

STATURORY FRAMEWORK FOR FINANCING
SILVER LAKE SANITARY SEWER

Set forth below the general statutory framework pursuant to which the Township would finance and complete the Silver Lake Sanitary Sewer Project.

In order to accomplish this large project, the Township would enlist the aid of Oceana County (the "County") and utilize its department of public works pursuant to Act 185 of the Public Acts of 1957, as amended (MCL 123.731 et seq.). The department of public works is under the general control of a county board of commissioners and under the immediate control of a board of public works. In the case of the Silver Lake Sanitary Sewer Project, the Township Improvement Act, Act 188 of the Public Acts of Michigan of 1954, as amended (MCL 41.721 et seq.) is not available for financing due to the size of the anticipated cost of the Project relative to limitations on the Township to borrow funds on its own.

To exercise its powers with regard to a public works project, the County, on the advice of the board of public works, typically enters into a contract with the one or more local units of government (here Golden Township) to provide for matters pertinent to the design, financing, construction, operation and maintenance of the public works project. Typically the contract require(s) the local units of government which receive the service from the public works project to pay all expenses relating to the public works project.

The County, acting under authority of Act 185 has the ability to issue revenue bonds, contract bonds, special assessment bonds, or may accept monies advanced under agreement. The local unit of government generally has the power under Act 185 to generate the monies necessary to make its contract payments by levying service charges to users of the public works system, by levying special assessments against benefitted lands, by levying charges for the connection of properties, directly or indirectly, to a public works system, by using state collected funds dispersed to a municipality or by utilizing any other available money, such as the proceeds of property tax levies. The local unit of government typically pledges its full faith and credit to secure its contract obligations.

Act 185 is used by a county to assist local units of government located in the county to finance public works projects. **There are no requirements for a public vote or referendum.** In addition, the local unit of government may "pick and choose" the revenue sources which it will utilize to repay its contract obligation to the county. Where, as here, the bonds will be issued to Rural Development of the Federal Department of Agriculture, the County's pledge of its full faith and credit is not required.

Additionally, under Act 185, where the Township will impose special assessments for payment of its contractual obligation to the County, the Township conducts one public hearing on the special assessment roll, instead of the two public hearings required if the Township were imposing special assessments solely under the provisions of the Township Improvement Act, Act 188 of the Public Acts of Michigan of 1954, as amended.