

HOUSE BILL No. 5948

June 29, 1990, Introduced by Rep. Kosteva and referred to the Committee on Taxation.

A bill to amend the title and sections 7, 13, and 27 of Act No. 227 of the Public Acts of 1985, entitled as amended "Shared credit rating act," as amended by Act No. 316 of the Public Acts of 1988, being sections 141.1057, 141.1063, and 141.1077 of the Michigan Compiled Laws; and to add section 28.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 7, 13, and 27 of Act
2 No. 227 of the Public Acts of 1985, as amended by Act No. 316 of
3 the Public Acts of 1988, being sections 141.1057, 141.1063, and
4 141.1077 of the Michigan Compiled Laws, are amended and section
5 28 is added to read as follows:

TITLE

1
2 An act to create the Michigan municipal bond authority and
3 to prescribe its powers and duties; to provide for the issuance
4 of, and terms and conditions for, notes and bonds of the authori-
5 ty; to authorize certain forms of assistance to governmental
6 units INCLUDING, BUT NOT LIMITED TO, THE MANAGEMENT OF INVEST-
7 MENTS AND THE CREATION AND MANAGEMENT OF INVESTMENT POOLS; to
8 impose conditions on, grant certain powers to political subdivi-
9 sions of the state regarding, and allow certain agreements
10 regarding obligations of political subdivisions of the state pur-
11 chased by the authority; to exempt the property, income, and
12 operation of the authority, its bonds and notes, and the interest
13 on its bonds and notes from certain taxes; and to grant powers
14 and impose duties on officers and agencies of the state and
15 political subdivisions of the state.

16 Sec. 7. The board ~~shall have~~ HAS all of the following
17 powers:

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

19 (b) To adopt an official seal.

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

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

24 (e) To loan money to a governmental unit at ~~such~~ A rate or
25 rates as the authority ~~shall determine~~ DETERMINES and to pur-
26 chase and sell, and to commit to purchase and sell, municipal
27 obligations pursuant to this act.

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

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

8 (h) To receive and accept from any source grants or contri-
9 butions of money, property, or other things of value, excluding
10 appropriations from the general fund of the state except for
11 appropriations to the state water pollution control revolving
12 fund established under section 16a, to be used, held, and applied
13 only for the purposes for which the grants and contributions were
14 made.

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

17 (j) To require that final actions of the board are entered
18 in the journal for the board and that all writings prepared,
19 owned, used, in the possession of, OR retained by the board in
20 the performance of an official function be made available to the
21 public in compliance with the freedom of information act, Act
22 No. 442 of the Public Acts of 1976, being sections 15.231 to
23 15.246 of the Michigan Compiled Laws.

24 (k) To promulgate rules necessary to carry out the purposes
25 of this act and to exercise the powers expressly granted in this
26 act pursuant to the administrative procedures act of 1969, Act

1 No. 306 of the Public Acts of 1969, being sections 24.201 to
2 24.328 of the Michigan Compiled Laws.

3 (l) To engage the services of private consultants on a con-
4 tract basis for rendering professional and technical assistance
5 and advice.

6 (m) To investigate and assess the infrastructure needs of
7 the state, current methods of financing infrastructure rehabili-
8 tation and improvements, and resources and financing options cur-
9 rently available and potentially useful to improve the state's
10 infrastructure and lower the costs of those improvements.

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

17 (o) To investigate and assess short-term and long-term bor-
18 rowing requirements for operating, capital improvements, and
19 delinquent taxes.

20 (p) ~~Provide~~ TO PROVIDE assistance, as that term is defined
21 ~~by~~ IN SECTION 3 OF the state clean water assistance act, ACT
22 NO. 317 OF THE PUBLIC ACTS OF 1988, BEING SECTION 323.453 OF THE
23 MICHIGAN COMPILED LAWS, to any municipality for a revolving fund
24 project and to perform all functions necessary or incident to
25 providing that assistance and to the operation of the state water
26 pollution control revolving fund established under section 16a.

1 (q) ~~Enter~~ TO ENTER into agreements with the federal
2 government to implement the establishment and operation of the
3 state water pollution control revolving fund established under
4 section 16a pursuant to the provisions of the federal water pol-
5 lution control act and the rules and regulations promulgated
6 under that act.

7 (R) TO MANAGE AN INVESTMENT OR CREATE AND MANAGE AN INVEST-
8 MENT POOL FOR A GOVERNMENTAL UNIT. IN IMPLEMENTING THIS SUBDIVI-
9 SION, THE AUTHORITY MAY CONTRACT WITH THE DEPARTMENT OF TREASURY
10 TO POOL A GOVERNMENTAL UNIT'S INVESTMENT WITH THE INVESTMENT OF
11 STATE SURPLUS FUNDS UNDER ACT NO. 105 OF THE PUBLIC ACTS OF 1855,
12 BEING SECTIONS 21.141 TO 21.147 OF THE MICHIGAN COMPILED LAWS.
13 THE DEPARTMENT OF TREASURY SHALL CONSIDER AND ACCOUNT FOR A GOV-
14 ERNMENTAL UNIT'S INVESTMENT THAT IS POOLED WITH STATE SURPLUS
15 FUND INVESTMENTS AS A TRUST FUND THAT IS EQUIVALENT TO A DEBT
16 SERVICE FUND WITHIN THE STATE COMMON CASH FUND.

17 Sec. 13. Within limitations ~~which shall be contained~~ THAT
18 ARE STATED in the issuance or authorization resolution of the
19 authority, the authority may authorize a member of the board or
20 the executive director of the authority to do 1 or more of the
21 following:

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

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

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

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

5 (e) Approve interest rates or methods for fixing interest
6 rates, prices, discounts, maturities, principal amounts, denomi-
7 nations, dates of issuance, interest payment dates, redemption
8 rights at the option of the authority or the holder, the place of
9 delivery and payment, and other matters and procedures necessary
10 to complete the transactions authorized.

11 (f) Direct the investment of any and all ~~funds~~ MONEY of
12 the authority that the authority has the power to invest.

13 (g) ~~Create and manage~~ MANAGE investments AND CREATE AND
14 MANAGE INVESTMENT POOLS on behalf of governmental units and the
15 state water pollution control revolving fund established under
16 section 16a.

17 Sec. 27. Except for bonds or notes issued pursuant to the
18 state water pollution control revolving fund established under
19 section 16a, the authority shall not issue new bonds or notes
20 after ~~October 1, 1990~~ DECEMBER 31, 1995, to make loans to gov-
21 ernmental units.

22 SEC. 28. (1) THE GOVERNING BODY OF A GOVERNMENTAL UNIT MAY
23 CONTRACT WITH THE AUTHORITY TO INVEST THE GOVERNMENTAL UNIT'S
24 MONEY OR TO PLACE THE GOVERNMENTAL UNIT'S MONEY IN AN INVESTMENT
25 POOL CREATED AND MANAGED BY THE AUTHORITY. A CONTRACT UNDER THIS
26 SECTION SHALL INCLUDE PROVISIONS REGARDING AT LEAST ALL OF THE
27 FOLLOWING:

1 (A) DEPOSIT OR WITHDRAWAL OF MONEY.

2 (B) THE AMOUNT OF THE FEE, IF ANY, FOR MANAGING THE
3 INVESTMENT.

4 (C) TERMS OF DISTRIBUTION OF EARNINGS IN EXCESS OF A MANAGE-
5 MENT FEE.

6 (D) ALLOCATION OF LOSSES, IF ANY, TO THE GOVERNMENTAL UNIT.

7 (2) AUTHORITY UNDER THIS ACT FOR INVESTMENT OF A GOVERNMEN-
8 TAL UNIT'S MONEY IS IN ADDITION TO INVESTMENT AUTHORITY OTHERWISE
9 PROVIDED BY LAW.

10 (3) FOR THE PURPOSE OF THIS SECTION, "GOVERNMENTAL UNIT'S
11 MONEY" MEANS MONEY THAT BELONGS TO OR IS UNDER THE CONTROL OF THE
12 GOVERNMENTAL UNIT AND THAT IS AVAILABLE FOR INVESTMENT.