

Local government; bonds; bonding authority of natural resources and environmental protection act; modify.

LOCAL GOVERNMENT: Bonds; STATE: Bonds; ENVIRONMENTAL PROTECTION: Funding

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 19503 (MCL 324.19503), as amended by 1995 PA 73.

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

1       Sec. 19503. (1) The bonds issued under former ~~Act No. 326~~  
2 ~~of the Public Acts of 1988~~ 1988 PA 326 or part 193 shall be  
3 issued in 1 or more series, each series to be in a principal  
4 amount, to be dated, to have the maturities ~~which~~ THAT may be  
5 either serial, term, or term and serial, to bear interest at a  
6 rate or rates, to be subject or not subject to prior redemption,  
7 and if subject to prior redemption with or without call premiums,  
8 to be payable at a place or places, to have or not have  
9 provisions for registration as to principal only or as to both  
10 principal and interest, to be in a form and to be executed in a

1 manner as ~~shall be~~ determined by A resolution ~~to be~~ adopted  
2 by the state administrative board and subject to or granting  
3 those covenants, directions, restrictions, or rights specified by  
4 A resolution ~~to be~~ adopted by the state administrative board as  
5 necessary to insure the marketability, insurability, or tax  
6 exempt status. The state administrative board shall rotate the  
7 services of legal counsel when issuing bonds.

8 (2) The state administrative board may refund bonds issued  
9 under this part by the issuance of new bonds, whether or not the  
10 bonds to be refunded have matured or are subject to prior  
11 redemption. The state administrative board may issue bonds  
12 partly to refund bonds issued under this part and partly for any  
13 other purpose provided by this part. The principal amount of any  
14 refunding bonds issued pursuant to this section shall not be  
15 counted against the limitation on principal amount imposed by the  
16 vote of the people on November 8, 1988. Further, refunding bonds  
17 issued pursuant to this section shall not be subject to the  
18 restrictions of section 19507.

19 (3) The state administrative board may authorize and approve  
20 insurance contracts, agreements for lines of credit, letters of  
21 credit, commitments to purchase bonds, and any other transaction  
22 to provide security to assure timely payment or purchase of any  
23 bond issued under this part.

24 (4) The state administrative board may authorize the state  
25 treasurer, but only within limitations that are contained in the  
26 authorizing resolution of the board, to do 1 or more of the  
27 following:

1 (a) Sell and deliver and receive payment for the bonds.

2 (b) Deliver bonds partly to refund bonds and partly for  
3 other authorized purposes.

4 (c) Select which outstanding bonds will be refunded, if any,  
5 by the new issue of bonds.

6 (d) Buy bonds ~~so~~ THAT ARE issued at not more than their  
7 face value.

8 (e) Approve interest rates or methods for fixing interest  
9 rates, prices, discounts, maturities, principal amounts, purchase  
10 prices, purchase dates, remarketing dates, denominations, dates  
11 of issuance, interest payment dates, redemption rights at the  
12 option of the state or the owner, the place and time of delivery  
13 and payment, and other matters and procedures necessary to com-  
14 plete the authorized transactions.

15 (f) Execute, deliver, and pay the cost of remarketing agree-  
16 ments, insurance contracts, agreements for lines of credit, let-  
17 ters of credit, commitments to purchase bonds or notes, and any  
18 other transaction to provide security to assure timely payments  
19 or purchase of any bond issued under this part.

20 (5) The bonds ~~shall be approved by the department of trea-~~  
21 ~~sury before their issuance but are not otherwise subject to the~~  
22 ~~municipal finance act, Act No. 202 of the Public Acts of 1943,~~  
23 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws~~ ARE  
24 NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,  
25 MCL 141.2101 TO 141.2821.

26 (6) The bonds or any series of the bonds shall be sold at  
27 ~~such~~ A price and at a publicly advertised sale or a

1 competitively negotiated sale as determined by the state  
2 administrative board. If bonds are issued at a competitively  
3 negotiated sale, the state administrative board shall use its  
4 best efforts to include firms based in this state in the sale of  
5 the bonds.

6 (7) Except as provided in subsection (8), the bonds shall be  
7 sold in accordance with the following schedule, beginning during  
8 the first year after December 1, 1988:

9 (a) Not more than 34% shall be sold during the first year.

10 (b) Not more than 33% shall be sold during the second year.

11 (c) Not more than 33% shall be sold during the third year.

12 (d) After the third year, any remaining bonds may be sold at  
13 the discretion of the state administrative board.

14 (8) The state administrative board may alter the schedule  
15 for issuance of the bonds provided in subsection (7) if either or  
16 both of the following occur:

17 (a) Amendments to the internal revenue code of 1986 would  
18 impair the tax-exempt status of the bonds.

19 (b) The legislature concurs in the declaration of a toxic  
20 substance emergency made by the governor pursuant to law.

21 (9) THE ISSUANCE OF BONDS UNDER THIS SECTION IS SUBJECT TO  
22 THE AGENCY FINANCING REPORTING ACT, 2002 PA 470, MCL 129.171 TO  
23 129.177.

24 (10) FOR THE PURPOSE OF MORE EFFECTIVELY MANAGING ITS DEBT  
25 SERVICE, THE STATE ADMINISTRATIVE BOARD MAY ENTER INTO AN INTER-  
26 EST RATE EXCHANGE OR SWAP, HEDGE, OR SIMILAR AGREEMENT WITH  
27 RESPECT TO ITS BONDS OR NOTES ON THE TERMS AND PAYABLE FROM THE

- 1 SOURCES AND WITH THE SECURITY, IF ANY, AS DETERMINED BY A
- 2 RESOLUTION OF THE STATE ADMINISTRATIVE BOARD.