

CHARTER TOWNSHIP OF WATERFORD  
5200 CIVIC CENTER DRIVE  
WATERFORD, MI 48329  
January 23, 2012  
6:00 PM  
- A G E N D A -

APPROVE AGENDA -  
APPROVE MINUTES -  
APPROVE BILL PAYMENT -

ANNOUNCEMENTS:

1. The Clerk's Office is accepting applications for Precinct Workers for the February 28, 2012 Presidential Primary Election. Applications are available on-line at the Clerk's web page under Election Information or you may contact the Clerk's office at 248-674-6266.
2. If you wish to receive an absentee ballot application for the February 28, 2012 Presidential Primary Election, please contact the Clerk's office at 248-674-6266.

AWARDS & PRESENTATIONS:

1. Promotions of Sergeants Good and Hasselback to Lieutenant

REPORTS:

1. Parks & Recreation Department – November and December 2011
2. CPD – November and December 2011
3. Public Library – December 2011

NEW BUSINESS:

1. Jordan Development Company Presentation concerning Oil and Gas Lease
2. Appoint Gregory Ford to the Hess-Hathaway Advisory Board
3. Waterford Chamber of Commerce Banner Permit

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Kari Vlaeminck, Clerk

IN CONFORMANCE WITH THE AMERICANS WITH DISABILITIES ACT, LARGE-PRINT AGENDAS AND MINUTES ARE AVAILABLE UPON REQUEST. BARRIER-FREE PARKING AND ACCESS ARE ALSO AVAILABLE AT TOWN HALL. MINUTES ARE AVAILABLE UPON REQUEST AT THE CLERK'S DEPARTMENT, AND ON THE TOWNSHIP'S WEB SITE.

Minutes of the Waterford Township Board Meeting, held January 23, 2012, at 6:00 p.m., in Town Hall Auditorium, 5200 Civic Center Drive, Waterford, Michigan 48329.

BOARD MEMBERS PRESENT:

Carl W. Solden, Supervisor  
Kari Vlaeminck, Clerk  
Margaret Birch, Treasurer  
Anthony Bartolotta, Trustee  
David Maloney, Trustee  
Bette O'Shea, Trustee

BOARD MEMBERS ABSENT:

David Kramer, Trustee

OTHERS PRESENT:

Tom Newcombe  
Richard B Moody  
Cindy Elliott  
David Manning  
Lowell Good  
Honorable Jodi Debbrecht  
Jim Lalone  
Daniel T. McCaw  
Louis W. Feurino  
Todd Vanderbilt  
Sharon Thomas  
David Bickley  
Chris Bickley  
Mary Jaffee

Dan Jaffee  
Tom Middleton  
Gary Wall  
Rose Ford  
Greg Ford  
Russ Vernan  
Robert Ellsworth  
Rena Ellsworth  
Terry Biederman  
Jeff Wise  
Scott Craig  
Marsha Loree-Craig  
Donna Wall  
Mark Rosenkranz

Jeff James  
Ron Spears  
Larry Behnlandorf  
Willa Behnlandorf  
Terri Hasselbach  
Todd Hasselbach  
Sydney Hasselbach  
Liz Lesnau  
Noelle Collis  
Martha Koonter  
Bryan Caudet  
Scott Good

Supervisor Carl Solden called the meeting to order at 6:00 p.m., asked for a moment of silence and then lead the Pledge of Allegiance.

Moved by O'Shea,  
Supported Birch, RESOLVED, to approve the January 23, 2012, agenda adding Public Library - November 2011 under Reports.

Motion carried unanimously.

Moved by Maloney,  
Supported by O'Shea, RESOLVED, to approve the January 9, 2012, minutes as printed.

Motion carried unanimously.

Moved by Vlaeminck,

Supported by Birch, to approve the payment of the bills for January 23, 2012, as presented. A list of the bills is attached to these minutes.

Motion carried unanimously.

Supervisor Solden made the following announcements:

1. The Clerk's Office is accepting applications for Precinct Workers for the February 28, 2012, Presidential Primary Election. Applications are available on-line at the Clerk's web page under Election Information or you may contact the Clerk's office at 248-674-6266.
2. If you wish to receive an absentee ballot application for the February 28, 2012, Presidential Primary Election, please contact the Clerk's office at 248-674-6266.

Daniel T. McCaw, Police Chief, made the following presentation: Promoted from Sergeant to Lieutenant Scott Good and Todd Hasselbach. Clerk Vlaeminck administered the Oath of Office and the Honorable Jodi Debbrecht administered the Oath of Honor. The Board offered congratulations.

Moved by O'Shea,

Supported by Vlaeminck, RESOLVED, to recognize Lieutenant Good and Lieutenant Hasselbach for their promotion and offer congratulations.

Motion carried unanimously.

The following reports were presented:

1. Parks & Recreation Department – November and December 2011
2. CPD – November and December 2011
3. Public Library – November and December 2011

Moved by O'Shea,

Supported by Vlaeminck, RESOLVED, to receive the foregoing reports.

Motion carried unanimously.

The following memo was received from Douglas W. Bradley, Building and Engineering Director:

Over the past several months the Jordan Development Company, L.L.C. (Jordan), from Traverse City Michigan, has been approaching property owners in Waterford Township seeking to lease the mineral rights for their properties. Jordan has begun individual discussions with Waterford Township, the Waterford School District, Oakland County and numerous private property owners. Each of these property owners have been presented with a standardized "Oil and Gas Lease" document that was prepared by Jordan. In General this "Oil and Gas Lease" identifies the time frame for the lease, what type of activities Jordan can conduct on the surface of the property and what materials they can remove from below the surface, in addition the "Oil and Gas Lease"

Bradley memo continued.

establishes the compensation the property owner will receive for granting Jordan the rights outlined in the "Oil and Gas Lease". Because this "Oil and Gas Lease" is a standard form representatives from Jordan have indicated a willingness to modify or eliminate some of the provisions in the "Oil and Gas Lease" agreement to meet the individual needs and concerns of Waterford Township. A copy of the most recent "Oil and Gas Lease" document and associated "Exhibit" and "Order for Payment for Oil and Gas Lease" is attached for your review.

The standard "Oil and Gas Lease" agreement, as prepared by Jordan, has been reviewed by Terry Biederman, DPW Director, Tom Newcombe, P&R Director, Bob Vallina, CPD Director and Doug Bradley, B&E Director and the following concerns have been identified:

- Jordan can not be given blanket authority to clear-cut trees, install roads, install pumping facilities, or install storage facilities on Township owned property. The Township must review and approve any surface disruption of the property before work commences.
- Waterford Township's water supply wells utilize the existing subsurface aquifers. Jordan can not be allowed to conduct any operations that would endanger these aquifers including using the subsurface strata for storage of product or using any type of high pressure injection or "fracking" to facilitate extraction of the product.

Representatives of Jordan have stated they understand these concerns and are willing to modify the "Oil and Gas Lease" agreement to address these concerns. Jordan has also advised that they will be required to meet all Michigan Department of Natural Resources (MDNR) requirements relative to any wells or production facilities they may eventually establish. Jordan has also stated that any production facilities they establish will conform to all local ordinances.

There are other provisions of this "Oil and Gas Lease" agreement that the Board may wish to review such as the time frame for the lease, the compensation received for executing the lease, the payment provisions for "royalties", the "shut-in" provisions and the extension provisions. Also a copy of this "Oil and Gas Lease" agreement has been reviewed by Gary Dovre at Secrest Wardle and a copy of Mr. Dovre's review comments are attached for your consideration.

Representatives from Jordan Development Company, L.L.C. will be present at the January 23, 2012 Board meeting to provide a general overview of what impacts their operation will have in the area. If, at the conclusion of the presentation by Jordan, the Board would like to further pursue the proposed "Oil and Gas Lease" agreement, I would ask that the Board pass a Resolution authorizing the Township Supervisor to proceed with negotiating the terms of the final "Oil and Gas Lease" and further to authorize the Township Supervisor to execute the final "Oil and Gas Lease".

If you have any questions or concerns feel free to contact me by telephone at (248) 674-6231, or e-mail at [dbradley@twp.waterford.mi.us](mailto:dbradley@twp.waterford.mi.us).

**SUPPLEMENT TO EXHIBIT A OF OIL AND GAS LEASE**

Exhibit A to the Oil and Gas Lease that amends the Oil and Gas Lease entered into between the Charter Township of Waterford, as Lessor, and Jordan Development Company, L.L.C., as Lessee, is hereby supplemented to add the following paragraphs, all of which serve to amend, and shall prevail whenever in conflict with, the provisions of the Oil and Gas Lease. Paragraphs numbers in the Supplement refer to the corresponding Paragraphs in the Oil and Gas Lease.

Bradley memo continued.

4. The rights granted to Lessee in Paragraph 1 specifically exclude hydraulic fracturing methods and operations and operations that result in the emission to the atmosphere of any gas, vapor, fume, mist or combination thereof, that contains hydrogen sulfide in any quantify, regardless of injurious effects or the level of interference with the comfortable enjoyment of life or property.
5. The land covered by the Lease in Paragraph 1 is strictly limited to the properties described in Exhibit 1, and does not include contiguous or appurtenant lands owned, claimed or to which Lessor has a preference right of acquisition.
6. All references to "acre(s)" or "net acre(s)" in the Lease or any document provided for under the Lease shall be to the gross acres recited in Paragraph 1.
7. Paragraph 2 is amended to change the primary term to two (2) years, delete the second sentence, and amend the definition of the word "operations" to replace the phrase, "whether or not in paying quantities" at the end of the Paragraph with, "in paying quantities."
8. The only post-production costs allowed under Paragraph 3 are those allowed by Michigan statute, MCL 324.61503b, as amended.
9. The Division Order described in Paragraph 3 shall be prepared and certified by Lessee, to Lessor as accurately representing the royalty payment Lessor is entitled to, and shall comply in all respects with applicable Michigan statutes and administrative rules, with the last sentence in Paragraph 3 deleted.
10. The first sentence in Paragraph 4 is amended to read as follows:

"If any well, capable of producing oil and gas in paying quantities, as demonstrated by established production during the primary term, located on said land or on lands pooled or unitized with all of said land, is at any time shut-in by Lessee for commercially reasonable business reasons approved in writing by Lessor, such that production therefrom is not sold or used off the premises, subject to and conditioned on the timely shut-in royalty payments described in this Paragraph, such shut-in well shall be considered a well producing oil and/or gas and this lease shall continue in force while such well is shut-in, notwithstanding expiration of the primary term."
11. Paragraph 4 is amended to require that the shut-in royalty payments shall be made on or before the last day of the otherwise expiring primary term and on an annual basis thereafter, with payments not considered made until received by Lessor.
12. The first two sentences of Paragraph 5 are amended to allow for the written notice by Lessor to Lessee of non-compliance to be for any Lessee obligation, with Lessee having 60 days from receipt of such a notice to complete actions required to comply.
13. Paragraph 5 is further amended to replace the fourth and fifth sentences with the following:

"If Lessee fails to accomplish lease compliance within the time allowed by a Lessor written notice, at any time thereafter, Lessor may terminate or cancel this lease by written notice to Lessee."
14. The sixth sentence in Paragraph 5 shall not apply to Lessor lands upon which wells are located, and as to other Lessor lands, shall be limited to those necessary to constitute a minimum allowable unit and the last sentence in Paragraph 5 is deleted.
15. Paragraph 8 is amended to require any pooling or unitization by Lessee to include all land described in Paragraph 1 and Exhibit 1.
16. Paragraph 9 of the Lease is deleted.

Bradley memo continued.

17. Paragraph 12 shall only apply if Lessee has provided written notice to Lessor of the event or occurrence claimed to be grounds for a "period of suspension" within 30 days of the occurrence or commencement of that event and Lessor does not object to the "period of suspension" claimed by Lessee by written notice to Lessee within 30 days of Lessor's receipt of notice.
18. Paragraph 15 is amended to provide that any surrender of the Lease by Lessee must be in writing and received by Lessor and shall not be for less than all of the land described in Paragraph 1 and Exhibit 1 without Lessor's written consent.
19. Paragraph 19 is amended to provide that Lessee's option to extend may not be for less than all of the lands described in Paragraph 1 and Exhibit 1 without Lessor's prior written consent, with the payment to be made as specified in Paragraph 4, as amended, and to delete item "(b)" at the end of the last sentence.

Moved by O'Shea,

Supported by Maloney, RESOLVED, to establish a lease activity committee comprised of the Township Supervisor, Doug Bradley, Building and Engineering Director and Terry Biederman, DPW Director; giving the Township Supervisor authority to proceed with negotiating the terms of the final "Oil and Gas Lease" and further to authorize the Township Supervisor to execute the final "Oil and Gas Lease". A copy of the standard Oil and Gas Lease is attached to these minutes.

Ayes: Solden, Birch, Bartolotta, Maloney, O'Shea

Nays: Vlaeminck

Absent: Kramer

Motion carried passed.

The following memo was received from Supervisor Solden.

I respectfully request the Township Board's approval of the appointment of Greg Ford to the Hess-Hathaway Advisory Board term to expire January 1, 2015.

Mr. Ford will be a valuable addition to the Hess-Hathaway Board with his business experience and has already shown a great interest in Hess-Hathaway Park by volunteering for many events held at the Park. Parks and Recreation Director Tom Newcombe highly recommend his appointment and I concur.

Thank you for your consideration.

Moved by O'Shea,

Supported by Bartolotta, RESOLVED, to appoint Gregory Ford to the Hess-Hathaway Advisory Board, term to expire January 1, 2015.

Motion carried unanimously.

Clerk Vlaeminck presented a request from the Waterford Chamber of Commerce for a Banner Permit to promote their 6th Annual Business & Home Expo.

Moved by Vlaeminck,

Supported by Birch, RESOLVED, to approve the Banner Permit for the Waterford Chamber of Commerce from March 7, 2012, to March 23, 2012, at the following pedestrian overpass locations: M-59 near St Benedict's Church; Walton Blvd near Mason Middle School; Pontiac Lake Road near Waterford Senior Center; and Williams Lake Road near Schoolcraft Elementary School. Further, to direct the Clerk to apply for the necessary permits from the State and County.

Motion carried unanimously.

Moved by Maloney,

Supported by Bartolotta, RESOLVED, to adjourn at 8:00 p.m.

Motion carried unanimously.

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Kari Vlaeminck, Clerk

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Carl W. Solden, Supervisor