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TO: Al Robinson, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Curtis N. Hedger
Office of Corporation Counsel

DATE: March 15, 2000

SUBJECT: Resolution Authorizing the Washtenaw County Road Commission to Sell \$950,000.00 of Michigan Transportation Fund Notes Pursuant to Public Act 143 of 1943 (MCLA 141.251 et seq) to finance the widening and improvement of Zeeb Road from Park Road to Jackson Road

Board Action Requested:

Authorize the Washtenaw County Road Commission to Sell \$950,000.00 of Michigan Transportation Fund Notes Pursuant to Public Act 143 of 1943 (MCLA 141.251 et seq) to finance the widening and improvement of Zeeb Road from Park Road to Jackson Road.

Background:

In the summer of 1999, Scio Township established a special assessment district for the purpose of widening and improving Zeeb Road between Park Road and Jackson Road. The Township requested that the Washtenaw County Road Commission sell \$950,000.00 dollars of Michigan Transportation Fund Notes pursuant to its authority under MCLA 141.251 et seq to help pay for this improvement. Under MCLA 141.251, the County Board of Commissioners must authorize the Road Commission's sale of such Transportation Fund Notes. The Notes will be re-paid from state-collected taxes returned to Washtenaw County for County road purposes. The full faith and credit of Washtenaw County will not be pledged to re-pay the Notes.

Discussion:

MCLA 141.251 provides that a county board of road commissioners is authorized to borrow money to undertake road improvements upon the approval of the county board of commissioners. Such funds are to be re-paid from future revenues derived from state collected taxes returned to such county for county road purposes. The County's approval of the Road Commission's request to issue \$950,000.00 dollars in Transportation Fund Notes pursuant to MCLA 141.251 does not obligate the County's full faith and credit and does not impose any obligation on the County to re-pay these Funds. I spoke to County bond counsel John Axe about this request. He indicated that while the \$950,000.00 would have to be listed under the component unit section of the County's Comprehensive Annual Financial Report, it would not apply against the County's legal debt margin and would have no negative impact on the County's current bond rating. Simply put, the Board of Commissioner's authorization of the Road Commission's issuing of the Transportation Fund Notes is required by statute and does not implicate the County's own full faith and credit or in any way impose a legal obligation on the County. The Road Commission remains the sole entity responsible for re-payment of the Funds.

Impact on Human Resources:

None

Impact on Budget:

The Transportation Funds must be listed as a debt of a component unit (Road Commission) in the County's CAFR. Otherwise, there is no impact on the County's budget.

Impact on Indirect Costs:

None

Impact on Other County Departments or Outside Agencies:

The Finance Department will have to list the Transportation Funds as a debt of a component unit (Road Commission) in the County's CAFR. There is no other impact on County Departments or outside agencies.

Conformity to County Policies:

This request conforms to County policy.

A RESOLUTION AUTHORIZING THE WASHTENAW COUNTY ROAD COMMISSION TO ISSUE NINE HUNDRED AND FIFTY THOUSAND (\$950,000.00) DOLLARS OF MICHIGAN TRANSPORTATION FUND NOTES PURSUANT TO PUBLIC ACT 143 OF 1943 FOR THE WIDENING AND IMPROVEMENT OF ZEEB ROAD BETWEEN PARK ROAD AND JACKSON ROAD

WASHTENAW COUNTY BOARD OF COMMISSIONERS

MARCH 15, 2000

WHEREAS, the Washtenaw County Road Commission desires to widen and improve Zeeb Road between Park Road and Jackson Road in Scio Township to accommodate the planned development scheduled to be built along this section of Zeeb Road; and

WHEREAS, Public Act 143 of 1943 permits a road commission to issue and sell Michigan Transportation Fund Notes ("Notes") to help defray the cost of county road improvement; and

WHEREAS, Public Act 143 of 1943 requires a county board of commissioners to authorize the road commission to issue and sell such Notes before such Notes may be sold; and

WHEREAS, a county board of commissioner's authorization does not obligate the county's full faith and credit obligations or impose any duty on the county to re-pay the Notes; and

WHEREAS, the Notes are to be repaid from future revenues derived from state-collected taxes returned to the county for county road purposes; and

WHEREAS, the Washtenaw County Road Commission has requested that the County Board of Commissioners authorize the Road Commission to issue and sell nine hundred and fifty thousand (\$950,000.00) dollars in Notes pursuant to Act 143 of 1943 to help fund the widening and improvement of Zeeb Road between Parker Road and Jackson Road; and

WHEREAS, by authorizing the Road Commission to issue and sell such Notes, the County's full faith and credit is not implicated and the County will have no legal duty to re-pay the Notes; and

WHEREAS, authorizing the Road Commission to issue and sell such Notes will not negatively impact the County's legal debt margin or bond rating.

NOW THEREFORE, BE IT RESOLVED, that the Washtenaw County Board of Commissioners hereby authorizes the Washtenaw County Road Commission to issue and sell nine hundred and fifty thousand (\$950,000.00) dollars of Notes pursuant to Public Act 143 of 1943 to widen and improve Zeeb Road between Parker Road and Jackson Road.

BE IT FURTHER RESOLVED, that the Notes shall be re-paid by the Road Commission from state-collected taxes returned to Washtenaw County for County road purposes.

BE IT FURTHER RESOLVED, that Washtenaw County's full faith and credit is not implicated by the issuance and sale of the Notes and that the County shall have no legal duty to re-pay the Notes.