



# HOUSE BILL No. 5685

June 22 1994 Introduced by Reps Palamara Profit Porreca Galloway Llewellyn, DeMars Randall Griffin Richard A Young Price Middaugh and Martin and referred to the Committee on Business and Finance

A bill to amend chapter IV of Act No 202 of the Public Acts of 1943, entitled as amended

"Municipal finance act,"

as amended, being sections 134 1 to 134 24 of the Michigan Compiled Laws by adding section 3c

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Chapter IV of Act No 202 of the Public Acts of  
2 1943, as amended, being sections 134 1 to 134 24 of the Michigan  
3 Compiled Laws, is amended by adding section 3c to read as  
4 follows

### CHAPTER IV

5  
6 SEC 3C (1) BY RESOLUTION OF ITS GOVERNING BODY, A MUNICI-  
7 PALITY MAY, WITHOUT A VOTE OF ITS ELECTORS, BORROW MONEY AND  
8 ISSUE NOTES IN ANTICIPATION OF THE RECEIPT OF GRANTS FROM THE  
9 UNITED STATES OF AMERICA, THIS STATE, ANY AGENCY OR

1 INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR THIS STATE, OR  
2 A PRIVATE ENTITY, AND MAY PLEDGE FOR THE PAYMENT OF THE PRINCIPAL  
3 OF, AND INTEREST AND REDEMPTION PREMIUMS ON, THOSE NOTES FROM 1  
4 OR MORE OF THE SOURCES AND ON THE TERMS DESCRIBED IN SECTION 12  
5 OF CHAPTER III AND FROM ANY OF THE ADDITIONAL SOURCES IDENTIFIED  
6 IN SUBSECTION (2)(A)

7 (2) THE MUNICIPALITY, IN DETERMINING TO ISSUE NOTES, MAY DO  
8 1 OR MORE OF THE FOLLOWING

9 (A) AUTHORIZE PRINCIPAL OF AND INTEREST AND REDEMPTION PRE-  
10 MIUMS, IF ANY ON THE NOTES TO BE PAYABLE FROM AND SECURED BY A  
11 PLEDGE OF 1 OR MORE OF THE FOLLOWING

12 (1) PROCEEDS OF FEDERAL, STATE, OR PRIVATE SECTOR GRANTS

13 (2) PROCEEDS OF NOTES OR BONDS ISSUED TO REFUND THE NOTES

14 (B) AUTHORIZE REFUNDING OF THE NOTES BY THE DELIVERY OF NEW  
15 BONDS OR NOTES

16 (3) THE PRINCIPAL AMOUNT OF NOTES ISSUED UNDER THIS SECTION  
17 FOR WHICH THE FUNDS TO BE RECEIVED FROM THE GRANTING AGENCY ARE  
18 PLEDGED SHALL NOT EXCEED 85% OF THE AMOUNT REMAINING TO BE  
19 RECEIVED BY THE MUNICIPALITY FROM THE GRANTING AGENCY UNDER A  
20 COMMITMENT FROM THE GRANTING AGENCY THAT HAS BEEN ACCEPTED BY THE  
21 MUNICIPALITY THE ISSUANCE AND DELIVERY OF THE NOTES SHALL BE  
22 CONCLUSIVE AS TO THE EXISTENCE OF THE FACTS ENTITLING THE NOTES  
23 TO BE ISSUED IN THE PRINCIPAL AMOUNT AND SHALL NOT BE SUBJECT TO  
24 ATTACK IN ANY PROCEEDING THE PLEDGE OF 100% OF THE FUNDS THE  
25 MUNICIPALITY EXPECTS TO RECEIVE FROM THE GRANTING AGENCY MAY BE  
26 SECURED BY A DIRECT TRANSFER OF THE COMMITTED FUNDS FROM THE  
27 GRANTING AGENCY TO A TRUSTEE, OR THE MICHIGAN MUNICIPAL BOND

1 AUTHORITY IF THE NOTES ARE SOLD TO THE MICHIGAN MUNICIPAL BOND  
2 AUTHORITY, THAT IS AUTHORIZED TO RECEIVE THE FUNDS BY THE BORROW-  
3 ING RESOLUTION ADOPTED BY THE MUNICIPALITY THE NOTES ISSUED  
4 UNDER THIS SECTION SHALL MATURE NOT MORE THAN 5 YEARS FROM THE  
5 DATE OF ISSUANCE OR 6 MONTHS AFTER THE EXPECTED DATE OF RECEIPT  
6 OF GRANT PROCEEDS, WHICHEVER IS EARLIER, AND MAY BEAR INTEREST AT  
7 A FIXED OR VARIABLE RATE OR RATES OF INTEREST PER ANNUM, SUBJECT  
8 TO THE LIMITATIONS IN CHAPTER III

9 (4) THE PROCEEDS OF THE NOTES ISSUED UNDER THIS ACT SHALL BE  
10 USED ONLY FOR THE PURPOSE TO WHICH THE PROCEEDS OF THE GRANT MAY  
11 BE APPLIED, THE COSTS OF ISSUANCE OF THE NOTES, AND FOR THE PAY-  
12 MENT OF THE NOTES AND THE INTEREST ON THE NOTES