

HOUSE BILL No. 4993

October 15, 2015, Introduced by Rep. Pscholka and referred to the Committee on Local Government.

A bill to amend 1846 RS 16, entitled

"Of the powers and duties of townships, the election and duties of township officers, and the division of townships,"

by amending section 75b (MCL 41.75b), as amended by 2002 PA 226.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 75b. (1) A township board may provide for energy
2 conservation improvements to be made to township facilities **OR**
3 **INFRASTRUCTURE** and may pay for the improvements from operating
4 funds of the township or from the savings that result from the
5 energy conservation improvements. Energy conservation improvements
6 may include, but are not limited to, heating, **VENTILATING, OR AIR-**
7 **CONDITIONING** system improvements, fenestration improvements, roof
8 improvements, the installation of any insulation, the installation
9 or repair of heating, **VENTILATING,** or ~~air conditioning~~ **AIR-**
10 **CONDITIONING** controls, ~~and~~ entrance or exit way closures,

1 INFORMATION TECHNOLOGY IMPROVEMENTS ASSOCIATED WITH AN ENERGY
2 CONSERVATION IMPROVEMENT, AND MUNICIPAL UTILITY IMPROVEMENTS
3 ASSOCIATED WITH AN ENERGY CONSERVATION IMPROVEMENT.

4 (2) The township board may acquire 1 or more of the energy
5 conservation improvements described in subsection (1) by
6 installment contract, **WHICH MAY INCLUDE A LEASE-PURCHASE AGREEMENT**
7 **DESCRIBED IN SUBSECTION (5)**, or may borrow money and issue notes
8 for the purpose of securing funds for the improvements or may enter
9 into contracts in which the cost of the energy conservation
10 improvements is paid from a portion of the savings that result from
11 the energy conservation improvements. These contractual agreements
12 may provide that the cost of the energy conservation improvements
13 are paid only if the energy savings are sufficient to cover their
14 cost. An installment contract, **A LEASE-PURCHASE AGREEMENT DESCRIBED**
15 **IN SUBSECTION (5)**, or notes issued pursuant to this subsection
16 shall extend for a period of time not to exceed ~~10~~**20** years **FROM**
17 **THE DATE OF INSTALLATION OF THE ENERGY CONSERVATION IMPROVEMENT.**
18 Notes issued pursuant to this subsection shall be full faith and
19 credit, tax limited obligations of the township, payable from tax
20 levies and the general fund as pledged by the township board. The
21 notes are subject to the revised municipal finance act, 2001 PA 34,
22 MCL 141.2101 to 141.2821. **A LEASE-PURCHASE AGREEMENT ISSUED**
23 **PURSUANT TO THIS SUBSECTION SHALL NOT BE SUBJECT TO THE REVISED**
24 **MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821, AND**
25 **SHALL NOT BE A MUNICIPAL SECURITY OR A DEBT AS THOSE TERMS ARE**
26 **DEFINED IN THAT ACT.** This subsection does not limit in any manner
27 the borrowing or bonding authority of a township as provided by

1 law.

2 (3) If energy conservation improvements are made as provided
3 in this section, the township board shall report the following
4 information to the Michigan public service commission within 60
5 days of the completion of the improvements:

6 (a) Name of each facility to which an improvement is made and
7 a description of the conservation improvement.

8 (b) Actual energy consumption during the 12-month period
9 before completion of the improvement.

10 (c) Project costs and expenditures.

11 (d) Estimated annual energy savings.

12 (4) If energy conservation improvements are made as provided
13 in this section, the township board shall report to the Michigan
14 public service commission, by July 1 of each of the 5 years after
15 the improvements are completed, only the actual annual energy
16 consumption of each facility to which improvements are made. The
17 forms for the reports required by this section shall be furnished
18 by the Michigan public service commission.

19 (5) AN INSTALLMENT CONTRACT DESCRIBED IN THIS SECTION MAY
20 INCLUDE A LEASE-PURCHASE AGREEMENT, WHICH MAY BE A MULTIYEAR
21 CONTRACTUAL OBLIGATION THAT PROVIDES FOR AUTOMATIC RENEWAL UNLESS
22 POSITIVE ACTION IS TAKEN BY THE LEGISLATIVE BODY TO TERMINATE THAT
23 CONTRACT. PAYMENTS UNDER A LEASE-PURCHASE AGREEMENT SHALL BE A
24 CURRENT OPERATING EXPENSE SUBJECT TO ANNUAL APPROPRIATIONS OF FUNDS
25 BY THE LEGISLATIVE BODY AND SHALL OBLIGATE THE LEGISLATIVE BODY
26 ONLY FOR THOSE SUMS PAYABLE DURING THE FISCAL YEAR OF CONTRACT
27 EXECUTION OR ANY RENEWAL YEAR THEREAFTER. THE LEGISLATIVE BODY MAY

1 MAKE PAYMENTS UNDER A LEASE-PURCHASE AGREEMENT FROM ANY LEGALLY
2 AVAILABLE FUNDS OR FROM A COMBINATION OF ENERGY OR OPERATIONAL
3 SAVINGS, CAPITAL CONTRIBUTIONS, FUTURE REPLACEMENT COSTS AVOIDED,
4 OR BILLABLE REVENUE ENHANCEMENTS THAT RESULT FROM ENERGY
5 CONSERVATION IMPROVEMENTS, PROVIDED THAT THE LEGISLATIVE BODY HAS
6 DETERMINED THAT THOSE FUNDS ARE SUFFICIENT TO COVER, IN AGGREGATE
7 OVER THE FULL TERM OF THE CONTRACTUAL AGREEMENT, THE COST OF THE
8 ENERGY CONSERVATION IMPROVEMENTS. THE LEASE-PURCHASE AGREEMENT WILL
9 TERMINATE IMMEDIATELY AND ABSOLUTELY AND WITHOUT FURTHER OBLIGATION
10 ON THE PART OF THE LEGISLATIVE BODY AT THE CLOSE OF THE FISCAL YEAR
11 IN WHICH IT WAS EXECUTED OR RENEWED OR AT SUCH TIME AS APPROPRIATED
12 AND OTHERWISE UNOBLIGATED FUNDS ARE NO LONGER AVAILABLE TO SATISFY
13 THE OBLIGATIONS OF THE LEGISLATIVE BODY UNDER THE LEASE-PURCHASE
14 AGREEMENT. DURING THE TERM OF THE LEASE-PURCHASE AGREEMENT, THE
15 LEGISLATIVE BODY SHALL BE THE VESTED OWNER OF THE ENERGY
16 CONSERVATION IMPROVEMENTS AND MAY GRANT A SECURITY INTEREST IN THE
17 ENERGY CONSERVATION IMPROVEMENTS TO THE PROVIDER OF THE LEASE-
18 PURCHASE AGREEMENT. UPON THE TERMINATION OF THE LEASE-PURCHASE
19 AGREEMENT AND THE SATISFACTION OF THE OBLIGATIONS OF THE
20 LEGISLATIVE BODY, THE PROVIDER OF THE LEASE-PURCHASE AGREEMENT
21 SHALL RELEASE ITS SECURITY INTEREST IN THE ENERGY CONSERVATION
22 IMPROVEMENTS.

23 Enacting section 1. This amendatory act takes effect 90 days
24 after the date it is enacted into law.