date on page 1. The State shall have no responsibility to provide funding to the Grantee for project work performed except between the Start Date and the End Date specified on page 1. Expenditures made by the Grantee prior to the Start Date or after the End Date of this Agreement are not eligible for payment under this Agreement.

III. CHANGES

Any changes to this Agreement other than budget line-item revisions less than five percent of the budget line item shall be requested by the Grantee or the State in writing and implemented only upon approval in writing by the State. The State reserves the right to deny requests for changes to the Agreement or to the appendices. No changes can be implemented without approval by the State.

IV. GRANTEE DELIVERABLES AND REPORTING REQUIREMENTS

The Grantee shall submit deliverables and follow reporting requirements specified in Appendix A of this Agreement.

(A) The Grantee must complete and submit financial and progress reports according to a form and format prescribed by the State and must include supporting documentation of eligible project expenses. These reports shall be due according to the following:

Reporting Period	Due Date
January	Feb 28 or 29
February	March 31
March	April 30
April	May 31
May	June 30
June	July 31

July	August 31
August	Sept 30
September	Before October 15*
October	November 30
November	December 31
December	January 31

*Due to the State's year-end closing procedures, there will be an accelerated due date for the report covering July 1 – September 30. Advance notification regarding the due date for the quarter ending September 30 will be sent to the Grantee. If the Grantee is unable to submit a report in early October for the quarter ending September 30, an estimate of expenditures through September 30 must be submitted to allow the State to complete its accounting for that fiscal year.

The forms provided by the State shall be submitted to the State's contact at the address on page 1. All required supporting documentation (invoices, proof of payment, etc.) for expenses must be included with the report.

(B) The Grantee shall provide a final project report in a format prescribed by the State. The Grantee shall submit the final status report, including all supporting documentation for expenses, along with the final project report and any other outstanding products within 30 days from the End Date of the Agreement.

V. GRANTEE RESPONSIBILITIES

(A) The Grantee agrees to abide by all applicable local, state, and federal laws, rules, ordinances, and regulations in the performance of this grant.

(B) All local, state, and federal permits, if required, are the responsibility of the Grantee. Award of this grant is not a guarantee of permit approval by the State.

(C) The Grantee shall be solely responsible to pay all applicable taxes and fees, if any, that arise from the Grantee's receipt or execution of this grant.

(D) The Grantee is responsible for the professional quality, technical accuracy, timely completion, and coordination of all designs, drawings, specifications, reports, and other services submitted to the State under this Agreement. The Grantee shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in drawings, designs, specifications, reports, or other services.

(E) The State's approval of drawings, designs, specifications, reports, and incidental work or materials furnished hereunder shall not in any way relieve the Grantee of responsibility for the technical adequacy of the work. The State's review, approval, acceptance, or payment for any of the services shall not be construed as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

(F) The Grantee acknowledges that it is a crime to knowingly and willingly file false information with the State for the purpose of obtaining this Agreement or any payment under the Agreement, and that any such filing may subject the Grantee, its agents, and/or employees to criminal and civil prosecution and/or termination of the grant.

VI. USE OF MATERIAL

Unless otherwise specified in this Agreement, the Grantee may release information or material developed under this Agreement, provided it is acknowledged that the State funded all or a portion of its development.

The State, and federal awarding agency, if applicable, retains a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, and use in whole or in part, and authorize others to do so, any copyrightable material or research data submitted under this grant whether or not the material is copyrighted by the Grantee or another person. The Grantee will only submit materials that the State can use in accordance with this paragraph.

VII. ASSIGNABILITY

The Grantee shall not assign this Agreement or assign or delegate any of its duties or obligations under this Agreement to any other party without the prior written consent of the State. The State does not assume responsibility regarding the contractual relationships between the Grantee and any subcontractor.

VIII. SUBCONTRACTS

The State reserves the right to deny the use of any consultant, contractor, associate, or other personnel to perform any portion of the project. The Grantee is solely responsible for all contractual activities performed under this Agreement. Further, the State will consider the Grantee to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Grant. All subcontractors used by the Grantee in performing the project shall be subject to the provisions of this Agreement and shall be qualified to perform the duties required.

IX. NON-DISCRIMINATION

The Grantee shall comply with the Elliott Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 *et seq.*, and all other federal, state, and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Grantee agrees to include in every subcontract entered into for the performance of this Agreement this covenant not to discriminate in employment. A breach of this covenant is a material breach of this Agreement.

X. UNFAIR LABOR PRACTICES

The Grantee shall comply with the Employers Engaging in Unfair Labor Practices Act, 1980 PA 278, as amended, MCL 423.321 *et seq.*

XI. LIABILITY

(A) The Grantee, not the State, is responsible for all liabilities as a result of claims, judgments, or costs arising out of activities to be carried out by the Grantee under this Agreement, if the liability is caused by the Grantee, or any employee or agent of the Grantee acting within the scope of their employment or agency.

(B) Nothing in this Agreement should be construed as a waiver of any governmental immunity by the Grantee, the State, its agencies, or their employees as provided by statute or court decisions.

XII. CONFLICT OF INTEREST

No government employee, or member of the legislative, judicial, or executive branches, or member of the Grantee's Board of Directors, its employees, partner agencies, or their families shall benefit financially from any part of this Agreement.

XIII. ANTI-LOBBYING

If all or a portion of this Agreement is funded with federal funds, then in accordance with 2 CFR 200, as appropriate, the Grantee shall comply with the Anti-Lobbying Act, which prohibits the use of all project funds regardless of source, to engage in lobbying the state or federal government or in litigation against the State. Further, the Grantee shall require that the language of this assurance be included in the award documents of all subawards at all tiers.

If all or a portion of this Agreement is funded with state funds, then the Grantee shall not use any of the grant funds awarded in this Agreement for the purpose of lobbying as defined in the State of Michigan's lobbying statute, MCL 4.415(2). "'Lobbying' means communicating directly with an official of the executive branch of state government or an official in the legislative branch of state government for the purpose of influencing legislative or administrative action." The Grantee shall not use any of the grant funds awarded in this Agreement for the purpose of litigation against the State. Further, the Grantee shall require that language of this assurance be included in the award documents of all subawards at all tiers.

XIV. DEBARMENT AND SUSPENSION

By signing this Agreement, the Grantee certifies that it has checked the federal debarment/suspension list at www.SAM.gov to verify that its agents, and its subcontractors:

- (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or the state.
- (2) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction

or contract under a public transaction, as defined in 45 CFR 1185; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

- (3) Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in subsection (2).
- (4) Have not within a three-year period preceding this Agreement had one or more public transactions (federal, state, or local) terminated for cause or default.
- (5) Will comply with all applicable requirements of all other state or federal laws, executive orders, regulations, and policies governing this program.

Each eligible applicant must obtain a Unique Entity Identifier (UEI) and maintain an active registration with the Federal System for Award Management (SAM). The SAM website is: www.SAM.gov.

XV. AUDIT AND ACCESS TO RECORDS

The State reserves the right to conduct a programmatic and financial audit of the project, and the State may withhold payment until the audit is satisfactorily completed. The Grantee will be required to maintain all pertinent records and evidence pertaining to this Agreement, including grant and any required matching funds, in accordance with generally accepted accounting principles and other procedures specified by the State. The State or any of its duly authorized representatives must have access, upon reasonable notice, to such books, records, documents, and other evidence for the purpose of inspection, audit, and copying. The Grantee will provide proper facilities for such access and inspection. All records must be maintained for a minimum of seven years after the final payment has been issued to the Grantee by the State.

XVI. INSURANCE

(A) The Grantee must maintain insurance or self-insurance that will protect it from claims that may arise from the Grantee's actions under this Agreement.

(B) The Grantee must comply with applicable workers' compensation laws while engaging in activities authorized under this Agreement.

XVII. OTHER SOURCES OF FUNDING

The Grantee guarantees that any claims for reimbursement made to the State under this Agreement must not be financed by any source other than the State under the terms of this Agreement. If funding is received through any other source, the Grantee agrees to delete from Grantee's billings, or to immediately refund to the State, the total amount representing such duplication of funding.

XVIII. COMPENSATION

(A) A breakdown of costs allowed under this Agreement is identified in Appendix A. The State will pay the Grantee a total amount not to exceed the amount on page 1 of this Agreement, in accordance with Appendix A, and only for expenses incurred and paid. All other costs necessary to complete the project are the sole responsibility of the Grantee.

(B) Expenses incurred by the Grantee prior to the Start Date or after the End Date of this Agreement are not allowed under the Agreement.

(C) The State will approve payment requests after approval of reports and related documentation as required under this Agreement.

(D) The State reserves the right to request additional information necessary to substantiate payment requests.

(E) Payments under this Agreement may be processed by Electronic Funds Transfer (EFT). The Grantee may register to receive payments by EFT at the SIGMA Vendor Self Service web site (<https://sigma.michigan.gov/webapp/PRDVSS2X1/AltSelfService>).

XIX. CLOSEOUT

(A) A determination of project completion, which may include a site inspection and an audit, shall be made by the State after the Grantee has met any match obligations, satisfactorily completed the activities, and provided products and deliverables described in Appendix A.

(B) Upon issuance of final payment from the State, the Grantee releases the State of all claims against the State arising under this Agreement. Unless otherwise provided in this Agreement or by State law, final payment under this Agreement shall not constitute a waiver of the State's claims against the Grantee.

(C) The Grantee shall immediately refund to the State any payments in excess of the costs allowed by this Agreement.

XX. CANCELLATION

This Agreement may be canceled by the State, upon 30 days written notice, due to Executive Order, budgetary reduction, other lack of funding, upon request by the Grantee, or upon mutual agreement by the State and Grantee. The State may honor requests for just and equitable compensation to the Grantee for all satisfactory and eligible work completed under this Agreement up until 30 days after written notice, upon which time all outstanding reports and documents are due to the State and the State will no longer be liable to pay the grantee for any further charges to the grant.

XXI. TERMINATION

(A) This Agreement may be terminated by the State as follows.

(1) Upon 30 days written notice to the Grantee:

- a. If the Grantee fails to comply with the terms and conditions of the Agreement, or with the requirements of the authorizing legislation cited on page 1, or the rules promulgated thereunder, or other applicable law or rules.
- b. If the Grantee knowingly and willingly presents false information to the State for the purpose of obtaining this Agreement or any payment under this Agreement.

- c. If the State finds that the Grantee, or any of the Grantee's agents or representatives, offered or gave gratuities, favors, or gifts of monetary value to any official, employee, or agent of the State in an attempt to secure a subcontract or favorable treatment in awarding, amending, or making any determinations related to the performance of this Agreement.
- d. If the Grantee or any subcontractor, manufacturer, or supplier of the Grantee appears in the register of persons engaging in unfair labor practices that is compiled by the Michigan Department of Licensing and Regulatory Affairs or its successor.
- e. During the 30-day written notice period, the State shall withhold payment for any findings under subparagraphs a through d, above and the Grantee will immediately cease charging to the grant and stop earning match for the project (if applicable).

(2) Immediately and without further liability to the State if the Grantee, or any agent of the Grantee, or any agent of any subcontract is:

- a. Convicted of a criminal offense incident to the application for or performance of a State, public, or private contract or subcontract;
- b. Convicted of a criminal offense, including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees;
- c. Convicted under State or federal antitrust statutes; or
- d. Convicted of any other criminal offense that, in the sole discretion of the State, reflects on the Grantee's business integrity.
- e. Added to the federal or state Suspension and Debarment list.

(B) If a grant is terminated, the State reserves the right to require the Grantee to repay all or a portion of funds received under this Agreement.

XXII. IRAN SANCTIONS ACT

By signing this Agreement, the Grantee is certifying that it is not an Iran linked business, and that its contractors are not Iran linked businesses, as defined in MCL 129.312.

XXIII. PREVAILING WAGE

This project is subject to the Davis-Bacon Act, 40 U S C 276a, *et seq*, which requires that prevailing wages and fringe benefits be paid to contractors and subcontractors performing on federally funded projects over \$2,000 for the construction, alteration, repair (including painting and decorating) of public buildings or works.

PROJECT-SPECIFIC REQUIREMENTS – APPENDIX A

GRANTEE: Holly Township

PROJECT NUMBER: MEO-25-055

FEDERAL GRANT AWARD #: DE-EE0010079

FEDERAL GRANT DETAIL: Community Energy Management Program

CFDA Name and #: State Energy Program BIL 81.041

Federal Award Project Description: The State Energy Program (SEP) provides grants to states and directs funding to state energy offices from technology programs in DOE's Office of Energy Efficiency and Renewable Energy. States use grants to address their energy priorities and program funding to adopt emerging renewable energy and energy efficiency programs.

1. Statement of Purpose

The Michigan Department of Environment, Great Lakes, and Energy is responsible for carrying-out the U.S. Department of Energy's State Energy Programs. These programs focus on the adoption and implementation of energy waste reduction and renewable energy activities. Energy Services, on behalf of the Grantor, will serve as the grantee's primary contact and will negotiate all conditions of this grant.

1.1. Statement of Work

The Grantee agrees to undertake, perform, and complete the following project: Holly Township will conduct an energy audit on its townhall property, and use the results of the assessment to implement several energy efficiency upgrades. The funds will also be used to purchase an electric vehicle for its fleet and to install supporting EV charging infrastructure.

- A. Phase I: Conduct an energy audit on the Townhall property.
- B. Phase II: Utilize the findings of the audit to implement high priority energy efficiency upgrades at the facility with the remaining grant funds.
- C. Purchase an electric vehicle for the township fleet and install supporting EV charging infrastructure.

1.2. Detailed Budget

Changes in Budget of less than 5% of the total line-item amount do not require prior written approval, but Grantee must provide notice to the Grant Manager.

Changes in Budget equal to or greater than 5% of the total line-item amount will be allowed only upon prior review and written approval by the Grant Manager. A formal grant amendment must be signed by both the Grantor and Grantee.

- A. If applicable, travel expenses will not be reimbursed at rates greater than the State Travel Rates, Attachment B, without prior written consent of the Grant Administrator.
- B. Attachment A is the Project Budget. The grantee agrees that all funds shown in the Budget are to be spent as detailed in the Budget.
- C. The Indirect Cost Rate applicable for this grant award is 0%.
- D. Any single piece of equipment over \$10,000 will require a Lien or Uniform Commercial Code (UCC).

1.3. Reporting and Payment Requests

- A. **Progress Reports** – The Grantee shall monitor performance to assure that time schedules are being met and projected work by time period is being accomplished.
 - i. The Grantee shall submit Monthly progress reports using the reporting form provided by the Grant Manager.
 - ii. These reports shall be due according to the table in **Part IV** of this Agreement.
- B. **Final Report** – The Final Report will include the following information:
 - i. A summary of the project, including activities, outcomes, metrics, the implementation plan and any deviations from the original project as proposed, as well as any relevant next steps.
 - ii. Coordinated efforts with other organizations to complete the project.
 - iii. Financial expenditures of grant money and other contributions to the project, in-kind and/or direct funding.
 - iv. Submission of signed closeout documents, provided by Grantor.
- C. **Payment Requests**
 - i. The Grantee shall submit project expenses monthly for reimbursement.
 - ii. The following documentation must be submitted in order for the Grantee to receive their reimbursement:
 - a) **Financial Status Report (FSR)** – a Financial Status Report document will be provided at the start of the grant project. The Grantee shall use this document to track the spending of grant and match funds, and to summarize their reimbursement request. In order to receive a reimbursement, the grantee will be required to sign the FSR document.
 - b) **Personnel and Fringe Expenses** – an internal Payroll report detailing the employee's name or classification, hours, payrate, and fringe benefit details if applicable. If no internal payroll report is available, a spreadsheet detailing the above information.
 - c) **Contractual, Supplies & Materials, Other Direct Costs** – An itemized invoice or receipt from the vendor/contractor and proof of payment of the expense. Proof of payment shall be in the form of a cancelled check, bank statement, or other ACH payment.

For more information regarding proof of payment documentation, contact your Grant Manager.
 - d) **Equipment Expenses** – Any equipment expenses more than \$10,000 will require The Michigan Department of Environment Great Lakes and Energy (EGLE) be listed on a Lien or Uniform Commercial Code (UCC) for 5 years, or until the equipment depreciates to less than \$10,000, whichever comes first.
 - e) **Travel Expenses** – Travel Expenses must follow the State of Michigan Travel Rates outlined in Attachment B of this document. Any reduced reimbursement due to the State of Michigan Travel Rates may be used toward the Match Requirement if applicable.
 - iii. If 15% or more of the grant is expended in a single quarter, payment requests may be submitted monthly instead of quarterly.
 - iv. The Grantee must be up to date on all Progress Reporting Requirements to receive reimbursement.

1.4. Option to Renew

This Agreement may be renewed for up to two (2) additional one-year periods. Renewal must be by written agreement, signed by the Grantor and Grantee, and will automatically extend the Term of this Agreement.

2. General Provisions

2.1. Project Income

To the extent that it can be determined that interest was earned on advances of funds, such interest shall be remitted to the Grantor. All other program income shall either be added to the project budget and used to further eligible program objectives or deducted from the total program budget for the purpose of determining the amount of reimbursable costs. The final determination shall be made by the Grant Administrator.

2.2. Share-in-savings

The Grantor expects to share in any cost savings realized by the Grantee. Therefore, final Grantee reimbursement will be based on actual expenditures. Additional exceptions must be approved in writing by the Grant Administrator.

2.3. Purchase of Equipment

The purchases of equipment not specifically listed in the Budget, Attachment A, must have prior written approval of the Grant Administrator. Equipment is defined as non-expendable personal property having a useful life of more than one year and a true value of \$10,000 or more. Such equipment shall be retained by the Grantee unless otherwise specified at the time of approval. All equipment purchased with grant funds shall comply with applicable law, including regulations contained in 2 CFR Part 200 as amended by 2 CFR Part 910, 10 CFR Part 420 and other procedures applicable to this regulation as DOE may, from time-to-time, prescribe for the administration of financial assistance. To the greatest extent practicable, all equipment and products purchased with funds made available under this award should be Michigan-made as a first choice, or American-made.

2.4. Accounting

The Grantee shall adhere to the Generally Accepted Accounting Principles and maintain records which will allow, at a minimum, for the comparison of actual outlays with budgeted amounts. The Grantee's overall financial management system must ensure effective control over and accountability for all funds received. Accounting records must be supported by source documentation including, but not limited to, balance sheets, general ledgers, time sheets and invoices. The expenditure of state funds shall be reported by line item and compared to the Budget.

2.5. Competitive Bidding

The Grantee agrees that all procurement transactions involving the use of state funds shall be conducted in a manner that provides maximum open and free competition. When competitive selection is not feasible or practical, the Grantee agrees to obtain written approval of the Grant Administrator before making a sole source selection. Sole source contracts should be negotiated to the extent that negotiation is possible.

3. Materials and Information

3.1. Intellectual Property

License to Grantor

Grantee grants to the Grantor a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use the Deliverables and related documentation according to the terms and conditions of this Agreement. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.

The Grantor may modify the Deliverable and may combine the Deliverable with other programs or materials to form a derivative work. The Grantor will own and hold all copyright, trademarks, patent, and other intellectual property rights in any derivative work, excluding any rights or interest in Deliverable other than those granted in this Agreement.

The Grantor may copy each Deliverable to multiple hard drives or networks unless otherwise agreed by the parties.

The Grantor will make and maintain no more than one archival copy of each Deliverable, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. The Grantor may also make copies of the Deliverable in the course of routine backups for the purpose of recovery of contents.

3.2. Media Releases and Publications

New releases (including promotional literature and commercial advertisements) pertaining to the Grant or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State. An acknowledgement of DOE and Energy Services support and a disclaimer must appear in the publication of any material, whether copyrighted or not, based on or developed under this project, as follows:

Acknowledgement: "This material is based upon work supported by the Department of Energy and the Michigan Department of Environment, Great Lakes and Energy under Award Number(s) DE-EE0010079."

Disclaimer: "This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumed any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trad name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof."

3.3. Website Incorporation

The State is not bound by any content on the Grantee's website unless expressly incorporated directly into this Grant Agreement.

4. Other Provisions

4.1. Safety

The Grantee, and all subgrantees are responsible for ensuring that all precautions are exercised at all times for the protection of persons and property. Safety provisions of all Applicable Laws and building and construction codes shall be observed. The Grantee, and every subgrantee, are responsible for compliance with all federal, state and local laws and regulations in any manner affecting the work or performance of this Agreement and shall at all times carefully observe and comply with all rules, ordinances, and regulations. The Grantee, and all subgrantees, shall secure all necessary certificates and permits from municipal or other public authorities as may be required in connection with the performance of this agreement.

4.2. General Indemnification

Inasmuch as each party to this grant is a governmental entity of the State of Michigan, each party to this grant must seek its own legal representation and bear its own costs; including judgments, in any litigation which may arise from the performance of this grant. It is specifically understood and agreed that neither party will indemnify the other party in such litigation.

4.3. Force Majeure

Neither party will be in breach of this Grant because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Grantee will not be relieved of a breach or delay caused by its subgrantees. If immediate performance is necessary to ensure public health and safety, the State may immediately Grant with a third party.

4.4. Governing Law

This Grant is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Grant are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Grant must be resolved in Michigan Court of Claims. Grantee consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or forum non conveniens. Grantee must appoint agents in Michigan to receive service of process.

4.5. Disclosure of Litigation, or Other Proceeding

Grantee must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "Proceeding") involving Grantee, a subgrantee, or an officer or director of Grantee or subgrantee, that arises during the term of the Grant, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Grantee's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Grantee is required to possess in order to perform under this Grant.

4.6. Dispute Resolution

The parties will endeavor to resolve any Grant dispute in accordance with this provision. The dispute will be referred to the parties' respective Grant Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit

the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Grant.

4.7. Recapture

The Grantee is hereby notified and hereby acknowledges that the Grant is subject to recapture and that the Grantee will incur an Obligation to repay the Grant (the "Recapture Obligation") immediately, in full, if:

- A. It fails to comply with the Statement of work specifically described in **Part 1.1** of this Appendix A.
- B. It sells, exchanges, or disposes of any equipment greater than \$10,000 described in Attachment A of this Agreement without the Grantor's written approval; or
- C. The U.S. Department of Energy determines that there has been a default under the Agreement and seeks reimbursement from the Grantor. In the event that the Grantee becomes liable for a Recapture Obligation, it shall satisfy the Recapture Obligation within the time specified in the written notice thereof to the Grantee by the Grantor.
- D. The Grantee's obligation under this Section shall survive the term of this Agreement.

5. Severability

If any part of this Grant is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Grant and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Grant will continue in full force and effect.

5.1. Waiver

Failure to enforce any provision of this Grant will not constitute a waiver.

5.2. Grant of Security Interest

The Grantee hereby grants the Grantor, for the benefit of the Grantor, a security interest in and continuing Lien on all Grantee's right, title, and interest in, to and under all personal property, equipment, and assets listed in Attachment A.

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Addendum to Part II – General Provisions HISTORIC PRESERVATION

Prior to the expenditure of Federal funds to alter any structure or site, the Recipient is required to comply with the requirements of Section 106 of the National Historic Preservation Act (NHPA), consistent with DOE's 2009 letter of delegation of authority regarding the NHPA. Section 106 applies to historic properties that are listed in or eligible for listing in the National Register of Historic Places. In order to fulfill the requirements of Section 106, the recipient must contact the State Historic Preservation Officer (SHPO), and, if applicable, the Tribal Historic Preservation Officer (THPO), to coordinate the Section 106 review outlined in 36 CFR Part 800. SHPO contact information is available at the following link: <http://www.ncshpo.org/find/index.htm>. THPO contact information is available at the following link: <http://www.nathpo.org/map.html>.

Section 110(k) of the NHPA applies to DOE funded activities. Recipients shall avoid taking any action that results in an adverse effect to historic properties pending compliance with Section 106.

Recipients should be aware that the DOE Contracting Officer will consider the recipient in compliance with Section 106 of the NHPA only after the Recipient has submitted adequate background documentation to the SHPO/THPO for its review, and the SHPO/THPO has provided written concurrence to the Recipient that it does not object to its Section 106 finding or determination. Recipient shall provide a copy of this concurrence to the Contracting Officer.

NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) REQUIREMENTS

The Michigan Energy Office (MEO) must comply with the National Environmental Policy Act (NEPA) prior to authorizing the use of federal funds. The bounded categories categorically excluded, listed below, require no further NEPA review, absent extraordinary circumstances, cumulative impacts, or connected actions that may lead to significant impacts on the environment, or any inconsistency with "integral elements" (as contained in 10 C.F.R. Part 1021, Appendix B) as they relate to a particular project. The Recipient is thereby authorized to use federal funds for the defined project activities.

If the Recipient later intends to add to or modify activities not included in the bounded categories below, those new activities or modified activities are subject to additional NEPA review and are not authorized for federal funding until the Contracting Officer provides approval on those additions or modifications. Recipients are restricted from taking any action using federal funds, which would have an adverse effect on the environment or limit the choice of reasonable alternatives prior to authorization from the Contracting Officer. Should the Recipient elect to undertake activities prior to authorization from the Contracting Officer, the Recipient does so at risk of not receiving federal funding and such costs may not be recognized as allowable.

These are the bounded categories that have been categorically excluded, and require no additional NEPA review:

1. Administrative activities associated with management of the designated State Energy Office and management of programs and strategies to encourage energy waste reduction and renewable energy.
2. Development and implementation of programs and strategies to encourage energy waste reduction and renewable energy
3. Funding energy efficiency retrofits, provided that projects are limited to:

- a) installation of insulation;
 - b) installation of energy efficient lighting;
 - c) HVAC upgrades;
 - d) weather sealing;
 - e) purchase and installation of ENERGY STAR appliances;
 - f) replacement of windows and doors;
 - g) high efficiency shower/faucet upgrades; and
 - h) installation of solar powered appliances with improved efficiency.
4. Development, implementation, and installation of onsite renewable energy technology that generates electricity from renewable resources, provided that projects are limited to:
 - a) Solar Electricity/Photovoltaic - appropriately sized system or unit on existing rooftops and parking shade structures; or a 60 kW system or smaller unit installed on the ground within the boundaries of an existing facility.
 - b) Wind Turbine - 20 kW or smaller.
 - c) Solar Thermal - system must be 20 kW or smaller.
 - d) Solar Thermal Hot Water - appropriately sized for residences or small commercial buildings.
 - e) Ground Source Heat Pump - 5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
 - f) Combined Heat and Power System - boilers sized appropriately for the buildings in which they are located.
 - g) Biomass Thermal - 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.
 5. Development, implementation and installation of energy efficient or renewable energy-powered emergency systems (lighting, cooling, heat, shelter) installed in existing buildings and facilities.
 6. Installation of alternative fueling pumps and systems (but not storage tanks) installed on existing facilities (other than a large biorefinery); purchase of alternative fuel vehicles.
 7. Development and implementation of training programs.
 8. Development and implementation of building codes and inspection services, and associated training and enforcement of such codes in order to support code compliance and promote building energy waste reduction.

Implementing financial incentive programs such as rebates and energy savings performance contracts for existing facilities or for energy efficient equipment, provided that the incentives are not so large that they would be deemed to be grants that create projects that would not otherwise exist. (For example, giving a wind farm that cost \$100 million a sum of \$50 million and calling it a rebate would not fall within this Bounded Category).

BUILD AMERICA, BUY AMERICA ACT REQUIREMENTS

The [Build America, Buy America Act \(BABA\)](#), enacted as part of the [Infrastructure Investment and Jobs Act](#), established a domestic content procurement preference for all federal financial assistance obligated for infrastructure projects after May 14, 2022.

Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

1. All iron and steel used in the project are produced in the United States--this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
2. All manufactured products used in the project are produced in the United States—this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and
3. All construction materials¹ are manufactured in the United States—this means that all manufacturing processes for the construction material occurred in the United States.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project, but are not an integral part of the structure or permanently affixed to the infrastructure project.

“Construction materials” includes an article, material, or supply—other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives—that is or consists primarily of:

- Non-ferrous metals;
- Plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
- Glass (including optic glass);
- Lumber; or
- Drywall.

“Domestic content procurement preference” means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

“Infrastructure” includes, at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime

¹ Excludes cement and cementitious materials, aggregates such as stone, sand, or gravel, or aggregate binding agents or additives.

facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property. Infrastructure includes facilities that generate, transport, and distribute energy.

“Project” means the construction, alteration, maintenance, or repair of infrastructure in the United States.

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Attachment A: Project Budget
FY25 Community Energy Management Program



MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
MATERIALS MANAGEMENT DIVISION
Community Energy Management Program
FINANCIAL STATUS REPORT

Grantee / Vendor Name: Holly Township

Vendor Number: CV0048789

Project Name: EE Upgrades, Energy Audits, Alternative Fuel Vehicles, EV Charging

Grant Given Number: _____

Contract Date From: _____ To: 8/31/2026

Contact Name: Jenn Ryan Contact Number: 248-634-9331

Contact Email: treasurer@hollytownship.org

Category	Category Number	Amount
Salary and Benefits	1	
Contractual	2	\$ 29,000.00
Equipment	3	\$ 71,000.00
Supplies	4	
Travel	5	
Other Direct Costs	6	
Category Subtotal		\$ 100,000.00
INDIRECT BUDGET		
	Percentage	
		\$ -
PROJECT BUDGET		
Total		\$ 100,000.00
MATCH BUDGET		
	Percentage	
Total		\$ -
GRANT BUDGET		
Total		\$ 100,000.00
Retention Rate: 0%		

Attachment B: State of Michigan Travel Rates

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET,
VEHICLE AND TRAVEL SERVICES
SCHEDULE OF TRAVEL RATES FOR CLASSIFIED AND UNCLASSIFIED EMPLOYEES
FY 2025 – Effective October 1, 2024**

MICHIGAN SELECT CITIES*

	Individual	Group Meeting (pre-arranged and approved)
Lodging**	\$98.00	
Breakfast	\$11.75	\$14.75
Lunch	\$11.75	\$14.75
Dinner	\$28.00	\$31.00

MICHIGAN IN-STATE ALL OTHER

	Individual	Group Meeting (pre-arranged and approved)
Lodging**	\$98.00	
Breakfast	\$9.75	\$12.75
Lunch	\$9.75	\$12.75
Dinner	\$22.00	\$25.00
Lodging	\$66.00	
Breakfast	\$9.75	
Lunch	\$9.75	
Dinner	\$22.00	
Per Diem Total	\$107.50	

OUT-OF-STATE SELECT CITIES*

	Individual	Group Meeting (pre-arranged and approved)
Lodging**	Contact Conlin Travel	
Breakfast	\$15.00	\$18.00
Lunch	\$15.00	\$18.00
Dinner	\$29.00	\$32.00

OUT-OF-STATE ALL OTHER

	Individual	Group Meeting (pre-arranged and approved)
Lodging**	Contact Conlin Travel	
Breakfast	\$11.75	\$14.75
Lunch	\$11.75	\$14.75
Dinner	\$27.00	\$30.00
Lodging	\$66.00	
Breakfast	\$11.75	
Lunch	\$11.75	
Dinner	\$27.00	
Per Diem Total	\$104.75	

Incidental Costs Per Day (with overnight stay) \$5.00

Mileage Rates	Current
Premium Rate	\$0.67 per mile
Standard Rate	\$0.440 per mile

SELECT CITY LIST
SCHEDULE OF TRAVEL RATES FOR CLASSIFIED AND UNCLASSIFIED EMPLOYEES
Effective October 1, 2024

Michigan Select Cities/Counties		
	CITIES	COUNTIES
	Ann Arbor, Auburn Hills, Beaver Island, Detroit, Grand Rapids, Holland, Leland, Mackinac Island, Midland, Muskegon, Petoskey, Pontiac, South Haven, Traverse City	Grand Traverse, Oakland, Wayne
Out of State Select Cities/Counties		
STATE	CITIES	COUNTIES
Alaska	All locations	
Arizona	Phoenix, Scottsdale, Sedona	
California	Arcata, Edwards AFB, Eureka, Los Angeles, Mammoth Lakes, McKinleyville, Mill Valley, Monterey, Novato, Palm Springs, San Diego, San Francisco, San Rafael, Santa Barbara, Santa Monica, South Lake Tahoe, Truckee, Yosemite National Park	Los Angeles, Mendocino, Orange, Ventura
Colorado	Aspen, Breckenridge, Grand Lake, Silverthorne, Steamboat Springs, Telluride, Vail	
Connecticut	Bridgeport, Danbury	
District of Columbia	Washington DC (See also Maryland & Virginia)	
Florida	Boca Raton, Delray Beach, Ft Lauderdale, Jupiter, Key West, Miami	
Georgia	Brunswick, Jekyll Island	
Hawaii	All locations	
Idaho	Ketchum, Sun Valley	
Illinois	Chicago	Cook, Lake
Kentucky	Kenton	
Louisiana	New Orleans	
Maine	Bar Harbor, Kennebunk, Kittery, Rockport, Sanford	
Maryland	Baltimore City, Ocean City	Montgomery, Prince George
Massachusetts	Boston, Burlington, Cambridge, Martha's Vineyard, Woburn	Suffolk
Minnesota	Duluth, Minneapolis, St. Paul	Hennepin, Ramsey
Nevada	Las Vegas	
New Mexico	Santa Fe	
New York	Bronx, Brooklyn, Lake Placid, Manhattan, Melville, New Rochelle, Queens, Riverhead, Ronkonkoma, Staten Island, Tarrytown, White Plains	Suffolk
Ohio	Cincinnati	
Pennsylvania	Pittsburgh	Bucks
Puerto Rico	All locations	
Rhode Island	Bristol, Jamestown, Middletown, Newport, Providence	Newport
Texas	Austin, Dallas, Houston, L.B. Johnson Space Center	
Utah	Park City	Summit
Vermont	Manchester, Montpelier, Stowe	Lamoille
Virginia	Alexandria, Fairfax, Falls Church	Arlington, Fairfax
Washington	Port Angeles, Port Townsend, Seattle	
Wyoming	Jackson, Pinedale	

If you need this information in an alternate format, contact EGLE-Accessibility@Michigan.gov or call 800-662-9278.

EGLE does not discriminate on the basis of race, sex, religion, age, national origin, color, marital status, disability, political beliefs, height, weight, genetic information, or sexual orientation in the administration of any of its programs or activities, and prohibits intimidation and retaliation, as required by applicable laws and regulations. Questions or concerns should be directed to the Nondiscrimination Compliance Coordinator at EGLE-NondiscriminationCC@Michigan.gov or 517-249-0906.

This form and its contents are subject to the Freedom of Information Act and may be released to the public.

Office of the Clerk
248-634-9331 ext. 301
Fax: 248-634-5482



George A. Kullis, Supervisor
Karin S. Winchester, Clerk
Jennifer Ryan, Treasurer
Derek Burton, Trustee
Ryan Matson, Trustee
Michael McCanney, Trustee
Richard Kinnamon, Trustee

**RESOLUTION 2025-15
CONFIRMING SPECIAL ASSESSMENT ROLL
FOR SPECIAL ASSESSMENT DISTRICT
FOR THE PURPOSE OF FIRE PROTECTION SERVICES
AND EMERGENCY MEDICAL RESPONSE SERVICES**

WHEREAS, the Township Board of the Township of Holly, Oakland County, Michigan, after due and legal notice, has conducted its annual public hearing upon a proposed special assessment roll prepared by the Supervisor and/or Assessing Officer of the Township for the purpose of defraying the cost that Holly Township is required to pay to the North Oakland County Fire Authority for fire protection services and emergency medical response services; and

WHEREAS, such public hearing was preceded by proper notice on June 4, 2025, in a newspaper of general circulation in the Township; and

WHEREAS, comments were received from those present at such public hearing concerning said special assessment roll and an opportunity was given to all people present to be heard in this matter; and

WHEREAS, no written or verbal objections were received to said roll and levy; and

WHEREAS, the Township Board has duly inspected the proposed assessment roll and considered all the comments and proposed amendments thereto and has found the proposed assessment roll, as amended, to be correct, just and reasonable.

BE IT HEREBY RESOLVED as follows:

1. The special assessment roll submitted by the Supervisor and/or Assessing Officer of the Township as amended in the within Resolution and designated as Special Assessment for the Purpose of Fire Protection Services and Emergency Medical Response Services shall hereby be confirmed for the Purpose of Fire Protection Services and Emergency Medical Response Services.

2. The assessments in said Special Assessment District for the Purpose of Fire Protection Services and Emergency Medical Response Services shall be assessed on all real property in Holly Township at a millage rate of 4.2000 and due with Holly Township Winter

Taxes are due before February 17th without penalty. 3% penalty applied after February 17th. Beginning March 1st all assessments must be paid to Andrew E. Meisner, Oakland County

Office of the Clerk
248-634-9331 ext. 301
Fax: 248-634-5482



George A. Kullis, Supervisor
Karin S. Winchester, Clerk
Jennifer Ryan, Treasurer
Derek Burton, Trustee
Ryan Matson, Trustee
Michael McCanney, Trustee
Richard Kinnamon, Trustee

Treasurer, 1200 N. Telegraph, Pontiac, MI 48431 with 4% county property tax administration fee and 1% interest per month until paid.

3. The assessments made in said special assessment roll are hereby ordered at a rate of 4.2000 on real property only within Holly Township excluding the Village of Holly and directed to be collected by the Township Treasurer. The Township Clerk shall deliver said Special Assessment Roll to said Treasurer with his/her warrant attached commanding the Treasurer to collect such assessments in accordance with the direction of the Township Board.

4. All resolutions and parts of resolutions, insofar as they conflict with the provisions of this resolution are hereby rescinded.

ADOPTED by the Holly Township Board of Trustees this 16th day of July, 2025

Motion made by _____ and supported by _____ to adopt the forgoing resolution.

Upon roll call vote, the following voted:

Ayes:

Nays:

Absent:

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss
COUNTY OF OAKLAND)

Clerk's Certificate

The undersigned, being the duly qualified and acting Clerk of the Township of Holly, Oakland County, Michigan, hereby certifies that (1) the foregoing is a true and complete copy of a resolution duly adopted by the Township Board at a regular meeting held on the 16th day of July, 2025, at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records in my office; (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended) and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

Karin S. Winchester, MMC
Holly Township Clerk
Oakland County, Michigan

**HOLD HARMLESS AND INDEMNIFICATION REGARDING
RELEASE OF SECURITY HELD IN ESCROW FOR COMPLETION OF
RIVERSIDE NORTH (PHASE 5A)**

THIS AGREEMENT is by and between BMG Development, LLC ("BMG"), a Michigan limited liability company, whose address is 11427 Heatherwood Court, Shelby Township, Michigan 48135, and the TOWNSHIP OF HOLLY ("Township"), a Michigan municipal corporation, whose address is 102 Civic Drive, Holly, Michigan 48442.

RECITALS

- A. The Riverside Project is a multi-phased mixed-use Cluster Housing Development within the Township. Phase 5A of the Development is known as Riverside North and consists of 84 units (the "Development").
- B. On November 20, 2007, the Township entered into a Development and Completion Agreement ("Original Agreement") with Silverman Development Company, a Michigan limited liability company, whose address was 32100 Telegraph Road, Suite 220 Bingham Farms, Michigan 48025; S-HQZ, LLC, a Michigan limited liability company, whose address was 32100 Telegraph Road, Suite 220, Bingham Farms, Michigan 48025; and Riverside North 1 Properties, LLC, a Michigan limited liability company, whose address was 32100 Telegraph Road, Suite 220 Bingham Farms, Michigan 48025 (collectively referred to as "Original Developer").
- C. The Original Agreement required the Original Developer and Sunrise Homes, Inc., the builder, to post security to guarantee completion and maintenance of the improvements for the Development in the amount of One Hundred Eighty-Eight Thousand Seven Hundred Fifty and no/100 Dollars (\$188,750.00) (the "Security").
- D. The Security was posted in the form of two letters of credit as follows:
 - 1. Sunrise Homes, Inc. - \$98,576.50, Fifth Third Bank Credit No. MIS301987 (issued September 14, 2006).
 - 2. Original Developer - \$90, 173.50, Comerica Bank, Credit No. 622198-04 (issued August 29, 2006)
- E. The Original Agreement specifically provided that the Security may be applied to any obligation of the Original Developer pursuant thereto, even if a particular item for which the Township intends on utilizing the Security is not stated in one of the letters of credit.
- F. As of August 2008, the Original Developer failed to complete the Development and the Township sought to draw on the posted Security for the Development.
- G. The Township drew the entire amount of the Security posted by Sunrise Homes, Inc., a now dissolved corporation.
- H. In lieu of drawing on the Security posted by the Original Developer, on August 21, 2008, the Township and the Original Developer entered into a "letter agreement" regarding the Security posted by the Original Developer to secure completion and maintenance of the Development. The letter agreement required the Original Developer to wire cash funds in the amount of the Letter of Credit (\$90,173.50) and authorized the Township to transfer the amount to the Developer's Escrow Account as security to ensure Developer's completion of the incomplete improvements. In exchange for this letter agreement, the

Township cancelled its request to draw on the Letter of Credit posted by the Original Developer.

- I. On November 24, 2015, Riverside North 1 Properties, LLC conveyed 73 units, the open space and the common elements within the Development, being all of the remaining units owned by the Original Developer (the "Property") to BMG by Warranty Deed.
- J. On February 16, 2017, the Township entered into a First Amendment to Development and Completion Agreement ("First Amendment") with BMG, the Successor Developer, which required completion of the Development. The First Amendment amended three Paragraphs of the Original Agreement as follows:
 1. Paragraph 2 of the Original Agreement was revised to read, in relevant part, "Township has in its possession cash security in the amount of \$63,114. This security shall be used to guarantee completion and maintenance, as described herein, except for the requirements in Paragraph 3(a)(ii)" (Paragraph 3(a)(ii) lists the roads and entrance). Further, it was revised to required BMG to post security with the Road Commission for Oakland County (RCOC), in an amount required by the RCOC, to ensure completion of the roads, curbs and gutters. Finally, it was revised to provide that the Security shall remain in effect, and may be returned to BMG, as Successor Developer, or its successors or assigns, if applicable, pursuant to the provisions of Paragraph 6 of the Original Agreement.
 2. Paragraph 3 of the Original Amendment was revised to list the items of improvement, maintenance, documentation, and other requirements that were non-complete, including timing for completion of said non-complete items.
 3. Paragraph 8 of the Original Agreement was revised to include BMG's warranty that it is the owner of the Property, the Successor Developer, and has the full and exclusive authority to execute the First Amendment.
- K. As of today's date, after authorized reductions, the balance remaining of the Security posted by the Original Developer is \$47,393.53; and the balance remaining of the Security posted by Sonrise Homes, Inc. is \$58,408.95. The combined balance of the remaining Security is \$105,802.48.
- L. As of today's date, the remaining non-complete improvements in the Development are as follows:
 1. Sidewalks;
 2. Street trees; and
 3. Signage at entrance of development.(the "non-complete improvements").
- M. The estimated cost to complete the non-complete improvements exceeds the balance of the remaining Security.
- N. BMG represents and warrants to the Township the following: (a) the Original Developer is no longer the developer of the Development; (b) BMG is the sole Successor Developer for purposes of completing development and construction within the Development; (c) BMG is solely and exclusively entitled to the remaining Security posted for completion and maintenance of the improvements in the Development, as fully described above, which funds are currently being held by the Township; (d) to the best of BMG's knowledge, information and belief no other party is entitled to all or any portion of the Security; and (e) BMG's rights to said Security have not been assigned or otherwise transferred to any other party.

- O. BMG has agreed to complete the Development, including those non-complete improvements, in exchange for assurances that, upon completion of the non-complete improvements, the Township will release to BMG, the Successor Developer, the remaining Security held in escrow in the amount of \$105,802.48.

AGREEMENT

The Township and BMG agree as follows:

1. BMG shall complete the Development, including the non-complete improvements, no later than August 31, 2025 (the "Completion Date").
2. On or after the Completion Date, the Township or its designated representative(s) shall be authorized to enter onto the Property to inspect the Development to ensure completion, including the non-complete improvements.
3. Upon confirmation of completion of the Development in accordance with the approved Site Plan for the Development, including the non-complete items, the Security may be released to BMG, on the condition that BMG agree to defend, pay on behalf of, indemnify, and hold harmless the Township, its elected and appointed officials, employees and volunteers, and others working on behalf of Township, from and against any and all claims, demands, suits, or loss, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the Township, in connection with the Township's release of said Security to BMG. BMG acknowledges that the Township's release of the Security to BMG is in reasonable reliance upon the BMG's representations, warranties, agreements and promises in this Agreement.
4. Based on and subject to all of the above, the Township will release the Security in the amount of \$105,802.48 to BMG.
5. The Agreement shall be governed by the laws of the State of Michigan, both as to interpretation and performance. Any and all suits for any and every breach of this Agreement may be instituted and maintained in any court of competent jurisdiction in the State of Michigan.
6. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. A delay in enforcement of any provision of this Agreement shall not be construed as a waiver or estoppel of the Township's right to eventually enforce, or take action to enforce, the terms of this Agreement. All remedies afforded in this Agreement shall be taken and construed as cumulative; that is, all remedies afforded in this Agreement are in addition to every other remedy provided by law.
7. The signers of this Agreement warrant and represent that they have the authority to sign this Agreement on behalf of their respective principals and the authority to bind each party to this Agreement according to its terms. Further, each of the parties represents that the execution of this Agreement has been duly authorized and is binding on such parties.

BMG Development, LLC ("BMG"), a Michigan limited liability company

By: _____
Domenic Belcastro, Its Member

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On this ____ day of _____, 2025, before me personally appeared Domenic Belcastro, Member of BMG Development, LLC, a Michigan limited liability company, who signed this agreement on behalf of said company.

Subscribed and sworn to before me this
____, day of _____, 2025

Notary Public
Acting in Oakland County, Michigan
My Commission Expires: _____

TOWNSHIP OF HOLLY,
a Michigan municipal corporation

By: _____
George Kullis, Supervisor

By: _____
Karin Winchester, Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On this ____ day of _____, 2025, before me personally appeared George Kullis, Supervisor, and Karin Winchester, Clerk, of the Township of Holly, a Michigan municipal corporation, who signed this agreement on behalf of said corporation.

Subscribed and sworn to before me this
____, day of _____, 2025

Notary Public
Acting in Oakland County, Michigan
My Commission Expires: _____