

Act No. 303  
Public Acts of 1992  
Approved by the Governor  
December 18, 1992  
Filed with the Secretary of State  
December 21, 1992

**STATE OF MICHIGAN  
86TH LEGISLATURE  
REGULAR SESSION OF 1992**

Introduced by Rep. Bennane

# **ENROLLED HOUSE BILL No. 5531**

AN ACT to amend section 12 of Act No. 38 of the Public Acts of 1969, entitled "An act to create a state hospital finance authority to lend money to nonprofit hospitals for capital improvements or to refinance hospital indebtedness; to provide for the incorporation of local hospital authorities with power to lend money to nonprofit hospitals for hospital indebtedness or to refinance hospital indebtedness; to construct, acquire, reconstruct, remodel, improve, add to, enlarge, repair, own, lease, and sell hospital facilities, to finance outstanding hospital indebtedness; to authorize the authorities to borrow money and issue obligations to accomplish the purposes of this act, including the refunding or advance refunding of obligations issued by 1 or more authorities created or incorporated under this act; to permit the authorities to enter into loans, contracts, leases, mortgages, and security agreements which may include provisions for the appointment of receivers; to exempt obligations and property of the authorities from taxation; and to provide other rights, powers, and duties of the authorities," as amended by Act No. 48 of the Public Acts of 1983, being section 331.42 of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Section 12 of Act No. 38 of the Public Acts of 1969, as amended by Act No. 48 of the Public Acts of 1983, being section 331.42 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 12. The state authority has the powers necessary to carry out and effectuate the purposes of this act, including, but not limited to, all of the following:

(a) To sue and be sued, to have a seal and authority to alter that seal at pleasure, to have perpetual succession, to make, execute, and deliver contracts, conveyances, and other instruments necessary or convenient to the exercise of its powers, and to make and amend bylaws.

(b) To solicit and accept gifts, grants, loans, and other aids from any person, corporation, or governmental agency.

(c) To make loans, to participate in the making of loans, to undertake commitments, to make loans and mortgages, to sell loans and mortgages at public or private sale, to modify or alter loans and mortgages, to discharge loans and mortgages, to foreclose on a mortgage or commence an action to protect or enforce a right conferred upon the state authority by a law, mortgage, loan, contract, or other agreement, to bid for and purchase property that was the subject of a mortgage at a foreclosure or at any other sale and to acquire or take possession of that property, to complete, administer, pay the principal and interest on any obligations incurred in connection with acquired property, and to dispose of and otherwise deal with the property in a manner necessary or desirable to protect the interests of the state authority in the property. The loans made by the authority may be secured or unsecured, as the authority determines.

(d) To loan money to hospitals for the purpose of refinancing any outstanding indebtedness of a hospital if the state authority determines the refinancing is necessary to realize the objectives and purposes of this act. A hospital loan made pursuant to this subdivision shall not exceed the amount of the principal, interest, and redemption premium, if any, of the indebtedness to be refinanced that has not been repaid, plus the marketing, financing, legal, and other costs incurred in connection with the refinancing and the issuance of bonds of the state authority issued in whole or in part to provide funds to make the hospital loan described in this subdivision, including the costs of funding a bond reserve and paying capitalized interest on the bonds for a period not to exceed 1 year after the issuance of the bonds. The determination of the state authority under this subdivision is conclusive except with respect to the approval of the municipal finance commission or its successor agency when prior approval is required.

(e) To charge, impose, and collect fees and charges in connection with its loans, commitments, and servicing including reimbursement of costs of financing by the authority, service charges, insurance premiums, and an allocable share of the operating expenses of the authority and to make provision for increasing those fees and charges, if necessary, as the state authority determines is reasonable and approved by the state authority.

(f) To acquire, hold, and dispose of real or personal property convenient for the accomplishment of the purpose of this act.

(g) To procure insurance against a loss in connection with its property, assets, or activities.

(h) To borrow money and issue its bonds or notes for the money and provide for the rights of the holders of the bonds or notes and to secure the bonds by mortgage, assignment, or pledge of any or all of its properties including any part of the security for its hospital loans. The state shall not be liable on any bonds of the state authority, the bonds and notes are not a debt of the state, and each bond and note shall contain on its face a statement to that effect.

(i) To invest any funds not required for immediate use or disbursement, at its discretion, in any of the following:

(i) Obligations of this state or the United States.

(ii) Obligations the principal and interest of which are guaranteed by this state or the United States.

(iii) Certificates of deposit of a bank that is a member of the federal reserve system.

(iv) Certificates of deposit of a savings and loan association that is a member of the federal home loan bank system.

(v) Commercial paper that is rated at the time of purchase within the 2 highest classifications established by not less than 2 national rating services and that matures not more than 270 days after the date of purchase.

(vi) In United States government or federal agency obligation repurchase agreements.

(vii) In bankers' acceptances of United States banks.

(viii) In mutual funds composed of investment vehicles that are legal for direct investment by the state authority.

(ix) Subject to the approval of the state treasurer, obligations specified by the state authority in a contract with the holders of its bonds or notes.

(j) To engage necessary personnel and to engage the services of private consultants for rendering professional and technical assistance and advice.

(k) To promulgate rules necessary to carry out the purposes of this act and to exercise the powers expressly granted in this act pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(l) To enter into interest rate exchanges or swaps, hedges, or similar agreements with respect to its bonds or notes in the same manner and subject to the same limitations and conditions as provided for a municipality in section 15 of chapter III of the municipal finance act, Act No. 202 of the Public Acts of 1943, being section 133.15 of the Michigan Compiled Laws.

Section 2. This amendatory act shall not take effect unless Senate Bill No. 939 of the 86th Legislature is enacted into law.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.