

October 30, 2024

Dear Green Charter Township Residents:

Over the past year, I have had the opportunity to engage with many residents to discuss the progress and update you on the status of several township projects.

Among the most frequently mentioned topics are:

- A. The ongoing litigation involving Gotion
- B. The township's budget recent audit results
- C. Internet and zoning
- D. Improvements to the sewer lift station

This electronic newsletter serves as an update on these and other matters affecting our community.

A. The Gotion Case

The Gotion Case is the biggest issue facing our township. Gotion has filed a case against the township regarding a development agreement. This development agreement was worked on last Fall by then Supervisor Jim Chapman.

There are grave issues with the development agreement framed by the previous township board. The township has been left with no option but to defend itself from Gotion's lawsuit. Various forms of information and documentation have been obtained during the lawsuit discovery. This information was then filed with the court and became public. The released information shows that the township's defense is warranted.

As many of you know, the township was sued by Gotion on March 15, 2024 in Federal Court under a claim of breach of contract. Gotion alleges, among other things, that the township violated terms of a development agreement signed by the former township Supervisor and attested to by the Township Clerk. The township alleges the development agreement is invalid because the former board never discussed or approved the finalized document in a meeting open to the public.

The center of Gotion's argument is that the township violated the development agreement by rescinding a resolution approving its water plans. As a reminder, those plans were pushed through by the former Board responsible for the development agreement mess. The current board rescinded the resolution to provide further time to study the issue. This was done while acting within the Board's Constitutional authority.

The relative scale of Gotion's proposed project, to the size of the township and its population is massive. In that regard, it is likely one of the largest ever in Michigan and needs further study. The Project requires patient, thoughtful, and prudent consideration accompanied by wide open and transparent dialogue with our fellow residents.

To our dismay, that is not what happened last Fall.

Text messages between Gotion representatives and former Board members obtained through the legal discovery process clearly show it opposes such transparency.

Integrity and accountability must be built into the project to ensure it follows proper processes and procedures; and any attempt to side-step the process could jeopardize the safety and longevity of our community. This process also guards against potential exploitation, and fulfills the fiduciary responsibilities of Green Charter Township's elected representatives.

Gotion also alleges that the township violated the Development Agreement by rescinding the former Board's resolution of support for the Project, and by passing an Interim Zoning Ordinance.

The Interim Zoning Ordinance gives the township local power to control zoning within the township and create its own Zoning Commission. Gotion's opposition to the township's Interim Zoning Ordinance is absurd. A similar ordinance was contemplated by the former Board, and ironically supported by Gotion at that time!

Even before Gotion sued the township and forced it to incur attorney fees, it tried to better understand why Gotion was so upset. The township sent a letter dated February 8, 2024, to Gotion denying any breaches of the Development Agreement and also asked a series of questions about its project. The questions asked of Gotion was an attempt to gain information necessary to better study and consider the specifics of their project. Gotion never responded to the letter before filing its lawsuit against the township. Most recently, Gotion objected to providing basic information, such as its water plans, site plans, and similar documents. Gotion's objections demonstrate the lengths to which it has tried to keep its plans from public view.

This begs a question: Why would a company not be transparent with Michigan and township taxpayers? This company has successfully lobbied the State of Michigan and former township officials to locate the Project here. They have been given hundreds of millions of dollars in grants and incentives. Yet the township still finds it difficult to obtain project documents from Gotion for future township planning.

At this point, the Gotion Case has over 100 filings in the Western District of Michigan Federal Court. Further, Judge Beckering's ruling in this case is subject to appeal in the Sixth Circuit Court of Appeals located in Cincinnati, Ohio. The township's attorneys are currently working on a brief that will clarify that the township's actions have been and are entirely consistent with Michigan law.

To summarize key events in the case, the District Court issued a preliminary injunction against the township requiring it to comply with Section 4 of the Development Agreement. This ruling was made before the township conducted any discovery (e.g., depositions, obtaining documents, and gathering information from Gotion). **But the preliminary injunction is: (1) not a final ruling of the case as to the enforceability of the Development Agreement; and (2) does not order the siting of Gotion's Project in the Township.**

There are several other important events that have transpired since the entry of the preliminary injunction.

First, the township has appealed the preliminary injunction order to the Sixth Circuit. Most things in the District Court case are “stayed” (paused) until that appeal concludes, which may take over half a year.

Second, the township has also taken responsibility of local zoning from Mecosta County. This is to make sure the township and its residents have a rightful say in land use decisions impacting the township. Our Declaration of Independence states that the “powers” of elected officials are “derived from the consent of the governed” – the citizens of the township. Currently, Gotion has no zoning approvals, nor has it applied for zoning approvals for its Project in the township.

Quite literally, the opposite has happened. Gotion has not submitted anything to the township and may, in fact, choose not to proceed with its Project.

In addition to the above, the township has conducted discovery (fact-finding) in the District Court case and has been successful in obtaining new information that the former Board and Gotion wanted to conceal. Additionally, the township prevailed on a motion to compel additional information, including:

1. The deposition of Chen Li (Gotion’s President)
2. The production of additional documents from Gotion
3. The continuation of former Supervisor James Chapman’s deposition due to his failure to answer questions in his initial deposition.

The township’s rigorous defense in this litigation is due to, among other reasons, concerns surrounding the Development Agreement, former Board members, and the Project; many of which are the same concerns that I often hear from residents. The fact-finding process unearthed support for many public concerns. For example, discovery has revealed that:

1. The Development Agreement is dated with an effective date in August 2023 but was apparently not actually signed until October by Gotion.
2. A former Board member who voted on the Development Agreement and other pro-Gotion measures appeared to have financial interest in the Project as he admitted to entering into a land purchase agreement with Gotion in the approximate amount of \$2 million.
3. The township’s former Supervisor, while negotiating terms of the Development Agreement, appears to have engaged in text messages with Gotion’s Charles “Chuck” Thelen where Mr. Thelen:
 1. Offers the former Supervisor an all expense-paid trip to China
 2. Offers a free golf outing trip
 3. Inquiries about making a four-figure campaign donation to the former Supervisor (and according to public records his wife did, in fact, make the donation). The former Supervisor also appears to have negotiated additional portions of the Development Agreement not reflected in meeting minutes or authorized by the Township Board.
4. A former Board member inquired about employment with Gotion.

There have been tens of thousands of documents produced in discovery and our legal team is continuing to review them. While I realize that the Gotion case requires large legal expenditures, we will make the appropriate budget accommodations to cover them as necessary for a complete defense. This is an important step to protect the long-term financial health of the township and is also part of our fiduciary responsibility to you, the taxpaying citizens of the township. This is especially important as Gotion has set up roadblocks to prevent transparency at every possible opportunity. Moreover, the newly discovered information about former Board members has necessitated the township to explore whether their actions were lawful and justified. Even though Gotion unexpectedly chose to sue the township after allegedly wanting to be our “partner”, the township believes that the residents continue to support this litigation, especially given the new information that has come to light.

B. The Budget and Audit

I was disappointed to see some items taken out of context with respect to the township’s audit. First, the current Township Board was not in office during the entire fiscal year.

Before the recall election, the former board oversaw the budget for seven months. After the recall election, the new board had control over the budget for five months; however, due to lack of cooperation in the transfer of passwords from the previous board, the new board was locked out of our finance accounting software for two months after taking office.

The township understands there are areas to improve our financial controls as reported by the auditor. We have worked to remedy these concerns by working with our accounting firm.

Second, disappointing is the lack of honest reporting about the township’s audit by the media and members of our community. The need to improve our internal financial controls was referenced by the media as something new caused by the current Board. **In fact, these concerns were consistently raised during audits for years, and no action was ever taken by former Boards to fix the issues.** For example, if you look at the audit documents posted online (<https://www.greentownship.org/budget>), you will see:

1. Beginning on page 37 (PDF) of the 2023 audit a letter indicating deficiencies with township financial statement internal controls
2. A similar letter outlining internal control deficiencies for financial statements on page 40 (PDF) of the 2022 audit
3. A similar letter noting internal control issues on page 33 (PDF) of the 2021 audit
4. A similar letter as those following on page 38 (PDF) of the 2020 audit.

Raising this issue is not meant to cast blame on others, but to be transparent with you and encourage you to better understand local government. We are a smaller township with limitations on the size of our permanent staff and technology. I am proud that this Board has taken action to hire consultants and upgrade our technology to assist with these chronic issues, especially with respect to internal financial controls. This process is still ongoing, and we will continue to address it to the best of our ability.

We have recently held a special meeting regarding the township's 2024 audit and budget. The meeting was attended by our township auditor and our accounting consultant. This meeting, the budget, and our audit are posted on the township website for your review.

Our township is in good shape financially and we have already corrected concerns found in our 2024 audit.

C. Other Issues (ISI and Zoning)

Next, I'd also like to briefly update you on two other issues involving the township—Internet Services Inc. ("ISI"), and zoning in the township.

You may be aware that the township previously used ISI Inc. for information technology support and internet services. Over the past year, there have been some irregularities discovered between ISI and the township, including but not limited to:

1. Unauthorized release of township security camera footage
2. Questionable rates for information technology services
3. A lack of timely sharing of township records initially stored electronically by ISI.

Over this last year, the township has corrected a variety of these issues such as:

1. Hired an outside company to help it maintain/access its electronic files
2. Obtained new township hardware and software
3. Hired a more reasonable internet service provider

The township will continue to monitor and address future concerns regarding ISI.

Lastly, as many of you know, the township has created a Planning Commission as well as an Interim Zoning Ordinance. These actions taken by the Green Township Board in the Spring of 2024 created a seven-member Zoning Commission consisting of township residents. This commission was created to consider zoning and land use matters throughout the township. The newly created Zoning Commission returns zoning authority to the township which was previously held at the Mecosta County Planning Commission not exclusively consisting of township residents.

The township also adopted an Interim Zoning Ordinance that governs the siting of land uses throughout the township.

(https://www.greentownship.org/files/ugd/958d79_8679621e064b4262bd8e7305170535d4.pdf)

Simply put, all land use decisions not preempted by state law are now administered at the township level rather than by Mecosta County. We hope that making land use decisions locally will enhance the service available to township residents and give township residents more of a say as to development patterns within the township. We believe these actions were consistent with the desires of the public.

Next steps for the Planning Commission include adoption of a Master Plan, which is a guiding document to plan for future development in the township. I hope that anyone who has interest in future development in the township attends public Planning Commission meetings (third Tuesday of odd numbered months at 6PM) and participates in the process to plan for development and to suggest any necessary changes to the Interim Zoning Ordinance that they believe may benefit the township

D. Sewer Lift Station Maintenance and Replacement

The lift station is basically a large sump pump located on the corner of Ross Parkway and 205th Ave.

The lift station is considered a utility that is managed by the township for residents who are using the sewer system. No major residential expansion is planned for the sewer; however, the Green Township Board is looking into replacement of the lift station due to its age. The sewer utility is funded through its own account and does not receive funding from the township's general budget. This means that it is funded by only the residents who use the sewer and not everyone who lives in the township.

The purpose is to lift sewage from a low elevation to a higher elevation. Sewage then can gravity flow from the Green Haven subdivision area to the sewage treatment plant located in the City of Big Rapids. The current lift station has been in operation since the 1970's. It operates with equipment located at the bottom of a deep shaft in the ground. The equipment has been maintained very well, is in great shape for its age, and is currently operating as it should.

Unfortunately, the lift station is old and is near the end of its life.

A report has been presented to the board with pictures that indicate aging problems with valves, electrical, and structure. **Let me be clear, this does not mean that the lift station will fail soon. It is merely a status report and is taken into consideration when action is needed.**

In addition, to access the pumping equipment, technicians must descend a deep shaft in the ground. It takes two technicians to perform monthly checks and maintenance due to the confined space. The confined space also makes it difficult to get parts and equipment to the lift station's mechanical area. This is an unsafe situation.

Field work for the lift station survey has been completed:

The survey group is currently processing the data and preparing the design-ready drawings.

Wade Trim, the initial and current engineering firm of the lift station, is coordinating with other public utility companies DTE, Consumers Energy, phone, and cable, providing backup and emergency alert systems. Interaction with these companies is essential to our project to obtain data on service drawings and ensure the replacement project will proceed appropriately.

Currently, we anticipate a replacement schedule for the pump station to be as follows:

Design and permitting	Now through January	2025
Advertise for bidding	February	2025
Bid opening	March	2025
Construction Start	May	2025
Construction completion	July	2025

Repairs that have been completed to the lift station in the last year are as follows:

1. A new pressure transducer has been installed.
2. The pressure transducer senses water levels in the main tank to turn the pumps on when needed. We have removed and replaced all old wiring associated with the transducer.
3. New high-level and low-level floats have been installed.

These floats operate as a backup to the pressure transducer in case it fails. They work to sense water level and turn the pumps on. We have removed and replaced all old wiring associated with the floats.

E. Conclusion

Thank you for taking the time to review this update. Our township has faced substantial change and challenges over the past year, especially following the recall election. While this has led to some misinformation, I hope this letter provides clarity on the Gotion case, township budget, audit findings, zoning and Internet matters, and lift station updates. The Gotion litigation requires ongoing resources to uphold our township's integrity and ensure decisions align with the interests of our residents.

As I mentioned at the beginning, this newsletter serves as an update on these and other matters affecting our community. This is the first of its kind and it is my hope you find it helpful and informative. I would welcome your feedback on its content and format. We may continue this as a regular practice to communicate with you on matters involving our township.

Thank you for your continued support, patience, and the privilege of serving you.

Very Respectfully,



Jason Kruse
Green Charter Township Supervisor