

**SUBSTITUTE FOR
SENATE BILL NO. 772**

A bill to amend 1985 PA 227, entitled
"Shared credit rating act,"
by amending sections 7 and 8 (MCL 141.1057 and 141.1058), as
amended by 2005 PA 93.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7. The board has all of the following powers:
- 2 (a) To adopt bylaws for the regulation of its affairs.
- 3 (b) To adopt an official seal.
- 4 (c) To maintain a principal office at a place within this
- 5 state.
- 6 (d) To sue and be sued in its own name and to plead and be
- 7 impleaded.
- 8 (e) To loan money to a governmental unit, or to a nonprofit

1 corporation, trust, or similar entity for the benefit of a public
2 school academy, at a rate or rates as the authority determines and
3 to purchase and sell, and to commit to purchase and sell, municipal
4 obligations pursuant to this act.

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

7 (g) To make and enter into contracts and other instruments
8 necessary or incidental to the performance of its duties and the
9 exercise of its powers. By rotating the services of legal counsel,
10 the authority shall seek to increase the pool of nationally
11 recognized bond counsel.

12 (h) To receive and accept from any source grants or
13 contributions of money, property, or other things of value,
14 excluding appropriations from the general fund of this state except
15 for appropriations to be used for the benefit of public schools,
16 except for appropriations to a reserve fund established under
17 section 16, except for appropriations to the state water pollution
18 control revolving fund established under section 16a and except for
19 appropriations to the state drinking water revolving fund
20 established under section 16b, and except for appropriations to the
21 school loan revolving fund established under section 16c, to be
22 used, held, and applied only for the purposes for which the grants
23 and contributions were made.

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

26 (j) To require that final actions of the board are entered in
27 the journal for the board and that all writings prepared, owned,

1 used, in the possession of, or retained by the board in the
2 performance of an official function be made available to the public
3 in compliance with the freedom of information act, 1976 PA 442, MCL
4 15.231 to 15.246.

5 (k) To engage the services of private consultants on a
6 contract basis for rendering professional and technical assistance
7 and advice.

8 (l) To investigate and assess the infrastructure needs of this
9 state, current methods of financing infrastructure rehabilitation
10 and improvements, and resources and financing options currently
11 available and potentially useful to improve this state's
12 infrastructure and lower the costs of those improvements.

13 (m) To indemnify and procure insurance indemnifying members of
14 the board from personal loss or accountability from liability
15 asserted by a person on bonds or notes of the authority or from any
16 personal liability or accountability by reason of the issuance of
17 the bonds or notes, or by reason of any other action taken or the
18 failure to act by the authority.

19 (n) To investigate and assess short-term and long-term
20 borrowing requirements for operating, capital improvements, and
21 delinquent taxes.

22 (o) To provide assistance, as that term is defined in section
23 5301 of the natural resources and environmental protection act,
24 1994 PA 451, MCL 324.5301, to any municipality for a revolving fund
25 project and to perform all functions necessary or incident to
26 providing that assistance and to the operation of the state water
27 pollution control revolving fund established under section 16a.

1 (p) To enter into agreements with the federal government to
2 implement the establishment and operation of the state water
3 pollution control revolving fund established under section 16a
4 pursuant to the provisions of the federal water pollution control
5 act and the rules and regulations promulgated under that act.

6 (q) To provide assistance, as that term is defined in part 54
7 of the natural resources and environmental protection act, 1994 PA
8 451, MCL 324.5401 to 324.5418, to any governmental unit for a
9 revolving fund community water supply or noncommunity water supply
10 and to perform all functions necessary or incident to providing
11 that assistance and to the operation of the state drinking water
12 revolving fund established under section 16b, including, but not
13 limited to, using funding allocated in the federal safe drinking
14 water act for any of the purposes authorized in section 5417(c) of
15 the natural resources and environmental protection act, 1994 PA
16 451, MCL 324.5417.

17 (r) To enter into agreements with the federal government to
18 establish and operate the state drinking water revolving fund under
19 section 16b pursuant to the provisions of the federal safe drinking
20 water act and the rules and regulations promulgated under that act.

21 (s) To enter into agreements with the state treasurer to act
22 as this state's agent to implement the establishment and operation
23 of the school loan revolving fund established under section 16c,
24 including provisions relating to the return to this state of
25 contributions made by this state for deposit in the school loan
26 revolving fund that are no longer needed for school loan revolving
27 fund purposes **AND THE ASSIGNMENT TO THIS STATE OF LOANS AND LOAN**

REPAYMENTS MADE FROM OR PAYABLE TO THE SCHOOL LOAN REVOLVING FUND.

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

(2) Bonds and notes of the authority shall not be in any way a debt or liability of this state and shall not create or constitute any indebtedness, liability, or obligations of this state or be or constitute a pledge of the faith and credit of this state but all authority bonds and notes, unless funded or refunded by bonds or notes of the authority, shall be payable solely from revenues or funds pledged or available for their payment as authorized in this act. Each bond and note shall contain on its face a statement to the effect that the authority is obligated to pay the principal of and the interest on the bond or note only from revenues or funds of the authority and that this state is not obligated to pay the principal or interest and that neither the faith and credit nor the taxing power of this state is pledged to the payment of the principal of or the interest on the bond or note.

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

(4) Unless approved by a concurrent resolution of the

1 legislature and except as permitted by section 16a, 16b, or 16c,
2 the authority shall not provide preferential treatment in the rate
3 of interest for a particular municipal obligation purchased by the
4 authority that is based upon other than financial and credit
5 considerations and shall not forgive or relinquish all or part of
6 the interest or principal of a particular municipal obligation or
7 of municipal obligations of a particular purpose.

8 (5) The authority may purchase bonds issued by school
9 districts that are qualified bonds under a school loan act. ~~Except~~
10 ~~as provided in subsection (6), the principal amount of the~~
11 ~~qualified bonds purchased by the authority in any calendar year~~
12 ~~shall not exceed 7.5% of the principal amount of qualified bonds~~
13 ~~issued by school districts in the immediately preceding calendar~~
14 ~~year.~~ The authority may also purchase or accept by assignment from
15 this state municipal obligations that are loan repayment
16 obligations from a school district on a qualified loan made by this
17 state under a school loan act. Municipal obligations acquired by
18 the authority under this subsection are not required to be in fully
19 marketable form.

20 (6) In addition to qualified bonds purchased under subsection
21 (5), the authority may purchase qualified bonds issued by school
22 districts not later than September 30, 2004 to obtain funds to
23 repay all or a portion of the outstanding balance of a loan under
24 **FORMER** 1961 PA 108, ~~MCL 388.951 to 388.963,~~ on the terms and
25 conditions and subject to the requirements provided by or pursuant
26 to a resolution of the authority. Bonds issued by the authority to
27 purchase school district qualified bonds under this subsection

1 shall be issued in an amount sufficient to provide and pay the
2 reasonable costs of issuance incurred by the school districts as
3 determined by or pursuant to a resolution of the authority.

4 Enacting section 1. This amendatory act does not take effect
5 unless all of the following bills of the 96th Legislature are
6 enacted into law:

7 (a) Senate Bill No. 770.

8 (b) Senate Bill No. 771.