

**SUBSTITUTE FOR
SENATE BILL NO. 959**

A bill to amend 1985 PA 227, entitled
"Shared credit rating act,"
by amending the title and sections 1, 3, 5, 6, 7, 8, 16, and 20
(MCL 141.1051, 141.1053, 141.1055, 141.1056, 141.1057, 141.1058,
141.1066, and 141.1070), the title and sections 3 and 8 as
amended by 1997 PA 27, section 7 as amended by 2000 PA 118, and
section 20 as amended by 1988 PA 316; and to repeal acts and
parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

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An act to create the Michigan municipal bond authority and
to prescribe its powers and duties; to provide for the issuance
of, and terms and conditions for, notes and bonds of the
authority; to authorize certain forms of assistance to
governmental units including the creation and management of

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1 investments; to impose conditions on, grant certain powers to
2 political subdivisions of the state and water suppliers regard-
3 ing, and allow certain agreements regarding obligations of polit-
4 ical subdivisions of ~~the~~ THIS state and water suppliers pur-
5 chased by the authority; to exempt the property, income, and
6 operation of the authority, its bonds and notes, and the interest
7 on its bonds and notes from certain taxes; ~~and~~ to grant powers
8 and impose duties on officers and agencies of the state, politi-
9 cal subdivisions of ~~the~~ THIS state, and water suppliers; TO
10 ACCEPT AND EXPEND CERTAIN APPROPRIATIONS; AND TO REPEAL ACTS AND
11 PARTS OF ACTS.

12 Sec. 1. The legislature finds and declares the following:

13 (a) It is in the public interest and it is the policy of the
14 state to foster and promote borrowing of money by governmental
15 units within the state for financing public improvements, for
16 financing community water supplies and noncommunity water sup-
17 plies, and for financing other municipal purposes from proceeds
18 of bonds or notes issued by those governmental units; to assist
19 those governmental units in fulfilling their needs for those pur-
20 poses by creation of indebtedness; to provide for the orderly
21 marketing of municipal obligations; and to the extent possible,
22 to encourage continued investor interest in the bonds or notes of
23 those governmental units as sound and preferred securities for
24 investment.

25 (b) It is in the public interest and it is the policy of
26 ~~the~~ THIS state to encourage governmental units within ~~the~~
27 THIS state to continue their independent undertakings of public

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1 improvements, community water supplies and noncommunity water
2 supplies, and new municipal purposes and the financing for them,
3 and to assist the governmental units by making money available
4 for orderly financing of public improvements, community water
5 supplies and noncommunity water supplies, and other municipal AND
6 GOVERNMENTAL purposes.

7 (c) Credit and municipal bond market conditions require the
8 exercise of the powers of ~~the~~ THIS state in the interest of its
9 governmental units to further and implement such policies by
10 authorizing the Michigan municipal bond authority to have full
11 powers to borrow money and to issue its bonds and notes to make
12 money available through the Michigan municipal bond authority at
13 reduced rates or on more favorable terms for borrowing by the
14 state's governmental units through the purchase of the obliga-
15 tions of the governmental units in fully marketable form and by
16 granting broad powers to the Michigan municipal bond authority to
17 accomplish and to carry out these policies of ~~the~~ THIS state
18 ~~which~~ THAT are in the public interest of ~~the~~ THIS state and
19 of its taxpayers and residents.

20 Sec. 3. As used in this act:

21 (a) "Authority" means the Michigan municipal bond authority
22 created in section 4.

23 (b) "Board" means the board of trustees of the authority
24 established in section 5.

25 (c) "Bonds" means bonds of the authority issued under this
26 act with a maturity greater than 3 years. ~~Bonds do not include~~

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1 ~~qualified bonds as defined in section 16 of article IX of the~~
2 ~~state constitution of 1963.~~

3 (d) "Capitalization grant" means the federal grant made to
4 this state by the United States environmental protection agency
5 for either of the following purposes:

6 (i) For the purpose of establishing a state water pollution
7 control revolving fund, as provided in title VI of the federal
8 water pollution control act, chapter 758, 101 Stat. 22, 33
9 U.S.C. 1381 to 1387.

10 (ii) For the purpose of establishing a state drinking water
11 revolving fund, as provided in section 1452 of part E of TITLE
12 XIV OF the ~~federal safe drinking water~~ PUBLIC HEALTH SERVICE
13 act, 42 U.S.C. 300j-12.

14 (e) "Community water supply" means a community water supply
15 as defined in part 54 ~~(safe drinking water assistance)~~ of the
16 natural resources and environmental protection act, 1994 PA 451,
17 MCL 324.5401 to 324.5418.

18 (f) "Federal safe drinking water act" means title XIV of the
19 public health service act, chapter 373, 88 Stat. 1660.

20 (g) "Federal water pollution control act" means chapter 758,
21 86 Stat. 816, 33 U.S.C. 1251 to 1252, 1253 to 1254, 1255 to 1257,
22 1258 to 1263, 1265 TO 1270, 1281, 1282 to 1293, 1294 to 1299,
23 1311 to 1313, 1314 to 1330, 1341 to 1345, 1361 to 1377, and 1381
24 to 1387.

25 (h) "Fully marketable form" means a municipal obligation
26 duly executed and accompanied by all of the following:

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1 (i) An approving legal opinion of a bond counsel approved by
2 the authority and of nationally recognized standing in the field
3 of municipal law.

4 (ii) Closing documents in a form and substance satisfactory
5 to the authority. The municipal obligation so executed need not
6 be printed or lithographed nor be in more than 1 denomination.

7 (iii) Evidence that the pledge for payment of the municipal
8 obligation will be sufficient to pay the principal of and inter-
9 est on the municipal obligation when due.

10 ~~(iv) An order of approval or an order of exception issued~~
11 ~~by the department of treasury under the municipal finance act,~~
12 ~~1943 PA 202, MCL 131.1 to 139.3, which orders shall also include~~
13 ~~a certification that the condition of subparagraph (iii) has been~~
14 ~~met, or for a water supplier not subject to oversight by the~~
15 ~~department of treasury under the municipal finance act, 1943 PA~~
16 ~~202, MCL 131.1 to 139.3, certification of a financial advisor~~
17 ~~selected and engaged by the authority that the condition of sub-~~
18 ~~paragraph (iii) has been met.~~

19 (iv) ~~(v)~~ For purposes of a project funded under
20 section 16a, an order of approval issued by the department of
21 environmental quality under part 53 ~~(clean water assistance)~~ of
22 the natural resources and environmental protection act, 1994 PA
23 451, MCL 324.5301 to 324.5316. The order shall state that the
24 project proposed by the governmental unit has been approved for
25 assistance by the department of environmental quality.

26 (v) ~~(vi)~~ For purposes of a community water supply or a
27 noncommunity water supply funded under section 16b, an order of

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1 approval issued by the department of environmental quality under
2 part 54 ~~—(safe drinking water assistance)—~~ of the natural
3 resources and environmental protection act, 1994 PA 451, MCL
4 324.5401 to 324.5418. The order shall state that the community
5 water supply or the noncommunity water supply proposed by the
6 governmental unit has been approved for assistance by the depart-
7 ment of environmental quality.

8 (i) "Governmental unit" means a county, city, township, vil-
9 lage, school district, intermediate school district, community
10 college, public university, authority, district, any other body
11 corporate and politic or other political subdivision, any agency
12 or instrumentality of the foregoing, or any group self-insurance
13 pool formed pursuant to 1951 PA 35, MCL 124.1 to 124.13. For
14 purposes of a project funded under section 16a, governmental unit
15 includes an Indian tribe that has jurisdiction over construction
16 and operation of a project qualifying under SECTION 319 of
17 title III of the federal water pollution control act, ~~chapter~~
18 ~~758, 101 Stat. 52,~~ 33 U.S.C. 1329. For purposes of a community
19 water supply or a noncommunity water supply funded under section
20 16b, governmental unit includes a community water supplier. ~~—A~~
21 ~~governmental unit does not include the Michigan strategic fund~~
22 ~~created under the Michigan strategic fund act, 1984 PA 270, MCL~~
23 ~~125.2001 to 125.2093, or an economic development corporation cre=~~
24 ~~ated under the economic development corporation act, 1974 PA 338,~~
25 ~~MCL 125.1601 to 125.1636.~~ A governmental unit does not include a
26 self-insurance pool unless the self-insurance pool has filed a
27 certification by an independent actuary that the reserves set

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1 aside under section 7a of 1951 PA 35, MCL 124.7a, are adequate
2 for the payment of claims. A school district shall include a
3 public school academy established under the revised school code,
4 1976 PA 451, MCL 380.1 to 380.1852. Funds loaned to a public
5 school academy or a school district may not be used to finance
6 the purchase, construction, lease, or renovation of property
7 owned, directly or indirectly, by any officer, board member, or
8 employee of that public school.

9 (j) "Municipal obligation" means a bond or note or evidence
10 of debt issued by a governmental unit for a purpose authorized by
11 law. ~~A municipal obligation does not include qualified bonds as~~
12 ~~defined in section 16 of article IX of the state constitution of~~
13 ~~1963 except for any such bonds issued by a governmental unit for~~
14 ~~a community water supply or a noncommunity water supply and~~
15 ~~financed through the state drinking water revolving fund estab-~~
16 ~~lished under section 16b.~~

17 (k) "Noncommunity water supply" means a noncommunity water
18 supply as defined in part 54 ~~(safe drinking water assistance)~~
19 of the natural resources and environmental protection act, 1994
20 PA 451, MCL 324.5401 to 324.5418.

21 (l) "Notes" means an obligation of the authority issued as
22 provided in this act, including commercial paper, with a maturity
23 of 3 years or less.

24 (m) "Project" means a sewage treatment works project or a
25 nonpoint source project, or both, as defined in the state clean
26 water assistance act.

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1 (n) "Reserve fund" means a bond reserve fund or note reserve
2 fund created and established under section 16.

3 (o) "Revenues" means all fees, charges, money, profits, pay-
4 ments of principal or interest on municipal obligations and
5 other investments, gifts, grants, contributions, and all other
6 income derived or to be derived by the authority under this act.

7 (p) "Water supplier" means a water supplier as defined in
8 part 54 ~~-(safe drinking water assistance)-~~ of the natural
9 resources and environmental protection act, 1994 PA 451, MCL
10 324.5401 to 324.5418.

11 Sec. 5. (1) The authority shall be governed by a board of
12 trustees consisting of the state treasurer, 2 appointees of the
13 governor to serve at the pleasure of the governor who shall be
14 public officials or employees with expertise in the state's
15 infrastructure needs, and THROUGH DECEMBER 31, 2000, 5 residents
16 of ~~the~~ THIS state to be appointed by the governor with the
17 advice and consent of the senate. BEGINNING JANUARY 1, 2001, THE
18 BOARD SHALL HAVE 4 RESIDENTS OF THIS STATE APPOINTED BY THE GOV-
19 ERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. Of the ~~-5-~~ resi-
20 dents appointed by the governor, 1 shall be appointed from 1 or
21 more nominees of the speaker of the house of representatives and
22 1 shall be appointed from 1 or more nominees of the majority
23 leader of the senate. A trustee shall serve a term of 3 years.
24 In appointing the initial ~~-5-~~ resident members of the board, the
25 governor shall designate 1 to serve for 3 years, ~~-2-~~ 1 to serve
26 for 2 years, and 2 to serve for 1 year.

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1 (2) Upon appointment, a member of the board shall enter
2 office and exercise the duties of office. A member of the board
3 shall qualify by taking and filing the constitutional oath of
4 office.

5 (3) Regardless of the cause of a vacancy, the governor shall
6 fill a vacancy in the office of a member of the board by appoint-
7 ment with the advice and consent of the senate. A member of the
8 board shall hold office until a successor has been appointed and
9 has qualified.

10 (4) The board shall organize and make its own rules of
11 procedure. The board shall conduct all business at public meet-
12 ings held in compliance with the open meetings act, ~~Act No. 267~~
13 ~~of the Public Acts of 1976, being sections 15.261 to 15.275 of~~
14 ~~the Michigan Compiled Laws 1976 PA 267, MCL 15.261 TO 15.275.~~
15 Public notice of the time, date, and place of each meeting shall
16 be given in the manner required by ~~Act No. 267 of the Public~~
17 ~~Acts of 1976~~ THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO
18 15.275. ~~Five~~ A MAJORITY OF THE members of the board APPOINTED
19 AND SERVING shall constitute a quorum for the transaction of
20 business. An action of the board shall require a concurring vote
21 by a majority of the ~~board~~ MEMBERS PRESENT AT THE MEETING. A
22 state officer who is a member of the board may designate a repre-
23 sentative from his or her department to serve instead of that
24 state officer as a member of the board for 1 or more meetings.

25 Sec. 6. (1) The ~~authority shall elect a~~ STATE TREASURER
26 IS THE chairperson ~~and vice-chairperson~~ OF THE BOARD. The
27 authority may employ an executive director, legal and technical

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1 experts, and other officers, agents, or employees, permanent or
2 temporary. The authority shall determine the qualifications,
3 duties, and compensation of those it employs. ~~—, but an employee~~
4 ~~shall not be paid a higher salary than the state treasurer.~~ The
5 authority may delegate to 1 or more agents or employees any
6 powers or duties as the authority considers proper.

7 (2) The authority shall be within the department of treasury
8 and shall exercise the authority's prescribed statutory powers,
9 duties, and functions independently of the state treasurer.
10 However, the budgeting, procurement, and related functions of the
11 authority shall be performed under the direction and supervision
12 of the state treasurer. The costs of providing these and any
13 other departmental services shall be paid for from authority rev-
14 enues to the extent these services are not otherwise authorized
15 by law.

16 (3) The authority shall annually make a written report ~~to~~
17 ~~the legislature~~ AVAILABLE TO THE PUBLIC on its activities. ~~in~~
18 ~~the last year.~~ This report shall specify obligations of munici-
19 palities it has purchased, the amount of authority obligations
20 outstanding, the amount of authority obligations issued, ~~in the~~
21 ~~last year,~~ and a description of each issuance specifying the
22 rate, term, and an analysis of market performance.

23 (4) The accounts of the authority shall be subject to annual
24 audits by the state auditor general or a certified public accoun-
25 tant appointed by the auditor general.

26 Sec. 7. The board has all of the following powers:

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1 (a) To adopt bylaws for the regulation of its affairs.

2 (b) To adopt an official seal.

3 (c) To maintain a principal office at a place within this
4 state.

5 (d) To sue and be sued in its own name and to plead and be
6 impleaded.

7 (e) To loan money to a governmental unit, OR TO A CORPORA-
8 TION, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST, OR SIMILAR
9 ENTITY FOR THE BENEFIT OF A PUBLIC SCHOOL ACADEMY, at a rate or
10 rates as the authority determines and to purchase and sell, and
11 to commit to purchase and sell, municipal obligations pursuant to
12 this act.

13 (f) To borrow money and issue negotiable revenue bonds and
14 notes pursuant to this act.

15 (g) To make and enter into contracts and other instruments
16 necessary or incidental to the performance of its duties and the
17 exercise of its powers. By rotating the services of legal coun-
18 sel, the authority shall seek to increase the pool of nationally
19 recognized bond counsel.

20 (h) To receive and accept from any source grants or contri-
21 butions of money, property, or other things of value, excluding
22 appropriations from the general fund of this state EXCEPT FOR
23 APPROPRIATIONS TO BE USED FOR THE BENEFIT OF PUBLIC SCHOOLS,
24 EXCEPT FOR APPROPRIATIONS TO A RESERVE FUND ESTABLISHED UNDER
25 SECTION 16, except for appropriations to the state water pollu-
26 tion control revolving fund established under section 16a and
27 except for appropriations to the state drinking water revolving

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1 fund established under section 16b, to be used, held, and applied
2 only for the purposes for which the grants and contributions were
3 made.

4 (i) To do all acts necessary or convenient to carry out the
5 powers expressly granted.

6 (j) To require that final actions of the board are entered
7 in the journal for the board and that all writings prepared,
8 owned, used, in the possession of, or retained by the board in
9 the performance of an official function be made available to the
10 public in compliance with the freedom of information act, 1976
11 PA 442, MCL 15.231 to 15.246.

12 (k) To engage the services of private consultants on a con-
13 tract basis for rendering professional and technical assistance
14 and advice.

15 (l) To investigate and assess the infrastructure needs of
16 this state, current methods of financing infrastructure rehabili-
17 tation and improvements, and resources and financing options cur-
18 rently available and potentially useful to improve this state's
19 infrastructure and lower the costs of those improvements.

20 (m) To indemnify and procure insurance indemnifying members
21 of the board from personal loss or accountability from liability
22 asserted by a person on bonds or notes of the authority or from
23 any personal liability or accountability by reason of the issu-
24 ance of the bonds or notes, or by reason of any other action
25 taken or the failure to act by the authority.

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1 (n) To investigate and assess short-term and long-term
2 borrowing requirements for operating, capital improvements, and
3 delinquent taxes.

4 (o) To provide assistance, as that term is defined in sec-
5 tion 5301 of the natural resources and environmental protection
6 act, 1994 PA 451, MCL 324.5301, to any municipality for a revolv-
7 ing fund project and to perform all functions necessary or inci-
8 dent to providing that assistance and to the operation of the
9 state water pollution control revolving fund established under
10 section 16a.

11 (p) To enter into agreements with the federal government to
12 implement the establishment and operation of the state water pol-
13 lution control revolving fund established under section 16a pur-
14 suant to the provisions of the federal water pollution control
15 act and the rules and regulations promulgated under that act.

16 (q) To provide assistance, as that term is defined in part
17 54 of the natural resources and environmental protection act,
18 1994 PA 451, MCL 324.5401 to 324.5418, to any governmental unit
19 for a revolving fund community water supply or noncommunity water
20 supply and to perform all functions necessary or incident to pro-
21 viding that assistance and to the operation of the state drinking
22 water revolving fund established under section 16b, including,
23 but not limited to, using funding allocated in the federal safe
24 drinking water act for any of the purposes authorized in
25 section 5417(c) of the natural resources and environmental pro-
26 tection act, 1994 PA 451, MCL 324.5417.

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1 (r) To enter into agreements with the federal government to
2 establish and operate the state drinking water revolving fund
3 under section 16b pursuant to the provisions of the federal safe
4 drinking water act and the rules and regulations promulgated
5 under that act.

6 Sec. 8. (1) The authority may lend money to a governmental
7 unit through the purchase by the authority of municipal obliga-
8 tions of the governmental unit in fully marketable form. The
9 authority may authorize and issue its bonds or notes payable
10 solely from the revenues or funds available to the authority, and
11 to otherwise assist governmental units.

12 (2) Bonds and notes of the authority shall not be in any way
13 a debt or liability of ~~the~~ THIS state and shall not create or
14 constitute any indebtedness, liability, or obligations of ~~the~~
15 THIS state or be or constitute a pledge of the faith and credit
16 of ~~the~~ THIS state but all authority bonds and notes, unless
17 funded or refunded by bonds or notes of the authority, shall be
18 payable solely from revenues or funds pledged or available for
19 their payment as authorized in this act. Each bond and note
20 shall contain on its face a statement to the effect that the
21 authority is obligated to pay the principal of and the interest
22 on the bond or note only from revenues or funds of the authority
23 and that ~~the~~ THIS state is not obligated to pay the principal
24 or interest and that neither the faith and credit nor the taxing
25 power of ~~the~~ THIS state is pledged to the payment of the prin-
26 cipal of or the interest on the bond or note.

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1 (3) All expenses incurred in carrying out the provisions of
2 this act shall be payable solely from revenues or funds provided
3 or to be provided under the provisions of this act, and nothing
4 in this act shall be construed to authorize the authority to
5 incur any indebtedness or liability on behalf of or payable by
6 ~~the~~ THIS state.

7 (4) Unless approved by a concurrent resolution of the legis-
8 lature and except as permitted by section 16a or 16b, the author-
9 ity shall not provide preferential treatment in the rate of
10 interest for a particular municipal obligation purchased by the
11 authority that is based upon other than financial and credit con-
12 siderations and shall not forgive or relinquish all or part of
13 the interest or principal of a particular municipal obligation or
14 of municipal obligations of a particular purpose.

15 (5) THE AUTHORITY MAY PURCHASE BONDS ISSUED BY SCHOOL DIS-
16 TRICTS THAT ARE QUALIFIED BONDS UNDER 1961 PA 108, MCL 388.951 TO
17 388.963. THE PRINCIPAL AMOUNT OF THE QUALIFIED BONDS PURCHASED
18 BY THE AUTHORITY IN ANY CALENDAR YEAR SHALL NOT EXCEED 7.5% OF
19 THE PRINCIPAL AMOUNT OF QUALIFIED BONDS ISSUED BY SCHOOL DIS-
20 TRICTS IN THE IMMEDIATELY PRECEDING CALENDAR YEAR.

21 Sec. 16. (1) The authority may create and establish 1 or
22 more special funds as reserve funds. The authority shall pay
23 into each reserve fund money appropriated and made available by
24 ~~the~~ THIS state for the purpose of that reserve fund, proceeds
25 of the sale of bonds or notes to the extent provided in the reso-
26 lution or resolutions of the authority authorizing the issuance
27 of the bonds or notes, and any other money ~~which~~ THAT may be

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1 available to the authority for the purpose of the reserve fund
2 from any other source. Except as provided in the resolution
3 authorizing the issuance of the bonds or notes, money held in a
4 reserve fund is pledged to, and charged with, the payment of the
5 principal of and the interest on those bonds or notes with
6 respect to which that reserve fund is established, as the princi-
7 pal and interest becomes due, and the redemption price or the
8 purchase price of bonds retired by call or purchase as provided
9 in the resolution. Except as may otherwise be provided in the
10 resolution authorizing the bonds or notes, the reserve fund shall
11 be a fund for all the bonds and notes issued pursuant to a par-
12 ticular resolution without distinction or priority of any bond or
13 note over another.

14 (2) Except as provided in the resolution authorizing the
15 issuance of the bonds or notes, money in a reserve fund shall not
16 be withdrawn from the reserve fund in an amount ~~which~~ THAT
17 would reduce the amount of that reserve fund to less than the
18 requirement established for that reserve fund, except for the
19 purpose of making, with respect to the bonds or notes secured in
20 whole or in part by that reserve fund, payment when due of prin-
21 cipal, interest, redemption premiums, and the sinking fund or
22 mandatory redemption payments, if any, with respect to those
23 bonds or notes for the payment of which other money of the
24 authority is not available. Except as provided in the resolution
25 authorizing the issuance of the bonds or notes, income or inter-
26 est earned by a reserve fund resulting from the investment of
27 that reserve fund or any other money in the reserve fund may be

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1 transferred by the authority to other funds or accounts of the
2 authority to the extent the transfer does not reduce the amount
3 of that reserve fund below the requirements for that reserve
4 fund.

5 (3) Money in a reserve fund may be invested in the same
6 manner as permitted for investment of funds belonging to ~~the~~
7 THIS state or held in the state treasury or as provided in the
8 resolution authorizing the bonds or notes for which the reserve
9 fund is established.

10 (4) AN AMOUNT APPROPRIATED TO THE AUTHORITY MAY BE ACCEPTED,
11 OBLIGATED, AND USED BY THE AUTHORITY TO FUND 1 OR MORE RESERVE
12 FUNDS TO SECURE BONDS OR NOTES ISSUED BY THE AUTHORITY TO PROVIDE
13 FUNDS TO MAKE LOANS AUTHORIZED BY THIS ACT OR TO PURCHASE MUNICI-
14 PAL OBLIGATIONS ISSUED BY SCHOOL DISTRICTS, PURSUANT TO 1 OR MORE
15 RESOLUTIONS OF THE AUTHORITY THAT SHALL IDENTIFY THE RESERVE FUND
16 OR FUNDS AS BEING FUNDED, IN WHOLE OR IN PART, WITH APPROPRIATED
17 AMOUNTS ACCEPTED AND OBLIGATED UNDER THIS SUBSECTION. BY RESOLU-
18 TION, THE AUTHORITY SHALL ESTABLISH A RESERVE FUND REQUIREMENT
19 WITH RESPECT TO EACH RESERVE FUND ESTABLISHED UNDER THIS
20 SUBSECTION. IF AT ANY TIME A RESERVE FUND REQUIREMENT ESTAB-
21 LISHED UNDER THIS SUBSECTION EXCEEDS THE AMOUNT IN THE RESERVE
22 FUND, AN OFFICER OF THE AUTHORITY DESIGNATED IN THE RESOLUTION OF
23 THE AUTHORITY ESTABLISHING THE RESERVE FUND SHALL CERTIFY TO THE
24 STATE TREASURER THE AMOUNT, IF ANY, NECESSARY TO RESTORE THE
25 RESERVE FUND TO THE RESERVE FUND REQUIREMENT. THE STATE TREA-
26 SURER SHALL INFORM THE STATE BUDGET DIRECTOR OF THE AMOUNT, IF
27 ANY, NECESSARY TO RESTORE THE RESERVE FUND TO THE CERTIFIED

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1 RESERVE FUND REQUIREMENT. THE AUTHORITY SHALL INCLUDE IN THE
2 RESOLUTIONS AUTHORIZING THE ISSUANCE OF BONDS OR NOTES SECURED BY
3 A RESERVE FUND ESTABLISHED BY THE AUTHORITY UNDER THIS SUBSEC-
4 TION, OR IN A SEPARATE AGREEMENT, PROVISIONS DETERMINED BY THE
5 AUTHORITY TO BE NECESSARY OR APPROPRIATE TO IMPLEMENT THIS
6 SUBSECTION.

7 Sec. 20. ~~The~~ THIS state pledges to and agrees with the
8 holders of bonds or notes issued under this act that ~~, except as~~
9 ~~otherwise provided under section 27, the~~ THIS state shall not
10 limit or restrict the rights vested in the authority by this act
11 to do any 1 or more of the following:

12 (a) Purchase, acquire, hold, sell, or dispose of municipal
13 obligations or other investments.

14 (b) Make loans to a governmental unit.

15 (c) Establish and collect fees or other charges as are con-
16 venient or necessary to produce sufficient revenues to meet the
17 expenses of operation of the authority.

18 (d) Fulfill the terms of an agreement made with the holders
19 of authority bonds or notes, or in any way impair the rights or
20 remedies of the holders of authority bonds or notes until the
21 bonds and notes, together with interest on the bonds or notes and
22 interest on any unpaid installments of interest, and all costs
23 and expenses in connection with an action or proceedings by or on
24 behalf of those holders are fully met, paid, and discharged.

25 Enacting section 1. Section 27 of the shared credit rating
26 act, 1985 PA 227, MCL 141.1077, is repealed.