



COUNTY ADMINISTRATOR
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TO: Barbara Bergman
Chair, Ways & Means Committee

FROM: Robert E. Guenzel
County Administrator

DATE: November 14, 2007

SUBJECT: Approval of Lease/Leaseback with the Humane Society of Huron Valley

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners approve a lease of real property where the new animal shelter will be built from the Humane Society of Huron Valley ("HSHV") to Washtenaw County with the County then leasing back to the HSHV the new facility when it is completed.

BACKGROUND:

On August 1, 2007 the Board of Commissioners approved a \$6.5 million dollar bond issue as part of the overall funding for a new HSHV animal shelter. The new facility will be built adjacent to the existing facility at 3100 Cherry Hill Road in Ann Arbor on land to be purchased from the University of Michigan. The new facility will be built on the newly acquired land, while the parking lot will extend into the presently-owned site.

DISCUSSION:

To permit public bond funding to be used for this project, the County must have a legal interest in the facility and the underlying land during the repayment period of the bond issue. To comply with this requirement, the pending Resolution would approve a lease of the underlying real property upon which the new facility and parking area would be constructed from the HSHV to the County. The County, in turn, will lease back the new facility to the HSHV, thus enabling it to continue its operations at the site. Under the proposed Lease/Leaseback, HSHV will pay the County's bond debt retirement payments as lease payments for a period of seven years beginning in July, 2008 and extending through January, 2015. Once the bond debt is completely paid, the Lease/Leaseback ends and the HSHV will have complete ownership of the underlying land and facility.

IMPACT ON HUMAN RESOURCES:

The proposed Resolution will have no impact on Washtenaw County positions, personnel policies or procedures.

IMPACT ON BUDGET:

Absent HSHV's default on the bond payments, the proposed Lease/Leaseback has no impact on the County's general fund.

IMPACT ON INDIRECT COSTS:

There are no indirect costs associated with the proposed Resolution.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Approval of the Resolution by the Board of Commissioners and the HSHV will result in the HSHV occupying the new facility when constructed and paying off the County's bond debt used, in part, to build the facility.

CONFORMITY TO COUNTY POLICIES:

The proposed Resolution conforms to all County policies.