



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2014-0137

TO: Mayor and City Council Members

FROM: Gerald Carvey, Chair, GSAB and Keith Sawdon, Director of Finance

DATE: April 7, 2014

SUBJECT: Green Space Perpetual Care Trust

REQUEST:

The Green Space Advisory Board and the City's Finance Director are requesting that City Council approve the Green Space Perpetual Care Trust Fund as presented.

BACKGROUND:

In September of 2005, Rochester Hills' residents passed a 0.3 mill 10-year millage to acquire and preserve natural green space in the community. The Rochester Hills City Council created a special revenue fund for these assets and established a nine member Green Space Advisory Board to develop strategies and make recommendations regarding the expenditure of the millage funds to (1) expand the Clinton River Greenway and other trail corridors; (2) to permanently preserve natural green spaces, wildlife habitats and scenic views; and (3) to protect woodlands, wetlands, rivers and streams.

In November of 2013, Rochester Hills residents voted to approve revising the permissible use of the tax revenues derived from the millage, so that the tax revenues may also be used for the stewardship of the green space properties, which includes the protection, care and maintenance of, and to improve pedestrian accessibility to and within the green spaces properties owned, acquired or controlled by the City.

With the adoption of the 2013 ballot question, the Green Space Advisory Board and the City's Finance Director is recommending, to City Council, that a Perpetual Care Trust be established to provide a perpetual source of funding to provide the stewardship needs supported by the residents with the approval of the 2013 ballot question.

As the name implies, the Green Space Perpetual Care Trust Fund would be an everlasting fund established for the care and maintenance of the Green Space Properties and natural areas owned and/or controlled by the City. GSAB and the City's Finance Director is recommending this approach to provide and maintain a funding source many years into the future (long-term) for stewardship activities without the need to use principle to fund those activities. The use of a perpetual care fund will allow the principle placed in the fund to be invested using investment options commonly used for other long-term funds such as retirement funds.

GSAB and the City's Finance Director is recommending that certain funds collected for Green Space activity be considered long-term and be placed in a perpetual care fund. Since we believe some of those funds collected should be considered long-term it seemed appropriate that a Section 115

Trust be established. The Trust would ensure a long-term funding source for stewardship activity, provide for better long-term investment options through the provisions of Public Act 314 of 1965 providing the long-term income needed to meet the stewardship needs of Green Space properties well into the future. The objective would be for the Trust to generate enough earnings to pay for all the stewardship needs of Green Space properties relieving that burden from future taxpayers while maintaining the principle generated from the Green Space Millage.

With these goals in mind we asked our retirement attorney, Cynthia Billings, to provide a Section 115 Trust document that you have before you tonight. Once adopted it will be our intent to submit the Trust to the IRS and receive tax exempt status.

RECOMMENDATION:

We recommend that you adopt the City of Rochester Hills Green Space Perpetual Care Trust Fund document for the Green Space Properties as defined within the Trust document.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		