



HOUSE BILL No. 6127

September 25, 1996, Introduced by Rep. Law and referred to the Committee on Health Policy.

A bill to amend section 12 of Act No. 38 of the Public Acts of 1969, entitled as amended "Hospital finance authority act," as amended by Act No. 428 of the Public Acts of 1994, being section 331.42 of the Michigan Compiled Laws; and to add section 17.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 12 of Act No. 38 of the Public Acts of
2 1969, as amended by Act No. 428 of the Public Acts of 1994, being
3 section 331.42 of the Michigan Compiled Laws, is amended and
4 section 17 is added to read as follows:

5 Sec. 12. ~~The~~ SUBJECT TO SECTION 17, THE state authority
6 has the powers necessary to carry out and effectuate the purposes
7 of this act, including, but not limited to, all of the
8 following:

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

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

8 (c) To make loans, to participate in the making of loans, to
9 undertake commitments, to make loans and mortgages, to sell loans
10 and mortgages at public or private sale, to modify or alter loans
11 and mortgages, to discharge loans and mortgages, to foreclose on
12 a mortgage or commence an action to protect or enforce a right
13 conferred upon the state authority by a law, mortgage, loan, con-
14 tract, or other agreement, to bid for and purchase property that
15 was the subject of a mortgage at a foreclosure or at any other
16 sale and to acquire or take possession of that property, to com-
17 plete, administer, pay the principal and interest on any obliga-
18 tions incurred in connection with acquired property, and to dis-
19 pose of and otherwise deal with the property in a manner neces-
20 sary or desirable to protect the interests of the state authority
21 in the property. The loans made by the authority may be secured
22 or unsecured, as the authority determines APPROPRIATE.

23 (d) To loan money to hospitals for the purpose of refinanc-
24 ing any outstanding indebtedness of a hospital if the state
25 authority determines the refinancing is necessary to realize the
26 objectives and purposes of this act. A hospital loan made
27 pursuant to this subdivision shall not exceed the amount of the

1 principal, interest, and redemption premium, if any, of the
2 indebtedness to be refinanced that has not been repaid, plus the
3 marketing, financing, legal, and other costs incurred in connec-
4 tion with the refinancing and the issuance of bonds of the state
5 authority issued in whole or in part to provide funds to make the
6 hospital loan described in this subdivision, including the costs
7 of funding a bond reserve and paying capitalized interest on the
8 bonds for a period not to exceed 1 year after the issuance of the
9 bonds. The determination of the state authority under this sub-
10 division is conclusive except with respect to the approval of the
11 municipal finance commission UNDER THE MUNICIPAL FINANCE ACT, ACT
12 NO. 202 OF THE PUBLIC ACTS OF 1943, BEING SECTIONS 131.1 TO 139.3
13 OF THE MICHIGAN COMPILED LAWS, or its successor agency when prior
14 approval is required.

15 (e) To charge, impose, and collect fees and charges in con-
16 nection with its loans, commitments, and servicing including
17 reimbursement of costs of financing by the authority, service
18 charges, insurance premiums, and an allocable share of the oper-
19 ating expenses of the authority and to make provision for
20 increasing those fees and charges, if necessary, as the state
21 authority determines is reasonable and approved by the state
22 authority.

23 (f) To acquire, hold, and dispose of real or personal prop-
24 erty convenient for the accomplishment of the purpose of this
25 act.

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

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

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

11 (i) Obligations of this state, the United States, or an
12 agency of the United States.

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

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

17 (iv) Certificates of deposit of a savings and loan associa-
18 tion that is a member of the federal home loan bank system.

19 (v) Commercial paper that is rated at the time of purchase
20 within the 2 highest classifications established by not less than
21 2 national rating services and that matures not more than 270
22 days after the date of purchase.

23 (vi) In United States government or federal agency obliga-
24 tion repurchase agreements.

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

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

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

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

7 (k) To promulgate rules necessary to carry out the purposes
8 of this act and to exercise the powers expressly granted in this
9 act pursuant to the administrative procedures act of 1969, Act
10 No. 306 of the Public Acts of 1969, ~~as amended,~~ being sections
11 24.201 to 24.328 of the Michigan Compiled Laws.

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

18 SEC. 17. BEGINNING OCTOBER 1, 1996, THE STATE AUTHORITY
19 SHALL NOT LOAN OR GRANT MONEY TO; ISSUE OR REFUND A BOND, NOTE,
20 OR OTHER OBLIGATION OF; OR OTHERWISE AID A HOSPITAL UNDER THIS
21 ACT.