



Washtenaw County

Public-Private Partnerships Investment Policy

Title: Enabling Supersedes: Effective
Resolution: Date:

I. Application

This policy shall govern decision-making for the County regarding the financing of private sector projects via the direct or potential investment of County tax dollars, including but not limited to the issuance of bond instruments, application of the County's full faith and credit, adoption of tax increment financing plans or the investment of cash.

II. Intent

It is the intent of the Board of Commissioners to support Public-Private Partnerships; the Board finds there is sufficient interest in the development of land in Washtenaw County for the purposes of economic development, environmental protection or social justice to warrant in some instances financial partnerships with the private sector in pursuit of those projects and objectives.

III. Clear Public Benefit

- a. The County shall not invest in a project that does not evidence a clear public benefit as determined by the board.
- b. Every two years as part of the budget process, the County Administrator shall recommend and the Board of Commissioners shall adopt definitions of public benefit best reflecting the current needs of the citizens of Washtenaw County.

IV. Local Government Support

The County shall not invest in a project that does not have the support of the local unit of government in which it would be developed. Local government support may be evidence by any of the following:

- a. Issuance of the local unit of government's full faith and credit for the project or evidence of other financial involvement in the project;
- b. Approval by the governing body of a land use plan or other development plan;
- c. Resolution of the governing unit; or
- d. A letter of support signed by a majority of the members of the governing body.

V. Current Tax Liability

- a. The entity seeking investment shall ensure that all taxes due on the property to be developed shall be brought current before any County investment is encumbered.
- b. The County shall not consider investment in any project for which there is an outstanding tax liability except in the following instances:
 - i. The outstanding taxes are under appeal with the County Treasurer or at a Tax Tribunal; or

- ii. The developer is not the owner of the property, and neither the owner of the property who owes the taxes, their immediate relations, nor any corporation in which the owner has an interest is party to or stands to benefit from the development except for the consideration of the transfer of the property for its market value.

VI. Minimal Risk

- a. The County shall make every effort to minimize the risk of loss of County funds it invests in any project.
- b. Where County funds are to be directly invested or where the County's full faith and credit is offered as assurance for all or part of any project, the developer shall provide an irrevocable letter of credit or equivalent instrument with the following considerations:
 - i. The language of the letter of credit shall be developed by the County's Corporate Counsel and subject to approval of the Board of Commissioners; and
 - ii. The financial institution offering the letter of credit shall
 - 1. Have a core tier one common capital ratio of not less than eight percent; and
 - 2. Have been in business for not less than ten years.
 - iii. Whenever possible a local or Michigan financial institution is the preferred issuer of letters of credit.
- c. The County Administrator shall cause to be developed and included as part of any application for County investment in a project a money management plan which maximizes the County's security, which may include
 - i. The limited or phased disbursement of funds;
 - ii. County management of portions of the project for which County funds would be used; or
 - iii. Any other financial or project management strategies to limit the County's risk when engaging in a project.

VII. Limitation of Total County Liability

The total liability for general obligation bonds or encumbrances of the County's full faith and credit related to public-private partnerships shall not exceed the following limits:

- i. If the County's unrestricted fund balances are less than eight percent of regular general fund expenditures, the limit shall be three percent of regular general fund expenditures;
- ii. If the County's unrestricted fund balances are greater than eight percent but less than seventeen percent of regular general fund expenditures, the limit shall be seven percent of regular general fund expenditures;
- iii. If the County's unrestricted fund balances are greater than seventeen percent of regular general fund expenditures, the limit shall be twelve percent of regular general fund expenditures.