

**Packet**  
**May 5, 2022, Township**  
**Board Special Meeting**

# **PDR Financial Information and Ballot Language**

## PDR Financial Committee Report to Peninsula Township Board 5\_1\_2022

The PDR Financial Committee is a group comprised of four retired bankers, a PDR activist and a farmland preservation specialist with the Grand Traverse Regional Land Conservancy. All committee members are residents of Peninsula Township. The group has had four in-person meetings, including an early on discussion with bond counsel. What follows are the assumptions and recommendations developed by the Committee.

The committee is recommending the Township ask the voters to reinstate the original PDR (Purchase Development Rights) 2 mil assessment for 20 years, continuing this very successful land preservation program on Old Mission Peninsula. This program, originally approved by the voters in 1994 and then renewed in 2002, resulted in protection of 3156.57 acres on the Peninsula. Our projections indicate an additional 3,000 acres of development rights can be purchased and the millage would also fund an endowment for monitoring the program in perpetuity, further protecting and preserving our unique Old Mission Peninsula home.

### Assumptions

1. The voters will approve a reset of the PDR millage to 2 mills.
2. Bond proceeds per schedule
3. Bond amortization is per schedule
4. Bond proceeds must be employed within 3 years of bond issuance. Any proceeds not utilized within that time period may be temporarily invested but the rate of return may not exceed the interest rate on the bond itself.
5. Return on bond proceeds not deployed assumed at 0.2%
6. Annual Inflation set at 3%
7. Annual Taxable value increase 5%
8. 80 acres per deal/easement
9. \$13,000 per acre value of Development Right
10. \$6,000 base closing costs per deal
11. 50% grant percentage
12. \$55,000 monitoring costs for existing easements adjusted for inflation
13. \$500 per deal/easement of added annual monitoring cost adjusted for inflation
14. Excess millage is added to legal defense fund (a small return computed on this fund)
15. Starting cash of \$1.345,500 is added to bond proceeds and used for easement purchase and closing costs.
16. Endowment return of 6%
17. Monitoring costs are taken from excess millage during the term of the millage
18. Endowment additions are taken from excess millage after the legal defense fund reaches \$250,000. The endowment goal of \$2.5M is used, understanding that it will grow at the stated rate to \$4.7M by the conclusion of the millage.

It is further recommended that bonds be issued for the purchase of development rights, and closing costs. Additionally, there should be allocations from annual millage funds to cover easement monitoring costs, as well as to provide for additions to the Legal Defense Fund. It is essential to maintain an amount in that fund consistent with best practices from the land conservancy industry. The Legal Defense Fund is targeted to build to \$250,000.

The Purchase Development Rights program is designed to run in perpetuity. An integral part of this program is the monitoring of easements each year. Monitoring during the term of the millage can be covered by millage funds. But monitoring must continue beyond the term of any millage. As a result, the committee is recommending the establishment of a permanent endowment fund, utilizing income generated from the fund to cover annual monitoring expenses after the millage sunsets. Initial funding for the endowment cannot come from any net funds remaining from the previous millage. During the millage period, contributions will be made annually to the endowment fund from excess millage revenues, and from endowment earnings. Said millage

contributions will stop when the fund reaches about \$2,500,000, at which point earnings alone will ultimately achieve a minimum target balance of over \$4,000,000 with a cap of \$4,500,000. Funds generated by the endowment that exceed a \$4,500,000 balance, go initially to replenishing any diminished balance below \$250,000 in the legal enforcement fund, and thereafter to funding future Purchases. Based on current easements and projected new easements, and considering anticipated increasing costs of monitoring, the committee is recommending achieving that target balance for the endowment. Having a dedicated source of income to cover monitoring costs also assures that no general funds will be required to meet easement monitoring requirements. It is further recommended that conversations be started with the Grand Traverse Community Foundation regarding establishment of such an endowment and its future management.

Committee Members:

John Paul,  
John Pelizzari  
Mack Beers  
Susan Tarczon  
Laura Rigan  
John Wunsch

**TOWNSHIP OF PENINSULA  
(Grand Traverse County, Michigan)**

**RESOLUTION 2022-05-05 #1**

**RESOLUTION AUTHORIZING BALLOT PROPOSAL**

A special meeting of the township board of the township of Peninsula (“the township”), held May 5, 2022, at 10:00 a.m. local time.

PRESENT: \_\_\_\_\_

\_\_\_\_\_

ABSENT: \_\_\_\_\_

The following preamble and resolution were offered by board member

\_\_\_\_\_ and supported by board member \_\_\_\_\_:

WHEREAS, the township board of the township of Peninsula (the “township”) has determined that it is in the best interests of the township to provide funds for the purpose of purchasing farmland and open space development rights that are voluntarily sold by property owners in accordance with the Purchase of Development Rights Ordinance No. 23, as amended, and for the general administration and enforcement of the township’s Purchase of Development Rights program; and

WHEREAS, the electors of the township have previously approved a 2.00 mill increase in the limitation on general ad valorem taxes in the township for such purpose of purchasing development rights in farmland and open space lands, which expired with the December 1, 2021, levy after having been reduced by the required millage rollback; and

WHEREAS, the township board has determined that it is necessary to request the amount of millage levied by the township to be used for these purposes be reauthorized and restored to the 2 mills originally levied for this purpose; and

WHEREAS, the township board wishes to submit the question of levying the millage to the voters at an election to be held on August 2, 2022.

NOW, THEREFORE, BE IT RESOLVED that:

1. The following proposition shall be submitted to the electors of the township at the August 2, 2022, Primary Election:

PURCHASE OF DEVELOPMENT RIGHTS MILLAGE PROPOSAL

This proposal will reauthorize the township's purchase of development rights millage, which had been reduced by the required millage rollback and expired with the 2021 levy; restore the millage to its original 2 mills; and, in addition to the purchase of development rights, allow the millage to be used for the purpose of paying the associated costs of the general administration and enforcement of the township's Purchase of Development Rights program.

Shall the limitation imposed under Article IX, Sec. 6 of the Michigan Constitution on general ad valorem taxes within Peninsula Township be increased and a new additional millage be levied in the amount of 2.00 mills (\$2.00 per \$1,000 of taxable value) for the period of 2022 through 2041, inclusive, for the purpose of purchasing farmland and open space development rights that are voluntarily sold by property owners in accordance with the township's Purchase of Development Rights Ordinance No. 23, as amended, for the payment of debt service on obligations issued therefor, and for the general administration and enforcement of the township's Purchase of Development Rights program, and shall the township levy such millage for such purpose, raising an estimated \$1,797,600 in the first year of the levy?

YES

NO

2. A township election is called to be held on August 2, 2022.
3. The clerk is hereby further authorized and directed to cause Notice of the Last Day of Registration and Notice of Election to be posted and also to be published in such a manner and at such times as required by law.
4. The clerk, township attorney, and all other township officials are authorized and directed to take any and all actions necessary to have the proposal placed on the ballot for an election to be held on August 2, 2022.
5. All existing or previous resolutions and parts of resolutions, insofar as they may conflict with the provisions of this resolution, are hereby rescinded to the extent necessary to avoid such conflict.

YEAS: \_\_\_\_\_  
\_\_\_\_\_

NAYS: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Rebecca Chown, Clerk

**CERTIFICATION**

The undersigned, duly qualified and acting clerk of the township of Peninsula, Grand Traverse County, Michigan, hereby certifies that the foregoing constitutes a true and complete copy of a resolution adopted by said township board at a special meeting held on May 5, 2022, the original of which is part of the township board's minutes. The undersigned further certifies that notice of the meeting was given to the public pursuant to the provisions of the Act 267, Public Acts of Michigan, 1976, as amended.

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_  
Rebecca Chown, Clerk