SHARED CREDIT RATING ACT

Act 227 of 1985

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 investments; to impose conditions on, grant certain powers to political subdivisions of this state and water suppliers regarding, and allow certain agreements regarding obligations of this state, political subdivisions of this state, and water suppliers purchased by the authority or assigned to the authority; to exempt the property, income, and operation of the authority, its bonds and notes, and the interest on its bonds and notes from certain taxes; to grant powers and impose duties on officers and agencies of this state, political subdivisions of this state, and water suppliers; to accept and expend certain appropriations; and to repeal acts and parts of acts.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 1990, Act 281, Imd. Eff. Dec. 13, 1990 ;-- Am. 1996, Act 241, Imd. Eff. June 10, 1996 ;-- Am. 1997, Act 27, Imd. Eff. June 17, 1997 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001 ;-- Am. 2005, Act 93, Imd. Eff. July 20, 2005

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The People of the State of Michigan enact:

141.1051 Legislative findings and declarations.

Sec. 1.

The legislature finds and declares the following:

(a) It is in the public interest and it is the policy of the state to foster and promote borrowing of money by governmental units within the state for financing public improvements, for financing community water supplies and noncommunity water supplies, and for financing other municipal purposes from proceeds of bonds or notes issued by those governmental units; to assist those governmental units in fulfilling their needs for those purposes by creation of indebtedness; to provide for the orderly marketing of municipal obligations; and to the extent possible, to encourage continued investor interest in the bonds or notes of those governmental units as sound and preferred securities for investment.

(b) It is in the public interest and it is the policy of this state to encourage governmental units within this state to continue their independent undertakings of public improvements, community water supplies and noncommunity water supplies, and new municipal purposes and the financing for them, and to assist the governmental units by making money available for orderly financing of public improvements, community water supplies and noncommunity water supplies, and other municipal and governmental purposes.

(c) Credit and municipal bond market conditions require the exercise of the powers of this state in the interest of its governmental units to further and implement such policies by authorizing the Michigan municipal bond authority to have full powers to borrow money and to issue its bonds and notes to make money available through the Michigan municipal bond authority at reduced rates or on more favorable terms for borrowing by the state's governmental units through the purchase of the obligations of the governmental units in fully marketable form and by granting broad powers to the Michigan municipal bond authority to accomplish and to carry out these policies of this state that are in the public interest of this state and of its taxpayers and residents.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001

Compiler's Notes: For creation of Michigan public educational facilities authority within department of treasury; transfer of certain powers and duties from Michigan strategic fund and Michigan strategic fund board of directors to Michigan public educational facilities authority and Michigan public educational facilities authority board of trustees; transfer of certain powers and duties of Michigan municipal bond authority and Michigan municipal bond authority board of trustees to Michigan public and educational facilities authority and Michigan public education facilities authority board of trustees, see E.R.O. No. 2002-3, compiled at MCL 12.192 of the Michigan Compiled Laws.For consolidation of administrative staff of Michigan higher education assistance authority, Michigan higher education facilities authority, Michigan higher education student loan authority, Michigan municipal bond authority, and state hospital finance authority, and for transfer of certain functions to state treasurer, see E.R.O. No. 2002-8, compiled at MCL 12.193.

141.1052 Short title.

Sec. 2.

This act shall be known and may be cited as the "Shared credit rating act."

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1053 Definitions.

Sec. 3.

As used in this act:

(a) "Authority" means the Michigan finance authority created by Executive Reorganization Order No. 2010-2, MCL 12.194.

(b) "Board" means the board of directors of the authority.

(c) "Bonds" means bonds of the authority issued under this act with a maturity greater than 3 years.

(d) "Capitalization grant" means the federal grant made to this state by the United States Environmental Protection Agency for either of the following purposes:

(i) For the purpose of establishing a state water pollution control revolving fund, as provided in title VI of the federal water pollution control act, 33 USC 1381 to 1389.

(ii) For the purpose of establishing a state drinking water revolving fund, as provided in section 1452 of the federal safe drinking water act, 42 USC 300j-12.

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

(f) "Emergency loan board loan" means a loan made by this state to a governmental unit pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942.

(g) "Federal safe drinking water act" means 42 USC 300f to 300j-25.

(h) "Federal water pollution control act" means 33 USC 1251 to 1389.

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

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

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

(iii) Evidence that the pledge for payment of the municipal obligation will be sufficient to pay the principal of and interest on the municipal obligation when due.

(iv) For purposes of a project funded under section 16a, an order of approval issued by the department of environment, Great Lakes, and energy under part 53 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5301 to 324.5316. The order shall state that the project proposed by the governmental unit has been approved for assistance by the department of environment, Great Lakes, and energy.

(v) For purposes of a community water supply or a noncommunity water supply funded under section 16b, an order of approval issued by the department of environment, Great Lakes, and energy under part 54 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418. The order shall state that the community water supply or the noncommunity water supply proposed by the governmental unit has been approved for assistance by the department of environment, Great Lakes, and energy.

(j) "Governmental unit" means this state, a county, city, township, village, school district, intermediate school district, community college, public university, authority, district, any other body corporate and politic or other political subdivision, any agency or instrumentality of the foregoing, or any group self-insurance pool formed pursuant to 1951 PA 35, MCL 124.1 to 124.13. For purposes of a project funded under section 16a, governmental unit includes an Indian tribe that has jurisdiction over construction and operation of a project qualifying under 33 USC 1329. For purposes of a community water supply or a noncommunity water supply funded under section 16b, governmental unit includes a community water supplier. A governmental unit does not include a self-insurance pool unless the self-insurance pool has filed a certification by an independent actuary that the reserves set aside under section 7a of 1951 PA 35, MCL 124.7a, are adequate for the payment of claims. A school district includes a public school academy established under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852. Funds loaned to a public school academy or a school district may not be used to finance the purchase, construction, lease, or renovation of property owned, directly or indirectly, by any officer, board member, or employee of that public

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school.

(k) "Municipal obligation" means a bond or note or evidence of debt issued by a governmental unit for a purpose authorized by law. A municipal obligation includes loan repayment obligations from a school district to this state with respect to a qualified loan made under a school loan act that is assigned or otherwise transferred by this state to the authority. A municipal obligation includes an emergency loan board loan that is assigned or otherwise transferred by this state to the authority.

(l) "Noncommunity water supply" means a noncommunity water supply as defined in part 54 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418.

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

(n) "Project" means a sewage treatment works project or a nonpoint source project, or both, as defined in part 53 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5301 to 324.5316.

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

(p) "Revenues" means all fees, charges, money, profits, payments of principal of or interest on municipal obligations and other investments, gifts, grants, contributions, and all other income derived or to be derived by the authority under this act.

(q) "School loan act" means an act to implement section 16 of article IX of the state constitution of 1963, including, but not limited to, former 1961 PA 108, 1961 PA 112, MCL 388.981 to 388.985, and the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939. For a qualified bond, as that term is defined in former 1961 PA 108, with a certificate of qualification from the state treasurer issued before July 20, 2005, "school loan act" means former 1961 PA 108. For a qualified bond, as that term is defined in the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939, with a certificate of qualification or approval issued by the state treasurer on or after July 20, 2005, school loan act means the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939.

(r) "Water supplier" means a water supplier as that term is defined in part 54 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418.

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History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 270, Imd. Eff. July 15, 1988 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 1996, Act 241, Imd. Eff. June 10, 1996 ;-- Am. 1997, Act 27, Imd. Eff. June 17, 1997 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001 ;-- Am. 2005, Act 93, Imd. Eff. July 20, 2005 ;-- Am. 2012, Act 288, Imd. Eff. Aug. 1, 2012 ;-- Am. 2022, Act 133, Imd. Eff. June 30, 2022

141.1054 Michigan municipal bond authority; created; powers; funds.

Sec. 4.

The Michigan municipal bond authority is created as a body corporate, separate and distinct from the state. The authority may sue and be sued, plead and be impleaded, contract and be contracted with, have a corporate seal, and enjoy and carry out all powers granted it in this act. Funds of the authority shall be handled in the same manner and subject to the same provisions of law applicable to state funds or in such manner as is specified in a resolution of the authority authorizing the issuance of bonds or notes.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1055 Board of trustees; appointment, qualifications, and terms of members; duties; oath; vacancy; organization; rules of procedure; conducting business at public meetings; notice; quorum; action of board; designation of representative.

Sec. 5.

(1) The authority shall be governed by a board of trustees consisting of the state treasurer, 2 appointees of the governor to serve at the pleasure of the governor who shall be public officials or employees with expertise in the state's infrastructure needs, and through December 31, 2000, 5 residents of this state to be appointed by the

governor with the advice and consent of the senate. Beginning January 1, 2001, the board shall have 4 residents of this state appointed by the governor with the advice and consent of the senate. Of the residents appointed by the governor, 1 shall be appointed from 1 or more nominees of the speaker of the house of representatives and 1 shall be appointed from 1 or more nominees of the majority leader of the senate. A trustee shall serve a term of 3 years. In appointing the initial resident members of the board, the governor shall designate 1 to serve for 3 years, 1 to serve for 2 years, and 2 to serve for 1 year.

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

(3) Regardless of the cause of a vacancy, the governor shall fill a vacancy in the office of a member of the board by appointment with the advice and consent of the senate. A member of the board shall hold office until a successor has been appointed and has qualified.

(4) The board shall organize and make its own rules of procedure. The board shall conduct all business at public meetings held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of each meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A majority of the members of the board appointed and serving shall constitute a quorum for the transaction of business. An action of the board shall require a concurring vote by a majority of the members present at the meeting. A state officer who is a member of the board may designate a representative from his or her department to serve instead of that state officer as a member of the board for 1 or more meetings.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001

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141.1056 Chairperson; employment, qualifications, duties, and compensation of personnel; delegation of powers and duties; exercise of powers, duties, and functions; budgeting, procurement, and related functions; costs; report; annual audit.

Sec. 6.

(1) The state treasurer is the chairperson of the board. The authority may employ an executive director, legal and technical experts, and other officers, agents, or employees, permanent or temporary. The authority shall determine the qualifications, duties, and compensation of those it employs. The authority may delegate to 1 or more agents or employees any powers or duties as the authority considers proper.

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

(3) The authority shall annually make a written report available to the public on its activities. This report shall specify obligations of municipalities it has purchased, the amount of authority obligations outstanding, the amount of authority obligations issued, and a description of each issuance specifying the rate, term, and an analysis of market performance.

(4) The accounts of the authority shall be subject to annual audits by the state auditor general or a certified public accountant appointed by the auditor general.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001
Compiler's Notes: For consolidation of administrative staff of Michigan higher education assistance authority, Michigan higher education facilities authority, Michigan higher education student loan authority, Michigan municipal bond authority, and state hospital finance authority, and for transfer of certain functions to state treasurer, see E.R.O. No. 2002-8, compiled at MCL 12.193.

141.1057 Powers of board generally.

Sec. 7.

The board has all of the following powers:

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

(b) To adopt an official seal.

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

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

(e) To loan money to a governmental unit, or to a nonprofit corporation, trust, or similar entity for the benefit of a public school academy, at a rate or rates as the authority determines and to purchase and sell, and to commit to purchase and sell, municipal obligations pursuant to this act.

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

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

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

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

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

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

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

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

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

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

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

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

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

(s) To enter into agreements with the state treasurer to act as this state's agent to implement the establishment and operation of the school loan revolving fund established under section 16c, including provisions relating to the return to this state of contributions made by this state for deposit in the school loan revolving fund that are no longer needed for school loan revolving fund purposes and the assignment to this state of loans and loan repayments made from or payable to the school loan revolving fund.

(t) To enter into agreements with the state treasurer for the purchase, assignment, or transfer of emergency loan board loans and the repurchase, reassignment, or transfer of those loans.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 1990, Act 281, Imd. Eff. Dec. 13, 1990 ;-- Am. 1996, Act 241, Imd. Eff. June 10, 1996 ;-- Am. 1996, Act 391, Imd. Eff. Oct. 3, 1996 ;-- Am. 1997, Act 27, Imd. Eff. June 17, 1997 ;-- Am. 2000, Act 118, Imd. Eff. May 26, 2000 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001 ;-- Am. 2005, Act 93, Imd. Eff. July 20, 2005 ;-- Am. 2012, Act 288, Imd. Eff. Aug. 1, 2012 ;-- Am. 2012, Act 439, Eff. Mar. 28, 2013

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141.1058 Purchase of municipal obligations by authority; bonds or notes of authority; expenses; preferential treatment in rate of interest; forgiving or relinquishing interest or principal of obligation; purchase of qualified bonds of school district; additional purchase.

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

(5) The authority may purchase bonds issued by school districts that are qualified bonds under a school loan act. The authority may also purchase or accept by assignment from this state municipal obligations that are loan repayment obligations from a school district on a qualified loan made by this state under a school loan act from the state or the state treasurer. The authority may also purchase or accept by assignment or transfer municipal obligations that are emergency loan board loans. Municipal obligations acquired by the authority under this subsection are not required to be in fully marketable form.

(6) In addition to qualified bonds purchased under subsection (5), the authority may purchase qualified bonds issued by school districts not later than September 30, 2004 to obtain funds to repay all or a portion of the outstanding balance of a loan under former 1961 PA 108 on the terms and conditions and subject to the requirements provided by or pursuant to a resolution of the authority. Bonds issued by the authority to purchase school district qualified bonds under this subsection shall be issued in an amount sufficient to provide and pay the reasonable costs of issuance incurred by the school districts as determined by or pursuant to a resolution of the authority.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1996, Act 241, Imd. Eff. June 10, 1996 ;-- Am. 1997, Act 27, Imd. Eff. June 17, 1997 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001 ;-- Am. 2003, Act 109, Imd. Eff. July 24, 2003 ;-- Am. 2005, Act 93, Imd. Eff. July 20, 2005 ;-- Am. 2012, Act 288, Imd. Eff. Aug. 1, 2012

141.1059 Bonds or notes of authority; purposes; payment; security; authorization; requirements; validity of signature; sale; revised municipal finance act inapplicable; issuance of bonds subject to agency financing reporting act; interest rate exchange agreement.

Sec. 9.

(1) The authority may issue from time to time authority bonds or notes in the principal amounts the authority considers necessary to provide funds for any purposes including, but not limited to, the making of loans; the payment, funding, or refunding of the principal of, interest on, or redemption premiums on bonds or notes issued by the authority whether the bonds or notes or interest to be funded or refunded have or have not become due; the

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establishment or increase of reserves to secure or to pay authority bonds or notes or interest on those bonds or notes; the payment of interest on the bonds or notes for a period as the authority determines; the funding of a state match requirement for a capitalization grant or to reimburse an advance for that state match requirement; and the payment of all other costs or expenses of the authority incident to and necessary or convenient to carry out its corporate purposes and powers.

(2) The bonds or notes of the authority shall not be a general obligation of the authority but shall be payable solely from the revenues or funds, or both, pledged to the payment of the principal of and interest on the bonds or notes as provided in the bond or note authorizing resolution. Authority bonds or notes may be additionally secured by a pledge of any grant or contributions from the United States, this state, a governmental unit, or any person, firm, or corporation, or by a pledge of income or revenues, funds, or money of the authority from any source whatsoever.

(3) Bonds or notes of the authority shall be authorized by resolution of the authority and may be issued in 1 or more series and shall bear the date or dates of issuance; mature at the time or times not exceeding 50 years from the date of their issue; provide sinking fund payments; bear interest at a fixed or variable rate or rates of interest per annum or at no interest; be in the denomination or denominations; be in the form, either coupon or registered; carry the conversion or registration privileges; have the rank or priority; be executed in the manner; be payable from the sources in the medium of payment at the place or places within or without this state; and be subject to redemption at the option of the authority or the holder and with the terms and redemption premiums as the resolution provides.

(4) If a member of the board, the executive director of the authority, or an officer of the authority whose signature or facsimile of a signature appears on a note, bond, or coupon ceases to be a member, executive director, or officer before the delivery of that note or bond, the signature shall, nevertheless, be valid and sufficient for all purposes, the same as if the member, executive director, or officer had remained in office until the delivery.

(5) Bonds or notes of the authority may be sold at public or private sale at the time or times, at the price or prices, and at a discount as the authority determines. An authority bond or note is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(6) The issuance of bonds and notes under this act is subject to the agency financing reporting act.

(7) For the purpose of more effectively managing its debt service, the authority may enter into an interest rate exchange or swap, hedge, or similar agreement with respect to its bonds or notes on the terms and payable from the sources and with the security, if any, as determined by a resolution of the authority.

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History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 2002, Act 386, Imd. Eff. May 30, 2002

141.1060 Retirement, funding, or refunding of notes.

Sec. 10.

The authority may from time to time issue its notes as provided in this act and pay and retire, fund, or refund those notes from proceeds of bonds or of other notes, or from any other funds or money of the authority available or to be made available for that purpose in accordance with a contract between the authority and the holders of the notes. Unless otherwise provided in a contract between the authority and the holders of notes, and unless the notes have been otherwise paid, funded, or refunded, the proceeds of bonds of the authority issued in whole or in part to fund those outstanding notes shall be held, used, and applied by the authority for the payment and retirement of the principal of those notes and the interest due and payable on those notes.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1061 Bonds or notes to refund bonds or notes.

Sec. 11.

(1) The authority may provide for the issuance of authority bonds or notes in the amounts the authority considers necessary for the purpose of refunding bonds or notes of the authority then outstanding, including the payment of any redemption premium and interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or maturity of these bonds or notes. In the discretion of the authority, the proceeds of bonds or notes

issued for the purpose of refunding outstanding bonds or notes may be applied to the purchase or retirement at maturity or redemption of outstanding bonds or notes either on their earliest or subsequent redemption date, and pending such application, may be placed in escrow to be applied to the purchase or retirement at maturity or redemption on the date or dates determined by the authority. Pending such application and subject to agreements with noteholders or bondholders, the escrowed proceeds may be invested and reinvested in the manner the authority determines, maturing at the time or times as appropriate to assure the prompt payment of the principal, interest, and redemption premium, if any, on the outstanding bonds or notes to be refunded. After the terms of the escrow have been fully satisfied and carried out, the balance of the proceeds and interest, income, and profits, if any, earned or realized on the investment of the proceeds shall be returned to the authority for use by the authority in any lawful manner.

(2) In the resolution authorizing bonds or notes to refund bonds or notes, the authority may provide that the bonds or notes to be refunded shall be considered paid when there has been deposited in trust money or direct obligations of the United States, obligations the principal of and interest on which are fully guaranteed by the United States, or other obligations secured by the foregoing which will provide payments of principal and interest adequate to pay the principal and interest on the bonds to be refunded as that principal and interest becomes due whether by maturity or prior redemption and that, upon the deposit of the money or obligations, the obligations of the authority to the holders of the bonds or notes to be refunded are terminated except as to the rights to the money or obligations deposited in trust.

History: 1985, Act 227, Eff. Mar. 31, 1986

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141.1062 Security transactions; authorization and approval.

Sec. 12.

(1) The authority may authorize and approve an insurance contract, an agreement for a line of credit, a letter of credit, a commitment to purchase notes or bonds, an agreement to remarket bonds or notes, and any other transaction to provide security to assure timely payment of a bond or note.

(2) The authority may authorize payment from the proceeds of the notes or bonds, or other funds available, of the cost of issuance including, but not limited to, fees for placement, charges for insurance, letters of credit, lines of credit, remarketing agreements, reimbursement agreements, or purchase or sales agreements or commitments, or agreements to provide security to assure timely payment of notes or bonds.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1063 Authority of member, executive director, or other personnel as to notes, bonds, and investments.

Sec. 13.

Within limitations that are stated in the issuance or authorization resolution of the authority, the authority may authorize a member of the board, the executive director of the authority, or other personnel within the department of treasury staffing and assisting the authority and designated by the board to do 1 or more of the following:

(a) Sell and deliver, and receive payment for, notes or bonds.

(b) Refund notes or bonds by the delivery of new notes or bonds whether or not the notes or bonds to be refunded have matured or are subject to redemption.

(c) Deliver notes or bonds, partly to refund notes or bonds and partly for any other authorized purpose.

(d) Buy notes or bonds so issued and resell those notes or bonds.

(e) Approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights at the option of the authority or the holder, the place of delivery and payment, and other matters and procedures necessary to complete the transactions authorized.

(f) Direct the investment of money of the authority that the authority has the power to invest.

(g) Create and manage investments on behalf of governmental units and the state water pollution control revolving fund established under section 16a and the state drinking water revolving fund established under section

16b.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 1990, Act 281, Imd. Eff. Dec. 13, 1990 ;-- Am. 1996, Act 241, Imd. Eff. June 10, 1996 ;-- Am. 1997, Act 27, Imd. Eff. June 17, 1997 ;-- Am. 2012, Act 288, Imd. Eff. Aug. 1, 2012

141.1064 Powers constituting covenants by authority and contracts with holders of bond or note.

Sec. 14.

If provided in a resolution of the authority authorizing or relating to the issuance of bonds or notes, and in order to secure the payment of the bonds or notes and in addition to its other powers, the authority shall have all of the following powers which shall constitute covenants by the authority and contracts with the holders of the bond or note:

(a) To pledge to any payment or purpose all or any part of authority revenues or assets to which its right then exists or may thereafter come into existence, and of money derived from the revenues or assets, and of the proceeds of bonds or notes and pledge and assign to the holders of the authority's notes any rights the authority may have in the municipal obligation.

(b) To covenant as to the use and disposition of any and all payments of principal or interest received by the authority on municipal obligations or other investments held by the authority.

(c) To pledge a loan, grant, or contribution from the federal or state government, or a governmental unit.

(d) To covenant as to establishment of, the making of provision for, and the regulation and disposition of reserves or sinking funds.

(e) To covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind.

(f) To covenant as to the issuance of additional bonds or notes or as to limitations on the issuance of additional bonds or notes and on the incurring of other debts by the authority.

(g) To covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of that payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes.

(h) To covenant as to the redemption of bonds or notes and privileges of exchange for other bonds or notes of the authority.

(i) To covenant to create or authorize the creation of special funds or money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves, or other purposes, and as to the use and disposition of the money held in the special funds.

(j) To establish the procedure, if any, by which the terms of a contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to the amendment or abrogation, and the manner in which the consent may be given.

(k) To provide for the rights and liabilities, powers, and duties arising upon the breach of a covenant, condition, or obligation, and to prescribe events of default and the terms and conditions upon which any or all of the bonds, notes, or other obligations of the authority shall become or may be declared due and payable before maturity, and the terms and conditions upon which such a declaration and its consequences may be waived.

(l) To vest in a trustee within or without the state property, rights, powers, and duties in trust as the authority determines, which may include any or all of the rights, powers, and duties of a trustee appointed by the holders of bonds or notes, and to limit or abrogate the right of the holders of bonds or notes of the authority to appoint a trustee under this act or to limit the rights, powers, and duties of such a trustee.

(m) To limit the rights of the holders of bonds or notes to enforce a pledge or covenant securing bonds or notes.

(n) Any other matters of like or different character, which in any way affect the security of protection of the bonds or notes.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1065 Pledge of revenues or other money; lien of pledge; payment assigned or pledged to authority to be held in trust for payment of principal and interest; payment subject to lien; nature of lien; filing or

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recordation not required.

Sec. 15.

(1) A pledge of revenues or other money made by the authority is valid and binding from the time when the pledge is made. The revenues or other money so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without physical delivery of the revenues or money or further act. The lien of such a pledge is valid and binding against a party having a claim of any kind in tort, contract, or otherwise against the authority, irrespective of whether that party has notice of the pledge. Neither the resolution, trust indenture, nor any other instrument by which a pledge is created is required to be filed or recorded in order to establish and perfect a lien or security interest in the property so pledged.

(2) The state treasurer or a trustee shall hold the payment under this act that is assigned or pledged to the authority in trust for the payment of principal and interest on the obligation incurred with the authority in a separate account for each municipality. The payment under this act that is assigned or pledged to the authority and held by the state treasurer or a trustee shall be subject to a lien in favor of the authority. That lien shall be a statutory lien, paramount and superior to all other liens for the sole purpose of paying the principal of, and interest on, the obligation incurred with the authority. The payment under this act that is assigned or pledged to the authority under this act shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts or liabilities of the governmental unit other than for payment of the obligation incurred with the authority. The lien granted under this act to the authority shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise, against the governmental unit irrespective of whether the parties have notice. Neither the assignment, the pledge, nor any other instrument by which an assignment, lien, or pledge is created is required to be filed or recorded.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988

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141.1065a Repealed. 1990, Act 281, Imd. Eff. Dec. 13, 1990.

Compiler's Notes: The repealed section provided a limitation on outstanding bonds.

141.1066 Reserve funds.

Sec. 16.

(1) The authority may create and establish 1 or more special funds as reserve funds. The authority shall pay into each reserve fund money appropriated and made available by this state for the purpose of that reserve fund, proceeds of the sale of bonds or notes to the extent provided in the resolution or resolutions of the authority authorizing the issuance of the bonds or notes, and any other money that may be available to the authority for the purpose of the reserve fund from any other source. Except as provided in the resolution authorizing the issuance of the bonds or notes, money held in a reserve fund is pledged to, and charged with, the payment of the principal of and the interest on those bonds or notes with respect to which that reserve fund is established, as the principal and interest becomes due, and the redemption price or the purchase price of bonds retired by call or purchase as provided in the resolution. Except as may otherwise be provided in the resolution authorizing the bonds or notes, the reserve fund shall be a fund for all the bonds and notes issued pursuant to a particular resolution without distinction or priority of any bond or note over another.

(2) Except as provided in the resolution authorizing the issuance of the bonds or notes, money in a reserve fund shall not be withdrawn from the reserve fund in an amount that would reduce the amount of that reserve fund to less than the requirement established for that reserve fund, except for the purpose of making, with respect to the bonds or notes secured in whole or in part by that reserve fund, payment when due of principal, interest, redemption premiums, and the sinking fund or mandatory redemption payments, if any, with respect to those bonds or notes for the payment of which other money of the authority is not available. Except as provided in the resolution authorizing the issuance of the bonds or notes, income or interest earned by a reserve fund resulting from the investment of that reserve fund or any other money in the reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent the transfer does not reduce the amount of that reserve fund

below the requirements for that reserve fund.

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

(4) An amount appropriated to the authority may be accepted, obligated, and used by the authority to fund 1 or more reserve funds to secure bonds or notes issued by the authority to provide funds to make loans authorized by this act or to purchase municipal obligations issued by school districts, pursuant to 1 or more resolutions of the authority that shall identify the reserve fund or funds as being funded, in whole or in part, with appropriated amounts accepted and obligated under this subsection. By resolution, the authority shall establish a reserve fund requirement with respect to each reserve fund established under this subsection. If at any time a reserve fund requirement established under this subsection exceeds the amount in the reserve fund, an officer of the authority designated in the resolution of the authority establishing the reserve fund shall certify to the state treasurer the amount, if any, necessary to restore the reserve fund to the reserve fund requirement. The state treasurer shall inform the state budget director of the amount, if any, necessary to restore the reserve fund to the certified reserve fund requirement. The authority shall include in the resolutions authorizing the issuance of bonds or notes secured by a reserve fund established by the authority under this subsection, or in a separate agreement, provisions determined by the authority to be necessary or appropriate to implement this subsection.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001

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141.1066a State water pollution control revolving fund; establishment; compliance; funding; assistance to governmental unit; loan agreement; determination of eligible projects; maximum amount of municipal obligation; maximum interest rate.

Sec. 16a.

The authority shall establish a state water pollution control revolving fund that complies with the requirements and objectives of the federal water pollution control act. The authority may fund the state water pollution control revolving fund through federal grants, revenues of the authority, or through any other means permitted under the federal water pollution control act and the rules promulgated under that act. The authority may provide assistance as that term is defined in the state clean water assistance act to a governmental unit for a project with proceeds of the state water pollution control revolving fund. If the assistance is in the form of a loan, the loan shall be made through a loan agreement in which a governmental unit agrees to make loan repayments to the authority or through the purchase or refinancing of municipal obligations in fully marketable form. Loan agreements with governmental units shall contain appropriate provisions relating to maturity or length of loan, repayment terms, state or local funding requirements, and other provisions as are necessary to comply with the provisions of the federal water pollution control act and any agreements entered into with the federal government for implementation of the federal water pollution control act. Projects eligible for assistance from the state water pollution control revolving fund shall be determined pursuant to the state clean water assistance act. The maximum amount of any municipal obligation purchased with proceeds of the state water pollution control revolving fund and the maximum interest rate on a loan or municipal obligation shall be determined pursuant to the state clean water assistance act.

History: Add. 1988, Act 316, Eff. Sept. 1, 1988

141.1066b State drinking water revolving fund.

Sec. 16b.

The authority shall establish a state drinking water revolving fund that complies with the requirements and objectives of the federal safe drinking water act. The authority shall establish accounts and subaccounts within the state drinking water revolving fund as it determines is necessary or appropriate to operate the state drinking water revolving fund. The accounts and subaccounts may include, but are not limited to, accounts or subaccounts established for any of the purposes authorized in section 5417(c) of part 54 (safe drinking water assistance) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5417. At the close of a fiscal year,

money in an account or subaccount established under this section shall remain in the account or subaccount, shall not lapse to the general fund, and shall be carried forward to the following year as permitted in the federal safe drinking water act. The authority may fund the state drinking water revolving fund through federal grants, revenues of the authority, or through any other means permitted under the federal safe drinking water act and the rules promulgated under that act. The authority may provide assistance as that term is defined in part 54 (safe drinking water assistance) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418, to a governmental unit for a community water supply or a noncommunity water supply with proceeds of the state drinking water revolving fund. If the assistance is in the form of a loan, the loan shall be made through a loan agreement in which a governmental unit agrees to make loan repayments to the authority or through the purchase or refinancing of municipal obligations in fully marketable form. Loan agreements with governmental units shall contain appropriate provisions relating to maturity or length of loan, repayment terms, state or local funding requirements, and other provisions as are necessary to comply with the provisions of the federal safe drinking water act and any agreements entered into with the federal government for implementation of the federal safe drinking water act. Community water supplies and noncommunity water supplies eligible for assistance from the state drinking water revolving fund shall be determined pursuant to part 54 (safe drinking water assistance) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418. The maximum amount of any municipal obligation purchased with proceeds of the state drinking water revolving fund and the maximum interest rate on a loan or municipal obligation shall be determined pursuant to part 54 (safe drinking water assistance) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5401 to 324.5418.

History: Add. 1997, Act 27, Imd. Eff. June 17, 1997

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141.1066c School loan revolving fund.

Sec. 16c.

The authority shall establish a school loan revolving fund and shall establish accounts and subaccounts with the school loan revolving fund as it determines is necessary or appropriate to operate the school loan revolving fund. The authority may fund the school loan revolving fund with proceeds of bonds or notes issued by the authority, revenues of the authority, contributions from this state including contributions resulting from the assignment of the right to receive loan repayments on qualified loans made or authorized by this state under a school loan act, or repayments of loans made from the school loan revolving fund. Funds deposited in the school loan revolving fund may be used only by the authority to make qualified loans to school districts at the times and in the amounts approved by this state under the provisions of a school loan act, for the purpose of funding a reserve fund established by the authority, for the purpose of securing bonds or notes issued by the authority to provide funds for the school loan revolving fund, for the purpose of acting as a surety for the payment of bonds or notes that provide direct or indirect state sponsorship or support to a school district, and for the purpose of paying the costs of the authority to administer the fund. Loans to school districts from the school loan revolving fund with respect to qualified bonds as defined in a school loan act shall be treated as state loans as described in section 16 of article IX of the state constitution of 1963.

History: Add. 2005, Act 93, Imd. Eff. July 20, 2005

141.1066d Grant agreements entered under MCL 324.5204a.

Sec. 16d.

(1) In addition to any other authority granted under law, each governmental unit may enter into grant agreements under section 5204a of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5204a, and may pledge its limited taxing power as security for any repayment obligation of the governmental unit. The grant agreements are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Repayment obligations of a governmental unit under a grant agreement are not a general obligation or debt of the governmental unit within the meaning of any constitutional or statutory debt limitation and are not subject to any notice or referendum requirement.

(2) Grant agreements under section 5204a of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5204a, may be entered into by the authority and are not required to be in fully marketable form.

History: Add. 2005, Act 252, Imd. Eff. Dec. 1, 2005

141.1067 Default or noncompliance by authority.

Sec. 17.

(1) If the authority defaults in the payment of principal of or interest on an issue of bonds or notes issued under this act after the bonds or notes become due, whether at maturity or upon call for redemption, or in the event that the authority fails or refuses to comply with the provisions of this act or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of 51% or more in aggregate principal amount of the notes or bonds of that issue then outstanding, by instrument or instruments filed in the Ingham county clerk's office, may appoint, subject to agreement as contained in the resolution of the authority authorizing such bonds or notes, a trustee to represent the holders of those notes or bonds for the purposes provided in this section.

(2) The trustee may, and upon written request of the holders of 51% or more in aggregate principal amount of the notes or bonds of that issue then outstanding shall, in the trustee's own name do all of the following:

(a) By mandamus or other suit, action, or proceeding at law or in equity, enforce the rights of the bondholders or noteholders, and require the authority to carry out any other agreements with the holders of those notes or bonds and to perform the authority's duties under this act.

(b) Bring suit upon the notes or bonds.

(c) By action or suit, require the authority to account as if it were the trustee of an express trust for the holders of the notes or bonds.

(d) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the notes or bonds.

(e) If so provided in the resolution authorizing the bonds or notes, declare the notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 51% or more of the aggregate principal amount of those notes or bonds then outstanding, to annul that declaration and its consequences.

(3) In addition to the provisions of subsection (2), the trustee has all of the powers necessary or appropriate for the exercise of any function specifically set forth in this section or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

(4) Before declaring the principal of notes or bonds due and payable, the trustee shall give 30 days' notice in writing to the governor, to the authority, to the state treasurer, and to the attorney general.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988

141.1068 Liability on bonds or notes.

Sec. 18.

Neither the members of the authority nor any person executing bonds or notes issued under this act shall be liable personally on the bonds or notes by reason of their issuance.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1069 Purchasing, holding, canceling, or reselling bonds or notes of authority.

Sec. 19.

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The authority may purchase bonds or notes of the authority out of funds or money of the authority available for that purpose. The authority may hold, cancel, or resell authority bonds or notes subject to or in accordance with an agreement with holders of authority bonds or notes.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1070 State pledge to and agreement with holders of bonds or notes.

Sec. 20.

This state pledges to and agrees with the holders of bonds or notes issued under this act that this state shall not limit or restrict the rights vested in the authority by this act to do any 1 or more of the following:

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

(b) Make loans to a governmental unit.

(c) Establish and collect fees or other charges as are convenient or necessary to produce sufficient revenues to meet the expenses of operation of the authority.

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

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001

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141.1071 Investment of sinking fund, money, or other fund by banking business, insurance business, or fiduciary in bonds or notes; bonds or notes as security for public deposits.

Sec. 21.

Notwithstanding any restriction contained in any other law, the state and a public officer, governmental unit, or agencies of the state or governmental unit; a bank, trust company, savings bank and institution, savings and loan association, investment company, or other person carrying on a banking business; an insurance company, insurance association, or other person carrying on an insurance business; or an executor, administrator, guardian, trustee, or other fiduciary may legally invest a sinking fund, money, or other fund belonging to them or within their control in bonds or notes issued under this act, and authority bonds or notes shall be authorized security for public deposits.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1072 Property and income of authority; public property; public purpose; exemptions from taxes and special assessments.

Sec. 22.

Property of the authority is public property devoted to an essential public and governmental function and purpose. Income of the authority is considered to be for a public purpose. The property of the authority and its income and operation are exempt from all taxes and special assessments of the state or a subdivision of the state. Bonds or notes issued by the authority, and the interest on and income from those bonds and notes, is exempt from all taxation of the state or a subdivision of the state.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1073 Municipal obligations generally.

Sec. 23.

(1) A governmental unit may borrow money and issue municipal obligations in accordance with the laws of this state. The security for municipal obligations shall be that provided by the laws authorizing their issuance. In addition, a governmental unit may pledge for the payment of a municipal obligation purchased by the authority the municipality's full faith and credit as determined by its governing body. In addition, the authority may require a governmental unit to pledge, and the governmental unit may pledge, for the payment of the municipal obligation purchased by the authority money received or to be received by the governmental unit whether derived from imposition of taxes by the state or from other sources and returned or to be returned to the governmental unit as provided by law except for money the use of which is prohibited for such purposes by the state constitution of 1963. The authority and a governmental unit may enter into an agreement providing for the payment of taxes, which taxes are collected by the state and returned to the governmental unit as provided by law, to the authority or to a trustee, and those taxes may be pledged by the governmental unit for the payment of the municipal obligations of the governmental unit purchased by the authority. If the authority and the governmental unit enter into such an agreement, the state treasurer shall pay the pledged money in accordance with the provisions of the agreement.

(2) Notwithstanding the provisions of a charter or statute applicable to or constituting a limitation on the maximum rate of interest per annum payable on bonds or notes, or as to annual interest cost of money borrowed or received upon issuance of bonds or notes, a governmental unit may contract to pay no interest or interest which may be a variable rate on money borrowed from the authority and evidenced by the municipal obligations of that governmental unit purchased by the authority. A governmental unit may contract with the authority with respect to the loan or purchase. The contract shall contain the terms and conditions of the loan or purchase. The contract may also provide for agreements by the governmental unit with respect to the governmental unit's fiscal, budget, debt and cash management, and accounting matters as the authority requests.

(3) A governmental unit may pay fees and charges required to be paid to the authority for the authority's services.

(4) Notwithstanding the provisions of a law or statute applicable to or constituting a limitation on the sale of municipal obligations, a governmental unit may sell municipal obligations to the authority without limitation as to denomination, and the municipal obligations may be fully registered, registrable as to principal, or in bearer form; may bear interest at the rate or rates all in accordance with the provisions of this section; may be evidenced in the manner; may contain other provisions not inconsistent with this act; and may be sold to the authority without advertisement at private negotiated sale at par or at a discount and accrued interest as shall be provided in the proceedings of the governing body of the governmental unit pursuant to which the municipal obligations are authorized to be issued.

(5) Any provision of this act allowing a governmental unit to pledge its full faith and credit for payment of the principal of and interest on municipal obligations purchased by the authority does not grant any additional authority, beyond that granted by other statute or by charter, for that governmental unit to pledge its full faith and credit without a vote of the people.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1987, Act 280, Eff. Apr. 11, 1988 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988

141.1074 Agreement by governmental unit upon sale or issuance of municipal obligations; additional powers of authority.

Sec. 24.

(1) Upon the sale and issuance of municipal obligations to the authority by a governmental unit, that governmental unit shall be held and considered to have agreed to all of the following if the governmental unit fails to pay the interest on or the principal of the municipal obligations held or owned by the authority as and when due and payable:

(a) That the governmental unit waives all and any defenses to the nonpayment and the authority upon the nonpayment shall constitute a holder or owner of the municipal obligations as being in default.

(b) That, notwithstanding the provisions of any other law as to time or duration of default or percentage of

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holders or owners of municipal obligations entitled to exercise rights of holders or owners of municipal obligations in default, or entitled to invoke any remedies or powers of holders or owners of or of a trustee in connection with or of a board, body, agency, or commission of the state having jurisdiction in the matter or circumstances of municipal obligations in default, the authority may immediately avail itself of all other remedies, rights, and provisions of law applicable in such a circumstance.

(c) That the failure to exercise or exert any rights or remedies within any time or period provided by law shall not be raised as a defense by that governmental unit.

(d) That all of the obligations of the issue of municipal obligations of that governmental unit as to which there has been such a nonpayment shall for all of the purposes of this section be held and considered to have become due and payable and to be unpaid.

(2) The authority may carry out the provisions of this section and exercise all of the rights and remedies and provisions of law provided or referred to in this section.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1075 Construction of act.

Sec. 25.

(1) This act shall be construed liberally to effectuate the legislative intent and the purposes as complete and independent authority for the performance of each and every act and thing authorized by this act and all powers granted shall be broadly interpreted to effectuate the intent and purposes and not as a limitation of powers.

(2) This act shall be construed liberally to assure compliance with the federal water pollution control act and with any applicable rules promulgated under that act, and with the federal safe drinking water act and with any applicable rules promulgated under that act.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 1988, Act 316, Eff. Sept. 1, 1988 ;-- Am. 1997, Act 27, Imd. Eff. June 17, 1997

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141.1076 Severability.

Sec. 26.

If a section, subsection, subdivision, clause, or provision of this act is adjudged unconstitutional or is ineffective, the remainder of this act shall be valid and effective. Any other section, subsection, subdivision, clause, or provision of this act shall not on account of that judgment be considered invalid or ineffective and the inapplicability or invalidity of a section, subsection, subdivision, clause, or provision of this act in 1 or more instances or under 1 or more circumstances shall not be taken to affect or prejudice in any way its applicability or validity in any other instance or under any other circumstance.

History: 1985, Act 227, Eff. Mar. 31, 1986

141.1077 Repealed. 2000, Act 416, Imd. Eff. Jan. 8, 2001.

Compiler's Notes: The repealed section pertained to the issuance of new bonds or notes after December 31, 2000.

141.1078 Repealed. 1996, Act 241, Imd. Eff. June 10, 1996.

Compiler's Notes: The repealed section pertained to contracts to invest governmental unit's money.

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