

April 1, 2008

**Summary:**

**Grand Haven Charter Township  
Building Authority, Michigan  
Grand Haven Charter Township;  
General Obligation; General  
Obligation Equivalent Security**

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**Summary:**

# Grand Haven Charter Township Building Authority, Michigan

## Grand Haven Charter Township; General Obligation; General Obligation Equivalent Security

Credit Profile		
Grand Haven Charter Twp Unltd Tax		
<i>Long Term Rating</i>	AA/Stable	Upgraded
<b>Grand Haven Charter Twp Bldg Auth, Michigan</b>		
Grand Haven Charter Twp, Michigan		
Grand Haven Charter Twp Bldg Auth bldg auth bnds ser 2001 dtd 05/01/2001 due 05/01/2002-2014 2016 2018 2021		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Upgraded
Many issues are enhanced by bond insurance.		

### Rationale

The rating on Grand Haven Charter Township, Mich.'s unlimited-tax bonds and the Standard & Poor's underlying rating (SPUR) on Grand Haven Charter Township Public Building Authority's series 2001 bonds, supported by the township, have been raised to 'AA' from 'A', reflecting the township's maintenance of strong reserve levels as it continues to experience good tax base growth and keep relatively low debt levels.

Other factors supporting the rating include:

- A lakeshore location with proximity to the economic resources of Grand Rapids, Mich.; Holland, Mich.; and Muskegon, Mich.;
- Continued strong tax base growth;
- Very strong income levels; and
- A low debt burden.

Grand Haven Charter Township, on Lake Michigan, covers 29 square miles and has a current estimated population of 15,550, which is up from 9,710 in 1990. The township is just south of Grand Haven, Mich. Residents have access to the employment bases of Grand Haven, Muskegon (15 miles north), Holland (30 miles south), and Grand Rapids (35 miles east). Small-scale manufacturers and service operations make up much of the local employment base. Ottawa County unemployment averaged 5.2% in 2006, well below the state's 6.9% but above the nation's 4.6%. The township's 2007 median household effective buying income was very strong at 135% of the state and 137% of the national levels. The township's taxable value continues to show remarkable growth, increasing more than 7% annually between tax years 2003 and 2007 to \$675 million. Estimated market value is about \$1.7 billion, which is an extremely strong \$111,000 per capita. The leading taxpayers are very diverse, with the 10 largest

taxpayers accounting for only 10% of assessed value.

The township's financial position has been consistently strong, with the township maintaining a general fund reserve position at 70% of expenditures or greater since fiscal 2000. At fiscal year-end Dec. 31, 2006, the township had a \$1.9 million general fund balance, or a very strong 70% of expenditures. The township strives to keep at least \$900,000 in general fund reserves, to guard against any sudden downturns. Revenues from property tax collections (49%) and state sources (23%) comprise the bulk of the township's total governmental revenue. The township is taxing at its maximum allowable rate, but enhances financial flexibility through several voted dedicated millages for a variety of municipal functions. The township's unaudited fiscal 2007 result was a \$157,000 surplus. Management is budgeting in fiscal 2008 for a \$270,000 general fund drawdown, due mostly to one-time capital projects.

Standard & Poor's Ratings Services' considers the township's financial management "good" under its Financial Management Assessment, indicating that practices exist in most areas, although not all may be formalized or regularly monitored by governance officials. The township typically formulates its revenue and expenditure assumptions by adjusting the previous year's actual expenses and adjusting it, incorporating data from outside sources. The township updates the board on budget to actual performance on a monthly basis. Budget amendments are done as necessary but typically are done quarterly. The township's investment policy mirrors the state guidelines with monthly updates on holdings and returns. The township maintains a rolling five-year capital improvement plan that is tied to the current budget and lists out the sources and uses. The township does not maintain long-term financial projections or a debt management policy.

The township's overall debt is level low at 1.4% of market value and \$1,500 per capita. Direct debt amortization is very rapid, with more than three-quarters of the township's total outstanding direct debt being repaid over the next 10 years. The township's debt carrying charge has been high, but has come down in recent years, declining to a moderate 15% of the total governmental funds budget in fiscal 2006 from 23% in fiscal 2002. At this time, the township does not have any additional debt plans.

## Outlook

The stable outlook reflects Standard & Poor's expectation that the township will maintain its good financial reserve position as its tax base continues to grow. Participation in several economic bases in and around Ottawa County provides additional rating stability.

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