



ACME TOWNSHIP
INFRASTRUCTURE CITIZENS ADVISORY COMMITTEE
Monday, June 27, 2005, 3:00 p.m.
Acme Township Hall
6042 Acme Road, Williamsburg MI 49690

Meeting called to Order at 3:02 p.m.

Members present: M. Lewis (Chair), P. Brink, B. Beall, B. Henry, J. Maitland, J. Stinson, H. VanSumeren

Members excused: T. Bergklint, L. LaSusa

- A. Approval of 06/03/05 and 06/13/05 Advisory Committee Meeting Minutes:** Lewis noted one needed correction to the June 13 minutes: in the 3rd paragraph of Item C the reference should be to District 2 instead of District 1.

Motion by Brink, support by Henry to approve the 06/03/05 minutes as presented and 06/13/05 minutes as corrected. Motion carried unanimously.

- B. Limited Public Comment:**

Robert Memberto, Grand Traverse Band, noted that at the June 13 meeting there was discussion about adding a member to the committee representing the Grand Traverse Band. The Tribe would like to nominate either Jon Anderson, or Steve Feringa. Mr. Anderson is a member of the Tribe and therefore has a vested interest through the Tribe's ownership of the Resort. Mr. Feringa could be an alterante for times when Mr. Anderson's business prevented his attendance.

Motion by Maitland, support by Brink to increase the advisory membership by adding Tribal representative. Motion carried unanimously.

Feringa joined the other advisory members at the table.

- C. Discussion Item - Potential Defeasement of Sewer Bond for Acme Sewer Upgrade Phase 2:** Beall asked for specifics about the advisory's role in the situation. Lewis responded that the advisory seems responsible for providing information to the Board about the pros and cons of the infrastructure choices at hand. Maitland asked if there is a deadline for making the decision. Lewis recalled that the next payment on the bond is due in September. Dennis Aloia's February letter stated that the process of defeasement would take approximately 60 days. The first call date for the bond is 2014; the money that would otherwise be spent on improvements would be set aside in an interest-bearing escrow account and used to make the bond payments. At the first possible call date, a larger payment would be made to decrease the amount of payments from that date forward to bond maturity.

Noelle Knopf, 5795 US 31 North asked if escrowed sewer funds can be placed in interest bearing accounts. Brink stated that while normally this can't be done, bond defeasance is different, and he has had experience in this arena.

For Brink, pro-defeasance factors include: cost savings; infrastructure might not be needed depending on growth projections and Tribal intentions for the Resort. Anti-defeasance factors: if the township is mistaken about the lack of need there are costs for establishing a

new bond issue and the risk that future interest rates the township would pay could be higher. Knopf also noted that construction costs could increase in the intervening time as well.

Lewis is conscious of the variables and unknowns – is such a large force main needed there? The outcome of water and sewer negotiations with the Tribe could reduce or eliminate the need. LochenHeath expansion could require additional infrastructure but might require pumps without forcemains depending on how flows are routed. There are other options and it is difficult to predict how they might fall into place at this time.

Timeframes are the key factor requiring further research to Feringa. If the Tribe does extend the sewer line from Turtle Creek and remove 550 benefits from the lines, the force main might not be needed.

Maitland believes that, for instance, five years down the road, construction and interest rate costs will be higher. Even if the funds earn interest in the bank, he is uncertain that the benefit outweighs the risks. He is both a partner in LochenHeath, which may require the infrastructure, and former Township Supervisor. He is a supporter of the sewer system, and feels that defeasance would send the wrong message to the Tribe and other entities. He believes the ability to access the system should be enhanced. If there is a possibility of leaving the question open for a while, more information can be gathered about intended land development and system usage, as well as how negotiations with the Tribe go, that will better support a final decision.

Brink concurred, and asked how long negotiations with the Tribe might take. Lewis noted that Buday was present at the last meeting and seemed to indicate a desire for the DPW to be involved in discussions. Tribal resources have not previously been factored in to the regional infrastructure picture. Why build a new treatment plant on Hoch Road when an existing facility is not being used to capacity and might have availability? Lewis believes that in any event an upgrade of some sort to Lift Station 2 will be necessary.

Mr. Ron Olson, CEO of the Grand Traverse Band of Ottawa & Chippewa Indians asked if there would be any incentive to the Tribe to sell back the 550 units of sewer service being utilized by the core Resort operations. This would free up capacity for other development in the township. Maitland stated that when he was on the DPW from 1975 to 1991 it was a policy that benefits were never repurchased. He does not know if this policy has changed, but he doubts it. Kurtz and Lewis recalled that at the last meeting Mr. Buday indicated that the DPW does not repurchase benefits; they remain vested in the land on which they are used. Feringa noted that development rights are being separated for sale independent of properties, so why not sewer benefits?

VanSumeren concurred that receipt of additional information from the Tribe would be valuable. There was consensus that further discussion of pros and cons would be deferred until such information is received. Kurtz envisions that the Infrastructure Advisory will be involved in negotiations with the Tribe, which Feringa hopes will proceed rapidly. Lewis suggested that a smaller group of individuals from the subcommittee be selected to research and report back with pertinent information to the full Advisory.

Mr. Memberto stated that in the short term the Tribe is interested in providing water service to the proposed Windward Ridge development. The larger water and sewer issues are a longer-term concern for the Tribe. The EDC Board and Tribal Counsel are considering a rough draft of a proposed contract for water service for Windward Ridge that, if approved, would be brought before the township by the proposed developer. Mr. Memberto said that the

Tribe would rather sell water in bulk to the township so that the infrastructure service would remain subject to township planning and zoning, and allow the township to realize a profit on the resale as well, and is more interested in regional participation than a township-level franchise agreement.

Lewis and Maitland were selected for the further investigative tasks, with either LaSusa or Brink to be added for legal perspective. Maitland again mentioned his connection to the LochenHeath development and his desire to avoid any conflict of interest. LochenHeath does have a Class A water system with operating wells that might be another potential community resource.

Lewis noted that Mr. Buday discussed the possibility of some regional master planning for water service to accompany that already done, and possibly soon to be upgraded, relative to sanitary sewers.

D. Public Comment/Other Business:

Ms. Knopf asked about the effect on line capacity if the Resort removes 550 benefits. She noted that the township already has some level of commitment to the proposed Hoch Road facility through the DPW, so why the discussion about re-routing sewer flows to Turtle Creek? Lewis responded that if the Tribe is willing to make their facilities available on a regional basis, perhaps the DPW will feel that the Hoch Road does not need to be built for a while. Knopf noted that if this comes to pass, additional flow capacity would be needed to route flows from areas west and south of Acme. Corpe observed that a new set of lines would be required for flows coming from directions opposite the current flow directions. Lewis stated that force lines already in place might be flow-reversed (gravity lines could not be or would require lift stations.) Not knowing where the flows would come from on their way to Turtle Creek, how would you know where new lines are needed? The new lines proposed in phase 2 are for US 31 north of M-72 and would not be between other townships/Traverse City and Turtle Creek. The route that lines from the Resort to Turtle Creek would take would also be a factor.

Steve Smith, The Village at Grand Traverse, LLC. asked Feringa if the Tribe intends to connect the Resort to the sanitary treatment system at Turtle Creek; Feringa replied that they do. 550 benefits would be freed up, and would not be used. Why wouldn't the DPW buy them back for resale to someone else, and why wouldn't the township want this to happen to make more benefits available for sale and use by other entities in the township? Lewis agreed that this is a question that needs to be explored with the DPW. Ms. Knopf noted that there would be a significant impact to the township in terms of loss of operating and maintenance cash flow until the benefits were resold. Lewis reiterated his feeling that if the Resort reroutes 550 benefits to Turtle Creek the force main proposed in Phase 2 will not be needed for longer than anticipated. How much longer is not yet known, as there is currently no future land use plan.

Mr. Olson stated that as the largest taxpayer in the township, the Resort would be displeased if taxes had to be raised to support future infrastructure expansion if the current bond is defeased and a new one is needed later. Lewis noted that the current bond issue is not supported by taxes but through benefit sales and user fees.

Ms. Knopf also raised the question of whether it would be more expensive for the township to connect to Turtle Creek rather than to proceed with current plans, and this sort of economic information would also be valuable. Lewis also noted that the question of whether the Tribe, a distinct political entity, will be operating the water and sewer as for-profit or not-for-profit

systems, and how that will interface with the non-profit DPW. Feringa stated that tribal tap-in and usage fees for water and sewer systems are less expensive than many municipalities.

Kurtz stated that today the DPW was given a letter approved by the Board asking for their assistance in evaluating the offer being made by the Tribe.

Meeting adjourned at 3:58 p.m.