



PENTWATER TOWNSHIP BOARD

AGENDA PACKET

SPECIAL BOARD MEETING

NOVEMBER 21, 2025 – 11:00 AM

Lynne Cavazos, Supervisor
Heather A. Douglas, Treasurer
Maureen H Murphy, Clerk

Mike Flynn, Trustee
Dean Holub, Trustee

PENTWATER TOWNSHIP BOARD PENTWATER COMMUNITY HALL 500 N. HANCOCK STREET, PENTWATER, MI 49449 <i>Special Board Meeting</i> <i>Draft Minutes</i> 21 November 2025	
Supervisor Cavazos called the Special Board Meeting to order at 11:01 AM. Members Present: Cavazos, Flynn, Douglas, Murphy, & Holub Members Absent: None Staff Present: Deputy Supervisor Keith Edwards. Others Present: Township Attorney Mark Nettleton.	CALL TO ORDER ROLL CALL
Moved by Douglas and seconded by Holub to accept the meeting agenda as presented. Voice vote: Yes: Cavazos, Murphy, Douglas, Flynn & Holub No: None Motion Carried	MEETING AGENDA - Review & Action
None	PUBLIC COMMENTS
Motion by Douglas supported by Murphy to approve the proposed Intergovernmental Wholesale Agreement between the Township of Pentwater and the Village of Pentwater (revised draft dated November 20, 2025) and authorize and direct the Township Supervisor and Township Clerk to execute and deliver the agreement on behalf of the Township with such changes as are deemed necessary and in the best interest of the Township in consultation with the Township Attorney. Discussion with Attorney Mark Nettleton of Mika Meyers about mediation Term sheet and new provisions of Wholesale Intergovernmental Agreement. • Surcharge for Excess Flow negotiated to 15% charge. • Chronic Excess Flow – Part 6, Items A, B & C, also discussion of flow being measured weekly instead of daily. • Discussion of calculation of discharge services. Roll call vote: Yes: Douglas, Murphy, Flynn, Holub & Cavazos	NEW BUSINESS REVIEW AND ACTION (A) Proposed Intergovernmental Wholesale Sewer Agreement between the Township of Pentwater and the Village of Pentwater

No: None Motion: Carries	
None	PUBLIC COMMENTS

• 327 Hancock • Franchise Agreements • Cemetery Permit Policy	OTHER ITEMS FROM BOARD MEMBERS
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Moved by Holub, seconded by Douglas to adjourn the meeting at 12:22 PM Motion carried via voice vote.	ADJOURNMENT
Maureen Murphy, Township Clerk	Date

[Open Meetings Act]

**TOWNSHIP OF PENTWATER
COUNTY OF OCEANA, MICHIGAN**

PUBLIC NOTICE IS HEREBY GIVEN that the Township Board of the Township of Pentwater will hold a special meeting of the Township Board on November 21, 2025 at 11:00 a.m. at the Pentwater Township Hall, 500 N. Hancock Street, Pentwater, MI 49449 to consider a proposed intergovernmental agreement with the Village of Pentwater for continued sewer service to the "Township North Sewer System." It is anticipated that, during the meeting, the Board may move to approve the proposed agreement

All interested persons may attend the special meeting. The proposed minutes of the special meeting will be available for public inspection not more than eight business days after the special meeting. Approved minutes will be available for public inspection at the above-stated Township Hall address not later than five business days after the meeting at which the minutes are approved by the Township Board.

The address of the Township Hall is 500 N. Hancock Street, Pentwater, MI 49449. The telephone number of the Township Hall is (231) 869-6231.

This Open Meetings Act notice was posted on November 20, 2025 at 9:30 a.m.

Dated: November 20, 2025

TOWNSHIP BOARD OF THE
TOWNSHIP OF PENTWATER

PENTWATER TOWNSHIP
Pentwater Township
Special Board Meeting
November 21, 2025 at 11:00 A.M.

In-Person

Pentwater Township Hall
500 N. Hancock St.
Pentwater, Michigan 49449

AGENDA

- 1. Opening**
 - A. Call to Order with the Pledge of Allegiance
 - B. Roll Call
 - C. Approval of Agenda
- 2. Public Comment on Agenda Items (Three Minutes Maximum)**
- 3. New Business – Review & Action**
 - A. Proposed Intergovernmental Wholesale Sewer Agreement between the Township of Pentwater and the Village of Pentwater
- 4. Public Comment**
- 5. Adjournment**

Revised Draft
November 2012, 2025
Bjm-revisions 11/18/25

I. Intergovernmental Wholesale Sewer Agreement

This Intergovernmental Wholesale Sewer Agreement (the "Agreement") is made and entered into this ____ day of _____, 2025 (the "Effective Date"), between the VILLAGE OF PENTWATER, a Michigan general law village, whose address is 65 South Hancock Street, Pentwater, Michigan (the "Village"), and the TOWNSHIP OF PENTWATER, a Michigan general law township, whose address is 500 North Hancock Street, Pentwater, Michigan (the "Township"). In this Agreement, either the Village and/or the Township may also be referred to individually as a "Party" or jointly as the "Parties".

WHEREAS, the Parties enter into this Agreement pursuant to Article 7, Section 28, of the Michigan Constitution of 1963; the Intergovernmental Contracts Between Municipal Corporations Act, Public Act 35 of 1951, as amended; the Urban Cooperation Act of 1967, Public Act 7 of 1967 as amended; and the Revenue Bond Act, Public Act 94 of 1933, as amended; and

WHEREAS, the Parties were parties to a Sanitary Sewer Agreement dated June 18, 1984 (the "1984 Agreement"), which provided, among other things, for the construction, financing, operation, maintenance, repair and replacement of the sanitary sewer infrastructure located within the Village and Township (including the Village's wastewater treatment plant (the "WWTP")) (collectively, the "Village Sewer System") and construction, financing, operation, maintenance, repair and replacement of certain of the sanitary-sewer infrastructure located within the Township by the Village; and

WHEREAS, the sanitary sewer infrastructure located within the Township consists of two separate and unconnected sewer systems including: (1) a 2 1/2" force main and related appurtenances located along US-31 business route (Monroe Road) and Lakeview Drive in the Township lying northerly and easterly of Pentwater Lake, (the "Township North System"), and (2) the sanitary sewer collection system that serves portions of the Apache Hills, Ottawattamie Park, Mears Addition to Middlesex, and Gamble's residential subdivisions via the Hilltop Drain Field System and the Wayne Road Drain Field System located within the Township south of Pentwater Lake (collectively, the "Township South System") (collectively the Township North System and the Township South System is referred to herein as the "Township Sewer System"); and

WHEREAS, on August 8, 2022, the Village provided written notice to the Township of the Village's intent to terminate the 1984 Agreement in accordance with paragraph 16 of the 1984 Agreement and discontinue the operation and maintenance of the Township Sewer System (the "Village Termination Notice"); and

WHEREAS, in light of the receipt of the Village Termination Notice, the Township began to operate and maintain the Township Sewer System on or around April 1, 2023, and the Village continued to treat sewage collected from the Township North System at the WWTP; and

WHEREAS, a dispute arose between the Parties regarding the Parties' rights and obligations under the 1984 Agreement and the Village Termination Notice; and

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Commented [BM1]: The WWTP is located in the Township

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WHEREAS, the Parties attempted to resolve the disputes through negotiation; and

WHEREAS, the Parties engaged in voluntary facilitative mediation on September 12, 2025 to resolve their dispute, whereby representatives of the Parties ultimately agreed on terms to settle the Parties' dispute, which terms were set forth the "Facilitative Mediation Term Sheet/Settlement Agreement" (the "Term Sheet") (Exhibit 1); and

WHEREAS, the Township Board and the Village Council approved the Term Sheet on September 18, and September 22, 2025, respectively; and

WHEREAS, this Agreement is intended to memorialize the complete and final agreement of the Parties in settlement of the Parties' dispute, provide for the formal conveyance of the Township Sewer System by the Village to the Township, and set forth the terms for the continued treatment of sewage from the Township North System by the Village at the WWTP on a long-term and wholesale basis; and

WHEREAS, this Agreement is intended to fulfill the contingency described in Section 5 of the Term Sheet and constitutes a "formal settlement agreement" between the Parties.

NOW THEREFORE, in consideration of the foregoing, the Parties agree as follows:

1. **Settlement Agreement.** This Agreement constitutes a full and complete settlement between the Village and the Township to resolve any and all claims arising out of the 1984 Agreement with respect to the Township Sewer System, and related matters, thereby fulfilling the contingency described in Section 5 of the Term Sheet.

2. **Termination of the 1984 Agreement.** The Parties hereby agree that the 1984 Agreement is terminated as of April 1, 2023.

3. **Lump Sum Payment.** The Village shall pay to the Township a one-time lump sum payment of one hundred thirty-five thousand dollars (\$135,000.00), payable by check to the Township on or before November 25, 2025.

4. **Conveyance of the Township Sewer System.** For valuable consideration hereby received and acknowledged including, but not limited to, the payment of one dollar (\$1.00) by the Township to the Village and subject to the following terms and conditions set forth herein, the Village hereby conveys, and the Township hereby accepts the Township Sewer System, including all its related components and appurtenances, effective as of April 1, 2023. The Township formally accepts the deeds and easements of the real property comprising the Township Sewer System previously recorded by the Village and attached hereto as Exhibit 2. The Village shall execute and deliver to the Township any and all necessary documents including, but not limited to, bills of sale, assignments of easements, and any other deeds of real property necessary for the Township's proper ownership and operation and maintenance of the Township Sewer System, (if any), to evidence and effectuate the conveyance of the Township Sewer System to the Township. |

Commented [BM2]: Council has a meeting on 11-24 to approve final version.

Commented [BM3]: If there are any parts or equipment, we should specifically address those now.

5. **Terms for Treatment of Sewage from Township North System.**

A. Beginning on the Effective Date, the Village shall accept, treat, and dispose of Sewage collected by the Township in the area within the Township served or capable of being served by the Township North System in a manner which is in compliance with all applicable federal, state, and local laws, regulations, requirements, and Village ordinances pertaining thereto. For purposes of this Agreement, "Sewage" shall include a combination of the liquid and water-carried wastes from residences, businesses and buildings, institutions and industrial establishments, together with the ground waters and surface waters as may be present, whether treated or untreated, which is contributed to or permitted to enter the Village's Sewer System under its ordinances, state and federal law/regulations, and this Agreement. Sewage from the Township North System can be discharged by the Township on a continuous basis to the Village Sewer System in an amount not to exceed (1) 8,000 gallons per day (gpd) for the months of September through May, and (2) 10,000 gpd for the months of June, July, and August ("Maximum Daily Allowable Flow" or "MDAF"). Sewage flow from the Township North System will be measured by obtaining periodic readings from the Master Sewer Meter (defined below) to determine average daily flow ("Average Daily Flow" or "ADF"). Average Daily Flow will be calculated by subtracting the previous reading of the Master Sewer Meter from the current reading to determine the total flow volume during that period, and then dividing the result by the number of days that elapsed between the two measurements. Any ADF in excess of the MDAF shall constitute "Excess Flow."

B. Sewage flow from the Township North System shall be measured at the point of connection of the Township North System to the Village Sewer System, which is currently located at the Lakeview Drive Lift Station in the Township (which shall hereafter be referred to as the "Sewer Connection Point") via the existing meter (the "Master Sewer Meter") at that Sewer Connection Point. The total volume of Sewage measured by the Master Sewer Meter shall be reported by the Township to the Village on a weekly basis. Notwithstanding the foregoing, the Township shall permit access to a designated Village official or employee to the Master Sewer Meter so that the Village may also read the Master Sewer Meter from time to time at its own time and expense. The Township shall have the Master Sewer Meter calibrated not less than annually at the Township's cost.

C. Beginning on the Effective Date and through the duration of this Agreement, the Village shall charge, and the Township shall pay a wholesale sewer rate for treatment of Sewage from the Township North System at the WWTP in accordance with this paragraph (the "Wholesale Sewer Rate"). The Wholesale Sewer Rate to be charged to the Township shall be equal to the Village's actual cost to accept, treat, and dispose of the Sewage from the Township North System based on the flow measured at the Master Sewer Meter multiplied by up to 1.15. The Village's "actual cost" shall be an amount prorated to the applicable billing cycle equal to the percentage of the volume capacity allocated to the Township North System expressed as a fraction, the numerator of which is the volume of Sewage from the Township North System as measured by the Master Sewer Meter during the applicable billing cycle and the denominator of which is the total average daily capacity of the Village Sewer System during that same period, multiplied by the sum of: (1) the total operating expenses of the WWTP, plus (2) debt service expenses and capital expenses of the WWTP as determined by the Village's

most recent year's audit. An example of the calculation of the Wholesale Sewer Rate beginning on the Effective Date, is attached hereto as Exhibit 3.

D. In addition to the Wholesale Sewer Rate, the Township shall be liable to the Village for a ~~twenty-five (25%)~~ twenty-five (2015%) surcharge for all measured Excess Flow, calculated at the rate equal to the Wholesale Sewer Rate multiplied by 1.2015 (the "Excess Flow Surcharge Rate"). The surcharge shall be calculated by multiplying the volume of the Excess Flow (in gallons) for that day on which the Excess Flow occurred (if known and identified) by the Excess Flow Surcharge Rate. If such Excess Flow for a particular day is not identified, then Excess Flow shall be determined with respect to the Average Daily Flow measured for the applicable period (e.g., days between the last reading of the Master Sewer Meter) as compared to the Maximum Allowable Daily Flow for the same period. An example of the calculation of the Excess Flow Surcharge beginning on the Effective Date, is attached hereto as Exhibit 3. The Parties acknowledge and agree that the Excess Flow Surcharge Rate is reasonably proportionate to the actual costs incurred by the Village for treating the Excess Flow based upon the Village's increased operational, maintenance, and capital costs associated with processing the Excess Flow. The Parties further acknowledge and agree that the Excess Flow Surcharge Rate shall not constitute a tax, but rather shall represent payment for actual services rendered in compliance with the Headlee Amendment to the Michigan Constitution (Article IX, Section 31).

E. The Village shall bill the Township quarterly in arrears for sewer service supplied to the Township North System. Should the Village change its billing cycle for its customers from a quarterly to a monthly basis, the Village shall provide not less than sixty (60) days prior notice of such change, and the Township shall accommodate the change.

F. Invoices for wholesale sewer service billed in accordance with this paragraph shall be payable by the Township to the Village thirty (30) days following delivery of the invoice to the Township. If an invoice is not paid by the Township in part or in full by the due date, the Township shall pay a penalty of one percent (1%) per month on the unpaid amount until the unpaid amount is paid to the Village.

G. The Village shall provide the Township with not less than sixty (60) days prior written notice of and the details justifying any proposed change in the Village Wholesale Sewer Rate.

H. As of the Effective Date of this Agreement, there is one property, namely one structure on the Pentwood Cabins property located at 5594 W. Monroe Road in the Township, that is directly connected to the Village Sewer System, but located in the Township; this customer shall be considered a customer of the Village Sewer System and not a Customer of the Township North System. The Village shall bill and collect all rates, charges and fines for the use of and connection to the Village Sewer System as other customers of the Village Sewer System located within the Village; provided, however, that the Township agrees to assist the Village in the enforcement of any rates, charges, assessments, and fees due to the Village from the property, including, but not limited to, the imposition and levy of liens against the property for unpaid amounts owed to the Village, as well as the enforcement of the Village's sewer ordinance with respect to the property.

6. Chronic Excess Flow.

- A. A "Chronic Excess Flow Event" shall occur if the Sewage from the Township North System entering the WWTP, as measured by the Master Sewer Meter, exceeds the Maximum Daily Allowable Flow, resulting in Excess Flow, on more than ~~ten (10)~~ 14 distinct days within any single billable quarter.
- B. Upon the occurrence of a Chronic Excess Flow Event, the Village shall provide the Township with written notice of default detailing the dates of non-compliance (e.g., specific days or specific weeks in which there was Excess Flow) and the quantity of measured Excess Flow. The Township shall either: (1) make a request to the Village within 60 days of receipt of such notice of default to acquire additional capacity in the WWTP to accommodate the highest measured quantity of Excess Flow, which shall then be added to an become the Township's new MDAF under this Agreement, or (2) remedy the circumstance(s) resulting in the Chronic Excess Flow Event. If the Township makes a request for additional capacity, the Village shall determine: the cost to acquire the capacity based on the Village's cost to expand the treatment capacity of the WWTP (the "Project Cost"), and the Township's and Village's respective share of that cost based on the Township's and Village's proposed proportionate flow after the proposed expansion as compared to the total capacity of the WWTP after the expansion (the "Project Cost Allocation"). An example of the calculation of the Project Cost Allocation is attached hereto as Exhibit 3. The Township shall pay the Township's share of the Project Cost Allocation to the Village within 90 days of the Village's determination of the Project Cost Allocation, unless the parties agree to a different payment schedule or arrangement. Upon payment of the Township's share of the Project Cost Allocation (or agreement by the parties as to an alternative payment schedule or arrangement), the Village shall commence the project to increase the WWTP capacity. If the Township elects to remedy the circumstance(s) resulting in the Chronic Excess Flow Event, but fails to cure the default and remedy the Chronic Excess Flow Event by ensuring that the ADF daily flow does not exceed the MDAF for more than ~~ten (10)~~ 14 distinct days during the subsequent billing quarter, the Village may terminate this Agreement upon one hundred eighty (180) days' written notice to the Township.

- C. Termination pursuant to this paragraph shall not relieve the Township of its obligation to pay all charges and other financial obligations under this Agreement incurred prior to the effective date of termination.

7. **Annual Meeting.** The Parties agree to meet at least once each calendar year to review the Parties' respective sewer capital improvement plans, budgets, and proposed rates, charges and fees, and discuss any matter that affects service to the Township North Sewer System. The Parties agree to disclose any proposed or completed improvements to the WWTP or Township North System with an estimated cost of \$50,000 or more.

8. **Township Sewer Ordinances.** For the term of this Agreement, the Township shall adopt and maintain in effect such ordinances, rules, and regulations as may be necessary to maintain standards for the construction, maintenance, repair, and use of the Township North System, which shall be at least as stringent as those of the Village, as those ordinances, rules, and regulations exist at present or may be amended from time to time. Any changes in Federal or State

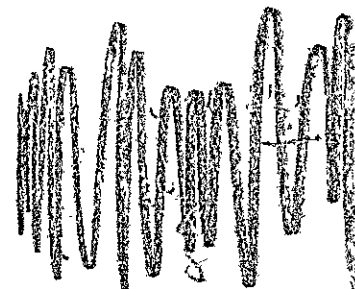
law or regulations or the Village ordinances, rules, and regulations which set stricter standards shall automatically become part of this Agreement and the Village shall endeavor to provide the Township with at least 60 days prior notice of any such changes to permit the Township to modify its sewer ordinance accordingly. The Township North System shall be used only to collect and transport such Sewage as is permitted under such laws, ordinances, rules, and regulations, and the discharge permit for the Sewage under such laws, ordinances, rules, and regulations, and the WWTP discharge permit (the "NPDES Discharge Permit"), as are in effect at the time of the given use.

9. **Septage Disposal.** The Township shall not permit disposal of any septage waste from any source, including mobile sanitation service trucks in or to the Township North System.

10. **Emergency Discontinuance.** The Village, with respect to the Village Sewer System, and the Township, with respect to the Township North System, each hereby reserve to itself the right to temporarily discontinue the service from any of their respective interceptor lines, trunk lines, collector lines, or any other pipelines, without notice in times of emergency, or whenever the Village or the Township shall, upon its determination and after not less than forty-eight (48) hours' notice to the other party, find it necessary for purposes of testing, repairing, or replacing lines, meters, pumps, or other facilities serving the Township North System. No claim for damages for such discontinuance shall be made against the other party.

11. **Change of Political Jurisdiction or Corporate Status.** In the event of a change of political jurisdiction over the area within the Township served by the Township North System, then the entity acquiring jurisdiction shall purchase those common use sewer service facilities serving such area or an interest therein at a fair price in an equitable manner based upon capital investment as depreciated from the entity relinquishing political jurisdiction. The purchase price shall be determined by an independent third-party appraisal by an appraiser mutually agreed upon by the parties. In the event the Township and Village are unable to agree on the selection of an appraiser, each party shall select one qualified appraiser to conduct an appraisal of the Township North System, and the purchase price shall be the mean of the two appraisals. In the event of such a change, the Village and Township will by mutual agreement establish a new location for any Master Sewer Meters affected thereby and share the cost of such relocation equally. The parties further agree that the rights, duties, and obligations set forth in this Agreement shall continue in full force and effect notwithstanding any change in the corporate status, classification, or organization of either party, including but not limited to the incorporation of a village as a city, the incorporation of a township as a charter township, consolidation with another municipal corporation, or any other form of reorganization permitted by law. In the event of such change, the successor municipal corporation shall be deemed to have assumed and shall be bound by all terms and conditions of this Agreement as if it were an original party hereto.

12. **Management.** Subject to the provisions of this Agreement, the Village reserves to itself full discretion with respect to all management decisions and related matters pertaining to the Village Sewer System. Similarly, subject to the provisions of this Agreement, the Township reserves to itself full discretion with respect to all management decisions and related matters pertaining to the Township Sewer System. Notwithstanding the foregoing, the Township shall not permit nor allow any connections to nor development of the Township North System that, in the opinion of the Village's engineer based on accepted municipal utility practices, would cause a



Commented [BM4]: This arguably covers an annexation or change in the Village's boundaries on the other side of town.

foreseeable risk of Excess Flow into the Village Sewer System without prior written authorization from the Village.

13. WWTP Operation; Operating Liability.

A. The Village shall operate the WWTP in accordance with the requirements of the applicable NPDES Discharge Permit, provided that liabilities arising out of a failure of the WWTP to comply with the requirements of the applicable NPDES Discharge Permit caused by excess strength Sewage discharged to the Village Sewer System by the Township North System shall be the responsibility of the Township.

B. The Village will use reasonable diligence to provide and maintain regular and uninterrupted sewer service to the Township under this Agreement, but does not guarantee uninterrupted service and shall not be liable for any injuries or damages caused by such interruption to the Township, the sewer customers located in the Township, or any other party caused by defects in original construction, cave-ins, accidents, repairs, contamination, interruptions, or any other cause, nor shall the Village be liable to the Township or any customer located in the Township or other person, firm or corporation for injuries or damages, of any nature caused by the use of the Village Sewer System or the Township Sewer System or by interruptions therein. The Village and Township agree that the wastewater facilities and service provided under this Agreement are a governmental function, as defined in Public Act No. 170 of 1964, as amended. Neither the Township nor the Village, by entering into this Agreement, waive its governmental immunity or any of its rights and duties imposed by law.

14. Force Majeure. No failure or delay in performance of this Agreement by either party shall be deemed to be a breach thereof when such failure or delay is occasioned by or due to any act of God, strikes, lockouts, wars, terrorism, riots epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, not within the control of the party claiming suspension; provided that no cause or contingency shall relieve the Township of its obligation to make payment for sewage services provided by the Village Sewer System to the Township.

15. Inspection Rights and Notice Requirements. The Village, at the cost of the Village, shall have the right to enter upon and inspect the Township North System and all properties connected thereto for the purpose of protecting the Village's rights under this Agreement. The Township shall comply with the reasonable requests of the Village for information relating to the Township North System. The Village shall comply with the reasonable requests of the Township for information relating to the amount and computation of the Wholesale Sewer Rate. The Township will keep the Village fully and continually informed regarding its plans for any installation of improvements to or extensions of the Township North System, including construction and completion schedules. If the Township receives a request for an additional connection to the Township North Sewer System, the Township shall give prompt notice to the Village thereof and state the estimated Sewage from the premises to be connected. The Village will keep the Township fully and continually informed regarding its plans for any installation of improvements to or modifications of the WWTP, including construction and completion schedules and estimated increases to the Wholesale Sewer Rate.

16. **Records and Plans.** For all proposed construction, additions, alterations or relocations of the Township North System, or components thereof, the Township shall provide proposed plans to the Village for each construction, addition, alteration or relocation of such facilities at least ninety (90) days prior to the commencement of such construction, addition, alteration or relocation. The Township shall not authorize or otherwise permit any new construction, additions, alterations, relocations, connections or development within the Township North System that would, in the opinion of the Village's engineer, foreseeably cause the Sewage discharged by the Township North System to exceed the Maximum Daily Allowable Flow as set forth in paragraph 5(A) above. Following completion, the Township shall provide as-built plans to the Village within ninety (90) days.

17. **Term of Agreement; Termination for Convenience.**

A. This Agreement shall become effective on the Effective Date and continue for thirty (30) years, unless otherwise extended by agreement of the Parties. The Parties have the option to mutually extend the term of this Agreement for one additional term of ten (10) years. To exercise the option to extend the term of the Agreement, each party shall provide written notice to the other party not less than six (6) months prior to the then-applicable termination date of the Agreement.

B. This Agreement may be terminated by either party for convenience with not less than three years prior written notice of termination by the terminating party to the other party.

18. **Miscellaneous.**

A. **No Third-Party Beneficiary.** There shall be no other beneficiary or third-party beneficiary to this Agreement. No remedy is provided or intended by this Agreement to the customers of the Parties.

B. **No Joint Venture.** This Agreement shall not be constituted as creating a joint venture between the Township and the Village.

C. **Assignment.** This Agreement may not be assigned to another entity by either party without prior written consent of the other party.

D. **Entire Agreement.** This Agreement sets forth the entire understanding of the Parties with respect to its subject matter. This Agreement supersedes and/or replaces all prior oral or written agreements between the Parties, including the Term Sheet.

E. **Severability.** In the event any provision of this Agreement is determined to be invalid by any court or tribunal having jurisdiction, the balance of the Agreement shall remain in full force and effect.

F. **Applicable Law.** This Agreement shall be interpreted under the laws of the State of Michigan.

G. **Venue.** It is specifically agreed among the Parties to this Agreement that Oceana County, State of Michigan, is the place of performance of this Agreement. If any legal

proceeding is brought to enforce this Agreement or any provision hereof, the same shall be brought in the Oceana County Circuit Court.

H. **Construction.** This Agreement has been prepared, and negotiations occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Agreement therefore shall not be construed against any party to this Agreement.

I. **Notices.** Unless otherwise provided herein, notice, including any notice, communication, request, reply, or advice herein provided or permitted to be given, made, or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, addressed to the party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only when received by the party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

If to the Village, to:	If to the Township, to:
Village of Pentwater Attn: Manager PO Box 622 65 South Hancock Street Pentwater, Michigan 49449	Township of Pentwater Attn: Supervisor PO Box 512 500 North Hancock Street Pentwater, Michigan 49449

The Parties shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other party hereto.

19. This Agreement may be terminated by either party for breach of the terms of this Agreement upon not less than ninety (90) days written notice given by one party to the other party (the "Defaulting Party") for breach of the Agreement by Defaulting Party and Defaulting Party's failure to appropriately cure the default within such ninety (90) day period.

20. **Full Settlement and Release.** Each Party hereby agrees to a full and complete release of any and all claims against the other party arising from the 1984 Agreement, the Village's treatment of sewage from the Township North System prior to the Effective Date, or the Parties' operation and maintenance of the Township Sewer System prior to the Effective Date. Any dispute between the Parties with respect to the terms of this Agreement shall be resolved pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the Parties acting under the authority of their respective governing bodies have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the Effective Date of this Agreement.

VILLAGE OF PENTWATER:

Date: _____, 2025

By: _____
Mary Marshall
Its: Village President

Date: _____, 2025

By: _____
Rande Listerman
Its: Village Clerk

TOWNSHIP OF PENTWATER:

Date: _____, 2025

By: _____
Lynne Cavazos
Its: Township Supervisor

Date: _____, 2025

By: _____
Maureen Murphy
Its: Township Clerk

Exhibit 1

Term Sheet

Facilitative Mediation Term Sheet/Settlement Agreement

This Term Sheet memorializes the agreement reached between the **Township of Pentwater** and the **Village of Pentwater** (collectively, the "Parties") during a facilitation session conducted by **Lee Silver** on **September 12, 2025**. The Parties have agreed to settle the matter pursuant to the following terms and conditions:

1. Lump Sum Payment -The Village of Pentwater shall pay the Township of Pentwater a one-time lump sum of \$135,000, payable on or before November 14, 2025.

2. Long-Term Agreement - The Parties shall enter into a thirty (30) year agreement, which shall include the following material terms (to be finalized in the formal agreement):

- a. Beginning on November 14, 2025, the Village shall accept, treat, and dispose of Sewage collected by the Township in the area within the Township served or capable of being served by the Township North System in a manner that is in compliance with all applicable federal, state, and local laws, regulations, requirements, and ordinances pertaining thereto. For purposes of this Agreement, "Sewage" shall include a combination of the liquid and water-carried wastes from residences, businesses and buildings, institutions and industrial establishments, together with the ground waters and surface waters as may be present, whether treated or untreated, which is contributed to or permitted to enter the Village's Sewer System under its ordinances and this Agreement. Sewage from the Township North System can be discharged by the Township on a continuous basis to the Village Sewage Disposal System in an amount not to exceed 8,000 gallons per day (gpd) (September through May) and 10,000 gpd (June, July and August).
- b. Sewage flow from the Township North System shall be measured at the point of connection of the Township Sewer North System to the Village Sewage Disposal System, which is currently located at the Lakeview Drive Lift Station in the Township (which shall hereafter be referred to as the "Sewer Connection Point") via the existing meter (the "Master Sewer Meter") at that Sewer Connection Point. The total volume of Sewage measured by the Master Sewer Meter shall be read on a weekly basis by the Parties in a coordinated manner to be set forth in the formal settlement agreement. The Parties agree to address the Pentwood Cabins connection in the formal settlement agreement.
- c. Beginning on November 14, 2025 and through the duration of the agreement, the Village shall charge and the Township shall pay a wholesale sewer rate for treatment of Sewage from the Township North System at the Sewage Treatment Plant in accordance with this paragraph (the "Wholesale Sewer Rate"). The Wholesale Sewer Rate to be charged to the Township shall be equal to the actual cost of the Village to accept, treat, and dispose of the flow measured at the Master Sewer Meter multiplied by up to 1.15. The "actual cost" of the Village shall be an amount prorated to the applicable billing cycle expressed as a fraction, the numerator of which is the volume of Sewage from the Township North System as measured by the Master Sewer Meter during the applicable billing cycle and the denominator of which is the total average daily capacity of the Village Sewage Disposal System during that same period, multiplied by the sum of: (1) the total operating expenses of the Sewage Treatment Plant, plus (2) debt service expenses and capital expenses of the Sewage Treatment Plant as determined by the Village's most recent year's audit. An example of the calculation of the Wholesale Sewer Rate beginning on November 15, 2025, is attached hereto as Exhibit A.

- d. The Village shall bill the Township quarterly in arrears for wholesale sewer service supplied to the Township North System. Should the Village change its billing cycle for its customers to a monthly basis, the Village shall provide not less than sixty (60) days prior notice of such change and the Township shall accommodate the change.
- e. Invoices for wholesale sewer service billed in accordance with this paragraph shall be payable by the Township to the Village thirty (30) days following delivery of the invoice to the Township. If an invoice is not paid by the Township in part or in full by the due date, the Township shall pay a penalty of one percent (1%) per month on the unpaid amount until the unpaid amount is paid to the Village.
- f. Annually, representatives of both the Township and the Village shall meet to review plans for capital improvements and budgeting and discuss anything that effects costs with respect to the Township North Sewer System. The Village shall provide the Township with not less than 60 days prior written notice of and the details for any proposed change in the Village Wholesale Sewer Rate. Additional details to be agreed upon in the formal settlement agreement.

3. Conveyance of Sewer System - Upon execution and approval of the aforementioned 30-year agreement, the Township shall formally accept ownership and responsibility for the Township North and Township South Sewer Systems retroactive to April 1, 2023 and the Village shall provide all necessary conveyance documentation reasonably requested by the Township, including but not limited to: deeds, easements, bills of sale, assignments, and record plans.

4. Full Settlement and Release - On or before November 14, 2025, the parties shall prepare and execute a formal and binding settlement agreement which shall include a full release of all claims related to the 1984 Agreement and/or the subject matter of the current dispute.

5. Contingencies - The undersigned representatives agree to recommend approval of this Agreement to their respective legislative bodies. It is understood that this Agreement is subject to formal approval by both governing bodies. Additionally, this Agreement is also contingent on execution of a formal settlement agreement.

IN WITNESS WHEREOF, the undersigned representatives affirm their intent to proceed in accordance with and be bound by the terms outlined above:

PENTWATER TOWNSHIP

By: Lynne Cavazos
Lynne Cavazos, Supervisor
Date: September 12, 2025

VILLAGE OF PENTWATER

By: Mary Marshall
Mary Marshall, President
Date: 9/12/2025

Exhibit 2

Deeds Conveying Real Property Comprising Township Sewer System

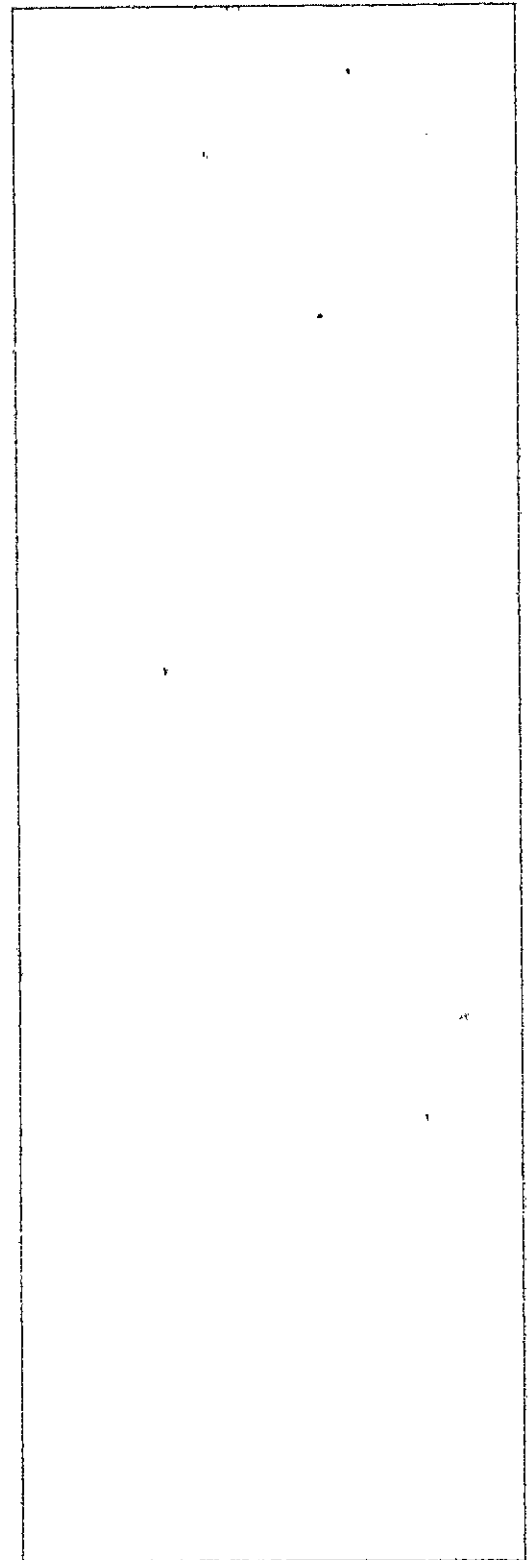


Exhibit 3

Example for Calculation of Wholesale Sewer Rate

Example for Calculation of Excess Flow Surcharge Rate

(If Daily Excess Flow is Known)

Wholesale Sewer Rate:	\$2.00 per 1,000 gallons
Maximum Daily Allowable Flow (MDAF):	8,000 gallons per day (September-May)
Actual Flow on a Specific Day:	10,500 gallons
Excess Flow:	10,500 gallons (actual) - 8,000 gallons MDAF = 2,500 gallons

Step 1: Calculate the Excess Flow Surcharge Rate

- The surcharge rate is 15% above the Wholesale Sewer Rate: $\$2.00 \times 1.15 = \2.30 per 1,000 gallons

Step 2: Calculate the Surcharge Amount

- Multiply the excess volume by the surcharge rate: Excess Flow: 2,500 gallons
- Convert to units of 1,000 gallons: $2,500 \div 1,000 = 2.5$
- Surcharge Amount = $2.5 \times \$2.30 = \5.75

Step 3: Invoice Example

- For this day, the Township would pay: Regular charge for first 8,000 gallons: $8 \times \$2.00 = \16.00
- Excess Flow Surcharge for 2,500 gallons: \$5.75
- Total for the day: $\$16.00 + \$5.75 = \$21.75$

(If the Excess Flow is not identified for a specific day, e.g., weekly reading)

Wholesale Sewer Rate:	\$2.00 per 1,000 gallons
Excess Flow Surcharge Rate:	\$2.30 per 1,000
Maximum Daily Allowable Flow (MDAF):	8,000 gallons per day (September-May)
Initial Meter Read:	56,000 gallons
Subsequent Meter Read:	124,000 gallons
Number of Days between reads:	7 days
MDAF for Period:	56,000
Actual Flow for Period:	$124,000 - 56,000$ (MDAF) = 68,000
Excess Flow:	$68,000 - 56,000$ (MDAF) = 12,000 gallons (actual)

Step 1: Calculate the Average Daily Flow (ADF) for the period.

Step 2: Compare ADF to MDAF. Any amount above MDAF is treated as Excess Flow for the period and the same calculation (Excess Flow x Excess Flow Surcharge Rate) applies.

Step 3: Invoice Example

- For this week, the Township would pay: Regular charge for first 56,000 gal: $56,000/1,000 \text{ gal} \times \$2.00/1,000 \text{ gal} = \112.00
- Excess Flow Surcharge for 12,000 gallons: $12,000/1,000 \times \$2.30/1,000 = \27.60
- Total for the week: $\$112.00 + \$27.60 = \$139.60$

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Example for Calculation of Project Cost Allocation

Township's then-current MDAF (June-August): 10,000 gpd
Highest metered Excess Flow: 2,000 gpd
Township's requested additional MDAF (June-August): 2,000 gpd
(Township's new MDAF (June-August): 12,000 gpd

WWTP current capacity: 200,000 gpd

Village's proposed increase in WWTP capacity: 20,000 gpd
WWTP proposed new WWTP capacity: 220,000 gpd

Township's proposed new capacity: 12,000 gpd (June-August)
Village's proposed new capacity: 208,000 gpd

Township's share of proposed increase in capacity: $12,000/220,000 = 5.45\%$
Village's share of proposed increase in capacity: $208,000/220,000 = 94.5\%$
Project Cost (increase capacity by 20,000 gpd): \$100,000

Project Cost Allocation

Township (\$100,000 x 5.45%) \$ 5,455
Village (\$100,000 x 94.5%) \$94,545

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Pentwater Township
Special Meeting
November 21, 2025

Motion by Douglas supported by Murphy to approve the proposed Intergovernmental Wholesale Agreement between the Township of Pentwater and the Village of Pentwater (revised draft dated November 20, 2025) and authorize and direct the Township Supervisor and Township Clerk to execute and deliver the agreement on behalf of the Township with such changes as are deemed necessary and in the best interest of the Township in consultation with the Township Attorney.