



AGENDA

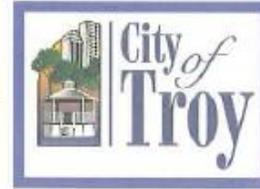
Regular Meeting of the

CITY COUNCIL OF THE CITY OF TROY

DECEMBER 13, 2010
CONVENING AT 7:30 P.M.

Submitted By
The City Manager

NOTICE: Persons with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk at (248) 524-3316 or via e-mail at clerk@troymi.gov at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.



TO: The Honorable Mayor and City Council
Troy, Michigan

FROM: John Szerlag, City Manager

SUBJECT: Background Information and Reports

Ladies and Gentlemen:

This booklet provides a summary of the many reports, communications and recommendations that accompany your Agenda. Also included are suggested or requested resolutions and/or ordinances for your consideration and possible amendment and adoption.

Supporting materials transmitted with this Agenda have been prepared by department directors and staff members. I am indebted to them for their efforts to provide insight and professional advice for your consideration.

As always, we are happy to provide such added information as your deliberations may require.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Szerlag".

John Szerlag, City Manager



**CITY COUNCIL
AGENDA**

December 13, 2010 – 7:30 PM
 Council Chambers
 City Hall - 500 West Big Beaver
 Troy, Michigan 48084
 (248) 524-3317

INVOCATION: Reverend Marvin Walker of Faith Apostolic Church **1**

PLEDGE OF ALLEGIANCE: Cub Scout Pack 1712 from Wattles Elementary School **1**

CALL TO ORDER: **1**

A. ROLL CALL: **1**

B. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS: **1**

C-1 Certificates of Recognition and Special Presentations Scheduled 1

- a) On behalf of the City of Troy Employees' Casual for a Cause Program for the months of September and October 2010, Community Affairs Director Cindy Stewart will present a check in the amount of \$799.00 to Pilar Jenkins, Special Events Campaign Coordinator for the Leukemia/Lymphoma Society 1
- b) Presentation of Government Finance Officers Association (GFOA) Awards for 2009 Financial Documents by Leslie D. Reinhart, City Controller of Sterling Heights/President of the Michigan Government Finance Officers Association (MFGOA) 1
- c) Presentation of the Independent Auditor's Report for the Fiscal Year Ended June 30, 2010 by Gerald J. Deslover of the Rehmann Robson Group 1
- d) Presentation of an Audit Recap by John M. Lamerato, Assistant City Manager/Finance & Administration 1

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INVOCATION: Reverend Marvin Walker of Faith Apostolic Church

PLEDGE OF ALLEGIANCE: Cub Scout Pack 1712 from Wattles Elementary School

CALL TO ORDER:

A. ROLL CALL:

- a) Mayor Louise E. Schilling
Robin Beltramini
Wade Fleming
Martin Howrylak
Mayor Pro Tem Mary Kerwin
Maureen McGinnis
Dane Slater

- b) Excuse Absent Council Members:

Suggested Resolution

Resolution #2010-12-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **EXCUSES** the absence of _____ at the Regular City Council Meeting of Monday, December 13, 2010 due to _____.

Yes:

No:

B. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS:

C-1 Certificates of Recognition and Special Presentations Scheduled

- a) On behalf of the City of Troy Employees' Casual for a Cause Program for the months of September and October 2010, Community Affairs Director Cindy Stewart will present a check in the amount of \$799.00 to Pilar Jenkins, Special Events Campaign Coordinator for the Leukemia/Lymphoma Society
- b) Presentation of Government Finance Officers Association (GFOA) Awards for 2009 Financial Documents by Leslie D. Reinhart, City Controller of Sterling Heights/President of the Michigan Government Finance Officers Association (MFGOA)
- c) Presentation of the Independent Auditor's Report for the Fiscal Year Ended June 30, 2010 by Gerald J. Deslover of the Rehmann Robson Group
- d) Presentation of an Audit Recap by John M. Lamerato, Assistant City Manager/Finance & Administration

C. CARRYOVER ITEMS:**D-1 No Carryover Items**

D. PUBLIC HEARINGS:**E-1 No Public Hearings**

F. PUBLIC COMMENT:

In accordance with the Rules of Procedure of the City Council, Article 16 – Members of the Public and Visitors

Any person not a member of the City Council may address the Council with recognition of the Chair, after clearly stating the nature of his/her inquiry or comment. *City Council requests that if you do have a question or concern, to bring it to the attention of the appropriate department(s) whenever possible. If you feel that the matter has not been resolved satisfactorily, you are encouraged to bring it to the attention of the City Manager, and if still not resolved satisfactorily, to the Mayor and Council.*

- Petitioners shall be given a fifteen (15) minute presentation time that may be extended with the majority consent of City Council.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to five (5) minutes to address any Public Hearing item.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to five minutes to address Postponed, Regular Business or Consent Agenda items or any other item as permitted under the Open Meetings Act during the Public Comment portion of the agenda.
- City Council may waive the requirements of this section by a majority of the City Council members.
- City Council may wish to schedule a Special Meeting for Agenda items that are related to topics where there is significant public input anticipated.
- Through a request of the Chair and a majority vote of City Council, public Comment may be limited when there are fifteen (15) or more people signed up to speak either on a Public Hearing item or for the Public Comment period of the agenda.

G. RESPONSE / REPLY TO PUBLIC COMMENT**H. POSTPONED ITEMS:**

H-1 No Postponed Items**I. REGULAR BUSINESS:**

I-1 Board and Committee Appointments: None Scheduled**a) Mayoral Appointments: None Scheduled****b) City Council Appointments/Confirmation: None Scheduled**

I-2 Board and Committee Nominations: None Scheduled

I-3 Request for Closed Session – None Requested

I-4 James F. Cichy and Diane Rzepecki v. City of TroySuggested Resolution

Resolution #2010-12-

Moved by

Seconded by

RESOLVED, That the City Attorney's Office is hereby **DIRECTED** to defend the City of Troy and the City of Troy Police Department in the *Cichy and Rzepecki v. City of Troy and City of Troy Police Department* lawsuit, and is **AUTHORIZED** to pay reasonable and necessary costs and fees in the defense of the action.

Yes:

No:

I-5 Raquel Chidiac v. City of Troy et. al.Suggested Resolution

Resolution #2010-12-

Moved by

Seconded by

NOW THEREFORE, BE IT RESOLVED, That the Troy City Council hereby **APPROVES** the settlement of the case *Raquel Chidiac v. City of Troy, et al* (Circuit Court Case No. 09-105346 NI) as recommended by City Administration and presented to the Troy City Council at the December 6, 2010 Closed Session, and **DIRECTS** the City Attorney to proceed.

Yes:

No:

I-6 Clinton-Oakland & Evergreen Farmington Sewage Disposal Systems - City of Troy Inflow and Infiltration Reduction Project ContractSuggested Resolution

Resolution #2010-12-

Moved by

Seconded by

Approval of Grant Agreement and Contract with the Oakland County Water Resources Commissioner for the inspection, maintenance and repair of Evergreen-Farmington Sewage Disposal System facilities, City of Troy Inflow and Infiltration Reduction Project

RESOLVED, That Troy City Council hereby **APPROVES** the Grant Agreement and Contract with the Oakland County Water Resources Commissioner for the inspection, maintenance and repair of Evergreen-Farmington Sewage Disposal System facilities within the City of Troy at an estimated project cost of \$505,000, with grant participation of \$247,000 and **AUTHORIZES** the Mayor and City Clerk to execute the documents; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

Yes:

No:

I-7 Agreement to Abide by Restrictive Covenants for Transit Center Property & Easement

Suggested Resolution

Resolution #2010-12-

Moved by

Seconded by

RESOLVED, That the Troy City Council hereby **AGREES** to abide by the terms contained in the attached Declaration of Restrictive Covenant for the City's sewer easement for the Midtown Shopping Center and also the Transit Center parcel, located in the southwest corner of Coolidge and Maple, as required by the Michigan Department of Natural Resources and Environment as part of the final remedial action plan, which includes the prohibition of residential uses on the Transit Center property and the City's easement; the prohibition of the use of groundwater from the Transit Center parcel and City's sewer easement, and the City's responsibility for proper disposition and management of any soil excavated by the City from the City's easement or the Transit Center parcel and the replacement of any of the existing clay plugs, if subsequently removed or disturbed on the Transit Center parcel or the City's sewer easement, as described in the attached document.

Yes:

No:

J. CONSENT AGENDA:

J-1a Approval of "J" Items NOT Removed for Discussion

Suggested Resolution

Resolution #2010-12-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **APPROVES** all items on the Consent Agenda as presented with the exception of Item(s) _____, which **SHALL BE CONSIDERED** after Consent Agenda (I) items, as printed.

Yes:

No:

J-1b Address of "J" Items Removed for Discussion by City Council

J-2 Approval of City Council MinutesSuggested Resolution

Resolution #2010-12-

RESOLVED, That Troy City Council hereby **APPROVES** the Minutes of the Regular City Council Meeting of December 6, 2010 as submitted.

J-3 Proposed City of Troy Proclamations: None Submitted

J-4 Standard Purchasing Resolutions**Standard Purchasing Resolution 1: Bid Award - Roof Replacement at DPW Maintenance Garage Area #3**Suggested Resolution

Resolution #2010-12-

RESOLVED, That Troy City Council hereby **AWARDS** a contract to provide the roof replacement of the DPW maintenance garage area #3 to the low bidder, Port Huron Roofing of Clyde Township, for an estimated total cost of \$95,700.00; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** staff to approve additional work if required, that could not be foreseen, at unit prices contained in the schedule of values not to exceed \$9,570.00; a copy of which shall be **ATTACHED** to the original Minutes of this meeting; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AWARDS** the contract **CONTINGENT** upon the contractor's submission of properly executed bid and proposal documents, including bonds, insurance certificates and all other specified requirements; and

BE IT FINALLY RESOLVED, That the Troy City Council hereby **REJECTS** proposal B (to paint the rusted metal), as weather conditions will reduce the quality of work, but allow staff to re-evaluate the roof top equipment including fascia and paint if necessary in the spring, utilizing standard purchasing procedures.

K. MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:

K-1 Announcement of Public Hearings:

- a) Announcement of Public Hearing for Industrial Development District (IDD), Plant Rehabilitation District (PRD), and Industrial Facilities Exemption Certificate (IFEC) and a Plant Rehabilitation Exemption Certificate (PREC) for Meritor Heavy Vehicle Systems, LLC (2135 W. Maple)
-

K-2 Memorandums (Items submitted to City Council that may require consideration at some future point in time): None Submitted

L. COUNCIL REFERRALS:

Items Advanced to the City Manager by Individual City Council Members for Placement on the Agenda

L-1 No Council Referrals Advanced

M. COUNCIL COMMENTS

M-1 No Council Comments Advanced

N. REPORTS

N-1 Minutes – Boards and Committees:

- a) Animal Control Appeals Board/Final – September 1, 2010
 - b) Animal Control Appeals Board/Draft – November 30, 2010
-

N-2 Department Reports:

- a) Final Reporting – BidNet On-Line Auction Services – November 2010
 - b) Car Wash Pricing
 - c) Council Member Robin Beltramini’s Report from the NLC Congress of Cities Conference
-

N-3 Letters of Appreciation:

- a) Letter of Appreciation from Roseville Police Department to Chief Mayer from Detective Sergeant Keith Waller, Roseville Police Department, regarding the assistance of PSA Jay Hernandez
 - b) Letter of Appreciation from City Manager John Szerlag and Police Chief Gary Mayer to St. Andrews Society, regarding the receipt of the “Braveheart Award”
-

N-4 Proposed Proclamations/Resolutions from Other Organizations: None Proposed

N-5 Submittal of the 2010 CAFR

N-6 Communication from the Troy Historical Society Regarding the Troy Museum & Historic Village

N-7 Initiation of Lawsuit to Recover Cost of Replacement Tree

N-8 Manager’s Business Roundtable First Quarter Executive Summary

O. STUDY ITEMS

O-1 Goals and Objectives

P. CLOSED SESSION:

P-1 No Closed Session Requested

Q. ADJOURNMENT

Respectfully submitted,



John Szerlag, City Manager

FUTURE CITY COUNCIL PUBLIC HEARINGS:

None scheduled

SCHEDULED CITY COUNCIL MEETINGS:

Monday, January 10, 2011.....	Regular Meeting
Monday, January 24, 2011.....	Regular Meeting
Monday, January 31, 2011.....	Regular Meeting
Monday, February 7, 2011	Regular Meeting
Monday, February 21, 2011	Regular Meeting
Monday, February 28, 2011	Regular Meeting
Monday, March 7, 2011	Regular Meeting
Monday, March 21, 2011	Regular Meeting
Monday, March 28, 2011	Regular Meeting

SCHEDULED SPECIAL CITY COUNCIL MEETINGS:

Monday, January 17, 2011 @ 6:00 PM.....	Special Meeting
Monday, January 24, 2011 after Regular Meeting	Special Meeting



CITY COUNCIL AGENDA ITEM

Date: December 2, 2010

To: Troy City Council Members

From: Lori Grigg Bluhm, City Attorney *LG*
Allan T. Motzny, Assistant City Attorney *ATM*

Subject: James F. Cichy and Diane Rzepecki v City of Troy

Background

Plaintiffs James F. Cichy and Diane C. Rzepecki filed the attached claim and delivery lawsuit against the City of Troy and the Troy Police Department. It has been filed in the Oakland County Circuit Court and assigned to Judge Edward Sosnick. The Plaintiffs are seeking return of four rifles and two shotguns and ammunition that are presently in the possession of the Police Department.

The incident resulting in the confiscation of the weapons and ammunition occurred on the night of January 3, 2010. Troy officers were dispatched to the home where both Plaintiffs reside at the request of Ms. Rzepecki who claimed she was concerned for her safety based on the behavior of Mr. Cichy. At that time, based on the circumstances, the Troy police officers took possession of the weapons and ammunition because they were extremely concerned that James Cichy was a danger to himself and others. This is still a valid concern based on the circumstances. The City has therefore retained these weapons, and is not willing to return them to the Plaintiffs.

Through this claim and delivery action, the Plaintiffs will need to establish to the Court that the weapons should be returned to them. The City's role in this matter is limited to presenting the information to the Court for its determination. If the Court orders the return of these weapons, then the City will comply.

Recommendation

Absent any objection from City Council, the City Attorney's Office will defend the City's interest in this case.

Proposed Resolution:

RESOLVED, that the City Attorney's Office is hereby DIRECTED to defend the City of Troy and the City of Troy Police Department in the *Cichy and Rzepecki v. City of Troy and City of Troy Police Department* lawsuit, and is AUTHORIZED to pay reasonable and necessary costs and fees in the defense of the action.

STATE OF MICHIGAN JUDICIAL DISTRICT 6TH JUDICIAL CIRCUIT COUNTY PROBATE	SUMMONS AND COMPLAINT
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OAKLAND COUNTY 10-115058-PD



JUDGE EDWARD SOSNICK
CICHY, JAMES.F v TROY CITY
Case no. 248-858-1000

Court address
1200 N. Telegraph Road, Pontiac, MI 48341

Plaintiff's name(s), address(es) and telephone no(s).
JAMES F. CICHY and DIANE RZEPECKI,
6770 Crestview
Troy, MI 48098

Plaintiff's attorney, bar no., address, and telephone no.
RICHARD M. LUSTIG P 16868 (248) 258-1600
240 Daines Street
Birmingham, MI 48009

v

Defendant's name(s), address(es), and telephone no(s).
CITY OF TROY, a Michigan Municipal Corporation
500 W. Big Beaver Road
Troy, MI 48084

SUMMONS NOTICE TO THE DEFENDANT: In the name of the people of the State of Michigan you are notified:

1. You are being sued.
2. **YOU HAVE 21 DAYS** after receiving this summons to file an answer with the court and serve a copy on the other party or to take other lawful action with the court (28 days if you were served by mail or you were served outside this state). (MCR 2.111(C))
3. If you do not answer or take other action within the time allowed, judgment may be entered against you for the relief demanded in the complaint.

Issued NOV 18 2010	This summons expires FEB 17 2011	Court clerk RUTH JOHNSON
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*This summons is invalid unless served on or before its expiration date.

This document must be sealed by the seal of the court.

COMPLAINT Instruction: The following is information that is required to be in the caption of every complaint and is to be completed by the plaintiff. Actual allegations and the claim for relief must be stated on additional complaint pages and attached to this form.

Family Division Cases

- There is no other pending or resolved action within the jurisdiction of the family division of circuit court involving the family or family members of the parties.
- An action within the jurisdiction of the family division of the circuit court involving the family or family members of the parties has been previously filed in _____ Court.
- The action remains is no longer pending. The docket number and the judge assigned to the action are:

Docket no.	Judge	Bar no.
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General Civil Cases

- There is no other pending or resolved civil action arising out of the same transaction or occurrence as alleged in the complaint.
- A civil action between these parties or other parties arising out of the transaction or occurrence alleged in the complaint has been previously filed in _____ Court.
- The action remains is no longer pending. The docket number and the judge assigned to the action are:

Docket no.	Judge	Bar no.
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VENUE

Plaintiff(s) residence (include city, township, or village)	Defendant(s) residence (include city, township, or village)
Place where action arose or business conducted	

Date _____ Signature of attorney/plaintiff RICHARD M. LUSTIG

If you require special accommodations to use the court because of a disability or if you require a foreign language interpreter to help you to fully participate in court proceedings, please contact the court immediately to make arrangements.

OAKLAND COUNTY 10-115058-PD
JUDGE EDWARD SOSNICK
CICHY, JAMES, F. v. TROY CITY
OAKLAND

STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

JAMES F. CICHY and
DIANE C. RZEPECKI,

Plaintiffs

-vs-

No: 2010-

PD

CITY OF TROY, a Michigan
Municipal Corporation, and CITY OF
TROY POLICE DEPARTMENT, jointly
and severally,

Defendants

RICHARD M. LUSTIG P 16868
Attorney for Claimants
240 Daines Street
Birmingham, Michigan 48009
(248) 258-1600

CLERK OF COURT
NOV 18 PM 2:14
CITY OF TROY

ACTION FOR CLAIM AND DELIVERY

NOW COME the Plaintiffs, JAMES F. CICHY and DIANE C. RZEPECKI ("Plaintiffs"), by and through their attorney, RICHARD M. LUSTIG, and moves this Honorable Court for the entry of an order returning any and all weapons taken "for safekeeping" from Plaintiffs' home on or about July 13, 2010 for the following reasons:

1. Plaintiffs, JAMES F. CICHY and DIANE C. RZEPECKI, at all times relevant herein, resided together at 6770 Crestview, City of Troy, County of Oakland and State of Michigan.

RICHARD M. LUSTIG, P.C.
ATTORNEYS AND COUNSELORS
240 DAINES STREET
BIRMINGHAM, MI 48009
(248) 258-1600
FAX (248) 258-6007

2. Defendant, CITY OF TROY, is a Michigan municipal corporation.

3. Defendant, CITY OF TROY POLICE DEPARTMENT, is a local agency that serves to protect those residing in the City of Troy.

4. On or about July 13, 2010 Plaintiff, DIANE C. RZEPECKI called Troy 911 claiming that Plaintiff JAMES F. CICHY, her live-in boyfriend, was intoxicated and she needed assistance.

5. Under information and belief, the Troy Police Department sent a patrol car to the home of the Plaintiffs at which time they entered the premises and restrained the Plaintiff JAMES F. CICHY. Further, without a warrant, they seized a rifle contained inside a gun case from the kitchen table, as well as numerous other weapons stored inside the home.

6. Under information and belief, officers of the Troy Police Department advised the Plaintiff, DIANE C. RZEPECKI, that they would merely "hold for safekeeping" the weapons and would return them to Plaintiffs at a later time.

7. Under information and belief, the officers who arrived at the scene, without a warrant, seized the following:

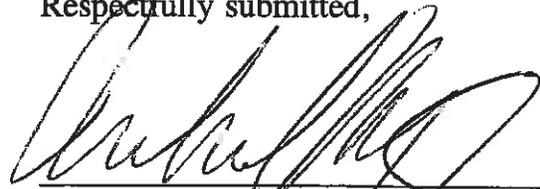
- a. Ruger 10.22 rifle with 4x mounted scope
 - Gun lock (keyed)
 - Tasco ProPoint III Red Dot Matte scope with mount and bore sighter
 - Lithium 3v batteries
 - Winchester pistol case - black with chrome edges and two locks

- 3 boxes of Hornady ammunition
 - Laminated permit to purchase
 - Cleaning patches
- b. Mossberg Model 500 pump 12 gauge shotgun with green synthetic stock and forearm
- 24" slug barrel
 - Bushnell Banner mounted scope - 3-9 x 40 mm 71-3944
 - Black shoulder sling with mounts
 - carrying case
- c. 12 gauge shotgun with wood stock - pump action (possibly a Sears & Roebuck) - approximately 40-50 years old showing a lot of wear and tear
- d. Ruger 10-22 gauge rifle
- 4x power mounted scope
 - Black carrying case
 - 10 shells
- e. .22 caliber rifle
- f. 30-30 rifle
- sling
 - carrying case

8. On October 6, 2010, counsel for Plaintiffs sent a letter was sent to the attention of Officer Joe Quaiatto of the Troy Police Department requesting the return of said weapons. Subsequent to that letter, counsel received a letter from Assistant Troy City Attorney, Allan T. Motzny setting forth untrue facts and further stating that the City of Troy would "only be returned upon presentation of a court order directing such return and specifying the name of the person to whom they should be returned."

WHEREFORE, Plaintiffs request this Honorable Court order the Defendants to return said weapons to the Plaintiffs or, in the alternative, to a third party who will hold said weapons for safekeeping.

Respectfully submitted,



RICHARD M. LUSTIG P 16868
Attorney for Plaintiffs
240 Daines Street
Birmingham, MI 48009
Telephone Number: (248) 258-1600



TO: Members of Troy City Council
FROM: Lori Grigg Bluhm, City Attorney *LGB*
Christopher J. Forsyth, Assistant City Attorney *CJF*
DATE: December 7 2010
SUBJECT: Raquel Chidiac v. City of Troy et. al.

Based on the closed session discussion on December 6, 2010, enclosed please find a proposed resolution authorizing our insurance carrier to settle the above referenced case for an amount that is less than our insurance deductible. Under the Open Meetings Act, the substance of closed session discussions cannot be disclosed. Furthermore, the settlement negotiations require confidentiality.

Absent settlement of this matter, the parties will proceed towards the jury trial and will continue to accrue additional expenses.

The recommended resolution facilitates the settlement.

PROPOSED RESOLUTION:

NOW THEREFORE, BE IT RESOLVED, That the Troy City Council hereby **APPROVES** the settlement as recommended by City Administration and presented to the Troy City Council at the December 6, 2010 closed session, and **DIRECTS** the City Attorney to proceed.



CITY COUNCIL AGENDA ITEM

Date: December 5, 2010

To: John Szerlag, City Manager

From: Mark F. Miller, Acting Assistant City Manager/Economic Development Services
Steven J. Vandette, City Engineer *SV*

Subject: Agenda Item – Clinton-Oakland & Evergreen Farmington Sewage Disposal Systems
City of Troy Inflow and Infiltration Reduction Project Contract

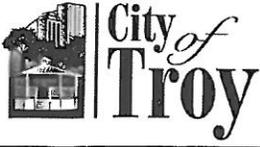
Background

The Oakland County Water Resources Commissioner (WRC) secured a \$3.8 million dollar grant through the United States Environmental Protection Agency for sanitary sewer projects in two Oakland County sewer districts. Of the \$3.8 million, \$2.8 million was apportioned to the Evergreen-Farmington Sewage Disposal System (EFSDS) and \$1 million to the Clinton-Oakland system. The City of Troy was awarded \$247,000 for sanitary sewer work within its part of the EFSDS district, located along the western side of the City from approximately Big Beaver and Adams to South Boulevard and Crooks Road.

The EFSDS district is under an Administrative Consent Order issued by the Michigan Department of Natural Resources and Environment (MDNRE). A requirement of the Consent Order is to remove sources of storm water from the sanitary sewer system in order to keep sewer flow within the system's capacity and keep sanitary sewer overflows from occurring. The city of Troy in 2005 submitted a Short Term Corrective Action plan to the MDNRE and has conducted several flow metering studies, sewer rehabilitation and manhole repair projects since then as part of that plan. A long term corrective action plan, predicated on the results of these projects, is due in 2014.

The primary purpose of this grant will be to continue our efforts to identify and reduce excess flows into the EFSDS. Identifying excess flows will be accomplished through field investigations such as manhole inspections, smoke testing and sanitary sewer televising. Reducing excess flows will be accomplished through manhole and sewer rehabilitation projects such as rebuilding manhole chimneys, replacing manhole frames with rubber gasket bolt-down frames, grouting manhole and sewer joints and lining sewers where necessary. The effectiveness of the rehabilitation work will be determined using pre- and post-rehab sanitary flow meter data collected by WRC permanent meters located in the sewers.

The City provided a work plan to the WRC that identified the scope of work and estimates of costs. While the grant amount is \$247,000 and does not require a local match, the total estimated project



CITY COUNCIL AGENDA ITEM

cost at \$505,000 will require a local expenditure of \$258,000. Funding for this project is provided in the 2010/11 Sewer Fund.

Recommendation

Staff recommends that City Council approve the attached *Clinton-Oakland & Evergreen Farmington Sewage Disposal Systems, City of Troy Inflow and Infiltration Reduction Project Contract* for the purpose of fixing the rights and obligations of each party for the inspection, maintenance and repair of Evergreen-Farmington Sewage Disposal System facilities described and specified as set forth in Exhibits A and B of the contract. Furthermore, staff recommends that the Mayor and City Clerk be authorized to execute the agreement.

Fund Availability

Funds for this work are included in the 2010/11 Sewer Fund. The budgeted amount includes funds for construction, inspection and contingencies.

Legal Considerations:

The format and content of the agreement has been reviewed by the City Attorney's Office and is consistent with past contracts with the Oakland County Water Resources Commissioner approved by City Council.

City Attorney's Review as to Form and Legality

CLINTON-OAKLAND & EVERGREEN FARMINGTON SEWAGE DISPOSAL SYSTEMS
CITY OF TROY INFLOW AND INFILTRATION REDUCTION PROJECT
CONTRACT

THIS CONTRACT, made and entered into as of the 1st day of November, 2010, by and between the COUNTY OF OAKLAND, a Michigan constitutional corporation in the State of Michigan (hereinafter sometimes referred to as the "County"), by and through its Water Resources Commissioner, County Agency, whose address is One Public Works Drive, Waterford, Michigan 48328 and the CITY OF TROY, a Michigan municipal corporation, whose address is 500 West Big Beaver Road, Troy, Michigan 48084 (hereinafter sometimes referred to as the "City"). In this Contract, either the City or the County may also be referred to individually as a "Party" or jointly as the "Parties".

WITNESSETH:

WHEREAS, pursuant to Act No. 185 of the Public Acts of 1957, as amended ("Act 185") and Act No. 342, Public Acts of Michigan of 1939, as amended ("Act 342"), and Miscellaneous Resolution #93-075 adopted June 10, 1993, the Board of Commissioners of the County, authorized and directed that there be established a county system of sewage disposal improvements and services to serve the City and other municipalities in the County, said system to be known as the "Clinton-Oakland Sewage Disposal System" and the "Evergreen and Farmington Sewage Disposal System" and has designated the Oakland County Water Resources Commissioner as the County Agency for the sewage disposal systems with all powers and duties with respect thereto as are provided by Act 342 (said Water Resources Commissioner being hereinafter sometimes referred to as the "County Agency"); and

WHEREAS, under and subject to the terms of Act 342, the County is authorized, through the County Agency, to acquire (if necessary), construct (if necessary), repair, operate and/or

maintain the sewage disposal facilities hereinafter described as constituting part of the sewage disposal system as set forth in Exhibit "A" ("System"), and the County and the City are authorized to enter into a contract, as hereinafter provided, for the repair of the System by the County, and for the payment of the cost thereof by the City from available funds; and

WHEREAS, in accordance with Miscellaneous Resolution #10039 the County Board of Commissioners authorized the County Agency to proceed with System infiltration and inflow reduction project ("Project") within the City; and,

WHEREAS, there is an urgent need to construct and repair portions of the System within the City in order to promote the health and welfare of the residents thereof, which the Project would likewise benefit the County and its residents, and the parties hereto have concluded that the Project can be provided most economically and efficiently by the County through the exercise of the powers conferred by Act 342, and especially section 5 thereof; and

WHEREAS, a preliminary scope of services for the Project and an estimate of the cost thereof have been prepared, and approved by the County Agency and the governing body of the City and placed on file in the office of the County Agency, said estimate of cost being set forth in Exhibit B hereunto attached; and

WHEREAS, in order to undertake the Project by the County and for other related matters, it is necessary for the parties hereto to enter into this contract.

THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS OF EACH OTHER, THE PARTIES HERETO AGREE as follows:

1. The Parties hereto approve and agree to the inspection, maintenance and repair of the Project as part of the System, under and pursuant to Act 342 and approve the designation of "Clinton-Oakland Sewage Disposal System and Evergreen Farmington Sewage Disposal System - City of Troy Inflow and Infiltration Reduction Project" as the name of the Project. The City by way of compliance with Section 29, Article VII, Michigan Constitution of 1963, consents and agrees to the establishment and location of the Project within its corporate boundaries and to the use by the County of its streets, highways, alleys, lands, rights-of-way or other public places for the purpose and facilities of the Project and any improvements, enlargements or extensions thereof, and the City further agrees that, in order to evidence and effectuate the foregoing agreement and consent, it will execute and deliver to the County such grants of easements, rights-of-way, licenses, permits or consents as may be requested by the County.

2. The location and Project shall consist of the inspection, maintenance and repair of System facilities described and specified as set forth in Exhibits A and B, which are hereunto attached and made a part hereof. The Project shall be constructed and repaired substantially in accordance with said preliminary scope of services and in accordance with final plans and specifications to be prepared and submitted by the consulting engineers, but variations therefrom that do not materially change the location, capacity or overall design of the Project, and that do not require an increase in the total estimated cost of the Project, may be permitted on the authority of the County Agency. Other variations or changes may be made if approved by the County Agency and by resolution of the governing body of the City and if provisions required by paragraph 4 hereof are made for payment of any resulting increase in the total estimated cost. The estimated probable cost of the Project in the amount of **\$505,000** as set forth in Exhibit B is approved and adopted.

3. The County Agency shall proceed to take bids for the Project and, subject to available funding allocated and approved for this project as set forth in Paragraph 5 of this

agreement, enter into construction contracts with the lowest responsible bidder or bidders, procure from the contractors all necessary and proper bonds, cause the Project to be constructed within a reasonable time, and do all other things required by this contract. The County Agency will require all contractors engaged for the Project to provide general liability and other insurance, and in all such cases, the County and the City shall be named as additional insureds under the contractor's required insurance. The County Agency may, in its sole discretion, retain the services of a third-party engineering firm to perform contract administration of the Project, and payment for such services shall be the responsibility of the City as part of the cost of the Project as described in paragraph 5 hereof. All certificates for required payments to contractors shall be approved by the consulting engineers before presentation to the County Agency and the latter shall be entitled to rely on such approval in making payments.

4. Except as otherwise provided herein, in the event that it shall become necessary to increase the estimated cost of the Project for any reason, or if the actual cost of the Project shall exceed the estimated cost, whether as the result of variations or changes made in the approved plans or otherwise, then the County Agency shall not be obligated to pay such increased or excess cost unless the governing body of the City shall have adopted a resolution approving such increase or excess and agreeing that the same (or such part thereof as is not available from other sources) shall be defrayed by increased or additional payments agreed to be made by the City to the County in the manner hereinafter provided.

5. The City shall pay the entire cost of the Project not defrayed by grants and funds available from other sources. It is understood that the County Agency has received a financial assistance grant from the United States Environmental Protection Agency dedicated for a portion of the Project in the amount of **\$247,000**. The portion of the Project funded by the City is estimated at **\$258,000** as set forth in Exhibit "B". Said grant requires the County Agency to submit incurred Project costs and expenses to the USEPA for reimbursement which is subject to

USEPA approval and audit in accordance with the grant agreement and/or USEPA or other applicable federal regulations. The City acknowledges that while the costs of the Project may be defrayed by said grants, the County and County Agency cannot and do not warrant or guarantee the availability of said grant or that the USEPA will reimburse the County Agency for Project incurred costs and expenses. In the event that incurred Project costs and expenses are not reimbursed in accordance with the terms of said grant, the City is responsible for any shortfall caused by the unavailability of such grants or funds over and above the estimated portion of the Project funded by the City. The City hereby acknowledges that no County general funds shall be appropriated or pledged pursuant to this contract or for the Project. The County's role in the Project is strictly limited to that set forth in Act 342, and the City shall be solely responsible for all administration and Project costs (including attorney fees and all dispute resolution costs), all costs of operation and maintenance of the Project, all costs and expenses relating to lawsuits as described in paragraph 11 hereof and all items of costs described in paragraph 6 hereof in the same manner as herein provided with respect to other costs of the Project.

6. The County Agency is hereby authorized, but not required, to utilize County personnel for the administration of the Project. The City agrees that the Costs (as hereinafter defined) of, and Overhead (as hereinafter defined) for, contract administration, auditing and financial services shall be part of the cost of the Project for purposes of paragraph 5 hereof, whether such services are provided by County personnel or third parties. "Costs" shall be defined in this paragraph as the labor, including statutory and customary fringe benefits, overtime, material and supplies, power and utility services, vehicle/equipment rental and subcontractor services devoted specifically to the Project. "Overhead" shall be defined in this paragraph to include the following: all allocation of the labor cost, including statutory and customary fringe benefits, of personnel responsible for administering this contract or supervising the work performed in connection with this contract; an allocation of expenses of the County Agency; and an allocation of the indirect cost of the County charged to the County Agency for

support services, such as (but not limited to) legal, personnel, accounting, computer support, and insurance/risk management.

7. If the Project is abandoned for any reason, the City shall pay, or reimburse the County for the payment of, all engineering and legal expenses, Costs (as defined in paragraph 6 hereof) and Overhead (as defined in paragraph 6 hereof) incurred by the County Agency in connection with the Project and the City shall be entitled to all plans, specifications and other engineering data and materials.

8. After completion of the Project and the acceptance thereof by the City, the operation and maintenance of the Project as part of the System shall be in accordance with applicable agreements between the City and the County (if any).

9. It is understood and agreed by the parties hereto that the Project is to serve the City and not the individual property owners and users thereof, unless by special arrangement between the County Agency and the City. The responsibility of requiring connection to and use of the System and/or providing such additional facilities as may be needed shall be that of the City, which shall cause to be constructed and maintained, directly or through the County, any such necessary additional facilities. The County shall not be obligated to acquire or construct any facilities or provide any services other than those designated in paragraph 2 hereof.

10. The County shall have no obligation or responsibility for providing facilities or services except as herein expressly provided with respect to the Project or as otherwise provided by contract. The City shall have the authority and the responsibility to provide such other facilities and shall have the right to expand the facilities of the System by constructing or extending sewers or related facilities, connecting the same to the System, and otherwise improving the System. It is expressly agreed, nevertheless, that no such connection shall be

made to the System and no improvements, enlargements or extensions thereof shall be made without first securing a permit therefor from the County. Any such permit may be made conditional upon inspection and approval of new construction by the County. Nothing in this contract shall relieve the City of its obligations under the Clinton-Oakland Sewage Disposal System Contract or Evergreen and Farmington Sewage Disposal Systems Intermunicipal Contracts among the County and certain municipalities in the County, including the City, whichever is applicable.

11. The parties hereto agree that the costs and expenses of any lawsuits arising directly or indirectly out of this contract or the construction, provision or financing of the Project, to the extent that such costs and expenses are chargeable against the County or the County Agency, shall be deemed to constitute a part of the cost of the Project and shall be paid by the City in the same manner as herein provided with respect to other costs of the Project. In the event of such litigation, the County Agency shall consult with the City and shall retain legal counsel agreeable to the County and the City to represent the County; provided that if the County and the City cannot agree as to such representation within a reasonable time, the County Agency shall exercise its discretion as to the retention of such counsel. This paragraph shall not apply to a lawsuit instituted by the City to enforce its rights under this contract.

12. All powers, duties and functions vested by this contract in the County shall be exercised and performed by the County Agency, for and on behalf of the County, unless otherwise provided by law or in this contract.

13. In the event that any one or more of the provisions of this contract for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. This contract shall become effective after its execution by each party hereto. This contract shall terminate one (1) year from the date the City accepts the completed construction portion of the Project, unless terminated earlier by mutual agreement of the parties hereto in writing. This contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This contract may be executed in any number of counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed and delivered by their duly authorized officers, all as of the day and year first above written.

COUNTY OF OAKLAND

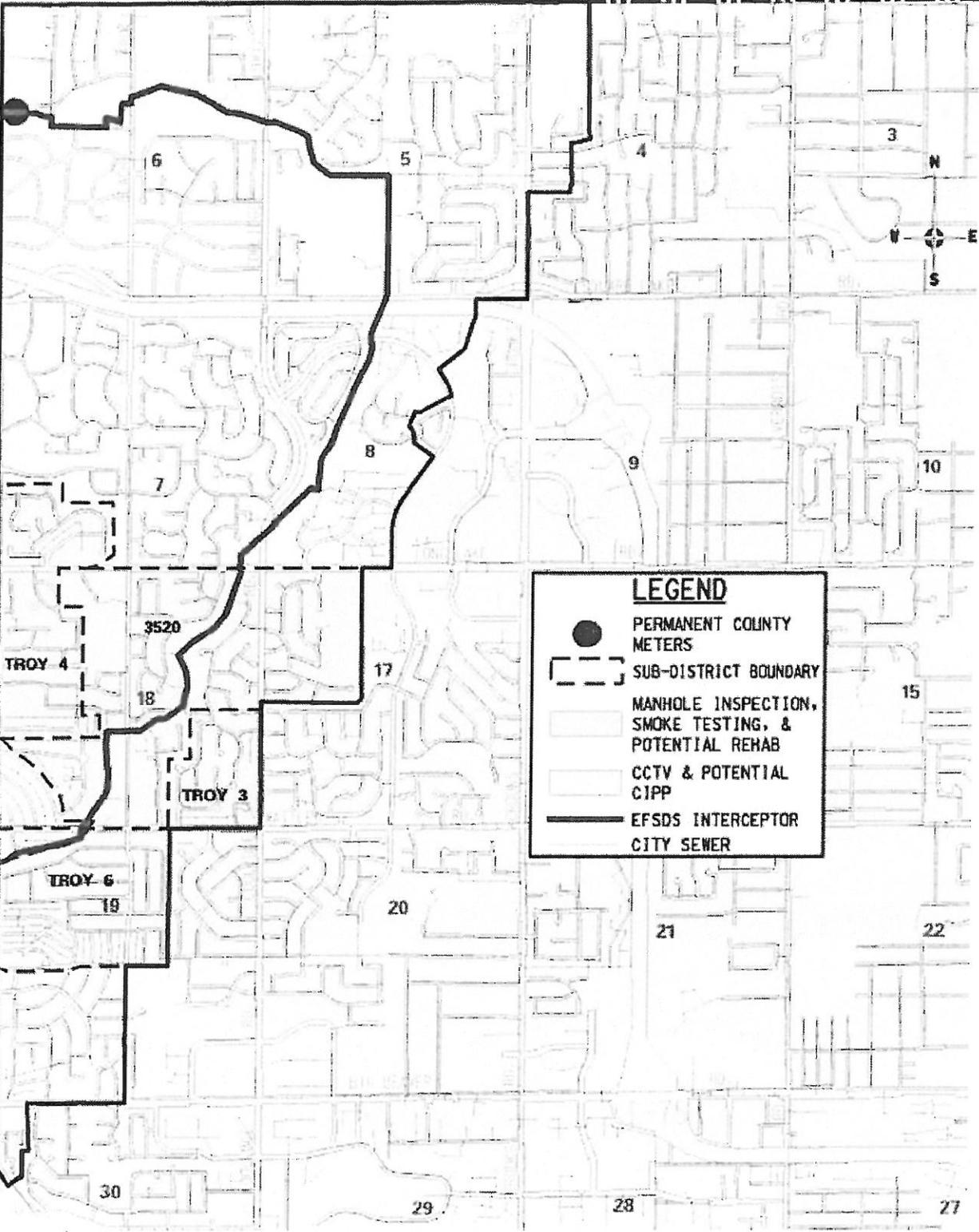
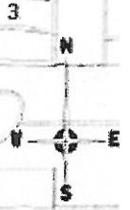
By: _____
County Water Resources Commissioner
(County Agency)

CITY OF TROY

By: _____
Mayor

And: _____
Clerk

OCDC
METER
3530



LEGEND

- PERMANENT COUNTY METERS
- SUB-DISTRICT BOUNDARY
- MANHOLE INSPECTION, SMOKE TESTING, & POTENTIAL REHAB
- CCTV & POTENTIAL CIPP
- EFSDS INTERCEPTOR CITY SEWER

OCDC
METER
3520

TROY 4

3520

18

17

TROY 3

TROY 6

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EXHIBIT "A"

**CLINTON OAKLAND & EVERGREEN FARMINGTON
INFLOW & INFILTRATION REDUCTION PROJECT**

CITY OF TROY



Disclaimer: The information provided in this exhibit has been compiled from records maintained by the City of Troy and other public agencies. It is not intended to be used for any purpose other than that for which it was prepared. The City of Troy and other public agencies assume no liability for any errors or omissions in this exhibit. The information contained herein should be verified by the user.

**Clinton Oakland & Evergreen Farmington Sewage Disposal Systems
Inflow & Infiltration Projects
City of Troy**

1) Contracted Services: note 1			
Cured in Place Pipe	1,000 LF @	\$100	\$100,000
	Sub-Total		\$100,000
 2) City of Troy Force Account: note 1			
Closed Circuit Television Sewer Inspection	33,000 LF @	\$1	\$33,000
Manhole Rehabilitation	150 EA @	\$1,500	\$225,000
	Sub-Total		\$258,000
 3) Project Development: note 2			
Consulting Engineering:			
Pre Flow Metering			\$12,500
Manhole Inspection & Smoke Testing	391 EA @	\$250	\$97,750
Post Flow Metering			\$12,500
Technical Report			\$14,250
	Sub-Total		\$137,000
 4) County Services:			
Administration			\$2,000
Engineering			\$8,000
	Sub-Total		\$10,000
 Estimated of Probable Cost			\$505,000
 (-) Grant Funding			\$247,000
 Funded by Troy			\$258,000

Note:

- 1.) Grant eligible with proper documentation submitted to the County and to be reimbursed to the City of Troy from grant proceeds
- 2.) Project costs to be completed and paid for by City of Troy.



CITY COUNCIL AGENDA ITEM

Date: November 30, 2010

To: Mayor and Members of Troy City Council

From: John Szerlag, City Manager
Lori Grigg Bluhm, City Attorney *LB*
Mark Miller, Acting Assistant City Manager/ Economic Development Services
Steve Vandette, City Engineer *SV*

Subject: Agreement to Abide By Restrictive Covenants for Transit Center Property & Easement

DEC 08 2010

CITY OF TROY
CITY MANAGER'S OFFICE

Prior to Grand Sakwa's development of the Midtown Project at Coolidge and Maple Road, the property was used by New Holland North America as a tractor facility, and was used previously by Ford and its predecessors. As part of the purchase agreement for the land, Ford/ New Holland agreed to assume responsibility for any necessary environmental remediation for the property. A Brownfield Remediation Plan was presented and approved, and the environmental remediation was substantially completed prior to the construction of the Midtown development. However, the proposed remediation plan required additional monitoring and review. The Michigan Department of Natural Resources and Environment (MDNRE) is now close to issuing a closure report, but needs assurance that the current conditions will remain intact, and the remediated areas will not be further disturbed.

Attorney James O'Brien has facilitated the remedial action plan, on behalf of New Holland (CNH America, LLC). He has been in contact with the City, Grand Sakwa and the utilities, all who have an interest in the property. One of the last steps in the remediation is for the property owners to commit to a restrictive covenant. Although the exact verbiage of the restrictive covenant cannot be finalized until the remedial action plan is approved, the MDNRE requires, in the interim, that each owner commit to compliance with the restrictive covenants. The City must agree that the Transit Center property and also the City's easement would not be used for residential purposes. If the City is not willing to agree to this restriction, then an even more intense clean- up would be required, since the residential clean- up standards are much higher than commercial or industrial standards. Additionally, the MDNRE is also going to prohibit the use of groundwater from the site, since there is a slight possibility that the groundwater could be contaminated after the removal of underground storage tanks from the site. The City must also agree to this condition for its property. The City must also agree to properly dispose of and manage any soil that is excavated from the property, and also to replace any of the existing clay plugs, if they are subsequently removed or disturbed.

The proposed resolution, approving the substance of the attached Declaration of Restrictive Covenant, satisfies the MDNRE's requirements for this phase of the process. If the final version of the Declaration of Restrictive Covenant is substantially the same as the attached Declaration of Restrictive Covenant, with only minor language changes, then the proposed resolution would allow for execution by the City Manager or his designee. However, if the final version of the Declaration of Restrictive Covenant varies substantively from the attached document, then it would necessarily be

brought back to City Council for its review and approval. Mr. O'Brien is planning to attend the City Council meeting to address any questions or concerns you may have.

LGB/Agenda Item 12.6.2010

DECLARATION OF RESTRICTIVE COVENANT

MDNRE Reference No.: RC-RRD-[YR]-[number]

This Declaration of Restrictive Covenant ("Restrictive Covenant") has been recorded with the Oakland County Register of Deeds for the purpose of protecting public health, safety, and welfare, and the environment by prohibiting or restricting activities that could result in unacceptable exposure to environmental contamination present at the property located at the City of Troy, County of Oakland, Michigan and legally described in Exhibit 1 attached hereto ("Property"). The Property is associated with the Former Ford New Holland site, # 63000392 for which a remedial action plan (RAP) is being conducted. The remedial action that is being implemented to address environmental contamination is fully described in the Remedial Action Plan and Closure Report (RAP) dated August 28, 2003, and supplements thereto dated May 19, 2004, July 14, 2005, and April 30, 2010 ("RAP"), and submitted by CNH America, LLC. The Michigan Department of Natural Resources and Environment (MDNRE) formerly known as the Michigan Department of Environmental, approved the RAP on _____, pursuant to Part 201, Environmental Remediation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), MCL 324.20101 et seq.

The RAP required the recording of this Restrictive Covenant with the Oakland County Register of Deeds to: 1) restrict unacceptable exposures to hazardous substances located on the Property; and 2) assure that the use of Property is consistent with the exposure assumptions utilized in the development of cleanup criteria pursuant to Section 324.20120a (1)(g) [limited commercial] of the NREPA and the exposure control measures relied upon in the RAP including the cap in certain parking lot areas, groundwater use restrictions, and clay plugs surrounding certain portions of the subsurface utilities, and 3) to prevent damage or disturbance of any element of the response activity constructed on the Property. The restrictions contained in this Restrictive Covenant are based upon information available to the DNRE at the time the RAP was approved by the DNRE. Failure of the response activities to achieve and maintain the criteria, exposure controls, and requirements specified in the RAP; future changes in the environmental condition of the Property or changes in the cleanup criteria developed under Section 324.20120a (1)(g) of the NREPA; the discovery of environmental conditions at the Property that were not accounted for in RAP; or use of the Property in a manner inconsistent with the restrictions described herein, may result in this Restrictive Covenant not being protective of public health, safety, and welfare, and the environment.

The "*Limits of Land or Resource Use Restrictions*," attached hereto as Exhibit 2, provides the legal description(s) and a survey that distinguishes those portions of the Property that are subject to land use or resource use restrictions as specified herein.

Summary of Response Activities

Hazardous substances including tetrachloroethylene (PCE), trichloroethene (TCE), dichloroethylene (DCE), vinyl chloride (VC), ethylbenzene, xylene, naphthalene, and manganese (Mn) have been released and/or disposed of on the Property. Prior to recording of this Restrictive Covenant, response activities have been undertaken to remove or treat in-place some of the contamination. PCE, TCE, DCE, VC, ethylbenzene, xylene, naphthalene and Mn remain present at levels that require controls to prevent unacceptable exposures. Mn impurities are present at concentrations in excess of the commercial-Industrial particulate inhalation criteria in a slag material used as a structural subbase beneath certain parking areas. An exposure barrier, consisting of between 6 and 12 inches of soil, sand, and 21AA gravel, overlain with between 4 and 10 inches of asphalt (the "Asphalt Cap"), has been installed to prevent

exposure to the Mn impacted materials. Clay plug barriers have been placed around certain subsurface utilities (identified in Exhibit 2) to prevent migration of chlorinated solvents through the utility line backfill materials at levels that would result in unacceptable exposures at off-site locations or eventual transport to surface water bodies.

Definitions

"MDNRE" means the Michigan Department of Natural Resources and Environment, its successor entities, and those persons or entities acting on its behalf

"Owner" means at any given time the then current title holder of the Property or any portion thereof.

All other terms used in this document which are defined in Part 3, Definitions, of the NREPA; Part 201 of the NREPA; or the Part 201 Administrative Rules ("Part 201 Rules"), 1990 AACRS 299.5101 et seq., shall have the same meaning in this document as in Parts 3 and 201 of the NREPA and the Part 201 Rules, as of the date of filing of this Restrictive Covenant.

NOW THEREFORE,

Declaration of Land Use or Resource Use Restrictions

Pursuant to the RAP, CNH America, LLC, with the express written permission of the Owner of the Property, hereby declares and covenants that the Property shall be subject to the following restrictions and conditions:

1. The Owner shall prohibit all uses of portions of the Property designated in Exhibit 2 as parking lot areas incorporating an engineered barrier; *areas traversed by subsurface water and sewer lines encircled by a clay plug or barrier* that are not compatible with the Limited Commercial II, III, IV category under Section 20120(1)(g) of the NREPA and generally described in the *Description of Allowable Uses*, attached hereto as Exhibit 3. Any residential use is specifically prohibited, including the use of any accessory building or portion of a new building as a dwelling unit permitted for a proprietor or storekeeper, and their families, located in the same building as their place of occupation, or for a watchman or caretaker. Any changes in the zoning of the property or other authority that allows for residential use of the Property as a legal non-conforming use shall not take priority over the prohibition of residential use contained in this restrictive covenant or render this restriction invalid. Cleanup criteria for land use-based response activities are located in the Government Documents Section of the State of Michigan Library.

2. The Owner shall prohibit activities within the portions of the Property designated in Exhibit 2 as "parking lot areas incorporating an engineered barrier; or areas traversed by subsurface water and sewer lines encircled by a clay plug or barrier" that may result in exposures above levels established in the RAP. These prohibited activities include:

- A. Any excavation or other intrusive activity that could affect the integrity of the Asphalt Cap that has a base elevation of 738.77 at the locations shown in Exhibit 2.
- B. Any construction of wells or other devices to extract groundwater for consumption, irrigation, or any other use, except for wells and devices that are part of an DNRE-approved response activity. Short-term dewatering for

construction purposes is permitted provided the dewatering, including management and disposal of the groundwater, is conducted in accordance with all applicable local, state, and federal laws and regulations and does not cause or result in a new release, exacerbation of existing contamination, or any other violation of local, state, and federal environmental laws and regulations including, but not limited to, Part 201 of the NREPA.

- C. Any excavation or other intrusive activity that could affect the integrity of the *subsurface water and sewer lines encircled by a clay plug or barrier*. Short-term excavation for repair or maintenance purposes is permitted provided the *clay plug or barrier is replaced by similar material*.
- D. Any construction of new buildings or change in the land use in the locations of the existing engineered barrier unless further evaluation of the exposure assumptions are conducted.

3. The Owner shall prohibit activities on the Property that may interfere with any element of the RAP, including the performance of operation and maintenance activities, monitoring, or other measures necessary to ensure the effectiveness and integrity of the RAP in the RAP.

4. Permanent Marker. The Owner shall not remove, cover, obscure, or otherwise alter or interfere with the permanent marker placed at the location noted in Exhibit 2. The Owner shall keep vegetation and other materials clear of the permanent marker to assure that the marker is readily visible.

5. Contaminated Soil Management. Residual sidewall and base of excavation soils identified in Exhibit 2 as AOC 1/14/17, AOC 9, AOC 27, AOC 28, AOC 29, AOC 31, AOC 32, and AOC 34 were, at the time of recording of this Restrictive Covenant, material that would constitute a "Hazardous Waste," as defined in Part 111, Hazardous Waste Management, of the NREPA, when generated. If the Owner undertakes any excavation or otherwise disturbs the soil, identified as potential Hazardous Waste, the Owner shall, at that time, confirm whether the soils are a Hazardous Waste. If so, the Owner shall handle and dispose of the soils, in full compliance with all relevant requirements of state and federal laws that govern Hazardous Waste including, but not limited to, Part 111 of the NREPA; and Subtitle C of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.*; and the administrative rules promulgated thereunder. If the soils are not Hazardous Waste at the time of excavation or disturbance, the Owner shall manage such soils, media and/or debris and all other soils located on the Property in accordance with the requirements of Section 20120c of the NREPA, the Part 201 Administrative Rules promulgated thereunder, and all other relevant state and federal laws. Other portions of the site as identified in Exhibit 2 have elevated, but presumed nonhazardous, levels of soil contamination. Any soils disturbed or excavated from these presumed nonhazardous areas should be properly profiled and handled in accordance with the requirements of Section 20120c of the NREPA, the Part 201 Administrative Rules promulgated thereunder, and all other relevant state and federal laws.

6. Access. The Owner shall grant to the DNRE and its designated representatives the right to enter the Property at reasonable times for the purpose of determining and monitoring compliance with the RAP, including the right to take samples, inspect the operation of the response activities and, inspect any records relating thereto, and to perform any actions necessary to maintain compliance with, Part 201 and the RAP.

7. Notice. The Owner shall provide notice to the DNRE of the Owner's intent to transfer any interest in the Property at least fourteen (14) business days prior to consummating the conveyance. A conveyance of title, easement, or other interest in the Property shall not be consummated by the Owner without adequate and complete provision for compliance with the terms and conditions of this Restrictive Covenant and the applicable provisions of Section 20116 of the NREPA.

The notice required to be made to the DNRE under this Paragraph shall be made to: Director, DNRE, P.O. Box 30473, Lansing, Michigan 48909-7973; and shall include a statement that the notice is being made pursuant to the requirements of this Restrictive Covenant, DNRE Reference Number RC-RRD-[YR]-[number]. A copy of this Restrictive Covenant shall be provided to all future owners, heirs, successors, lessees, easement holders, assigns, and transferees by the person transferring the interest.

8. Term and Enforcement of Restrictive Covenant. This Restrictive Covenant shall run with the Property and shall be binding on the Owner; future owners; and all current and future successors, lessees, easement holders, their assigns, and their authorized agents, employees, or persons acting under their direction and control. This Restrictive Covenant may only be modified or rescinded with the written approval of the DNRE.

The State of Michigan, through the DNRE, and CNH America, LLC may enforce the restrictions set forth in this Restrictive Covenant by legal action in a court of competent jurisdiction.

9. Severability. If any provision of this Restrictive Covenant is held to be invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect the validity of any other provisions hereof, and all such other provisions shall continue unimpaired and in full force and effect.

10. Authority to Execute Restrictive Covenant. The undersigned person executing this Restrictive Covenant is the Owner, or has the express written permission of the Owner and all other holders of a legal interest whose interest is materially affected by this Restrictive Covenant (as documented and attached hereto as Exhibit 4), and represents and certifies that he or she is duly authorized and has been empowered to execute and deliver this Restrictive Covenant.

IN WITNESS WHEREOF, CNH America, LLC has caused this Restrictive Covenant, RC-RRD-[YR]-[number], to be executed on this _____ day of _____, 20__.

CNH America, LLC

By: _____
Signature

Name: _____
Print or Type Name

Its: _____
Title

STATE OF [_____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ by _____ of CNH America, LLC, a Delaware Limited Liability Company on behalf of the company.

Notary Public

[Print or type name]
[Commissioned in] _____ County,
Acting in _____ County,
_____ (

My Commission Expires: _____

AGREED AND CONSENTED TO BY OWNER:

[Insert Owner's Name]

By: _____
Signature

Name: _____
Print or Type Name

Its: _____
Title

STATE OF MICHIGAN
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ by
_____ of GRAND/SAKWA NEW HOLLAND SHOPPING CENTER
MANAGEMENT CORPORATION a *Michigan Corporation* on behalf of the corporation.

Notary Public
[Commissioned in] _____ County,
_____[State]

Acting in _____ County

My Commission Expires: _____

EXHIBIT 1

LEGAL DESCRIPTION OF PROPERTY

TRANSIT CENTER PARCEL

PART OF THE NORTHEAST 1/4 OF SECTION 31, T. 2 N., R. 11 E., CITY OF TROY, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS BEGINNING AT A POINT DISTANT S. 01°40'27" W. MEASURED 87.00 FEET ALONG THE EAST LINE OF SECTION 31 AND N. 88°09'00" W. 1413.07 FEET ALONG THE SOUTH RIGHT-OF-WAY LINE OF MAPLE ROAD AND S. 01°59'00" W. 1098.91 FEET FROM THE NORTHEAST CORNER OF SECTION 31; THENCE FROM SAID POINT OF BEGINNING S. 88°20'27" E. 187.05 FEET; THENCE S. 01°39'33" W. 452.74 FEET; THENCE S. 88°20'27" E. 25.37 FEET; THENCE S. 01°39'33" W. 192.17 FEET; THENCE N. 88°20'27" W. 114.27 FEET; THENCE ALONG A NON-TANGENTIAL CURVE TO THE LEFT ALSO BEING THE NORTHEASTERLY RIGHT-OF-WAY LINE OF GRAND TRUNK RAILROAD; RADIUS 22,961.83 FEET, CENTRAL ANGLE OF 00°29'26", AN ARC LENGTH 196.63 FEET; WHOSE CHORD BEARS N. 29°11'51" W., 196.63 FEET; THENCE N. 01°59'00" E. 476.12 FEET TO THE POINT OF BEGINNING CONTAINING 2.71 ACRES. PART OF 20-31-226-012.

AND SUBJECT TO A 20' WIDE UTILITY EASEMENT ALONG ITS WESTERLY LINE DESCRIBED AS FOLLOWS:

A 20.0 FOOT WIDE UTILITY EASEMENT LOCATED IN PART OF THE NORTHEAST 1/4 OF SECTION 31, T. 2 N., R. 11 E., CITY OF TROY, OAKLAND COUNTY, MICHIGAN, DESCRIBED AS BEGINNING AT A POINT DISTANT S. 01°40'27" W. 87.00 FEET ALONG THE EAST LINE OF SECTION 31 AND N. 88°09'00" W. 1413.07 FEET ALONG THE SOUTH RIGHT OF WAY LINE OF MAPLE ROAD (87.00 FEET WIDE, 1/2 WIDTH) AND S. 01°59'00" W. 1098.91 FEET FROM THE N.E. CORNER OF SECTION 31; THENCE FROM SAID POINT OF BEGINNING S. 88°20'27" E. 20.00 FEET; THENCE S. 01°59'00" W. 470.61 FEET; THENCE 203.01 FEET ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 22,981.83 FEET, A CENTRAL ANGLE OF 00°30'22", A CHORD LENGTH OF 203.01 FEET AND A CHORD BEARING OF S. 29°10'32" E.; THENCE N. 88°20'27" W. 23.24 FEET; THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY LINE OF GRAND TRUNK RAILROAD 196.63 FEET ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 22,961.83 FEET, A CENTRAL ANGLE OF 00°29'26", A CHORD LENGTH OF 196.63 FEET AND A CHORD BEARING OF N. 29°11'51" W.; THENCE N. 01°59'00" E. 476.12 FEET TO THE POINT OF BEGINNING. PART OF 20-31-226-012.

EXHIBIT 1

Parcel Identification Numbers:

- 20 - 31 - 226 - 021 - parcel A on site plan, occupied by Home Depot
- 20 - 31 - 226 - 018 - parcels B, C and F on site plan, occupied by Michael's and Old Navy;
- 20 - 31 - 226 - 017 - parcel D on site plan, occupied by Kroger
- 20 - 31 - 226 - 016 - parcel E on site plan, occupied by Kohl's
- 20 - 31 - 226 - 014 - parcel G on site plan, occupied by Target
- 20 - 31 - 226 - 019 - parcel H on site plan, occupied by Panera
- 20 - 31 - 226 - 020 - parcel R, on site plan, occupied by Papa Vino

PART OF EXHIBIT 1

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EXHIBIT B

LEGAL DESCRIPTION OF PARCELS

PARCEL A

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of section 31 and N 88°09'00" W 80.00 feet and (S 01°41'10" W record), S 01°40'27" W measured 1747.05 feet from the Northeast corner of section 31; Thence from said point of beginning and continuing along said West right-of-way line of Coolidge Highway, (S 01°41'10" W. record), S 01°40'27" W measured, 980.58 feet; Thence N 87° 20'57" W, 687.96 feet; Thence along the Northeasterly right-of-way line of Grand Trunk Railroad, (N 87°22'16" W. record), N 27°26'20" W measured, 398.55 feet; Thence N 61°39'33" E, 246.51 feet; Thence S 83°45'16" E, 100.10 feet; Thence N 24°21'48" E, 642.14 feet; Thence 24.50 feet along the arc of a curve to the right with a radius of 15.00 feet, a central angle of 93°34'07", a chord bearing of N 71°08'51" E, and a chord length of 21.86 feet; Thence 256.29 feet along the arc of a reverse curve to the left with a radius of 1025.12 feet, a central angle of 14°19'28", a chord bearing of S 69°13'49" E, and a chord length of 255.62 feet; Thence S 76°23'33" E, 46.87 feet; Thence S 81°51'26" E, 13.04 feet to the point of beginning, subject to the rights of the public or any governmental agency over Coolidge Highway Road.

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PARCEL B, C, F

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of Section 31 and N 88°09'00" W 1309.99 feet along the South right-of-way line of Maple Road (87 feet wide 1/2 width) from the Northeast corner of Section 31; thence from said point of beginning S 01°40'27" W, 523.00 feet; thence N. 88°09'00" W.

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27.45 feet; thence S 11°37'35" W, 155.75 feet; thence 50.50 feet along the arc of a curve to the left with a radius of 300.00 feet, a central angle of 09°38'35", a chord bearing of S 06°48'18" W, and a chord length of 50.43 feet; thence S 01°59'00" W, 252.69 feet; thence S 88°20'27" E, 247.72 feet; thence N 01°39'33" E, 10.00 feet; thence S 88°20'27" E, 210.67 feet; thence S 01°39'33" W, 0.67 feet; thence S 88°20'27" E, 35.00 feet; thence S 01°39'33" W, 119.33 feet; thence N 88°20'27" W, 345.13 feet; thence S 01°39'33" W, 407.07 feet; thence S 88°20'27" E, 241.90 feet; thence N 78°20'49" E, 17.24 feet; thence 34.85 feet along the arc of a curve to the right with a radius of 150.00 feet, a central angle of 13°18'44", a chord bearing of N 85°00'11" E, and a chord length of 34.77 feet; thence S 88°20'27" E, 238.79 feet; thence 246.45 feet along the arc of a curve to the right with a radius of 531.50 feet, a central angle of 26°34'02", a chord bearing of S 75°03'26" E, and a chord length of 244.25 feet; thence S 61°46'25" E, 105.93 feet; thence 210.97 feet along the arc of a curve to the left with a radius of 454.99 feet, a central angle of 26°34'02", a chord bearing of S 75°03'26" E, and a chord length of 209.09 feet; thence S 88°20'27" E, 49.84 feet; thence N 01°40'27" E, 674.54 feet; thence N 88°20'27" W, 45.10 feet; thence N 84°19'20" W, 85.61 feet; thence N 88°20'27" W, 188.33 feet; thence N 01°39'33" E, 30.00 feet; thence S 88°20'27" E, 342.85 feet; thence along the west right-of-way line of Coolidge Highway, (S 01°41'10" W record) S 01°40'27" W measured, 821.85 feet; thence N 81°51'26" W, 13.04 feet; thence N 76°23'33" W, 46.87 feet; thence 256.29 feet along the arc of a curve to the right with a radius of 1025.12 feet, a central angle of 14°19'28", a chord bearing of N 69°13'49" W, and a chord length of 255.62 feet; thence 24.50 feet along the arc of a reverse curve to the left with a radius of 15.00 feet, a central angle of 93°34'07", a chord bearing of S 71°08'51" W, and a chord length of 21.86 feet; thence S 24°21'48" W, 642.14 feet; thence N 83°45'16" W, 100.10 feet; thence S 61°39'33" W, 246.51 feet; thence the following two courses along the northeasterly right-of-way line of Grand Trunk Railroad, N 27°26'20" W, 131.89 feet; thence 465.02 feet along the arc of a curve to the left with a radius of 22961.83 feet, a central angle of 01°09'37", a chord bearing of N 28°03'23" W, and a chord length of 464.98 feet; thence S 88°20'27" E, 750.83 feet; thence N 24°21'48" E, 218.07 feet; thence 22.55 feet along the arc of a curve to the left with a radius of 15.00 feet, a central angle of 86°08'13", a chord bearing of N 18°42'18" W, and a chord length of 20.49 feet; thence N 61°46'25" W, 70.12 feet; thence 217.24 feet along the arc of a curve to the left with a radius of 468.50 feet, a central angle of 26°34'02", a chord bearing of N 75°03'26" W, and a chord length of 215.30 feet; thence N 88°20'27" W, 198.08 feet; thence 35.58 feet along the arc of a curve to the right with a radius of 150.00 feet, a central angle of 13°35'22", a chord bearing of N 81°32'46" W, and a chord length of 35.49 feet; thence N

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74°45'05" W, 45.97 feet; thence N 88°20'27" W, 227.45 feet; thence S 01°39'33" W, 15.00 feet; thence N 88°20'27" W, 25.37 feet; thence N 01°39'33" E, 452.74 feet; thence N 88°20'27" W, 187.05 feet; thence N 01°59'00" E, 1098.91 feet; thence S 88°09'00" E, 103.08 feet to the point of beginning, being subject to the rights of the public or any governmental agency over Coolidge Highway and Maple Road.

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PARCEL D

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of section 31 and N 88°09'00" W 1413.07 feet along the south right-of-way line of Maple road (87 feet wide 1/2 width) and S. 01°59'00" W 1575.03 feet and along the northeasterly right-of-way line of Grand Trunk Railroad 196.58 feet along the arc of a curve to the right with a radius of 22961.83 feet, a central angle of 00°29'26", a chord bearing of S 29°11'51" E, and a chord length of 196.63 feet; from the Northeast corner of section 31; Thence from said point of beginning, S 88°20'27" E, 114.27 feet; Thence, N 01°39'33" E, 207.17; Thence, S 88°20'27" E, 227.45 feet; Thence, S 74°45'05" E, 45.97 feet; Thence, 35.58 feet along the arc of a curve to the left with a radius of 150.00 feet, a central angle of 13°35'22", a chord bearing of S 81°32'46" E, and a chord length of 35.49 feet; Thence, S 88°20'27" E, 198.08 feet; Thence, 217.24 feet along the arc of a curve to the right with a radius of 468.50 feet, a central angle of 26°34'02", a chord bearing of S 75°03'26" E, and a chord length of 215.30 feet; Thence, S 61°46'25" E, 70.12 feet; Thence, 22.55 feet along the arc of a curve to the right with a radius of 15.00 feet, a central angle of 86°08'13", a chord bearing of S 18°42'18" E, and a chord length of 20.49 feet; Thence, S 24°28'48" W, 218.07 feet; Thence, N 88°20'27" W, 750.83 feet; Thence, 126.52 feet along the northeasterly right-of-way line of Grand Trunk Railroad along the arc of a curve to the left with a radius of 22961.83 feet, a central angle of 0°18'57", a chord bearing of N 28°47'39" W, and a chord length of 126.49 feet; to the point of beginning, subject to the rights of the public or any governmental agency over Maple Road.

Pt 20-31-226-012

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PARCEL E

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of section 31 and N 88°09'00" W 1413.07 feet along the south right-of-way line of Maple Road (87 feet wide 1/2 width) and S. 01°59'00" W 1088.47 feet and S 88°01'00" E 197.00 feet from the Northeast corner of section 31; Thence from said point of beginning, S 88°20'27" E, 345.13 feet; Thence, N 01°39'33" E, 51.93 feet; Thence, S 88°20'27" E, 297.12 feet; Thence, S 01°39'33" W, 372.99 feet; Thence, S 88°20'27" E, 450.64 feet; Thence, S 01°40'27" W, 229.55 feet; Thence, N 88°20'27" W, 24.88 feet; Thence, 210.97 feet along the arc of a curve to the right with a radius of 454.99 feet, a central angle of 26°34'02", a chord bearing of N 75°03'26" W, and a chord length of 209.09 feet; Thence, N 61°46'25" W, 105.93 feet; Thence, 246.45 feet along the arc of a curve to the left with a radius of 531.50 feet, a central angle of 26°34'02", a chord bearing of N 75°03'26" W, and a chord length of 244.25 feet; Thence, N 88°20'27" W, 238.79 feet; Thence, 34.85 feet along the arc of a curve to the left with a radius of 150.00 feet, a central angle of 13°18'44", a chord bearing of S 85°00'11" W, and a chord length of 34.77 feet; Thence, S 78°20'49" W, 17.24 feet; Thence, N 88°20'27" W, 241.90 feet; Thence, N 01°39'33" E, 407.07 feet to the point of beginning, subject to the rights of the public or any governmental agency over Maple Road.

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PARCEL G

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of section 31 and N 88°09'00" W 80.00 feet and (S 01°41'10" W record), S 01°40'27" W measured 523.00 feet and N 88°09'00" W 395.95 feet from the Northeast corner of section 31; Thence from said point of beginning, S 01°39'33" W, 197.70 feet; Thence 83.62 feet along the arc of a curve to the left with a radius of 149.44 feet, a central angle of 32°03'34", a chord bearing of S 14°22'14" E, and a chord length of 82.53 feet; Thence 110.85 feet along the arc of a reverse curve to the right with a radius of 198.10 feet, a central angle of 32°03'34", a chord bearing

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of S 14°22'14" E, and a chord length of 109.41 feet; Thence S 01°39'33" W, 305.70 feet; Thence S 88°20'27" E, 318.77 feet; Thence S 01°40'27" W, 426.19 feet; Thence N 88° 20'27" W, 24.96 feet; Thence N 01°40'27" E, 229.55 feet; Thence N 88°20'27" W, 450.64 feet; Thence N 01°39'33" E, 372.99 feet; Thence N 88°20'27" W, 297.12 feet; Thence N 01°39'33" E, 67.40 feet; Thence N. 88°20'27" W. 35.00 feet; Thence N. 01°39'33" E. 0.67 feet; Thence N 88°20'27" W, 210.67 feet; Thence S 01°39'33" W, 10.00 feet; Thence N 88°20'27" W, 247.72 feet; Thence N 01°59'00" E, 252.69 feet; Thence 50.50 feet along the arc of a curve to the right with a radius of 300.00 feet, a central angle of 09°38'35", a chord bearing of N 06°48'18" E, and a chord length of 50.43 feet; Thence N 11°37'35" E, 155.75 feet; Thence S 88°09'00" E, 861.48 feet to the point of beginning.

Pt 20-31-226-012

PARCEL H

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of section 31 and N 88°09'00" W 80.00 feet and (S 01°41'10" W record), S 01°40'27" W measured 523.00 feet from the Northeast corner of section 31; Thence from said point of beginning and continuing along said West right-of-way line of Coolidge Highway, (S 01°41'10" W. record), S 01°40'27" W measured, 402.20 feet Thence, N 88°20'27" W, 342.85 feet; Thence, N 01°39'33" E, 21.35 feet; Thence, 110.85 feet along the arc of a curve to the left with a radius of 198.10 feet, a central angle of 32°03'34", a chord bearing of N 14°22'14" W, and a chord length of 109.41 feet; Thence, 83.62 feet along the arc of a reverse curve to the right with a radius of 149.44 feet, a central angle of 32°03'34", a chord bearing of N 14°22'14" W, and a chord length of 82.53 feet; Thence, N 01°39'33" E, 197.70 feet; Thence, S 88°09'00" E, 395.95 feet to the point of beginning, subject to the rights of the public or any governmental agency over Coolidge Highway Road.

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PARCEL R

Land situated in the City of Troy, Oakland County, Michigan, described as:

A parcel of land located in part of the Northeast 1/4 of Section 31, T.2N., R.11E., City of Troy, Oakland County, Michigan, described as beginning at a point distant (S 01°41'10" W. record), S 01°40'27" W measured 87.00 feet along the east line of section 31 and N 88°09'00" W 80.00 feet and (S 01°41'10" W record), S

LIBER 21689 PG 621

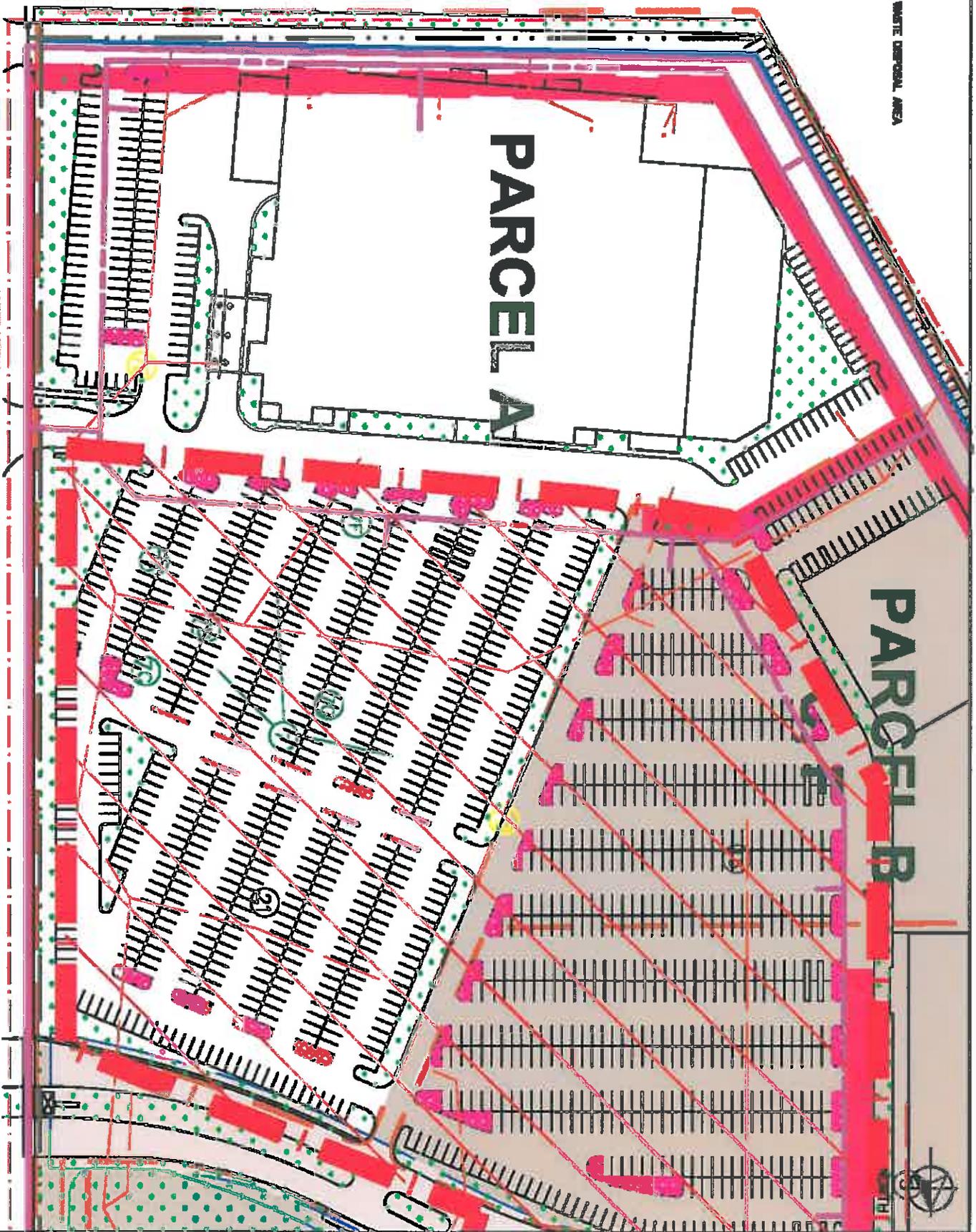
01°40'27" W measured 962.63 feet and N 88°20'27" W 24.00 feet from the Northeast corner of section 31; Thence from said point of beginning, S 01°40'27" W, 248.35 feet; Thence, N 88°20'27" W, 318.77 feet; Thence, N 01°39'33" E, 254.35 feet; Thence, S 88°20'27" E, 188.33 feet; Thence, S 84°19'20" E, 85.61 feet; Thence, S 88°20'27" E, 45.10 feet to the point of beginning.

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EXHIBIT 2
SURVEY OF THE PROPERTY

NOTES

- ① - FORMER HAZARDOUS WASTE DISPOSAL AREA
- SLAG FIL/COVER



LEGEND

- EASEMENT FOR WATER UTILITY (CITY OF TROY)
 - EASEMENT FOR SANITARY SEWER (CITY OF TROY)
 - EASEMENT FOR RIGHT OF WAY
 - PERMANENT BARRIER
- NOTE: ALL UTILITIES WERE INSTALLED WITH CLAY PLUGS

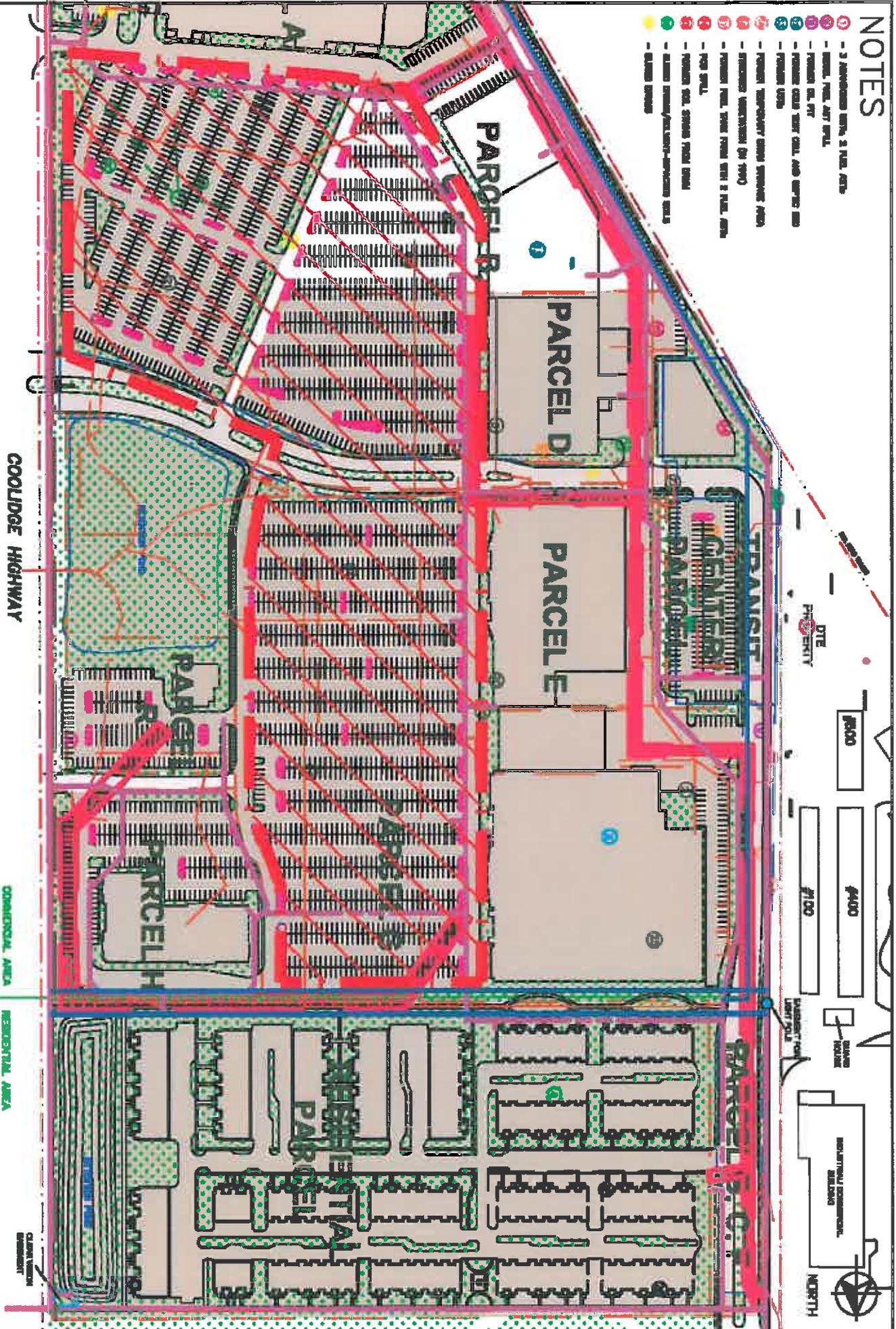
- ENGINEERED BARRIER
- PARCEL BOUNDARY
- EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
- EASEMENT FOR SLEIGHTING UTILITY (DETROIT EDISON)
- STORM SEWER LOCATION

PROJECT: FORMER FORD NEW HOLLAND FACILITY AND RELATED STORAGE TROY, MI	
DATE: 11-14-07	SCALE: 1" = 40'
PROJECT: FORMER FORD NEW HOLLAND FACILITY AND RELATED STORAGE TROY, MI	PROJECT: FORMER FORD NEW HOLLAND FACILITY AND RELATED STORAGE TROY, MI
PROJECT: FORMER FORD NEW HOLLAND FACILITY AND RELATED STORAGE TROY, MI	PROJECT: FORMER FORD NEW HOLLAND FACILITY AND RELATED STORAGE TROY, MI

GarialTech

NOTES

- 1 - 2' AROUNDING WITH 2' PAUL ASPH.
- 2 - 2" RIGID FOAM INS. SILL
- 3 - PERMANENT GAS UTILITY
- 4 - PERMANENT GAS UTILITY (DETROIT POWER)
- 5 - PERMANENT GAS UTILITY (DETROIT POWER)
- 6 - PERMANENT GAS UTILITY (DETROIT POWER)
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- 49 - PERMANENT GAS UTILITY (DETROIT POWER)
- 50 - PERMANENT GAS UTILITY (DETROIT POWER)



LEGEND

- EASEMENT FOR WATER UTILITY (CITY OF TROY)
- EASEMENT FOR SANITARY SEWER (CITY OF TROY)
- EASEMENT FOR RIGHT OF WAY
- PERMANENT WATER

- ENGINEERED BARRIER
- PARCEL BOUNDARY
- EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
- EASEMENT FOR ELECTRIC UTILITY (DETROIT EDISON)
- STORM SEWER LOCATION

COMMERCIAL AREA

RESIDENTIAL AREA

CHANGELINE

TRANSIT CENTER

COOLIDGE HIGHWAY

PARCEL A

PARCEL B

PARCEL C

PARCEL D

PARCEL E

PARCEL F

PARCEL G

PARCEL H

PARCEL I

PARCEL J

PARCEL K

PARCEL L

PARCEL M

PARCEL N

PARCEL O

PARCEL P

PARCEL Q

PARCEL R

PARCEL S

PARCEL T

PARCEL U

PARCEL V

PARCEL W

PARCEL X

PARCEL Y

PARCEL Z

STORM SEWER LOCATION

TRANSIT CENTER

CHANGELINE

COMMERCIAL AREA

RESIDENTIAL AREA

COOLIDGE HIGHWAY

ENGINEERED BARRIER

PARCEL BOUNDARY

EASEMENT FOR GAS UTILITY (CONSUMERS POWER)

EASEMENT FOR ELECTRIC UTILITY (DETROIT EDISON)

STORM SEWER LOCATION

LEGEND

EASEMENT FOR WATER UTILITY (CITY OF TROY)

EASEMENT FOR SANITARY SEWER (CITY OF TROY)

EASEMENT FOR RIGHT OF WAY

PERMANENT WATER

NOTE: ALL UTILITIES WERE INSTALLED WITH CLAY PIPES

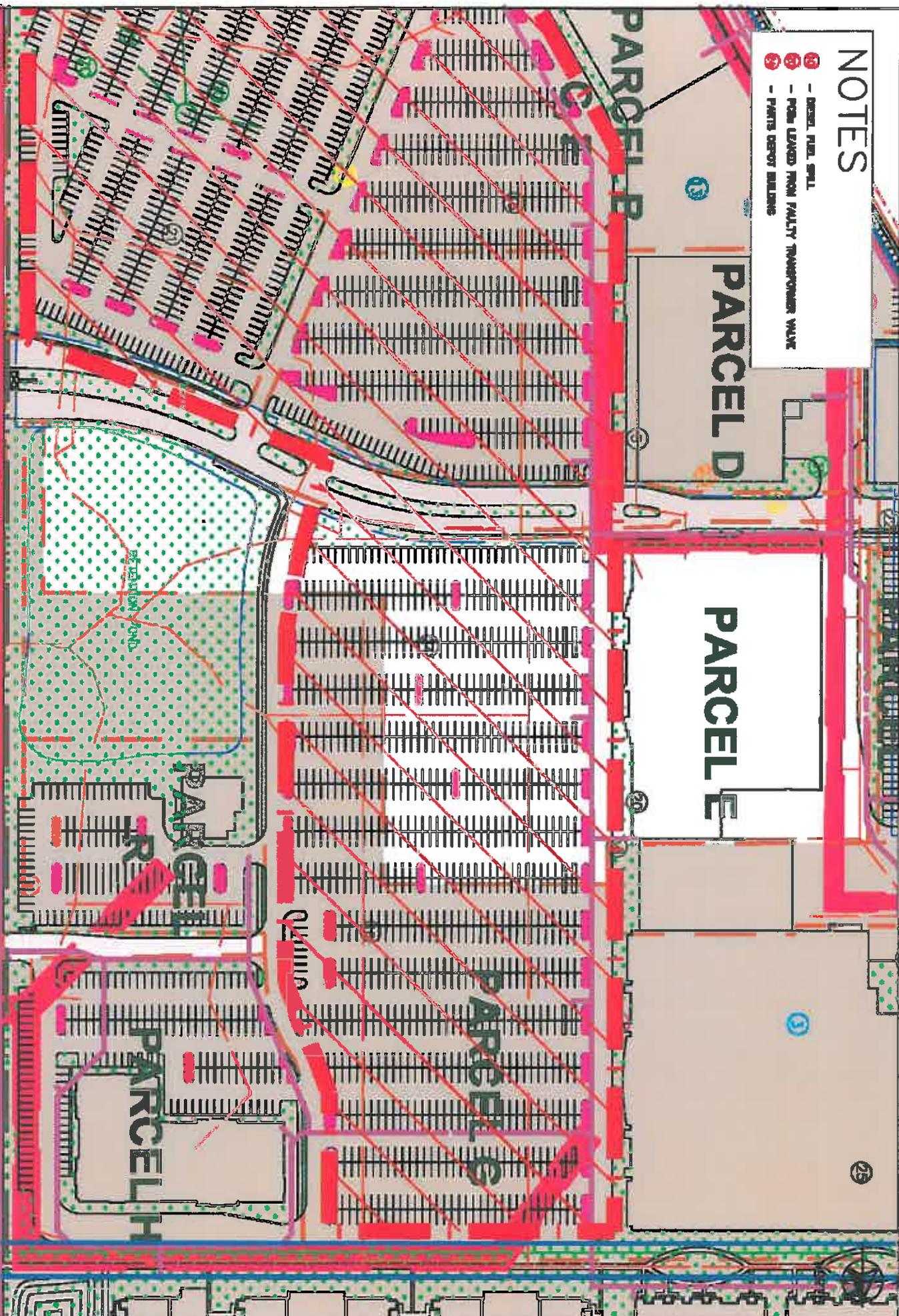
FORNERS FORD NEW HOLLAND FACILITY AND RECLAIMED STORAGE TROY, MI

SCALE 1" = 10'

GAIA TECH

NOTES

- ① - BEST PRACTICE
- ② - POLE LEAD FROM FAULTY TRANSFORMER WALK
- ③ - PARTS DEPT BUILDING



- EASEMENT FOR WATER UTILITY (CITY OF TROY)
 - EASEMENT FOR SANITARY SEWER (CITY OF TROY)
 - EASEMENT FOR RIGHT OF WAY
 - PERMANENT WALKWAY
- NOTE: ALL UTILITIES WERE INSTALLED WITH CLAY PILLS

- ENGINEERED BARRIER
- PARCEL BOUNDARY
- EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
- EASEMENT FOR ELECTRIC UTILITY (DETROIT Edison)
- STORM SEWER LOCATION

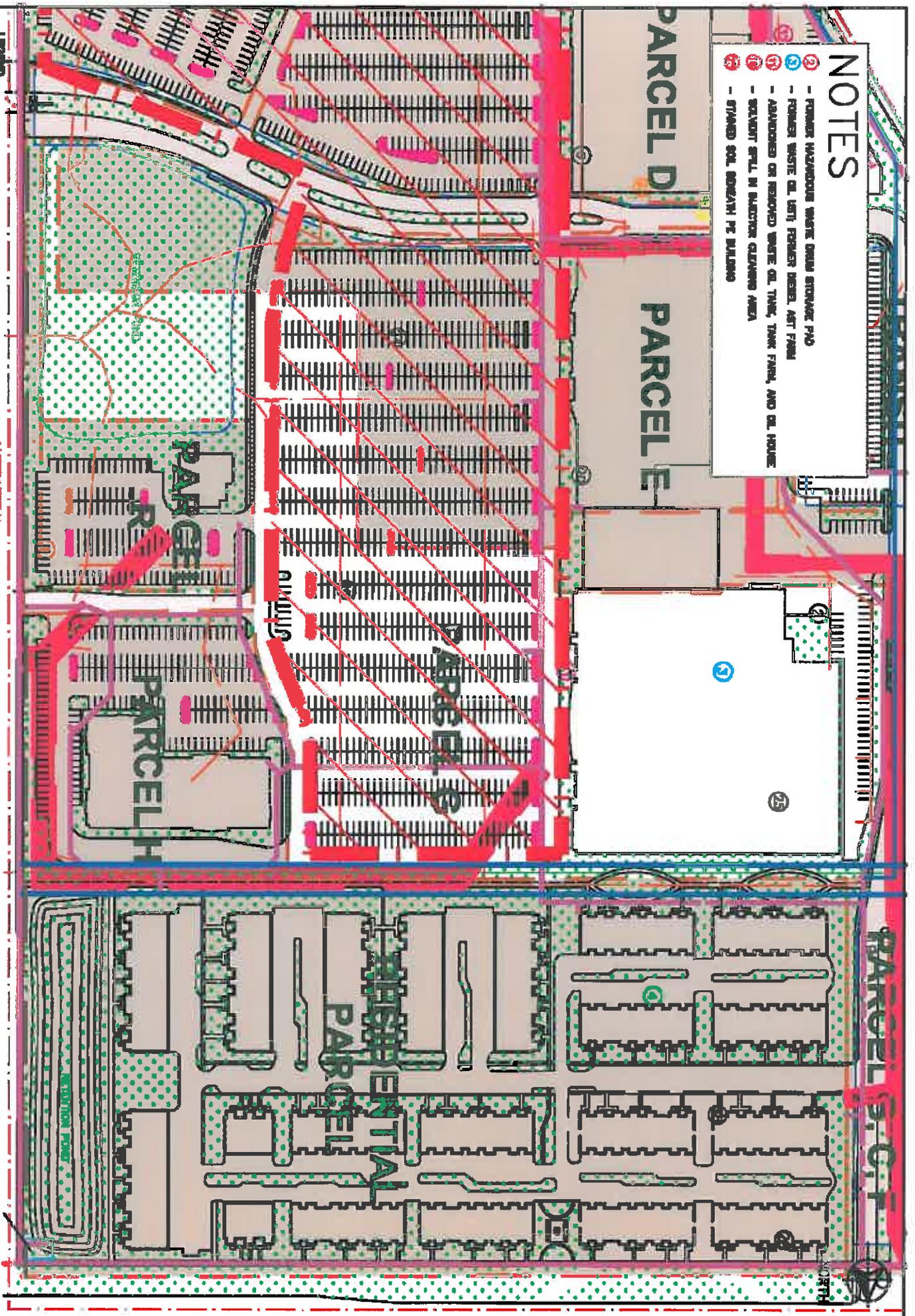
FORMER FORD NEW HOLLAND FACILITY AND SECURED STORAGE TROY, MI

PARCEL MAP - PARCEL E

Gaiatech

NOTES

- ① - FORMER HAZARDOUS WASTE DRUM STORAGE PAD
- ② - FORMER WASTE OIL LEFT FORMER DIESEL ART FARM
- ③ - ABANDONED OR REDUCED WASTE OIL TANK, TANK FARM, AND OIL HOUSE
- ④ - SCUMMOT STILL IN BUILDING CLEANING AREA
- ⑤ - STAINED SOIL BEHIND PE BUILDING



- Legend**
- EASEMENT FOR WATER UTILITY (CITY OF TROY)
 - EASEMENT FOR SANITARY SEWER (CITY OF TROY)
 - EASEMENT FOR RIGHT OF WAY
 - PERMANENT MARKER
- NOTE:** ALL UTILITIES WERE INSTALLED WITH CLAY PIPES

- ENGINEERED BARRIER**
- PARCEL BOUNDARY
 - EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
 - EASEMENT FOR ELECTRIC UTILITY (DETROIT Edison)
 - STORAGE BATTERY LOCATION

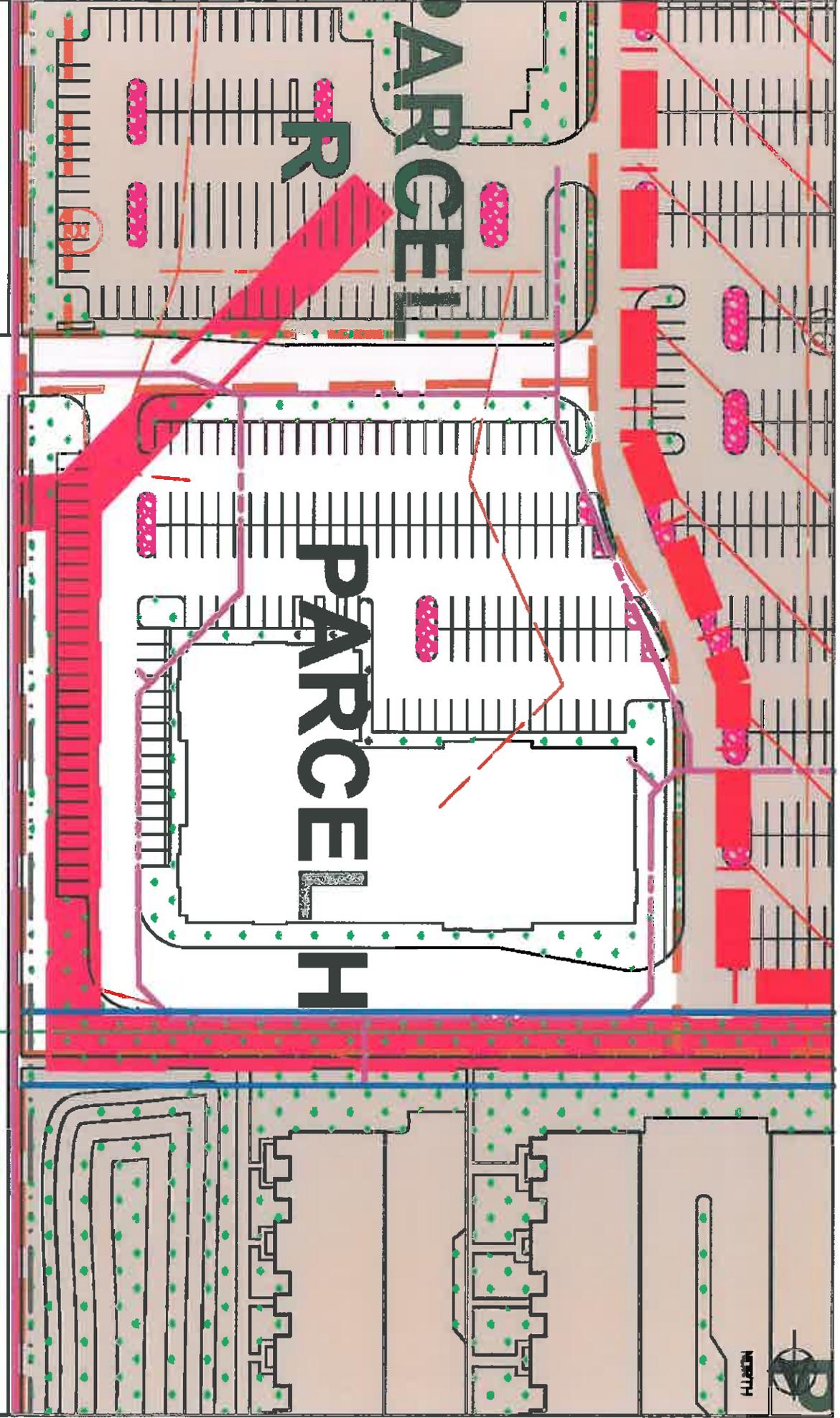
FORMER FORD NEW HOLLAND FACILITY AND SECURED STORAGE TROY, MI

DATE: 1-14-2017

PROJECT: 2017-007

PARCEL MAP - PARCEL 8

Gaiatech



COMMERCIAL AREA

RESIDENTIAL AREA

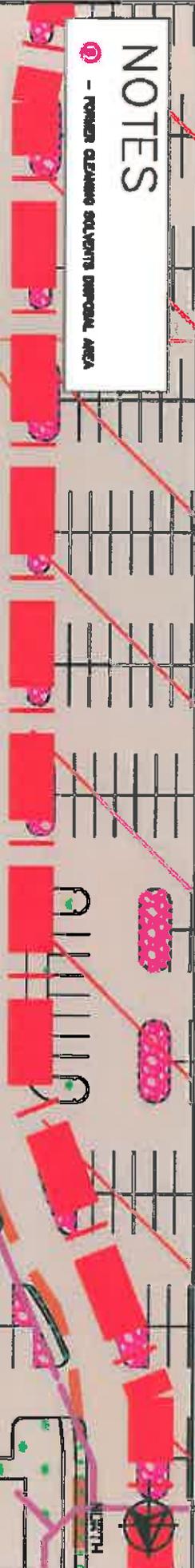
- LEGEND**
- EASEMENT FOR WATER UTILITY (CITY OF TROY)
 - EASEMENT FOR SANITARY SEWER (CITY OF TROY)
 - EASEMENT FOR RIGHT OF WAY
 - PERMANENT EASEMENT
- NOTE** ALL UTILITIES WERE INSTALLED WITH CLAY PIPES

- ENGINEERED BARRIER
- PARCEL BOUNDARY
- EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
- EASEMENT FOR ELECTRIC UTILITY (DETROIT Edison)
- STORM SEWER LOCATION

<p>PROPERTY: FORMER FORD NEW HOLLAND FACILITY AND SECURED STORAGE TROY, MI</p> <p>CLIENT: T-1-002</p>	<p>PL: 7</p> <p>DATE: 07/10</p>	<p>PROJECT: PARCEL MAP - PARCEL H</p> <p>Gaiatech</p>
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NOTES

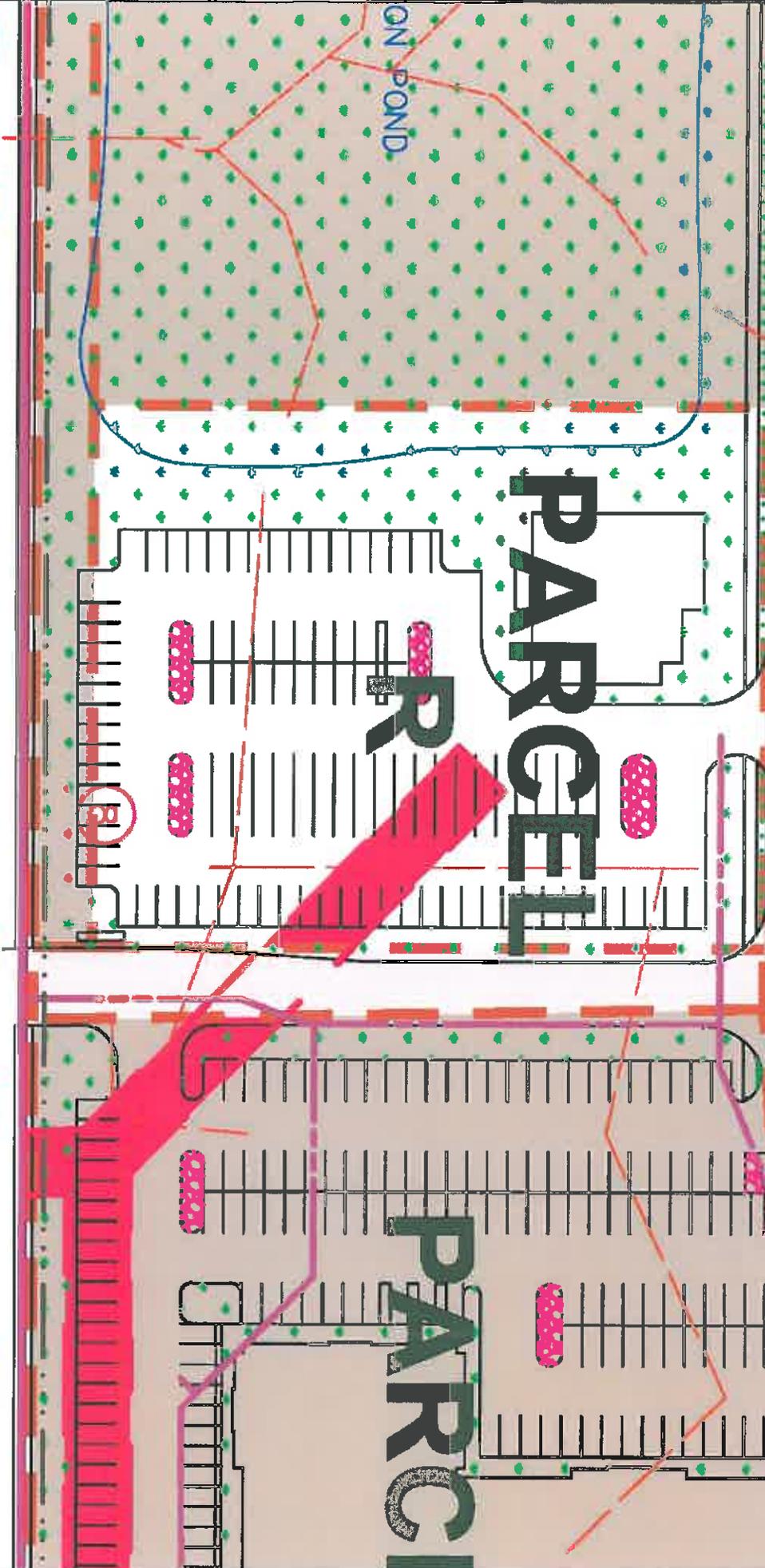
① - FORMER GLUING SOLVENTS DISPOSAL AREA



ON POND

PARCEL

PARC



LEGEND

- EASEMENT FOR WATER UTILITY (CITY OF TROY)
 - EASEMENT FOR SANITARY SEWER (CITY OF TROY)
 - EASEMENT FOR RIGHT OF WAY
 - PERMANENT BARRIER
- NOTE: ALL UTILITIES WERE INSTALLED WITH CLAY PLUGS



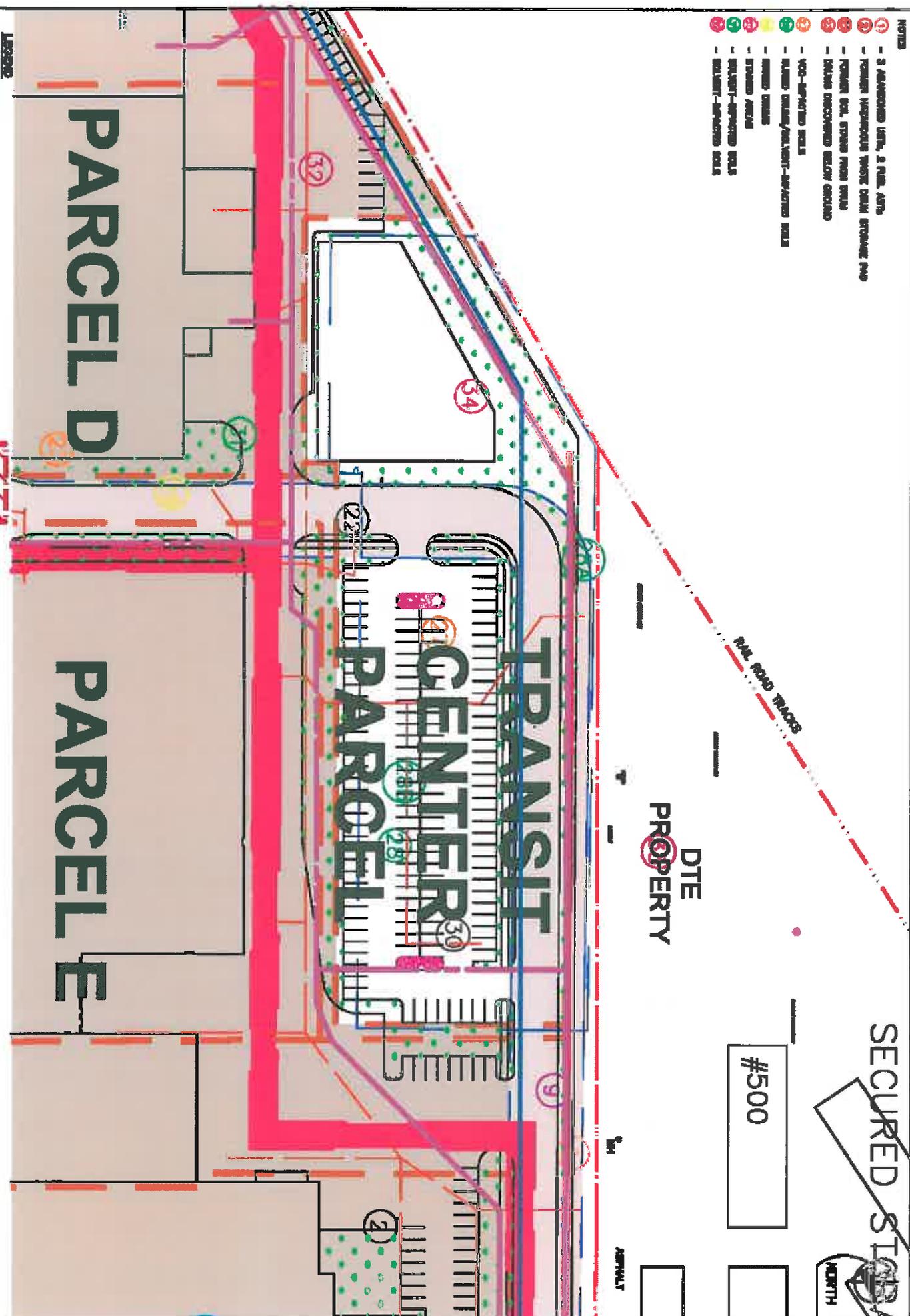
- ENGINEERED BARRIER
- PARCEL BOUNDARY
- EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
- EASEMENT FOR ELECTRIC UTILITY (DETROIT EDISON)
- STORM SEWER LOCATION

PROJECT: FORMER FORD NEW HOLLAND FACILITY AND RECLAIMED STORAGE TROY, MI	
DATE: 7-1-2017	SCALE: 1/8" = 1'-0"
DESIGNER: GARIAFTECH	CLIENT: FORD MOTOR COMPANY



NOTES

- ① - 3' ALLOWED UTILITY, 2' P.U.B. AIRS
- ② - FORMER HAZARDOUS WASTE DEBRIS STORAGE POND
- ③ - FORMER SOIL STORAGE POND
- ④ - FORMER SOIL STORAGE POND
- ⑤ - SOILS DISCOVERED BELOW GROUND
- ⑥ - VCR-APPROVED SOILS
- ⑦ - ALIEN DRAINAGE/POLLUTANT-APPROVED SOILS
- ⑧ - ARMED DRAINAGE
- ⑨ - STORMWATER
- ⑩ - POLLUTANT-APPROVED SOILS
- ⑪ - POLLUTANT-APPROVED SOILS



PARCEL D

PARCEL E

TRANSIT CENTER PARCEL

DTE PROPERTY

SECURED STORAGE

#500



LEGEND

- EASEMENT FOR WATER UTILITY (CITY OF TROY)
- EASEMENT FOR SANITARY SEWER (CITY OF TROY)
- EASEMENT FOR RIGHT OF WAY
- PERMANENT MARKER

- ENGINEERED BARRIER
- PARCEL BOUNDARY
- EASEMENT FOR GAS UTILITY (CONSUMERS POWER)
- EASEMENT FOR ELECTRIC UTILITY (DETROIT EDISON)
- STORM SEWER LOCATION

NOTE: ALL UTILITIES WERE INSTALLED WITH CLAY PIPES

PROJECT NAME	FORMER FORD NEW HOLLAND FACILITY AND SECURED STORAGE TROY, MI
DATE	11/11/11
SCALE	1" = 40'
PROJECT NO.	11-0000
DESIGNED BY	GAIA
CHECKED BY	GAIA
APPROVED BY	GAIA
DATE	11/11/11
PROJECT LOCATION	PARCEL MAP - TRINANT
PROJECT NO.	11-0000
PROJECT NAME	FORMER FORD NEW HOLLAND FACILITY AND SECURED STORAGE TROY, MI
DATE	11/11/11
SCALE	1" = 40'
PROJECT NO.	11-0000
DESIGNED BY	GAIA
CHECKED BY	GAIA
APPROVED BY	GAIA
DATE	11/11/11

Gaiatech

EXHIBIT 3

DESCRIPTION OF ALLOWABLE USES

Commercial Subcategory II

This commercial land use subcategory is characterized by the following features. Access to the public is reliably restricted, consistent with its use, by fences, security, or both. Affected surficial soils are located in unpaved or landscaped areas that are frequently contacted by worker populations such as groundskeepers, maintenance workers, or other employees whose primary duties are performed outdoors. The degree of exposure for such employees under subcategory II property is assumed to be equivalent to the exposures used to model outdoor activities in the development of the generic industrial criteria.

This subcategory could include, but is not limited to, the following uses:

- large-scale commercial warehouse operations
- wholesale lumber yards
- building supply warehouses

Commercial Subcategory III (low soil intensive)

A subcategory III commercial property is characterized by the following features. Access to the public is unrestricted; however, the general public's occupancy of the property is expected to be intermittent and significantly less in frequency and duration relative to the population working at the facility. Although some of the activities for both worker populations and the general public at a subcategory III commercial property are conducted indoors, a significant component of their activity will likely be outdoors. The worker/receptor population at these commercial facilities is expected to engage in low soil intensive activities. Routine outdoor tasks performed by these workers are unlikely to result in significant physical interaction with the soil. Affected surficial soils are located in unpaved areas that may be contacted, primarily by the worker population (as may be the cases at gas stations, auto dealerships, or building supply warehouses with unpaved areas).

This subcategory could include, but is not limited to, the following uses:

- Retail gas stations
- Auto service stations
- Auto dealerships
- Retail warehouses selling the majority of their merchandise indoors but including some limited storage or stockpiling of materials in an outdoor yard (building supply, retail flower and garden shops not involving on-site plant horticulture and excluding open air nurseries, tree farms, and sod farms which would fall into an agricultural land use).
- Repair and service establishments including but not limited to, lawn mower, boat, snowmobiles, or small appliance repair shops that have small outdoor yards,
- Small warehouse operations

Commercial Subcategory IV (high soil intensive)

A subcategory IV commercial property is characterized by the following features. Access to the public is unrestricted, however, the general public's occupancy of the facility is intermittent in frequency and of short duration relative to the worker populations at the facility (i.e., the frequency and duration of general public occupancy at the property is typified by the time necessary to transact business at a retail establishment or to receive personal services). However, at least a portion of the worker population at this type of commercial property conducts most of their work activities outdoors and is expected to engage in high soil intensive activities that will result in significant physical interaction with the soil. Such persons include workers from off-site who work at multiple properties such as commercial landscapers.

This subcategory could include, but is not limited to, the following uses where landscaping exists or has the potential to exist:

- Professional offices (lawyers, architects, engineers, real estate, insurance, etc.)
- Medical/dental offices and clinics (not including hospitals)
- Banks, credit unions, savings and loan institutions, etc.
- Publicly owned office buildings
- Any retail business whose principal activity is the sale of food or merchandise within an enclosed building
- Personal service establishments which perform services indoors (health clubs, barber/beauty salons, mortuaries, photographic studios, etc.).

EXHIBIT 4

CONSENT OF EASEMENT HOLDERS

As evidenced below by my signature, I agree and consent to the recording of the land use and resource use restrictions specified in this Restrictive Covenant.

[Insert additional signature blocks if multiple easement holders]

[Insert Easement Holder's Name]

By: _____
Signature

Name: _____
Print or Type Name

Its: _____
Title

STATE OF MICHIGAN *[insert state]*
COUNTY OF *[insert name of county]*

[NOTE: Choose only one of the following four acknowledgments:

OPTION 1: If easement holder is an individual:

The foregoing instrument was acknowledged before me this *[date]* by *[name of easement holder]*, *easement holder*.

OPTION 2: If easement holder is a corporation:

The foregoing instrument was acknowledged before me this *[date]* by *[name of officer or agent, title of officer or agent]* of *[name of corporation/ easement holder]*, a *[state or place of incorporation corporation]*, on behalf of the corporation.

OPTION 3: If easement holder is a partnership:

The foregoing instrument was acknowledged before me this *[date]* by *[name of partnership or agent]*, partner *[or agent]* on behalf of *[name of partnership/ easement holder]*, a partnership.

OPTION 4: For an individual acting as principal by an attorney in fact (power of attorney):

The foregoing instrument was acknowledged before me this *[date]* by *[name of attorney in fact]* as attorney in fact on behalf of *[name of principal].*

Notary Public
[Print or type name]
[Commissioned in] County, [State]

My Commission Expires: _____

Pastor Edward Petreaca of the Seventh Day Adventist Church gave the Invocation. The Pledge of Allegiance to the Flag was given.

A. CALL TO ORDER:

A Regular Meeting of the Troy City Council was held Monday, December 6, 2010, at City Hall, 500 W. Big Beaver Road. Mayor Schilling called the Meeting to order at 7:31 PM.

B. ROLL CALL:

Mayor Louise E. Schilling
 Robin Beltramini
 Wade Fleming
 Martin Howrylak
 Mayor Pro Tem Mary Kerwin
 Maureen McGinnis
 Dane Slater

C. CERTIFICATES OF RECOGNITION AND SPECIAL PRESENTATIONS:

C-1 Certificates of Recognition and Special Presentations Scheduled

- a) On behalf of the City of Troy, Mayor Louise Schilling presented a proclamation honoring Judge Michael A. Martone.
- b) On behalf of Oakland County Sheriff, Michael Bouchard and the Oakland County Sheriff's Department, Captain Tim Atkins presented a *Certificate of Appreciation* in recognition of Judge Michael A. Martone.

D. CARRYOVER ITEMS:

D-1 No Carryover Items

E. PUBLIC HEARINGS:

E-1 Public Hearing for the Establishment of an Industrial Development District (IDD) for Silk Route Global, LLC at 950 Stephenson

The Mayor opened the public hearing after receiving comment from Ted Wilson, who spoke on behalf of the applicant; the Mayor closed the public hearing.

Resolution #2010-12-268
 Moved by Beltramini
 Seconded by Kerwin

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for property known as 950 Stephenson, Troy, MI 48083-1172, Parcel # 88-20-35-126-018, in accordance with City Council Policy Resolution #2010-08-173; and

BE IT FURTHER RESOLVED, That the City Clerk shall **FORWARD** a copy of this resolution to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes: Schilling, Beltramini, Fleming, Kerwin, McGinnis, Slater

No: Howrylak

MOTION CARRIED

E-2 Public Hearing for the Granting of an Industrial Facilities Exemption Certificate (IFEC) for Silk Route Global, LLC at 950 Stephenson

The Mayor opened and closed the public hearing after receiving no comment from the public.

Resolution #2010-12-269

Moved by Beltramini

Seconded by McGinnis

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on December 6, 2010, established an Industrial Development District (IDD) for property known as 950 Stephenson, Troy MI 48083-1172, Parcel # 88-20-35-126-018; and

WHEREAS, An Application has been submitted by Silk Route Global, LLC, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 950 Stephenson, Troy MI 48083-1172, for six (6) years, after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on December 6, 2010, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for Silk Route Global, LLC, at 950 Stephenson, Troy MI 48083-1172 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for Silk Route Global, LLC, at 950 Stephenson, Troy MI 48083-1172 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for an Industrial Facilities Exemption Certificate (IFEC) for Silk Route Global, LLC, Inc., at 950 Stephenson, Troy MI 48083-1172, Parcel # 88-20-35-126-018, for personal property for a term of six (6) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Silk Route Global, LLC, and payment of the application fee established in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and Silk Route Global, LLC; a copy of which shall be **ATTACHED** to the original Minutes of this meeting; and

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971

Yes: Beltramini, Fleming, Kerwin, McGinnis, Slater, Schilling
No: Howrylak

MOTION CARRIED

E-3 Public Hearing for the Establishment of an Industrial Development District (IDD) for P3 North America, Inc., at 1957 Crooks

The Mayor opened and closed the public hearing after receiving no comment from the public.

Resolution #2010-12-270
Moved by Kerwin
Seconded by Fleming

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for property known as 1957 Crooks, Troy, MI 48084, Parcel # 88-20-29-426-042, in accordance with City Council Policy Resolution #2010-08-173; and

BE IT FURTHER RESOLVED, That the City Clerk shall **FORWARD** a copy of this resolution to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes: Fleming, Kerwin, McGinnis, Slater, Schilling, Beltramini
No: Howrylak

MOTION CARRIED

E-4 Public Hearing for the Granting of an Industrial Facilities Exemption Certificate (IFEC) for P3 North America, Inc., at 1957 Crooks, Suite B

The Mayor opened and closed the public hearing after receiving no comment from the public.

Resolution #2010-12-271
Moved by Kerwin
Seconded by McGinnis

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on December 6, 2010, established an Industrial Development District (IDD) for property known as 1957 Crooks, Troy, MI 48084, Parcel # 88-20-29-426-042; and

WHEREAS, An Application has been submitted by P3 North America, Inc., for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 1957 Crooks Ste B, Troy, MI 48084, for two (2) years, after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on December 6, 2010, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for P3 North America, Inc., at 1957 Crooks Ste B, Troy, MI 48084 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for P3 North America, Inc., at 1957 Crooks Ste B, Troy, MI 48084 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for an Industrial Facilities Exemption Certificate (IFEC) for P3 North America, Inc., at 1957 Crooks Ste B, Troy MI 48084, Parcel # 88-20-29-426-042, for personal property for a term of two (2) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and P3 North America, Inc., and payment of the application fee established in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and P3 North America, Inc.; a copy of which shall be **ATTACHED** to the original Minutes of this meeting; and

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971

Yes: Kerwin, McGinnis, Slater, Schilling, Beltramini, Fleming

No: Howrylak

MOTION CARRIED

F. PUBLIC COMMENT:

- Janice Daniels:** Discussed various topics related to the library millage and the library petition.
- Nancy Gross:** Appreciated and read the response she received from Council Member McGinnis in regard to questions she raised at a previous City Council meeting.
- Scott Walker:** Discussed recent events which occurred at his home involving the police department.
- John Vert:** Requested that the Museum hours be re-evaluated to accommodate the public; supports police department.
- Marvin Reinhardt.:** Discussed various Troy blogs.
- Gordon Schepke:** Supports City Council and the public working together to keep the library open for the betterment of the city.
- Richard Peters:** Raised questions about the Beaumont parking lot; discussed various other national and international topics.
- Gerard Staeger:** Discussed the legalities associated with the IRS 501 (c)(3) designation of the *Friends of the Troy Public Library*; discussed recent action taken by the City Attorney regarding the recent filing of the library ordinance amendment petition.
- Kim Yanchyshyn:** Raised questions regarding the recent filing of the library ordinance amendment petition; supports the City Attorney's action to get a ruling

- before a decision is made in regard to the ordinance amendment petition.
- Edward Kempen:** Opposed to a special election; opposed to action taken by the City Attorney to get a ruling prior to City Council taking action on the recent filing of the library ordinance amendment petition; supports funding of library by any means possible.
- Tom Krent:** Restated his previous questions presented to Council Member Howrylak and requested clarification regarding the library proposal communication mailed by him prior to the November 2, 2010 election.
- Linda Kajma:** Discussed budgetary limitations related to keeping the library open; discussed concerns regarding the information being circulated by the members of *Troy Citizens United* and the library ordinance amendment petition.
- Thomas Burke:** Supports accuracy of tax information related to the library proposals contained in Council Member Howrylak’s communication mailed prior to the November 2, 2010; opposed to action taken by the city attorney to get a ruling prior to city council taking action on the recent filing of the library ordinance amendment petition.
- Sharon MacDonell:** Discussed the necessity of renewable revenue to maintain the library; discussed Charter limitations related to raising millage rates.
- Stephanie Dilworth:** Offered suggestions for keeping the library open.
Student
- Audre Zembrzuski:** Discussed operating costs associated with keeping the library open; clarified that the *Library Advisory Board* does not make financial decisions in regard to library operations.
- Jack Witt:** Believes the city would be obligated to charge fair market value for library assets; discussed November election results as they pertain to the outcome of the library proposals; supports Council Member Howrylak’s November election communication associated with the library proposals; opposed to a special election; supports the library; opposed to tax increases.

The meeting **RECESSED** at 9:01PM.

The meeting **RECONVENED** at 9:13 PM

Mayor Schilling indicated there is a typographical error on the E-4 resolution. It is consensus of the City Council members to correct a typographical error in the resolution for agenda item E-4 *Public Hearing for the Granting of an Industrial Facilities Exemption Certificate (IFEC) for P3 North America, Inc., at 1957 Crooks, Suite B.*

G. RESPONSE / REPLY TO PUBLIC COMMENT

H. POSTPONED ITEMS:

H-1 No Postponed Items

I. REGULAR BUSINESS:

I-1 Appointments to Boards and Committees: None Scheduled**a) Mayoral Appointments: None Scheduled****b) City Council Appointments/Confirmation: None Scheduled**

I-2 Nominations for Appointments to Boards and Committees: None Scheduled

I-3 Scheduling of Closed Session

Resolution #2010-12-272

Moved by Howrylak

Seconded by Slater

BE IT RESOLVED, That Troy City Council **SHALL MEET** in Closed Session, *Raquel Chidiac v. City of Troy et. al.* as permitted by MCL 15.268 (e), Pending Litigation.

Yes: Kerwin, McGinnis, Slater, Schilling, Beltramini, Fleming, Howrylak

No: None

MOTION CARRIED

I-4 Cancellation of December 20, 2010 Regular City Council Meeting

Resolution #2010-12-273

Moved by McGinnis

Seconded by Schilling

RESOLVED, That the Troy City Council hereby **CANCELS** the Regular City Council meeting of December 20, 2010.

Yes: McGinnis, Slater, Schilling, Beltramini, Fleming, Howrylak, Kerwin

No: None

MOTION CARRIED

I-5 2010/11 Budget Amendment No. 1

Resolution #2010-12-274

Moved by Kerwin

Seconded by Beltramini

RESOLVED, That Troy City Council hereby **APPROVES** the 2010/11 Budget Amendment No. 1 as submitted; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

Yes: Slater, Schilling, Beltramini, Fleming, Howrylak, Kerwin, McGinnis

No: None

MOTION CARRIED

I-6 Bid Waiver – Michigan CAT Mini Excavator

Resolution #2010-12-275

Moved by Kerwin

Seconded by Beltramini

WHEREAS, Michigan CAT of Shelby Township has been providing for the rental of a CAT304CCR for the last seven (7) months to complete a manhole rebuilding project in the Southeastern Oakland County Sanitary Sewer District;

WHEREAS, It is desirable to continue to use the mini excavator to complete other rehabilitation projects in the Section 35 Water Main Replacement Project and the Evergreen – Farmington Sanitary Sewerage District; and

WHEREAS, Due to the excavator's ease of use and being less intrusive to the surrounding area, the timeframe to re-tap a resident's water service is shortened;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council hereby **DEEMS** it to be in the City's best interest to **WAIVE** formal bidding procedures and **AUTHORIZE** the purchase of a CAT304CCR mini excavator from Michigan CAT of Shelby Township for an estimated total cost of \$46,303.88, which includes a discount of \$12,775.00 for rental payments made to date.

Yes: Schilling, Beltramini, Fleming, Howrylak, Kerwin, McGinnis, Slater

No: None

MOTION CARRIED

I-7 Agreement to Provide Fleet Maintenance Services – Cities of Rochester and Oak Park

a) Agreement to Provide Fleet Maintenance Services – City of Rochester

Resolution #2010-12-276a

Moved by Beltramini

Seconded by Fleming

RESOLVED, That Troy City Council hereby **APPROVES** the Interlocal Service Agreement for the City of Troy to provide fleet maintenance services to the City of Rochester; and
BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** the City Clerk and Mayor to **EXECUTE** the agreement; a copy of which shall be attached to the original Minutes of this meeting.

Yes: Beltramini, Fleming, Howrylak, Kerwin, McGinnis, Slater, Schilling

No: None

MOTION CARRIED

b) Agreement to Provide Fleet Maintenance Services – City of Oak Park

Resolution #2010-12-276b

Moved by Beltramini

Seconded by Fleming

RESOLVED, That Troy City Council hereby **APPROVES** the Interlocal Service Agreement for the City of Troy to provide fleet maintenance services to the City of Oak Park; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** the City Clerk and Mayor to **EXECUTE** the agreement; a copy of which shall be attached to the original Minutes of this meeting.

Yes: Beltramini, Fleming, Howrylak, Kerwin, McGinnis, Slater, Schilling

No: None

MOTION CARRIED

J. CONSENT AGENDA:

J-1a Approval of “J” Items NOT Removed for Discussion

Resolution #2010-12-277

Moved by Howrylak

Seconded by Fleming

RESOLVED, That Troy City Council hereby **APPROVES** all items on the Consent Agenda as presented with the exception of Items J-4c and J-4d, which **SHALL BE CONSIDERED** after Consent Agenda (I) items, as printed.

Yes: Fleming, Howrylak, Kerwin, McGinnis, Slater, Schilling, Beltramini

No: None

MOTION CARRIED

J-2 Approval of City Council Minutes

Resolution #2010-12-277-J-2

RESOLVED, That Troy City Council hereby **APPROVES** the Minutes of the Regular City Council Meeting of November 22, 2010 as submitted.

J-3 City of Troy Proclamation: *Proclamation to Honor Judge Michael A. Martone*

Resolution #2010-12-277-J-3

RESOLVED, That Troy City Council hereby **APPROVES** the City of Troy: *Proclamation to Honor Judge Michael A. Martone*.

J-4 Standard Purchasing Resolutions:**a) Standard Purchasing Resolution 3: Exercise Renewal Option – Home Chore Lawn and Yard Services**

Resolution #2010-12-277-J-4a

WHEREAS, On December 7, 2009, Troy City Council awarded contracts for seasonal requirements of Lawn and Yard Services for Troy residents using the Home Chore Program with an option to renew for one (1) additional year to the low total bidders, Green Meadows Lawnscape of Sterling Heights, as primary contractor, and Zimmerman Lawn and Snow of Roseville, as secondary contractor, at unit prices contained in the bid tabulation opened October 15, 2009; a copy of which shall be **ATTACHED** to the original Minutes of this meeting (Resolution #2009-12-368-I4a); and

WHEREAS, Green Meadows Lawnscape and Zimmerman Lawn and Snow have agreed to exercise the one-year option to renew their contracts under the same pricing, terms and conditions;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **EXERCISES** the option to renew the contracts with Green Meadows Lawnscape and Zimmerman Lawn and Snow to provide seasonal requirements of Lawn and Yard Services for Troy residents using the Home Chore Program under the same prices, terms and conditions as their original contracts to expire December 31, 2011.

b) Standard Purchasing Resolution 2: Bid Award-Sole Bidder – Vehicle Wash Services

Resolution #2010-12-277-J-4b

RESOLVED, That Troy City Council hereby **AWARDS** a two-year contract for exterior only Vehicle Wash Services with an option to renew for two additional years to the sole bidder, Pro Enterprise Inc, dba Pro Car Wash, for Items # 1 and #3 at unit prices contained in the bid tabulation opened November 10, 2010; a copy of which shall be **ATTACHED** to the original Minutes of this meeting for an estimated annual cost of \$14,526.00, to expire December 31st, 2012; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AWARDS** the contract **CONTINGENT ON** the contractor's submission of properly executed bid and proposal documents, including insurance certificates and all other specified requirements.

J-5 Application to Transfer Interest and Location of MLCC Class C License No. 9432-2010 from Rockers, Inc. located at 1461 N. Perry, Pontiac, Michigan to Square Lake Diner, LLC to be located at 6024 Rochester Road, Troy, Michigan, pending final inspections

a) License Transfer

Resolution #2010-12-277-J-5a

RESOLVED, That Troy City Council hereby **CONSIDERS FOR APPROVAL** Square Lake Diner, LLC to Transfer Interest and Location of MLCC Class C License No. 9432-2010 from Rockers, Inc. located at 1461 N. Perry, Pontiac, Michigan to Square Lake Diner, LLC to be located at 6024 Rochester Road, Troy, MI, Oakland County {MLCC Request #567112}, “above all others”; and hereby **AUTHORIZES** the Mayor and City Clerk to **EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

b) Agreement

Resolution #2010-12-277-J-5b

WHEREAS, The Troy City Council deems it necessary to enter into agreements with applicants for liquor licenses for the purpose of providing civil remedies to the City of Troy in the event licensees fail to adhere to Troy Codes and Ordinances;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **APPROVES** an agreement with Square Lake Diner, LLC to Transfer Interest and Location of MLCC Class C License No. 9432-2010 from Rockers, Inc. located at 1461 N. Perry, Pontiac, Michigan to Square Lake Diner, LLC to be located at 6024 Rochester Road, Troy, MI, Oakland County {MLCC Request #567112}, and hereby **AUTHORIZES** the Mayor and City Clerk to **EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

J-6 Application for New SDM License with On Premise Seating for Target Corporation

a) License Transfer

Resolution #2010-12-277-J-6a

RESOLVED, That Troy City Council hereby **CONSIDERS FOR APPROVAL** Target Corporation for a New SDM License with On Premise Seating, and new Direct-Connection-2 located at 1301 Coolidge Highway, Troy, MI 48084, Oakland County {MLCC Request #556906} “above all others”; and hereby **AUTHORIZES** the Mayor and City Clerk to **EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

b) Agreement

Resolution #2010-12-277-J-6b

WHEREAS, The Troy City Council deems it necessary to enter into agreements with applicants for liquor licenses for the purpose of providing civil remedies to the City of Troy in the event licensees fail to adhere to Troy Codes and Ordinances;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **APPROVES** an agreement with Target Corporation for a New SDM license with On Premise Seating, and new Direct-Connection-2 located at 1301 Coolidge Highway, Troy, MI 48084, Oakland County {MLCC Request #556906} and hereby **AUTHORIZES** the Mayor and City Clerk to **EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

J-7 Application to Add Space (additional indoor seating) for RCSH, LLC (Ruth’s Chris Steak House)

a) Add Space (Additional Indoor Seating)

Resolution #2010-12-277-J-7a

RESOLVED, That Troy City Council hereby **CONSIDERS FOR APPROVAL** RCSH (Ruth’s Chris Steak House) Operations, LLC to Add Space to 2009 Class C and SDM Licensed Business With Dance Permit located at 755 West Big Beaver Road, Suite 151, Troy, MI 48084, Oakland County {MLCC Request #530151}; and hereby **AUTHORIZES** the Mayor and City Clerk to **EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

b) Agreement

Resolution #2010-12-277-J-7b

WHEREAS, The Troy City Council deems it necessary to enter into agreements with applicants for liquor licenses for the purpose of providing civil remedies to the City of Troy in the event licensees fail to adhere to Troy Codes and Ordinances;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **APPROVES** an agreement with RCSH (Ruth’s Chris Steak House) Operations, LLC to Add Space to 2009 Class C and SDM Licensed Business With Dance Permit located at 755 West Big Beaver Road, Suite 151, Troy, MI 48084, Oakland County {MLCC Request #530151} and hereby **AUTHORIZES** the Mayor and City Clerk to **EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

J-8 Application to Transfer Stock Interest for Macy’s Retail Holdings, Inc. – Somerset Mall

a) Transfer All Stock Interest

Resolution #2010-12-277-J-8a

RESOLVED, That the request from Macy’s Retail Holdings, Inc. (A New York Corporation) to Transfer All Stock Interest In 2005 Licensing Year In 2010 Resort Class C Licensed Business

issued under MCL 436.1531(2), located at 2752 West Big Beaver Road, Troy, MI 48084, Oakland County, wherein sole stockholder, The May Department Stores Company (A Delaware Corporation) transfers 249,084,436 shares of stock to new stockholder, Milan Acquisition, LLC (A Delaware Limited Liability Company) formerly known as Milan Acquisition Corp. (A Delaware Corporation) through merger, on August 30, 2005; and by dropping Milan Acquisition Corp. (A Delaware Corporation) as stockholder through transfer of 249,084,436 shares of stock to new stockholder, Macy's Inc. (A Delaware Corporation) formerly known as Federated Department Stores, Inc. (A Delaware Corporation), on August 30, 2005 {MLCC Req. 322719} be **CONSIDERED FOR APPROVAL**; and

BE IT FURTHER RESOLVED, That it is the consensus of this legislative body that the application **BE RECOMMENDED** for issuance.

b) Agreement

Resolution #2010-12-277-J-8b

WHEREAS, The City Council of the City of Troy deems it necessary to enter agreements with applicants for liquor licenses for the purpose of providing civil remedies to the City of Troy in the event licensees fail to adhere to Troy Codes and Ordinances;

THEREFORE, BE IT RESOLVED, That the City Council of the City of Troy hereby APPROVES an agreement with Macy's Retail Holdings, Inc. (A New York Corporation) to Transfer All Stock Interest In 2005 Licensing Year In 2010 Resort Class C Licensed Business issued under MCL 436.1531(2), located at 2752 West Big Beaver Road, Troy, MI 48084, Oakland County, wherein sole stockholder, The May Department Stores Company (A Delaware Corporation) transfers 249,084,436 shares of stock to new stockholder, Milan Acquisition, LLC (A Delaware Limited Liability Company) formerly known as Milan Acquisition Corp. (A Delaware Corporation) through merger, on August 30, 2005; and by dropping Milan Acquisition Corp. (A Delaware Corporation) as stockholder through transfer of 249,084,436 shares of stock to new stockholder, Macy's Inc. (A Delaware Corporation) formerly known as Federated Department Stores, Inc. (A Delaware Corporation), on August 30, 2005 {MLCC Req. 322719}, and the Mayor and City Clerk are hereby **AUTHORIZED TO EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

J-9 Application to Transfer Stock Interest for Macy's Retail Holdings, Inc. – Oakland Mall

a) Transfer All Stock Interest

Resolution #2010-12-277-J-9a

RESOLVED, That the request from Macy's Retail Holdings, Inc. (A New York Corporation) to Transfer All Stock Interest In 2005 Licensing Year In 2010 Class C Licensed Business, located at 500 West Fourteen Mile Road, Troy, MI 48084, Oakland County, wherein sole stockholder, The May Department Stores Company (A Delaware Corporation) transfers 249,084,436 shares of stock to new stockholder, Milan Acquisition, LLC (A Delaware Limited Liability Company) formerly known as Milan Acquisition Corp. (A Delaware Corporation) through merger, on August 30, 2005; and by dropping Milan Acquisition Corp. (A Delaware Corporation) as

stockholder through transfer of 249,084,436 shares of stock to new stockholder, Macy's Inc. (A Delaware Corporation) formerly known as Federated Department Stores, Inc. (A Delaware Corporation), on August 30, 2005 {MLCC Req. 322719} be **CONSIDERED FOR APPROVAL**; and

BE IT FURTHER RESOLVED, That it is the consensus of this legislative body that the application **BE RECOMMENDED** for issuance.

b) Agreement

Resolution #2010-12-277-J-9b

WHEREAS, The City Council of the City of Troy deems it necessary to enter agreements with applicants for liquor licenses for the purpose of providing civil remedies to the City of Troy in the event licensees fail to adhere to Troy Codes and Ordinances;

THEREFORE, BE IT RESOLVED, That the City Council of the City of Troy hereby **APPROVES** an agreement with Macy's Retail Holdings, Inc. (A New York Corporation) to Transfer All Stock Interest In 2005 Licensing Year In 2010 Class C Licensed Business, located at 500 West Fourteen Mile Road, Troy, MI 48084, Oakland County, wherein sole stockholder, The May Department Stores Company (A Delaware Corporation) transfers 249,084,436 shares of stock to new stockholder, Milan Acquisition, LLC (A Delaware Limited Liability Company) formerly known as Milan Acquisition Corp. (A Delaware Corporation) through merger, on August 30, 2005; and by dropping Milan Acquisition Corp. (A Delaware Corporation) as stockholder through transfer of 249,084,436 shares of stock to new stockholder, Macy's Inc. (A Delaware Corporation) formerly known as Federated Department Stores, Inc. (A Delaware Corporation), on August 30, 2005 {MLCC Req. 322719}, and the Mayor and City Clerk are hereby **AUTHORIZED TO EXECUTE** the document; a copy of which shall be **ATTACHED** to the original Minutes of this meeting.

J-1b Address of "J" Items Removed for Discussion by City Council

c) Standard Purchasing Resolution 6: Grant Approval and Authorization to Expend City Funds – MMRMA Risk Avoidance Program Grant – TASER Purchase

Resolution #2010-12-278

Moved by Slater

Seconded by Beltramini

RESOLVED, That the Troy City Council hereby **AUTHORIZES** the Troy Police Department to receive a Michigan Municipal Risk Management Authority (MMRMA) Risk Avoidance Program (RAP) Grant and **EXPEND** funds for the purchase of TASER equipment from the sole source provider, Michigan TASER Distributing, for an estimated total cost of \$41,483.37; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AMENDS** the Police department budget to receive the grant funding equal to 50% of the cost for thirty (30) TASERS and a training suit estimated at \$12,212.50.

Yes: Kerwin, McGinnis, Slater, Schilling, Beltramini, Fleming

No: Howrylak

MOTION CARRIED

d) Standard Purchasing Resolution 3: Exercise Renewal Option – Snow Removal Services – Fire Stations and Training Center

Resolution #2010-12-279

Moved by Howrylak

Seconded by Kerwin

WHEREAS, On January 25, 2010, Troy City Council awarded a contract for seasonal requirements of snow removal services for the City's Fire Stations and Police/Fire Training Center with an option to renew for two (2) additional seasons to the low bidder, Advanced Landscape & Builders Supply Co of Clawson, at unit prices contained in the bid tabulation opened December 21, 2009; a copy of which shall be **ATTACHED** to the original Minutes of this meeting (Resolution #2010-01-026 I-4b); and

WHEREAS, Advanced Landscape & Builders Supply Co has agreed to exercise first option to renew their contract under the same pricing, terms and conditions;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **EXERCISES** the first option to renew the contract with Advanced Landscape & Builders Supply Co of Clawson to provide seasonal requirements of snow removal services for the City's Fire Stations and Police/Fire Training Center under the same prices, terms and conditions expiring April 15, 2011.

Yes: Kerwin, McGinnis, Slater, Schilling, Beltramini, Fleming, Howrylak

No: None

MOTION CARRIED

K. MEMORANDUMS AND FUTURE COUNCIL AGENDA ITEMS:

K-1 Announcement of Public Hearings: None submitted

K-2 Memorandums (Items submitted to City Council that may require consideration at some future point in time):

a) Contract to Transfer Ownership and Responsibility – ALOeTERRA Solar House

L. COUNCIL REFERRALS:

L-1 No Council Referrals Advanced

M. COUNCIL COMMENTS

M-1 Council Comments Advanced:

Council Member Kerwin reported a blood drive is scheduled on Wednesday, December 29th and Thursday, December 30th from 9:00 AM until 3:00 PM at the Community Center. She added that appointments can be scheduled by contacting the Community Affairs Department at (248) 524-1147.

Council Member Kerwin reported that the Christmas tree lighting ceremony is scheduled for Wednesday, December 8th in front of City Hall at 7:00 PM.

N. REPORTS

N-1 Minutes – Boards and Committees:

- a) Board of Zoning Appeals/Final – October 19, 2010
- b) Planning Commission/Draft – November 9, 2010
- c) Planning Commission/Final – November 9, 2010
Noted and Filed

N-2 Department Reports: None Submitted

N-3 Letters of Appreciation:

- a) Letter of Appreciation from Michelle Bray-Cotton, Thanking the Clerk’s Office for their Assistance in her Community Service Assignment
Noted and Filed

N-4 Proposed Proclamations/Resolutions from Other Organizations: None Proposed

N-5 Troy Youth Assistance Board of Directors Meeting Minutes – October 21, 2010
Noted and Filed

N-6 Communication: State of Michigan-Notice of Hearing for the Electric Customers of the Detroit Edison Company–Case No. U-15806
Noted and Filed

N-7 Memorandum: Niles-Barnard House Progress Report
Noted and Filed

N-8 Memorandum: City Council Filing Deadline New State Law Implication
Noted and Filed

N-9 Memorandum: Certification of Edward Kempen Citizen Initiative Petition – Addition to the Troy City Ordinance
Noted and Filed

N-10 Memorandum: Project Update – Zoning Ordinance Comprehensive Rewrite (File Number: Z-236)

Noted and Filed

N-11 Memorandum: Response to Council Member Mary Kerwin’s Inquiries About Generally Accepted Accounting Principles as Related to Salaries and Fringe Benefits

Noted and Filed

The meeting **RECESSED** at 10:11 PM.

The meeting **RECONVENED** at 10:18 PM.

O. STUDY ITEMS

O-1 Snow and Ice Control Policy

Resolution #2010-12-280

Moved by Slater

Seconded by Beltramini

WHEREAS, Continuing reductions in the taxable value of real estate are adversely affecting the City of Troy’s operating revenues; and

WHEREAS, This reduction means significant reduced revenues for fiscal years 2011, 2012, and 2013; and

WHEREAS, Economic uncertainty demands that the City of Troy government reduce operational expenses while improving efficiency and effectiveness; and

WHEREAS, The City of Troy adopted a three-year budget which eliminates the funds for the 2011/12 Winter Maintenance Agreement between the Road Commission for Oakland County (RCOC) and the City of Troy for snow and ice control for the following Priority I and Priority II County roads:

- Adams
- Big Beaver
- Crooks
- Dequindre
- John R
- Livernois
- Long Lake
- Maple
- South Boulevard ; and

WHEREAS, The Streets and Drains Division of the Department of Public Works will lose ten employees in the 2011/12 budget;

WHEREAS, Historic City of Troy snow and ice control procedures provided for a high level of service which ensured clearing to bare pavement within 24 hours after a four-inch snow event on City and RCOC major roads;

WHEREAS, The RCOC standards for snow and ice control for RCOC major roads ensure that roads are treated within two to four days after a four-inch snow event, but this does not mean plowed to bare pavement;

WHEREAS, On October 4, 2010 the Troy City Council approved the 2010/11 Winter Maintenance Agreement between the RCOC and the City of Troy for snow and ice control of the Priority I and Priority II County roads listed above;

WHEREAS, Application of the City of Troy snow and ice control procedures and the RCOC would create a problematic situation if City of Troy local roads are cleared before the RCOC major roads are cleared of snow and ice; and

WHEREAS, City Management recommends that the snow and ice control procedures be amended to provide a uniform level of service to City of Troy and RCOC major roads;

THEREFORE, BE IT RESOLVED, That the Troy City Council hereby **AUTHORIZES** the Department of Public Works to amend the City of Troy snow and ice control procedures to provide season long uniform level service to the City of Troy roads and RCOC major roads, specifically clearing all roads within 72 hours after a four inch snow event.

Yes: McGinnis, Slater, Schilling, Beltramini, Fleming, Howrylak, Kerwin

No: None

MOTION CARRIED

Vote on Resolution to Postpone Agenda Item O-2 Goals and Objectives

Resolution #2010-12-281

Moved by Kerwin

Seconded by Beltramini

RESOLVED, That Troy City Council hereby **POSTPONES** agenda study item O-2 *Goals and Objectives* until the Monday, December 13, 2010 Regular City Council meeting; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **DIRECTS** City Management to list postponed agenda study item O-2 *Goals and Objectives* under O. STUDY ITEMS.

Yes: Slater, Schilling, Beltramini, Fleming, Howrylak, Kerwin, McGinnis

No: None

MOTION CARRIED

O-2 Goals and Objectives

The meeting **RECESSED** at 11:00 PM.

The meeting **RECONVENED** at 11:01 PM.

P. CLOSED SESSION:

P-1 Raquel Chidiac v. City of Troy et. al.

Q. ADJOURNMENT

The meeting **ADJOURNED** at 11:05 PM.

Louise E. Schilling, Mayor

Tonni L. Bartholomew, MMC
City Clerk



CITY COUNCIL AGENDA ITEM

December 7, 2010

To: John Szerlag, City Manager

From: Mark F. Miller, Acting Assistant City Manager/Economic Development Services
Susan A. Leirstein, Purchasing Director
Timothy L. Richnak, Public Works Director

Subject: Standard Purchasing Resolution 1 – Bid Award: Roof Replacement of the Troy DPW Maintenance Garage Area #3.

Background

On November 23, 2010, a bid proposal was opened to provide a roof replacement of the DPW maintenance garage area #3 measuring 14,241 square feet. 258 companies were notified of the solicitation via the Michigan Intergovernmental Trade Network (MITN) website. A total of eight (8) bid responses were received. The original roof on Area #3 is twenty five years old and has developed several leaks and the roof membrane is badly cracked and blistering. By replacing the roof now, 93% of the insulation can be salvaged resulting in a cost savings of approximately \$20,000.00.

Recommendation

After reviewing the proposal, the Fleet Maintenance Division recommends awarding the contract for roof replacement of the DPW maintenance garage area #3, to the low bidder, Port Huron Roofing, of Clyde Township for an estimated total cost of \$95,700.00. A check of their references reveals no reason why the bid should not be awarded to Port Huron Roofing.

Furthermore, during the job if additional work that could not be foreseen is required, staff requests authorization to approve additional work at unit prices contained in the schedule of values.

Finally, City staff recommends rejecting Proposal B – to paint rusted metal, as weather conditions will reduce the quality of work. In the spring, City management will re-evaluate the roof top equipment including fascia and paint if necessary.

Fund Availability

Funds for this replacement are available in the public works administration – building and improvements account.



PORT HURON ROOFING

SCHEDULE OF VALUES

Your company **MUST** complete this form.

ROOFING PROPOSAL SUPPLEMENT FOR UNIT PRICES ROOFING PROJECTS

The unit prices listed below shall be submitted with the bid. The unit prices shall be utilized in conjunction with minor additions or deletions to the work of this contract, or for work required due to unforeseen conditions. Unit prices submitted shall include all cost of materials, labor, insurance, taxes, bond premiums, overhead and profit.

UNIT PRICES

The cost of work, added to or omitted from this contract, shall be computed at the prices listed below:

- 1. Steel deck scrape rust and paint with red oxide primer.....\$ 3²⁰ (Per Sq. Ft.)
- 2. Steel Deck Replacement.....\$ 5⁹⁰ (Per Sq. Ft.)
- 3. 2" x 4" wood nailers (to replace damaged) installed.....\$ 3¹⁰ (Per Lin. Ft.)
- 4. 2" x 6" wood nailers (to replace damaged) installed.....\$ 3³⁰ (Per Lin. Ft.)
- 5. 2" x 8" wood nailers (to replace damaged) installed.....\$ 3⁷⁰ (Per Lin. Ft.)
- 6. 2" x 10" wood nailers (to replace damaged) installed.....\$ 3⁹⁰ (Per Lin. Ft.)
- 7. 2.0" Polyisocyanurate Rigid Insulation Board to Replace Unsalvageable (damaged or wet) original base insulation on Roof Area #3:
 - 1-10 squares.....\$ 0.00 (IN BASE BID) (Per Sq. Ft.)
 - >10-20 squares...\$ 1⁸² (Per Sq. Ft.)
 - > 20 squares.....\$ 1⁷⁵ (Per Sq. Ft.)

VENDOR NAME:		sl	** Port Huron Roofing	LaDuke Corp	Royal Roofing	Lutz Roofing
					Company, Inc	Company, Inc
Check #			0723749	31336990	0710145	9451203562
Amount			\$4,785.00	\$4,992.35	\$5,450.00	\$5,245.00
PROPOSAL: ROOF REPLACEMENT OF THE TROY DPW MAINTENANCE GARAGE AREA #3, IN ACCORDANCE WITH THE SPECIFICATIONS AND DRAWINGS						
Proposal A: DPW Garage Roof Replacement						
Complete for the Sum of:			\$ 95,700.00	\$ 99,847.00	\$ 103,000.00	\$ 104,900.00
MANUFACTURED BY:			Garland	Garland	Garland	Garland
Proposal B: (Optional) Paint Rusted Metal						
Complete for the Sum of:			\$ 1,900.00	\$ 995.00	\$ 1,500.00	\$ 1,475.00
SCHEDULE OF VALUES						
Attached:	Y or N		Y	Y	Y	Y
MANDATORY SITE INSPECTION						
Visited Date			Y	Y	Y	Y
			November 16, 2010			
COMPLETION DATE:						
			UPON COMMENCEMENT WITHIN 30 DAYS			
Can meet			XX	XX	XX	XX
Cannot Meet						
CONTACT INFORMATION:						
Hours of Operation			7AM - 5PM	7AM-5PM	7:00AM-4:30PM	6:30AM-5:30PM
24 Hr Phone #			(248) 521-3532	(248) 797-1116	(248) 276-7663	(586) 739-1148
VENDOR QUESTIONNAIRE:						
Attached:	Y or N		Y	Y	Y	Y
INSURANCE						
CAN MEET			XX	XX	XX	XX
CANNOT MEET						
PAYMENT TERMS:						
			45 Days	Net 30 days	30 days	Net 30 Days
WARRANTY:						
			AS SPECIFIED			
EXCEPTIONS:						
			N/A	None	None	None
ACKNOWLEDGEMENT: Signed						
	Y or N		Y	Y	Y	Y
ADDENDUM #1: Attached						
	Y or N		Y	Y	Y	Y
TWO FORMS COMPLETED:						
Legal Status	Y or N		Y	Y	Y	Y
Non-Collusion	Y or N		Y	Y	Y	Y

ATTEST:
Diane Fisher
Sam Lamerato
Julie Hamilton

**** DENOTES LOW BIDDER**

 Susan Leirstein CPPO CPPB
 Purchasing Director

sl

VENDOR NAME:

Check #
Amount

J.D. Candler Roofing Co.	Wm. Molnar Roofing Co, Inc.	Butcher & Baecker Const. Co., Inc.	Crane Roofing, Inc.
000218218	343188	9026004672	9068500622
\$5,450.00	\$5,850.00	\$5,835.00	\$6,240.00

PROPOSAL: ROOF REPLACEMENT OF THE TROY DPW MAINTENANCE GARAGE AREA #3, IN ACCORDANCE WITH THE SPECIFICATIONS AND DRAWINGS

Proposal A: DPW Garage Roof Replacement Complete for the Sum of:	\$ 108,580.00	\$ 113,249.00	\$ 116,700.00	\$ 124,800.00
MANUFACTURED BY:	Garland	Garland	Garland	Garland
Proposal B: (Optional) Paint Rusted Metal Complete for the Sum of:	\$ 850.00	\$ 400.00	\$ 495.00	\$ 2,500.00

RECOMMEND REJECTION

SCHEDULE OF VALUES

Attached: Y or N

Y	Y	Y	Y
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**MANDATORY
SITE INSPECTION**

Visited
Date

Y	Y	Y	Y
November 16, 2010			

COMPLETION DATE:

Can meet
Cannot Meet

UPON COMMENCEMENT WITHIN 30 DAYS			
XX	XX	XX	XX

CONTACT INFORMATION:

Hours of Operation
24 Hr Phone #

6AM - 4:30PM (866) 930-2100	6:30AM - 5PM (313) 304-1166	8:00AM-5:00PM (248) 852-2323	6:30AM-4:30PM (248) 766-6639
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VENDOR QUESTIONNAIRE:

Attached: Y or N

Y	Y	N	Y
---	---	---	---

INSURANCE

CAN MEET
CANNOT MEET

XX	XX	XX	XX
----	----	----	----

PAYMENT TERMS:

Net 30	Net 30	Blank	Net 30
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WARRANTY:

AS SPECIFIED

EXCEPTIONS:

None	N/A	Blank	Bid is based on our current insurance coverage
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ACKNOWLEDGEMENT: Signed

Y or N

Y	Y	Y	Y
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ADDENDUM #1: Attached

Y or N

Y	Y	Y	Y
---	---	---	---

TWO FORMS COMPLETED:

Legal Status Y or N
Non-Collusion Y or N

Y	Y	N	Y
Y	Y	N	Y



CITY COUNCIL AGENDA ITEM

Date: December 8, 2010

To: John Szerlag, City Manager

From: John M. Lamerato, Assistant City Manager/Finance & Administration
Nino Licari, City Assessor

Subject: Announcement of Public Hearings for Industrial Development District (IDD), Plant Rehabilitation District (PRD), and Industrial Facilities Exemption Certificate (IFEC) and a Plant Rehabilitation Exemption Certificate (PREC) for Meritor Heavy Vehicle Systems, LLC (2135 W. Maple)

Background

Meritor Heavy Vehicle Systems, LLC, has submitted applications for tax abatement for their expansion of activities at 2135 W. Maple. They will be spending over \$17,000,000 and creating 125 new jobs.

Recommendation

State law dictates that City Council hold a public hearing for the IDD & PRD, combined, and one each for the IFEC, and PREC . This memo is the formal notification of the setting of the Public Hearings. The hearings will occur on January 24, 2010

TROY SCHOOL DISTRICT
MARK RAJTER
4400 LIVERNOIS
TROY MI 48098-4799

OAKLAND COMMUNITY COLLEGE
CLARENCE E BRANTLEY
2480 OPDYKE
BLOOMFIELD HILLS MI 48304-2266

OAKLAND INTERMEDIATE
SCHOOLS
2111 PONTIAC LAKE
WATERFORD MI 48328

OAKLAND COUNTY PTA
1200 N TELEGRAPH Dept 479
PONTIAC MI 48341-0479

OAKLAND COUNTY EQUALIZATION
DAVID HIEBER
250 ELIZABETH LAKE RD 1000 W
PONTIAC MI 48341

MERITOR HEAVY VEHICLES LLC
CRAIG SCHMITTER
2135 W MAPLE
TROY MI 48084

MERITOR HEAVY VEHICLES LLC
OCTAVIO WILLIAMS
2135 W MAPLE
TROY MI 48084

CITY OF TROY
PUBLIC HEARING

A Public Hearing will be held by and before the City Council of the City of Troy at City Hall, 500 W. Big Beaver, Troy, Michigan on Monday, December 6, 2010 at 7:30 P.M. to consider the establishment of an Industrial Development District (IDD), a Plant Rehabilitation District (PRD), the granting of an Industrial Facilities Exemption Certificate (IFEC) and the granting of a Plant Rehabilitation Exemption Certificate (PREC) at the following location:

88-20-32-126-035

2135 W. Maple, Troy, MI. 48084

T2N, R11E, Section 32

Part of the N ½ of said section...

You may express your comments regarding this matter by writing to this office, or by attending the Public Hearing.

NOTICE: Persons with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk by e-mail at clerk@ci.troy.mi.us or by calling (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

ANIMAL CONTROL APPEAL BOARD MINUTES – FINAL SEPTEMBER 1, 2010

A special meeting of the Animal Control Appeal Board was held on Wednesday, September 1, 2010 in Conference Room C of Troy City Hall, 500 West Big Beaver Road. Chairperson Jayne Saeger called the meeting to order at 7:34 p.m.

ROLL CALL:

PRESENT: Jayne Saeger, Chairperson
 Al Petrulis, Vice-Chairperson
 Patrick Carolan, Secretary
 V. James Viola

ABSENT: Kathleen Melchert

ALSO PRESENT: Sergeant John Schaufler
 PSA Jay Hernandez
 Susan Lancaster, Assistant City Attorney
 Pat Gladysz

Resolution to Excuse Committee Member Melchert

Resolution #AC2010-09-001
Moved by Viola
Seconded by Carolan

RESOLVED, that the absence of Committee member Melchert at the Animal Control Appeal Board meeting of September 1, 2010 be **EXCUSED**.

Yes: 4
No: 0
Absent: Melchert

Resolution to Approve Minutes of May 27, 2009 Meeting

Resolution #AC2010-09-002
Moved by Viola
Seconded by Petrulis

RESOLVED, that the Minutes of the May 27, 2009 meeting of the Animal Control Appeal Board be **APPROVED**.

Yes: 4
No: 0
Absent: Melchert

Agenda Items

1. Petraq Kaskaviqi, residing at 1438 Leafgreen Drive, appeals the decision of the animal control officer rejecting the permit for 49 pigeons on his property.

Present to answer questions from the Committee were Petraq Kaskaviqi and Tim Shkemi.

On behalf of Mr. Kaskaviqi, Mr. Shkemi addressed the Committee regarding this appeal. A letter from Mr. Kaskaviqi was given to Chairperson Saeger. The letter was read aloud to the Committee. Mr. Shkemi informed the Committee as to the nature of racing pigeons. Another associate of the appellant, Mr. Jordan Luke, spoke about the vaccination and Health Department certification of the pigeons.

Several neighbors addressed the Committee in opposition to the pigeons. They cited health concerns, noise, and odors.

Robert Scott	1444 Leafgreen
Bechara Tohme	1425 Shaker
Constantine Copanos	1429 Shaker

One neighbor addressed the Committee to express his thought that rather than approval or denial of the permit, possibly Mr. Kaskaviqi could be allowed to have a smaller number of pigeons than requested on his permit.

Kendall Scheer	1432 Leafgreen
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When public discussion was concluded, the members of the Committee discussed the matter and asked questions to the appellant for clarification. Questions were also directed to PSA Hernandez and Assistant City Attorney Lancaster.

Member Carolan moved that based on Chapter 90.70.20(f) of the Troy City Code the application for appeal be denied based on the appellant's lot parcel size of .18 acre and the City of Troy requirement states .75 acre or larger.

Member Petrulis moved to amend the motion to include the portion of Chapter 90.70.20(f) of the Troy City Code which states that "Waivers will not be granted for animals that are loud or likely to be detrimental to the neighborhood."

The applicant was questioned as to how much time he would need to remove the pigeons from his property. He responded that thirty (30) days would be needed.

It was determined that the appellant would have thirty (30) days in which to remove the pigeons from his property.

Resolution #AC2010-09-003
Moved by Carolan & Petrulis
Seconded by Viola

RESOLVED, that the appeal of the decision of the animal control officer rejecting the permit for 49 pigeons 1438 Leafgreen Drive be **DENIED**.

Yes: 4
No: 0
Absent: Melchert

Resolution to Elect Chairperson

Resolution #AC2010-09-004
Moved by Viola
Seconded by Petrulis

RESOLVED, that Jayne Saeger will serve as Chairperson of the Animal Control Appeal Board for one year, or until the next election is held (whichever occurs later).

Yes: 4
No: 0
Absent: Melchert

Resolution to Elect Vice-Chairperson

Resolution #AC2010-09-005
Moved by Viola
Seconded by Carolan

RESOLVED, that Al Petrulis will serve as Vice-Chairperson of the Animal Control Appeal Board for one year, or until the next election is held (whichever occurs later).

Yes: 4
No: 0
Absent: Melchert

Resolution to Elect Secretary

Resolution #AC2010-09-006

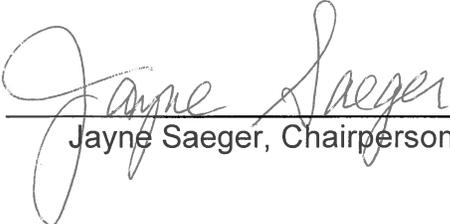
Moved by Petrusis

Seconded by Viola

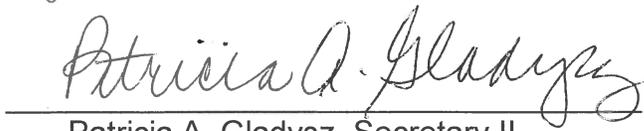
RESOLVED, that Patrick Carolan will serve as Secretary of the Animal Control Appeal Board for one year, or until the next election is held (whichever occurs later).

Yes: 4
No: 0
Absent: Melchert

The meeting adjourned at 8:30 p.m.



Jayne Saeger, Chairperson



Patricia A. Gladysz, Secretary II

ANIMAL CONTROL APPEAL BOARD MINUTES – DRAFT NOVEMBER 30, 2010

A special meeting of the Animal Control Appeal Board was held on Tuesday, November 30, 2010 in Conference Room C of Troy City Hall, 500 West Big Beaver Road. Chairperson Jayne Saeger called the meeting to order at 7:08 p.m.

ROLL CALL:

PRESENT: Jayne Saeger, Chairperson
 Al Petrusis, Vice-Chairperson
 Patrick Carolan, Secretary
 V. James Viola

ALSO PRESENT: Sergeant John Schaufler
 PSA Stephen Vaillancourt
 Susan Lancaster, Assistant City Attorney
 Pat Gladysz

Resolution to Approve Minutes of September 1, 2010 Meeting

Resolution #AC2010-11-007

Moved by Viola

Seconded by Carolan

RESOLVED, That the Minutes of the September 1, 2010 meeting of the Animal Control Appeal Board be **APPROVED**.

Yes: 4
No: 0
Absent: None

Agenda Items

1. Mahboob Ahmed, residing at 1135 Congress Drive, appeals the decision of the animal control officer rejecting the permit for 10-15 pigeons on his property.

The petitioner was not present to answer questions regarding this Agenda item when the meeting was called to order. The Committee discussed the item and came to the conclusion that the decision of the animal control officer should be upheld.

Resolution #AC2010-11-008

Moved by Petrusis

Seconded by Viola

RESOLVED, That the appeal of the decision of the animal control officer denying the permit for 10-15 pigeons at 1135 Congress be **DENIED**.

Yes: 4
No: 0
Absent: None

Due to an error in the meeting time in the notices sent to the petitioner and neighbors, individuals arrived for the meeting after the vote was taken. Assistant City Attorney Lancaster advised the Board that they could vote to reconsider the Agenda item and allow the petitioner and neighbors an opportunity to speak.

Resolution #AC2010-11-009
Moved by Viola
Seconded by Carolan

RESOLVED, That the Animal Control Appeal Board hereby **RECESS** the meeting until 7:30 p.m. to RECONSIDER Resolution #AC2010-11-008.

Yes: 4
No: 0
Absent: None

Meeting recessed: 7:15 p.m.
Meeting reconvened: 7:30 p.m.

Mahboob Ahmed and three family members were present to answer questions from the Committee.

Mr. Ahmed explained to the Committee that he received the necessary approval from the Cherryhurst Subdivision Homeowners' Association and permits from the City of Troy Building Department to construct the pigeon loft on the property. They request approval to house 10-15 Iranian high flyer pigeons in the loft.

Neighbors addressed the Committee in support of the pigeons.

Mark Morden	1111 Congress
Phil Brown	1207 Congress

One letter was received in support of the pigeons.

Ahsan Kabir	1123 Congress
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One neighbor addressed the Committee with concerns, but stated he was neither in support of nor in opposition to the pigeons.



CITY COUNCIL AGENDA ITEM

December 6, 2010

TO: John Szerlag, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration
Susan A. Leirstein, Purchasing Director

SUBJECT: Final Reporting – BidNet On-Line Auction Services – November 2010

Background

Resolution #2004-02-075 established the auction fee of 5% and provided approval to use BidCorp with the provision that other on-line auction service options would be considered. BidNet moved forward and implemented an on-line surplus auction service for the MITN System (Michigan Inter-governmental Trade Network), which can be accessed through the City of Troy home web page. MITN is the official e-procurement website used by the City for posting bids, tabulations, quotations, and award information. Farmington Hills, Michigan was the lead agency for the bid process for an on-line auction website. It was a Purchasing goal to have one e-procurement website operational for all functions.

In compliance with Resolution #2004-02-075, final reporting is being presented for, one (1) lot of keyboard desk trays; one (1) Dell computer without monitor; one (1) Kenwood AM/FM/CD car radio; one (1) lot Motorola portable radios; one (1) Panasonic video monitor; four (4) lots of Motorola ic502 cell phones; two (2) chairs; one (1) small chalkboard; one (1) bracelet and necklace; two (2) metal shelving units; two (2) HP LaserJet toner cartridges; four (4) lots of reeled video cables; one (1) set Evo-Z tires; three (3) Goodrich G Force tires; one (1) Bridgestone Turanza tire; two (2) sets Dunlop Direzza tires; one (1) Goodrich Scorcher tire; one (1) Michelin Radial XSet tire; one (1) set Konig Monoblock Ultra Light racing tires; one (1) Troy Built Pony lawn tractor; one (1) Commander Tri-Jet fogger; one (1) TYT Elegante Light kit; one (1) E36 Coupe Corner Lamp; one (1) Nissan Maxima Front Lamp; four (4) miscellaneous rear lamps; one (1) Depo Performance Lamp kit; one (1) EuroLite Light kit; one (1) TYC Light kit – front lamp; one (1) iPod Nano; one (1) Playstation 3; one (1) Nintendo Wii; one (1) two-foot air filter; two (2) five-foot air filters; two (2) six-inch duct in-line blowers; one (1) twelve-inch duct in-line blower; one (1) Vortex in-line blower; and one (1) necklace and men's ring all auctioned on-line through BidNet, the City's e-procurement website, from November 10, 2010 and closed by, November 17, 2010.

The sale of surplus property is a statutory requirement of the Purchasing Department. (Chapter 7, Sec 8)

Recommendation

This agenda item reports final results of November 2010 auctions to City management. No action is required.



CITY COUNCIL AGENDA ITEM

December 6, 2010

To: John Szerlag, City Manager
 Re: Final Reporting – BidNet On-Line Auction Services –November, 2010

Funding Considerations -

Final sale amounts and fees are listed below:

DESCRIPTION	PROCEEDS	SUB-TOTAL	NET INCOME
Keyboard trays, radios, cell phones, video cables, & etc.	\$ 803.84		
Tires, light kits, fogger, blowers, etc. (Drug Forfeiture)	\$ 3,152.67		
SUB-TOTAL:		\$ 3,956.51	
	FEES:		
5% (Keyboard trays, radios, cell phones, etc) Fee	(\$ 40.19)		
5% (Tires, light kits, fogger, etc.-Drug Forfeiture) Fee	(\$ 157.64)		
SUB-TOTAL:		(\$ 197.83)	
Sales Tax +6%,(Keyboard trays, radios, cell phones, etc)	\$ 48.23		
Sales Tax +6% (Tires, light kits, fogger, etc – Drug Forfeiture):	\$ 189.16		
SUB-TOTAL:		\$ 237.39	
			\$ 3,996.07



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Report For The City Of Troy, MI

Detailed Report For Seller: ALL

Reported On 12/6/2010

From: 11/1/2010 To: 11/30/2010

Item ID	Date	Sale Amount	Tax Collected	Charge	Type of Fee	Auction Description	Seller
8350	11/17/2010	10.50	0.63	0.53	Sale	Chalkboard	Hamilton
8359	11/17/2010	25.00	1.50	1.25	Sale	Video Cable #2	Hamilton
8378	11/17/2010	15.00	0.90	0.75	Sale	Michelin Radia: XSet Tire	Hamilton
8406	11/17/2010	25.00	1.50	1.25	Sale	Depo Performance Lamp Kit	Hamilton
8426	11/17/2010	70.00	4.20	3.50	Sale	Air Filter - 2 Foot	Hamilton
8427	11/17/2010	70.00	4.20	3.50	Sale	Air Filter - 5 Foot	Hamilton
8431	11/17/2010	70.00	4.20	3.50	Sale	12' Duct in-line Blower	Hamilton
8345	11/17/2010	41.00	2.46	2.05	Sale	Motorola Ic502 cell phones - Lot B637	Hamilton
8347	11/17/2010	46.00	2.76	2.30	Sale	Motorola Ic502 Cell Phones - Lot B639	Hamilton
8348	11/17/2010	61.00	3.66	3.05	Sale	Motorola Ic502 Cell Phones - Lot B640	Hamilton
8346	11/17/2010	61.00	3.66	3.05	Sale	Motorola Ic502 Cell Phones - Lot B638	Hamilton
8351	11/17/2010	16.25	0.98	0.81	Sale	Necklace and Bracelet	Hamilton
8357	11/17/2010	43.50	2.61	2.18	Sale	Video Cable #4	Hamilton
8358	11/17/2010	53.00	3.18	2.65	Sale	Video Cable #1	Hamilton
8380	11/17/2010	43.50	2.61	2.18	Sale	Video Cable #3	Hamilton
8373	11/17/2010	446.00	26.76	22.30	Sale	Dunlop Direzza Tires	Hamilton
8349	11/17/2010	2.00	0.12	0.10	Sale	Chairs	Hamilton
8355	11/17/2010	12.50	0.75	0.63	Sale	HP Laserjet Cartridge 98A	Hamilton
7779	11/17/2010	3.00	0.18	0.15	Sale	Desk Keyboard Trays	Hamilton
8408	11/17/2010	51.00	3.06	2.55	Sale	TYC Light Kit - Front Lamp	Hamilton
8409	11/17/2010	40.00	2.40	2.00	Sale	iPod Nano	Hamilton
8411	11/17/2010	82.00	4.92	4.10	Sale	Nintendo Wii	Hamilton
8430	11/17/2010	70.00	4.20	3.50	Sale	6' Duct In-line Blower	Hamilton
8428	11/17/2010	70.00	4.20	3.50	Sale	Air Filter - 5 Foot	Hamilton
8429	11/17/2010	70.00	4.20	3.50	Sale	6" Duct In-line Blower	Hamilton
8011	11/17/2010	181.50	10.89	9.08	Sale	Lot 6 - Motorola Portable Radios	Hamilton
8352	11/17/2010	13.00	0.78	0.65	Sale	Metal Shelving Units	Hamilton
8111	11/17/2010	10.00	0.60	0.50	Sale	Panasonic Video Monitor	Hamilton
8354	11/17/2010	15.58	0.93	0.78	Sale	HP Laserjet Toner Cartridge - 29X	Hamilton
8407	11/17/2010	56.21	3.37	2.81	Sale	EuroLite Light Kit	Hamilton
8410	11/17/2010	162.50	9.75	8.13	Sale	Playstation 3	Hamilton
8432	11/17/2010	101.00	6.06	5.05	Sale	Vortex In-line Blower	Hamilton
8433	11/17/2010	30.75	1.85	1.54	Sale	Necklace and Mens Ring	Hamilton
7987	11/17/2010	84.00	5.04	4.20	Sale	B634 Dell Computer	Hamilton
8401	11/17/2010	42.21	2.53	2.11	Sale	TYC Elegante Light Kit	Hamilton
8448	11/17/2010	71.00	4.26	3.55	Sale	B641 Dell Computer	Hamilton
7994	11/17/2010	10.51	0.63	0.53	Sale	Kenwood AM/FM/CD Car Radio	Hamilton
8370	11/18/2010	350.00	21.00	17.50	Sale	Evo-Z Tires	Hamilton
8375	11/18/2010	25.00	1.50	1.25	Sale	Goodrich G Force TA Tire	Hamilton
8376	11/18/2010	20.00	1.20	1.00	Sale	Goodrich G Force TA Drag Radial	Hamilton
8377	11/18/2010	30.00	1.80	1.50	Sale	Goodrich Scorcher T/A Tire	Hamilton
8380	11/18/2010	487.00	29.22	24.35	Sale	Troy Built Pony Lawn Tractor	Hamilton
8371	11/18/2010	20.00	1.20	1.00	Sale	Goodrich G Force TA Dry Tire	Hamilton
8402	11/18/2010	15.00	0.90	0.75	Sale	E36 Coupe Corner Lamp	Hamilton
8403	11/18/2010	15.00	0.90	0.75	Sale	Nissan Maxima Front Lamp	Hamilton
8372	11/18/2010	35.00	2.10	1.75	Sale	Bridgestone Turanza Tire	Hamilton
8374	11/18/2010	300.00	18.00	15.00	Sale	Dunlop Direzza Tires	Hamilton

8379	11/18/2010	300.00	18.00	15.00	Sale	Konig Monoblock Ultra Light Racing Wheels	Hamilton
8405	11/18/2010	35.00	2.10	1.75	Sale	Miscellaneous Rear Lamps (4)	Hamilton
8381	11/18/2010	49.00	2.94	2.45	Sale	Commander Tri-Jet Fogger	Hamilton
0	11/30/2010	0	0.00	96.36	Payment		Hamilton

Total Sales Amount	Total Tax Collected	Total Amount Charged	Total Payments	Total Balance Due for the selected date range	Total Balance Due
\$3,956.51	\$237.39	\$197.83	\$96.36	\$101.47	\$433.67

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INVOICE FOR SURPLUS AUCTIONS

Date: 12/6/2010

Invoice #: IN00000000761R

To: City of Troy
Purchasing Department
500 West Big Beaver
Troy, MI 48084

Remit To: IPT by BidNet
Post Office Box 5600
Albany, NY 12205-0600
Attn: Ms. Janine Rossi

Service fees for auctions completed in November 10	\$ 199.24
Credit (item #8356 not picked up)	- 1.41

Total Due: \$ 197.83

City of Troy Contact: Susan Leirstein
(P) 248-524-3338
(F) 248-619-7608
(E) purchasing@troymi.gov

BidNet Contact for Questions: Janine Rossi
(P) 800-677-1997, ext #227
(F) 800-721-6985
(E) jrossi@bidnet.com

PAYABLE UPON RECEIPT



CITY COUNCIL AGENDA ITEM

Date: December 8, 2010

To: John Szerlag, City Manager

From: Mark F. Miller, Assistant City Manager/Economic Development Services
Timothy L. Richnak, Public Works Director

Subject: Informational Item – Car Wash Pricing

Background

Current contract price to wash autos is \$3.85 and trucks is \$4.30.

Pro Enterprise bid the following prices for vehicle washes outside only.

EST QTY (Washes)	DESCRIPTION	Price Per Wash	EST Total
2,670	Wash Outside Only Car, mid-size SUV and Pickup	\$4.05	\$ 10,813.50
825	Wash Outside Only Pickup Trucks & Vans	\$4.50	\$ 3,712.50

December 7, 2010

To: Mayor and Members of City Council
cc: John Szerlag, City Manager and Lori Grigg Bluhm, City Attorney
From: Robin Beltramini, Council Member
Subject: National League of Cities Congress of Cities, Denver CO,
November 30 – December 4, 2010

First, I want to thank you all and the citizens of Troy for allowing me to represent our community at this conference/convention. With this report, I will summarize my activities of last week. For a complete report of the Congress of Cities read *Nations' Cities Weekly* and consult the NLC Website (www.nlc.org) over the next few weeks.

Wednesday, December 1:

Finance, Administration and Intergovernmental Relations (FAIR): The morning was spent in the FAIR Policy and Advocacy Committee meeting where we finalized recommendations for amendments to National Municipal Policy in our areas of responsibility and held discussions regarding emerging trends and issues.

Of particular interest to Troy may be the resolution our committee added to policy regarding medicinal marijuana. There is a baffling conflict between federal policy (marijuana is classified as a Schedule 1 narcotic with no legal use) and the policy and laws of many states (over twenty states allow the use of marijuana for treatment of some medical conditions) which puts law enforcement and communities in a bit of jeopardy. Which law governs for enforcement purposes? What are the consequences of choosing which to enforce? Additionally, there is a safety concern for the law enforcement personnel. The reaction to law enforcement intervention by persons growing and using marijuana strictly for personal use, or for the use of medically qualified individuals, can be significantly different from those growing for illegal profit. And in Michigan, as well as many other states, it is impossible for an officer to know with some certainty what the situation is as a call for enforcement is made. Therefore, we presented a resolution calling upon the Congress to work with the states and "fix" this inherent conflict. The resolution was passed unanimously by the General Assembly. I would like to thank Lori Bluhm for her help in crafting this resolution during the FAIR Steering Committee's meeting in Troy last September.

Emerging issues include the potential for permanent loss of Community Development Block Grant funding (Troy uses for Home Chore and qualified infrastructure funding), a need for general overhaul of federal tax policy and the recommendation by the President's Deficit Reduction committee to eliminate tax exemptions for municipal bonds. Those issues will be studied over the next year by the FAIR committee.

As chairman, I reported the timeline for revision of NLC's governance structure. Committees, councils and panels will be realigned over the next year for more meaningful engagement of the membership and nimbleness for advocacy. Currently, NLC has a rather segregated

structure of membership interest/issue councils and panels and a separate cadre of committees for municipal policy and advocacy. Hopefully, the future will bring a more purposeful engagement of the two sides of communities' needs. Changes are expected to be fully implemented by January 2012.

Effective Tools for Communication and Innovative Thinking: This Leadership Training Institute seminar was full of creative ways to get people to think beyond "the norm." Instructors were Bob Wells and David Johnson of the World Humor Organization. Improvisational thinking and problem-solving techniques were taught in a "learn by doing" atmosphere. It was very interesting to participate in a situation where there was no trust at the beginning and by the end of the session participants were openly engaging and accepting each others' ideas. This spirit carried forward among the participants throughout the conference. However, there was no television or written communication for someone to edit and quote out of context. Therefore, people felt absolutely free to share even the most outlandish brainstorms which led to unique pathways for innovative problem-solving.

Thursday, December 2:

General Session, Chuck Hagel, former U.S. Senator (R-NE): The Senator talked about "resets" of the U.S. economy over the past 60 years caused by Pearl Harbor (1941), the Japanese surrender (1945), the Berlin Wall coming down (1989) and Sept. 11, 2001. Each brought its own set of changes in society, global engagement and power and the economy. The remarks were focused on the challenges of today and our future. Several points were made about living in an interconnected world where it is impossible to adopt an isolationist philosophy, where we are building a new world order and transformation abounds.

Hagel reflected that in today's U.S.A. data, whether statistical such as Gallup or anecdotal such as meetings in the grocery store, tell us that the largest ever division of the nation is happening today and the nexus of that division is "The Role of Government." Parties are polarized, but the majority of the American people remain centrists. The middle is growing, yet we are missing the values of the World War II generation in today's politics. That generation led with a spirit of compromise, putting the country first. Local governments are the closest we have to that kind of leadership today. Local leaders are more responsive, more innovative and most accountable to the people. What is that role of government? Hagel spoke about the choices we local officials must make. The texture of our society and culture, the value of systems, leadership are what matters in building sustainable communities. Those do not show up on a balance sheet, but are vital to the consequential bottom line. As we move closer to a "balance sheet" mentality, we exacerbate the distrust and lack of confidence in government. Again, local officials are in the best position actually to create trust in government. Hagel challenged that the importance of all of this is with our youth and our future. If our youth accept the distrust in our institutions, our future is in severe jeopardy.

Of course, Hagel ended on a positive note quoting from Franklin Delano Roosevelt's fourth inaugural address where he spoke of the upward trend of the long history of civilization. While the U.S. has seen massive swings in recent elections (2006, 2008, 2010 all saw party changes to House majorities), ultimately we do live with the best governmental system in the world and the American people always will demand the best from the available options.

Workshop—A Call to Service: City Leadership to Mobilize Volunteers: I moderated this session where panelists included: Karl Dean, Mayor, Nashville TN; Kimberly Allman, Deputy Director for Intergovernmental Affairs at the Corporation for National and Community Service; Jesse Salinas, Vice President Partnerships for HandsON Network. We discussed the shrinking municipal budgets and growing community needs and ways to harness the power of volunteers to bridge those gaps. There was significant discussion around appropriate use of volunteers, matching volunteer skill sets with needs and the effectiveness of volunteer engagement. Key partners in recruiting and using volunteers are the faith-based organizations, colleges and universities, chambers of commerce, service organizations and non-profit “issue” organizations such as environmental preservation clubs. We learned that it is important for government to facilitate, that is, do things like be the clearing house for listing opportunities, but to not try to be the ever-present convener for opportunities.

The first step for meaningful and successful volunteerism in a community is a community assessment. (This government can do.) Look at what the community needs are where volunteers could be appropriately engaged. Next, look at what organized assistance currently exists in the community to address those needs. This provides the beginning of a cross reference. See where the holes are. Can they be filled by one-time, task volunteers? Is a system necessary? For instance, Mayor Dean spoke about HandsOn Nashville (HON) taking on some of the emergency preparedness tasks. HON trained volunteers for sandbagging if the Cumberland River looked to overflow, evacuating families, clearing out damaged properties, etc. This was a recognized need before the 1,000 year flood. Therefore, there was a complement of volunteers trained for these tasks and then called forth when the flood occurred. This was a system. Others spoke about activities such as our River Day where no prior training or background clearance is necessary and a specific time and energy requirement is clear.

In order to effectively and consistently use volunteers to meet community needs there are some absolute rules: activity must match the interest and passion of the volunteer(s); experiences must be meaningful to the volunteer; leaders must model the behavior—our citizens need to see us volunteering in the community. It is imperative to be able to state a clear vision, mission and program whether recruiting volunteers or applying for funding.

Funded initiatives can be very helpful when trying to implement a particular system of volunteerism. The panel discussed the Cities of Service initiative funded by the Rockefeller Foundation and Bloomberg Philanthropies. The program was initiated by Michael Bloomberg, Mayor, New York City in January 2010. It, literally, was a call to service for mayors to inspire their citizens to help them rebuild the spirit of volunteerism in their communities. Various plans, including Mayor Bing’s for the City of Detroit, can be found at www.citiesofservice.org. The Corporation for National and Community Service is a grassroots grantor. Their best known programs are AmeriCorps, Senior Corps and Learn and Serve America. The grants are given to governments, schools, faith-based organizations and the like for purposes of improving community and building the values of citizenship, service and responsibility. Their Website is www.nationalservice.gov. HandsON Network is a nationwide organization committed to training and inspiring volunteers to make a positive difference in communities. There are affiliate groups in every region of the country making a difference through projects running the gamut from refurbishing recreational venues to fighting flood conditions. Additional information can be found at www.handsonnetwork.org.

Workshop—Bridging the Gap: This session focused on strategies some communities are using or may use to manage the structural deficit within city budgets. The deficit could be

caused by delayed infrastructure maintenance/replacement, decreased property values, diminished state revenue, health care and pension costs to name a few of the most common discussed. Panelists included: Steven Cochrane, Managing Director of Moody's Analytics; Michael Pagano, Dean at the College of Urban Planning and Public Affairs, University of Illinois at Chicago; Kim Stacy Rueben, Sr. Fellow at The Urban Institute.

Cochrane began with the assessment that labor markets are soft throughout the country and that all regional economies are about equal. Layoffs are persistent in the West; working hours are increasing; Indiana's economy is growing at a rate of 1.67-5.67% while the economies of Illinois and Michigan are, at best, flat. Midwest foreclosures are at a rate of about 2.5% of owner occupied homes. While Michigan is still in a recession, the revenue outlook is that state revenue is expected to increase 4-6% in 2011 but local tax revenue will be essentially flat or diminished until at least 2013. Southern lower Michigan will experience a growth in real estate ownership, but the price of homes will be 6-10% lower than this year.

Pagano began with necessity for a calibration for efficient use of tax dollars toward maintenance centering on the life cycle of the infrastructure (the method we use in Troy). Additional attention needs to be paid to developing an effective link between capital and operating budgets. The good news was that, as bad as the economy feels, it is not The Great Depression: today's unemployment—10%/1929-33—25%; today's Dow Jones National Average (DJNA) decrease—20-30%/1929-33—89%; today's municipal defaults—only a few/ 1929-33—4,770; today's bank foreclosures—10%/1929-33—50%. Suggested changes in laws to assist local governments in successfully managing our mission: allow diversity of revenue structures; reform the tax structure, including income tax; broaden the sales tax. Some more innovative ideas were: restructure property tax to a split rate, including a more equitable payment in lieu of taxes (PILOT) structure to adequately fund services used by tax exempt properties; joint service provisions including regional taxing authorities to directly collect and pay for them. Pagano went on to discuss the notion that pricing drives consumer behavior and disadvantages cities. There needs to be an equity between residents and workers who all use the infrastructure but do not all pay equitably for its upkeep. The question is asked, "Is there an ability to price the original cost of infrastructure to include lifetime maintenance?" There was no answer, but Pagano seems to think that if those costs were built into the original costs infrastructure funding could find some stability.

Rueben centered her discussion on pensions and health care benefits for employees. She, too, reiterated that a community cannot decrease agreed upon pension benefits. However, she shared different strategies for managing health insurance and pension costs. Rueben went on to mention potential changes in sales tax as ways to stabilize revenues for cities and states. For instance, crafting a national sales tax could do away with the Internet sales tax issues. In discussing trends, she shared concern that federal changes, particularly to health care, would push the load down to states and cities. However, she expressed hope for areas of innovation. In particular, she noted the emergence of different ways to deliver library services—virtual and on demand. Also, contract negotiations are becoming more innovative and interest-based (something we do already in Troy).

Friday, December 3:

General Session:

Community Excellence Awards: Communities with populations under 50,000—Silver winner was Clemson SC for their technology program developed to assist Public Works in coordinating and mapping areas where debris pickup is necessary. It is a wireless system that creates work orders and maps routes for pick up. Gold winner was Kingsport TN for their Higher Education Initiative which through scholarships and repurposing of existing buildings and infrastructure made education a way to spur economic development within the community. Communities with populations 50,001-150,000—Silver winner was North Charleston SC for their Sustainable Urban Revitalization project which brought together public, private and non-governmental organization to revitalize portions of the city impacted by the closure of the Charleston Naval Base. The project resulted in green housing and several new public schools including an arts academy and the first LEED platinum certified building in SC. Gold winner was South Bend IN for the Northeast Neighborhood Revitalization program to develop the area surrounding the Notre Dame campus. Cities with populations 150,001-500,000—Silver winner was Minneapolis MN for the Wireless Minneapolis project to effectively integrate technology into the city's infrastructure. Gold winner was Newport News VA for their program to strengthen ties to the growing Hispanic community. The initiative included a Hispanic Advisory Committee and several informational tools, public listening forums and partnerships with community groups to identify and plug gaps in service delivery. Cities with populations over 500,000—Silver winner was Los Angeles CA for the Terminal Island Renewable Energy project (TIRE), the nation's first effort for producing green energy from renewable biosolids. Gold winner was New York City NY for the Financial Empowerment Center which offers free, confidential one-on-one financial counseling to citizens.

L. Hunter Lovins, President and Founder, National Capitalism, Inc.: Ms. Lovins themed her presentation around green initiatives and the place of local communities in innovation and our planet's sustainability. She began with the quote from Jane Jacobs, "Cities are the engines of prosperity" which served as the basis for a series of assertions toward the point that local communities can model, as well as regulate, ways to determine a positive outcome for Earth's future. For instance, the "global drivers of change" are loss of the eco system, carbon constraints, economic instability, volatile energy prices and water resources. All of these can be profoundly influenced by what happens at the local level. In our community, do we value natural features and their ability to sustain our quality of life and spirit? Do we conserve energy as a model of behavior and do we (at least) encourage it in our citizens? Have we found those emerging businesses, technologies, services that can sustain and grow our local and global economy? Are we facilitating their existence and expansion? Do we understand that for time without measure, water has been the resource most coveted and, therefore, most likely to produce conflict?

In trying to show ways that specific communities have tried to meet these challenges in creating a prosperous future for themselves, she cited specific examples. Berkeley and Sonoma County CA use Special Assessment Districts for renewable energy installations thereby increasing jobs and bottom line savings. The green installations expanded job opportunities for electricians, welders, pipe-fitters and other skilled labor jobs that had decreased in the area. (A problem encountered was some "push back" on loans from Fannie and Freddie.) Riverside CA installed helical turbines in water pipes to perform like constrictors, but generate alternative energy. Gainesville FL has a Feed-in-Tariff (FIT) whereby locally produced energy is much cheaper to use than that which comes from outside the community.

General actions and lessons included the knowledge that using clean energy to begin with is much easier, safer and cheaper than polluting followed by necessary clean up and/or retooling. The city that innovates will rule. A look at China is highly illustrative. There is a "circular economy," meaning that there is no waste. All is recycled within the economy. While such actions may not have the same ease of implementation here in our society, it is certainly a lesson not to be ignored. Europe and the Middle East are developing a multi-nation smart grid.

There are economic lessons in alternative energy. Alternative energy carries a significant return on investment (ROI). The ROI on CFL and LED lights alone is 40%. Those DJNA companies that are paying attention to sustainability generally have the highest share price in their sectors. For more information, the Carbon Disclosure Project actually tracks and records the carbon footprints of companies. Their website is www.cdproject.net.

The Role of Government surfaced in this presentation, as well. Lovins believes our role is inspiration and some regulation. She believes that part of the inspiration comes through the setting of a BHAG (Big Hairy Audacious Goal) such as a decarbonized city. To assist with such BHAGs and their attainment several resources, city climate protection and economic development manuals and guides, were listed from the National Capitalism Website, www.natcapsolutions.org and from the Local Action for Sustainable Economic Renewal Website, www.global-laser.org.

The closing comments were that incremental change is not an option and that truly new and innovative ways of doing business are the only positive pathways to a sustainable future. The good news is that there are resources available to assist us as we set those BHAGs and reinvent ourselves.

CityFutures Panel on Democratic Governance: This working lunch was a particularly helpful overview of the new tools available for citizen engagement. Dr. Alice Siu, Associate Director of the Center for Deliberative Democracy at Stanford University, gave a synopsis of the factors to be assessed when designing a public consulting project and deliberative polling, in particular, as a technique. All methodologies are not equal, but any can be highly ineffective if not appropriately qualified through probing of who the target to poll is, method of selection for subjects, type of opinion sought (in-depth, educated, superficial, quick, over time, etc.). Also, there are inherent problems with public opinion—rational ignorance, phantom opinions (answer even if ignorant of the issue/subject), selectivity of sources. Deliberative Polling has been used since 1994, globally, including in the Save Michigan initiative through PBS last year. Deliberative polling is a random selection of the subjects and a comparison of opinion before and after an educational component and a discussion component. There could be some partnership between the Center for Deliberative Democracy and the NLC in the coming years as we cope with financial, social and economic change in our communities.

The second presentation was from Dr. Alan Shark, CEO of Public Technology Institute (PTI) in Washington DC. Technology is a driving force in the way we govern today. It offers transparency and involvement, but also can contribute to Citizen Enfranchisement, as well. As leaders we must endeavor to move technologically from the static Post to full Interact. The intervening steps, respectively, are Transact (online permits, etc. with safeguards) and React (surveys and other one-way data). We must do this soon. By 2019, it is expected that 96% of all communication devices will connect to the Internet. We must prepare ourselves and begin the transformation or suffer the distrust of our citizenry since we will not be progressing at the new "normal" speed. It was the feeling of the panel that PTI could be

quite helpful in identifying best practices, offering practical briefings and research results, as well as the sponsorship of Webinars and other technological tools.

The panel discussed recent programs that might be of interest to the general membership. From "Polarization to Problem Solving" was used by one community to overcome severe disconnects. It is a small group, facilitated process of discussion and resolution. League of Minnesota Cities is moving forward with "Outside the Ox." This program helps define the Role of Government for Minnesota communities as it asks citizens three questions: What services do you want? How should they be delivered? How do you want to pay for them?

Next year the panel will be updating the Democratic Governance Tool Kit and developing a Leadership Training Institute seminar on welcoming and assimilating immigrant populations. It could very well focus around existing processes and skills being used in innovative ways.

Workshop—*Fees or Flames: Is it Time for a New Social Compact Between Government and the People?*: This workshop grew from the exposition of the different, and perhaps unsustainable, expectations citizens have regarding local government services and the government's ability to provide and fund those services. Panelists were Kevin Frazell, Director of Member Services at the League of Minnesota Cities, Susan Clarke, Professor of Political Science at the University of Colorado at Boulder and Joe Moore, Alderman, City of Chicago.

Dr. Clarke began with the illustration of the multiple actors performing "government functions" in today's world. For instance, city fire departments and contract fire departments not only both exist, but may exist in the same neighborhood. When the actors overlap it creates changes in who's in charge, who's responsible and accountable, as well as who is paying for the service and how. The result is citizens have ties to multiple entities and greater choices. The choice facilitates innovation—the upside. There can be a whole range of service, methods of delivery, providers, even types of service. The downside is that the role and ability of the city may become compromised. If a city chooses a certain level of service to be offered to the entire community, can citizens purchase additional levels of service from the city or another provider? Does the city have an obligation to notify of choices for service (e.g., additional fire protection or insurance, private providers)? Is there a requirement to articulate how the services would interact or function? If the city does notify, does that send a signal that the local government is incapable of performing adequate service, in which case confidence and funding could both be eliminated, not because of an inability to perform, but because of a self-inflicted negative perception.

Kevin Frazell illustrated the "Outside the Ox" campaign outlined above.

Joe Moore explained his Participatory Budgeting initiative. Chicago Aldermen are assigned "Aldermanic Menu Money" which amounts to about \$1.3 million annually for capital improvements in their ward. Previously, Moore had assigned the use of this money himself based on anecdotal community input and educated personal assessments. However, as the distrust in big city government began to grow, Moore decided to take his Aldermanic Menu Money to the community for assignment. He assembled a group of community leaders to help outline and guide the process. Neighborhood assembly meetings generated the project list. Community representatives volunteered sit on subject matter committees which researched each project as to cost, timing, etc. There were two additional ward-wide meetings to discuss and adjust the proposals. Finally, there was a one-day ward-wide, single precinct voting day (with the information boards available for perusal at the polling place).

Any resident 16 or older had eight votes that must be spread over eight projects, no weighted voting. In the end, Moore committed to use his Aldermanic Menu Money for the projects with the most votes, up to the \$1.3 million. Lesson learned was that for road projects, people tended to vote only for the roads they drove on, not necessarily for the roads most in need of repair. Therefore, the road question next year will be to choose the percentage of the discretionary money to go toward road projects, rather than specific projects for voting. This allows for the most efficient use of road dollars to maintain infrastructure while preserving the public's ability to prioritize the menu money.

Question and answer issues: Panelists were asked if a participatory process could be used for less tangible areas of the city budget. The answers were pretty consistent that the process could be a great discussion tool for things such as police resources, quality of life issues, but cautioned that an absolute following of the electorate could be a bit more problematic. All agreed that this tool gave a sense of procedural justice and helped temper expectations. It should be noted that in the Chicago example, items for choice ranged from street lights, to community gardens, to dog parks, to street reconstruction and a variety of projects were selected. Evanston IL uses citizen input on General Fund expenditures. Information is online and participation encompasses a range of citizens beyond those usually engaged. However, in Evanston, the city manager and council ultimately decide.

Saturday, December 4:

General Session: John E. "Jeb" Bush, Former Governor of Florida and Robert D. Putnam, Professor of Public Policy at the John F. Kennedy School of Government at Harvard

University: Robert Putnam's opening remarks encompassed the historical perspective. We are a country of immigrants who have, always, wanted to become integrated in communities. Historically, since the 1600s every 30 or 40 years a new group of immigrants arrives. Each time there has been turmoil, but successful assimilation. Managing language is the most difficult issue. Second generations are the most integrated. Today, immigrants are gaining language and social and geographic integration faster. Albeit, we are doing less than ever to facilitate immigration.

Jeb Bush spoke about the United States' ability to absorb people as our greatest success. We must grow population to be successful as a nation. As we age, we need young innovators and workers. We need a path to citizenship and sanctions for employers who break the law. Integration into American life can be assisted with a greater requirement for history courses in K-12 schooling, attention to family literacy, and not lowering the bar for achievement by immigrant children. He went on to cite the Florida model of raising standards for all children—and all children exceeded previous standards, including immigrant children.

Question and answer issues; What is the role of local elected officials in the immigration process? Both speakers answered that leadership was the single, most important factor, more important than programs when working toward integration. Our role is to inform and educate. Both were asked their opinion on the Arizona law. Both oppose the law. Both have personal circumstances which guide that opposition. Bush stated an understanding of the frustration but believes that better training to assist local law enforcement in enforcing the federal laws would be a more positive step. When asked what single action could most facilitate inclusion Bush answered that providing cost-effective ways to accelerate assimilation would be his choice. An argument to pose to Congress is that facilitating

assimilation facilitates a high growth economy. Immigrants are aspirational. We need to align actions to help them achieve their dreams. Putnam cited previous Congressional actions that have funded ESL training. Private groups can do this, but it must be a national priority. Religious institutions, local leaders of all stripes can help. Interesting statistic cited: Future of the Roman Catholic Church in the U.S.A. is in Latinos. (Two-thirds of all attendees under 35 years old are Hispanic.) Why should there be a path to citizenship when illegal immigrants are scofflaws? Bush talked about the fact that we have legal redemption for other illegal acts. A path to citizenship with significant redemptive requirements is acceptable. It is impractical to think that we can successfully deport 12 million people. Putnam agreed.

Workshop—Immigrant Integration: Listen, Reflect, Act: I attended this session because of our large foreign-born population. Excerpts from the film *Welcome to Shelbyville* were shown as conversation starters. The lesson is that successful integration is a two-way street that requires adjustments by both immigrants and long-term residents. We held roundtable discussions sharing successes and challenges in our own communities. I was proud to share information about our Ethic Issues Advisory Board, Sights and Sounds of Troy and our Interfaith Group. Lessons learned from others included the essentialness of reaching out. As leaders we must make the first step to interact with new residents. We must be the catalysts for their wanting to participate. While we may think that we are the most immigrant friendly nation, in fact, Canada has the greatest immigrant population in the world with Toronto claiming 50% of its residents are immigrants. The U.S.A. is ranked 19th worldwide in the immigrants per capita measurement, about 17%. Building inclusiveness can build sustainable communities as we embark on further globalization in all sectors of our lives. NLC has resources to share.

Luncheon Speaker—Tom Vilsack, U.S. Secretary of Agriculture: After a video presentation of First Lady, Michelle Obama, sharing her Let's Move program which has been adopted by NLC as Let's Move Cities and Towns, Secretary Vilsack went on to speak about the statistical obesity of our children (1/3 are obese) and how pervasive a problem this is for our future. In addition to the obesity issue, one in four children is in a "food insecure" home, meaning that there is not a week that the child does not go without one or more meals—even with the federal breakfast and lunch programs. Retired and active military generals and admirals believe this is a national security issue. Children who do not arrive for school at a healthy weight and/or having been fed a healthy breakfast cannot learn effectively. Currently, only 25% of 19-24 year olds are fit for military service. Now, this includes those dismissed from the pool for a whole host of reasons, but many of them are dismissed because they cannot accurately read and write and/or perform necessary physical functions. If ¼ are already unfit, can we afford to continue to allow 1/3 of our children be automatically unfit through obesity? Vilsack encouraged some actions for cities: link information regarding stretching food dollars and nutrition from usda.gov to the City Website; assess barriers to fresh food—and do away with them (e.g., change zoning to facilitate farmers' markets); identify "food deserts" in community—places where fresh food is not within walking distance; expand farmers' markets, community gardens (U.S.D.A. has grants for farmers' market set up and ways to take food subsidy payments at those markets); promote summer feeding programs; partner with other groups such as the NFL's "Fuel Up Play 60" program.

The conference ended with the Annual Business Meeting where a new set of officers was elected and a new Board of Directors. I was grateful for the opportunity to represent Troy, learn so much about community inclusiveness, participation, innovation and sustainability.

For your information, any presentations that had instructional visual aids, such as power point, will be available on the NLC Website for additional information. The movie *Welcome to Shelbyville* that illustrates the difficulties communities still face with immigration will air on PBS stations early in 2011. I will share sample documents from these sessions, applicable anecdotal information I gleaned from other attendees and specific vendor information with the city manager.

R.E.B.



ROSEVILLE POLICE DEPARTMENT
CRIMINAL INVESTIGATIONS DIVISION

PSA JAY HERNANDEZ

N-03a

Lt. Raymond Blarek (586) 447-4494
Sgt. Keith Waller (586) 447-4492
Sgt. Steven Kostenko (586) 447-4493

11-23-2010

To: Chief Gary Mayer
Troy Police Department

Ref; Officer Jay Hernandez badge #414

Dear Chief,

My name is Det. Sgt. Keith Waller and I would like to bring to your attention the helpful and compassionate actions of one of your fine officers, Jay Hernandez. On Sat. November 13th, my daughter got a flat tire on I-75 near Long Lake. She called me in a panic not being able to loosen the lug nuts on the wheel. She was very scared and nervous and had to get to work. I was more than an hour away from being able to assist her and advised her to call the police department for possible assistance.

Officer Hernandez was the one who responded and he took the time to assist my daughter in getting the tire changed. It is my understanding it was not an easy task due to the lug nuts being a little rusted. After getting the tire changed Officer Hernandez made sure my daughter was able to get back into traffic safely and even followed her to make sure there were no further problems.

I am at the end of my career and know it is the little things that mostly go un-noticed and that is why I would like you to know how Officer Hernandez made my daughter feel that scary afternoon. He provided her help and security that day, a feeling of comfort when it began in a panic. Today it is not uncommon for an officer to just sit in a car and wait for a wrecker to arrive and feel that they did something.

Please let Officer Hernandez know he made a difference that day, my daughter is very grateful for his kindness. If there is anything that I may be able to do for you and your department on this side of town please give me a call.

With great thanks,


Det. Sgt. Keith Waller
John 15:13

JAY- THANKS FOR YOUR
PROFESSIONAL HANDLING OF
THIS CITIZEN ASSIST. YOU MADE
A GREAT IMPRESSION






Troy Police Department
500 West Big Beaver Road
Troy, Michigan 48084

INTEGRITY * RESPECT * LAWS AND THE CONSTITUTION * ACCOUNTABILITY * PROBLEM SOLVING * PROFESSIONALISM

December 9, 2010

Mr. Robert Giles
St. Andrew's Society of Detroit
The Kilgour Scottish Centre
2860 Rochester Court
Troy, Michigan 48083

Dear Mr. Giles:

On behalf of all City of Troy employees, please accept our gratitude for the recognition bestowed upon us at your meeting on December 6, 2010.

We are proud of the ranking that Troy received as the safest city in Michigan with a population over 75,000. We truly appreciate the "Braveheart Award" from the St. Andrew's Society of Detroit in recognition of our safety status.

The men and women of the Troy Police Department are prepared to assist the St. Andrew's Society in your benevolent programs that support our community.

Sincerely,

A handwritten signature in blue ink that reads "John Szerlag".

John Szerlag
City Manager

Sincerely,

A handwritten signature in blue ink that reads "Gary G. Mayer".

Gary G. Mayer
Chief of Police

GGM/pg

Braveheart Award

In Recognition Of The Efforts Of
City of Troy, Michigan

*In being named "Michigan's Safest City" with populations over 75,000.
This award honors this city and is presented to the City of Troy City
Manager John Szerlag and Police Chief Gary G. Mayer by the St. Andrew's
Society of Detroit at its Kilgour Scottish Centre, Troy, Michigan on*

December 6, 2010.

Michael West
President, St. Andrew's Society of Detroit

Ian Hunter
Chairman, Board of Trustees



CITY COUNCIL AGENDA ITEM

December 6, 2010

To: The Honorable Mayor and City Council Members

From: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance & Administration

Subject: Submittal of the 2010 Comprehensive Annual Financial Report (CAFR)

We are pleased to present the Comprehensive Annual Financial Report (CAFR) prepared by City staff and reviewed by the City's auditors, the Rehmann Robson Group, for the period ending June 30, 2010.

Hard copies of the CAFR are attached to your agenda materials, and are available for public viewing at the City Clerk's Office, the Library and on the City's web site.

If you have any questions about the information contained within this document, please contact us.



City
of
Troy
Michigan



Comprehensive Annual Financial Report

For the Year Ended June 30, 2010



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2010

CITY COUNCIL

Mayor

Louise E. Schilling

Mayor Pro Tem

Mary Kerwin

Council Members

Robin Beltramini

Wade Fleming

Martin F. Howrylak

Maureen M. McGinnis

Dane M. Slater

ADMINISTRATION

City Manager

John Szerlag

Assistant City Manager/Finance and Administration

John M. Lamerato

Financial Services Director

James A. Nash



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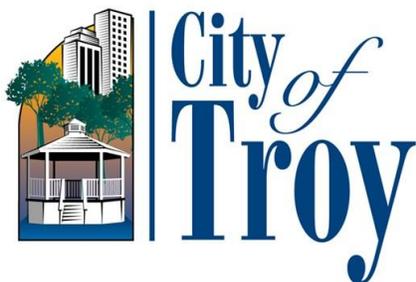
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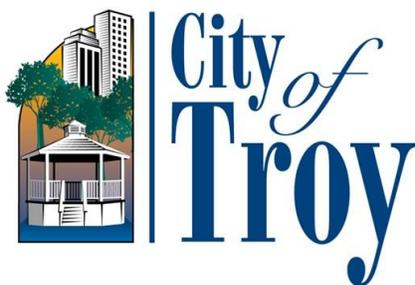
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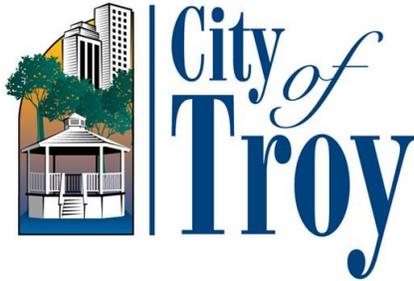
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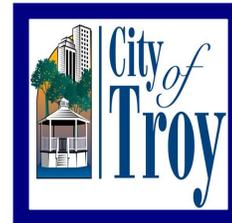
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December 13, 2010

Dear Honorable Mayor and City Council Members:

The Comprehensive Annual Financial Report (CAFR) for the City of Troy, Michigan for the year ended June 30, 2010 is hereby submitted. The report represents a comprehensive and detailed picture of our financial transactions during fiscal year 2009/10 and the financial condition of the various funds as of fiscal year end. This report was prepared by a team of City staff led by John M. Lamerato, Assistant City Manager/Finance and Administration. Troy's staff is responsible for the accuracy of data and completeness and fairness of the presentation, including all disclosures.

A Management's Discussion and Analysis Report (MD&A), as well as entity-wide, full accrual financial statements have been added to the front of the financial statement section. The fund statements have been altered to provide reporting under the "Major/Nonmajor Fund" concept. Reconciliation between the two presentations is included and the note disclosures have been expanded to provide appropriate information on both the entity-wide and fund financial statements.

The information presented is accurate in all material respects. Financial data presented is designed to provide the reader with information to assist in determining both the long-term fiscal health of the City of Troy and the City of Troy's ability to meet obligations on a short-term basis.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the City of Troy and related component units. The individual component units are included in the City of Troy's reporting entity because of the significance of their operational or financial relationships with the City of Troy.

The financial reporting entity includes all of the primary government (the City of Troy as legally defined). The criteria used in determining the reporting entity are consistent with current GAAP guidelines. Based on these criteria, the various funds of the City are shown in the table of contents and are included in this report. We have addressed all component units.

The City of Troy was incorporated in 1955 and has always operated under the Council-Manager form of government. The Mayor and six members of the City Council are elected to staggered four-year terms.

The City Manager is appointed by a majority vote of the City Council and is responsible for all administrative functions. The City provides a full range of municipal services, including police, fire, water distribution, wastewater collection, street maintenance, public improvements, planning, zoning, recreation and general administration.

ECONOMIC CONDITION AND OUTLOOK

The economic condition of the City of Troy has reflected the downturn of the State and National economies to some degree. Our unemployment rate is well below the state and metro area average.

	<u>July 2010</u>
Troy	11.9%
Metro Area*	15.2%
Michigan	14.0%
National	9.7%
Oakland County	13.5%

*The Metro Area includes Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair and Wayne Counties

The growth in taxable value has slowed and even turned negative in recent years indicative of the overall real estate market compared to the 1980s and 1990s and had an 11.3% decrease in 2010, which is expected of a more mature community. In 2009, our taxable value was \$5,459,779,936. This compares to \$5,562,596,010 in 2008, or a 1.8% decrease. In Michigan, only the City of Detroit has a higher taxable value than the City of Troy. However, in this era of competition for business retention and attraction, we need to advance a preferred future in which residents and businesses continue to aspire to locate here.

The City has expanded upon its budgeting practices by including five-year budget projections and the adoption of a three-year budget. Our approach to funding major capital projects is to accumulate funds over a number of years to avoid the issuance of debt. The City has adopted a policy to maintain our unassigned fund balance at 10% - 17% of the general fund budget.

Other significant economic events occurring during the fiscal year include the following major initiatives, which more often than not span several years:

Transit Center

The community is teaming with the City of Birmingham and has secured Federal and State funding to assist in the development of this project. The project will feature a multi-model center for bus, train, cab and limousine service.

ArvinMeritor

For years, Troy has been fortunate to host ArvinMeritor's World Headquarters and Technical Center. The company is planning a complete upgrade to their Technical Center that will involve a \$10 million investment in the plant facility and \$9 million in new machinery and equipment. The company will also create 101 new jobs. In July, ArvinMeritor received approval from the MEGA board for a MEGA tax credit and Troy City Management anticipates receiving an application for a P.A. 198 plant rehabilitation and personal property tax abatement.

AxleTech

AxleTech is a leader in the design and manufacturing of planetary axles used in military, construction and heavy duty vehicles. A former division of ArvinMeritor, AxleTech maintained their headquarters in Troy. In 2008, AxleTech was acquired by General Dynamics and the company decided to consolidate some of their operations. Troy staff worked for over two years to retain AxleTech in its community and find a location that met their consolidation needs. In partnership with the MEDC and Oakland County, we were able to prepare an incentive package that made AxleTech chose Troy, Michigan. The company is leasing, and recently moved in to, a 200,000 square foot industrial building on Rochester Road where it houses its brake division, aftermarket warehousing, engineering and headquarters operations. The company has already created 200 jobs and plans to continue to add to this growth.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) The valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of Federal, State, and local financial assistance, the City is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management and the independent auditors of the City.

As a part of the single audit process, tests are made by the auditors to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with the applicable laws and regulations.

Budgeting Controls

The object of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Activities of the general and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Outstanding encumbrances at year-end for the capital projects fund are recorded as restricted fund balance and are re-appropriated as part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions

Generally accepted accounting standards require that management provide a narrative introduction, overview and analysis to accompany these basic financial statements in the form of the MD&A letter.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Troy's MD&A can be found immediately following the report of the independent auditors. Since the MD&A focuses on the government-wide financial statements, the balance of this letter will be directed at the fund or activity level.

The general fund receives all City of Troy revenues not designated for special uses by statutes or the City Charter and accounts for most of the services provided to residents. Overall general fund revenues increased 1.8% from the prior year. Property taxes in the general fund decreased by .3%.

State sources decreased this year by \$733,784 or 11.3%; \$5,755,214 from \$6,488,998. State shared revenue is the major source of this revenue, which is a return to local governments of a portion of state sales tax and is not restricted to use. The State of Michigan budget problems resulted in a reduction of the statutory portion of this allocation.

Licenses and permits were down 10.0% due to a decrease in the issuance and value of building permits and right-of-way permits. Fines and forfeitures were up 16.5%. Charges for services revenue increased by 6.8% due primarily to engineering fees for chargeable projects, and right of way use charges. Investment income was down 62.8% due to the corresponding decrease in interest rates.

Total general fund operating expenditures decreased by 5.9%. Full-time employment was reduced by twenty four positions through attrition and lay-offs bringing our total reduction to 48 positions over the last six years.

General Fund Balance

The fund balance of the general fund increased by \$2.4 million to a balance of \$23,741,886. The city refrained from re-appropriating fund balance to balance the 2009/10 Budget. Of the \$23,741,886 fund balance, \$447,720 is non spendable for such items as inventory and prepaid items; \$9,171,895 is assigned for tax appeals, insurance claims and improvements and maintenance; \$1,000,000 is committed for the Volunteer Firefighters Incentive Plan, and \$2,400,000 for the 2010/11 Budget, leaving \$10,722,271 as unassigned. The \$10,722,271 represents 18.5% of our 2010/11 general fund budget. This amount slightly exceeds our 10-17% goal and is considered adequate to provide funds for unforeseen future negative events, and any upcoming budget shortfalls.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The special revenue funds of the City include:

Major Street Fund – Gas and weight tax revenues received in this fund from the State of Michigan are used for repairs, maintenance, snow and ice removal, and construction of all streets classified as “major” within the city. The gas and weight taxes generated \$3,337,309 compared to \$3,396,979 last fiscal year. This marks the sixth year in a row of a decrease in this revenue source. The price of gas and more fuel efficient vehicles has caused this reduction.

Local Street Fund – Gas and weight taxes as well as a transfer of funds from the major street fund finance the repairs, maintenance, snow and ice removal, and construction of all streets classified as “local” within the city.

Refuse Fund - This fund has been established to account for property tax revenues restricted for rubbish and garbage collection and service charges for recycling.

Community Development Block Grant – This fund accounts for grant revenues from the Department of Housing and Urban Development to be used for residential and other capital improvements. Major activities in this fund include minor home chore program for seniors and infrastructure improvements.

Budget Stabilization Fund – This fund was established in 2004 for the purpose of: 1) Covering any general fund deficit; 2) Preventing a reduction in the level of public services; and 3) Covering expenses arising because of a natural disaster.

Enterprise Operations

The City operates five separate enterprise operations: water fund, sanitary sewer fund, Aquatic Center fund, Sylvan Glen and Sanctuary Lake golf course funds.

Water Fund - Operating revenues amounted to \$14.0 million, resulting in a increase of \$.8 million from last year. Operating expenses totaled \$12.5 million, a decrease of \$.2 million from last fiscal year. The economy and weather conditions had a significant effect on our water consumption.

Sanitary Sewer Fund - Generated \$10.4 million in operating revenues compared to \$9.8 million last fiscal year. Operating expenses totaled \$9.1 million, compared to \$9.0 million last fiscal year. These rates are reviewed annually during budget time to ensure proper funding for operations and maintenance and improvements to the system.

Aquatic Center - Continues to operate at a loss. The operating loss of \$116,174 compares to a net loss of \$115,190 last fiscal year. Operating revenues decreased by \$35,000 year to year due to a large decrease in seasonal pass sales. Operating expenses decreased by \$34,017. The City has taken measures to increase usage and continues to look at ways to reduce the net loss.

Sylvan Glen Golf Course Fund - Ended the year with an increase in net assets of \$50,389. This amount compares to an increase of \$105,380 last fiscal year.

Sanctuary Lake Golf Course Fund - Ended the year with a decrease in net assets of \$664,226 compared to a \$716,054 decrease in net assets last fiscal year. Steps have been taken to increase play and reduce the loss, with the hiring of Billy Casper Golf to manage and operate both golf courses.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government, on a cost reimbursement basis.

Compensated Absences Fund – This fund accounts for the charges to other departments based on sick and vacation accruals. The expenses of accumulated sick pay and vacation pay are then recorded in this fund.

Unemployment Compensation Fund – This fund accounts for the charges to other departments and the expenses to provide unemployment compensation insurance.

Custodial Services Fund – This fund charges other departments on a square footage basis to account for the custodial services and maintenance provided to all City-owned buildings.

Information Technology Fund – This fund accounts for charges to other departments based on the number of workstations to cover the expenses for providing computer services, including support, training and replacement.

Motor Equipment Fund – Rental charges of City-owned equipment to other City departments are accounted for in this fund. The fund provides maintenance, insurance and replacement of all City-owned vehicles.

Workers' Compensation Fund – Departments are charged a percentage of payroll based on premiums established by our provider to account for pooled insurance expenses.

Fiduciary Funds

Fiduciary funds are established to account for assets held by the governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and/or funds.

Pension Trust – Employees’ Retirement Fund – This fund is used to account for the accumulation of resources for pension benefit payments to qualified general and public safety employees. The employees retirement fund reported end-of-the-year net assets held in trust for pension benefits of \$151,579,785 compared to the beginning amount of \$140,910,654. As of December 31, 2009, the fund is 94.9% funded.

Pension Trust – Discretionary Fire Incentive Reserve Fund – This fund is used to account for accumulation of resources for incentive payments to qualified volunteer firefighters.

Retiree Health Care Trust Fund - The retiree health care trust Fund was established in fiscal year 2006 to account for medical benefits provided to employees during retirement. This fund will accumulate revenue until the reserves are depleted in the employees retirement fund. This plan and trust is created under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999.

Agency Fund – This fund is used to account for taxes collected on behalf of other governmental units and contractors’ performance deposits.

Component Units

Component units, as defined by GASB No. 14, are so classified due to their relationship with the primary government relative to financial accountability of the reporting agency.

Downtown Development Authority Fund – The Authority generates revenue from property value increases within the district compared to the initial taxable value established in 1993. These funds are used for the purpose of providing for the construction and financing of necessary improvements to prevent further deterioration of the development area while preserving and promoting economic growth.

Brownfield Redevelopment Authority – This fund was established in 2002 to account for projects that will improve environmentally distressed areas within the City of Troy.

Local Development Financing Authority – This fund was established to capture tax increment revenues in the Automation Alley Smart Park, to encourage local development, to prevent conditions of unemployment and to promote economic growth. The purpose of the authority is to provide for the construction and financing of public facilities within the City of Troy necessary for the project.

Debt Administration

At June 30, 2010, the City had a number of debt issues outstanding. These issues included \$30,670,062 being serviced by governmental funds and \$10,700,000 by proprietary fund types. Major rating agency Standard and Poor's gave the City a "AAA" rating for our unlimited tax general obligation bonds. Moody's rating is "Aa1" for our unlimited tax general obligation bonds.

Cash Management

The City complies with Public Act 20 of 1943 (as amended) of the State of Michigan in its cash management activities.

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, commercial paper, obligations of the U.S. Treasury and government pooled investment accounts. The pension trust fund investment portfolio also includes corporate bonds, stocks and mutual funds.

The City administers an aggressive cash management and investment program. The following investment objectives are utilized in the management of City funds: the primary objective is the preservation of capital and protection of investment principal; provide sufficient liquidity to meet the City's projected operating and capital requirements; control risk by diversifying investments and maximize the return of the portfolio while avoiding unreasonable investment risk.

Tax Rate Limitations

The City Charter provides tax rate limitations for general operations. In addition, the City of Troy may levy taxes in excess of the Charter limitation for refuse collection and debt service.

<u>Purpose</u>	<u>Authority</u>	<u>Rate Per \$1,000 of Taxable Value</u>
General Operating	City Charter	\$8.10*
Refuse Collection	Act 298, P.A. of Michigan 1917 as Amended,	3.00*
Disposal	Article IX, Section 56 of Michigan Constitution	
Debt Service	City Charter	Amount Necessary for debt payment

*The maximum permitted general operating and refuse collection and disposal per Headlee Amendment of the Michigan Constitution for fiscal year 2010 was 8.1000 and 2.5522, respectively.

Risk Management

The City has entered into a public entity risk pool with other Michigan units of government by joining the Michigan Municipal Risk Management Authority for its general liability insurance, including auto and public official liability as well as property damage insurance.

The City has also entered into a joint agreement with other Michigan units of government by joining the Michigan Municipal Workers' Compensation Fund for its workers' compensation insurance.

OTHER INFORMATION

Independent Audit

The City Charter and State statutes require an annual audit of all accounts of the City by certified public accountants. The accounting firm of Rehmann Robson, was selected by the City Council. The City received an "unqualified opinion" from Rehmann Robson, which is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

Additionally, during the current year an audit was performed in accordance with the requirements of the *Single Audit Act Amendments of 1996 (P.L. 104456)*. The auditor's reports related to the single audit are issued as a part of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Troy, Michigan for its CAFR for the fiscal year ended June 30, 2009.

This was the thirteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

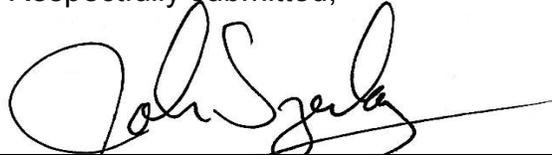
A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has also received the GFOA *Distinguished Budget Presentation Award* and the *Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR)*.

Acknowledgements

The timely preparation of the CAFR was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

Respectfully submitted,



John Szerlag, City Manager



John M. Lamerato, Assistant City Manager/
Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Troy
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

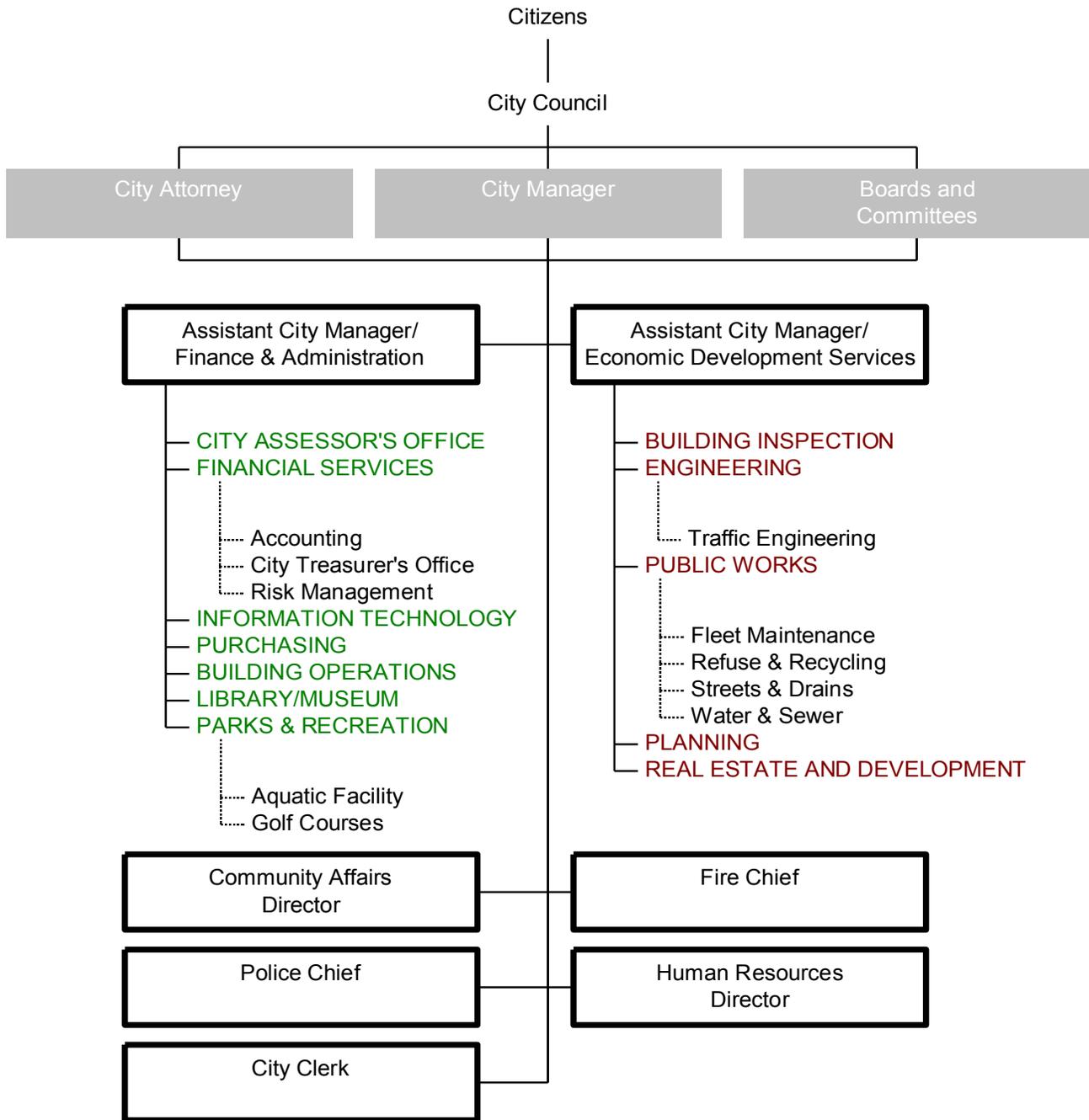


President

Executive Director

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2009/10 ORGANIZATIONAL CHART



**PRINCIPAL
OFFICIALS**

City Manager	JOHN SZERLAG
City Attorney	LORI GRIGG BLUHM
Assistant City Manager/Finance & Administration	JOHN M. LAMERATO
Acting Assistant City Manager/Real Estate & Development Director	MARK F. MILLER
City Assessor	LEGER A. LICARI
City Clerk	TONNI L. BARTHOLOMEW
City Engineer	STEVEN J. VANDETTE
City Treasurer	SANDRA L. KASPEREK
Community Affairs Director	CYNTHIA STEWART
Director of Building Operations	STEVEN PALLOTTA
Financial Services Director	JAMES A. NASH
Fire Chief	WILLIAM S. NELSON
Human Resources Director	PEGGY E. SEARS
Information Technology Director	GERTRUDE M. PARASKEVIN
Library/Museum Director	CATHLEEN A. RUSS
Parks and Recreation Director	CAROL K. ANDERSON
Acting Planning Director	BRENT SAVIDANT
Police Chief	GARY G. MAYER
Public Works Director	TIMOTHY L. RICHNAK
Purchasing Director	SUSAN A. LEIRSTEIN
Risk Manager	STEPHEN COOPERRIDER
Superintendent of Fleet Maintenance	SAMUEL LAMERATO
Superintendent of Streets and Drains	THOMAS ROSEWARNE
Superintendent of Water	RICHARD W. SHEPLER

FUND ORGANIZATION CHART

Governmental Funds

General*

Debt Service

- Proposal A
- Proposal B
- Proposal C
- General Debt Service

Special Revenue

- Major Streets
- Local Streets
- Refuse
- Community Development Block Grant
- Budget Stabilization

Proprietary Funds

Enterprise

- Water*
- Sanitary Sewer*
- Aquatic Center
- Sylvan Glen Golf Course Fund
- Sanctuary Lake Golf Course Fund*

Fiduciary Funds

Pension Trust

- Employees' Retirement
- Fire Incentive Reserve
- Retirees Health Care Trust

Component Units

- Downtown Development Authority
- Brownfield Redevelopment Authority
- Local Development Finance Authority

Capital Projects*

Permanent

- Cemetery Perpetual Care

Internal Service

- Compensated Absences
- Unemployment Compensation
- Custodial Services
- Information Technology
- Motor Equipment
- Workers Compensation

Agency

- Agency

*Major funds under GASB No. 34

Financial Section

INDEPENDENT AUDITORS' REPORT

December 6, 2010

To the Honorable Mayor and City Council
City of Troy, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan (the "City")*, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan*, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17, beginning net assets of the sanitary sewer fund have been restated.

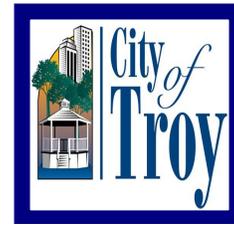
In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis presented on pages 3-10 and the Schedules of Funding Progress and Employer's Contributions on pages 70-75 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Troy's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter, which begins on page VII and the City's financial statements, which begins on page 11.

FINANCIAL HIGHLIGHTS

- The City's combined total net assets are reported as \$391.0 million for the fiscal year ended June 30, 2010, compared to \$381.9 last fiscal year.
- In the City's governmental activities, revenues generated \$80.0 million, while expenses totaled \$75.5 million.
- In the City's business-type activities, revenues generated \$27.7 million, while expenses totaled \$24.9 million.
- The total cost of all of the City's programs, including governmental activities and business-type activities was \$100.4 million, down \$4.3 million from last fiscal year; this compares to a \$.9 million decrease last year.
- Total net assets increased \$7.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The first two statements, the Statement of Net Assets and the Statement of Activities, provide information about the activities of the City of Troy as a whole and present a longer-term view of the City's finances. The remaining statements, including governmental funds, proprietary funds, and fiduciary funds focus on how City services were financed in the short term, as well as what remains for future spending. Fund financial statements report the City of Troy's operations in more detail than the government-wide financial statements.

The financial statements include notes that explain and provide more detailed data about some of the information found in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental, nonmajor business-type, internal service, and fiduciary funds, each of which are added together and presented in single columns in the basic financial statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City of Troy as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the change in the difference between the City's assets and liabilities. This change in net assets is an indicator of whether the City's financial health is improving or deteriorating. In order to assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

The government-wide financial statements of the City of Troy are divided into two categories:

Governmental Activities – Most of the City's basic services are included here, such as police, fire, public works, parks and recreation, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The City charges fees to customers to help cover the cost of certain services it provides. The City's business-type activities include water, sanitary sewer, Aquatic Center, and two public golf courses.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City of Troy has three types of funds:

Governmental Funds – Most of the City's basic services are included in governmental funds, which focus on how cash, and other financial assets that can readily be converted to cash, flow in and out. The funds also show the balances left at year-end that are available for spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The governmental fund statements focus on a short-term view rather than the long-term focus of the government-wide statements, so additional information is provided after the governmental fund statements that explain the relationship or differences between the fund and government-wide statements.

Proprietary Funds – Proprietary funds are used to report services where the City charges customers a fee for services rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds:

- Enterprise funds and business-type activities are the same, but the fund statements provide more detail and additional information such as cash flows.
- Internal service funds are used to report activities that provide supplies and services for the City's other programs. Examples of internal service funds would be motor equipment and information technology.

Fiduciary Funds – The City of Troy is trustee for its employee pension plans. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

THE CITY OF TROY AS A WHOLE

The City's combined total net assets for the fiscal year ended June 30, 2010 is \$391.0 million. Business-type activities comprise \$160.0 million and governmental activities make up \$231.0 million of the total net assets.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is reported as \$77.0 million. \$33.9 million is the amount of unrestricted net assets reported for the City of Troy's governmental activities.

The table on the following page shows the comparison of total assets, total liabilities, and total net assets (in millions of dollars) in a condensed format as of June 30, 2010 to the prior year.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS, CONTINUED**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current Assets	\$ 72.0	\$ 73.3	\$ 46.4	\$ 48.3	\$ 118.4	\$ 121.6
Capital Assets	201.5	197.3	127.6	122.1	329.1	319.4
Total Assets	\$ 273.5	\$ 270.6	\$ 174.0	\$ 170.4	\$ 447.5	\$ 441.0
Liabilities:						
Long-term Debt Outstanding	\$ 36.5	\$ 39.3	\$ 10.7	\$ 11.0	\$ 47.2	\$ 50.3
Other Liabilities	6.0	5.4	3.3	3.4	9.3	8.8
Total Liabilities	\$ 42.5	\$ 44.7	\$ 14.0	\$ 14.4	\$ 56.5	\$ 59.1
Net Assets:						
Invested in Capital Assets, Net of Debt	\$ 170.8	\$ 164.0	\$ 116.9	\$ 111.1	\$ 287.7	\$ 275.1
Restricted	26.3	31.7	-	-	26.3	31.7
Unrestricted	33.9	30.2	43.1	44.9	77.0	75.1
Total Net Assets	\$ 231.0	\$ 225.9	\$ 160.0	\$ 156.0	\$ 391.0	\$ 381.9

Total assets increased by \$6.5 million during the year, made up of a increase of \$2.9 million in governmental activities and an increase of \$3.6 million in business type activities. The decrease in current assets was due primarily to the reduction in receivables.

Total liabilities decreased by \$2.6 million primarily due to the reduction in long-term debt through annual debt payments. Other liabilities increased by \$.5 million compared to the prior year.

Net assets show an increase in investments in capital assets net of debt of \$12.6 million and unrestricted net assets increased by \$1.9 million. Restricted net assets decreased by \$5.4 million.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS, CONTINUED**

The following table shows the comparison of the change in net assets (in millions of dollars) as of June 30, 2010 to the prior year, in a condensed format:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues:						
Charges for Services	\$ 11.8	\$ 10.8	\$ 26.9	\$ 25.5	38.7	\$ 36.3
Operating Grants & Contributions	1.1	1.0	-	-	1.1	1.0
Capital Grants & Contributions	8.6	10.0	0.3	1.0	8.9	11.0
General Revenues:						
Property Taxes	50.7	51.0	-	-	50.7	51.0
State-shared Revenues	5.6	6.3	-	-	5.6	6.3
Interest Earnings	0.8	1.9	0.5	1.1	1.3	3.0
Other Revenue	1.4	0.2	-	-	1.4	0.2
Total Revenues	\$ 80.0	\$ 81.2	\$ 27.7	\$ 27.6	\$ 107.7	\$ 108.8
Program Expenses:						
General Government	\$ 10.5	\$ 10.1	\$ -	\$ -	\$ 10.5	\$ 10.1
Public Safety	31.3	31.6	-	-	31.3	31.6
Engineering & Public Services	15.0	15.9	-	-	15.0	15.9
Community & Economic Dev	1.5	1.8	-	-	1.5	1.8
Sanitation	4.0	4.0	-	-	4.0	4.0
Recreation and Culture	12.6	14.9	-	-	12.6	14.9
Interest Expense	0.6	1.4	-	-	0.6	1.4
Water	-	-	12.5	12.7	12.5	12.7
Sanitary Sewer	-	-	9.1	9.0	9.1	9.0
Golf Courses	-	-	2.7	2.7	2.7	2.7
Aquatic Center	-	-	0.6	0.6	0.6	0.6
Total Expenses	\$ 75.5	\$ 79.7	\$ 24.9	\$ 25.0	\$ 100.4	\$ 104.7
Inc in Net Assets before Transfers	\$ 4.5	\$ 1.5	\$ 2.8	\$ 2.6	\$ 7.3	\$ 4.1
Transfers	0.6	0.7	(0.6)	(0.7)	-	-
Increase in Net Assets	5.1	2.2	2.2	1.9	7.3	4.1
Net Assets - Beginning of Year as restated	225.9	223.7	157.8	154.1	383.7	377.8
Net Assets - End of Year	\$ 231.0	\$ 225.9	\$ 160.0	\$ 156.0	\$ 391.0	\$ 381.9

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

GOVERNMENTAL ACTIVITIES

The City of Troy's total governmental revenue is reported at \$80.0 million, a decrease of \$1.2 million from the prior year. The decrease is attributable to a reduction in property taxes and state shared revenues.

Expenses decreased by \$4.2 million compared to last fiscal year. The net decrease of \$4.2 million is spread over several divisions, of which \$2.3 million is attributable to recreation and cultural activities. The decrease to those activities was a result of mid-year staff reductions and wage concessions.

During the year the City continued meeting the actuarial required contributions for the defined benefit pension system and discretionary for incentive reserve fund as well as pre-funding retiree healthcare benefits. This is important for the City because future taxpayers should not be required to fund benefit payments that were earned in the past.

BUSINESS-TYPE ACTIVITIES

The City of Troy's business-type activities consist of water, sanitary sewer, Aquatic Center, and golf courses. Water and sanitary sewer services classified as major funds are provided to City residents through the Detroit water system and sewerage treatment plants. Change in net assets for business-type activities increased by \$2.2 million. The water and sewer Fund increased by \$1.8 million and \$1.0 million respectively. The City's two golf courses recorded a net decrease in net assets of \$.7 million.

THE CITY OF TROY'S FUNDS

Analysis of the City of Troy's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City of Troy as a whole. Funds are created to help manage money for specific purposes, as well as to show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The City's general fund fund balance increased by \$2.4 million to a balance of \$23.7 million. The increase was attributable to a one time transfer of excess Brownfield Redevelopment Authority tax increments and reduction in staff of on demand service departments and five percent reduction in pay through the use of furlough days for several employee groups.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS, CONTINUED**

Fund balance in the capital projects fund decreased by \$5.0 million due to the timing and completion of various projects.

**GENERAL FUND
BUDGETARY HIGHLIGHTS**

Over the course of the year, City Council amended the budget to take into account events during the year. The most significant was to recognize the receipt of a federal grant and a private donation from the Kresge Foundation.

Overall expenses for the City were 5.9% or \$3.7 million less than the budgeted amount due to a conservative spending policy, delays in filling vacant positions, reduction of twenty four full-time positions, reduction in benefit levels for new hires and five percent wage reductions in the form of furlough days for several employee groups.

**REFUSE FUND
BUDGETARY HIGHLIGHTS**

The Refuse Fund had revenues of \$3.9 million and expenditures of \$4.0 million. There was a need to draw down \$69,223 from fund balance leaving \$121,239 of fund balance at June 30, 2010. The 2010/11 Budget calls for an increase in the tax rate from .75 mills to .87 mills. Future budgets will require a tax increase in order to cover expenditures because of increased costs and lower taxable value.

**CAPITAL ASSET AND
DEBT ADMINISTRATION**

At the end of 2010, the City of Troy had \$287.7 million invested in a broad range of capital assets including land, buildings, police and fire equipment, water and sewer lines, roads, sidewalks, and other infrastructure, net of debt. The increase in capital assets during the year was attributable to the excess of additions in relation to the recognition of depreciation. Additional information about the City's capital assets is presented in Note 1 and Note 5 to the financial statements.

The City of Troy's debt rating is excellent. We maintain a "AAA" rating on unlimited tax general obligation bonds by Standard and Poor's. The City of Troy's bond indebtedness totaled \$41.4 million at June 30, 2010. Additional information about the City's long-term debt can be found in Note 8 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CURRENT ECONOMIC EVENTS

The City of Troy's budget for 2011 calls for a tax rate of 9.40, a .12 mill increase from the current year. The general operating total tax rate has remained the same or lower since July 1, 1996. Property taxes make up approximately 56% of our general fund budget. Because of the impact of Proposal A, State of Michigan budget woes, and a decrease in taxable values due to the drop in property values, the City of Troy reduced its full-time work force by 55 positions in 2010/11 through attrition and layoffs. The statewide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or five percent.

The electors of Troy passed a charter amendment on November 4, 2008 freezing our existing operating rate unless voters approve an increase.

Because most properties decreased in market value due to utilizing a one-year sales study versus two years, the mathematical result of this is that the total taxable value for the City of Troy will result in a reduction of taxable value. With conservative budget forecasting of revenues and realistic expenditure estimates, reduction of workforce, utilization of fund balance and employee concessions, we have a balanced budget.

State shared revenue payments decreased by \$698,333 this past year. When comparing this annual amount to the amount we received five years ago, we are receiving \$2.7 million less. The State is still experiencing financial woes so we have adjusted our revenue forecast to reflect the State's economy, and the likelihood of future reductions.

The City purchases its water and sewer services from the City of Detroit. Historically, we have passed along the full water and sewer rate increase or decrease to our customers. The City's rate structure enables us to provide water and sewer service to our citizens as well as pay for operations, maintenance and improvements to the system.

The City still prides itself on having one of the lowest combined water and sewer rates of any southeastern Michigan community.

CONTACTING THE CITY OF TROY'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the City of Troy's financial condition.

If you have questions about this report or need additional information, we welcome you to contact the administrative offices at City Hall, 500 W. Big Beaver, Troy, MI. 48084. Additional information can be obtained at the City of Troy's web site, www.troymi.gov.

CITY OF TROY, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
Assets				
Cash and cash equivalents	\$ 45,400,605	\$ 30,463,167	\$ 75,863,772	\$ 10,468,309
Investments	15,554,026	10,188,754	25,742,780	2,355,643
Receivables (net)	7,405,471	7,983,946	15,389,417	82,710
Internal balances	2,818,459	(2,818,459)	-	-
Due from component units	67,485	-	67,485	-
Other assets	761,143	589,291	1,350,434	-
Capital assets				
Assets not being depreciated	42,467,077	18,561,586	61,028,663	-
Assets being depreciated, net	159,032,675	109,068,334	268,101,009	-
Total assets	<u>273,506,941</u>	<u>174,036,619</u>	<u>447,543,560</u>	<u>12,906,662</u>
Liabilities				
Accounts payable	3,070,030	3,234,825	6,304,855	229,689
Accrued payroll	2,568,216	-	2,568,216	-
Accrued liabilities	316,720	50,241	366,961	187,416
Due to primary government	-	-	-	67,485
Unearned revenue	3,171	74,877	78,048	-
Noncurrent liabilities				
Due within one year	5,733,413	400,000	6,133,413	2,065,000
Due in more than one year	30,814,725	10,300,000	41,114,725	22,030,000
Total liabilities	<u>42,506,275</u>	<u>14,059,943</u>	<u>56,566,218</u>	<u>24,579,590</u>
Net assets				
Invested in capital assets, net of related debt	170,829,690	116,929,920	287,759,610	-
Restricted for				
Debt service	3,413,596	-	3,413,596	-
Highways and streets	3,392,466	-	3,392,466	-
Capital projects	17,340,626	-	17,340,626	-
Perpetual care	218,367	-	218,367	-
Other purposes	1,928,234	-	1,928,234	-
Unrestricted (deficit)	33,877,687	43,046,756	76,924,443	(11,672,928)
Total net assets (deficit)	<u>\$ 231,000,666</u>	<u>\$ 159,976,676</u>	<u>\$ 390,977,342</u>	<u>\$ (11,672,928)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

<u>Functions / Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 10,480,528	\$ 2,792,387	\$ 4,465	\$ -	\$ (7,683,676)
Public safety	31,300,208	2,606,050	148,345	79,897	(28,465,916)
Public works	15,000,517	1,912,056	-	8,426,732	(4,661,729)
Sanitation	3,994,706	4,796	-	-	(3,989,910)
Community and economic development	1,460,081	-	713,473	82,511	(664,097)
Recreation and culture	12,573,922	4,484,145	191,024	1,660	(7,897,093)
Interest on long-term debt	650,484	-	-	-	(650,484)
Total governmental activities	75,460,446	11,799,434	1,057,307	8,590,800	(54,012,905)
Business-type activities					
Water	12,474,578	13,968,516	-	156,179	1,650,117
Sewer	9,145,016	10,372,640	-	143,060	1,370,684
Aquatic center	561,343	451,670	-	-	(109,673)
Sylvan Glen golf course	1,087,120	1,128,192	-	-	41,072
Sanctuary Lake golf course	1,632,244	968,687	-	-	(663,557)
Total business-type activities	24,900,301	26,889,705	-	299,239	2,288,643
Total primary government	\$ 100,360,747	\$ 38,689,139	\$ 1,057,307	\$ 8,890,039	\$ (51,724,262)
Component units					
Downtown development authority	\$ 3,715,364	\$ -	\$ -	\$ -	\$ (3,715,364)
Local development financing authority	236,375	-	-	-	(236,375)
Brownfield redevelopment authority	2,218,055	-	-	-	(2,218,055)
Total component units	\$ 6,169,794	\$ -	\$ -	\$ -	\$ (6,169,794)

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The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF ACTIVITIES (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (54,012,905)	\$ 2,288,643	\$ (51,724,262)	\$ (6,169,794)
General revenues				
Property taxes	36,362,516	-	36,362,516	-
Property taxes for sanitary purposes	3,900,932	-	3,900,932	-
Property taxes for economic development	-	-	-	3,526,616
Property taxes for capital projects	7,957,902	-	7,957,902	-
Property taxes for debt service	2,451,711	-	2,451,711	-
State shared revenue, unrestricted	5,615,666	-	5,615,666	-
Grants and contributions not restricted to specific programs	1,207,291	301	1,207,592	-
Unrestricted investment earnings	785,025	487,698	1,272,723	134,385
Gain on sale of capital assets	163,134	4,800	167,934	-
Transfers - internal activities	627,160	(627,160)	-	-
Total general revenues and transfers	59,071,337	(134,361)	58,936,976	3,661,001
Change in net assets	5,058,432	2,154,282	7,212,714	(2,508,793)
Net assets (deficit), beginning of year, as restated	225,942,234	157,822,394	383,764,628	(9,164,135)
Net assets (deficit), end of year	\$ 231,000,666	\$ 159,976,676	\$ 390,977,342	\$ (11,672,928)

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 16,911,309	\$ 12,420,543	\$ 4,512,328	\$ 33,844,180
Investments	3,921,280	3,845,953	3,710,583	11,477,816
Receivables:				
Accounts receivable (net)	583,709	2,837,929	-	3,421,638
Taxes-delinquent	276,178	-	-	276,178
Special assessments	-	346,722	-	346,722
Interest and dividends	726	712	296	1,734
Due from other funds	3,163,089	-	-	3,163,089
Due from component units	67,485	-	-	67,485
Due from other governments	1,977,658	-	1,323,139	3,300,797
Inventory	364,144	-	-	364,144
Prepaid expenditures	83,576	-	-	83,576
Total assets	\$ 27,349,154	\$ 19,451,859	\$ 9,546,346	\$ 56,347,359
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 753,621	\$ 1,939,485	\$ 172,971	\$ 2,866,077
Accrued payroll	2,568,216	-	-	2,568,216
Due to other funds	-	-	420,712	420,712
Other liabilities	9,123	-	-	9,123
Deferred revenue	276,308	171,748	-	448,056
Total liabilities	3,607,268	2,111,233	593,683	6,312,184
Fund balances				
Non-spendable	447,720	-	-	447,720
Restricted	-	130,842	8,163,263	8,294,105
Committed	3,400,000	-	89,400	3,489,400
Assigned	9,171,895	17,209,784	700,000	27,081,679
Unassigned	10,722,271	-	-	10,722,271
Total fund balances	23,741,886	17,340,626	8,952,663	50,035,175
Total liabilities and fund balances	\$ 27,349,154	\$ 19,451,859	\$ 9,546,346	\$ 56,347,359

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Fund balances - total governmental funds	\$ 50,035,175
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets not being depreciated	42,456,829
Add: capital assets being depreciated	341,639,116
Deduct: accumulated depreciation	(186,310,834)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred revenues	444,885
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Internal service funds are used by management to charge the costs of certain equipment usage, public service department and retiree health care costs to individual governmental funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in the internal service funds.	14,564,071
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Add: due from business-type activities for internal service fund activities	76,082
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: accrued interest payable	(307,597)
Deduct: bonds payable	(30,670,062)
Deduct: claims incurred but not reported	(926,999)

Net assets of governmental activities	<u>\$ 231,000,666</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 36,362,516	\$ 7,957,902	\$ 6,508,133	\$ 50,828,551
Licenses and permits	1,113,809	-	-	1,113,809
Intergovernmental				
Federal sources	82,029	2,975,813	127,522	3,185,364
State sources	5,755,214	79,897	4,659,183	10,494,294
Local sources	577,953	330,445	-	908,398
Charges for services	7,681,919	462,258	7,536	8,151,713
Fines and forfeitures	1,226,729	-	-	1,226,729
Investment earnings	267,513	265,389	110,171	643,073
Other	2,711,165	406,348	230,188	3,347,701
Total revenues	55,778,847	12,478,052	11,642,733	79,899,632
Expenditures				
Current				
General government	8,562,924	-	-	8,562,924
Public safety	30,902,648	-	-	30,902,648
Public works	6,888,176	-	-	6,888,176
Sanitation	-	-	3,996,065	3,996,065
Community development	-	-	127,522	127,522
Recreation and culture	12,231,424	-	-	12,231,424
Debt service				
Principal	-	239,692	2,065,000	2,304,692
Interest and fees	-	83,550	1,292,143	1,375,693
Capital outlay	-	17,062,105	-	17,062,105
Total expenditures	58,585,172	17,385,347	7,480,730	83,451,249
Revenues (under) over expenditures	(2,806,325)	(4,907,295)	4,162,003	(3,551,617)
Other financing sources (uses)				
Issuance of debt	-	61,816	11,260,000	11,321,816
Payments to escrow agents	-	-	(11,261,350)	(11,261,350)
Transfers in	5,233,735	2,000,000	3,207,807	10,441,542
Transfers out	-	(2,120,211)	(7,814,382)	(9,934,593)
Total other financing sources (uses)	5,233,735	(58,395)	(4,607,925)	567,415
Net change in fund balances	2,427,410	(4,965,690)	(445,922)	(2,984,202)
Fund balances, beginning of year	21,314,476	22,306,316	9,398,585	53,019,377
Fund balances, end of year	\$ 23,741,886	\$ 17,340,626	\$ 8,952,663	\$ 50,035,175

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	\$ (2,984,202)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	17,085,777
Deduct: depreciation expense	(12,403,604)
Deduct: book basis of capital assets sold	(49,993)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct: net difference in deferred revenue	(313,000)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	13,941,799
Deduct: proceeds from bond issuance	(11,321,816)

Internal service funds are used by management to charge the costs of certain equipment, public service department and employee insurance costs to individual governmental funds. The net revenue attributable to those funds are reported with governmental activities.

Add: net gain from governmental activities in the internal service funds	1,268,696
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in accrued interest expense	23,152
Deduct: increase in accrued claims payable	(188,377)

Change in net assets of governmental activities	<u><u>\$ 5,058,432</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 35,908,540	\$ 35,908,540	\$ 36,362,516	\$ 453,976
Licenses and permits	1,579,000	1,579,000	1,113,809	(465,191)
Intergovernmental				
Federal sources	6,500	57,500	82,029	24,529
State sources	6,753,100	6,753,100	5,755,214	(997,886)
Local sources	699,900	699,900	577,953	(121,947)
Charges for services	8,067,380	8,067,380	7,681,919	(385,461)
Fines and forfeitures	1,071,000	1,071,000	1,226,729	155,729
Investment earnings	600,000	600,000	267,513	(332,487)
Other	1,586,140	1,606,140	2,711,165	1,105,025
Total revenues	56,271,560	56,342,560	55,778,847	(563,713)
Expenditures				
General government				
Council and executive administration	3,731,120	3,731,120	3,369,619	361,501
Finance	3,150,020	3,150,020	3,124,482	25,538
Other	2,292,290	2,292,290	2,068,823	223,467
Total general government	9,173,430	9,173,430	8,562,924	610,506
Public safety				
Police	25,230,580	25,230,580	24,756,774	473,806
Fire	4,451,610	4,502,610	4,263,605	239,005
Building inspection	2,019,290	2,019,290	1,882,269	137,021
Total public safety	31,701,480	31,752,480	30,902,648	849,832
Public works				
Roads and streets	5,726,110	5,726,110	4,844,712	881,398
Engineering	2,414,420	2,414,420	2,043,464	370,956
Total public works	8,140,530	8,140,530	6,888,176	1,252,354
Culture and recreation				
Parks and recreation	9,027,160	9,027,160	8,325,497	701,663
Library and museum	4,189,200	4,209,200	3,905,927	303,273
Total culture and recreation	13,216,360	13,236,360	12,231,424	1,004,936
Total expenditures	62,231,800	62,302,800	58,585,172	3,717,628
Revenues over (under) expenditures	(5,960,240)	(5,960,240)	(2,806,325)	3,153,915
Other financing sources				
Transfers in	5,960,240	5,960,240	5,233,735	(726,505)
Net change in fund balances	-	-	2,427,410	2,427,410
Fund balance, beginning of year	21,314,476	21,314,476	21,314,476	-
Fund balance, end of year	\$ 21,314,476	\$ 21,314,476	\$ 23,741,886	\$ 2,427,410

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

JUNE 30, 2010

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 11,496,027	\$ 17,722,931	\$ 25,500	\$ 1,218,709	\$ 30,463,167	\$ 11,556,425
Investments	3,694,515	6,073,459	-	420,780	10,188,754	4,076,210
Interest receivable	2,023	5,318	-	78	7,419	752
Accounts receivable						
Billed	2,076,430	5,401	16,160	17,001	2,114,992	57,650
Unbilled	2,881,954	2,397,958	-	-	5,279,912	-
Due from other funds	-	-	-	1,139,845	1,139,845	-
Inventories	542,297	15,626	19,548	11,820	589,291	313,423
Total current assets	20,693,246	26,220,693	61,208	2,808,233	49,783,380	16,004,460
Noncurrent assets						
Contracts receivable	137,367	444,256	-	-	581,623	-
Capital assets not being depreciated	10,479,989	3,973,582	2,213,463	1,894,552	18,561,586	10,248
Capital assets being depreciated net of accumulated depreciation	65,666,197	32,868,252	8,092,391	2,441,494	109,068,334	3,704,393
Total capital assets, net of accumulated depreciation	76,146,186	36,841,834	10,305,854	4,336,046	127,629,920	3,714,641
Total noncurrent assets	76,283,553	37,286,090	10,305,854	4,336,046	128,211,543	3,714,641
Total assets	96,976,799	63,506,783	10,367,062	7,144,279	177,994,923	19,719,101
Liabilities						
Current liabilities						
Accounts payable	2,112,548	866,394	114,059	141,824	3,234,825	203,953
Due to other funds	-	-	3,505,666	376,556	3,882,222	-
Accrued liabilities	7,725	-	42,516	-	50,241	-
Compensated absences	-	-	-	-	-	2,717,625
Unearned revenue	74,877	-	-	-	74,877	-
Current portion of bonds payable	-	-	400,000	-	400,000	-
Total current liabilities	2,195,150	866,394	4,062,241	518,380	7,642,165	2,921,578
Noncurrent liabilities						
Compensated absences	-	-	-	-	-	2,233,452
Bonds payable	-	-	10,300,000	-	10,300,000	-
Total noncurrent liabilities	-	-	10,300,000	-	10,300,000	2,233,452
Total liabilities	2,195,150	866,394	14,362,241	518,380	17,942,165	5,155,030
Net assets						
Investment in capital assets, net of related debt	76,146,186	36,841,834	(394,146)	4,336,046	116,929,920	3,714,641
Unrestricted	18,635,463	25,798,555	(3,601,033)	2,289,853	43,122,838	10,849,430
Total net assets (deficit)	\$ 94,781,649	\$ 62,640,389	\$ (3,995,179)	\$ 6,625,899	160,052,758	\$ 14,564,071
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(76,082)	
Net assets of business type activities					\$ 159,976,676	

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Total	Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds		Internal Service Funds
Operating revenues						
Charges for services	\$ 13,124,012	\$ 10,372,640	\$ 616,728	\$ 1,158,142	\$ 25,271,522	\$ 7,455,748
Rental						-
Golf course	-	-	347,584	216,306	563,890	-
Restaurant	-	-	4,375	87,720	92,095	-
Hydrant	145,150	-	-	-	145,150	-
Building	-	-	-	-	-	183,031
Equipment	-	-	-	-	-	3,289,578
Tap and connections fees	193,225	-	-	-	193,225	-
Penalties	466,757	-	-	-	466,757	-
Other services	39,372	-	5,101	117,694	162,167	-
Other services to city funds	-	-	-	-	-	660,916
Total operating revenues	13,968,516	10,372,640	973,788	1,579,862	26,894,806	11,589,273
Operating expenses						
Cost of sales and services	7,295,491	7,005,514	-	-	14,301,005	6,811,440
General and administrative	788,067	493,496	-	-	1,281,563	558,223
Operations	2,399,170	657,325	825,369	1,334,212	5,216,076	2,432,472
Depreciation	2,008,913	991,545	297,709	328,255	3,626,422	935,888
Total operating expenses	12,491,641	9,147,880	1,123,078	1,662,467	24,425,066	10,738,023
Operating income (loss)	1,476,875	1,224,760	(149,290)	(82,605)	2,469,740	851,250
Nonoperating revenues (expenses)						
Investment earnings	192,836	277,778	264	16,820	487,698	141,952
Interest expense	-	-	(515,200)	-	(515,200)	-
Gain on sale of capital assets	-	-	-	-	-	195,248
Total nonoperating revenues (expenses)	192,836	277,778	(514,936)	16,820	(27,502)	337,200
Income (loss) before contributions and transfers	1,669,711	1,502,538	(664,226)	(65,785)	2,442,238	1,188,450
Developer contributions	156,179	143,060	-	-	299,239	-
Transfers in	-	-	-	-	-	120,211
Transfers out	-	(627,160)	-	-	(627,160)	-
Change in net assets	1,825,890	1,018,438	(664,226)	(65,785)	2,114,317	1,308,661
Net assets (deficit), beginning of year, as restated	92,955,759	61,621,951	(3,330,953)	6,691,684		13,255,410
Net assets (deficit), end of year	\$ 94,781,649	\$ 62,640,389	\$ (3,995,179)	\$ 6,625,899		\$ 14,564,071
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					39,965	
Change in net assets of business-type activities					\$ 2,154,282	

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and others	\$ 13,851,340	\$ 10,125,076	\$ 1,612,501	\$ 1,581,167	\$ 27,170,084	\$ -
Cash received from interfund services	-	-	-	-	-	11,599,908
Cash payments to employees	(1,811,286)	(898,276)	(398,028)	(785,988)	(3,893,578)	(7,655,520)
Cash payments to suppliers for goods and services	(8,371,014)	(7,121,775)	(321,715)	(456,205)	(16,270,709)	(2,624,742)
Cash payments for interfund services	(409,514)	(181,531)	(23,254)	(53,776)	(668,075)	-
Net cash provided by operating activities	3,259,526	1,923,494	869,504	285,198	6,337,722	1,319,646
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	-	-	120,211
Transfers to other funds	-	(627,160)	-	-	(627,160)	-
Net cash provided (used) by noncapital financing activities	-	(627,160)	-	-	(627,160)	120,211
Cash flows from capital and related financing activities						
Purchase of capital assets	(5,916,716)	(946,228)	(29,568)	(190,671)	(7,083,183)	(468,300)
Proceeds from sale of capital assets	-	-	-	-	-	195,248
Bond principal payments	-	-	(300,000)	-	(300,000)	-
Bond note interest payments	-	-	(515,200)	-	(515,200)	-
Net cash used by capital and related financing activities	(5,916,716)	(946,228)	(844,768)	(190,671)	(7,898,383)	(273,052)
Cash flows from investing activities						
Proceeds from sale of investments	9,358,644	4,021,374	-	1,314,386	14,694,404	1,378,956
Purchases of investments	(2,602,187)	(2,930,356)	-	(1,252,360)	(6,784,903)	(914,166)
Investment earnings	198,348	294,777	264	17,953	511,342	110,709
Net cash provided by investing activities	6,954,805	1,385,795	264	79,979	8,420,843	575,499
Net increase (decrease) in cash and cash equivalents	4,297,615	1,735,901	25,000	174,506	6,233,022	1,742,304
Cash and cash equivalents, beginning of year	7,198,412	15,987,030	500	1,044,203	24,230,145	9,814,121
Cash and cash equivalents, end of year	\$ 11,496,027	\$ 17,722,931	\$ 25,500	\$ 1,218,709	\$ 30,463,167	\$ 11,556,425

Continued...

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED) PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sanitary Sewer	Sanctuary Lake Golf Course	Nonmajor Business- Type Activities	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 1,476,875	\$ 1,224,760	\$ (149,290)	\$ (82,605)	\$ 2,469,740	\$ 851,250
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	2,008,913	991,545	297,709	328,255	3,626,422	935,888
Changes in assets and liabilities:						
Accounts receivable	(136,641)	(199,471)	(14,459)	1,305	(349,266)	10,635
Inventories	(17,507)	5,157	(252)	3,468	(9,134)	(22,495)
Contracts receivable	13,935	(48,093)	-	-	(34,158)	-
Accounts payable	(96,019)	(50,404)	83,624	60,321	(2,478)	8,093
Due to other funds	-	-	653,172	(25,546)	627,626	-
Accrued liabilities	4,440	-	(1,000)	-	3,440	-
Compensated absences	-	-	-	-	-	(463,725)
Unearned revenue	5,530	-	-	-	5,530	-
Net cash provided by operating activities	\$ 3,259,526	\$ 1,923,494	\$ 869,504	\$ 285,198	\$ 6,337,722	\$ 1,319,646
Noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 156,179	\$ 143,060	\$ -	\$ -	\$ 299,239	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN

STATEMENT OF NET ASSETS FIDUCIARY FUNDS

JUNE 30, 2010

	Pension Trusts	Agency
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 5,332,271	\$ 1,768,159
Interest receivable	312,811	4
Taxes receivable	-	901,571
Investments		
U.S. Government securities	21,404,088	-
Corporate bonds	21,896,995	-
Corporate equities, preferred	3,208,920	-
Corporate equities, common	75,980,977	-
Mutual funds	45,668,075	-
Other investments	764,793	25,676
	<u>174,568,930</u>	<u>\$ 2,695,410</u>
Total assets		
	<u>174,568,930</u>	<u>\$ 2,695,410</u>
Liabilities		
Accounts payable	816,240	\$ 6,450
Performance deposits	-	2,688,960
	<u>816,240</u>	<u>\$ 2,695,410</u>
Total liabilities		
	<u>816,240</u>	<u>\$ 2,695,410</u>
Net assets		
Held in trust for pension benefits	119,011,331	
Held in trust for postemployment healthcare benefits	<u>54,741,359</u>	
Total net assets	<u>\$ 173,752,690</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trusts
Additions	
Contributions	
Employer contributions	\$ 5,923,570
Employee contributions	296,367
Total contributions	6,219,937
Investment income	
Interest	2,312,303
Dividends	2,456,486
Net adjustment in fair value of investments	15,993,812
Total investment income	20,762,601
Total additions	26,982,538
Deductions	
Benefits	11,292,641
Administrative expenses	93,754
Total deductions	11,386,395
Net increase in plan net assets	15,596,143
Net assets held in trust, beginning of year for	
Pension benefits	105,664,875
Postemployment healthcare benefits	52,491,672
Total net assets held in trust, beginning of year	158,156,547
Net assets held in trust for	
Pension benefits	119,011,331
Postemployment healthcare benefits	54,741,359
Total net assets held in trust, end of year	\$ 173,752,690

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	\$ 9,718,696	\$ 159,886	\$ 589,727	\$ 10,468,309
Investments	2,091,240	56,395	208,008	2,355,643
Receivables				
Taxes receivable	78,069	-	4,203	82,272
Interest receivable	388	11	39	438
Total assets	11,888,393	216,292	801,977	12,906,662
Liabilities				
Accounts payable	216,558	-	13,131	229,689
Due to primary government	67,485	-	-	67,485
Interest payable	187,416	-	-	187,416
Noncurrent liabilities				
Due within one year	2,065,000	-	-	2,065,000
Due after one year	22,030,000	-	-	22,030,000
Total liabilities	24,566,459	-	13,131	24,579,590
Net assets (deficit)				
Unrestricted	(12,678,066)	216,292	788,846	(11,672,928)
Total net assets (deficit)	\$ (12,678,066)	\$ 216,292	\$ 788,846	\$ (11,672,928)

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Downtown Development Authority	Local Development Financing Authority	Brownfield Redevelopment Authority	Total
Revenues				
Property taxes	\$ 3,221,248	\$ 292,368	\$ 13,000	\$ 3,526,616
Investment earnings	107,239	3,809	23,337	134,385
Total revenues	3,328,487	296,177	36,337	3,661,001
Expenses				
Economic development	2,561,887	236,375	2,215,633	5,013,895
Interest	1,153,477	-	-	1,153,477
Other expense	-	-	2,422	2,422
Total expenses	3,715,364	236,375	2,218,055	6,169,794
Change in net assets	(386,877)	59,802	(2,181,718)	(2,508,793)
Net assets (deficit), beginning of year	(12,291,189)	156,490	2,970,564	(9,164,135)
Net assets (deficit), end of year	\$ (12,678,066)	\$ 216,292	\$ 788,846	\$ (11,672,928)

The accompanying notes are an integral part of these financial statements.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Troy, Michigan have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The City of Troy, Michigan was incorporated in 1955, and was formerly known as Troy Township since it was organized in 1821. The City is governed by an elected mayor and six-member council.

As required by generally accepted accounting principles, these financial statements present the City of Troy and its component units, entities for which the government is considered to be financially accountable.

Component Units

Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are also legally separate entities, but are not in substance part of the government operation. The City of Troy has three component units, the Downtown Development Authority, Brownfield Redevelopment Authority and the Local Development Financing Authority, which meets the criteria for discretely presented component units. The Authorities are also reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Financial statements for each of the individual component units are available at the City Office.

The purpose of the Downtown Development Authority is to issue bonds and use tax increment financing in the accomplishment of specific Downtown Development improvements to City-owned facilities and infrastructure, which are contained in the locally adopted development plan. The Downtown Development Authority may participate in projects for private development as long as it is for a public purpose. The Authority's governing body, which consists of thirteen individuals, is selected by the City Council. In addition, the City Council sets the annual budget. The purpose of the Brownfield Redevelopment Authority is to provide assistance for the redevelopment of abandoned, idled, or under-utilized industrial or commercial properties, which are complicated by real or perceived environmental contamination. The Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the Authority. The Local Development Financing Authority is a multi-jurisdictional authority that was established to encourage local development in order to prevent conditions of unemployment and to promote economic growth. The Authority's

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

governing body, which consists of five individuals, is selected by the City Council. In addition, the City Council sets the annual budget.

Included within the reporting entity is the Troy Municipal Building Authority. The City feels that this authority meets the minimum requirements to be considered a blended component unit. The governing body of this authority is appointed by City Council. Its' budget and any bond issuance authorizations also are approved by the City Council and the legal liability for any general obligation debt remains with the City. The blended component unit reported herein has a June 30th year end.

The purpose of the Troy Municipal Building Authority is to issue bonds for City-owned facilities and infrastructure, which are limited tax full faith and credit general obligations of the City.

Basis of Presentation - Government-Wide Financial Statements

The statement of net assets and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement No. 33.

The statement of net assets and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component units, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets.

The statement of net assets and the statement of activities are presented to distinguish between governmental and business-type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. Business-type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Capital assets are reported in the government-wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, library collection, infrastructure and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land and construction in progress are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings. Roads are depreciated as a class with each class containing items based on their date of construction or reconstruction. Sidewalks are depreciated by class with each class containing items based on the year of construction.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Governmental Funds

The City reports the following major and nonmajor governmental funds:

Major Funds

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Permanent Funds

Permanent funds are used to account for the resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry. The City has one permanent fund for cemetery perpetual care.

In addition, the City reports the following fund types:

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

principal operating revenues of the water and sewer funds, Aquatic Center, golf course funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary funds focus on limitations on the use of net assets, rather than on the source of those assets.

The following proprietary funds are reported:

Enterprise Funds

Enterprise Funds are used to account for City operations which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or other governments, on a cost-reimbursement basis.

The City operates six internal service funds. The unemployment and worker's compensation funds account for insurance costs provided to and charged to other departments. The compensated absences fund accounts for the accrual of sick and vacation by all departments. The information technology fund provides computer services, training and equipment to all departments on a cost reimbursement basis. The motor equipment fund rents vehicles and equipment to departments on a cost reimbursement basis. The custodial services fund provides services to all funds on a cost reimbursement basis.

The City reports the following major proprietary funds:

Water Fund

The water fund accounts for the operation and maintenance of the City's water supply system, capital additions and improvements.

Sanitary Sewer Fund

The sanitary sewer fund accounts for the operation and maintenance of the City's sewage disposal system, capital additions and improvements.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Sanctuary Lake Golf Course Fund

The Sanctuary Lake golf course fund accounts for the operations of the new 18-hole links style course with practice facility.

Fiduciary Funds

Trust and Agency Funds

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. These include pension trust funds, a retiree health care trust fund and an agency fund. Pension and retiree health care trust funds are accounted for in essentially the same manner as proprietary funds, since capital maintenance is critical. The pension trust funds account for the activities of the general employees and volunteer fireman retirement systems, which accumulate resources for pension benefits to qualified employees and volunteers during retirement. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Agency fund activity includes tax collections for other taxing jurisdictions for which the City collects taxes and contractors performance deposits.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available.

Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year end to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The exception to this is state shared revenues and expenditure driven grants in which revenues are recognized if received within 90 days and one year of the end of the fiscal period, respectively. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Certain indirect expenditures are included in the program expense reported for individual functions and activities.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, pension and retiree health care trust funds and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled water and sewer fund utility service receivables are recorded at year-end.

All proprietary funds and the pension and retiree health care trust funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

Budget Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1984:

1. Budgets must be adopted for the general fund and special revenue funds.
2. The budgets must be balanced.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by function, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or before the third Monday in April, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing on the budget is held before its final adoption.
3. As provided for by the City Charter, on or before the third Monday in May, the budget is legally adopted and by resolution designates the sum to be raised by taxation.
4. The City Manager is authorized to transfer budgeted amounts within budgetary functions; however, any revisions that alter the total expenditure of any budgetary function must be approved by the City Council.

Budget amounts of the revenues and expenditures presented for the governmental funds are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted, for the general and special revenue funds. Budget appropriations lapse at year end. During the current year, the budget was amended in a legally permissible manner. Budgets have been prepared on a basis consistent with generally accepted accounting principles (GAAP).

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the capital projects fund. Encumbrances outstanding at year end are reported as restricted fund balances since they do not constitute expenditures or liabilities.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, domestic certificates of deposit, certain commercial paper, U.S. government repurchase agreements, bankers acceptances, mutual funds and investment pools that are composed of authorized investment vehicles.

The pension and retiree health care trust funds are authorized by Michigan Public Act 485 of 1996 and 149 of 1999 to invest in certain reverse repurchase agreements, real estate leased to public agencies, stocks, diversified investment companies, annuity investment contracts, mortgages, certain state and local government obligations, and certain other specified investment vehicles.

Investments are stated at fair value.

Inventory

Inventory is stated at cost determined on a first-in, first-out basis which approximates market value. Inventories in the governmental funds are recorded as an expenditure when the inventory item is consumed. Inventories are equally offset by a non-spendable fund balance designation which indicates that such amounts do not constitute "available spendable resources".

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure acquired prior to fiscal years ended after June 30, 1980 is not reported in capital assets.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Assets Classification</u>	<u>Estimated Useful Life</u>
Buildings	50 years
Water and sewer transmission and distribution system	50 years
Service connections	20 years
Infrastructure	20 - 25 years
Land improvements	10 years
Building improvements	20 years
Golf course equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Vehicles and miscellaneous equipment	2 - 20 years

Accrued Vacation and Other Compensated Absences

The City maintains an internal service fund to account for the accumulation of resources for, and the payment of, vacation, compensatory time, holiday and sick pay. Earned but unpaid vacation pay is fully accrued in the compensated absences fund, as it is due during the fiscal year subsequent to the statement of net assets date.

The City charges departments incurring payroll costs for vacation pay benefits as they are earned on a percent of payroll basis and transfers related proceeds into the compensated absences fund to pay for eventual benefits to employees. Accumulated unpaid vacation pay due to the employees of the City at June 30, 2010, was \$2,302,191.

All other compensated absences which are currently due are also accrued in the compensated absences fund since it has been earned by the employee as of the statement of net assets date. The compensated absences fund also includes compensatory holiday and sick pay.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts and issuance costs are reported as debt service expenditures.

Fund Equity

Governmental funds report *nonspendable* fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Note 2 - Stewardship, Compliance and Accountability

State Construction Code Act

The City oversees building construction, in accordance with the State Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the current year activity and the cumulative shortfall generated since July 1, 2001 is as follows:

Shortfall at July 1, 2009		\$ (5,662,535)
Current year building permit revenue	<u>\$ 1,042,911</u>	
Related expenses:		
Direct costs	1,889,109	
Estimated indirect costs	<u>151,129</u>	
Total construction code expenses	<u>2,040,238</u>	
Net shortfall for the year ended June 30, 2010		<u>(997,327)</u>
Cumulative shortfall at June 30, 2010		<u>\$ (6,659,862)</u>

Note 3 - Deposits and Investments

Statutory Authority

State statutes authorize the City to make limited investments authorized by Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended), and may invest in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States. Repurchase agreements consisting of these same instruments.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

than 270 days after the date of purchase. Not more than fifty percent of any fund may be invested in commercial paper at any time.

- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

The investment policy adopted by the City Council in accordance with Public Act 20 of 1943, as amended authorizes investments in all of the above investments with the following provision: Authorized Depositories shall be designated by the City of Troy City Council.

The City of Troy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

The pension and retiree health care trust funds are also authorized to invest in stocks, annuity investment contracts, mutual funds, commercial paper, corporate bonds, instrumentalities of the United States, real estate (limited to five percent of the trust funds assets), certain state and local government obligations, and certain other specified investment vehicles.

Investment and Deposit Risk

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City of Troy's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At year end, the average maturities of debt security investments are as follows:

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

<u>Investment</u>	<u>Fair Value</u>	<u>Average Maturity</u>	
Government-wide			
US Government or agency bond/note	\$22,090,283	270	days
Pooled investments	3,652,497	120	days
Employees' Retirement System			
Corporate Bonds	21,896,995	3.5	years
US Government or agency bond/note	16,415,144	5	years
Discretionary Fire Incentive Reserve			
US Government or agency bond/note	4,988,944	5	years
Retiree Health Care Trust Fund			
Other	764,793	120	days

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The City of Troy investment policy does not have specific limits in excess of state law on investment credit risk. As of year-end, the credit quality ratings of debt securities (other than the U.S. Government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Organization</u>
General Employees' Retirement System			
Corporate Bonds	\$ 3,512,565	AA to AA-	S&P
Corporate Bonds	8,169,374	A to A-	S&P
Corporate Bonds	4,638,399	BBB to BBB-	S&P
Corporate Bonds	199,750	BB to BB-	S&P
Corporate Bonds	3,319,476	B to B-	S&P
Corporate Bonds	201,000	CCC to CCC-	S&P
Corporate Bonds	1,856,431	Not Rated	
Total	<u>\$21,896,995</u>		

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Troy deposits may not be returned. State law does not require and the City's investment policy does not directly address a deposit policy for custodial credit risk. At year end, \$31,401,297 of the City of Troy's bank deposits (certificates of deposit, checking, and cash) was exposed to custodial credit risk because they were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Troy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City of Troy does not have a policy for investment custodial credit risk. At year end none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

Concentration of Credit Risk. In compliance with State law, the City's investment policy limits investments to the top two ratings issued by nationally recognized statistical rating organizations. Through its investment policy, the City places a five percent limit on the amount the City may invest in any one issuer.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Note 4 - Receivables

Receivables, which include amounts due from other governments at June 30, 2010, are summarized as follows:

	Governments	Other
Major Governmental Funds		
General Fund		
Due from Oakland County	\$ 149,911	\$ -
Due from State of Michigan	1,827,747	-
Invoices and advances	-	583,709
	1,977,658	583,709
Capital Projects Fund		
Billed Accounts Receivable	-	2,837,929
Total Major Governmental Funds	1,977,658	3,421,638
Nonmajor Governmental Funds		
Community Development Block Grant Fund		
Due from Federal Government	112,312	-
Major Streets Fund		
Due from State of Michigan	867,294	-
Local Streets Fund		
Due from State of Michigan	343,533	-
Total Nonmajor Governmental Funds	1,323,139	-
Total Governmental Funds	\$ 3,300,797	\$ 3,421,638
Major Business-Type Activities		
Water Fund		
Billed accounts receivable	\$ -	\$ 2,076,430
Unbilled accounts receivable	-	2,881,954
	-	4,958,384
Sanitary Sewer Fund		
Billed accounts receivable	\$ -	\$ 5,401
Unbilled accounts receivable	-	2,397,958
	-	2,403,359
Sanctuary Lake Golf Course Fund		
Billed accounts receivable	-	16,160
Total Major Business-Type Activities Funds	-	7,377,903
Nonmajor Business-Type Activities		
Aquatic Center Fund		
Billed accounts receivable	-	5,288
Sylvan Glen Golf Course Fund		
Billed accounts receivable	-	11,713
Total Nonmajor Business-Type Activities	-	17,001
Total Business-Type Activities	\$ -	\$ 7,394,904
Governmental Activities - Internal Service Fund		
Motor Equipment Fund		
Billed accounts receivable	\$ -	\$ 57,650
Total	\$ 3,300,797	\$ 10,874,192

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Note 5 - Capital Assets

The capital asset activity of the primary government's governmental and business-type activities is as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,772,271	\$ 76,911	\$ -	\$ 31,849,182
Museum artifacts	2,084,666	-	-	2,084,666
Construction-in-progress	10,934,848	1,708,222	4,109,841	8,533,229
Total capital assets, not being depreciated	\$ 44,791,785	\$ 1,785,133	\$ 4,109,841	\$ 42,467,077
Capital assets, being depreciated:				
Infrastructure-major/county/local roads	\$ 154,493,216	\$ 13,675,435	\$ -	\$ 168,168,651
Infrastructure-local donated roads	33,468,626	179,625	96,727	33,551,524
Infrastructure-sidewalks	29,928,892	570,209	-	30,499,101
Infrastructure-drains	1,208,816	644,282	-	1,853,098
Land improvements	7,091,250	96,788	-	7,188,038
Buildings and improvements	78,833,279	1,812,705	-	80,645,984
Miscellaneous equipment	5,162,751	94,009	256,802	4,999,958
Office equipment	2,305,557	689,320	107,041	2,887,836
Vehicles	18,216,065	1,407,185	966,966	18,656,284
Library books/audio visual	6,821,124	709,227	560,958	6,969,393
Total capital assets being depreciated	\$ 337,529,576	\$ 19,878,785	\$ 1,988,494	\$ 355,419,867
Less accumulated depreciation for:				
Infrastructure-major/county/local roads	\$ 68,037,058	\$ 5,662,692	\$ -	\$ 73,699,750
Infrastructure-local donated roads	22,328,531	1,314,353	96,727	23,546,157
Infrastructure-sidewalks	25,488,025	1,146,251	-	26,634,276
Infrastructure-drains	93,934	20,162	-	114,096
Land improvements	5,377,473	278,859	-	5,656,332
Buildings and improvements	39,018,432	2,892,700	-	41,911,132
Miscellaneous equipment	3,760,142	420,399	236,524	3,944,017
Office equipment	2,028,261	145,373	107,042	2,066,592
Vehicles	13,358,779	1,164,307	937,250	13,585,836
Library books/audio visual	5,495,566	294,396	560,958	5,229,004
Total accumulated depreciation	\$ 184,986,201	\$ 13,339,492	\$ 1,938,501	\$ 196,387,192
Total capital assets, being depreciated, net	\$ 152,543,375	\$ 6,539,293	\$ 49,993	\$ 159,032,675
Governmental activities capital assets, net	\$ 197,335,160	\$ 8,324,426	\$ 4,159,834	\$ 201,499,752

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 5 - Capital Assets - Continued

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 6,738,504	\$ -	\$ -	\$ 6,738,504
Construction-in-progress	10,626,878	6,811,828	5,615,624	11,823,082
Total capital assets, not being depreciated	\$ 17,365,382	\$ 6,811,828	\$ 5,615,624	\$ 18,561,586
Capital assets, being depreciated:				
Water and sewer transmission and distribution system	\$ 152,635,533	\$ 5,960,095	\$ -	\$ 158,595,628
Service connections	750,121	-	-	750,121
Land improvements	8,898,232	-	-	8,898,232
Buildings and improvements	7,304,531	15,377	-	7,319,908
Miscellaneous equipment	2,581,410	156,713	-	2,738,123
Motor vehicles	527,580	54,033	24,000	557,613
Furniture, fixtures and other	261,330	-	-	261,330
Total capital assets being depreciated	\$ 172,958,737	\$ 6,186,218	\$ 24,000	\$ 179,120,955
Less accumulated depreciation for:				
Water and sewer transmission and distribution system	\$ 57,309,931	\$ 2,942,729	\$ -	\$ 60,252,660
Service connections	750,121	-	-	750,121
Land improvements	1,863,636	226,039	-	2,089,675
Buildings and improvements	3,663,803	288,204	-	3,952,007
Miscellaneous equipment	2,160,642	141,481	-	2,302,123
Motor vehicles	440,736	27,969	24,000	444,705
Furniture, fixtures and other	261,330	-	-	261,330
Total accumulated depreciation	\$ 66,450,199	\$ 3,626,422	\$ 24,000	\$ 70,052,621
Total capital assets, being depreciated, net	\$ 106,508,538	\$ 2,559,796	\$ -	\$ 109,068,334
Total business-type activities capital assets, net	\$ 123,873,920	\$ 9,371,624	\$ 5,615,624	\$ 127,629,920

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 5 - Capital Assets - Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 3,863,599
Public safety	628,659
Public works	8,186,457
Community and economic development	22,657
Recreation and culture	638,120
	<u>638,120</u>

Total depreciation expense - governmental activities **\$ 13,339,492**

Business-type activities:

Water	\$ 2,008,913
Sanitary Sewer	991,545
Aquatic Center	169,974
Sylvan Glen Golf Course	158,281
Sanctuary Lake Golf Course	297,709
	<u>297,709</u>

Total depreciation expense - business-type activities **\$ 3,626,422**

Note 6 - Interfund Receivables, Payables and Transfers

The amounts of interfund receivables, payables and transfers are as follows as of June 30, 2010:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 3,163,089	\$ -
Special Revenue Funds		
Community Development Block Grant Fund	-	108,712
Budget Stabilization Fund	-	312,000
Enterprise Funds		
Aquatic Center Fund	-	376,556
Sanctuary Lake Golf Course Fund	-	3,505,666
Sylvan Glen Golf Course Fund	1,139,845	-
	<u>1,139,845</u>	<u>-</u>
	<u><u>\$ 4,302,934</u></u>	<u><u>\$ 4,302,934</u></u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Interfund balances represent routine and temporary cash flow assistance from mainly the general fund until amounts are transferred from fund investment accounts. The Sylvan Glen golf course fund provides funds for the Sanctuary Lake golf course fund until its operations provide enough funding to cover expenses.

Interfund transfers reported in the fund statements are as follows as of June 30, 2010:

<u>Fund Transferred from</u>	<u>Fund Transferred to</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 3,606,575
	Nonmajor Governmental Funds	3,207,807
	Capital Projects Fund	<u>1,000,000</u>
		7,814,382
Capital Projects Fund	General Fund	1,000,000
	Capital Projects Fund	1,000,000
	Internal Service Funds	<u>120,211</u>
		2,120,211
Sewer Fund	General Fund	<u>627,160</u>
Total		<u>\$ 10,561,753</u>

Nonmajor Governmental Funds

Major streets fund transfer to general fund for routine road maintenance in the amount of \$1,678,007. Major streets fund transfer to capital projects fund of \$1,000,000 representing funding of road improvements. Local streets fund transfer to general fund for routine road maintenance in the amount of \$1,628,568. General debt service fund transfer to Proposal A, B, and C debt service funds in the amount of \$3,057,807 for principle and interest payments on outstanding debt.

Capital Projects Fund

Transfer to general fund per budget amendment for items that fell under the threshold to be considered capital purchases.

Sewer Fund

Transfer to general fund for storm sewer operating expenditures.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 - Operating Leases

The City leases copy machines and telephones which are being treated as operating leases. The leases have various terms of three to four years and the future minimum lease payments remaining on these leases are as follows:

Year Ending June 30

2011	\$ 114,014
2012	30,628
2013	27,731

Lease costs for the year ended June 30, 2010, are \$169,794.

Note 8 - Long-term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2010:

	<u>Storm Drains and IBNR</u>	<u>Street Bonds</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total Long-Term Debt</u>	<u>Downtown Development Authority Construction</u>
Long-term debt/liabilities payable at July 1, 2009	\$ 33,003,668	\$ 1,025,000	\$ 11,000,000	\$ 5,284,157	\$ 50,312,825	\$ 26,070,000
Addition of new debt	16,378,674	-	-	4,268,207	20,646,881	-
Long-term debt retired	<u>(18,635,281)</u>	<u>(175,000)</u>	<u>(300,000)</u>	<u>(4,601,287)</u>	<u>(23,711,568)</u>	<u>(1,975,000)</u>
Total long-term debt/liabilities payable at June 30, 2010	<u>\$ 30,747,061</u>	<u>\$ 850,000</u>	<u>\$ 10,700,000</u>	<u>\$ 4,951,077</u>	<u>\$ 47,248,138</u>	<u>\$ 24,095,000</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Governmental Activities

	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>	<u>Due</u>
	<u>July 1, 2009</u>	<u>(Deductions)</u>	<u>June 30, 2010</u>	<u>Within</u>
				<u>One Year</u>
George W. Kuhn Drain District Bonds, Series 2007G dated 9/20/07; original issue amount \$46,242; bearing interest at 1.625%; principal due in annual installments of \$1,949 to \$2,599 through April 1, 2028	\$ 43,636	\$ (1,949)	\$ 41,687	\$ 2,079
Street, Roads and Streetscape Improvement General Obligation Bonds dated 11/1/01; original issuance amount \$6,850,000; bearing interest at 3.25% to 4.70%; principal due in annual installments of \$150,000 to \$600,000 through October 1, 2020; refunded	5,300,000	(4,975,000)	325,000	325,000
Public Safety Facilities and City Hall General Obligation Bonds dated 8/1/00; original issuance amount \$2,330,000; bearing interest at 4.625% to 4.75%; principal due in annual installments of \$80,000 to \$500,000 through October 1, 2010	900,000	(400,000)	500,000	500,000
Public Safety Facilities and City Hall General Obligation Bonds dated 11/1/01; original issuance amount \$1,170,000; bearing interest at 3.75% to 4.75%; principal due in annual installments of \$15,000 to \$110,000 through October 1, 2020; refunded	970,000	(915,000)	55,000	55,000
George W. Kuhn Drain District Drain Bonds, Series 2001D dated 12/20/01; original issuance amount \$81,089; bearing interest at 2.50%; principal due in annual installments of \$3,198 to \$5,116 through April 1, 2025	67,277	(25,257)	42,020	2,686

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Governmental Activities – Continued

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
George W. Kuhn Drain District Drain Bonds, Series 2008H dated 9/22/08; original issuance amount \$135,137; bearing interest at 2.50%; principal due in annual installments of \$7,638 to \$12,473 through April 1, 2024	\$ 135,137	\$ 61,816 (7,796)	\$ 189,157	\$ 8,056
Refunding Bonds, Recreation; dated 3/31/10; original issuance amount \$5,910,000; bearing interest at 2.0% to 5/0%; principal due in annual installments of \$15,000 to \$665,000 through October 1, 2020	-	5,910,000	5,910,000	15,000
Community Center and Recreational Facilities General Obligation Bonds dated 11/1/01; original issuance amount \$9,470,000; bearing interest at 3.00% to 4.625%; principal due in annual installments of \$200,000 to \$700,000 through October 1, 2020; refunded	7,095,000	(6,595,000)	500,000	500,000
North Arm Relief Drain Revenue Bonds dated 1998; original issuance amount \$926,972; bearing interest at 2.25%; principal due in annual installments of \$38,408 to \$54,933 through October 1, 2020	597,662	(44,087)	553,575	45,088
George W. Kuhn Drain District Drain Bonds, Series 2001C dated 10/1/01; original issuance amount \$2,102,682; bearing interest at 2.50%; principal due in annual installments of \$82,368 to \$131,609 through April 1, 2024	1,669,995	(93,111)	1,576,884	95,414
Michigan Transportation Fund Bonds serviced by the Downtown Development Authority Fund, dated 2/1/2000; original issuance amount \$5,600,000; bearing interest at 4.75% to 5.45%; principal due in annual installments of \$125,000 to \$1,300,000 through May 1, 2014	1,025,000	(175,000)	850,000	175,000

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Governmental Activities - Continued

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Public Safety Facilities and City Hall General Obligation Bonds, dated 2/1/03; original issuance amount \$14,500,000; bearing interest at 2.50% to 4.50%; principal due in annual installments of \$500,000 to \$1,100,000 through April 1, 2020	\$11,500,000	\$ (500,000)	\$ 11,000,000	\$ 500,000
Refunding Bonds, Streets, dated 3/31/10; original issuance amount \$4,515,000; bearing interest at 2.0% to 5.0%; principal due in annual installments of \$15,000 to \$575,000 through October 1, 2020	-	4,515,000	4,515,000	15,000
George W. Kuhn Drain District Refunding Drain Bonds, Series 2007, dated 8/01/07; original issuance amount \$318,728; bearing interest at 2.55%; principal due in annual installments of \$1,663 to \$29,033 through April 1, 2024	311,054	(8,697)	302,357	9,337
George W. Kuhn Drain District Drain Bonds dated 9/25/05, Series 2005; original issuance amount \$41,440; bearing interest at 1.625%; principal due in annual installments of \$1,790 to \$2,430 through April 1, 2026	36,640	(4,440)	32,200	1,819
Refunding Bonds, dated 2/29/08; original issuance amount \$3,505,000; bearing interest at 3.00% to 4.00%; principal due in annual installments of \$165,000 to \$365,000 through October 1, 2020	3,285,000	(165,000)	3,120,000	215,000
George W. Kuhn Drain District Drain Bonds, Series 2000A dated 10/1/00; original issuance amount \$457,372; bearing interest at 2.50%; principal due in annual installments of \$17,906 to \$28,650 through April 1, 2022	322,309	(21,231)	301,078	21,871

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Governmental Activities – Continued

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Refunding bonds (Public Safety), dated 3/31/10; original issuance amount \$835,000; bearing interest at 2.0% to 5.0%; principal due in annual installments of \$60,000 to \$105,000 through October 1, 2020	\$ -	\$ 835,000	\$ 835,000	\$ -
George W. Kuhn Drain District Drain Bonds, Series 2001E dated 1/1/02; original issuance amount \$252,476; bearing interest at 4.00% to 5.25%; principal due in annual installments of \$8,953 to \$18,415 through April 1, 2024	<u>31,336</u>	<u>(10,232)</u>	<u>21,104</u>	<u>10,232</u>
Total Long-term Debt	<u>33,290,046</u>	<u>(2,619,984)</u>	<u>30,670,062</u>	<u>2,496,582</u>
Other Long-term Obligations				
Compensated Absences	5,284,157	4,268,207	-	-
	-	(4,601,287)	4,951,077	2,717,625
Incurred but not reported insurance claims	738,622	5,056,858	-	-
	<u>-</u>	<u>(4,868,481)</u>	<u>926,999</u>	<u>519,206</u>
Total Governmental Activities	<u>\$ 39,312,825</u>	<u>\$(2,764,687)</u>	<u>\$ 36,548,138</u>	<u>\$ 5,733,413</u>

Compensated absences are liquidated through the Internal Service Fund and incurred but not reported insurance claims are generally liquidated through the General Fund.

Business-Type Activities

Municipal Building Authority Golf Course Bonds serviced by the Golf Course Fund, dated 7/1/02; original issuance amount \$12,000,000; bearing interest at 3.25% to 5.00%; principal due in annual installments of \$200,000 to \$900,000 through December 1, 2027	\$ 11,000,000	\$ (300,000)	\$ 10,700,000	\$ 400,000
Total Governmental and Business-type Activities	<u>\$ 50,312,825</u>	<u>\$(3,064,687)</u>	<u>\$ 47,248,138</u>	<u>\$ 6,133,413</u>

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Component Units

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Downtown Development Authority Development Bonds, dated 7/19/01; original issuance amount \$14,255,000; bearing interest at 4.00% to 5.50%; principal due in annual installments of \$545,000 to \$1,165,000 through November 1, 2018	\$ 9,325,000	\$ (730,000)	\$ 8,595,000	\$ 770,000
2002 Downtown Development Authority Community Center Facilities Bonds serviced by the Downtown Development Authority Fund, dated 9/1/02; original issuance amount \$9,700,000; bearing interest at 2.05% to 5.00%; principal due in annual installments of \$400,000 to \$850,000 through May 1, 2018	6,900,000	(575,000)	6,325,000	600,000
2003 Downtown Development Authority Community Center Facilities Junior Lien Bonds serviced by the Downtown Development Authority Fund, dated 6/1/03; original issuance amount \$4,025,000; bearing interest at 2.50% to 4.25%; principal due in annual installments of \$75,000 to \$500,000 through November 1, 2018	3,475,000	(200,000)	3,275,000	200,000
Downtown Development Authority Refunding Bonds, dated 7/19/01; original issuance amount \$9,745,000; bearing interest at 4.00% to 5.50%; principal due in annual installments of \$380,000 to \$800,000 through November 1, 2018	<u>6,370,000</u>	<u>(470,000)</u>	<u>5,900,000</u>	<u>495,000</u>
Total Downtown Development Authority	<u>\$ 26,070,000</u>	<u>\$(1,975,000)</u>	<u>\$24,095,000</u>	<u>\$2,065,000</u>

It is the intent of the City that all payments relating to these obligations will be made from revenues generated from operations of the respective funds. The City has pledged its full faith and credit for the debt if revenues are insufficient to meet the obligations, of all general obligation bonds.

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

The annual debt requirements to maturity for all long-term debts outstanding as of June 30, 2010, exclusive of earned but unpaid sick pay and insurance claims are as follows:

Year Ending June	<u>Government Activities</u>			<u>Business Type Activities</u>			<u>Component Units</u>		
	General Obligation Debt								
	Serviced by Government Fund Types	Street Bonds	Amount of Annual Interest	Proprietary Fund Types	Amount of Annual Interest	Total	Downtown Development Authority	Amount of Annual Interest	Total
2011	\$ 2,321,582	\$ 175,000	\$ 1,147,338	\$ 400,000	\$ 501,945	\$ 4,545,865	\$ 2,065,000	\$1,079,374	\$ 3,144,374
2012	2,336,167	200,000	1,059,753	400,000	485,446	4,481,366	2,215,000	989,480	3,204,480
2013	2,431,776	225,000	971,923	400,000	468,597	4,497,296	2,365,000	888,602	3,253,602
2014	2,491,746	250,000	864,165	400,000	451,247	4,457,158	2,490,000	772,871	3,262,871
2015	2,622,182	-	754,283	450,000	431,248	4,257,713	2,650,000	648,953	3,298,953
2016	2,712,716	-	657,724	500,000	408,998	4,279,438	2,815,000	515,814	3,330,814
2017	2,758,787	-	556,852	500,000	386,748	4,202,387	3,005,000	376,638	3,381,638
2018	2,684,268	-	454,627	500,000	364,248	4,003,143	3,175,000	231,600	3,406,600
2019	2,874,959	-	337,433	600,000	339,123	4,151,515	3,315,000	78,450	3,393,450
2020	2,921,158	-	208,369	600,000	310,999	4,040,526	-	-	-
2021	3,060,976	-	80,962	600,000	282,124	4,024,062	-	-	-
2022	201,424	-	16,002	600,000	252,500	1,069,926	-	-	-
2023	164,083	-	10,464	700,000	220,000	1,094,547	-	-	-
2024	166,841	-	6,090	700,000	185,000	1,057,931	-	-	-
2025	16,112	-	1,658	800,000	147,500	965,270	-	-	-
2026	16,479	-	1,296	800,000	107,500	925,275	-	-	-
2027	14,552	-	928	850,000	66,250	931,730	-	-	-
2028	14,527	-	586	900,000	22,500	937,613	-	-	-
2029	9,727	-	244	-	-	9,971	-	-	-
Total	\$29,820,062	\$ 850,000	\$ 7,130,697	\$10,700,000	\$5,431,973	\$53,932,732	\$ 24,095,000	\$5,581,782	\$ 29,676,782

Special Assessment Bonds

In the event that special assessment collections are insufficient to meet debt service costs of such issues, the City has pledged its full faith and credit as additional security for payment of related principal and interest.

Advance Refunding

During 2010, the government advance refunded three general obligation bond issues. The government issued \$11,260,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

refunded bonds are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$578,137 and to obtain an economic gain (difference between the percent value of the debt service payments of the refunded and refunding bonds) of \$503,147.

Note 9 - Net Assets/Fund Balance Classification Policies and Procedures

The City adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in the current year. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the City's various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

Restricted for Pension and Other Employee Benefits

The related amount restricted in the Fiduciary Fund reserve is largely comprised of equity recorded in the pension trust fund. In addition, equity is set aside to pay for sick pay and vacation pay in the internal service funds.

Net Assets

Net assets have been restricted for (a) debt service, based upon bond indenture agreements and the City's understanding that bond proceeds generated by these funds are only to be spent on specified construction or the retirement of related debt, (b) replacements and extensions based upon bond indenture agreements or the limited purpose for which a fund was established, (c) employee fringe benefits based upon the limited purpose for which funds have been established, and (d) outstanding purchase orders for motor equipment and supplies.

Spendable Fund Balance

The following is a summary of the spendable fund balances of the Governmental Funds with management's designations:

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

	Funds			
	General	Capital Projects	Nonmajor	Permanent
Restricted:				
Debt Service, Road Maintenance, Capital Improvements and Budget Stabilization	\$ -	\$ 130,842	\$ 7,944,896	\$ 218,367
Committed:				
Volunteer Firefighters Incentive Reserve	\$ 1,000,000	\$ -	\$ -	\$ -
Subsequent years budgets	2,400,000	-	89,400	-
Total committed	<u>\$ 3,400,000</u>	<u>\$ -</u>	<u>\$ 89,400</u>	<u>\$ -</u>
Assigned:				
Improvement and maintenance	3,829,067	17,209,784	-	-
Insurance Claims	3,342,828	-	-	-
Snow and ice control	-	-	700,000	-
Tax appeals	2,000,000	-	-	-
Total assigned	<u>\$ 9,171,895</u>	<u>\$ 17,209,784</u>	<u>\$ 700,000</u>	<u>\$ -</u>
Unassigned:	<u>\$ 10,722,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total spendable fund balance	<u><u>\$ 23,294,166</u></u>	<u><u>\$ 17,340,626</u></u>	<u><u>\$ 8,734,296</u></u>	<u><u>\$ 218,367</u></u>

Note 10 - Risk Management

The City has entered into a Public Entity Risk Pool with other Michigan units of government as an individual member for its general liability, property damage insurance including auto and public officials liability and contractors equipment. The City's maximum deductible for property coverage is \$11,000 per occurrence. The liability maximum self-insured retention is \$500,000 per occurrence with an aggregate stop loss of \$1,000,000 per policy year for both property and liability.

The City accounts for transactions related to these risks in accordance with GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which states that a liability for claims must be reported if information prior to the issuance of the

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

financial statements indicates it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss that can be reasonably estimated.

No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2010.

The City has also entered into a public entity risk pool with other Michigan units of government for its workers compensation insurance.

Note 11 - Litigation and Contingent Liabilities

Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City of Troy denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance, or if not so covered, are without merit or of such kind, or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

Condemnations

The City of Troy has exercised its condemnation rights under Michigan law and has awarded the affected property owners a monetary settlement for their property. Certain of these property owners have contested the settlement amount and have subsequently filed suit. The amount of final settlements cannot be determined and have not been recorded in the financial statements.

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling approximately \$290,808,735 (taxable values) to the Michigan Tax Tribunal. If the City is not successful with a portion of these appeals, the City of Troy's share of the tax to be refunded would be the levied rate (approximately \$10 per thousand of assessed value) plus interest. The amount of refund (if any) cannot be determined as of June 30, 2010.

Note 12 - Property Taxes

Property taxes are recorded on the modified accrual basis of accounting and are levied, and become a lien on July 1st on the taxable valuation of the property located within its boundaries as of the preceding December 31st. Taxable value is determined by the prior year's taxable value

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

plus 5% or the Consumer Price Index whichever is less, starting with the 1994 state equalized value as the base taxable value. Assessed values are equalized by the State, to closely approximate fifty percent of estimated current market value. The final taxable value of real and personal property subject to property tax within the City for the fiscal 2009-2010 levy was \$5,459,779,936. The City's operating tax rate was 6.50 mills for the same year with additional millages of .50, 1.53 and .75 levied to fund various types of debt service costs, capital outlay expenditures and refuse removal and disposal, respectively.

In addition to collecting their own taxes, the City also acts as collection agent for all overlapping governments and school districts within its boundaries, which includes seven school districts, two intermediate school districts, a community college, and Oakland County.

City taxes are received in one installment, collectible from July 1st to September 1st. Any real property taxes not paid by March 1st, following the due date, are reimbursed by the County. The County Treasurer takes over collection responsibility at that date, as well as delinquent personal property taxes.

The City is occasionally ordered by the Michigan Tax Tribunal to refund taxes already collected and recorded into revenue. It is, therefore, the City's policy to compensate for doubtful accounts, as well as refunds of taxes already collected through use of an allowance for doubtful taxes receivable and as assigned general fund balance.

Note 13 - Retirement System and Plan

Employee Retirement System

The City of Troy, Michigan, under the authorization of the City ordinance, maintains employee retirement plans covering all full-time employees. The single-employer defined benefit plan provides retirement benefits based on credited service time and average compensation with death and disability benefits, and under some circumstances, payments to dependents. Normal retirement age is 65 with provisions for early and late retirement. Participants under such plan are required to contribute a fixed percentage of their total compensation, with the City's contribution being an amount sufficient to cover current service costs and prior service costs which are being funded and charged to operations over the average expected active future working life time. The percent of wages required to be contributed by all employees participating in the primary plan was 1.5 to 4.0 percent as of June 30, 2010. The City's total payroll for the year ended June 30, 2010, was \$33,675,624. Included in this total was \$10,017,786 and \$19,643,900 of covered payroll for the employee retirement system and the employee defined contribution plan, respectively. \$4,013,938 represents payroll, which was not covered by the retirement system or the defined contribution plan. The plan is closed to new participants. Current membership in the system is as follows:

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

<u>Group</u>	<u>December 31, 2009</u>
Retirees and beneficiaries currently receiving benefits	255
Vested terminated employees	12
Active employees:	
Fully vested	126
Nonvested	2

The employee retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2010 were determined using the aggregate cost method. Unfunded actuarial liabilities were amortized as a level percent of payroll on an open basis over the expected future service and pay service period of active members.

For the year ended June 30, 2010, contributions totaling \$1,657,721 (\$1,361,354 employer and \$296,367 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2008, which was net of the amortization of assets in excess of unfunded actuarial accrued liability. Employer and employee contributions were based on 13.6 percent and 3.0 percent, respectively, of covered payroll.

Significant actuarial assumptions used include (a) a 6.5 percent investment rate of return, (b) projected salary increases of 3.5 percent per year compounded annually, attributable to inflation, additional projected salary increases ranging from .2 to 4 percent per year, depending on age, attributable to seniority/merit and the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five year period.

Incentive Plan for Volunteer Firefighters

The City of Troy has a noncontributory discretionary incentive plan established by resolution of the City Council covering its volunteer firefighters. The single-employer plan benefits are determined based on annual contribution amounts for each year of incentive service. The normal cost and amortization payment for the year ended June 30, 2010 was determined using an

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

individual entry age funding method. At January 1, 2010, the benefit payment amount was \$605 per year for incentive service. Participants are eligible for payments at age 55 with ten or more years of volunteer service, age 50 with 25 years of service or 30 years of incentive service regardless of age. The City's contribution to the plan for the year ended June 30, 2010, was \$864,167. The volunteer firefighters are not paid any remuneration for their service. Unfunded actuarial liabilities were amortized as a level dollar amount on a closed basis. The amortization period is 25 years.

<u>Group</u>	<u>December 31, 2009</u>
Retirees and beneficiaries currently receiving benefits	79
Vested terminated employees	27
Active employees:	
Fully vested	61
Nonvested	76

Significant actuarial assumptions used include a 6.5 percent investment rate of return. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four year period.

See the required supplementary information section of the financial statements for the summaries of Schedule of Funding Progress and Schedule of Employer Contributions.

**Three-Year Trend Information
Employee Retirement System
(\$ Amounts in Thousands)**

<u>Fiscal Year Ended June 30,</u>	<u>Actuarial Valuation Date December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	2006	\$ 273	100.0%	None
2009	2007	428	100.0	None
2010	2008	1,361	100.0	None

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

**Three-Year Trend Information
Incentive Plan for Volunteer Firefighters
(\$ Amounts in Thousands)**

Fiscal Year Ended June 30,	Actuarial Valuation Date December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	2006	\$ 800	100.0%	None
2009	2007	885	100.0	None
2010	2008	864	100.0	None

The plans do not issue a separate financial report.

The funded status of the Employee Retirement System Pension Benefits (ERS) and the Incentive Plan for Volunteer Firefighters (IPVF) as of December 31, 2009, the most recent actuarial valuation date, is as follows (dollar amount in thousands).

Actuarial Valuation December 31, 2009	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll (b-a)/(c)
ERSPB	\$ 132,465	\$ 139,519	\$ 7,054	94.9 %	\$ 10,483	67.3%
IPVF	5,325	12,625	7,300	42.2	N/A	N/A

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Statement of Net Assets

	Employees' Retirement System	Discretionary Fire Incentive Reserve Fund
ASSETS		
Cash and cash equivalents	\$ 3,163,998	\$ -
Interest receivable	302,801	9,869
Investments		
U.S. Government securities	16,415,144	4,988,944
Corporate bonds	21,896,995	-
Corporate equities, preferred	3,208,920	-
Corporate equities, common	75,980,977	-
Mutual funds	30,616,540	819,978
Total assets	151,585,375	5,818,791
LIABILITIES		
Accounts payable	5,590	810,650
NET ASSETS		
Held in trust for pension benefits	114,003,190	5,008,141
Held in trust for postemployment healthcare benefits	37,576,595	-
Total net assets	\$ 151,579,785	\$ 5,008,141

CITY OF TROY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Statement of Changes in Fund Net Assets

	Employees' Retirement System	Discretionary Fire Incentive Reserve Fund
Additions		
Contributions		
Employer contributions	\$ 1,361,354	\$ 864,167
Employee contributions	296,367	-
Total contributions	1,657,721	864,167
Investment income		
Interest	2,014,839	278,033
Dividends	2,244,059	-
Net adjustment in fair value of investments	14,933,510	3,187
Total investment earnings	19,192,408	281,220
Total additions	20,850,129	1,145,387
Deductions		
Benefits	10,099,374	1,193,267
Administrative expenses	81,624	12,130
Total deductions	10,180,998	1,205,397
Net increase(decrease) in plan net assets	10,669,131	(60,010)
Net assets held in trust, beginning of year for:		
Pension benefits	100,596,724	5,068,151
Postemployment healthcare benefits	40,313,930	-
Total net assets held in trust, beginning of year	140,910,654	5,068,151
Net assets held in trust, end of year for:		
Pension benefits	114,003,190	5,008,141
Postemployment healthcare benefits	37,576,595	-
Total net assets held in trust, end of year	\$ 151,579,785	\$ 5,008,141

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Note 14 - Defined Contribution Plan

The City maintains a defined contribution plan (DCP) administered by the International City Manager's Association Retirement Corporation (ICMARC), which qualifies under the Internal Revenue Code Section 401(a). Classified, Exempt and Fire Staff Officers in the City's Employees Retirement System were given the option to transfer to the DCP by December 31, 1997. Employees who elected to transfer to the DCP had their individually actuarially determined earned retirement benefits in the Employees Retirement System determined as of the date of election to transfer to the DCP. In 1998, the City afforded the option to AFSCME members of the Employees Retirement System to elect a transfer to the DCP, of which 41 employees elected such transfer. In 1999, the City afforded the option to MAP members of the Employees Retirement System to elect a transfer to the DCP, of which 29 employees elected such transfer. In 2000, the City afforded the option to TCOA members of the Employees Retirement System to elect a transfer to the DCP, of which 20 employees elected such transfer. In 2002, the City afforded the option to TPOA members of the Employees Retirement System to elect a transfer to the DCP of which 19 employees elected such transfer. The DCP is also in effect for all new full-time employees. Total membership in the DCP as of June 30, 2010 was 294.

The DCP maintains a schedule of vesting as follows: participants who transferred from the Employees Retirement System are fully vested. For new hires the following schedule applies: 50% vested after 3 years, 75% vested after 4 years and 100% vested after 5 years. Employees contribute 3 to 6 percent of their salary, while the employer contributes 10 to 13 percent. All employees are able to contribute up to 10 percent of their salary on a voluntary after-tax basis. All contributions are remitted to a third-party plan administrator.

The DCP was established by City Council resolution and any amendments to the plan would require City Council approval.

The City's payroll for employees covered by the DCP for the year ended June 30, 2010, was \$19,643,900, and the City's total payroll was \$33,675,624. The required contributions, which matched those actually made, were \$888,685 by employees and \$2,229,055 by the City, representing 4.5 percent and 11.3 percent of covered payroll, respectively.

Note 15 - Retiree Health Care Trust Fund

Plan Description

The City provides certain healthcare benefits for retired employees in accordance with the bargaining groups agreements and other requirements. Substantially all of the City's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the City. The City's contribution for healthcare benefits is accounted for in the

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Retiree Health Care Trust Fund. The employers contribution of \$3,698,049 was attributable to healthcare benefits. This contribution represented 12.5 percent of total covered payroll during the current year. During the current year, healthcare benefits paid for 250 retirees totaled \$2,737,336, which was paid out of the Employees Retirement System. Future payments will be made by the Employees Retirement System until the reserves that have accumulated there are exhausted.

This is a single employee defined benefit plan administered by the City. The Plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

Funding Policy

For current employees not covered by the Retiree Health Savings Account Plan, the City includes retirees and their spouses in its healthcare plan, with no contribution required by participants if they retire with 25 or more years of service. If under 25 years of service, the City contributes 4% per year of service, or \$400 per month, whichever is greater.

The funding progress of the Plan as of December 31, 2008, the most recent valuation date, is as follows:

Valuation as of December 31, 2008:

Actuarial value of assets	\$ 38,093,710
Actuarial value of liabilities (AAL)	91,965,894
Unfunded AAL	53,872,184
Funded Ratio	41.4%
Annual covered payroll	31,168,000

Funding Progress

For the year ended June 30, 2010, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 3,901,186
Amount contributed	<u>(3,698,049)</u>
Increase in OPEB obligation	203,137
Net OPEB obligation, beginning of year	<u>156,684</u>
Net OPEB obligation, end of year	<u>\$ 359,821</u>

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows (dollar amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 2,923	100%	\$ -
June 30, 2009	3,759	97.1	156,684
June 30, 2010	3,898	94.8	359,821

Actuarial Methods and Assumptions

In the December 31, 2008 actuarial valuation, the individual entry age normal actuarial cost method was used. The actuarial assumptions include an assumed rate of return of 6.5%. An annual healthcare cost trend of 9% was used in fiscal year 2010 decreasing to 4.0% by 2018. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percent of payroll on an open basis. The remaining amortization period as of December 31, 2008 was 30 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

<u>Actuarial Valuation December 31,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Active Member Covered Payroll (c)</u>	<u>Unfunded AAL as a Percentage of Active Member Covered Payroll (b-a)/(c)</u>
2008	\$ 38,094	\$ 91,966	\$ 53,872	41.4%	\$ 31,168	172.8%

CITY OF TROY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Statement of Net Assets

	Retiree Health Care Trust Fund
ASSETS	
Cash and cash equivalents	\$ 2,168,273
Interest receivable	141
Investments	
Mutual funds	14,231,557
Other investments	764,793
Total assets	<u>17,164,764</u>
NET ASSETS	
Held in trust for postemployment healthcare benefits	<u>17,164,764</u>
Total net assets	<u><u>\$ 17,164,764</u></u>

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Statement of Changes in Fund Net Assets

	Retiree Health Care Trust Fund
Additions	
Contributions	
Employer contributions	\$ 3,698,049
Total contributions	3,698,049
Investment income	
Interest	19,431
Dividends	212,427
Net adjustment in fair value of investments	1,057,115
Total investment earnings	1,288,973
 Total additions	 4,987,022
Deductions	
Benefits	-
Net increase in plan net assets	4,987,022
Net assets held in trust, beginning of year for:	
Postemployment healthcare benefits	12,177,742
 Net assets held in trust, end of year for:	
Postemployment healthcare benefits	\$ 17,164,764

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 16 - Deficit Net Assets

The Sanctuary Lake golf course fund has deficit net assets of \$3,995,179 at June 30, 2010.

The Sanctuary Lake golf course completed its fifth year of operations with operating revenues of \$973,788 and operating expenses of \$1,123,078 plus the addition of interest expense on outstanding debt of \$515,200 resulting in a negative change in net assets of \$664,226, compared to \$716,054 last fiscal year. Several reasons are attributable for the deficit:

- Economy
- Weather conditions

The City turned over operations and management of both courses on June 15, 2010 to Billy Casper Golf with the hope of reducing and even eliminating the deficit in the next several years.

The Downtown Development Authority (component unit) reflected a deficit net asset position of \$12,678,066 compared to \$12,291,189 last fiscal year. This deficit is attributable to recognizing this fund as a component unit and the corresponding outstanding long-term debt.

Note 17 - Restatements

There was an adjustment made to the sanitary sewer fund's accumulated depreciation for the year ended June 30, 2009. The adjustment had the following effect on the beginning net assets:

	<u>Sanitary Sewer Fund</u>
Net assets as previously reported	\$ 59,818,602
Prior period adjustment	
Adjust accumulated depreciation	<u>1,803,349</u>
Net assets as restated	<u>\$ 61,621,951</u>

CITY OF TROY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

In addition, the prior period adjustment had the following effect on government-wide net assets:

	<u>Business-type Activities</u>
Net assets as previously reported	\$ 156,019,045
Prior period adjustment	
Adjust accumulated depreciation	<u>1,803,349</u>
Net assets as restated	<u>\$ 157,822,394</u>

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE RETIREMENT SYSTEM AND INCENTIVE PLAN AND
RETIREE HEALTH CARE FUND

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EMPLOYEE RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 (\$ amounts in thousands)

PENSION ONLY

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll (b-a)/(c)
2004	\$ 126,802	\$ 109,364	\$ (17,438)	115.9	\$ 12,572	(138.7)%
2005	128,790	113,260	(15,530)	113.7	12,100	(128.4)
2006	132,168	119,299	(12,869)	110.8	11,472	(112.2)
2007	132,917	123,162	(9,755)	107.9	11,046	(88.3)
2008	128,249	126,138	(2,111)	101.7	10,953	(19.3)
2009	132,465	139,519	(7,054)	94.9	10,483	(67.3)

HEALTH ONLY

2004	\$ 36,484	\$ 40,419	\$ 3,935	90.3%	\$ 30,046	13.1%
2005	37,190	43,554	6,364	85.4	29,937	21.3
2006	*	*	*	*	*	*
2007	*	*	*	*	*	*
2008	*	*	*	*	*	*
2009	*	*	*	*	*	*

* - not available

Analysis of the dollar amounts of actuarial value of assets or actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

EMPLOYEE RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 (\$ amounts in thousands)

Fiscal Year Ended June 30,	Actuarial Valuation Date December 31,	Annual Required Contribution	Percent Contributed
2005	2003	\$ 1,716	100.0%
2006	2004	213	100.0
2007	2005	273	100.0
2008	2006	273	100.0
2009	2007	428	100.0
2010	2008	1,361	100.0

INCENTIVE PLAN FOR VOLUNTEER FIREFIGHTERS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 (\$ amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	
2005*	\$ 6,572	\$ 12,052	\$ 5,481	54.5	%
2006*	6,007	11,932	5,925	50.3	
2007*	6,413	13,240	6,827	48.4	
2008*	6,273	13,038	6,765	48.1	
2009	5,325	12,625	7,300	42.2	

* After changes in benefit provisions.

INCENTIVE PLAN FOR VOLUNTEER FIREFIGHTERS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 (\$ amounts in thousands)

Fiscal Year Ended June 30,	Actuarial Valuation Date December 31,	Annual Required Contribution	Percent Contributed
2005	2003	\$ 796	100.0 %
2006	2004	815	100.0
2007	2005	790	100.0
2008	2006	800	100.0
2009	2007	885	100.0
2010	2008	864	100.0

OTHER POSTEMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 (\$ amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets# (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	Active Member Covered Payroll ©	Unfunded AAL as a Percentage of Active Member Covered Payroll (b-a)/©
2006	\$ 43,983	\$ 78,901	\$ 34,918	55.7%	\$ 31,038	112.5%
2007	*	*	*	*	*	*
2008	38,094	91,966	53,872	41.4	31,168	172.8
2009	*	*	*	*	*	*

* Not available

OTHER POSTEMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 (\$ amounts in thousands)

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>ACTUARIAL VALUATION DATE DECEMBER 31</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>PERCENT CONTRIBUTED</u>
2008	2006	\$ 2,923	100.0%
2009	2006	3,759	97.1
2010	2008	3,901	94.8

COMBINING AND INDIVIDUAL FUND STATEMENTS

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CITY OF TROY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue					Permanent Fund	
	Major Streets	Local Streets	Refuse	Community Development Block Grant	Budget Stabilization	Total Special Revenue	Cemetery Perpetual Care
Assets							
Cash and cash equivalents	\$ 956,051	\$ 656,650	\$ 214,120	\$ -	\$ -	\$ 1,826,821	\$ 161,420
Investments	337,218	231,614	75,524	-	2,118,995	2,763,351	56,936
Interest receivable	63	43	14	-	-	120	11
Due from other governments	867,294	343,533	-	112,312	-	1,323,139	-
Total assets	\$ 2,160,626	\$ 1,231,840	\$ 289,658	\$ 112,312	\$ 2,118,995	\$ 5,913,431	\$ 218,367
Liabilities							
Accounts payable	\$ -	\$ -	\$ 168,419	\$ 3,600	\$ -	\$ 172,019	\$ -
Due to other funds	-	-	-	108,712	312,000	420,712	-
Total liabilities	-	-	168,419	112,312	312,000	592,731	-
Fund balance							
Restricted	1,860,626	742,440	121,239	-	1,806,995	4,531,300	218,367
Committed	-	89,400	-	-	-	89,400	-
Assigned	300,000	400,000	-	-	-	700,000	-
Total fund balances	2,160,626	1,231,840	121,239	-	1,806,995	5,320,700	218,367
Total liabilities and fund balance	\$ 2,160,626	\$ 1,231,840	\$ 289,658	\$ 112,312	\$ 2,118,995	\$ 5,913,431	\$ 218,367

Continued.....

CITY OF TROY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONCLUDED)

JUNE 30, 2010

	<u>Debt Service</u>				<u>Total Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>General Debt Service</u>	<u>Proposal A Debt Service</u>	<u>Proposal B Debt Service</u>	<u>Proposal C Debt Service</u>		
Assets						
Cash and cash equivalents	\$ 2,524,087	\$ -	\$ -	\$ -	\$ 2,524,087	\$ 4,512,328
Investments	890,296	-	-	-	890,296	3,710,583
Interest receivable	165	-	-	-	165	296
Due from other governments	-	-	-	-	-	1,323,139
Total assets	\$ 3,414,548	\$ -	\$ -	\$ -	\$ 3,414,548	\$ 9,546,346
Liabilities						
Accounts payable	\$ 952	\$ -	\$ -	\$ -	\$ 952	\$ 172,971
Due to other funds	-	-	-	-	-	420,712
Total liabilities	952	-	-	-	952	593,683
Fund balance						
Restricted	3,413,596	-	-	-	3,413,596	8,163,263
Committed	-	-	-	-	-	89,400
Assigned	-	-	-	-	-	700,000
Total fund balances	3,413,596	-	-	-	3,413,596	8,952,663
Total liabilities and fund balance	\$ 3,414,548	\$ -	\$ -	\$ -	\$ 3,414,548	\$ 9,546,346

CITY OF TROY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue					Permanent	
	Major Streets	Local Streets	Refuse	Community Development Block Grant	Budget Stabilization	Total Special Revenue	Cemetery Perpetual Care
Revenues							
Property taxes	\$ -	\$ -	\$ 3,900,932	\$ -	\$ -	\$ 3,900,932	\$ -
Federal grants and reimbursements	-	-	-	127,522	-	127,522	-
State grants and reimbursements	3,337,309	1,321,874	-	-	-	4,659,183	-
Charges for services	-	-	4,796	-	-	4,796	2,740
Investment earnings	21,944	12,633	21,114	-	6,995	62,686	2,325
Other	-	-	-	-	-	-	-
Total revenues	3,359,253	1,334,507	3,926,842	127,522	6,995	8,755,119	5,065
Expenditures							
Current							
Sanitation	-	-	3,996,065	-	-	3,996,065	-
Community development	-	-	-	127,522	-	127,522	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	-	-	3,996,065	127,522	-	4,123,587	-
Revenues over (under) expenditures	3,359,253	1,334,507	(69,223)	-	6,995	4,631,532	5,065
Other financing sources (uses)							
Issuance of debt	-	-	-	-	-	-	-
Payments to escrow agents	-	-	-	-	-	-	-
Transfers in	-	150,000	-	-	-	150,000	-
Transfers out	(2,828,007)	(1,628,568)	-	-	(300,000)	(4,756,575)	-
Total other financing (uses) sources	(2,828,007)	(1,478,568)	-	-	(300,000)	(4,606,575)	-
Net change in fund balances	531,246	(144,061)	(69,223)	-	(293,005)	24,957	5,065
Fund balances, beginning of year	1,629,380	1,375,901	190,462	-	2,100,000	5,295,743	213,302
Fund balances, end of year	\$ 2,160,626	\$ 1,231,840	\$ 121,239	\$ -	\$ 1,806,995	\$ 5,320,700	\$ 218,367

Continued....

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2010

	Debt Service					Total Nonmajor Governmental Funds
	General Debt Service	Proposal A Debt Service	Proposal B Debt Service	Proposal C Debt Service	Total Debt Service	
Revenues						
Property taxes	\$ 2,607,201	\$ -	\$ -	\$ -	\$ 2,607,201	\$ 6,508,133
Federal grants and reimbursements	-	-	-	-	-	127,522
State grants and reimbursements	-	-	-	-	-	4,659,183
Charges for services	-	-	-	-	-	7,536
Investment earnings	45,160	-	-	-	45,160	110,171
Other	230,188	-	-	-	230,188	230,188
Total revenues	2,882,549	-	-	-	2,882,549	11,642,733
Expenditures						
Current						
Sanitation	-	-	-	-	-	3,996,065
Community development	-	-	-	-	-	127,522
Debt service						
Principal	175,000	465,000	950,000	475,000	2,065,000	2,065,000
Interest	125,686	341,669	529,489	295,299	1,292,143	1,292,143
Total expenditures	300,686	806,669	1,479,489	770,299	3,357,143	7,480,730
Revenues over (under) expenditures	2,581,863	(806,669)	(1,479,489)	(770,299)	(474,594)	4,162,003
Other financing sources (uses)						
Issuance of debt	-	4,515,000	835,000	5,910,000	11,260,000	11,260,000
Payments to escrow agents	-	(4,515,275)	(835,800)	(5,910,275)	(11,261,350)	(11,261,350)
Transfers in	-	806,944	1,480,289	770,574	3,057,807	3,207,807
Transfers out	(3,057,807)	-	-	-	(3,057,807)	(7,814,382)
Total other financing sources (uses)	(3,057,807)	806,669	1,479,489	770,299	(1,350)	(4,607,925)
Net change in fund balances	(475,944)	-	-	-	(475,944)	(445,922)
Fund balances, beginning of year	3,889,540	-	-	-	3,889,540	9,398,585
Fund balances, end of year	\$ 3,413,596	\$ -	\$ -	\$ -	\$ 3,413,596	\$ 8,952,663

CITY OF TROY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MAJOR STREETS FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State grants and reimbursements	\$ 3,273,000	\$ 3,273,000	\$ 3,337,309	\$ 64,309
Investment earnings	40,000	40,000	21,944	(18,056)
Total revenues	3,313,000	3,313,000	3,359,253	46,253
Other financing (uses)				
Transfers out	(3,313,000)	(3,313,000)	(2,828,007)	484,993
Net change in fund balances	-	-	531,246	531,246
Fund balance, beginning of year	1,629,380	1,629,380	1,629,380	-
Fund balance, end of year	\$ 1,629,380	\$ 1,629,380	\$ 2,160,626	\$ 531,246

CITY OF TROY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL STREETS FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants and reimbursements	\$ 1,337,000	\$ 1,337,000	\$ 1,321,874	\$ (15,126)
Investment earnings	25,000	25,000	12,633	(12,367)
Total revenues	1,362,000	1,362,000	1,334,507	(27,493)
Other financing sources (uses)				
Transfers in	150,000	150,000	150,000	-
Transfers out	(1,772,240)	(1,772,240)	(1,628,568)	143,672
Total other financing (uses)	(1,622,240)	(1,622,240)	(1,478,568)	143,672
Net change in fund balances	(260,240)	(260,240)	(144,061)	116,179
Fund balance, beginning of year	1,375,901	1,375,901	1,375,901	-
Fund balance, end of year	\$ 1,115,661	\$ 1,115,661	\$ 1,231,840	\$ 116,179

CITY OF TROY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REFUSE FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 3,893,330	\$ 3,893,330	\$ 3,900,932	\$ 7,602
Charges for services	4,500	4,500	4,796	296
Investment earnings	40,000	40,000	21,114	(18,886)
Total revenues	3,937,830	3,937,830	3,926,842	(10,988)
Expenditures				
Sanitation	4,087,830	4,187,830	3,996,065	191,765
Net change in fund balances	(150,000)	(250,000)	(69,223)	180,777
Fund balance, beginning of year	190,462	190,462	190,462	-
Fund balance (deficit), end of year	\$ 40,462	\$ (59,538)	\$ 121,239	\$ 180,777

CITY OF TROY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 158,320	\$ 344,777	\$ 127,522	\$ (217,255)
Expenditures				
Community development	158,320	344,777	127,522	217,255
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TROY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET STABILIZATION FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ 50,000	\$ 50,000	\$ 6,995	\$ (43,005)
Other financing sources (uses)				
Transfers out	(300,000)	(300,000)	(300,000)	-
Net change in fund balances	(250,000)	(250,000)	(293,005)	(43,005)
Fund balance, beginning of year	2,100,000	2,100,000	2,100,000	-
Fund balance, end of year	\$ 1,850,000	\$ 1,850,000	\$ 1,806,995	\$ (43,005)

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2010

	<u>Sylvan Glen Golf Course</u>	<u>Aquatic Center</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,218,709	\$ -	\$ 1,218,709
Investments	420,780	-	420,780
Accounts receivable	11,713	5,288	17,001
Due from other funds	1,139,845	-	1,139,845
Interest receivable	78	-	78
Inventories	11,820	-	11,820
	<u>2,802,945</u>	<u>5,288</u>	<u>2,808,233</u>
Total current assets			
Noncurrent assets			
Capital assets not being depreciated	1,894,552	-	1,894,552
Capital assets being depreciated, net of accumulated depreciation	723,110	1,718,384	2,441,494
	<u>2,617,662</u>	<u>1,718,384</u>	<u>4,336,046</u>
Total capital assets, net of accumulated depreciation			
	<u>2,617,662</u>	<u>1,718,384</u>	<u>4,336,046</u>
Total assets	<u>5,420,607</u>	<u>1,723,672</u>	<u>7,144,279</u>
Liabilities			
Current liabilities			
Accounts payable	125,045	16,779	141,824
Due to other funds	-	376,556	376,556
	<u>125,045</u>	<u>393,335</u>	<u>518,380</u>
Total liabilities			
	<u>125,045</u>	<u>393,335</u>	<u>518,380</u>
Net assets			
Investment in capital assets	2,617,662	1,718,384	4,336,046
Unrestricted (deficit)	2,677,900	(388,047)	2,289,853
	<u>2,677,900</u>	<u>(388,047)</u>	<u>2,289,853</u>
Total net assets	<u>\$ 5,295,562</u>	<u>\$ 1,330,337</u>	<u>\$ 6,625,899</u>

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Sylvan Glen Golf Course</u>	<u>Aquatic Center</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 732,987	\$ 425,155	\$ 1,158,142
Rental			
Golf course	216,306	-	216,306
Restaurant	87,720	-	87,720
Miscellaneous income	91,179	26,515	117,694
Total operating revenues	<u>1,128,192</u>	<u>451,670</u>	<u>1,579,862</u>
Operating expenses			
Operations and maintenance	936,342	397,870	1,334,212
Depreciation	158,281	169,974	328,255
Total operating expenses	<u>1,094,623</u>	<u>567,844</u>	<u>1,662,467</u>
Operating income (loss)	33,569	(116,174)	(82,605)
Nonoperating revenues			
Investment earnings	16,820	-	16,820
Change in net assets	50,389	(116,174)	(65,785)
Net assets, beginning of year	5,245,173	1,446,511	6,691,684
Net assets, end of year	<u>\$ 5,295,562</u>	<u>\$ 1,330,337</u>	<u>\$ 6,625,899</u>

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Sylvan Glen Golf Course	Aquatic Center	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,132,720	\$ 448,447	\$ 1,581,167
Cash payments to employees	(505,071)	(280,917)	(785,988)
Cash payments to suppliers for goods and services	(323,581)	(132,624)	(456,205)
Cash payments for interfund services	(34,247)	(19,529)	(53,776)
Net cash provided by operating activities	269,821	15,377	285,198
Cash flows used by capital and related financing activities			
Purchase of capital assets	(175,294)	(15,377)	(190,671)
Cash flows from investing activities			
Proceeds from sale of investments	1,314,386	-	1,314,386
Purchase of investments	(1,252,360)	-	(1,252,360)
Investment income	17,953	-	17,953
Net cash provided by investing activities	79,979	-	79,979
Net increase in cash and cash equivalents	174,506	-	174,506
Cash and cash equivalents, beginning of year	1,044,203	-	1,044,203
Cash and cash equivalents, end of year	\$ 1,218,709	\$ -	\$ 1,218,709
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 33,569	\$ (116,174)	\$ (82,605)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	158,281	169,974	328,255
Changes in assets and liabilities:			
Accounts receivable	4,528	(3,223)	1,305
Inventory	3,468	-	3,468
Accounts payable	69,975	(9,654)	60,321
Due to other funds	-	(25,546)	(25,546)
Total adjustments	236,252	131,551	367,803
Net cash provided by operating activities	\$ 269,821	\$ 15,377	\$ 285,198

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2010

	<u>Compensated Absences</u>	<u>Unemployment Compensation</u>	<u>Custodial Services</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 4,344,364	\$ 190,798	\$ 248,655
Investments	1,532,344	67,298	87,705
Accounts receivable	-	-	-
Interest receivable	283	12	16
Inventory	-	-	-
Total current assets	<u>5,876,991</u>	<u>258,108</u>	<u>336,376</u>
Noncurrent assets			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated net of accumulated depreciation	-	-	-
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>5,876,991</u>	<u>258,108</u>	<u>336,376</u>
Liabilities			
Current liabilities			
Accounts payable	-	26,474	1,224
Compensated absences	2,717,625	-	-
Total current liabilities	<u>2,717,625</u>	<u>26,474</u>	<u>1,224</u>
Noncurrent liabilities			
Compensated absences	2,233,452	-	-
Total liabilities	<u>4,951,077</u>	<u>26,474</u>	<u>1,224</u>
Net assets			
Investment in capital assets	-	-	-
Unrestricted	925,914	231,634	335,152
Total net assets	<u>\$ 925,914</u>	<u>\$ 231,634</u>	<u>\$ 335,152</u>

CITY OF TROY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

JUNE 30, 2010

	<u>Information Technology</u>	<u>Motor Equipment</u>	<u>Worker's Compensation</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 1,002,045	\$ 4,157,235	\$ 1,613,328	\$ 11,556,425
Investments	353,442	1,466,368	569,053	4,076,210
Accounts receivable	-	57,650	-	57,650
Interest receivable	65	271	105	752
Inventory	-	313,423	-	313,423
Total current assets	<u>1,355,552</u>	<u>5,994,947</u>	<u>2,182,486</u>	<u>16,004,460</u>
Noncurrent assets				
Capital assets not being depreciated	-	10,248	-	10,248
Capital assets being depreciated net of accumulated depreciation	466,548	3,237,845	-	3,704,393
Total capital assets, net of accumulated depreciation	<u>466,548</u>	<u>3,248,093</u>	<u>-</u>	<u>3,714,641</u>
Total assets	<u>1,822,100</u>	<u>9,243,040</u>	<u>2,182,486</u>	<u>19,719,101</u>
Liabilities				
Current liabilities				
Accounts payable	38,945	137,310	-	203,953
Compensated absences	-	-	-	2,717,625
Total current liabilities	<u>38,945</u>	<u>137,310</u>	<u>-</u>	<u>2,921,578</u>
Noncurrent liabilities				
Compensated absences	-	-	-	2,233,452
Total liabilities	<u>38,945</u>	<u>137,310</u>	<u>-</u>	<u>5,155,030</u>
Net assets				
Investment in capital assets	466,548	3,248,093	-	3,714,641
Unrestricted	1,316,607	5,857,637	2,182,486	10,849,430
Total net assets	<u>\$ 1,783,155</u>	<u>\$ 9,105,730</u>	<u>\$ 2,182,486</u>	<u>\$ 14,564,071</u>

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Compensated Absences</u>	<u>Unemployment Compensation</u>	<u>Custodial Services</u>
Operating revenues			
Charges for services	\$ 4,268,207	\$ -	\$ 1,215,682
Equipment rental	-	-	-
Building rental	-	-	-
Other	-	200,691	-
Total operating revenues	<u>4,268,207</u>	<u>200,691</u>	<u>1,215,682</u>
Operating expenses			
Cost of services	3,706,855	199,246	1,149,400
Motor vehicle and garage expenses			
Administration	-	-	-
Operations	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>3,706,855</u>	<u>199,246</u>	<u>1,149,400</u>
Operating income	<u>561,352</u>	<u>1,445</u>	<u>66,282</u>
Nonoperating revenues			
Investment earnings	49,800	2,812	1,750
Gain on sale of capital assets	-	-	-
Total nonoperating revenues	<u>49,800</u>	<u>2,812</u>	<u>1,750</u>
Income before transfers	<u>611,152</u>	<u>4,257</u>	<u>68,032</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>611,152</u>	<u>4,257</u>	<u>68,032</u>
Net assets, beginning of year	<u>314,762</u>	<u>227,377</u>	<u>267,120</u>
Net assets, end of year	<u><u>\$ 925,914</u></u>	<u><u>\$ 231,634</u></u>	<u><u>\$ 335,152</u></u>

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Information Technology	Motor Equipment	Worker's Compensation	Total
Operating revenues				
Charges for services	\$ 1,576,310	\$ -	\$ 395,549	\$ 7,455,748
Equipment rental	-	3,289,578	-	3,289,578
Building rental	-	183,031	-	183,031
Other	-	393,437	66,788	660,916
Total operating revenues	1,576,310	3,866,046	462,337	11,589,273
Operating expenses				
Cost of services	1,319,882	-	436,057	6,811,440
Motor vehicle and garage expenses				
Administration	-	558,223	-	558,223
Operations	-	2,432,472	-	2,432,472
Depreciation	32,537	903,351	-	935,888
Total operating expenses	1,352,419	3,894,046	436,057	10,738,023
Operating income (loss)	223,891	(28,000)	26,280	851,250
Nonoperating revenues				
Investment earnings	10,606	55,033	21,951	141,952
Gain on sale of capital assets	-	195,248	-	195,248
Total nonoperating revenues	10,606	250,281	21,951	337,200
Income before transfers	234,497	222,281	48,231	1,188,450
Transfers in	120,211	-	-	120,211
Change in net assets	354,708	222,281	48,231	1,308,661
Net assets, beginning of year	1,428,447	8,883,449	2,134,255	13,255,410
Net assets, end of year	\$ 1,783,155	\$ 9,105,730	\$ 2,182,486	\$ 14,564,071

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Compensated Absences</u>	<u>Unemployment Compensation</u>	<u>Custodial Services</u>
Cash flows from operating activities			
Cash received from interfund services	\$ 4,272,362	\$ 200,873	\$ 1,215,879
Cash payments to employees	(4,039,936)	-	(1,025,921)
Cash payments to suppliers for goods and services	-	(190,669)	(123,963)
Net cash provided (used) by operating activities	232,426	10,204	65,995
Cash flows from noncapital			
Transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	-	-	-
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash used by capital and related financing activities	-	-	-
Cash flows from investing activities			
Proceeds from sale of investments	280,178	12,961	67,595
Purchase of investments	(42,802)	(2,732)	(70,328)
Investment income	49,800	2,812	1,750
Net cash provided (used) by investing activities	287,176	13,041	(983)
Net increase (decrease) in cash and cash equivalents	519,602	23,245	65,012
Cash and cash equivalents, beginning of year	3,824,762	167,553	183,643
Cash and cash equivalents, end of year	\$ 4,344,364	\$ 190,798	\$ 248,655
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating loss	\$ 561,352	\$ 1,445	\$ 66,282
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
Accounts receivable	4,155	182	197
Inventory	-	-	-
Accounts payable	-	8,577	(484)
Accrued liabilities	(333,081)	-	-
Total adjustments	(328,926)	8,759	(287)
Net cash provided (used) by operating activities	\$ 232,426	\$ 10,204	\$ 65,995

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Information Technology</u>	<u>Motor Equipment</u>	<u>Worker's Compensation</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from interfund services	\$ 1,577,178	\$ 3,869,692	\$ 463,924	\$ 11,599,908
Cash payments to employees	(1,058,002)	(1,531,661)	-	(7,655,520)
Cash payments to suppliers for goods and services	(350,846)	(1,523,207)	(436,057)	(2,624,742)
Net cash provided (used) by operating activities	168,330	814,824	27,867	1,319,646
Cash flows from noncapital financing activities				
Transfers from other funds	120,211	-	-	120,211
Net cash provided by noncapital financing activities	120,211	-	-	120,211
Cash flows from capital and related financing activities				
Purchase of capital assets	(120,211)	(348,089)	-	(468,300)
Proceeds from sale of capital assets	-	195,248	-	195,248
Net cash used by capital and related financing activities	(120,211)	(152,841)	-	(273,052)
Cash flows from investing activities				
Proceeds from sale of investments	178,518	684,845	154,859	1,378,956
Purchase of investments	(159,778)	(589,214)	(49,312)	(914,166)
Investment income	10,606	23,790	21,951	110,709
Net cash provided by investing activities	29,346	119,421	127,498	575,499
Net increase in cash and cash equivalents	197,676	781,404	155,365	1,742,304
Cash and cash equivalents, beginning of year	804,369	3,375,831	1,457,963	9,814,121
Cash and cash equivalents, end of year	\$ 1,002,045	\$ 4,157,235	\$ 1,613,328	\$ 11,556,425
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 223,891	\$ (28,000)	\$ 26,280	\$ 851,250
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	32,537	903,351	-	935,888
Changes in assets and liabilities:				
Accounts receivable	868	3,646	1,587	10,635
Inventory	-	(22,495)	-	(22,495)
Accounts payable	-	-	-	8,093
Accrued liabilities	(88,966)	(41,678)	-	(463,725)
Total adjustments	(55,561)	842,824	1,587	468,396
Net cash provided (used) by operating activities	\$ 168,330	\$ 814,824	\$ 27,867	\$ 1,319,646

CITY OF TROY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS**

JUNE 30, 2010

	Pension and Other Employee Benefit Trust Funds			Total Pension Trust Funds
	Employees' Retirement System	Discretionary Fire Incentive Reserve Fund	Retiree Health Care Trust Fund	
Assets				
Cash and cash equivalents	\$ 3,163,998	\$ -	\$ 2,168,273	\$ 5,332,271
Interest receivable	302,801	9,869	141	312,811
Investments				
U.S. Government securities	16,415,144	4,988,944	-	21,404,088
Corporate bonds	21,896,995	-	-	21,896,995
Corporate equities, preferred	3,208,920	-	-	3,208,920
Corporate equities, common	75,980,977	-	-	75,980,977
Mutual funds	30,616,540	819,978	14,231,557	45,668,075
Other investments	-	-	764,793	764,793
Total assets	151,585,375	5,818,791	17,164,764	174,568,930
Liabilities				
Accounts payable	5,590	810,650	-	816,240
Net assets				
Held in trust for pension benefits	114,003,190	5,008,141	-	119,011,331
Held in trust for postemployment healthcare benefits	37,576,595	-	17,164,764	54,741,359
Total net assets	\$ 151,579,785	\$ 5,008,141	\$ 17,164,764	\$ 173,752,690

CITY OF TROY, MICHIGAN
COMBINING STATEMENT OF CHANGES
IN FUND NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension and Other Employee Benefit Trust Funds			Total
	Employees' Retirement System	Discretionary Fire Incentive Reserve Fund	Retiree Health Care Trust Fund	
Additions				
Contributions				
Employer contributions	\$ 1,361,354	\$ 864,167	\$ 3,698,049	\$ 5,923,570
Employee contributions	296,367	-	-	296,367
Total contributions	1,657,721	864,167	3,698,049	6,219,937
Investment income				
Interest	2,014,839	278,033	19,431	2,312,303
Dividends	2,244,059	-	212,427	2,456,486
Net adjustment in fair value of investments	14,933,510	3,187	1,057,115	15,993,812
Total investment earnings	19,192,408	281,220	1,288,973	20,762,601
Total additions	20,850,129	1,145,387	4,987,022	26,982,538
Deductions				
Benefits	10,099,374	1,193,267	-	11,292,641
Administrative expenses	81,624	12,130	-	93,754
Total deductions	10,180,998	1,205,397	-	11,386,395
Net increase (decrease) in plan net assets	10,669,131	(60,010)	4,987,022	15,596,143
Net assets held in trust, beginning of year for				
Pension benefits	100,596,724	5,068,151	-	105,664,875
Postemployment healthcare benefits	40,313,930	-	12,177,742	52,491,672
Total net assets held in trust, beginning of year	140,910,654	5,068,151	12,177,742	158,156,547
Net assets held in trust, end of year for				
Pension benefits	114,003,190	5,008,141	-	119,011,331
Postemployment healthcare benefits	37,576,595	-	17,164,764	54,741,359
Total net assets held in trust, end of year	\$ 151,579,785	\$ 5,008,141	\$ 17,164,764	\$ 173,752,690

CITY OF TROY, MICHIGAN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash and cash equivalents	\$ 1,863,903	\$ 219,732,484	\$ (219,828,228)	\$ 1,768,159
Investments	689,549	2,464,291	(3,128,164)	25,676
Taxes receivable	814,321	225,465,718	(225,378,468)	901,571
Interest receivable	1,730	4	(1,730)	4
Total assets	<u>\$ 3,369,503</u>	<u>\$ 447,662,497</u>	<u>\$ (448,336,590)</u>	<u>\$ 2,695,410</u>
Liabilities				
Accounts payable	\$ 1,930	\$ 215,235,106	\$ (215,230,586)	\$ 6,450
Performance deposits	3,367,573	601,116	(1,279,729)	2,688,960
Total liabilities	<u>\$ 3,369,503</u>	<u>\$ 215,836,222</u>	<u>\$ (216,510,315)</u>	<u>\$ 2,695,410</u>

CITY OF TROY, MICHIGAN

**DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET**

JUNE 30, 2010

	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Net Assets</u>
Assets					
Cash and cash equivalents	\$ 5,928,895	\$ 3,789,801	\$ 9,718,696	\$ -	\$ 9,718,696
Investments	2,091,240	-	2,091,240	-	2,091,240
Receivables					
Taxes receivable	78,069	-	78,069	-	78,069
Interest receivable	388	-	388	-	388
Total assets	<u>\$ 8,098,592</u>	<u>\$ 3,789,801</u>	<u>\$ 11,888,393</u>	<u>-</u>	<u>11,888,393</u>
Liabilities					
Accounts payable	\$ 216,558	\$ -	\$ 216,558	-	216,558
Due to primary government	-	67,485	67,485	-	67,485
Interest payable	-	-	-	187,416	187,416
Deferred revenue	78,069	-	78,069	(78,069)	-
Noncurrent liabilities					
Due within one year	-	-	-	2,065,000	2,065,000
Due after one year	-	-	-	22,030,000	22,030,000
Total liabilities	<u>294,627</u>	<u>67,485</u>	<u>362,112</u>	<u>24,204,347</u>	<u>24,566,459</u>
Fund balance					
Reserved					
Debt service	-	3,722,316	3,722,316	(3,722,316)	-
Unreserved	7,803,965	-	7,803,965	(7,803,965)	-
Total fund balances	<u>7,803,965</u>	<u>3,722,316</u>	<u>11,526,281</u>	<u>(11,526,281)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 8,098,592</u>	<u>\$ 3,789,801</u>	<u>\$ 11,888,393</u>		
Net (deficit)					
Unrestricted				(12,678,066)	(12,678,066)
Total net deficit				<u>\$ (12,678,066)</u>	<u>\$ (12,678,066)</u>

CITY OF TROY, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Fund balances - total governmental funds	\$	11,526,281
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Amounts reported for governmental activities in the statement of net assets are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred revenues		78,069
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: accrued interest payable		(187,416)
Deduct: bonds payable - current portion		(2,065,000)
Deduct: bonds payable - long-term portion		(22,030,000)

Net assets of governmental activities	\$	(12,678,066)
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CITY OF TROY, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Net Assets</u>
Revenues					
Property taxes	\$ 3,204,718	\$ -	\$ 3,204,718	\$ 16,530	\$ 3,221,248
Investment earnings	101,212	6,027	107,239	-	107,239
Total revenues	3,305,930	6,027	3,311,957	16,530	3,328,487
Expenditures/expenses					
Economic development	2,561,887	-	2,561,887	-	2,561,887
Debt service:					
Principal	-	1,975,000	1,975,000	(1,975,000)	-
Interest	-	1,167,592	1,167,592	(14,115)	1,153,477
Total expenditures/expenses	2,561,887	3,142,592	5,704,479	(1,989,115)	3,715,364
Revenues over (under) expenditures	744,043	(3,136,565)	(2,392,522)	2,005,645	(386,877)
Other financing sources (uses)					
Transfers in	-	3,142,591	3,142,591	-	3,142,591
Transfers out	(3,142,591)	-	(3,142,591)	-	(3,142,591)
Total other financing sources and (uses)	(3,142,591)	3,142,591	-	-	-
Net change in fund balances/ net assets	(2,398,548)	6,026	(2,392,522)	2,005,645	(386,877)
Fund balance/net assets (deficit), beginning of year	10,202,513	3,716,290	13,918,803	(26,209,992)	(12,291,189)
Fund balance/net assets (deficit), end of year	\$ 7,803,965	\$ 3,722,316	\$ 11,526,281	\$ (24,204,347)	\$ (12,678,066)

CITY OF TROY, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	\$ (2,392,522)
--	----------------

Amounts reported for *governmental activities* in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: net difference in deferred revenue	16,530
---	--------

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	1,975,000
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in accrued interest expense	14,115
---	--------

Change in net assets of governmental activities	\$ (386,877)
--	---------------------

CITY OF TROY, MICHIGAN

**LOCAL DEVELOPMENT FINANCING AUTHORITY
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET**

JUNE 30, 2010

	<u>Operating</u>	<u>Adjustments</u>	<u>Net Assets</u>
Assets			
Cash and cash equivalents	\$ 159,886	\$ -	\$ 159,886
Investments	56,395	-	56,395
Interest receivable	11	-	11
Total assets	\$ 216,292	-	216,292
Liabilities			
Accounts payable	\$ -	-	-
Fund balance			
Unreserved	216,292	(216,292)	-
Total liabilities and fund balance	\$ 216,292		
Net assets			
Unrestricted		216,292	216,292
Total net assets		\$ 216,292	\$ 216,292

CITY OF TROY, MICHIGAN

**LOCAL DEVELOPMENT FINANCING AUTHORITY
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Operating</u>	<u>Adjustments</u>	<u>Net Assets</u>
Revenues			
Property taxes	\$ 292,368	\$ -	\$ 292,368
Investment earnings	3,809	-	3,809
Total revenues	296,177	-	296,177
Expenditures/expenses			
Economic development	236,375	-	236,375
Net change in fund balances/net assets	59,802	-	59,802
Fund balance/net assets, beginning of year	156,490	-	156,490
Fund balance/net assets, end of year	\$ 216,292	\$ -	\$ 216,292

CITY OF TROY, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET

JUNE 30, 2010

	<u>Operating</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 589,727	\$ -	\$ 589,727
Investments	208,008	-	208,008
Taxes receivable	4,203	-	4,203
Interest receivable	39	-	39
Total assets	<u>\$ 801,977</u>	-	801,977
Liabilities			
Accounts payable	\$ 13,131	-	13,131
Fund balance			
Undesignated	788,846	(788,846)	-
Total liabilities and fund balance	<u>\$ 801,977</u>		
Net Assets			
Unrestricted		788,846	788,846
Total net assets		<u>\$ 788,846</u>	<u>\$ 788,846</u>

CITY OF TROY, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Operating</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property taxes	\$ 13,000	\$ -	\$ 13,000
Investment earnings	23,337	-	23,337
Total revenues	<u>36,337</u>	<u>-</u>	<u>36,337</u>
Expenditures/expenses			
Community and economic development	2,215,633	-	2,215,633
Other	2,422	-	2,422
Total expenditures/expenses	<u>2,218,055</u>	<u>-</u>	<u>2,218,055</u>
Net change in fund balance/net assets	(2,181,718)	-	(2,181,718)
Fund balance/net assets, beginning of year	2,970,564	-	2,970,564
Fund balance/net assets, end of year	<u>\$ 788,846</u>	<u>\$ -</u>	<u>\$ 788,846</u>

STATISTICAL SECTION

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CITY OF TROY, MICHIGAN

STATISTICAL SECTION
JUNE 30, 2010

This part of the City of Troy's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	111
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	123
Continuing Disclosure Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	129
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in the fiscal year ended 6/30/03; schedules presenting government-wide information include information beginning in that year.	

CITY OF TROY, MICHIGAN

NET ASSETS BY COMPONENT (Accrual Basis of Accounting)

	Fiscal Year Ended							
	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 82,829,398	\$ 116,110,302	\$ 122,746,020	\$ 159,749,955	\$ 153,793,099	\$ 157,447,608	\$ 164,045,115	\$ 170,829,690
Restricted	29,507,113	1,810,587	50,227,946	33,017,038	34,119,273	34,552,624	31,704,901	26,293,289
Unrestricted	62,117,445	81,355,650	32,494,032	34,533,448	33,414,001	31,970,878	30,192,218	33,877,687
Total governmental activities net assets	<u>\$ 174,453,956</u>	<u>\$ 199,276,539</u>	<u>\$ 205,467,998</u>	<u>\$ 227,300,441</u>	<u>\$ 221,326,373</u>	<u>\$ 223,971,110</u>	<u>\$ 225,942,234</u>	<u>\$ 231,000,666</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 99,905,946	\$ 100,797,007	\$ 102,045,725	\$ 102,621,738	\$ 105,920,417	\$ 107,889,998	\$ 111,070,571	\$ 116,929,920
Restricted	6,604,596	7,306,405	-	-	-	-	-	-
Unrestricted	33,631,643	33,240,135	40,036,148	42,421,282	43,142,406	46,259,322	44,948,474	43,046,756
Total business-type activities net assets	<u>\$ 140,142,185</u>	<u>\$ 141,343,547</u>	<u>\$ 142,081,873</u>	<u>\$ 145,043,020</u>	<u>\$ 149,062,823</u>	<u>\$ 154,149,320</u>	<u>\$ 156,019,045</u>	<u>\$ 159,976,676</u>
Primary government								
Invested in capital assets, net of related debt	\$ 182,735,344	\$ 216,907,309	\$ 224,791,745	\$ 262,371,693	\$ 259,713,516	\$ 265,337,606	\$ 275,115,686	\$ 287,759,610
Restricted	36,111,709	9,116,992	50,227,946	33,017,038	34,119,273	34,552,624	31,704,901	26,293,289
Unrestricted	95,749,088	114,595,785	72,530,180	76,954,730	76,556,407	78,230,200	75,140,692	76,924,443
Total primary government net assets	<u>\$ 314,596,141</u>	<u>\$ 340,620,086</u>	<u>\$ 347,549,871</u>	<u>\$ 372,343,461</u>	<u>\$ 370,389,196</u>	<u>\$ 378,120,430</u>	<u>\$ 381,961,279</u>	<u>\$ 390,977,342</u>

CITY OF TROY, MICHIGAN

CHANGES IN NET ASSETS (Accrual Basis of Accounting)

	Fiscal Year Ended							
	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>
Expenses								
Governmental activities:								
General government	\$ 11,714,618	\$ 13,685,948	\$ 12,047,579	\$ 11,734,897	\$ 12,601,536	\$ 9,719,442	\$ 10,093,396	\$ 10,480,528
Public safety	25,687,463	13,434,097	27,736,351	28,703,542	30,436,286	31,450,783	31,597,944	31,300,208
Public works	15,966,498	16,274,728	16,475,289	18,372,828	20,864,379	16,064,613	15,869,334	15,000,517
Sanitation	4,198,140	4,432,201	4,433,033	4,367,093	4,529,666	3,893,842	3,961,658	3,994,706
Community and economic development	624,141	601,017	519,845	2,058,782	149,357	2,013,127	1,838,697	1,460,081
Recreation and culture	12,274,918	13,579,188	16,059,077	15,924,318	15,189,313	14,209,839	14,872,286	12,573,922
Interest on long-term debt	3,133,028	4,410,719	3,222,419	1,686,805	1,618,860	1,572,470	1,440,456	650,484
Total governmental activities expenses	<u>\$ 73,598,806</u>	<u>\$ 66,417,898</u>	<u>\$ 80,493,593</u>	<u>\$ 82,848,265</u>	<u>\$ 85,389,397</u>	<u>\$ 78,924,116</u>	<u>\$ 79,673,771</u>	<u>\$ 75,460,446</u>
Business-type activities:								
Water	\$ 10,222,511	\$ 10,630,027	\$ 13,307,382	\$ 13,839,024	\$ 13,951,978	\$ 13,808,288	\$ 12,704,768	\$ 12,474,578
Sanitary sewer	8,778,461	10,168,039	8,980,641	9,682,048	9,705,247	9,576,883	9,046,402	9,145,016
Aquatic center	487,423	544,125	561,096	638,837	688,236	592,653	597,942	561,343
Sylvan Glen Golf course	1,297,943	1,207,337	1,106,041	1,109,119	1,085,421	1,110,038	1,098,361	1,087,120
Sanctuary Lake Golf course	-	47,076	1,751,721	1,730,874	1,683,553	1,624,625	1,634,836	1,632,244
Total business-type activities expenses	<u>\$ 20,786,338</u>	<u>\$ 22,596,604</u>	<u>\$ 25,706,881</u>	<u>\$ 26,999,902</u>	<u>\$ 27,114,435</u>	<u>\$ 26,712,487</u>	<u>\$ 25,082,309</u>	<u>\$ 24,900,301</u>
Total primary government expenses	<u>\$ 94,385,144</u>	<u>\$ 89,014,502</u>	<u>\$ 106,200,474</u>	<u>\$ 109,848,167</u>	<u>\$ 112,503,832</u>	<u>\$ 105,636,603</u>	<u>\$ 104,756,080</u>	<u>\$ 100,360,747</u>
Program revenues								
Charges for services:								
General government	\$ 1,386,043	\$ 1,225,998	\$ 3,213,382	\$ 2,101,074	\$ 2,245,026	\$ 2,391,745	\$ 2,277,395	\$ 2,792,387
Public safety	2,592,616	2,930,182	2,694,665	2,925,740	3,059,322	3,132,235	2,579,487	2,606,050
Public works	2,985,883	2,757,644	1,380,977	1,361,164	1,927,982	1,613,717	1,579,964	1,912,056
Sanitation	206,373	154,047	1,410	44,765	2,275	3,510	6,993	4,796
Recreation and culture	2,959,532	4,081,620	4,080,652	4,338,069	4,546,308	4,617,520	4,398,056	4,484,145
Operating grants and contributions	675,691	517,704	491,224	1,079,243	932,693	979,113	967,159	1,057,307
Capital grants and contributions	10,723,477	13,463,732	9,469,923	6,527,476	6,552,433	6,870,969	9,963,345	8,590,800
Total governmental activities program revenues	<u>\$ 21,529,615</u>	<u>\$ 25,130,927</u>	<u>\$ 21,332,233</u>	<u>\$ 18,377,531</u>	<u>\$ 19,266,039</u>	<u>\$ 19,608,809</u>	<u>\$ 21,772,399</u>	<u>\$ 21,447,541</u>

CITY OF TROY, MICHIGAN

CHANGES IN NET ASSETS (Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ended							
	6/30/2003	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010
Business-type activities:								
Charges for services:								
Water	\$ 11,155,393	\$ 10,897,059	\$ 13,518,168	\$ 15,595,766	\$ 14,652,417	\$ 15,684,590	\$ 13,227,113	\$ 13,968,516
Sanitary sewer	8,973,121	9,710,263	9,623,410	10,114,977	11,291,515	11,612,763	9,750,202	10,372,640
Aquatic center	417,245	370,256	278,125	310,428	322,111	438,432	486,671	451,670
Sylvan Glen Golf course	1,295,874	1,242,938	1,198,744	1,055,142	1,125,895	1,137,679	1,178,497	1,128,192
Sanctuary Lake Golf course	-	81,190	96,132	1,173,020	1,052,986	985,503	923,692	968,687
Capital grants and contributions	-	-	633,491	727,343	1,012,829	643,394	1,025,250	299,239
Total business-type activities program revenues	\$ 21,841,633	\$ 22,301,706	\$ 26,214,070	\$ 28,976,676	\$ 29,457,753	\$ 30,502,361	\$ 26,591,425	\$ 27,188,944
Total primary government program revenues	\$ 43,371,248	\$ 47,432,633	\$ 47,546,303	\$ 47,354,207	\$ 48,723,792	\$ 50,111,170	\$ 48,363,824	\$ 48,636,485
Net (Expense)/Revenue								
Governmental activities	\$ (52,069,191)	\$ (41,286,971)	\$ (59,161,360)	\$ (64,470,734)	\$ (66,123,358)	\$ (59,315,307)	\$ (57,901,372)	\$ (54,012,905)
Business-type activities	1,055,295	(294,898)	507,189	1,976,774	2,343,318	3,789,874	1,509,116	2,288,643
Total primary government net expense	\$ (51,013,896)	\$ (41,581,869)	\$ (58,654,171)	\$ (62,493,960)	\$ (63,780,040)	\$ (55,525,433)	\$ (56,392,256)	\$ (51,724,262)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 49,702,131	\$ 54,685,430	\$ 50,570,501	\$ 49,497,560	\$ 50,488,216	\$ 51,002,080	\$ 51,041,101	\$ 50,673,061
State-shared revenues	7,618,966	7,101,729	6,906,372	6,844,167	6,635,508	6,633,938	6,313,999	5,615,666
Grants & contrib. not restricted to specific programs	1,500	50	61,890	24,905	175,543	37,398	103,151	1,207,291
Interest and investment earnings	1,859,698	1,459,262	2,508,127	3,436,837	4,588,419	3,425,379	1,861,698	785,025
Miscellaneous	438,545	2,063,083	107,486	634,535	118,565	179,109	131,037	163,134
Transfers	850,200	-	830,140	758,500	(1,856,960)	682,140	704,200	627,160
Total governmental activities	\$ 60,471,040	\$ 65,309,554	\$ 60,984,516	\$ 61,196,504	\$ 60,149,291	\$ 61,960,044	\$ 60,155,186	\$ 59,071,337
Business-type activities:								
Grants & contrib. Not restricted to specific programs	\$ -	\$ -	\$ 196,561	\$ 212,213	\$ 215,292	\$ 14,882	\$ 616	\$ 301
Interest and investment earnings	649,413	365,794	910,557	1,530,660	2,104,233	1,963,881	1,064,193	487,698
Miscellaneous	1,752,533	1,130,466	-	-	-	-	-	4,800
Transfers	(850,200)	-	(830,140)	(758,500)	(643,040)	(682,140)	(704,200)	(627,160)
Total business-type activities	\$ 1,551,746	\$ 1,496,260	\$ 276,978	\$ 984,373	\$ 1,676,485	\$ 1,296,623	\$ 360,609	\$ (134,361)
Total primary government	\$ 62,022,786	\$ 66,805,814	\$ 61,261,494	\$ 62,180,877	\$ 61,825,776	\$ 63,256,667	\$ 60,515,795	\$ 58,936,976
Change in Net Assets								
Governmental activities	\$ 8,401,849	\$ 24,022,583	\$ 1,823,156	\$ (3,274,230)	\$ (5,974,067)	\$ 2,644,737	\$ 2,253,814	\$ 5,058,432
Business-type activities	2,607,041	1,201,362	784,167	2,961,147	4,019,803	5,086,497	1,869,725	2,154,282
Total primary government	\$ 11,008,890	\$ 25,223,945	\$ 2,607,323	\$ (313,083)	\$ (1,954,264)	\$ 7,731,234	\$ 4,123,539	\$ 7,212,714

CITY OF TROY, MICHIGAN

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

For Fiscal Year Ended

	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>
General Fund										
Nonspendable	\$ 3,177,624	\$ 3,383,974	\$ 3,524,927	\$ 3,597,139	\$ 708,988	\$ 618,143	\$ 695,992	\$ 617,505	\$ 623,544	\$ 447,720
Committed	-	-	-	-	-	-	-	-	-	3,400,000
Assigned	-	-	-	-	-	-	-	-	-	9,171,895
Unassigned	20,200,272	18,576,135	17,901,803	16,855,616	23,098,204	26,280,666	24,169,595	23,015,257	20,690,932	10,722,271
Total general fund	<u>\$ 23,377,896</u>	<u>\$ 21,960,109</u>	<u>\$ 21,426,730</u>	<u>\$ 20,452,755</u>	<u>\$ 23,807,192</u>	<u>\$ 26,898,809</u>	<u>\$ 24,865,587</u>	<u>\$ 23,632,762</u>	<u>\$ 21,314,476</u>	<u>\$ 23,741,886</u>
All other Governmental Funds										
Spendable										
Restricted	\$ 37,052,869	\$ 33,599,918	\$ 34,669,982	\$ 16,788,859	\$ 11,218,690	\$ 8,671,081	\$ 4,531,948	\$ 4,510,081	\$ 4,203,075	\$ 8,294,105
Special revenue funds	8,677,209	5,453,780	5,166,988	6,597,268	12,288,180	5,601,748	6,375,447	5,748,781	5,295,743	789,400
Capital projects funds	11,421,852	10,136,827	24,099,059	27,090,374	26,559,518	18,573,691	23,026,136	23,743,384	21,992,781	17,209,784
Debt service funds	-	-	-	613,290	-	-	-	347,630	-	-
Permanent fund	-	-	-	-	161,558	170,518	185,742	202,748	213,302	-
Total all other governmental funds	<u>\$ 57,151,930</u>	<u>\$ 49,190,525</u>	<u>\$ 63,936,029</u>	<u>\$ 51,089,791</u>	<u>\$ 50,227,946</u>	<u>\$ 33,017,038</u>	<u>\$ 34,119,273</u>	<u>\$ 34,552,624</u>	<u>\$ 31,704,901</u>	<u>\$ 26,293,289</u>

CITY OF TROY, MICHIGAN

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

	Fiscal Year									
	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010
Revenues										
Property taxes	\$ 45,093,163	\$ 47,720,109	\$ 49,445,596	\$ 49,729,110	\$ 51,455,237	\$ 49,877,171	\$ 50,696,911	\$ 51,270,756	\$ 51,092,129	\$ 50,828,551
Licenses and permits	2,048,206	1,522,133	1,449,003	1,649,985	1,607,445	1,662,592	1,491,958	1,393,635	1,237,191	1,113,809
Intergovernmental - federal	307,050	569,310	437,061	415,609	2,928,690	961,366	551,965	1,279,824	4,884,314	3,185,364
Intergovernmental - state	13,012,679	17,169,346	15,946,030	19,579,823	12,944,756	12,073,497	11,805,209	11,990,426	11,345,811	10,494,294
Intergovernmental - local	118,646	159,268	142,450	241,418	165,154	891,705	765,823	758,058	465,212	908,398
Charges for services	3,996,793	3,667,536	5,870,215	6,310,960	8,594,731	7,895,033	8,338,480	8,109,915	7,782,945	8,151,713
Fines and forfeits	1,061,310	1,171,749	896,833	960,250	973,527	994,373	1,243,286	1,483,784	1,054,161	1,226,729
Investment income	5,406,554	2,687,564	1,664,399	1,198,874	2,213,067	2,947,672	3,942,955	2,782,486	1,592,062	643,073
Other	2,614,718	3,999,601	4,798,868	5,497,512	2,817,781	1,601,059	2,046,840	1,924,977	1,999,943	3,347,701
Total revenues	\$ 73,659,119	\$ 78,666,616	\$ 80,650,455	\$ 85,583,541	\$ 83,700,388	\$ 78,904,468	\$ 80,883,427	\$ 80,993,861	\$ 81,453,768	\$ 79,899,632
Expenditures										
General government	\$ 7,134,820	\$ 7,605,215	\$ 8,217,477	\$ 8,657,335	\$ 8,978,687	\$ 9,002,076	\$ 9,118,399	\$ 9,181,757	\$ 9,167,749	\$ 8,562,924
Public safety	22,787,828	24,721,059	25,229,356	26,313,278	27,203,034	27,973,275	29,575,908	30,764,667	31,042,277	30,902,648
Roads and Streets	3,458,730	3,321,820	3,822,154	3,944,998	5,074,870	4,755,184	4,754,166	5,600,748	5,687,378	4,844,712
Other Public Works	3,359,645	3,808,488	3,708,860	3,500,055	2,780,643	2,835,772	2,676,716	2,676,845	2,525,114	2,043,464
Sanitation	3,477,389	3,671,275	4,198,140	4,432,201	4,432,841	4,367,093	4,528,962	3,892,487	3,961,794	3,996,065
Community & Economic Dev.	397,874	675,157	576,366	553,242	474,591	2,011,275	116,091	115,981	195,216	127,522
Recreation and culture	8,991,175	10,287,719	11,893,754	12,524,550	13,263,560	13,376,722	13,412,739	14,431,267	13,830,413	12,231,424
Capital outlay	22,422,333	56,099,017	42,801,620	22,194,876	14,791,534	18,994,837	11,856,766	12,322,730	17,176,377	17,062,105
Debt service										
Principal	2,969,940	9,589,460	4,081,284	12,872,500	3,109,955	1,736,712	1,917,957	1,968,296	2,225,309	2,304,692
Interest and other charges	2,162,127	3,229,735	3,133,028	4,410,719	3,246,210	1,702,856	1,639,410	1,471,759	1,461,569	1,375,693
Total expenditures	\$ 77,161,861	\$ 123,008,945	\$ 107,662,039	\$ 99,403,754	\$ 83,355,925	\$ 86,755,802	\$ 79,597,114	\$ 82,426,537	\$ 87,273,196	\$ 83,451,249
Excess of revenues over (under) expenditures	\$ (3,502,742)	\$ (44,342,329)	\$ (27,011,584)	\$ (13,820,213)	\$ 344,463	\$ (7,851,334)	\$ 1,286,313	\$ (1,432,676)	\$ (5,819,428)	\$ (3,551,617)
Other Financing Sources (Uses)										
Issuance of debt	\$ 14,860,761	\$ 34,181,247	\$ 40,225,000	\$ -	\$ -	\$ 81,089	\$ 41,440	\$ 3,505,000	\$ 181,379	\$ 11,321,816
Proceeds from sale of capital assets	-	-	-	-	74,985	905,292	748,221	47,902	131,205	-
Payments to escrow agents	-	-	-	-	-	-	-	(3,601,840)	-	(11,261,350)
Transfers in	11,612,967	19,623,039	23,611,663	22,746,919	16,529,331	12,767,350	13,965,781	12,260,233	11,066,116	10,441,542
Transfers out	(10,862,367)	(18,841,149)	(22,761,463)	(22,746,919)	(15,699,191)	(12,008,850)	(16,972,741)	(11,578,093)	(10,442,591)	(9,934,593)
Total other financing sources (uses)	\$ 15,611,361	\$ 34,963,137	\$ 41,075,200	\$ -	\$ 905,125	\$ 1,744,881	\$ (2,217,299)	\$ 633,202	\$ 936,109	\$ 567,415
Net change in fund balances	\$ 12,108,619	\$ (9,379,192)	\$ 14,063,616	\$ (13,820,213)	\$ 1,249,588	\$ (6,106,453)	\$ (930,986)	\$ (799,474)	\$ (4,883,319)	\$ (2,984,202)
Debt service as a percentage of noncapital expenditures	9.4%	19.2%	11.1%	22.4%	9.3%	5.1%	5.3%	4.9%	5.3%	5.5%

CITY OF TROY, MICHIGAN

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE LAST TEN FISCAL YEARS

Governmental Funds					
Fiscal Year Ended June 30	General	Refuse	Capital	General Debt Service	Total All Property Taxes
2001	\$ 27,295,287	\$ 3,707,365	\$ 6,871,070	\$ 3,393,679	\$ 41,267,401
2002	29,085,526	3,636,077	7,506,099	3,548,012	43,775,714
2003	30,399,278	3,800,177	7,417,214	3,710,450	45,327,119
2004	30,985,387	3,886,714	7,586,118	3,512,091	45,970,416
2005	32,300,414	4,010,718	9,036,196	2,418,718	47,766,046
2006	35,229,232	4,120,154	8,041,747	2,486,038	49,877,280
2007	35,679,836	4,254,241	8,200,947	2,561,887	50,696,911
2008	36,667,821	3,563,759	8,385,316	2,653,860	51,270,868
2009	36,487,455	3,564,456	8,386,956	2,653,262	51,092,129
2010	36,362,516	3,900,932	7,957,902	2,607,201	50,828,551

CITY OF TROY, MICHIGAN

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections To Date	Ratio of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
2001	\$ 39,434,080	\$ 38,848,160	98.51%	\$ 693,813	\$ 39,541,973	100.27	\$ 256,858	.65
2002	41,803,788	41,016,410	98.12	632,486	41,648,896	99.63	308,641	.74
2003	43,497,146	42,574,532	97.88	582,323	43,156,855	99.22	491,213	1.13
2004	44,251,910	43,440,583	98.17	672,473	44,113,056	99.68	296,928	.67
2005	45,666,420	44,814,456	98.13	637,527	45,451,983	99.53	214,437	.47
2006	46,913,799	45,924,486	97.89	726,792	46,651,278	99.44	65,394	.14
2007	48,338,412	47,306,612	97.87	923,002	48,229,614	99.78	108,773	.23
2008	48,667,887	47,589,455	97.79	1,037,838	48,627,293	99.92	107,492	.22
2009	48,676,220	47,420,544	97.42	771,027	48,191,571	99.00	120,221	.25
2010	48,273,658	47,388,992	98.17	766,850	48,155,842	99.76	116,780	.24

CITY OF TROY, MICHIGAN

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS (PER \$1,000 OF ASSESSED VALUATION)

Overlapping Governments

Fiscal Year Ended June 30	City of Troy	Troy School District	Oakland County	Oakland County Community College	Intermediate School District	SMART	State Education	Zoo	Total
2001 H	9.48	10.71	4.65	1.61	2.08	0.32	6.00	*	34.85
2001 NH	9.48	21.32	4.65	1.61	2.08	0.32	6.00	*	45.46
2002 H	9.48	10.06	4.64	1.60	3.46	0.32	6.00	*	35.56
2002 NH	9.48	21.13	4.64	1.60	3.46	0.32	6.00	*	46.63
2003 H	9.45	9.73	4.65	1.61	3.42	0.60	6.00	*	35.46
2003 NH	9.45	21.14	4.65	1.61	3.42	0.60	6.00	*	46.87
2004 H	9.45	9.43	4.65	1.60	3.40	0.60	5.00	*	34.13
2004 NH	9.45	21.14	4.65	1.60	3.40	0.60	5.00	*	45.84
2005 H	9.45	10.16	4.65	1.60	3.38	0.60	6.00	*	35.84
2005 NH	9.45	22.13	4.65	1.59	3.38	0.60	6.00	*	47.80
2006 H	9.45	9.87	4.65	1.58	3.37	0.60	6.00	*	35.52
2006 NH	9.45	22.13	4.65	1.58	3.37	0.60	6.00	*	47.78
2007 H	9.43	9.87	4.65	1.58	3.37	0.59	6.00	*	35.49
2007 NH	9.43	22.13	4.65	1.58	3.37	0.59	6.00	*	47.75
2008 H	9.28	9.42	4.65	1.58	3.37	0.59	6.00	*	34.89
2008 NH	9.28	22.13	4.65	1.58	3.37	0.59	6.00	*	47.60
2009H	9.28	8.72	4.65	1.58	3.37	0.59	6.00	0.10	34.29
2009NH	9.28	22.10	4.65	1.58	3.37	0.59	6.00	0.10	47.67
2010H	9.28	8.77	4.65	1.58	3.37	0.59	6.00	0.10	34.34
2010NH	9.28	22.10	4.65	1.58	3.37	0.59	6.00	0.10	47.67

H - Homestead

NH - Non-Homestead

* - Not Applicable

CITY OF TROY, MICHIGAN

ASSESSED VALUE AND TAXABLE VALUE OF PROPERTY LAST TEN FISCAL YEARS (IN THOUSANDS OF DOLLARS)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
2001	\$ 2,200,049,920	\$ 1,099,760,450	\$ 430,191,020	\$ 643,070,690	\$ 4,373,072,080	9.48	\$ 5,218,597,300	83.8%
2002	2,341,626,570	1,239,570,810	455,491,350	649,562,212	4,686,250,942	9.48	5,652,563,942	82.90
2003	2,482,897,070	1,275,459,080	483,319,960	619,964,538	4,861,640,648	9.45	5,955,697,398	81.63
2004	2,592,381,651	1,333,873,080	467,772,010	584,236,696	4,978,263,437	9.45	6,188,084,256	80.45
2005	2,738,916,540	1,329,545,890	490,202,370	536,093,423	5,094,758,223	9.45	6,337,222,973	80.39
2006	2,892,925,590	1,369,954,040	497,974,250	503,497,670	5,264,351,550	9.45	6,526,074,330	80.67
2007	3,076,070,702	1,376,175,120	502,914,670	479,874,950	5,435,035,442	9.43	6,608,804,750	82.23
2008	3,187,596,017	1,388,201,850	510,504,920	464,213,650	5,550,516,437	9.28	6,422,659,810	86.42
2009	3,196,824,810	1,399,118,520	509,100,180	457,552,500	5,562,596,010	9.28	6,227,094,050	89.33
2010	3,134,086,995	1,370,377,371	507,215,340	448,100,230	5,459,779,936	9.28	5,838,889,239	93.51

Source: City of Troy Assessing records

Note: The estimated assessed value is calculated using a 12-month sales study updated annually.

Proposal "A", as passed by the citizens of Michigan, took effect in 1994. This Proposal created two new categories for tax and assessment purposes (taxable value and capped value). Assessed value was unchanged by the Proposal, and remains at 50% of the market value of a property.

Taxable value is the amount upon which millage rate (taxes) are now levied. Taxable value is defined as the lesser of assessed value or capped value.

Capped value is calculated by taking the previous year's taxable value, minus any losses in value, multiplied by the inflation rate or 5% (whichever is less) plus any new construction.

This Proposal also mandated that the taxable value and assessed value were to be equal for the year following a transfer of ownership (as defined by the statutes), and then the capping process would begin anew.

The taxable and assessed valuation of taxable property is determined as of December 31st of each year.

CITY OF TROY, MICHIGAN

TOP TEN PRINCIPAL TAXPAYERS CURRENT YEAR AND TEN YEARS AGO

Taxpayer	6/30/2000			6/30/2010			Taxpayer
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value	
K Mart Corp	\$ 59,365,250	1	1.36%	\$ 62,780,180	1	1.30%	<u>Frankel Forbes Cohen</u>
Gale & Wentworth	56,984,570	2	1.30%	41,207,320	2	0.85%	Emmes Asset Mngt
<u>Frankel Forbes Cohen</u>	55,436,550	3	1.27%	29,800,130	3	0.62%	<u>Nykel Management</u>
<u>Nykel Management</u>	50,675,750	4	1.16%	28,326,390	4	0.58%	Troy Industrial
WRC Properties	44,750,060	5	1.02%	27,992,000	5	0.58%	Nemer Troy Place
<u>Detroit Edison</u>	43,333,620	6	0.99%	27,557,700	6	0.57%	<u>Detroit Edison</u>
Liberty Property LTD	43,144,960	7	0.99%	27,381,260	7	0.57%	Osprey-Troy Place
Top of Troy	30,070,050	8	0.69%	26,348,660	8	0.54%	UrbanCal - Oakland Mall
<u>Standard Federal</u>	26,406,860	9	0.60%	26,332,930	9	0.54%	888 W Big Beaver Assoc
EDS Corp	24,633,280	10	0.56%	24,647,460	10	0.51%	<u>Bank of America</u>
Total Top Ten	\$ 434,800,950			\$ 322,374,030			Total Top Ten
Total % of City T/V			9.94%			6.66%	Total % of City T/V
Total City T/V	\$ 4,373,072,080			\$ 4,843,613,012			Total City T/V

*Underlined & *Italic* appear in both years.

CITY OF TROY, MICHIGAN

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxable Value	Estimated Population	General Activities			Business Type Activities		Total Net Bonded Debt Per Capita		
			General Obligation & County Issued Bonds	Debt Service Fund Balance	Total	Percent of Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita		Business Type Activities Bonds	Net Bonded Debt Per Capita
2001	\$ 4,373,072,080	80,959	\$ 25,462,925	\$ 11,017,036	\$ 14,445,889	0.3 %	\$ 178.43	\$ 2,400,000	\$ 29.64	\$ 208.07
2002	4,686,250,942	80,959	41,864,521	12,716,625	29,147,896	0.6	360.03	1,600,000	19.76	379.79
2003	4,861,640,648	80,959	53,238,658	13,543,103	39,695,555	0.8	490.32	12,800,000	158.10	648.42
2004	4,978,263,437	80,959	42,498,315	4,820,818	37,677,497	0.8	465.39	12,000,000	148.22	613.61
2005	5,094,758,223	80,959	40,812,271	4,734,163	36,078,108	0.7	445.63	12,000,000	148.22	593.85
2006	5,264,351,550	80,959	39,156,648	4,776,501	34,380,147	0.7	424.66	11,800,000	145.75	570.41
2007	5,435,035,442	80,959	37,280,131	4,434,911	32,845,220	0.6	405.70	11,600,000	143.28	548.98
2008	5,550,516,437	80,959	35,333,976	4,318,695	31,015,281	0.6	383.10	11,300,000	139.58	522.68
2009	5,562,596,010	80,959	33,290,046	3,889,540	29,400,506	0.5	363.15	11,000,000	135.87	499.02
2010	5,459,779,936	80,959	30,670,062	3,413,596	27,256,466	0.5	336.67	10,700,000	132.17	468.84

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF TROY, MICHIGAN

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2001	\$ 1,525,782	\$ 200,706	\$ 1,726,488	\$ 54,739,528	3.15 %
2002	1,549,651	1,229,717	2,779,368	66,909,928	4.15
2003	1,600,863	1,606,965	3,207,828	65,367,274	4.91
2004	11,512,500	2,831,219	14,343,719	77,303,538	18.56
2005	1,579,955	1,753,162	3,333,117	68,279,944	4.88
2006	1,525,000	1,600,594	3,125,594	65,514,169	4.77
2007	1,700,000	1,542,756	3,242,756	67,425,737	4.81
2008	1,790,000	1,388,255	3,178,255	69,842,007	4.55
2009	2,045,000	1,377,508	3,422,508	69,832,449	4.90
2010	2,065,000	1,292,143	3,357,143	66,065,902	5.08

Includes General, Special Revenue and Debt Service Funds.

CITY OF TROY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2010

<u>Jurisdiction</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percent Applicable to Troy</u>	<u>Amount Applicable to Troy</u>
City of Troy	\$ 27,256,466	100.00%	\$ 27,256,466
Avondale School District	84,799,876	18.04	15,297,898
Birmingham School District	219,265,000	3.96	8,682,894
Bloomfield Hills School District	11,735,000	2.02	237,047
Lamphere School District	17,340,000	13.16	2,281,944
Royal Oak School District	75,590,000	2.51	1,897,309
Troy School District	127,965,000	100.00	127,965,000
Warren School District	168,605,000	8.39	14,145,960
Oakland County	97,719,285	8.74	8,540,665
Oakland Intermediate School District	64,735,000	8.18	5,295,323
Macomb Intermediate School District	500,000	1.16	5,800
Oakland County Community College	<u>6,005,000</u>	8.80	<u>528,440</u>
Total overlapping debt	<u>874,259,161</u>		<u>184,878,280</u>
Total direct and overlapping debt	<u>\$ 901,515,627</u>		<u>\$ 212,134,746</u>

Source: Municipal Advisory Council of Michigan; Detroit, Michigan.

CITY OF TROY, MICHIGAN

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2010

Assessed Valuation at December 31, 2008 \$ 5,838,869,239

	Legal Margin			
	Annual Net Debt	Percentage of State Equalized Valuation	Amount	Legal Debt Margin
General obligation debt	\$ 37,460,000	10%	\$ 583,886,924	\$ 546,426,924
Emergency bonds	-	3/8	21,895,760	21,895,760
Special assessment bonds	-	12	700,664,309	700,664,309
Total debt	<u>\$ 37,460,000</u>		<u>\$ 1,306,446,993</u>	<u>\$ 1,268,986,993</u>

The statutory debt limits of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the assessed valuation of taxable property in the City (\$5,838,869,239), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order for sewage or garbage disposal systems.

The Michigan State Bond Act provides that the total debt in special assessment bonds, which would require that the City pledge its faith and credit, shall not exceed 12% of the assessed valuation of taxable property of the City, nor shall such bonds be issued in any calendar year in excess of 3% unless voted.

CITY OF TROY, MICHIGAN

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS JUNE 30, 2010

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt Limit	\$ 521,859,730	\$ 565,256,394	\$ 595,569,740	\$ 618,808,426	\$ 633,722,297
Total net debt applicable to limit	<u>(19,332,300)</u>	<u>(33,840,000)</u>	<u>(58,875,000)</u>	<u>(48,680,000)</u>	<u>(47,405,000)</u>
Legal debt margin	<u>\$ 502,527,430</u>	<u>\$ 531,416,394</u>	<u>\$ 536,694,740</u>	<u>\$ 570,128,426</u>	<u>\$ 586,317,297</u>
Total net debt applicable to the limit as a percentage of debt limit	3.70%	5.99%	9.89%	7.87%	7.48%

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 652,607,433	\$ 660,880,475	\$ 642,265,981	\$ 622,709,405	\$ 583,886,924
Total net debt applicable to limit	<u>(45,855,000)</u>	<u>(44,130,000)</u>	<u>(42,220,000)</u>	<u>(40,050,000)</u>	<u>(37,460,000)</u>
Legal debt margin	<u>\$ 606,752,433</u>	<u>\$ 616,750,475</u>	<u>\$ 600,045,981</u>	<u>\$ 582,659,405</u>	<u>\$ 546,426,924</u>
Total net debt applicable to the limit as a percentage of debt limit	7.03%	6.68%	6.57%	6.43%	6.42%

CITY OF TROY, MICHIGAN

PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Building Authority bonds					
Debt Service					
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (1)
2001	\$ -	\$ -	\$ -	\$ -	-
2002	-	-	-	-	-
2003	-	-	511,294	511,294	0.000%
2004	-	-	557,770	557,770	0.000%
2005	962,132	-	557,770	557,770	1.725%
2006	1,173,020	200,000	554,520	754,520	1.555%
2007	1,057,265	200,000	547,307	747,307	1.415%
2008	985,813	300,000	539,038	839,038	1.175%
2009	923,908	300,000	526,950	826,950	1.117%
2010	974,051	300,000	515,200	815,200	1.195%

Michigan Transportation Fund Bonds					
Debt Service					
Fiscal Year Ended	Collections (2)	Principal	Interest	Total	Coverage
2001	\$ 2,206,234	\$ 1,100,000	\$ 342,238	\$ 1,442,238	1.530%
2002	2,389,260	1,200,000	221,538	1,421,538	1.681%
2003	2,433,431	1,300,000	164,538	1,464,538	1.662%
2004	2,627,194	125,000	103,438	228,438	11.501%
2005	2,548,178	150,000	97,438	247,438	10.298%
2006	2,529,103	175,000	90,088	265,088	9.541%
2007	2,502,483	175,000	81,338	256,338	9.762%
2008	2,461,676	175,000	72,588	247,588	9.943%
2009	2,371,142	175,000	63,838	238,838	9.928%
2010	2,329,592	175,000	54,913	229,913	9.869%

Special Assessment Bonds					
Debt Service					
Fiscal Year Ended	Collections	Principal	Interest	Total	Coverage (3)
2001	\$ 39,413	\$ 25,000	\$ 14,413	\$ 39,413	1.000%
2002	37,738	25,000	12,738	37,738	1.000%
2003	36,056	25,000	11,056	36,056	1.000%
2004	34,369	25,000	9,369	34,369	1.000%
2005	32,675	25,000	7,675	32,675	1.000%
2006	55,125	50,000	5,125	55,125	1.000%
2007	51,713	50,000	1,713	51,713	1.000%
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-

(1) Capitalized Interest 2003, 2004.

(2) Fifty percent of state gas and weight taxes can be used for debt payments.

(3) Customers may choose to make special assessment payments up-front to avoid paying interest to the City, which creates uneven payment streams over the life of the assessment.

CITY OF TROY, MICHIGAN

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population (5)	Number of Households(1)	Median Household Effective Buying Income (1)	School Enrollment (3)	Unemployment Rate (%) (2)	Median Age (1)	Personal Income (000's)(1)	Education Age 25 or Older					
								High School(1)	Bachelor Degree(1)	Graduate or Professional Degree			
2001	80,959 (4)	30,872	\$ 65,642	12,101	2.3 %	38.1	\$ *	*	%	*	%	*	%
2002	84,531	31,371	70,342	12,043	3.2	38.1	*	*		*		*	
2003	84,841	31,504	65,625	12,092	3.2	38.1	*	*		*		*	
2004	85,956	31,944	62,862	12,059	3.2	38.1	*	*		*		*	
2005	86,740	32,281	64,630	12,005	4.7	38.0	*	*		*		*	
2006	87,159	32,431	*	12,131	4.9	38.1	*	*		*		*	
2007	87,594	32,596	*	12,192	4.8	41.7	43	*		*		*	
2008	87,956	32,802	*	12,165	5.6	37.0	*	*		*		*	
2009	81,490 **	33,368 **	89,840 **	12,069 **	9.4 **	41.1 **	42 **	**	86	**	27	**	*
2010	80,084 **	33,176 **	*	12,045	11.9	41.1	*	**	83	**	28	**	*

Source:

- (1) U.S. Census 2006-2008 American Community Survey
- (2) Michigan Department of Energy, Labor and Economic Growth
- (3) Troy School District
- (4) U.S. Bureau of the Census
- (5) Southeast Michigan Council of Governments (SEMCOG)

* Information not available.

** Change in the calculation method.

CITY OF TROY, MICHIGAN

PRINCIPAL EMPLOYERS BY INDUSTRY CURRENT AND PREVIOUS FOUR YEARS*

Industry	2006		2007		2008		2009		2010						
	Number of	Percent	Number of	Percent	Number of	Percent	Number of	Percent	Number of	Percent					
	Parcels	of Total	Parcels	of Total	Parcels	of Total	Parcels	of Total	Parcels	of Total					
Industrial, Light Manufacturing	654	1	41.24%	647	1	40.90%	638	1	39.68%	676	1	41.83%	630	1	39.82%
Office	267	2	16.83%	266	2	16.81%	266	2	16.54%	267	2	16.52%	268	2	16.94%
Retail Store (Mall, Plaza, Market, Whse, Discount)	143	3	9.02%	144	3	9.10%	149	3	9.27%	149	3	9.22%	128	3	8.09%
Medical Office	75	5	4.73%	76	5	4.80%	76	6	4.73%	85	4	5.26%	80	4	5.06%
Engineering	86	4	5.42%	83	4	5.25%	79	5	4.91%	78	5	4.83%	76	5	4.80%
Restaurant & Fast Food	62	7	3.91%	61	7	3.86%	61	8	3.79%	66	6	4.08%	66	6	4.17%
Apartments	66	6	4.16%	65	6	4.11%	64	7	3.98%	64	7	3.96%	62	7	3.92%
Service (Station, Garage, Booth, Convenience)	42	10	2.65%	42	10	2.65%	56	9	3.48%	47	8	2.91%	56	9	3.54%
Loft (Multi Tenant Industrial)	39	11	2.46%	41	11	2.59%	42	11	2.61%	44	9	2.72%	42	11	2.66%
Bank	24	12	1.51%	28	12	1.77%	28	12	1.74%	29	10	1.79%	28	12	1.77%
Auto Dealership	16	13	1.01%	17	13	1.07%	17	13	1.06%	17	11	1.05%	17	13	1.07%
Warehouse (Storage, Distribution, Transit)	56	9	3.53%	55	9	3.48%	50	10	3.11%	17	12	1.05%	55	10	3.48%
All other	56	8	3.53%	57	8	3.61%	82	4	5.10%	77	13	4.78%	74	8	4.68%
Total commercial/industrial parcels	<u>1,586</u>		<u>100.00%</u>	<u>1,582</u>		<u>100.00%</u>	<u>1,608</u>		<u>100.00%</u>	<u>1,616</u>		<u>100.00%</u>	<u>1,582</u>		<u>100.00%</u>

* Information was not compiled prior to the 2004 assessment roll

CITY OF TROY, MICHIGAN

OPERATION INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Building Inspection</u>										
Permits issued	1,946	1,938	1,867	2,110	2,136	1,927	1,696	1,588	1,251	1,185
Plans reviewed	1,450	1,029	1,053	1,200	1,716	1,600	1,059	920	685	719
<u>Executive Administration</u>										
City Manager's Office										
GFOA awards/submittals	3	3	3	3	3	3	3	3	3	3
City Attorney's Office										
District court appearances	5,071	5,953	4,910	6,484	6,425	6,531	6,368	6,706	6,840	N/A
<u>Engineering</u>										
Engineering										
Soil erosion inspections	400	500	900	2,500	2,983	4,570	4,001	1,422	1,626	979
Machine traffic counts	162	140	138	140	128	125	136	136	146	125
<u>Finance</u>										
Accounting/Risk Management										
Payroll checks processed	24,675	22,811	23,224	23,250	23,851	23,800	24,116	27,717	27,346	23,147
Invoices issued	2,234	2,259	2,193	120	1,651	1,800	2,200	2,000	3,597	8,354
Liability claims processed	181	161	162	161	139	129	114	143	140	85
Insurance certificates approved	278	287	307	400	357	350	386	379	370	364
Assessing										
Residential appraisals	1,500	1,200	1,500	1,200	1,200	1,600	1,500	1,273	1,439	863
Reinspections	1,500	1,500	1,500	1,500	1,500	1,250	1,000	800	1,000	600
City Clerk's Office										
Dog licenses issued	6,500	5,256	5,013	5,020	2,330	1,690	2,043	1,870	2,250	2,573
Registered voters	55,329	54,712	54,273	54,122	54,188	53,792	54,355	56,774	55,989	56,572
Human Resources										
Applications processed	1,550	1,552	1,340	1,248	1,156	1,500	1,117	1,762	1,015	365
Job postings	52	50	44	50	44	50	45	39	37	10
Labor contracts settled	3	2	2	1	1	4	0	1	1	1
Purchasing										
Value of goods/services purchased	\$27.0 mil	\$23.6 mil	\$24.4 mil	\$29.0 mil	\$26.3 mil	\$29.0 mil	\$30.4 mil	\$29.6 mil	\$33.8 mil	\$31.7 mil
% of awards without dispute	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
City Treasurer's Office										
Tax bills processed	63,241	63,086	64,000	64,000	65,480	66,220	65,740	66,907	65,798	65,770
Water bills processed	98,476	98,747	N/A	N/A	104,771	106,369	102,000	104,784	104,777	104,807
Community Affairs										
New resident packets distributed	N/A	761	770	760	775	775	950	830	855	910
Press releases sent	N/A	315	330	340	412	440	450	465	475	482

CITY OF TROY, MICHIGAN

OPERATION INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Fire</u>										
Fire Department responses	1,347	1,182	1,204	1,358	1,188	1,475	1,338	1,154	889	853
Inspections performed	2,093	1,974	2,465	2,000	2,196	2,000	2,210	2,440	2,768	2,543
<u>Other General Government</u>										
Building Operations										
Requests for service	3,478	3,478	6,200	11,472	14,472	16,750	18,900	19,200	18,922	17,280
Planning										
Site plan reviews	27	31	33	18	19	21	14	21	9	14
Special use requests	8	7	7	7	6	10	22	13	15	9
<u>Parks & Recreation</u>										
ROW trees trimmed	1,160	3,000	3,200	1,000	1,000	1,160	3,215	1,968	2,894	3,168
Nature Center program attendance	3,176	3,176	4,660	4,090	4,995	4,765	4,890	5,089	5,400	5,658
<u>Police</u>										
Part I Crimes	2,316	2,061	2,107	1,979	2,044	2,088	1,890	2,021	1,944	1,837
Operate while impaired	469	442	306	431	453	448	520	503	477	396
<u>Public Works</u>										
Streets & Drains Division										
Requests for service	1,151	905	870	1,100	1,293	744	860	1,602	1,258	1,004
Traffic signs repaired/replaced	1,761	1,825	1,650	1,800	1,650	1,680	1,250	1,123	1,046	1,230
Water & Sewer Division										
Requests for service	2,414	2,653	2,414	2,650	2,650	2,637	2,244	2,147	2,844	2,902
Sanitary sewers cleaned in feet	1,079,417	1,918,932	1,671,089	1,670,000	1,670,000	2,067,000	1,610,795	2,100,000	2,100,000	1,785,000
Fleet Maintenance										
Work orders	4,593	3,098	3,849	4,000	4,137	4,050	4,072	4,000	3,848	3,507
Vehicle tires replaced	489	403	355	400	791	600	648	594	604	608
Refuse/Resource Recovery										
Tons of refuse collected	49,524	48,793	49,263	54,000	48,308	54,500	44,637	35,313	32,951	27,412
Tons of compost collected	4,957	4,989	6,303	6,500	7,804	9,984	7,917	10,753	10,620	12,313
<u>Information Technology</u>										
Help desk requests	1,049	1,250	1,407	1,400	1,620	1,800	2,062	2,136	2,075	2,392
<u>Golf Course</u>										
Sylvan Glen rounds of golf	57,115	55,982	53,410	55,560	51,060	50,820	45,032	42,451	43,892	41,719
Sanctuary Lake rounds of golf	-	-	-	4,010	18,463	25,833	23,729	23,664	24,710	24,757
<u>Aquatic Center</u>										
Admissions	48,664	53,140	38,578	48,000	55,348	50,240	54,519	53,521	48,146	47,738

CITY OF TROY, MICHIGAN

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Fire</u>										
Stations	6	6	6	6	6	6	6	6	6	6
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
<u>Streets</u>										
Miles of improved	362.2	366	370	371	410	423	437	443	443	443
Miles of unimproved	9.9	7	7.4	6.5	4.9	4.9	4.8	4	4	4
<u>Sewers</u>										
Miles of combination storm/sanitary	2.3	2	10	10	10	10	10	10	10	10
Miles of sanitary	374.5	377	382.5	384.7	386	384	386	394.5	397	398
Miles of storm	273.9	278	366	397	488	510	542	543	545	545
<u>Street Lights</u>										
Detroit Edison owned poles	712	712	579	577	577	564	564	582	582	580
City owned poles	1,119	1,122	1,669	1,707	1,707	1,558	1,558	956	956	956
<u>Water</u>										
Annual distribution in million cubic feet	564.9	574.6	641	643	595	663	614	561	494	449
Miles of watermains	532.8	536	538.8	543.5	547	536	538	539	540	540
Number of hydrants	5,442	5,467	5,492	5,561	5,610	5,759	5,782	5,830	5,850	5,854
<u>Parks and Recreation</u>										
Number of developed parks	14	14	14	14	14	14	14	14	14	14
Acres of public parks	832	896	735	735	735	735	880	880	1,000	1,000
Number of tennis courts	18	18	18	18	18	18	18	18	18	18
Outdoor education center/farm	1	1	1	1	1	1	1	1	1	1
18-hole golf course	1	1	1	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1	1	1	1	1

CITY OF TROY, MICHIGAN

BUILDING CONSTRUCTION LAST TEN FISCAL YEARS

2000 - 2001	1,946	permits	\$ 230,713,492	estimated value
2001 - 2002	1,938	permits	143,908,032	estimated value
2002 - 2003	1,867	permits	141,941,808	estimated value
2003 - 2004	2,110	permits	140,823,926	estimated value
2004 - 2005	2,136	permits	143,697,564	estimated value
2005 - 2006	1,927	permits	114,459,317	estimated value
2006 - 2007	1,696	permits	113,160,162	estimated value
2007 - 2008	1,588	permits	103,420,413	estimated value
2008 - 2009	1,251	permits	99,128,945	estimated value
2009 - 2010	1,185	permits	56,329,455	estimated value

CITY OF TROY, MICHIGAN

FULL AND PART-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Full and Part Time Employees as of June 30</u>																			
	<u>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>	
	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>
<u>Building Inspection</u>																				
Building Inspection	21	1	22	0	22	0	22	0	22	0	21	2	21	2	21	2	21	2	17	2
<u>Executive Administration</u>																				
City Manager's Office	6	0	6	0	6	0	6	0	6	0	6	0	5	0	4.5	0	4.5	0	4.5	0
City Attorney's Office	7	2	7	2	8	1	8	1	8	1	8	1	8	1	8	1	8	1	8	1
City Clerk's Office	6	1	6	1	6	2	7	2	6	2	6	2	6	2	6	2	6	2	5	2
Human Resources	4	1	4	1	4	1	4	1	4	1	4	1	4	1	4	1	4	1	4	1
Community Affairs	4	4	3	6	3	6	3	3	3	9	3	6	3	6	3	6	3	6	1	6
<u>Engineering</u>																				
Engineering	23	7	23	109	23	7	23	7	23	7	23	6	23	6	22	6	21	6	16	5
<u>Finance</u>																				
Accounting/Risk Management	11	0	11	0	11	0	11	0	10.5	0	10.5	0	10.5	0	10.5	0	10.5	0	9.5	0
Assessing	10	0	10	0	10	0	10	0	8	2	8	2	8	2	8	2	8	2	8	1
Purchasing	3	1	3	1	3	1	3	1	3	1	3	1	3	1	3	1	3	1	3	1
City Treasurer's Office	5	0	5	0	5	0	5	0	4.5	0	4.5	0	4.5	0	4.5	0	3.5	0	3.5	0
<u>Fire</u>																				
Fire	12	2	14	2	14	2	14	2	14	2	14	2	14	2	14	2	13	2	13	2
<u>Library/Museum</u>																				
Library	17	80	20	66	20	85	20	86	20	88	20	88	17	98	16	98	16	96	15	93
Museum	0	0	3	4	3	5	3	5	2	9	2	9	2	9	2	9	2	9	2	9
<u>Other General Government</u>																				
Real Estate & Development	5	1	5	1	5	1	5	1	5	1	5	1	4	1	3.5	0	3.5	0	3.5	0
Building Operations	10	2	11	2	12	2	12	2	12	2	12	2	12	2	12	2	12	2	11	2
Planning	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	3	0
<u>Police</u>																				
Police	194	11	194	11	194	13	194	13	194	13	194	13	193	14	192	18	192	18	188	18

CITY OF TROY, MICHIGAN

FULL AND PART-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Full and Part Time Employees as of June 30																				
	<u>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>	
	<u>Full Time</u>	<u>Part Time</u>																		
<u>Parks & Recreation</u>																				
Parks & Recreation	34	20	34	43	35	116	35	128	35	128	35	128	34	212	34	206	32	206	32	181
<u>Public Works</u>																				
Streets & Drains Division	32.5	18	34.5	18	34.5	19	34.5	19	34.5	19	32.5	18	31.5	18	31.5	18	31.5	18	28.5	18
Water & Sewer Division	35	6	35	6	35	6	35	6	35	6	35	6	34	7	34	7	34	7	34	7
Fleet Maintenance	18	2	18	2	18	2	18	2	18	2	18	2	18	2	18	2	18	2	18	2
Refuse/Resource Recovery	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1	1.5	1
<u>Information Technology</u>																				
Information technology	8	0	8	0	9	0	9	0	9	0	9	0	9	0	9	0	9	2	9	2
<u>Golf Course</u>																				
Golf course	4	20	4	35	4	37	3	36	5	54	5	72	5	72	5	71	5	71	5	54
<u>Aquatic Center</u>																				
Aquatic center	0	0	0	0	0	74	0	74	0	74	0	74	0	74	0	74	0	88	0	88
<u>Total Employees</u>																				
	<u>476</u>	<u>180</u>	<u>487</u>	<u>311</u>	<u>491</u>	<u>381</u>	<u>491</u>	<u>390</u>	<u>488</u>	<u>422</u>	<u>485</u>	<u>437</u>	<u>476</u>	<u>533</u>	<u>472</u>	<u>529</u>	<u>467</u>	<u>543</u>	<u>443</u>	<u>496</u>

CITY OF TROY, MICHIGAN

STATE SHARED REVENUES LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>State Shared Revenue</u>
2001	\$ 8,129,105
2002	\$ 8,348,727
2003	\$ 7,618,966
2004	\$ 7,101,729
2005	\$ 6,906,372
2006	\$ 6,844,167
2007	\$ 6,635,508
2008	\$ 6,633,938
2009	\$ 6,313,999
2010	\$ 5,615,666

GAS AND WEIGHT TAXES LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Road</u>	<u>Local Road</u>	
2001	\$ 3,129,740	\$ 1,282,727	\$ 4,412,467
2002	\$ 3,415,410	\$ 1,363,109	\$ 4,778,519
2003	\$ 3,479,968	\$ 1,386,893	\$ 4,866,861
2004	\$ 3,751,867	\$ 1,502,521	\$ 5,254,388
2005	\$ 3,647,503	\$ 1,448,852	\$ 5,096,355
2006	\$ 3,628,794	\$ 1,429,411	\$ 5,058,205
2007	\$ 3,587,980	\$ 1,416,986	\$ 5,004,966
2008	\$ 3,529,518	\$ 1,393,834	\$ 4,923,352
2009	\$ 3,396,979	\$ 1,345,306	\$ 4,742,285
2010	\$ 3,337,309	\$ 1,321,874	\$ 4,659,183

Source: City of Troy

CITY OF TROY, MICHIGAN

LABOR AGREEMENTS

Name	Expiration Date	Number of Employees Covered
American Federation of State, County, and Municipal Employees, AFSCME - Public Works Employees	6/30/2010	77
Michigan Association of Police - Clerical, Police Services Aides	6/30/2010	55
Troy Command Officers Association - Command Police Officers	6/30/2011	28
Troy Police Officers Association - Police Officers	6/30/2013	96
Troy Firestaff Officers Association - Fire Career Professionals	6/30/2011	11
Troy Communication Supervisors Association - Civilian Communications Supervisors	N/A	9

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

December 6, 2010

To the Honorable Mayor and City Council
City of Troy, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Troy, Michigan* (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted a certain matter that we reported to management of the City of Troy in a separate letter dated December 6, 2010.

This report is intended solely for the information and use of the City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lehmann Johnson".

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

December 6, 2010

To the Honorable Mayor and City Council
City of Troy, Michigan

Compliance

We have audited the compliance of the *City of Troy, Michigan* (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the *City of Troy, Michigan's* management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the *City of Troy, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

This report is intended solely for the information and use of the City Council, management, others in the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

CITY OF TROY, MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Forest Service:		
Pass through Department of Natural Resources <i>Arbor Day Mini Grant</i>	10.664	\$ 200
U.S. Department of Housing and Urban Development:		
Pass through Oakland County, Michigan <i>Community Development Block Grant</i>	14.218	127,522
U.S. Department of Justice:		
<i>Bulletproof Vest Grant</i>	16.607	266
U.S. Department of Transportation:		
Pass through Michigan State Department of Transportation <i>Highway Planning & Construction</i>		
HH2221	20.205	8,932
RR5218	20.205	1,864,954
HH6030	20.205	550,182
HH6088	20.205	412,983
RR5240	20.205	9,962
RR6240	20.205	105,543
RR6189	20.205	17,720
RR3172	20.205	4,044
RR5451	20.205	1,493
Total pass through Michigan State Department of Transportation		2,975,813
Pass through Michigan Office of Highway Safety Planning <i>MACP Award PT-09-70</i>	20.600	1,967
Total U.S. Department of Transportation		2,977,780
U.S. Department of Energy Labor & Economic Growth:		
<i>Energy Efficiency and Conservation Grant</i>	81.128	15,000
U.S. Department of Homeland Security:		
<i>FEMA-Assistance to Firefighter's Grant</i>	97.044	63,546
Pass through Oakland County, Michigan <i>Oakland County Homeland Security Terrorism Grant</i>	97.067	1,050
Total U.S. Department of Homeland Security		64,596
Total Expenditures of Federal Awards		\$ 3,185,364

See accompanying notes to schedule of expenditures of federal awards.

THE CITY OF TROY, MICHIGAN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Troy, Michigan and is presented on the same basis of accounting as the basic financial statements.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

THE CITY OF TROY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No
Identification of major programs:	20.205 Highway Planning & Construction
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

THE CITY OF TROY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV – PRIOR YEAR FINDINGS

None noted



**Troy Historical Society
Troy Museum & Historic Village
60 W. Wattles Road
Troy Michigan, 48098**

248-524-3570

December 8, 2010

Mr. John Lamerato
Asst. City Manager, Finance and Administration
500 W. Big Beaver Road
Troy MI, 48084

Dear Mr. Lamerato:

The Troy Historical Society (THS) has been working, since Troy adopted the current three-year budget, to find a way to keep the Troy Museum & Historic Village (Museum) open to the public after the end of operating funds from Troy on June 30, 2011.

The THS now believes that it can operate and manage the Museum after that date, if authorized by Troy, at its current level of public hours (Tuesday, Wednesday and Thursday 10 am-3 pm) and staffing. However, THS will need help from consultants to (1) ensure that such operation is financially sustainable and (2) find ways to grow the Museum's revenue for the long term. THS will request seed money from Troy to pay consultants for this purpose, and to purchase equipment and materials required for the transition.

For the information of City Council pending the Society's request for seed money, we have enclosed:

1. Elements of a proposed agreement between the THS and Troy for the operation of the Museum effective July 1, 2011. These elements are based on other agreements developed for Michigan municipalities that transferred operational control of their museums to nonprofit organizations.
2. A one page chart, Impact and Revenue Strategies, that lists the current core activities of the Museum, how they support the Museum's mission and their revenue sources.
3. The costs, profitability, mission impact of each core activity in a table and graph format.

We will submit THS' request for seed money for specific consultants and equipment in advance of the January 10, 2011 City Council meeting.

Sincerely,

Ward Randol
THS/Museum Transition Team

Note to Council:

*Mgr's Office will Review
Proposal PRIOR to Submittal
to City Council.*

Preserving the light since 1966

**Elements of a Proposed Agreement
Between the Troy Historical Society and the City of Troy
Regarding the Troy Museum & Historic Village**

1. The Troy Historical Society (THS) is a Michigan nonprofit corporation exempt from tax under Sec. 501 (c)(3) of the Internal Revenue Code. These proposed agreement elements have been approved by the THS Board of Trustees, and, with support from City Council, will be incorporated into an Agreement for adoption by both the City of Troy (Troy) and the THS.
2. The City of Troy, a Michigan municipal corporation, owns the Troy Museum & Historic Village (Museum) located at 60 W. Wattles Road, Troy, Michigan, which is a locally designated Historic District that includes the following structures:
 - Troy Township Hall, built on site in 1927, currently houses Museum offices, THS Museum Store and records, Pioneer Room for classes and meetings, reference library, and collections storage areas;
 - Log cabin, built circa 1840 in Monroe County, Michigan;
 - Caswell House, which is included on the National Register of Historic Places, was built in 1832 in Troy, moved to the Museum and furnished as an 1865 Greek revival home;
 - Poppleton School, a one-room, red brick schoolhouse built in 1877 in Troy, and moved to the Museum;
 - A replica of Cutting's General Store, originally located at Troy Corners, two miles north of the Museum, resembles its appearance in 1918. The Museum Archive is located on the second floor.
 - The Village Print Shop, an on-site, rebuilt water testing station, appointed to 1910, containing two turn-of-the-century printing presses;

- Wagon Shop, built at Troy Corners circa 1870, containing a functioning blacksmith's forge and woodworking shop;
- Troy Parsonage, built at Troy Corners circa 1880 and appointed to 1912, also has a collections workshop in the basement;
- Troy Historic Church (originally United Methodist Church of Troy), built at Troy Corners in 1837;
- Town Hall, built circa 1864 in Troy, and moved to the Museum, this one-room school now functions as an interactive learning area;
- Gazebo, replica of a nineteenth century structure, serves as a focal point for music and activities in the Village;
- Niles-Barnard House, built in 1837 at Troy Corners, now awaits interior restoration.
- The residence at 109 Lange St., purchased for future Museum expansion and presently used by City and Museum for storage.

Troy also owns the Museum's collections, which include the following: historic furnishings, exhibited in the buildings listed above; documentary and photographic artifacts (archives); domestic and agricultural implements, textiles and clothing, vehicles and other objects indicative of the lifestyles, customs, dress and resources of the residents, businesses, and government of the area. Items not exhibited are stored in designated areas on site.

3. Troy has operated the Museum since its founding in 1968. In the intervening years, the Museum has become a regional cultural destination, with 80% of its visitors coming from outside of Troy. After June 30, 2011, Troy will no longer be financially able to keep the Museum open to the public, although Troy still desires that it be kept open. Therefore, effective July 1, 2011, Troy will authorize THS to manage and operate the Museum. THS will agree to manage and operate the

Museum faithfully and diligently, without any duty by Troy to compensate THS for such services, except as provided in the Agreement.

4. THS is an independent contractor, having full authority and responsibility to render these services. Since the Museum's founding, THS has supported the Museum with volunteer services and financial donations, to assist Troy in moving structures to the Museum and restoring them. Since 2005, THS has raised over \$750,000 and spent it on expanding and improving the Museum.
5. In managing and operating the Museum, beginning July 1, 2011, THS intends to continue to provide citizens of Troy along with the region's residents and visitors, a wide range of affordable, outstanding educational and enrichment opportunities and programs. THS intends to expand the Museum's mission, vision, collections scope, programs, institutional identity, name and brand to reflect a regional focus that will increase programmatic and financial sustainability.
6. THS shall not materially reduce Museum staffing and public hours of operation that became effective July 1, 2010:
 - a. Unless adequate funding to maintain such staffing and hours is unavailable; and
 - b. Without consultation with Troy.
7. Subject to the foregoing, THS will have sole discretion and authority in operating the Museum, including day to day operations and retaining staff and volunteers. THS will determine:
 - a. Days and hours of operation
 - b. Customer service performance standards
 - c. Admission rates
 - d. Collections, human resources, and other operational policies and procedures
 - e. Exhibits presented

- f. Programs, products and interpretive services delivered
 - g. Care, preservation and use of Museum collections and historic buildings, in compliance with standards set by the American Association of Museums and the U.S. Department of Interior Standards for Historic Rehabilitation, consistent with current Museum policies.
 - h. Care, use and cleaning of Museum assets including, but not limited to, office furnishings and equipment.
8. In retaining a Museum Director, curator, archivist, interpreters or other professional staff, THS will endeavor to select individuals with history, museum studies, archival and/or other appropriate qualifications.
9. THS in its sole discretion may enter into partnerships, collaborations, or other relationships with entities other than Troy to enhance the Museum's mission-focused visitor experience, enhance operations, diversify sources of private or public funding, reduce costs, or realize other benefits or operational efficiencies.
10. THS will retain all revenues earned from the Museum's operations, including, but not limited to: admission fees; program revenues; facilities or property rentals for private functions or use; revenues provided, or funds received, from federal, state or county sources; and all other revenues, funds, grants, donations or pledges, in cash or in kind (such as donations of property or securities) from any private or public source. Further, any revenues related to artifact or collections-related activities shall accrue to the THS. THS will continue to maintain and operate a Museum store and keep THS files and financial records at the Museum. All funds received by THS from Museum operations will be used to further and promote the general welfare and interests of the Museum.
11. THS and Troy recognize that Museum archives and collections are not financial assets and will adhere to the American Association of Museums Code of Ethics (1991) regarding the acquisition,

accessioning, deaccessioning, and disposal of collections materials. New accessions will be added as property of Troy, and any proceeds from the sale of deaccessioned materials will be used only for the acquisition of new artifacts, or archival materials, or for the care of existing collections. The Museum Director, in semi-annual reports to the Museum's governing board and Troy, will request Troy to confirm acceptance of any new acquisitions or approval of any deaccessions.

12. To insure the continued integrity of the Museum assets, buildings and collections, whether or not the Museum is open to the public, and in recognition of Troy's continued ownership of all Museum assets and collections, Troy will provide an annual operations appropriation to THS, which will be allocated for the following costs:

- a. Utilities to all buildings, including heat, electricity and water;
- b. Security, including telephone lines and equipment;
- c. Liability insurance;
- d. Building maintenance;
- e. Grounds maintenance, including mowing, snow removal, and fall clean-up;
- f. Maintenance of Museum collections electronic database (PastPerfect).

The remaining costs of managing and operating the Museum will be borne by THS.

13. Troy will provide a separate capital fund, through the annual budget process, to insure that the Museum grounds and all buildings, which are included in a locally designated Historic District, are maintained in compliance with Chapter 13, the local preservation ordinance, State of Michigan law and the U.S. Department of Interior Standards for Historic Rehabilitation. All appropriations to the fund will be used by the THS to make repairs and improvements, as approved by the Historic District Commission and in consultation with Troy. The fund will be

renewed each year to a minimum balance of \$50,000, with any fund balance remaining at year's end carried over to the next year.

14. THS will provide regular periodic reports to Troy. The reporting schedule and content will be detailed in the completed Agreement.
15. Troy and the THS will maintain appropriate liability insurance coverage, and will indemnify each other against liabilities, as specified in the Agreement.
16. THS will consult with members of the Historical Commission, which has been eliminated as a City-appointed commission, to establish an interim governing board composed of THS and former commission members. The terms of office and duties of this governing board will be formulated in the Agreement.
17. The changes in operating procedures, as contemplated by the Agreement, will result in the elimination of all Museum employee positions from Troy's payroll after June 30, 2011. While Troy will be responsible for determining the employment status, termination or transfer of its employees, the THS will have discretion on how Museum positions eliminated by Troy are to be restructured or replaced. THS will expend its best efforts to provide continued employment to current Museum employees at a comparable level within THS.
18. The initial term of the Agreement shall commence on July 1, 2011 and will run through June 30, 2016. The Agreement will renew for successive five (5) year terms, unless notice of termination is provided by Troy at least six (6) months prior to the date of renewal.
19. If THS determines that it is not economically feasible to continue its operation of the Museum pursuant to the Agreement, THS may terminate the Agreement and shall provide six (6) months notice of its intention to exercise early termination. In such event, Troy may elect to continue operation of the Museum, whereupon Troy expressly assumes the risk of, and accepts responsibility for, the operation of the Museum after the date of termination, pursuant to this

December 8, 2010

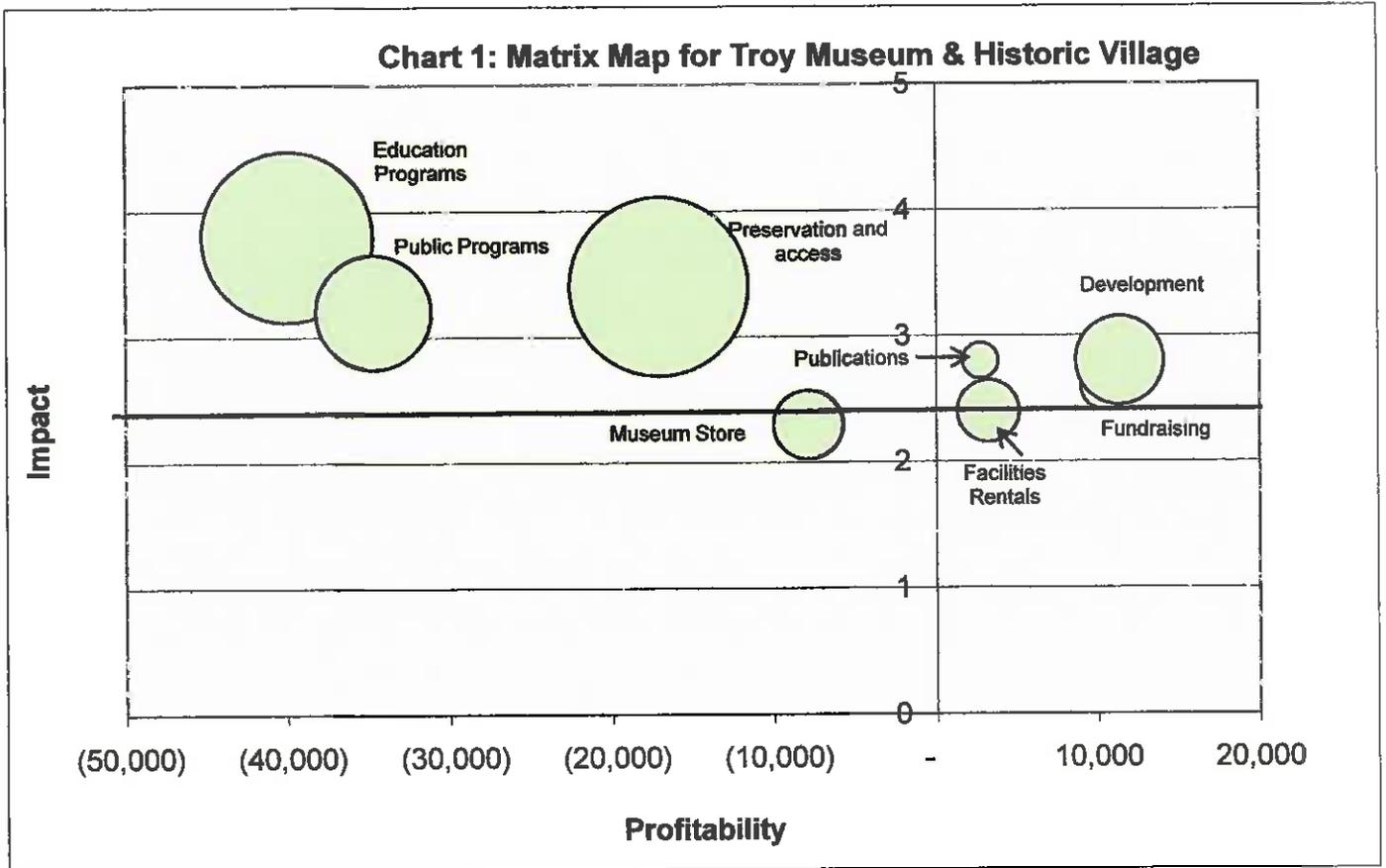
provision. If Troy elects to shut down the Museum to the public, Troy assumes the risk of, and accepts responsibility for, all costs and expenses which may occur as a result of that shutdown. Further, Troy will release from liability the THS, its officers, directors, agents, representatives, heirs and employees for the cost of such shutdown and the Agreement shall terminate.

Table 1: Impact and Revenue Strategies for Troy Museum and Historic Village

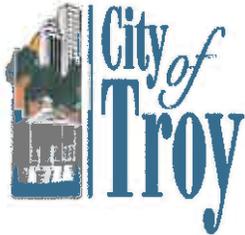
Core Activities	Impact Strategy	Revenue Strategy
Education Programs	Interactive, grade level appropriate education programs that meet Grade Level Content Expectations (GLCES), currently offered to grades K-5 and 8	Student and chaperone fees
Public Programs	Less structured education and enrichment programs for families, scouts, and adults. Programs are offered primarily on weekends, during the summer, and through evening lectures	Program fees and season tickets to "Teas"
Preservation of and access to Historic Village and Museum collections	The furnished buildings in the Village are collectively the permanent exhibit of the Museum. Self-guided tours and self-directed activities are provided to the public.	General Admission City appropriation
Facilities Rentals	Use of Old Troy Church and other buildings and the grounds for weddings, meetings, and receptions	Rental fees
Publications	Books related to Troy's history and heritage researched and developed by staff and volunteers	Donations to cover publications costs Direct sales and royalties
Museum Store	Mission-focused cards, books, candy, old-fashioned toys and related gift items sold to general public and in prepackaged gift bags for student visitors	Classroom orders, in-store and on-line sales
Fundraising Events	Car Show, Antiques Collectibles and Appraisal Fair and other small events	Sponsorships, car registration fees, and appraisal fees
Development= Memberships, annual appeal, donations and grants	THS memberships provide access to Museum as a benefit	Direct and indirect solicitation

Table 2: Profitability and Impact Scoring, Troy Museum

Business Line	Profit or Loss	Mission Impact	Cost
Education Programs	(39,983)	3.80	97,983
Public Programs	(34,690)	3.20	44,190
Preservation and Access	(17,064)	3.40	107,864
Facilities Rentals	3,194	2.40	12,806
Publications	2,705	2.80	4,295
Museum Store	(7,873)	2.30	15,873
Fundraising Events	10,471	2.60	8,329
Membership and Development	11,340	2.80	26,260
Total	(71,900)		317,600



NOTE: The size of each bubble is proportional to cost



TO: Members of Troy City Council
FROM: Lori Grigg Bluhm, City Attorney *LG*
Susan M. Lancaster, Assistant City Attorney *SL*
DATE: December 8, 2010
SUBJECT: Initiation of lawsuit to recover cost of replacement tree

As a result of an automobile accident, one of the Zelkova (ash) trees in the City's right of way was destroyed. The accident was caused by an 18 year old resident, who immediately pled responsible to the civil infraction charge of failing to use due care and caution.

The cost of the removal and the replacement of this tree at 3937 Raintree Street is \$784.82. The City does not have the funds to replace this tree.

The homeowner at 3937 Raintree Street demanded replacement of this tree in the City's right of way. The homeowner was informed that the City was not intending to replace the tree, based on a lack of funding. She then contacted the driver that crashed into the tree, seeking the money to replace the tree. The driver offered to pay a portion of the total cost, but deferred at least part of the responsibility for the damaged tree on the homeowner. The driver complained although he did go over the curb and onto the City's right of way, it was the presence of landscaping boulders in the City's right of way that catapulted his car into the tree.

The driver informed the City of the presence of these boulders in the right of way. The City, after observing the boulders, directed the homeowner to remove the potential hazards, which were in violation of the City's ordinance. The homeowner has removed the landscaping boulders.

In order to recover the cost for planting a replacement tree in the right of way, the City would need to file a new lawsuit against the driver, Brandon Zach. The property owner cannot directly file a lawsuit against Mr. Zach, since the tree was located on the City's property (right of way). If the City were successful in the lawsuit and recouped the tree replacement cost, then the property owner would have the requested replacement tree in the right of way. If City Council wishes our Office to pursue such a lawsuit, an action item can be brought forward on a subsequent agenda.

If you have any questions, please let us know.

TROY CITY MANAGER'S ROUNDTABLE MEETING FIRST QUARTERLY EXECUTIVE SUMMARY

The questions and topics that were discussed by our monthly participants have been color coded (*Red Items: September topics, Green Items: October topics, Purple Items: November topics*) followed by the City's responses to the questions/topics.

ECONOMIC DEVELOPMENT

- Better promotion of various "City incentives and programs" to the business community including Troy Work Perks, cultural opportunities and incentives.
- Use all of our assets – including businesses, to spread good news about the community and "sell Troy" to potential incoming investors.
- Get aggressive in economic development efforts by building our resource toolbox in order to be proactive in business attraction, business retention and entrepreneurship in tomorrow's growth sectors and the global economy.
- Embrace global business opportunities by marketing the diversity of the community and networking at various ethnic-focused business associations' events.
- Be more deliberate in our efforts to encourage businesses within Troy to support fellow Troy companies.
- Develop creative initiatives to further attract investments in focused clusters or sectors of businesses currently found within Troy (i.e. professional services, healthcare, advanced engineering).
- Develop solid business retention tools and initiatives.

Troy's economic development plan addresses four key strategic areas: business attraction, business retention, expansion and entrepreneurship. These four areas identify one of Troy's economic development goals to create an environment of investment within our business community. Any good model of a strong, sustainable community involves a balance of business and residents. This balance creates a sustainable means of funding the programs and services that its customers expect. And while the residential community can share its opinions and desires through an electoral process, the business community cannot. Therefore, it is essential that the City allow the business community to still have a voice, when they do not have a vote.

To ensure that Troy offers an environment for investment – now and in the future – City Council and Management must focus on economic development. Troy offers a couple of incentives to the businesses looking to locate and expand within the City including real and personal property tax abatements, discounts and perks for the workforce through Troy WorkPerks and development assistance through a Brownfield Redevelopment Authority.

Staff is looking at using our best assets – our existing customers – to assist in the sales process. When we meet with a prospect, we call upon our business owners to share from one CEO to another, the reasons why they chose Troy.

We must become proactive in our efforts and this cannot occur without the assistance of our partners including MEDC, Oakland County, Troy Chamber, Automation Alley, Troy Career Center, Michigan Small Business & Technology Development Center and a variety of educational institutions. We must also look to other strategic partners that interact with growing companies including our strong professional services community which includes bankers, CPAs, attorneys, brokers and site selection consultants.

Troy is a diverse community and one that continues to attract companies from all over the world. In fact, 20% of our attracted investment in 2010 was from foreign-owned firms looking to establish a presence in the U.S. We anticipate participating in international business events, seminars, and membership organizations in the immediate future.

In 2004, Oakland County developed the Emerging Sectors program. Ten sectors identified as the growth industries to attract business investment and jobs. While we can't appeal to them all, there are sectors that we recognize Troy has the ability to attract: healthcare, automotive R&D/engineering, defense, professional services, and retail. Staff attends conferences, expos and events that target these sectors to look for prospective opportunities or visit with the existing business community within their field of expertise.

Staff regularly makes one-on-one visits to existing businesses. This personal approach to relationship building has proven to be valuable to our business community. We make these visits independently and jointly with our partners including MEDC and Oakland County. We always are looking for opportunities to “get into more doors” to hear about their business, plans for growth and how we can be of assistance. Businesses must consider the Troy Economic Development Team as resource directors. There are a variety of financial programs, tax incentives, marketing assistance, workforce development tools that businesses can take advantage of as you grow your companies. Our Team excels at meeting with companies, determining their needs and introducing them to all the programs that they should be taking advantage of to help their company grow and succeed. We ask you to share this with your fellow Troy businesses to

take advantage of the wide range of individual business development opportunities available within the City of Troy.

MARKETING AND COMMUNICATIONS

- Better mass communication strategies to get information to the business community.
- Promote Troy as a “Cool Corporate City” and promote and deliver programs targeted to young workers.
- Tell our story! Develop a positive message about Troy’s recent efforts to be business-minded in the management of City finances and operations by creating a lean, effective organization.
- Create and implement a marketing strategy that develops a “Place To Be” environment for residents, businesses and our workforce.
- Develop a stronger relationship between elected City officials and the business community and recognize that local economic development success comes when City leadership and business executives work hand-in-hand.
- Work with the business community to attract needed talent and assist in the process of “selling” the community as a great place to live.
- Attract new residents and businesses, first impressions are everything. Thus we must work to keep the city looking maintained and presentable.
- Real measure of the community is the outcomes. The business community does not look at the micro level (size of your administration) but the macro level (how the City looks; number of vacancies).

A story isn’t good until you tell it. The City of Troy has been recognized for numerous accomplishments, is a leader among other communities in services and efficiencies and has been used as a model across the country for various initiatives. However, none of this means anything if Troy is not sharing this good news with its existing and potential residents, businesses and visitors.

Troy has taken great pride in a variety of programs and services that it makes available to its 85,000 residents; 6,100 businesses and 110,000 workforce. To ensure that this information is disseminated in a timely fashion to these audiences, Troy maintains a variety of informational sources. The website (www.troymi.gov) is maintained in-house and thus is the most current source of information. Updates are made on a daily basis.

There are three new features to Troy's website. The first is a series of promotional videos that allow visitors to tour the community and learn about why so many people and businesses call Troy home. Secondly, City Management has added a section called Organizational & Economic Sustainability Resources. Within this section, viewers are able to review City Council's plan for efficiency and fiscal sustainability. One will also find a "Best Practices" section which illustrates all the positive efforts Council and City Management have taken thus far to effectively manage the City. Lastly, a section has been added called "Who's Hiring in Troy". Here, found within the Economic Development section of the website, visitors can find a listing of companies, located in Troy, that are currently looking to fill open positions in Troy. This is an excellent resource for Troy residents and visitors looking to land a job or further their career here in the area. It also provides visibility to our Troy businesses that are experiencing positive growth and are looking to promote job openings. The section is updated as soon as the information becomes available and provides direct links to company websites that specify the open positions. Every day, the section grows with job listings, proving that positive things are happening in Troy.

The City of Troy makes it easy for residents and businesses to keep up with the latest news and information through the Internet's social media - Facebook and Twitter.

The City as well as the Police Department created a presence on the two sites this year as one more way to keep the public informed of city news. "Instant and informative communication has become the standard in our society today and residents and businesses who make use of the City's Facebook and Twitter sites will be able to stay up to date on City news, events and other activities of interest.

These sites are also great tools that give users the ability to get instant notification of significant events such as emergency road closures or snow emergencies.

To view the City's Facebook page, go to: <http://www.facebook.com/troy> and become a fan.

To stay connected to Troy through Twitter, go to: <http://twitter.com/troy>. Once a twitter account is created, you can "follow" the City of Troy and receive informational "tweets" to your computer and/or cell phone.

The City also publishes the Troy Today, a 60+ page quarterly magazine that provides City news and information, and upcoming events and programs. Troy Today also promotes new business developments and services offered to the residential and business community. This publication is mailed to all households and businesses on a quarterly basis. The magazine is also disseminated in our new resident packets and relocation kits, at all City facilities and online. The Troy

Today also accepts advertising from our local businesses. This is an excellent way to ensure your business message reaches every Troy household.

Troy maintains a local government cable channel, WTRY, broadcast on channels 10 WOW/17 Comcast. Viewers within Troy can watch live City Council meetings, replays of Planning Commission, Board of Zoning Appeals and Downtown Development Authority meetings. Other programs include City lectures, concerts and informational programs taped at Troy's various facilities.

Troy also develops and prints a number of marketing materials that promote City facilities, programs and services. These are not only disseminated by staff from all City facilities but multiple copies are shared with a number of local partners including the Chamber, non-profit organizations, schools, hotels and churches. New residents can come to City Hall to pick up a complete welcome packet that familiarizes them with the City of Troy.

These welcome packages can be extremely helpful for businesses that are recruiting talent from outside of Michigan. Some of you shared the process you go through to lure employees to work for your organizations and the deciding factors that these individuals consider in their decision. Staff would like to work directly with our businesses and relocation specialists, as a partner, to "sell" the community as a great place to live, work, learn, play and prosper. We can provide statistics, materials, maps, listings and contacts to assist in further research of the region.

Staff is also in the process of enhancing the way we share information with the businesses. Staff is currently updating the Economic Resource Guide which acts as our lead marketing material targeted to an audience of business decision makers and the factors that are important to them in choosing a new location. Staff is also developing an electronic distribution list where we can disseminate regular updates and e-newsletters that are pertinent to the business community. Troy also maintains a small advertising campaign where we purchase advertising space in magazines including Automation Alley's X-ology; the Metro Detroit Relocation Guide and Oakland County Prosper.

TRANSPORTATION AND INFRASTRUCTURE

- Rush hour traffic management and timing of traffic lights, specifically on Big Beaver Road.
- Possibility of the City of Troy taking over privately-owned Equity Drive.
- Develop a Troy-to-Troy Transit system that creates more walk ability and mass transit options for residents, employees and visitors.

The traffic signals in the City are owned, operated and maintained by the Road Commission for Oakland County (RCOC). Big Beaver itself is also under the jurisdiction of the RCOC. The traffic signal system in use in Troy and Oakland County is part of the FAST-TRAC system.

FAST-TRAC is a system that makes better use of existing roadways by employing advanced traffic management technologies to respond, in real time, to actual traffic flows. Traffic is monitored through real-time detection with cameras above the road or loops in the pavement. This information is then sent to a regional computer which attempts to optimize operation of the traffic signal to match actual traffic flow. The regional computer is also monitoring network-wide traffic flow and attempts to balance traffic flow along major corridors (i.e. Big Beaver, Crooks, Livernois, Rochester, etc.). In essence, the FAST-TRAC system attempts to provide the optimum timing at a specific location by considering traffic volumes there, as well as along the corridor and overall network.

The RCOC monitors and adjusts the traffic signal system to optimize flows outside of the optimization the signal system does by itself. In many cases, the geometrics of the road are the limiting factor and even an optimized timing will create delays. Big Beaver has been widened to its ultimate cross section, so we will not be able to build our way out of it, short of creating a system of service drives outside of the right-of-way which would allow access from private sites to other private sites without accessing Big Beaver. Service drives would allow movement between sites and allow Big Beaver to move traffic over greater distances with fewer access points which are the root cause of delays to efficient traffic flow. This of course would require private owners to work with the City and other property owners to have service drives across their property and reduce the number of curb cuts from their site to Big Beaver.

During peak hours, there will be delays even with the FAST-TRAC system which does a much better job with peak hour volumes vs. a fixed time system of signals. To put it simply, during the peak hours traffic volumes on most of our major roads exceed the available capacity. The delays are mitigated to a certain extent by the FAST-TRAC system, but there is simply too much demand on the system during the peak hours to provide for free flow of traffic at all times and in all directions.

- For the City of Troy to take over Equity Drive, there are several items to be investigated, analyzed and completed prior to acceptance of the road as a public road.

The first item is whether or not the road was originally built to City standards. It is unclear from records if that was done. The plans show 6-inch thick asphalt, whereas City standard is 9 inches on 8 inches of gravel base. Since the road was built as a private road, the Engineering Department did not inspect and does

not have inspection to show what was built. The cross section of the pavement would have to be determined by coring the road and a determination made as to the adequacy of the cross section to meet City standard requirements.

Assuming the road has an acceptable cross section, the road itself would need to be brought up to a like new condition prior to acceptance by the City. An informal inspection of the road shows that approximately 50% of the curbing would need replacement due to a concrete condition known as ASR (Alkali Silica Reaction) that will cause the concrete to crumble prematurely and significantly shorten its service life. Also, the concrete pavement section from Crooks Road to the west is in poor condition due to wide, deteriorated joints, which although sealed, will likely widen and continue to deteriorate with time. This section of Equity Drive would require replacement. The asphalt pavement, while in fairly good condition for its age, would require at minimum a milling (grinding) of the surface layer and placement of a new asphalt overlay. The thickness would depend on the exiting cross section of the road. All catch basins within the roadway would need to be inspected and repaired or rebuilt as needed. Overall, the roadway would need to be brought to a like new condition with an estimated service life of 15 years, without major repair. It is likely that the above needed repairs would cost several hundred thousand dollars.

In addition to the road, the storm water detention pond, which is currently a private pond, would have to become public as well since a public road cannot drain through a private storm system. Like with the road, the pond would need to be brought up to a like new condition. Sediments and vegetation would likely need to be removed from the bottom of the pond. The pump station would need to be inspected and a determination made as to its condition and any need for repair or replacement. The pump station would need to be brought to a like new condition with an estimated service life of 20 years.

Finally, the land upon which the detention basin is located would need to be deeded to the City of Troy and a cash deposit made with the City to cover operation and maintenance costs for the next 20 years.

The foregoing requirements are consistent with any new development where the road and detention basin are dedicated to the City soon after construction is complete, and the improvements are in a like new condition. Future City road maintenance costs would be offset in part by Act 51 road funds received annually from the state of Michigan and the pump station operation and maintenance deposit initially provided by the developers.

The Master Plan supports a Troy-to-Troy Transit system that creates more walk ability and mass transit options for residents, employees and visitors.

City Management will review the ordinance for licensing of taxis and limos.

BUILDING AND ZONING

- Processing requests quicker for projects that involve minimal work to an existing facility for an existing tenant.

SAFEbuilt processes all building permit applications within 1 to 10 business days depending on the information submitted and scope of the project. For projects involving minimal work to an existing tenant, the turnaround time is typically much quicker.

The City Manager's Office is developing a fast-track process where developers with specific types of projects can submit their complete plans and have them reviewed interdepartmentally (Planning, Fire, Engineering, Traffic Engineering, and Building) and receive approval the same day.

The Planning Department, in partnership with Carlisle/Wortman Associates, Inc., is comprehensively rewriting the City of Troy Zoning Ordinance. It is anticipated that the proposed Zoning Ordinance will be adopted in the spring of 2011. One of the goals of the new document is quicker review and approval times for development applications. This will be accomplished by the following:

- More administrative approvals for site plan applications
 - Fewer uses requiring special use approval
 - Wider range of uses permitted in most non-residential zoning districts
- Better blight control by encouraging property owners to take pride in their commercial facilities and clean up the property

Blight can be reported via phone or e-mail to Code Enforcement. Residents are encouraged by a link on the [City Home Page](#) to report blight. The [Code Enforcement website](#) provides several ways to contact Code Enforcement staff.

When not responding to complaints, our Housing and Zoning Inspectors are required to self identify blight. This includes regularly touring residential neighborhoods and non residential areas. Anytime blight is identified, inspectors attempt to make verbal contact with the responsible party to establish a relationship and obtain mutual understanding of the factors involved. Many times verbal contact causes blight to be eliminated in the quickest time period.

Inspectors are trained to cite practical reasons (such as property values, safety, aesthetics, "good neighbor") to encourage blight elimination. It is rare that an Inspector cites blight solely "because the Code says so". If verbal contact is not possible, a written notice is issued explaining the matter and setting a compliance deadline. Inspectors may modify compliance deadlines as necessary to achieve amicable correction. They may also refer contractors to people looking to eliminate their blight.

In the event of non compliance, court citations can be issued. Because those are informal hearings, the City and the Defendant retain more flexibility in achieving solutions. Attorneys are not permitted at the informal hearing, which helps to keep costs down and theoretically are more encouraging than if someone had to hire an attorney. For more difficult or non responsive parties, the City and Court work together to issue cleanup orders that can allow the City to eliminate some types of blight should the owner fail to heed the Court order.

All Code Enforcement staff are available to discuss with, or speak to property owners, property managers, and associations about our blight laws and enforcement processes. One approach we offer is to train the owner, manager, or association on how to first deal with blight internally. Only if their efforts fail, would the City be asked to become involved.

- Develop a strategy to market the City's new zoning ordinance; one of which will be to a targeted audience of key, non-residential investors and professionals including property owners, developers, financial institutions, brokers, etc.

The City Manager's Office will develop a strategy to market the new Zoning Ordinance. The marketing strategy will include:

- Meetings with targeted stakeholders including developers, designers, real estate brokers, and property owners
- Unveiling of the adopted document at advertised public events, including extensive media coverage
- Meetings with members of the press to explain and discuss the new document
- Coordinate efforts with local organizations including the Troy Chamber of Commerce, Automation Alley, Oakland County, and Michigan Small Business & Technology Development Center
- Use available technology including websites and social media

SAFETY AND SECURITY

- Confusion regarding the distracted driver law and no signs notifying people as they enter the City about this new law.
- Having Chief Nelson reach out to your organization for recruitment of volunteer firefighters.
- Recognize that safety is a key issue that businesses look at when locating within a community.

City of Troy Ranked as the Safest City in Michigan

On November 22, 2010, CQ Press released City Crime Rankings 2010-2011: Crime in Metropolitan America. According to the CQ report, Troy has the lowest crime rate ranking in Michigan for cities with a population over 75,000. Nationwide, for cities with a population between 75,000 and 99,999, Troy is ranked 10th safest overall. For cities in the United States with a population of 75,000 and above, Troy is ranked 13th. Troy was ranked as the safest city in Michigan for cities with its population in 9 of the last 13 ranking periods, including the current one. Troy achieved "Safest City" rankings as high as 5th and 6th in the United States for cities with populations over 75,000, respectively. In other than 2009, when it ranked 38th overall, Troy has consistently ranked among the top 25 safest cities in the United States with populations over 75,000 since 1998.

The City of Troy's Distracted Driving Ordinance includes a section that mirrors the recently passed state law prohibiting texting while driving. The other two sections of the local ordinance prohibit talking on a cell phone while driving, and distracted driving. Since November 2009, data has been collected from City of Troy crashes, specifically from driver and witness statements. These statements identified a variety of distracted driving behaviors that were the direct causes of traffic crashes in the City of Troy. This data was used as part of the background information given to City Council for consideration in passing this ordinance.

For the past several years, the City of Troy Police Department has reduced the number of traffic crashes by maintaining a consistent level of education and enforcement practices. Enforcement practices include giving warnings when warnings are warranted and writing tickets when a ticket is warranted.

The police department has issued warnings to motorists observed violating the sections of the ordinance involving talking on a cell phone while driving and distracted driving.

Troy Officers will continue to issue warnings rather than citations for observed violations of the sections of the new City ordinance that pertain to talking on a cell phone while driving, and distracted driving until at least January 1, 2011. This will not only provide for additional community education in regard to these two areas of the ordinance, but will also insure the appropriate signage is placed throughout the City warning motorists about these prohibitions.

Currently eight states, California, Connecticut, Delaware, Maryland, New Jersey, New York, Oregon and Washington as well as the District of Columbia, have this Distracted Driving Law in effect.

Currently, the Troy Fire Department is adequately staffed with 168 volunteer firefighters. While the department is still accepting applications, adding additional

volunteer firefighters is not anticipated for six to nine months due to the training cycle that has just begun.

However, in the long term, the success of the volunteer Fire Department is dependent upon members of the community volunteering. A concern the department has for the long term is with the percentage of ethnic populations increasing, they are not seeing members of these groups seeking out the Fire Department. In the future, the department will explore some type of outreach to our ethnic groups. As the need for additional volunteers becomes apparent, we would like to call upon our business community to share Troy Fire Department recruitment materials with your employees.

Red Items: September topics

Green Items: October topics

Purple Items: November topics

Vision

Where we want to go:

Honor the legacy of the past and build a strong, vibrant future

Goals

- **Provide fiscal stability for sustainable community**

Use fact-based decision making

Use long-term planning to ensure sustainability

Maximize cost containment while maintaining quality services

Continue to streamline government

Community planning and development to bring about a livable, walkable Troy

Safe, clean, livable city

Balanced, well rounded, sustainable community

Fiscally sound, effective city government

Clearly demonstrate commitment to public safety

Encourage good stewardship of infrastructure

- **Bring back the pride**

Develop a plan—may involve marketing

Attract a complete range of residents

Position Troy as **the** place for business

Attract and retain business

Customer focus

Unified in purpose

Excellent services

Create inclusive, entrepreneurial culture

Create a community of informed citizens

- **Work with community partners**

Begin community conversations

Involve volunteers in new, vital ways

Embrace and encourage community involvement

Many people, many backgrounds, diverse history...our community

Look beyond borders

Embrace regionalism

Create regional asset-based economic development strategies

- **Build trust within and without**

Seek to create an environment of trust and respect among councilmembers

Seek information and ways council and community can be better informed about the city's progress through an objective analysis of data

Develop strategies to strengthen trust, communication and to maximize the performance of the Leadership Team

Conduct business and engage in public policy formation in a clear, transparent manner

Effectively and professionally communicate internally and externally

Demonstrate support to/for city employees

Resourceful, committed, innovative workforce

Responsible and fiscally sound government

- 1.) Long term planning to ensure sustainability
- 2.) Establish sustainable financing
- 3.) Develop and maintain efficiencies with internal and external partners
- 4.) Maintain a resourceful, committed and innovative workforce
- 5.) Promote employee excellence
- 6.) Easy access to city government- both information and services
- 7.) Look beyond our own borders- our place in a regional and statewide landscape
- 8.) Streamlining methods of service delivery
- 9.) Provide high quality customer service or focus on customer service component

Providing for the safety and welfare of our citizens

- 1.) Maintain and improve quality infrastructure
- 2.) And/or encourage good stewardship of infrastructure (streets, drains, water, sewer)
- 3.) Maintain police and fire protection to keep our community safe
- 4.) And/or provide effective and sustainable public safety
- 5.) Protect the environment and encourage environmental initiatives (recycling, green building)
- 6.) And/or conserve resources in an environmentally responsible manner

Enhance and Increase Economic Development

- 1.) Position Troy as “the place” to do business by remaining competitive and attractive to business owners and companies
- 2.) Maintain relationships with new and continuing members of the business community
- 3.) Develop new tools to interact with business partners and attract potential new businesses to our community – what can set us apart from surrounding communities or places outside of Michigan?
- 4.) Create an inclusive, entrepreneurial culture
- 5.) Cultivate a diversified economy, workforce and tax base

Foster a sense of community

- 1.) Create a venue or multiple venues for community conversations
- 2.) Encourage effective public participation and public engagement
- 3.) Involve volunteers in new, vital ways
- 4.) Embrace our diversity and build on the strengths we have as a result of a diverse population- our goal has been and should continue to be to attract a wide range of citizens
- 5.) Form partnerships with schools, non profit organizations, neighboring communities and businesses
- 6.) “Bring Back the Pride”- marketing overhaul
- 7.) Adhere to principles in our city’s Master Plan
- 8.) Community planning and development that will foster a walkable, livable community