



City of Petoskey

Department of Finance
101 East Lake Street, Petoskey, Michigan 49770 • 231 347-2500 • Fax 231 348-0350

February 17, 2009

William T. McCormick, Jr., President
Bay Harbor Tax Relief Legal Fund
4500 Vista Drive
Petoskey, MI 49770

RE: BAY HARBOR TAX RELIEF LEGAL FUND

Dear Mr. McCormick:

As Acting City Manager for the City of Petoskey, I am in receipt of your correspondence dated January 26, 2009 to Mayor Pail. The City Council and the City Attorney have reviewed your correspondence, along with prior correspondence dated August 29, 2008, an attachment entitled "Bay Harbor Tax Situation", as well as your Committee's questions of the City dated October 4, 2007. We have also reviewed the Contract for Conditional Transfer of Property between the City of Petoskey and the Township of Resort dated September 26, 1994 (the "Act 425 Agreement").

As I hope you can understand, we are bound, along with Resort Township, to the terms and conditions of the Act 425 Agreement and applicable Michigan law. While we appreciate your group's desire to reduce taxes, neither the Act 425 Agreement nor applicable law authorizes the City to deviate from the requirements of the uniformity clause of the Constitution. We also believe that your "Fund" lacks standing to file any action against the City. As such, we are unable to accommodate your demands to reduce Bay Harbor's rate of ad valorem taxation different than the remainder of the City.

On the other hand, City staff is prepared to meet to determine how programs, services, and/or facilities might be expanded in Bay Harbor. For example, as you may know, the City recently acquired property in order to construct a new public-safety station. We hope you and your group appreciate that while we are willing to meet to discuss your concerns, we would vigorously defend any Complaint filed against the City.

Sincerely,

Alan Terry
Acting City Manager

Branches.18288.52780.1763482-1