

HARTLAND TOWNSHIP BOARD OF TRUSTEES REGULAR MEETING FINAL MINUTES
December 09, 2025 – 7:00 PM

1. Call to Order

The meeting was called to order by Supervisor Fountain at 7:00 p.m.

2. Roll Call

PRESENT: Supervisor Fountain, Clerk Ciofu, Treasurer Horning, Trustee Lubeski, Trustee McMullen, Trustee Petrucci

ABSENT: Trustee O'Connell

Also present were Township Manager Mike Luce, Finance Director Susan Dryden and Public Works Director Scott Hable

3. Pledge of Allegiance

4. Approval of the Agenda

Move to approve the agenda for the December 9, 2025 Hartland Township Board meeting as presented.

Motion made by Trustee Petrucci, Seconded by Treasurer Horning.

Voting Yea: Supervisor Fountain, Clerk Ciofu, Treasurer Horning, Trustee Lubeski, Trustee McMullen, Trustee Petrucci

Voting Nay: None

Absent: Trustee O'Connell

5. Call to the Public

No one came forward.

6. Approval of the Consent Agenda

Move to approve the consent agenda for the December 9, 2025 Hartland Township Board meeting as presented.

Motion made by Clerk Ciofu, Seconded by Trustee Petrucci.

Voting Yea: Supervisor Fountain, Clerk Ciofu, Treasurer Horning, Trustee Lubeski, Trustee McMullen, Trustee Petrucci

Voting Nay: None

Absent: Trustee O'Connell

- a. Approve Payment of Bills
- b. Approve Post Audit of Disbursements Between Board Meetings
- c. 11-18-25 Hartland Township Board Regular Meeting Minutes

7. Pending & New Business

- a. Approval of Bond Attorney Engagement Letter

Manager Mike Luce gave a brief overview of the Engagement Letter from Dickenson Wright PLLC to start the bond process for bonding for the water system improvements. Finance Director Susan Dryden gave a brief overview of the selection process for a bond counsel and the reasons for recommending Dickenson Wright to lead us through the bond process. She stated there is a fee schedule included in the letter based on the proceeds of the bonds we receive, but they do not get

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paid unless we take out bonds. Director Dryden stated the fee structure is basically the same for most bond counsels, and we look at who would work with us the best in selecting a bond counsel. Supervisor Fountain stated there is a potential for bonding for road projects in the future and inquired as to whether specific bond counsels would be better for different types of bonds and Director Dryden stated this may be true and she would look into that if we were to bond for roads or the Fire Authority. Director Dryden stated that if this is approved tonight, we will have the Resolution of Intent to Bond at the next Board meeting.

Move to approve Dickenson Wright PLLC as bond counsel for future bonding needs related to Hartland's water supply system improvements and authorize the Finance Director to sign the attached engagement letter.

Motion made by Treasurer Horning, Seconded by Trustee McMullen.

Voting Yea: Supervisor Fountain, Clerk Ciofu, Treasurer Horning, Trustee Lubeski,
Trustee McMullen, Trustee Petrucci

Voting Nay: None

Absent: Trustee O'Connell

8. Board Reports

Trustee McMullen - No report.

Trustee Petrucci - No report.

Clerk Ciofu - No report.

Treasurer Horning - Stated the tax bills have been sent out and that they finally have counter machine for credit cards, though it is not the most efficient process, and that she may be looking into other machines that would be easier to use.

Trustee Lubeski - No report.

Supervisor Fountain - No report.

[BRIEF RECESS]

9. Information / Discussion

a. 2025 Water Rate Discussion

Manager Luce introduced Steven Burke from MFCI and thanked him and his team for quickly putting together all of this information. He stated it is very difficult to predict REU purchases that may be coming online in the future and stated that our water commodity rates have remained at \$1.40 per 1000 gallons for some time now. Manager Luce stated he felt they all worked together to come up with a solution, and we will present where we need to go and why, to satisfy the bonds we are anticipating for the water system. Mr. Burke gave a brief overview of MFCI and stated they were the municipal advisor to the Township acting as the Township's fiduciary any time the Township issues bonds. He stated they also provide rate studies where we are issuing bonds, how you pay for the bonds, and how to do other financial issues that are related to financing within the Township. He stated they could only act in the Township's financial interests and any time he speaks to us, he speaks to us as our financial advisor. He stated that their job was to lay out the data for the Township to make policy decisions. Mr. Burke then presented the Preliminary Water Rate Study.

Mr. Burke stated this report will not provide any definitive final answers but will be updated with data from the final quarter we are in right now, and as budget time nears you will see the final report for the rate study. He stated the goal was to take the work that was done by the

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Township's Engineering team and determine how we would pay for the capital projects that they stated have to be done. This would entail setting rates and charges that will be appropriate to pay for debt service along with your annual ongoing operations and repairs. He then reviewed the Project Assumptions for capital projects for the next several years totaling around \$13.5 million. He stated timeline for some of the projects are uncertain and will depend on how quickly REU's may come online. He stated the initial \$10 million are projects that would be paid for by the existing rate paying base. He reviewed the current water rates, made a comparison of these rates to the standard National Water Rate Survey, and selected local jurisdictions. Mr. Burke stated that the Township's Ready To Serve (RTS) rate is in the highest 75% percentile of the Survey and that our Total Water Rate Fee was in the lowest 25% percentile of the Survey. He did state that of the 409 municipalities in the Study, Hartland Township's Commodity Rate was the 12th lowest in the Survey. He stated that this indicated our fixed costs were covered by everyone on an REU basis where the power users of the system are not paying much more than small users. He went into more detail in discussing the rate comparison to the selected local municipalities. Mr. Burke stated that an increase to the commodity rate would not move you significantly up the chart with regard to overall rate. He stated that you want to ensure that the users of the system are paying for the water that they are using, which is important for the financial health today, and the financial health for the future of the system. He then reviewed the Assumed Bond Structure and Size, assuming two bond issues, a \$5 million issue in 2026 and a \$5.5 million issue in 2027 to pay for the projected water system improvements. He stated the debt service in 2031 if these two bonds issues were completed would be around \$730,000 phased in over five years, and with the current water system annual revenue of around \$1 million, that has \$100,000 annual operating income available for capital/debt service, there is a \$630,000 shortfall, not including inflationary factors. A brief discussion was held on the effect of owned REU's coming online and potential new REU's that would need to be purchased would have on the study. Mr. Burke explained the process for conservatively estimating the REU projections for the study and the need for continuous monitoring and updating of the study over time. Mr. Burke stated the preliminary recommendation is to increase the Commodity Rate to \$4.00, or more, followed up with annual increases to get to a debt service coverage level that is sustainable. He provided several options for increasing the rates to reach the necessary rate by 2031. Mr. Burke stated that the Township is at that transition stage from a new water system to a middle age system and additional capital improvements will be needed as the system ages, and the Township needs to plan for these improvements. Manager Luce stated the rate increase will not be as noticeable to a residential user than it will be to commercial users, which uses more water and taxes the system more. A lengthy discussion was held on the current RTS rate, the current commodity rate, the current overall rate, and how increases to any or all of these rates would affect the users citing specific water bill examples. Mr. Burke stated if we decide to go with this proposed commodity rate increase you may see some water conservation. Trustee Petrucci inquired as to Hartland's high RTS in comparison to other local municipalities and Director Dryden stated we adopted a higher RTS rate vs. commodity charge when we made a change from billing by meter size to REU several years ago. She stated it helped stabilize our system and allowed us to have funds for the repair work we have done over the last two years. Mr. Burke stated right now we are at 80/20 with 80% coming from the fixed RTS and 20% from the variable commodity charges. Mr. Burke stated many times your fixed obligations, whatever it takes to turn the water on whether anyone uses a drop of water or not, are covered by the RTS and the variable costs are covered by commodity charges. At 80/20 it spreads the cost whether you use it or not to all users and benefits the users that use the most water. If you flipped this ratio, the users of the most water would pay more. Mr. Burke stated that financial stability is the issue when setting rates. Manager Luce stated at the next Board meeting we will be considering the water REU rates for the year 2026 calendar, which will not change. He stated when we look at water rates

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for fiscal year 2026-2027, that would be effective April 1, 2026, is when we would set the commodity rates. He stated we will be rolling out a campaign to the residents explaining the need for the rate increase. Mr. Burke stated that the increase to \$4.00 is a start and will need to increase the rate over the five years to get to \$1.7 or \$1.8 million in revenue by 2031. Mr. Burke stated that you will need to have an annual inflation or percentage factor built in, exclusive of the increases needed to get to the total revenue number, to account for rising prices. Manager Luce stated at the last meeting we discussed the water improvement projects, this week we discussed the funding and how we will get there, and next meeting we will be approving the Resolution of Intent to Bond and to start the discussion of setting commodity rates that will be effective on April 1, 2026 and rolling out this information to the public. Mr. Burke stated a Notice of Intent would need to be published that will set the upper limit for capital improvement bonds and there is a 45-day period for collecting signatures for a referendum of the bond. He stated that after the 45-day period expires with no referendum we can issue the bonds. He stated we want to set the limit high since we do not want to have to publish a Notice of Intent again and that you do not need to bond up to the set limit. Clerk Ciofu inquired as to whether there would be any issues in setting the bond amount higher than the recommended \$14 million and Mr. Burke stated there would be no issues setting a higher amount. Supervisor Fountain stated we may be bonding for roads and there is a concern of not bonding for more than \$10 million in a calendar year and Mr. Burke stated this is for bank qualified bonds which would save interest expense but it would not be that material based on other considerations. Mr. Burke thanked Manager Luce, Director Hable and Director Dryden on their work, particularly Director Dryden for her response to all of his requests for information.

b. Manager's Report

Manager Luce stated we have moved the cutoff date for the purchase of Veterans Memorial bricks that will be installed for the dedication from December 31 to January 5th due to the Township holiday schedule. Manager Luce stated he was appointed to the Livingston County Board of Public Works beginning on January 1, 2026, through December 31, 2028. Manager Luce gave an update on a sewer issue at the Township Hall that caused us to close at 4:00 p.m. yesterday. He stated it was a piping issue that was installed improperly when the building was built. He stated to repair this issue we will need to remove a section of floor in the utility room to replace the pipe, and he has requested a quote from our plumbing company and estimates this may cost around \$10,000. He stated we have taken some preventative measures, but to get this fixed the best time would be on a weekend or during the Holiday break. Manager Luce stated that on the next Board meeting agenda there will be the Resolution of Intent to Bond, the 2026 Board Meeting Schedule, appointments to the Planning Commission, and Tax Collection Agreements. He stated the Chick-Fil-A public hearing will be on the December 18th Planning Commission meeting and if approved will come to the Board on the first meeting of January 2026. Manager Luce stated the SEMCOG Tap Grant has been approved for \$923,200, with our \$230,800 match, and will be awarded in 2029. He stated he will be discussing this with SEMCOG. He stated the staff Holiday Party will be held on December 18th from 4:00 p.m. to 6:00 p.m. and the Township Hall will be closed at 4:00 p.m. Manager Luce stated tomorrow at noon we will be having another meeting with MDOT on the M-59/US-23 corridor. He stated we will be looking for some form of assurance from MDOT that if we commit township funds to help in working out a solution to our issues that the project will move forward. He stated we had two commercial businesses meet with the Site Plan Committee regarding locations in the Square One development, which we cannot move forward with as we do not have approval from MDOT for the Square One site plan. A brief discussion was held on the M-59 US-23 intersection improvements and MDOT's issues regarding developments in this area. Supervisor Fountain stated he would also like to find out what MDOT expects from

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the developers with regards to road improvements. Trustee Petrucci stated we need to get letters out to our Veteran Memorial donors for their tax purposes and inquired if we could review the compensation being paid to our Site Plan Committee with regards to all of the recent work they have been doing with developers. Supervisor Fountain stated the Board of Review met this morning and this year's inflation factor is 2.7%. Trustee McMullen inquired as to any updates on the Pleasant Valley easement issues and Manager Luce stated there was nothing new at this time.

10. Adjournment

Move to adjourn the meeting at 9:00 p.m.

Motion made by Treasurer Horning, Seconded by Trustee McMullen.

Voting Yea: Supervisor Fountain, Clerk Ciofu, Treasurer Horning, Trustee Lubeski, Trustee McMullen, Trustee Petrucci

Voting Nay: None

Absent: Trustee O'Connell

Submitted by:

Larry N. Ciofu, Clerk