

# SENATE BILL No. 1177

March 5, 2002, Introduced by Senator BULLARD and referred to the Committee on Finance.

A bill to amend 1964 PA 183, entitled

"An act creating the state building authority with power to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage, and maintain facilities for the use of the state or any of its agencies; to act as a developer or co-owner of facilities as a condominium project for the use of the state or any of its agencies; to authorize the execution of leases pertaining to those facilities by the building authority with the state or any of its agencies; to authorize the payment of true rentals by the state; to provide for the issuance of revenue obligations by the building authority to be paid from the true rentals to be paid by the state and other resources and security provided for and pledged by the building authority; to authorize the creation of funds; to authorize the conveyance of lands by the state or any of its agencies for the purposes authorized in this act; to authorize the appointment of a trustee for bondholders; to permit remedies for the benefit of parties in interest; to provide for other powers and duties of the authority; and to provide for other matters in relation to the authority and its obligations,"

by amending section 8 (MCL 830.418), as amended by 1997 PA 127.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 8. (1) By resolution or resolutions of its board, the  
2 building authority may provide for the issuance of revenue

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1 obligations, which may include revenue bonds, revenue notes, or  
2 other evidences of revenue indebtedness, and refunding revenue  
3 bonds or notes, or other refunding evidences of indebtedness, the  
4 obligations for which shall not become a general obligation of  
5 this state or a charge against this state, but all revenue obli-  
6 gations and the interest on the revenue obligations and the call  
7 premiums for the revenue obligations shall be payable solely from  
8 true rental, except to the extent paid from the proceeds of sale  
9 of revenue obligations and any additional security provided for  
10 and pledged, or from other funds as provided in this act, and  
11 each revenue obligation shall have such a statement printed on  
12 the face of the revenue obligation. If the resolution of the  
13 building authority provides for interest coupons to be attached  
14 to a revenue obligation, each interest coupon shall have a state-  
15 ment printed on the coupon that the coupon is not a general obli-  
16 gation of this state or the building authority but is payable  
17 solely from certain revenues as specified in the revenue  
18 obligation. Revenue obligations may be issued for the purpose of  
19 paying part or all of the costs of the facilities or for the pur-  
20 pose of refunding or advance refunding, in whole or in part, out-  
21 standing revenue obligations issued pursuant to this act whether  
22 the obligations to be refunded or advance refunded have matured  
23 or are redeemable or shall mature or become redeemable after  
24 being refunded. The cost of the facilities may include an allow-  
25 ance for legal, engineering, architectural, and consulting serv-  
26 ices; interest on revenue obligations becoming due before the  
27 collection of the first true rental available for the payment of

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1 those revenue obligations; a reserve for the payment of  
2 principal, interest, and redemption premiums on the revenue obli-  
3 gations of the authority; and other necessary incidental expenses  
4 including, but not limited to, placement fees; fees or charges  
5 for insurance, letters of credit, lines of credit, remarketing  
6 agreements, or commitments to purchase obligations issued pursu-  
7 ant to this act; fees or charges associated with an agreement to  
8 manage payment, revenue, or interest rate exposure; or any other  
9 fees or charges for any other security provided to assure timely  
10 payment of the obligations.

11 (2) The proceeds of a revenue obligation issue may be used  
12 to pay the cost of facilities that are subject to more than 1  
13 lease if either subdivision (a) or (b) is true:

14 (a) Both of the following are true:

15 (i) The resolution authorizing the revenue obligations pro-  
16 vides for the use of a specific allocable portion of the revenue  
17 obligation proceeds to pay the estimated cost of each of the  
18 facilities, together with the allocable portion of the reserves,  
19 discount, interest on the obligations becoming due before the  
20 first true rental available for payment of the obligations, and  
21 obligation issuance expense with respect to each facility.

22 (ii) The true rental and other funds of the building author-  
23 ity and other security as provided in this act available for the  
24 revenue obligations including other funds as provided in this act  
25 are sufficient to pay the allocable portion of the revenue obli-  
26 gation issue for which the true rental and other funds and  
27 security are pledged.

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1 (b) The obligation is part of an interim financing pool  
2 described in subsection ~~-(23)-~~ (20).

3 (3) Revenue obligations that refund outstanding obligations  
4 may include the payment of interest accrued, or to accrue, to the  
5 earliest or any subsequent date of redemption, purchase, or matu-  
6 rity of the revenue obligations to be refunded, redemption premi-  
7 um, if any, and any commission, service fee, and other expense  
8 necessary to be paid in connection with revenue obligations that  
9 refund outstanding obligations. Proceeds of refunding revenue  
10 obligations may also be used to pay part of the cost of issuance  
11 of the refunding revenue obligations, interest on the refunding  
12 revenue obligations, a reserve for the payment of principal,  
13 interest, and redemption premiums on the refunding revenue obli-  
14 gations, and other necessary incidental expenses including, but  
15 not limited to, placement fees; fees or charges for insurance,  
16 letters of credit, lines of credit, remarketing agreements, or  
17 commitments to purchase obligations issued pursuant to this act;  
18 fees or charges associated with an agreement to manage payment,  
19 revenue, or interest rate exposure; or any other fees or charges  
20 for any other security provided to assure timely payment of the  
21 obligations. The building authority may also provide for the  
22 withdrawal of any funds from a reserve created for the payment of  
23 principal, interest, and redemption premiums on the refunded  
24 obligations and for the deposit of those funds in the reserve for  
25 the payment of principal, interest, and redemption premiums on  
26 the refunding obligations or may provide for use of that reserve  
27 money to pay principal, interest, and redemption premiums on the

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1 obligations to be refunded. Obligations issued to refund  
2 outstanding obligations may be issued in a principal amount  
3 greater than, the same as, or less than the principal amount of  
4 the obligations to be refunded, and subject to the maximum rate  
5 of interest provided in subsection (8), may bear interest rates  
6 that are higher than, the same as, or lower than the interest  
7 rates of the obligations to be refunded. If obligations are  
8 issued to refund outstanding obligations of the authority, a  
9 lease whose rental has been pledged for repayment of the obliga-  
10 tions to be refunded shall not be terminated solely by reason of  
11 the payment or provision for payment of the obligations to be  
12 refunded, and the lease and all of the rights and obligations  
13 under the lease remain in full force and effect in accordance  
14 with its terms.

15 (4) Except as otherwise provided in this section, the build-  
16 ing authority shall use income or profit derived from the invest-  
17 ment of money in a fund or account of the building authority,  
18 including the proceeds of sale of the revenue obligations, only  
19 for the purpose of paying principal, interest, and redemption  
20 premiums on the revenue obligations of the building authority, or  
21 for any purpose for which the proceeds of the revenue obligations  
22 may be used under this act, as determined by the resolution of  
23 the board authorizing the issuance of revenue obligations.

24 (5) Within limits considered appropriate and established by  
25 the board, the board may authorize by resolution a member of the  
26 board or the person appointed by the building authority as its  
27 chief operating officer or chief staff person, if the

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1 authorization limits or prescribes the maximum interest rates,  
2 minimum price, maximum principal amount, and the latest maturity  
3 date of the obligations, to do any of the following:

4 (a) Determine interest rates or methods for determining  
5 interest rates for, maturities of, principal amounts of, denomi-  
6 nations of, dates of issuance of, interest payment dates for,  
7 redemption rights and the terms under which redemption rights may  
8 be waived, transferred, or sold, prepayment rights with respect  
9 to, the purchase price of, and the type of funds for settlement  
10 of obligations.

11 (b) Determine which, if any, letter of credit, line of  
12 credit, standby note or bond purchase agreement, bond insurance,  
13 or other agreement providing security or liquidity for obliga-  
14 tions of the building authority, approved by the board, provides  
15 a cost savings and should be entered into in connection with the  
16 issuance of the obligations of the building authority.

17 (c) Take any other action on behalf of the board within lim-  
18 itations established by the board as the board considers neces-  
19 sary in connection with the issuance of obligations of the build-  
20 ing authority.

21 (6) To the extent provided by resolution of the board, prin-  
22 cipal of, and interest and redemption premiums on, revenue obli-  
23 gations issued for the purpose of paying all or part of the cost  
24 of the facilities shall be secured by and payable only from any  
25 or all of the following sources:

26 (a) The true rental derived from the facilities constructed  
27 or acquired with the proceeds of the revenue obligations.

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1 (b) The proceeds of revenue obligations.

2 (c) The reserve, if any, established for the payment of  
3 principal of, or interest or redemption premiums on, the  
4 obligations.

5 (d) The proceeds of insurance, a letter of credit, or a line  
6 of credit acquired as security for the revenue obligations.

7 (e) The proceeds of obligations issued to refund the revenue  
8 obligations.

9 (f) The proceeds of the foreclosure or enforcement of a  
10 mortgage, security interest, or deed of trust on the facilities  
11 financed by the revenue obligations granted by the authority as  
12 security for the revenue obligations.

13 (g) Other funds of the authority not previously pledged for  
14 other obligations of the authority, including funds of the  
15 authority derived from rentals and other revenues, investment  
16 income or profit, or funds or accounts relating to other facili-  
17 ties, and payments received pursuant to an agreement to manage  
18 payment, revenue, or interest rate exposure as provided in  
19 subsection ~~(22)~~ (19).

20 (h) Investment earnings and profits on any or all of the  
21 sources described in subdivisions (a) to (g).

22 (7) To the extent provided by resolution of the board, prin-  
23 cipal of, and interest and redemption premiums on, refunding rev-  
24 enue obligations shall be secured by and payable only from any or  
25 all of the following sources:

26 (a) The true rental derived from the facilities constructed  
27 or acquired with the proceeds of the obligations being refunded.

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1 (b) The proceeds of the refunding obligations.

2 (c) The reserve, if any, established for the payment of the  
3 principal of, or interest and redemption premiums on, the refund-  
4 ing obligations or the obligations to be refunded.

5 (d) The proceeds of insurance, a letter of credit, or a line  
6 of credit acquired as security for the revenue obligations.

7 (e) The proceeds of obligations issued to refund the refund-  
8 ing obligations.

9 (f) The proceeds of the foreclosure or enforcement of any  
10 mortgage, security interest, or deed of trust on the facilities  
11 financed from the proceeds of the obligations being refunded,  
12 granted by the authority as security for the refunding  
13 obligations.

14 (g) Other funds of the authority not previously pledged for  
15 other obligations of the authority, including other funds of the  
16 authority derived from rentals and other revenues, investment  
17 income or profit, or funds or accounts relating to other facili-  
18 ties, and payments received pursuant to an agreement to manage  
19 payment, revenue, or interest rate exposure as provided in  
20 subsection ~~-(22)-~~ (19).

21 (h) Investment earnings or profits on any of the sources  
22 described in subdivisions (a) to (g).

23 (8) Obligations issued under this act may be either serial  
24 obligations or term obligations, or any combination of serial or  
25 term obligations. The obligations shall mature not more than 40  
26 years from their date, and in any event not more than 1 year from  
27 the due date of the last true rental pledged for the payment of



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1 the obligations, and may bear interest at fixed or variable  
2 interest rates, or may be without stated interest, but the net  
3 interest rate or rates of interest, taking into account any dis-  
4 count on the sale of the obligations, shall not exceed ~~18% or~~ a  
5 ~~higher~~ rate ~~if~~ permitted by the ~~municipal finance act, 1943~~  
6 ~~PA 202, MCL 131.1 to 139.3~~ REVISED MUNICIPAL FINANCE ACT, 2001  
7 PA 34, MCL 141.2101 TO 141.2821. The obligations may be sold at  
8 a discount.

9 (9) Except as otherwise provided in this subsection, in the  
10 resolution or resolutions authorizing the issuance of the obliga-  
11 tions, the board shall determine the principal amount of the  
12 obligations to be issued, the registration provisions, the date  
13 of issuance, the obligation numbers, the obligation denomina-  
14 tions, the obligation designations, the obligation maturities,  
15 the interest payment dates, the paying agent or paying agents or  
16 the method of selection of the agent or agents, the rights of  
17 prior redemption of the obligations, and the terms under which  
18 redemption rights may be waived, transferred, or sold, the rights  
19 of the holders to require prepayment of the principal of or  
20 interest on the obligations, the maximum rate of interest, the  
21 method of execution of the obligations, and such other provisions  
22 respecting the obligations, the rights of the holders of the  
23 obligations, the security for the obligations, and the procedures  
24 for disbursement of the obligation proceeds and for the invest-  
25 ment of the proceeds of obligations and money for the payment of  
26 obligations. Rather than making the determinations required by  
27 this subsection, the board may authorize a person identified in

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1 subsection (5) to make the determinations and take the actions  
2 authorized under subsection (5).

3       (10) The board in the resolution or resolutions authorizing  
4 the issuance of obligations may provide for the assignment of the  
5 true rental to be paid by the state under the lease or leases to  
6 1 of the paying agents for the obligations or to a trustee, as  
7 provided in this act, in which case the state shall pay the  
8 rental to the paying agent or trustee. For the purposes and  
9 within the limitations set forth in this act, the board may by  
10 resolution covenant to issue or cause to be issued, or use its  
11 best efforts to issue or cause to be issued, refunding revenue  
12 obligations to refund obligations issued under this act.

13       (11) The board in the resolution, or resolutions, authoriz-  
14 ing the obligations may provide for the terms and conditions upon  
15 which the holders of the obligations, or a portion of the obliga-  
16 tions or a trustee for the obligations, is entitled to the  
17 appointment of a receiver. The receiver may enter and take pos-  
18 session of the facility, may lease and maintain the facility, may  
19 prescribe rentals and collect, receive, and apply income and rev-  
20 enues thereafter arising from the facility in the same manner and  
21 to the same extent that the authority is so authorized. The res-  
22 olution or resolutions may provide for the appointment of a  
23 trustee for the holders of the obligations, may give to the  
24 trustee the appropriate rights, duties, remedies, and powers,  
25 with or without the execution of a deed of trust or mortgage,  
26 necessary and appropriate to secure the obligations, and may  
27 provide that the principal of and interest on any obligations

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1 issued under this act shall be secured by a mortgage, security  
2 interest, or deed of trust covering the facility, which mortgage,  
3 security interest, or deed of trust may contain the covenants,  
4 agreements, and remedies as will properly safeguard the obliga-  
5 tions as may be provided for in the resolution or resolutions  
6 authorizing the obligations, including the right to sell the  
7 facility upon foreclosure sale, not inconsistent with this act.

8 (12) All obligations and the interest coupons, if any,  
9 attached to the obligations are declared to be fully negotiable  
10 and to have all of the qualities incident to negotiable instru-  
11 ments under the uniform commercial code, 1962 PA 174, MCL  
12 440.1101 to 440.11102, subject only to the provisions for regis-  
13 tration of the obligations that may appear on the obligations.  
14 The obligations and interest on the obligations are exempt from  
15 all taxation by ~~the~~ THIS state or any of its political  
16 subdivisions.

17 ~~(13) Unless an exception from prior approval is available~~  
18 ~~pursuant to subsection (18), the issuance of the obligations is~~  
19 ~~subject to approval of the department of treasury under the~~  
20 ~~municipal finance act, 1943 PA 202, MCL 131.1 to 139.3. However,~~  
21 ~~the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3,~~  
22 ~~except as otherwise provided in this act, is not applicable to~~  
23 ~~the issuance of obligations. The department of treasury shall~~  
24 ~~issue its order of approval when it has determined all of the~~  
25 ~~following:~~

26 (a) ~~That the revenues, properties, and other securities~~  
27 ~~pledged for revenue obligations are sufficient.~~

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1       ~~(b) That, to the extent authorized by the building~~  
2 ~~authority, insurance, letters of credit, irrevocable commitments~~  
3 ~~to purchase revenue obligations, or other transactions to provide~~  
4 ~~separate security to assure timely payment of any revenue obliga=~~  
5 ~~tions of the building authority have been provided, and in fact,~~  
6 ~~those transactions do provide resources, when taken with true~~  
7 ~~rental and proceeds authorized by this act, for the prompt repay=~~  
8 ~~ment of the revenue obligations.~~

9       ~~(c) That the purpose for which the revenue obligations are~~  
10 ~~issued and the manner in which the revenue obligations are pro=~~  
11 ~~posed to be issued comply with this act.~~

12       ~~(14) When prior approval is required, the department of~~  
13 ~~treasury may approve the issuance from time to time of obliga=~~  
14 ~~tions to refinance by refunding any obligations at the same time~~  
15 ~~it approves the issuance of the obligations to be refunded. If~~  
16 ~~the department of treasury approves a pool of obligations estab=~~  
17 ~~lished under subsection (23), that approval is an approval of all~~  
18 ~~obligations issued within that pool. The department of treasury~~  
19 ~~may require the building authority to file with the department of~~  
20 ~~treasury periodic reports and information as the department of~~  
21 ~~treasury considers necessary. The department of treasury has the~~  
22 ~~enforcement and remedial powers with respect to the building~~  
23 ~~authority and its obligations as are provided by the municipal~~  
24 ~~finance act, 1943 PA 202, MCL 131.1 to 139.3, or other provisions~~  
25 ~~of law.~~

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1           (13) ~~-(15)-~~ The obligations may be sold at private or at  
2 public sale under the procedures and subject to the conditions  
3 prescribed by resolution of the board.

4           (14) ~~-(16)-~~ The building authority may issue additional  
5 obligations of equal standing with respect to the pledge of the  
6 true rentals and additional security provided pursuant to this  
7 act with previously issued obligations of the building authority  
8 issued to acquire or construct a facility or facilities, or to  
9 refund the obligations, for the purpose of completing, or making  
10 additions, improvements, or replacements to, the facility or  
11 facilities for which the previous obligations of the authority  
12 were issued or to refund all or part of obligations previously  
13 issued for such a facility, under the terms and conditions pro-  
14 vided in the resolution authorizing the previous issue of  
15 obligations.

16           (15) ~~-(17)-~~ The authority shall not have obligations out-  
17 standing at any 1 time for any of its corporate purposes in a  
18 principal amount totaling more than \$2,700,000,000.00, which lim-  
19 itations shall not include principal appreciation as provided in  
20 subsection ~~-(20)-~~ (17) or obligations or portions of obligations  
21 used to pay for any of the following:

22           (a) Amounts set aside for payment of interest becoming due  
23 before the collection of the first true rental available.

24           (b) Amounts set aside for a reserve for payment of princi-  
25 pal, interest, and redemption premiums.

26           (c) Costs of issuance of the obligations and the discount,  
27 if any, on sale.

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1 (d) The sums expected to be set aside for the purposes  
2 provided in this subsection for any obligations authorized by the  
3 authority but not sold. The amount set aside or expected to be  
4 set aside for the purposes provided in this subsection shall be  
5 conclusively determined by a certificate setting forth the  
6 amounts executed by the executive director of the building  
7 authority. In addition, there shall be excluded from the limita-  
8 tion obligations issued to refund prior obligations if those  
9 prior obligations will not be retired within 90 days after the  
10 date of issuance of the refunding obligations. If an obligation  
11 is issued to retire a prior obligation within 90 days after the  
12 date of issuance of the refunding obligation, the obligation is  
13 counted against the limitation when the refunded obligation is  
14 retired.

15 ~~-(18) The requirement of subsection (13) for obtaining the~~  
16 ~~prior approval of the department of treasury before issuing obli-~~  
17 ~~gations under this section is subject to sections 10 and 11 of~~  
18 ~~chapter III of the municipal finance act, 1943 PA 202, MCL 133.10~~  
19 ~~and 133.11, and the department of treasury has the same authority~~  
20 ~~as provided by section 11 of chapter III of the municipal finance~~  
21 ~~act, 1943 PA 202, MCL 133.11, to issue an order providing or~~  
22 ~~denying an exception from the prior approval required by subsec-~~  
23 ~~tion (13) for obligations authorized by this act.~~

24 (16) ~~-(19)~~ The authority may apply and pledge, if not  
25 already pledged, all or any unpledged part of the true rental and  
26 other revenues of a facility; income and profit from the  
27 investment of money pertaining to a facility; and money in a fund

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1 or account of the authority pertaining to a facility to pay the  
2 principal, interest, and redemption premiums on revenue obliga-  
3 tions of the authority other than those to which the true rental  
4 and other revenues, investment income, or profit or funds or  
5 accounts pertain; to pay amounts due under an agreement to manage  
6 payment, revenue, or interest rate exposure regardless of the  
7 obligations or investments to which the agreement relates; or to  
8 pay part or all of the cost of additional facilities to be  
9 acquired by the authority for the use of the state. The author-  
10 ity may establish a separate fund into which the rental and other  
11 revenues, investment income or profit, or money of such a fund or  
12 account shall be deposited to be used to pay principal, interest,  
13 and redemption premiums on outstanding obligations of the author-  
14 ity or to acquire facilities for the use of ~~the~~ THIS state.  
15 The authority shall not acquire a facility unless the acquisition  
16 is approved by the state administrative board and by a concurrent  
17 resolution of the legislature approved by a majority of the mem-  
18 bers elected to and serving in each house. The authority may  
19 pledge any or all of the foregoing to the payment of revenue  
20 obligations of the authority other than those to which they  
21 pertain. If the true rental and other revenues, investment  
22 income or profit, or the money in funds or accounts to be applied  
23 as specified in this subsection pertain to a facility leased to  
24 the state and an institution of higher education pursuant to a  
25 lease executed and delivered before January 1, 1983, no applica-  
26 tion or pledge thereof may be made unless approved by the  
27 institution of higher education.

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1       (17) ~~-(20)-~~ If the authority issues an obligation that  
2 appreciates in principal amount, the amount of principal appreci-  
3 ation each year on that obligation, after the date of original  
4 issuance, shall not be considered to be principal indebtedness  
5 for the purposes of the limitation in subsection ~~-(17)-~~ (15) or  
6 any other limitation. The appreciation of principal after the  
7 date of original issue shall be considered interest and shall be  
8 within the interest rate limitations set forth in this act.

9       (18) ~~-(21)-~~ Of the \$2,700,000,000.00 authorized under  
10 subsection ~~-(17)-~~ (15), priority shall be determined by the joint  
11 capital outlay committee.

12       (19) ~~-(22)-~~ In connection with an obligation issued previ-  
13 ously or to be issued under this act or an investment made previ-  
14 ously or to be made, the board may by resolution authorize and  
15 approve the execution and delivery of an agreement to manage pay-  
16 ment, revenue, or interest rate exposure. The agreement may  
17 include, but is not limited to, an interest rate exchange agree-  
18 ment, an agreement providing for payment or receipt of money  
19 based on levels of or changes in interest rates, an agreement to  
20 exchange cash flows or series of payments, or an agreement pro-  
21 viding for or incorporating interest rate caps, collars, floors,  
22 or locks. Subject to a prior pledge or lien created under this  
23 act, a payment to be made by the building authority under an  
24 agreement described in this subsection is payable, together with  
25 other obligations of the building authority, from those sources  
26 described in subsections (6) and (7), all with the parity or  
27 priority and upon the conditions set forth in the board's



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1 resolution. An agreement entered into under this subsection is  
2 not a general obligation of ~~the~~ THIS state or the building  
3 authority, and the agreement does not count against the limita-  
4 tion on outstanding obligations contained in subsection ~~(17)~~  
5 (15).

6 (20) ~~(23)~~ The building authority may authorize by resolu-  
7 tion a pool of obligations to meet interim financing needs. A  
8 pool may be issued in 1 or more series, may relate to 1 or more  
9 projects, and is subject to all of the following:

10 (a) The board's resolution approving the pool shall state at  
11 least all of the following:

12 (i) The name or designation of the pool to distinguish it  
13 from any other pool issued under this subsection.

14 (ii) The latest date by which an obligation issued under the  
15 pool must mature, which shall not be later than 5 years after the  
16 date on which the pool is established. The duration of the pool  
17 shall be the time from the date on which the pool is established  
18 to the latest possible maturity date of obligations issued pursu-  
19 ant to the pool, or sooner as provided by resolution.

20 (iii) The maximum par amount of obligations that may be out-  
21 standing at any time during the duration of the pool. The reso-  
22 lution may state the maximum par amount of obligations that may  
23 be issued pursuant to the pool.

24 (iv) Other terms of the obligations as provided in subsec-  
25 tion (8) or the limits within which the chief operating officer,  
26 chief staff person, or member of the board shall determine those  
27 terms as provided in subsection (5).

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1 (v) The security for obligations issued pursuant to the  
2 pool.

3 (vi) Other provisions, not inconsistent with the terms of  
4 this act, that the board determines to be necessary or appropri-  
5 ate to the pool.

6 (b) Proceeds of obligations issued as part of a pool estab-  
7 lished under this subsection may be used for any of the purposes  
8 for which revenue obligations of the building authority may be  
9 used as described in subsection (1). However, an obligation  
10 shall not be issued with respect to a facility unless all of the  
11 following are true:

12 (i) The board approves the financing of the facility pursu-  
13 ant to the pool, which approval may be made at the same time as  
14 or after the establishment of the pool.

15 (ii) The board approves the proposed form of lease for the  
16 facility, which approval may be made prior to, at the same time  
17 as, or after the establishment of the pool.

18 (iii) The state administrative board, an institution of  
19 higher education, if applicable, and the legislature have  
20 approved the form of the lease as required by section 7, which  
21 approval may be made prior to, at the same time as, or after the  
22 establishment of the pool.

23 (iv) The aggregate amounts of obligations issued and out-  
24 standing with respect to a facility under a pool, together with  
25 other obligations that may have been issued and are outstanding  
26 with respect to the facility under this act do not exceed the  
27 cost of the facility, including allowable interest costs, as

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1 approved by the state administrative board, an institution of  
2 higher education, if applicable, and the legislature.

3 (v) On or before the issuance of obligations the proceeds of  
4 which are to finance the acquisition, construction, renovation,  
5 or rehabilitation of the facility, the building authority and the  
6 state, and, if applicable, an institution of higher education,  
7 enter into the lease or an agreement to construct or acquire the  
8 facility, which lease or agreement sets forth the terms and con-  
9 ditions under which the building authority will finance the con-  
10 struction or acquisition of the facility for lease to the state  
11 or to the state and any applicable institution of higher  
12 education.

13 (21) BONDS AND NOTES ISSUED UNDER THIS ACT ARE NOT SUBJECT  
14 TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO  
15 141.2821.

16 (22) THE ISSUANCE OF BONDS AND NOTES UNDER THIS ACT IS  
17 SUBJECT TO THE AGENCY FINANCING REPORTING ACT.