

**PROCEEDINGS OF VILLAGE OF FRANKLIN  
VILLAGE COUNCIL REGULAR MEETING  
MONDAY, JUNE 11, 2012 8:00 PM  
FRANKLIN VILLAGE HALL – BROUGHTON HOUSE  
32325 FRANKLIN ROAD, FRANKLIN, MICHIGAN 48025**

**I. CALL TO ORDER**

The meeting was called to order by President James Kochensparger at 8:00 P.M. at the Franklin Village Hall, Franklin, Michigan.

**ROLL CALL**

Present: Lew Eads, Pam Hansen, Jim Kochensparger, Thomas Morrow, Steve Rosenthal, Mike Seltzer  
Absent: Sherry Sparks  
Also Present: Amy Sullivan, Village Administrator  
Eileen Pulker, Clerk  
Patrick Browne, Police Chief  
Tony Averbuch, Fire Chief  
John Staran, Hafeli Staran Hallahan & Christ, P.C., Village Attorney  
Eileen Harryvan, Main Street Franklin

**II. ADOPTION OF AGENDA**

**Motion by Seltzer supported by Eads to approve the agenda for the June 11, 2012, Regular Village Council Meeting as revised.**

Agenda items were added as New Business items L (confidential settlement) and M (resignation of Trustee Sparks).

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**III. MINUTES**

**A. May 14, 2012, Regular Village Council Meeting**

**Motion by Eads supported by Rosenthal to approve the minutes for the May 14, 2012, Regular Village Council Meeting as submitted.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**IV. REPORTS OF VILLAGE OFFICERS AND AGENTS**

**Thomas Morrow, Treasurer:** Morrow referred to his submitted written report and noted the Bills List and Level One account balances as of June 1, 2012 are included in the packet.

**Patrick Browne, Police Chief:** Browne provided an update on recent police activity in the Village and legislative Spice/K2 initiatives, reminded Villagers to contact the Department if they observe any suspicious activity, and noted the Department responded to 274 calls for service this month and is putting together information for posting on the website which will provide an understanding of what constitutes domestic violence, an overview of sanctions, and reference material for area agencies providing assistance.

Kochensparger, on behalf of Council and the Village, thanked Browne for his years of service and contributions/input with Browne noting he was privileged to work with two great communities alongside outstanding officers, personnel, and community representatives.

**Tony Averbuch, Fire Chief:** Averbuch referred to his written report noting the Department is continuing with normal maintenance/inspections, supported the Franklin Historic Group with the Kreger House fundraising events, medical runs are up, and reminded homeowners to protect home alarm systems during renovations to protect the system.

**Eileen Harryvan, Main Street Franklin:** Provided an overview of upcoming events and thanked the community for its continued support and donations.

## V. SUBMISSION OF CURRENT BILLS

**Motion by Seltzer supported by Eads to approve the Bills List as submitted.**

Discussion ensued regarding Police – Allen Glass, PC, with Browne advising this pertains to legal matters in the 46<sup>th</sup> District Court.

### **TOTALS**

General Administration	\$	6,648.34
Building	\$	10,080.69
Insurance	\$	33,825.11
Legal	\$	3,152.40
Police	\$	12,227.24
Pressure Sewer	\$	425.00
General Debt Service	\$	-
Major Roads	\$	1,325.00
Local Road	\$	2,114.18
Rubbish	\$	16,525.28
Trust & Agency	\$	200.00
Tax Fund	\$	-
Waste Water	\$	1,342.60
<b>ALL FUNDS</b>	<b>\$</b>	<b>87,865.84</b>

**Ayes: Eads, Hansen, Kochensparger, Rosenthal, Seltzer**

**Nays: None**

**Abstain: Morrow**

**Absent: Sparks**

**Motion carried.**

## VI. PUBLIC REQUESTS AND COMMENTS

- Mira Stakhiv, Crestwood, expressed her concern regarding conduct/decorum at the last Council meeting and the appointment process for the Planning Commission vacancy and requested Council to draft and implement a formal appointment process.
- Marcia Gershenson, Oakland County Commissioner, District 17 and William Dwyer, Oakland County Commissioner, District 14, read a proclamation on behalf of Oakland County honoring Chief Browne for his many years of law enforcement service and personally thanked and wished him the best in his retirement. Chief Browne thanked both for their comments and noted that both are outstanding individuals and do an outstanding job of representing the communities they are responsible for.

- Al Beke, upon request, provided an overview of the appointment process for the Planning Commission vacancy and noted that all the candidates who submitted resumes were qualified and acceptable.
- Joan Israel, Wellington, inquired as to the appointment process for the Planning Commission vacancy noting the Chair's recommendation should carry weight. Discussion ensued.
- John Pulker, Pondsview Drive, provide an update on the Kreger House fundraising events and Kreger House status.

## **VII. SPECIAL REPORTS**

### **A. President's Report**

Kochensparger noted the Personnel Committee is moving forward on the Police Chief appointment and Council is continuing to review the budget.

### **B. Council Report**

Rosenthal noted the Personnel Committee, using the process/timeline in place, is working with Sullivan and Chief Browne on the Police Chief appointment.

Hansen noted the tragic and sudden passing of the Finance Clerk's (Andrea Paulsen) husband, Harold.

### **C. Administrator's Report**

Sullivan noted the employment application for sworn/non-sworn employees has been updated with the Personnel Manual to be updated shortly and expressed her appreciation for being able to work with Chief Browne before he retired.

## **VIII. NEW BUSINESS**

### **A. Consider Joint Senior Services Resolution.**

Renee Cortright, Executive Director, Birmingham Area Seniors Coordinating Council & Center ("BASCC") provided an overview of the rationale behind establishing a Joint Senior Services Committee and noted Council needs to consider appointing Village representatives to the committee. Discussion ensued regarding appointment process, appointment expectations, and funding.

**Motion by Eads supported by Rosenthal to adopt the Joint Senior Services Resolution and appoint two (2) representatives to the Committee, as follows:**

**WHEREAS**, the senior services funding and governance model in these communities may be insufficient to meet the increasing demand for senior services; and

**WHEREAS**, the governing bodies of the Birmingham Area Seniors Coordinating Council, Birmingham public Schools, City of Birmingham, Southfield Township, Village of Beverly Hills, Village of Bingham Farms, and Village of Franklin wish to explore ways to meet the increasing demand for senior services.

**THEREFORE, BE IT RESOLVED** that the governing bodies of the Birmingham Area Seniors Coordinating Council, Birmingham Public Schools, City of Birmingham, Southfield Township, Village of Beverly Hills, Village of Bingham Farms, and Village of Franklin create and establish an advisory committee to be known as the Joint Senior Services Committee which shall provide policy recommendations to the governing bodies on providing activities or services to individuals 55 year of age or older where "activities or services" means identifiable actions directed toward the improvement of the social, legal, health, housing, educational, emotional, nutritional, recreational, or mobility status of older persons. The Committee shall not be empowered to perform a governmental or proprietary function.

**Duties: The Committee shall be charged with the following duties:**

1. Hold meetings and hearings as necessary and as determined by the chairperson. All meetings shall be public meetings held in accordance with the Open Meetings Act, Public Act 267 of 1976

and its minutes and other public records shall be accessible to the public in accordance with the Freedom of Information Act, Public Act 442 of 1976.

2. Compare and contrast current senior services funding and governance models in the participating communities to other are communities and best practices.
3. Develop through public input a consensus regarding the level of senior services the citizens of the participating communities need, want, and are willing to fund.
4. Prepare recommendations regarding which funding and of governance models are best suited to meet the need for senior services in the participating communities.
5. Solicit and receive public input on those recommendations.
6. Finalize and present recommendations to each governing body by January 1, 2013.

**Composition: The Committee shall be composed as follows:**

**Members:** Each of the governing bodies creating and establishing the Committee shall be represented by two members. Members shall be entitled to attend all Committee meetings participate in all discussions, make motions, and vote. Members shall be a member of the governing body they represent and shall be appointed by resolution of the governing body they represent.

**Alternate Members:** Each of the governing bodies creating and establishing the committee shall also be represented by one alternate member. Alternate members shall be entitled to attend all Committee meetings and participate in all discussions but shall only be entitled to make motions or vote in the absence of a member representing the same governing body. Alternate members shall be a member of the governing body they represent and shall be appointed by resolution of the governing body they represent.

**Executive Secretary:** The Executive Director of the Birmingham Are Seniors Coordinating Council shall be the Executive Secretary of the Committee by virtue of office. The members of the Committee giving their time gratuitously, it is the duty of the Executive Secretary to prepare (or have others prepare) meeting notices, agenda, minutes and any other business that has not been assigned to others. The Executive Secretary shall be entitled to attend all Committee meetings and participate in the discussion but shall not be entitled to make motions or vote.

**Terms of office:** The Committee's term and the term of each member shall run until June 30, 2013 at which time this Resolution shall sunset and be of no further force or effect unless each governing body resolves to continue the Committee's term.

**Compensation:** The Committee shall serve without compensation.

**Quorum:** A majority of the Committee (eight of fourteen members or alternates with the right to vote) shall constitute a quorum. The committee shall adopt all recommendations by resolution.

**Organization:** The Committee shall elect one of its members as chairman and any other officers that it shall deem necessary.

**Rules of procedure:** The Committee shall adopt rules of order and procedure consistent with the provisions of this resolution

**Minutes:** A copy of the minutes of the Committee shall be filed with the clerk of each governing body for transmittal to each governing body.

**Removal of members from office and filling vacancies:** Members of the Committee may be removed from office by the appointing governing body for inefficiency, neglect of duty or misfeasance or

malfeasance after public hearing. Vacancies on the Committee shall be filled for the unexpired term by appointment from the appointing governing body.

**Relation to administrative branch:** The Committee shall deal with the administrative branch of each participating government solely through the Chief Administrative Officer and neither the Committee nor any member thereof shall give any order or direction either publicly or privately to any of the subordinates of a governing body or Chief Administrative officer. The Chief Administrative Officer is authorized to provide assistance to the Committee without further governing body approval.

**Expenses/Contract:** The Committee shall not have any authority to authorize expenditures or otherwise obligate any participating government or incur expenses and/or approve contracts. Any expenditure shall be requested by resolution to each governing body for consideration.

Discussion ensued with Joan Israel noting this ties in well with a proposal she was pursuing regarding senior services which Police Officer Bastianelli was supportive of (which she passed over to Ms. Cortright to pursue) and Council noting appointment names need to be forwarded to BASCC in a few days.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**B. Consider Planning Commission Recommendation for the Site Plan for Site Improvements  
32220 Franklin Road (Huda School and Montessori).**

Sullivan provided a brief overview advising the Site Plan ("Plan") has been reviewed by both Planning Commission ("PC") and Historic District Commission ("HDC"), PC held the required public hearing, and both the PC and HDC recommended approval of the Plan with conditions. Sullivan noted a draft resolution has been provided as a starting point which incorporates the PC and HDC recommendations into the Plan and Joe Vaglica with Gateway Engineering is in attendance representing Huda School.

**Motion by Eads supported by Seltzer that the Village Council approve of the site plans prepared by GES-Gateway Engineering and Surveying, Inc., Project #10-0501, dated 5/1/12, drawings 1-4 and sheets LS1 and LS2, for the site improvements contemplated at the Huda School and Montessori at 32220 Franklin Road, Subject to the following conditions:**

1. **The motion of the Historic District Commission to approve with conditions is incorporated into the site plan; and**
2. **The motion of the Planning Commission to approve with conditions is incorporate into the site plan.**
3. **The landscaping on the site is a critical item from a visual perspective and because of its use as an effective screening for lights and noise. The landscape plan as submitted is approved with the following exceptions:**
  - A. **Replace the proposed landscaping material for the Franklin Road lot island with a mix of trees and shrubbery that are native, salt tolerant and that will soften the look of the parking lot.**
  - B. **The area of existing trees and vegetation to the east of the Franklin Road lot should be cleared of invasive species and replanted with native understory material that will continue to provide screening but will not be detrimental to the existing stand of trees.**

- C. Remove 8 spruces from the east side of the Romany Way lot.**
- D. Reduce the height of the spruce trees to 5 feet except for the spruces proposed for the old bus circle in the Franklin Road lot to the east of the parking lot which are to remain at 8-10 feet in height.**
- E. There are 7 callery pear trees planned for the site that create a manicured look instead of the natural landscape which reflects Franklin. Replace the proposed pear tree on Franklin Road and three others with native species trees that blend with the current inventory such as maple, oak or lindens.**
- F. Planting to be done in the Fall to avoid unnecessary stress on the plant material.**
- G. All proposed modifications to the plan will be reviewed and approved by the Village.**

Trustees discussed process, Plan, outstanding issues, motion, and draft resolution noting the following:

- Correct tree heights on Plan and resolution;
- Alternative methods of screening Romany Way rear parking lot with a wall and using tree placement/height reductions in the east side of the Plan to mitigate increased cost as well as to enhance hardiness;
- Supporting recommendations reviewed and included in the motion; and
- Vegetation can be subject to Administrative review.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**C. Consider Police Contract Extension Ratification.**

Sullivan provided a brief overview noting the contract extension has been ratified by the Police Department.

**Motion by Morrow supported by Seltzer to ratify the Police Contract Extension as provided.**

Morrow briefly reviewed the contract extension noting the win-win aspects of the contract. Discussion ensued.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**D. Consider Civic Event Permit Application for “Music on the Green” to occur on July 11, July 18, July 25, and August 1, 2012.**

**Motion by Seltzer supported by Rosenthal to approve the Civic Event Permit Application for “Music on the Green” including signs as submitted.**

Discussion ensued with it being noted all required information/signoffs have been received.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**E. Consider Civic Event Permit Application for Camp “Māk-A-Dream” on Saturday, June 23, 2012.**

**Motion by Seltzer supported by Eads to approve the Civic Event Permit Application for Camp “Māk-A-Dream” as submitted.**

Discussion ensued regarding beneficiary of the event with Village staff to confirm.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**F. Consider Finance Committee Recommendation for Revised Investment Policy.**

Sullivan provided a brief overview noting this was brought to her attention by the Village Auditor’s and is necessary to incorporate the Governmental Accounting Standards Board’s (GASB) 40 statement with two (2) Council actions recommended: 1) Approval of the revised Investment Policy, and 2) Ordinance to facilitate future amendments. Discussion ensued regarding process.

**Motion by Eads supported by Rosenthal to adopt the Ordinance repealing Section 232.01, Investment Policy, of the Codified Ordinances of the Village of Franklin, Oakland County, Michigan, and waive the second reading.**

**Ayes: Eads, Hansen, Kochensparger, Rosenthal, Seltzer**

**Nays: None**

**Abstain: Morrow**

**Absent: Sparks**

**Motion carried.**

**Motion by Eads supported by Seltzer to approve the Investment Policy Resolution as follows and the Revised Investment Policy as submitted and attached hereto, as item #1.**

**WHEREAS**, the Village is authorized by state law, MCL 129.91 et seq, to invest public funds in certain investment vehicles and instruments; and

**WHEREAS**, state law, at MCL 129.95, requires the Village Council, in consultation with the Village Treasurer, to adopt an investment policy; and

**WHEREAS**, the Village’s prior investment policy was codified in Village Code Section 232.01, which the Village Council has repealed in order to allow the Council to adopt and more readily update and amend the Village’s investment policy by resolution.

**THEREFORE, IT IS RESOLVED** that the Franklin Village Council, having consulted with the Village Treasurer, hereby adopts the attached, revised Investment Policy to provide guidance and direct the investment activities of the Village; and

**IT IS FURTHER RESOLVED** that all investments made by the Village according to the Village’s prior investment Policy are hereby ratified and validated.

**Ayes: Eads, Hansen, Kochensparger, Rosenthal, Seltzer**

**Nays: None**

**Abstain: Morrow**

**Absent: Sparks**

**Motion carried.**

**G. Consider West Nile Virus Reimbursement.**

Sullivan provided a brief overview noting the recommended Council action is to authorize the Village Administrator to seek reimbursement from Oakland County for the purchase of mosquito control torpedoes.

**Motion by Morrow supported by Eads to authorize the Village Administrator to seek reimbursement from Oakland County for the purchase of mosquito control torpedoes.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**H. Consider Planning Commission Recommendation for Bed and Breakfast Ordinance.**

Kochensparger provided a brief introduction noting the Planning Commission's recommendation is to not consider such an ordinance at this time. Discussion ensued regarding Planning Commission considerations and process with Staran advising if Council concurs with the recommendation, no Council action would be required. The consensus of Council was to concur with the Planning Commission's recommendation.

**I. Consider Rain Garden Grant.**

Sullivan provided a brief introduction noting the grant is for projects that improve the quality of the Rouge River Watershed and if Council chooses to pursue this grant, she would then seek Planning Commission and HDC approvals. Sullivan also noted this project would meet ACT 51 requirements relative to spending 1% of Act 51 monies on non-motorized transportation type services.

**Motion by Seltzer supported by Eads to submit the application for the Rouge Round XI Grant (Rain Garden Grant).**

Discussion ensued with Gallasch inquiring as to anticipated maintenance/cost and Act 51 requirements and requesting a copy of those requirements.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**J. Consider Change in July 2012 Regular Village Council Meeting Date.**

Kochensparger suggested pushing the July Council meeting out one week due to the July 4<sup>th</sup> holiday. Discussion ensued with Staran advising he has a conflict for the 16<sup>th</sup> and Pulker advising Village payments would be delayed.

**Motion by Eads supported by Seltzer to change the July meeting date from July 9, 2012 to July 16, 2012.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**K. Consider FY2011-2012 Budget Amendments.**

Sullivan provided an overview noting this is the last opportunity to make adjustments to the FY2011-2012 budget. Discussion ensued regarding budget amendments.

**Motion by Rosenthal supported by Eads to approve the FY2011-2012 Budget Amendments as follows:**

**GENERAL FUND**

**WHEREAS: The Village must assure that expenditures in each account do not exceed those budgeted. A review of the Village's 2011/2012 General Fund indicates several accounts where**

**budget amendments are required. We resolve that the following budget amendments be made to the 2011-1012 General Fund Budget with funds coming from the appropriation of other funds.**

Revenue

000999 - Appropriation of prior year funds: Increase revenue account to a new total of \$40,702 (original \$37,007).

Expenditures

215710 – Contracted Services: Decrease expense account to a new total of \$5,000 (original \$6,000).

305701 – Police Overtime: Increase expense account to a new total of \$59,000 (original \$53,000).

305709 – Police Payroll Taxes: Decrease expense account to a new total of \$71,116 (original \$74,616).

305730 – Dues & Subscriptions: Decrease expense account to a new total of \$1,250 (original \$1,750).

305740 – Training & Travel: Decrease expense account to a new total of \$3,000 (original \$4,000).

854963 – Transfer to Waste Water Fund: Increase expense account to a new total of \$13,545 (original \$9,850).

<b>General Fund</b>			
Acct #	New Budget Amount	Old Budget Amount	Change
<b>REVENUE</b>			
000999	\$40,702	\$37,007	\$3,695
<b>EXPENDITURES</b>			
215710	\$5,000	\$6,000	(\$1,000)
305701	\$59,000	\$53,000	\$6,000
305709	\$71,116	\$74,626	(\$3,500)
305730	\$1,250	\$1,750	(\$500)
305740	\$3,000	\$4,000	(\$1,000)
854963	\$13,545	\$9,850	\$3,695
		Total Expense	\$3,695

**WASTE WATER FUND**

**WHEREAS: The Village must assure that expenditures in each account do not exceed those budgeted. A review of the Village’s 2011/2012 Waste Water Fund indicates several accounts where budget amendments are required. We resolve that the following budget amendments be made to the 2011-1012 Waste Water Fund Budget with funds coming from the appropriation of other funds.**

Revenue:

000800 – Transfer from General Fund: Increase revenue account to a new total of \$13,545 (original \$9,850).

Expenditures:

371820 – Engineering Services: Increase expense account to a new total of \$7,695 (original \$4,000).

<b>Waste Water Fund</b>			
Acct #	New Budget Amount	Old Budget Amount	Change
<b>REVENUE</b>			
000800	\$13,545	\$9,850	\$3,695
<b>EXPENDITURES</b>			
371820	\$7,695	\$4,000	\$3,695

Discussion ensued regarding wastewater fund and process with it being noted the amendments are necessary to comply with the requirement to balance the budget.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**L. Consider Confidential Settlement Matter.**

Morrow provided a brief introduction.

**Motion by Morrow supported by Eads to approve the confidential settlement as discussed in closed session prior to the meeting.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

**M. Consider Resignation of Trustee Sheryl Sparks.**

Kochensparger provided a brief introduction noting an e-mail was received from Trustee Sparks notifying the Village of her resignation effective immediately.

**Motion by Seltzer supported by Rosenthal to accept the resignation of Trustee Sparks effective immediately.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: Sparks**

**Motion carried.**

Discussion ensued with Council wishing Sparks well.

**IX. ORDINANCES/PROCLAMATIONS/RESOLUTIONS**

**A. Consider An Ordinance to Amend Section 1042.13 of Chapter 1042, Sewer Use and User Charges, of Part Ten, Title Four, of the Codified Ordinances of the Village of Franklin, Oakland County, Michigan, to Modify Sewage Disposal Rate and Charges, and Repeal Conflicting Ordinances (*first reading*).**

Sullivan noted the proposed ordinance allows for the adoption of new sewer rates which are reviewed annually and provided a brief overview.

**Motion by Morrow supported by Eads to adopt the Ordinance to Amend Section 1042.13 of Chapter 1042, Sewer Use and User Charges, of Part Ten, Title Four, of the Codified Ordinances of the Village of Franklin, Oakland County, Michigan, to Modify Sewage Disposal Rate and Charges, and Repeal Conflicting Ordinances as presented and waive second reading.**

Discussion ensued regarding costs with it being noted the internal costs of running the system are outside of the Village's control.

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: None.**

**Motion carried.**

**B. Consider an Ordinance to Add Chapter 695, Fireworks, to Part Six of the Codified Ordinances of the Village of Franklin, Oakland County, Michigan, to Regulate Fireworks, Repeal Conflicting Ordinances, and Prescribe a Penalty for Violations (*first reading*).**

Staran provided a brief overview noting the recommendation is to adopt the draft resolution prohibiting the ignition and use of consumer fireworks in the Village on all days except those days provided for by State law (day before, day after, and day of a national holiday).

**Motion by Morrow supported by Seltzer to adopt the Ordinance to add Chapter 695, Fireworks, to Part Six of the Codified Ordinances of the Village of Franklin Oakland County, Michigan, to Regulate Fireworks, Repeal Conflicting Ordinances, and Prescribe a Penalty for Violations and waive second reading.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: None.**

**Motion carried.**

**C. Consider an Ordinance to Approve the Editing and Inclusion of Certain Ordinances and a Resolution as Parts of the Codified Ordinances, (*first reading*).**

Pulker provided a brief overview noting it covers the annual updating of the Codified Ordinances of the Village of Franklin and all materials have been reviewed and are accurate.

**Motion by Eads supported by Hansen to approve the Ordinance to Approve the Editing and Inclusion of Certain Ordinances and a Resolution as Parts of the Codified Ordinance as submitted and waive second reading.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: None**

**Motion carried.**

**X. ADJOURNMENT**

**Motion by Rosenthal supported by Seltzer to adjourn the meeting.**

**Ayes: Eads, Hansen, Kochensparger, Morrow, Rosenthal, Seltzer**

**Nays: None**

**Absent: None.**

**Motion carried.**

There being no further business, the meeting adjourned at 9:49 P.M.

Respectfully submitted,

Lori Rich, Recording Secretary

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Eileen H. Pulker, Clerk

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James Kochensparger, President

**Attachment #1**

VILLAGE OF FRANKLIN

Adopted June 11, 2012

**INVESTMENT POLICY.**

(a) Definitions. As used in this section:

(1) "Bank investment pools." See "Mutual fund."

(2) "Bankers acceptances" means a draft or bill of exchange accepted by a bank or trust company.

The accepting institution guarantees payment of the bill, as well as the issuer.

- (3) "Bonds, securities and other obligations of the United States" means investment vehicles such as Treasury Bills, Treasury Notes, Treasury Bonds, "Ginny Mae" Mortgage Securities, etc.
- (4) "Broker" A person who acts as an agent for others in negotiating contracts, purchases or sales in return for a fee or commission.
- (5) "Certificate of Deposit (CD)" means a time deposit with a specific maturity evidenced by a certificate.
- (6) "Collateral" Securities, assets, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also, refers to securities pledged by a bank to secure deposits of public monies.
- (7) "Commercial paper" means a short term debt instrument issued by entities with a stated interest rate and term.
- (8) "Dealer" A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.
- (9) "Delivery Versus Payment" There are two methods of delivery of securities: delivery versus payment and deliver versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Deliver versus receipt is delivery of securities with an exchange of a signed receipt for the securities.
- (10) "Derivatives" means a financial instrument created from or whose value depends on (is derived from) the value of one or more underlying assets or indexes of asset values.
- (11) "Diversification" Dividing investment funds among a variety of securities offering independent returns.
- (12) "Financial Institutions" A state or nationally chartered bank or savings and loan association, a savings bank or credit union whose deposits are insured by an agency of the U.S. Government and which maintains a principal office or branch office located in Michigan under the laws of the State of Michigan or the United States.
- (13) "Liquidity" A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable in size and can be done at those quotes.
- (14) "Market Value" The price at which a security is trading and could be presumably be purchased or sold.
- (15) "Master repurchase agreements" means a written contract covering all future transactions between the parties in repurchase agreements that establishes each party's rights in transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.
- (16) "Mutual fund" means pooled funds which diversify investments accumulated and managed by one entity.
- (17) "Rating services" means recognized organizations that rate the investment grade, quality and relative risk of financial instruments (i.e. Moody's, Standard and Poor's, etc.).
- (18) "Repurchase agreement" means a security sold to an investor with an agreement by the seller to repurchase it at a fixed price on a fixed date. A reverse repurchase would involve the investor selling the agreement to another third party (a bank or broker).
- (19) "Return on Investment" Measurement of the financial change of a security or portfolio according to various time intervals (i.e., monthly, quarterly or annually). To calculate these returns one must calculate income received or earned and changes in the market price of the instrument.
- (20) "Yield" The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield To Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

(b) Investment Policy.

- (1) Scope. This investment policy applies to all cash and financial assets held by the Village of Franklin (the "Village") other than pension fund assets and the Police Retiree Medical assets which are organized and administered separately.
- (2) Objectives. The primary objectives, in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, in priority order, of investment activities shall be:
  - A. Safety. The primary objective of the Village's investment activity is the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
    1. Credit risk. Credit risk, which is the risk of loss due to the failure of the security issuer or backer, shall be mitigated by limiting investments to the safest type of securities. The investment portfolio shall be sufficiently diversified to minimize potential losses on individual securities. Financial institutions, broker/dealers, intermediaries, and advisors that the Village does business with shall be pre-qualified.
    2. Interest rate risk. The Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in interest rates. The investment portfolio shall be structured to ensure that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate prior to maturity. Operating funds shall be invested primarily in shorter term securities.
  - B. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
  - C. Return on investment. Subject to the foregoing constraints of safety and liquidity, the Village will strive to maximize the yield from the investment portfolio.

(3) Standards of care.

- A. Responsibilities of Treasurer. Daily management for the investment program is the responsibility of the Treasurer as custodian of Village funds (see Charter Chapter III, Section 16). No person may engage in an investment transaction except as provided under terms of the Village Charter, this policy and procedures established by the Treasurer.
- B. Prudence. The standard of prudence to be used by investment officials shall be the "prudent person" standard applied in the context of managing the overall portfolio. Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported the Village Council in a timely fashion and appropriate action is taken to control adverse developments
- C. Ethics and conflicts of interest. Officers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or could impair their ability to make impartial decisions. Investment officials shall disclose any material interests in financial institutions with which they conduct business. Officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.
- D. Maintain the public's trust. All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall recognize that the investment program shall be designed and managed with a degree of professionalism worthy of the public trust. Investment officials shall avoid any transactions that might knowingly impair public confidence in the ability of the Village of Franklin to govern effectively.
- E. Collateralization. The State of Michigan does not require collateralization of Public Funds, however, all security transactions shall be conducted on a Deliver-vs-Payment basis. The Village will also utilize any IPC insurance protections as applicable. Non-negotiable, non-

collateralized Certificates of Deposits, as is the law in the State of Michigan shall be evidenced by a Safekeeping Receipt from the issuing bank. To further provide safety and reduce custodial risk for CD investments, a nationally recognized financial institution rating service shall be utilized as stated in (b)(4)(A).

(4) Safekeeping and custody.

A. Authorized financial dealers and institutions. The Treasurer will maintain a list of financial institutions, which have been ratified by the Village Council on an annual basis, to provide investment and depository services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness who maintain an office in the State of Michigan (the State) or who are "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No deposit of public funds shall be made except in a qualified public depository as established by State law.

All financial institutions and broker/dealers being considered for inclusion on the list must supply the Treasurer with the following: Audited financial statements for the most recent fiscal year; quarterly or interim financial statements as published; certification of having read the Village's investment policy and pertinent State statutes; a signed statement agreeing to comply with the terms of this investment policy regarding the buying and selling of securities; proof of National Association of Security Dealers certification; and proof of state registration, where applicable.

An annual review of the financial condition and registration of qualified institutions/dealers will be conducted by the Treasurer. Information indicating a loss or prospective loss of capital on existing investments must be shared with the Village Council immediately upon notification.

B. Internal controls. The Treasurer shall establish and maintain a system of internal controls which is designed to ensure that the financial assets of the Village are protected from loss, theft or misuse. Required elements of the system of internal controls shall include the timely reconciliation of all bank accounts, and trust receipt documentation.

Internal controls will also encompass these additional items:

Transfer of all funds (purchases, sales, etc.).

Separation of functions, including transaction authority and accounting and record keeping.

Custodial safekeeping.

Avoidance of physical delivery securities.

Written confirmation of telephone transactions.

Specific guidelines regarding securities losses and remedial action.

Identification of authorized investment officials.

Documentation of transactions by the investment official.

Bank deposits should be made with sufficient frequency to ensure adequate safeguarding of negotiable instruments. Deposits should be made when necessary as monies are received but no less than at weekly intervals. Any single negotiable instrument, check or draft, or accumulation of the same, that exceeds ten thousand dollars (\$10,000) in amount should be, as practical, deposited in the bank by the next business day.

Periodically, but not less than every two years, independent certified public accountants, in connection with their audit of the Village financial statements, shall review the system of internal controls with respect to investments.

C. Third-party custodial agreements. All securities purchased by the Village shall be held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United States government or the State of Michigan, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Treasurer as authorized by the Village Charter and this policy.

The Village will execute third-party custodial agreement(s) with its bank(s) and depository institution(s). Such agreements will include letters of authority from the Village, details as to responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps, including liability of each party.

Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts, including securities which act as collateral for repurchase agreements.

(5) Authorized and suitable investments.

- A. Investment types. The Village is empowered by State statute (Act 239 of the Public Acts of 1988, being M.C.L.A. 129.91, as amended) to invest in the following types of securities:
1. Bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the government national mortgage association.
  2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank or savings and loan which is a member of the Federal Deposit Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan or credit union is Michigan based, having a physical building in Michigan, is licensed by the State of Michigan and is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being M.C.L.A. 21.143 and 21.144.
  3. United States government or Federal agency obligation repurchase agreements.
  4. Bankers acceptances of United States banks.
  5. No more than fifty percent of the funds available for investment at the time of the purchase in any one fund may be invested in commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase;
  6. Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase, are rated as investment grade by not less than one standard rating service;
  7. Mutual funds registered under the Investment Company Act of 1940, 15 U.S.C. 80A-1 to 80A-3 to 80A-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
    - a. The purchase of securities on a when-issued or delayed delivery basis.
    - b. The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100 percent of the value of the securities loaned.
    - c. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
  8. Obligations described in paragraphs (B)(5)A.1. to 7. hereof if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, Act 7 of the Public Acts of 1967 (Ex Sess), being M.C.L.A. 124.501 to 124.512.
  9. Investment pools organized under the Surplus Funds Investment Pool Act, 1985, Act 121 of the Public Acts of 1985, being M.C.L.A. 129.111 to 129.118.
  10. Investment pools organized under the Local Government Investment Pool Act, being M.C.L.A. 129.141 to 129.150.
  11. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.

12. Any other investment which is authorized for investment by the State Treasurer as fiduciary for a public employee retirement system by amendment of Act 314 of the Public Acts of 1965, being M.C.L.A. 38.1121, and by Act 55 of the Public Acts of 1982, being M.C.L.A. 38.1121.
- B. Limitations. The Treasurer is restricted to investments which meet the statutory restrictions above and limitations on security issuers as detailed below:
1. Repurchase agreements shall be negotiated only with dealers or financial institutions with whom the Village has negotiated a master repurchase agreement or with the Village's primary bank. Repurchase agreements must be signed by the Village President, the Village Clerk and the bank or dealer and must contain provisions similar to those outlined in the Public Security Association's model master repurchase agreement.
  2. When reasonable and practical, investment of bond proceeds or funds pledged for bond repayment must be fully insured, fully collateralized or otherwise protected from loss of principal and interest, and maturities must assure the availability of funds on the dates for principal and interest repayment specified in the bond covenants.
  3. Investments in commercial paper are restricted to those which have, at the time of purchase, the top investment rating provided by any two nationally recognized rating agencies. Commercial paper held in the portfolio which subsequently receives a reduced rating shall be closely monitored and sold immediately if the principal invested may otherwise be jeopardized.
  4. Certificates of deposit shall be purchased only from financial institutions which qualify under State law and are consistent with OAG, 1983, No 6168 (July 11, 1983).
  5. Investments will be diversified by security type and institution as considered appropriate by the Treasurer and consistent with this policy.
  6. To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than five years from the date of purchase.
  7. The Treasurer is prohibited from investing in derivatives, derivative-type instruments or reverse repurchase agreements that may be allowed under State statute.
  8. The Village further restricts its allowable investments to only those that are rated in the highest classification established by not less than two standard rating services, thus addressing Credit Risk as required by GASB 40.
  9. A thorough investigation of the investment pool or mutual fund is required prior to investing, and on a continual basis. There will be a questionnaire developed which will answer the following general questions:
    - A description of eligible investment securities, and a written statement of investment policy and objectives
    - A description of interest calculations and how it is distributed, and how gains and losses are treated
    - A description of how the securities are safeguarded (including the settlement processes), and how often are the securities priced and the program audited
    - A description of who may invest in the program, how often, what size deposit and withdrawal
    - A schedule for receiving statements and portfolio listings
    - How reserves, retained earnings, etc. utilized by the pool/fund
    - A fee schedule, and when and how is it assessed
    - Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds.

(6) Investment Performance and Reporting. The Treasurer will submit a monthly investment status report to the Village Council and the Village Finance Committee that provides the principal and type

of investment by fund, annualized yield, market price, maturity date and a summary report of cash and investments maintained in each financial institution.

A statement of the market value of the portfolio shall be issued by the Treasurer to the Village Council and the Village Finance Committee at least quarterly.

Material deviations from projected investment strategies shall be reported immediately to the Village Administrator,  
the Village President and Village Council at large.

(7) Policy Adoption and Amendment. This investment policy and any amendments hereto shall be adopted by resolution of the Village Council. This policy shall be reviewed on an annual basis by the Village Council. (Res. 98-155. Passed 8-26-98.)