

# HOUSE BILL No. 4466

March 6, 1997, Introduced by Reps. Jellema, Middaugh, Middleton, DeVuyst, LaForge, Anthony, Hammerstrom, Martinez, Brater, Byl, McBryde, Voorhees, Ciaramitaro, Baade, Bodem, Raczkowski, Birkholz, Sikkema, Walberg, Jansen, Dalman, Wetters, McNutt, London, Fitzgerald, Kelly, McManus and Perricone and referred to the Committee on Conservation, Environment and Recreation.

A bill to amend 1985 PA 227, entitled "Shared credit rating act," by amending the title and sections 1, 3, 7, 8, 13, 25, and 27 (MCL 141.1051, 141.1053, 141.1057, 141.1058, 141.1063, 141.1075, and 141.1077), the title and sections 3, 8, 13, and 27 as amended by 1996 PA 241, section 7 as amended by 1996 PA 391, and section 25 as amended by 1988 PA 316, and by adding section 16b.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

### TITLE

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 the creation and management of investments; to  
7 impose conditions on, grant certain powers to political

1 subdivisions of the state AND WATER SUPPLIERS regarding, and  
2 allow certain agreements regarding obligations of political sub-  
3 divisions of the state AND WATER SUPPLIERS purchased by the  
4 authority; to exempt the property, income, and operation of the  
5 authority, its bonds and notes, and the interest on its bonds and  
6 notes from certain taxes; and to grant powers and impose duties  
7 on officers and agencies of the state, ~~and~~ political subdivi-  
8 sions of the state, AND WATER SUPPLIERS.

9       Sec. 1. The legislature finds and declares the following:

10       (a) It is in the public interest and it is the policy of the  
11 state to foster and promote borrowing of money by governmental  
12 units within the state for financing public improvements, FOR  
13 FINANCING COMMUNITY WATER SUPPLIES AND NONCOMMUNITY WATER  
14 SUPPLIES, and for FINANCING other municipal purposes from pro-  
15 ceeds of bonds or notes issued by those governmental units; to  
16 assist those governmental units in fulfilling their needs for  
17 those purposes by creation of indebtedness; to provide for the  
18 orderly marketing of municipal obligations; and to the extent  
19 possible, to encourage continued investor interest in the bonds  
20 or notes of those governmental units as sound and preferred  
21 securities for investment.

22       (b) It is in the public interest and it is the policy of the  
23 state to encourage governmental units within the state to con-  
24 tinue their independent undertakings of public improvements, COM-  
25 MUNITY WATER SUPPLIES AND NONCOMMUNITY WATER SUPPLIES, and new  
26 municipal purposes and the financing for them, and to assist the  
27 governmental units by making money available for orderly

1 financing of public improvements, COMMUNITY WATER SUPPLIES AND  
2 NONCOMMUNITY WATER SUPPLIES, and ~~for~~ other municipal purposes.

3 (c) Credit and municipal bond market conditions require the  
4 exercise of the powers of the state in the interest of its gov-  
5 ernmental units to further and implement such policies by autho-  
6 rizing the Michigan municipal bond authority to have full powers  
7 to borrow money and to issue its bonds and notes to make money  
8 available through the Michigan municipal bond authority at  
9 reduced rates or on more favorable terms for borrowing by the  
10 state's governmental units through the purchase of the obliga-  
11 tions of the governmental units in fully marketable form and by  
12 granting broad powers to the Michigan municipal bond authority to  
13 accomplish and to carry out these policies of the state which are  
14 in the public interest of the state and of its taxpayers and  
15 residents.

16 Sec. 3. As used in this act:

17 (a) "Authority" means the Michigan municipal bond authority  
18 created in section 4.

19 (b) "Board" means the board of trustees of the authority  
20 established in section 5.

21 (c) "Bonds" means bonds of the authority issued under this  
22 act with a maturity greater than 3 years. Bonds do not include  
23 qualified bonds as defined in section 16 of article IX of the  
24 state constitution of 1963.

25 (d) "Capitalization grant" means the federal grant made to  
26 this state by the United States environmental protection agency  
27 for EITHER OF THE FOLLOWING PURPOSES:

1 (i) FOR the purpose of establishing a state water pollution  
2 control revolving fund, as provided in title VI of the federal  
3 water pollution control act, chapter 758, 101 Stat. 22, 33  
4 U.S.C. 1381 to 1387.

5 (ii) FOR THE PURPOSE OF ESTABLISHING A STATE DRINKING WATER  
6 REVOLVING FUND, AS PROVIDED IN SECTION 1452 OF PART E OF THE FED-  
7 ERAL SAFE DRINKING WATER ACT, 42 U.S.C. 300j-12.

8 (E) "COMMUNITY WATER SUPPLY" MEANS A COMMUNITY WATER SUPPLY  
9 AS DEFINED IN PART 54 (SAFE DRINKING WATER ASSISTANCE) OF THE  
10 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451,  
11 MCL 324.5401 TO 324.5418.

12 (F) "FEDERAL SAFE DRINKING WATER ACT" MEANS TITLE XIV OF THE  
13 PUBLIC HEALTH SERVICE ACT, CHAPTER 373, 88 STAT. 1660.

14 (G) ~~(e)~~ "Federal water pollution control act" means chap-  
15 ter 758, 86 Stat. 816, 33 U.S.C. 1251 to 1252, 1253 to ~~1257~~  
16 1254, 1255 TO 1257, 1258 to ~~1263, 1265 to 1268~~ 1270, 1281, 1282  
17 to 1293, 1294 to 1299, 1311 to 1313, 1314 to ~~1326, 1328 to 1330~~  
18 1330, 1341 to 1345, 1361 to 1377, and 1381 to 1387.

19 (H) ~~(f)~~ "Fully marketable form" means a municipal obliga-  
20 tion duly executed and accompanied by all of the following:

21 (i) An approving legal opinion of a bond counsel approved by  
22 the authority and of nationally recognized standing in the field  
23 of municipal law.

24 (ii) Closing documents in a form and substance satisfactory  
25 to the authority. The municipal obligation so executed need not  
26 be printed or lithographed nor be in more than 1 denomination.

1       (iii) Evidence that the pledge for payment of the municipal  
2 obligation will be sufficient to pay the principal of and  
3 interest on the municipal obligation when due.

4       (iv) An order of approval or an order of exception issued by  
5 the department of treasury under the municipal finance act, ~~Act~~  
6 ~~No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3~~  
7 ~~of the Michigan Compiled Laws~~ 1943 PA 202, MCL 131.1 TO 139.3,  
8 which orders shall also include a certification that the condi-  
9 tion of subparagraph (iii) has been met, OR FOR A WATER SUPPLIER  
10 NOT SUBJECT TO OVERSIGHT BY THE DEPARTMENT OF TREASURY UNDER THE  
11 MUNICIPAL FINANCE ACT, 1943 PA 202, MCL 131.1 TO 139.3, CERTIFI-  
12 CATION OF A FINANCIAL ADVISOR SELECTED AND ENGAGED BY THE AUTHOR-  
13 ITY THAT THE CONDITION OF SUBPARAGRAPH (iii) HAS BEEN MET.

14       (v) For purposes of a project funded under section 16a, an  
15 order of approval issued by the ~~director of the~~ department of  
16 environmental quality under part 53 (clean water assistance) of  
17 the natural resources and environmental protection act, ~~Act~~  
18 ~~No. 451 of the Public Acts of 1994, being sections 324.5301 to~~  
19 ~~324.5316~~ 1994 PA 451, MCL 324.5301 TO 324.5316. The order shall  
20 state that the project proposed by the governmental unit has been  
21 approved for assistance by the ~~director of the~~ department of  
22 ~~natural resources~~ ENVIRONMENTAL QUALITY.

23       (vi) FOR PURPOSES OF A COMMUNITY WATER SUPPLY OR A NONCOMMU-  
24 NITY WATER SUPPLY FUNDED UNDER SECTION 16B, AN ORDER OF APPROVAL  
25 ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY UNDER PART 54  
26 (SAFE DRINKING WATER ASSISTANCE) OF THE NATURAL RESOURCES AND  
27 ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.5401 TO

1 324.5418. THE ORDER SHALL STATE THAT THE COMMUNITY WATER SUPPLY  
2 OR THE NONCOMMUNITY WATER SUPPLY PROPOSED BY THE GOVERNMENTAL  
3 UNIT HAS BEEN APPROVED FOR ASSISTANCE BY THE DEPARTMENT OF ENVI-  
4 RONMENTAL QUALITY.

5 (I) ~~(g)~~ "Governmental unit" means a county, city, town-  
6 ship, village, school district, intermediate school district,  
7 community college, public university, authority, district, any  
8 other body corporate and politic or other political subdivision,  
9 any agency or instrumentality of the foregoing, or any group  
10 self-insurance pool formed pursuant to ~~Act No. 35 of the Public~~  
11 ~~Acts of 1951, being sections 124.1 to 124.13 of the Michigan~~  
12 ~~Compiled Laws~~ 1951 PA 35, MCL 124.1 TO 124.13. For purposes of  
13 a project funded under section 16a, governmental unit includes an  
14 Indian tribe that has jurisdiction over construction and opera-  
15 tion of a project qualifying under 319 of title III of the fed-  
16 eral water pollution control act, chapter 758, 101 Stat. 52, 33  
17 U.S.C. 1329. FOR PURPOSES OF A COMMUNITY WATER SUPPLY OR A NON-  
18 COMMUNITY WATER SUPPLY FUNDED UNDER SECTION 16B, GOVERNMENTAL  
19 UNIT INCLUDES A COMMUNITY WATER SUPPLIER. A governmental unit  
20 ~~shall~~ DOES not include the Michigan strategic fund created  
21 under the Michigan strategic fund act, ~~Act No. 270 of the Public~~  
22 ~~Acts of 1984, being sections 125.2001 to 125.2093 of the Michigan~~  
23 ~~Compiled Laws~~ 1984 PA 270, MCL 125.2001 TO 125.2093, or an eco-  
24 nomic development corporation created under the economic develop-  
25 ment corporation act, ~~Act No. 338 of the Public Acts of 1974,~~  
26 ~~being sections 125.1601 to 125.1636 of the Michigan Compiled~~  
27 ~~Laws~~ 1974 PA 338, MCL 125.1601 TO 125.1636. A governmental unit

1 does not include a self-insurance pool unless the self-insurance  
2 pool has filed a certification by an independent actuary that the  
3 reserves set aside under section 7a of ~~Act No. 35 of the Public~~  
4 ~~Acts of 1951, being section 124.7a of the Michigan Compiled Laws~~  
5 1951 PA 35, MCL 124.7A, are adequate for the payment of claims.  
6 A school district shall include a public school academy estab-  
7 lished under the revised school code, ~~Act No. 451 of the Public~~  
8 ~~Acts of 1976, being sections 380.1 to 380.1852 of the Michigan~~  
9 ~~Compiled Laws~~ 1976 PA 451, MCL 380.1 TO 380.1852. Funds loaned  
10 to a public school academy or a school district may not be used  
11 to finance the purchase, construction, lease, or renovation of  
12 property owned, directly or indirectly, by any officer, board  
13 member, or employee of that public school.

14 (J) ~~(h)~~ "Municipal obligation" means a bond or note or  
15 evidence of debt issued by a governmental unit for a purpose  
16 authorized by law. A municipal obligation does not include qual-  
17 ified bonds as defined in section 16 of article IX of the state  
18 constitution of 1963 EXCEPT FOR ANY SUCH BONDS ISSUED BY A GOV-  
19 ERNMENTAL UNIT FOR A COMMUNITY WATER SUPPLY OR A NONCOMMUNITY  
20 WATER SUPPLY AND FINANCED THROUGH THE STATE DRINKING WATER  
21 REVOLVING FUND ESTABLISHED UNDER SECTION 16B.

22 (K) "NONCOMMUNITY WATER SUPPLY" MEANS A NONCOMMUNITY WATER  
23 SUPPLY AS DEFINED IN PART 54 (SAFE DRINKING WATER ASSISTANCE) OF  
24 THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA  
25 451, MCL 324.5401 TO 324.5418.

1       (1) ~~(i)~~ "Notes" means an obligation of the authority  
2 issued as provided in this act, including commercial paper, with  
3 a maturity of 3 years or less.

4       (M) ~~(j)~~ "Project" means a sewage treatment works project  
5 or a nonpoint source project, or both, as defined in the state  
6 clean water assistance act.

7       (N) ~~(k)~~ "Reserve fund" means a bond reserve fund or note  
8 reserve fund created and established under section 16.

9       (O) ~~(l)~~ "Revenues" means all fees, charges, money, prof-  
10 its, payments of principal of or interest on municipal obliga-  
11 tions and other investments, gifts, grants, contributions, and  
12 all other income derived or to be derived by the authority under  
13 this act.

14       (P) "WATER SUPPLIER" MEANS A WATER SUPPLIER AS DEFINED IN  
15 PART 54 (SAFE DRINKING WATER ASSISTANCE) OF THE NATURAL RESOURCES  
16 AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.5401 TO  
17 324.5418.

18       Sec. 7. The board has all of the following powers:

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

20       (b) To adopt an official seal.

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

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

25       (e) To loan money to a governmental unit at a rate or rates  
26 as the authority determines and to purchase and sell, and to

1 commit to purchase and sell, municipal obligations pursuant to  
2 this act.

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

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

10 (h) To receive and accept from any source grants or contri-  
11 butions of money, property, or other things of value, excluding  
12 appropriations from the general fund of the state except for  
13 appropriations to the state water pollution control revolving  
14 fund established under section 16a AND EXCEPT FOR APPROPRIATIONS  
15 TO THE STATE DRINKING WATER REVOLVING FUND ESTABLISHED UNDER SEC-  
16 TION 16B, to be used, held, and applied only for the purposes for  
17 which the grants and contributions were made.

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

20 (j) To require that final actions of the board are entered  
21 in the journal for the board and that all writings prepared,  
22 owned, used, in the possession of, or retained by the board in  
23 the performance of an official function be made available to the  
24 public in compliance with the freedom of information act, ~~Act~~  
25 ~~No. 442 of the Public Acts of 1976, being sections 15.231 to~~  
26 ~~15.246 of the Michigan Compiled Laws~~ 1976 PA 442, MCL 15.231 TO  
27 15.246.

1 (k) To promulgate rules necessary to carry out the purposes  
2 of this act and to exercise the powers expressly granted in this  
3 act pursuant to the administrative procedures act of 1969, ~~Act~~  
4 ~~No. 306 of the Public Acts of 1969, being sections 24.201 to~~  
5 ~~24.328 of the Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO  
6 24.328.

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

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

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

21 (o) To investigate and assess short-term and long-term bor-  
22 rowing requirements for operating, capital improvements, and  
23 delinquent taxes.

24 (p) To provide assistance, as that term is defined in sec-  
25 tion 5301 of part 53 (clean water assistance) of the natural  
26 resources and environmental protection act, ~~Act No. 451 of the~~  
27 ~~Public Acts of 1994, being section 324.5301 of the Michigan~~

1 ~~Compiled Laws~~ 1994 PA 451, MCL 324.5301, to any municipality for  
2 a revolving fund project and to perform all functions necessary  
3 or incident to providing that assistance and to the operation of  
4 the state water pollution control revolving fund established  
5 under section 16a.

6 (q) To enter into agreements with the federal government to  
7 implement the establishment and operation of the state water pol-  
8 lution control revolving fund established under section 16a pur-  
9 suant to the provisions of the federal water pollution control  
10 act and the rules and regulations promulgated under that act.

11 (R) TO PROVIDE ASSISTANCE, AS THAT TERM IS DEFINED IN PART  
12 54 (SAFE DRINKING WATER ASSISTANCE) OF THE NATURAL RESOURCES AND  
13 ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.5401 TO  
14 324.5418, TO ANY GOVERNMENTAL UNIT FOR A REVOLVING FUND COMMUNITY  
15 WATER SUPPLY OR NONCOMMUNITY WATER SUPPLY AND TO PERFORM ALL  
16 FUNCTIONS NECESSARY OR INCIDENT TO PROVIDING THAT ASSISTANCE AND  
17 TO THE OPERATION OF THE STATE DRINKING WATER REVOLVING FUND  
18 ESTABLISHED UNDER SECTION 16B, INCLUDING, BUT NOT LIMITED TO,  
19 USING FUNDING ALLOCATED IN THE FEDERAL SAFE DRINKING WATER ACT  
20 FOR ANY OF THE PURPOSES AUTHORIZED IN SECTION 5417(C) OF PART 54  
21 (SAFE DRINKING WATER ASSISTANCE) OF THE NATURAL RESOURCES AND  
22 ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.5417.

23 (S) TO ENTER INTO AGREEMENTS WITH THE FEDERAL GOVERNMENT TO  
24 ESTABLISH AND OPERATE THE STATE DRINKING WATER REVOLVING FUND  
25 UNDER SECTION 16B PURSUANT TO THE PROVISIONS OF THE FEDERAL SAFE  
26 DRINKING WATER ACT AND THE RULES AND REGULATIONS PROMULGATED  
27 UNDER THAT ACT.

1           Sec. 8. (1) The authority may lend money to a governmental  
2 unit through the purchase by the authority of municipal obliga-  
3 tions of the governmental unit in fully marketable form. The  
4 authority may authorize and issue its bonds or notes payable  
5 solely from the revenues or funds available to the authority, and  
6 to otherwise assist governmental units.

7           (2) Bonds and notes of the authority shall not be in any way  
8 a debt or liability of the state and shall not create or consti-  
9 tute any indebtedness, liability, or obligations of the state or  
10 be or constitute a pledge of the faith and credit of the state  
11 but all authority bonds and notes, unless funded or refunded by  
12 bonds or notes of the authority, shall be payable solely from  
13 revenues or funds pledged or available for their payment as  
14 authorized in this act. Each bond and note shall contain on its  
15 face a statement to the effect that the authority is obligated to  
16 pay the principal of and the interest on the bond or note only  
17 from revenues or funds of the authority and that the state is not  
18 obligated to pay the principal or interest and that neither the  
19 faith and credit nor the taxing power of the state is pledged to  
20 the payment of the principal of or the interest on the bond or  
21 note.

22           (3) All expenses incurred in carrying out the provisions of  
23 this act shall be payable solely from revenues or funds provided  
24 or to be provided under the provisions of this act, and nothing  
25 in this act shall be construed to authorize the authority to  
26 incur any indebtedness or liability on behalf of or payable by  
27 the state.

1 (4) Unless approved by a concurrent resolution of the  
2 legislature AND EXCEPT AS PERMITTED BY SECTION 16A OR 16B, the  
3 authority shall not provide preferential treatment in the rate of  
4 interest for a particular municipal obligation purchased by the  
5 authority that is based upon other than financial and credit con-  
6 siderations and shall not forgive or relinquish all or part of  
7 the interest or principal of a particular municipal obligation or  
8 of municipal obligations of a particular purpose.

9 Sec. 13. Within limitations that are stated in the issuance  
10 or authorization resolution of the authority, the authority may  
11 authorize a member of the board or the executive director of the  
12 authority to do 1 or more of the following:

13 (a) Sell and deliver, and receive payment for, notes or  
14 bonds.

15 (b) Refund notes or bonds by the delivery of new notes or  
16 bonds whether or not the notes or bonds to be refunded have  
17 matured or are subject to redemption.

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

20 (d) Buy notes or bonds so issued and resell those notes or  
21 bonds.

22 (e) Approve interest rates or methods for fixing interest  
23 rates, prices, discounts, maturities, principal amounts, denomi-  
24 nations, dates of issuance, interest payment dates, redemption  
25 rights at the option of the authority or the holder, the place of  
26 delivery and payment, and other matters and procedures necessary  
27 to complete the transactions authorized.

1 (f) Direct the investment of money of the authority that the  
2 authority has the power to invest.

3 (g) Create and manage investments on behalf of governmental  
4 units and the state water pollution control revolving fund estab-  
5 lished under section 16a AND THE STATE DRINKING WATER REVOLVING  
6 FUND ESTABLISHED UNDER SECTION 16B.

7 SEC. 16B. THE AUTHORITY SHALL ESTABLISH A STATE DRINKING  
8 WATER REVOLVING FUND THAT COMPLIES WITH THE REQUIREMENTS AND  
9 OBJECTIVES OF THE FEDERAL SAFE DRINKING WATER ACT. THE AUTHORITY  
10 SHALL ESTABLISH ACCOUNTS AND SUBACCOUNTS WITHIN THE STATE DRINK-  
11 ING WATER REVOLVING FUND AS IT DETERMINES IS NECESSARY OR APPRO-  
12 PRIATE TO OPERATE THE STATE DRINKING WATER REVOLVING FUND. THE  
13 ACCOUNTS AND SUBACCOUNTS MAY INCLUDE, BUT ARE NOT LIMITED TO,  
14 ACCOUNTS OR SUBACCOUNTS ESTABLISHED FOR ANY OF THE PURPOSES  
15 AUTHORIZED IN SECTION 5417(C) OF PART 54 (SAFE DRINKING WATER  
16 ASSISTANCE) OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION  
17 ACT, 1994 PA 451, MCL 324.5417. AT THE CLOSE OF A FISCAL YEAR,  
18 MONEY IN AN ACCOUNT OR SUBACCOUNT ESTABLISHED UNDER THIS SECTION  
19 SHALL REMAIN IN THE ACCOUNT OR SUBACCOUNT, SHALL NOT LAPSE TO THE  
20 GENERAL FUND, AND SHALL BE CARRIED FORWARD TO THE FOLLOWING YEAR  
21 AS PERMITTED IN THE FEDERAL SAFE DRINKING WATER ACT. THE AUTHOR-  
22 ITY MAY FUND THE STATE DRINKING WATER REVOLVING FUND THROUGH FED-  
23 ERAL GRANTS, REVENUES OF THE AUTHORITY, OR THROUGH ANY OTHER  
24 MEANS PERMITTED UNDER THE FEDERAL SAFE DRINKING WATER ACT AND THE  
25 RULES PROMULGATED UNDER THAT ACT. THE AUTHORITY MAY PROVIDE  
26 ASSISTANCE AS THAT TERM IS DEFINED IN PART 54 (SAFE DRINKING  
27 WATER ASSISTANCE) OF THE NATURAL RESOURCES AND ENVIRONMENTAL

1 PROTECTION ACT, 1994 PA 451, MCL 324.5401 TO 324.5418, TO A  
2 GOVERNMENTAL UNIT FOR A COMMUNITY WATER SUPPLY OR A NONCOMMUNITY  
3 WATER SUPPLY WITH PROCEEDS OF THE STATE DRINKING WATER REVOLVING  
4 FUND. IF THE ASSISTANCE IS IN THE FORM OF A LOAN, THE LOAN SHALL  
5 BE MADE THROUGH A LOAN AGREEMENT IN WHICH A GOVERNMENTAL UNIT  
6 AGREES TO MAKE LOAN REPAYMENTS TO THE AUTHORITY OR THROUGH THE  
7 PURCHASE OR REFINANCING OF MUNICIPAL OBLIGATIONS IN FULLY MARKET-  
8 ABLE FORM. LOAN AGREEMENTS WITH GOVERNMENTAL UNITS SHALL CONTAIN  
9 APPROPRIATE PROVISIONS RELATING TO MATURITY OR LENGTH OF LOAN,  
10 REPAYMENT TERMS, STATE OR LOCAL FUNDING REQUIREMENTS, AND OTHER  
11 PROVISIONS AS ARE NECESSARY TO COMPLY WITH THE PROVISIONS OF THE  
12 FEDERAL SAFE DRINKING WATER ACT AND ANY AGREEMENTS ENTERED INTO  
13 WITH THE FEDERAL GOVERNMENT FOR IMPLEMENTATION OF THE FEDERAL  
14 SAFE DRINKING WATER ACT. COMMUNITY WATER SUPPLIES AND NONCOMMU-  
15 NITY WATER SUPPLIES ELIGIBLE FOR ASSISTANCE FROM THE STATE DRINK-  
16 ING WATER REVOLVING FUND SHALL BE DETERMINED PURSUANT TO PART 54  
17 (SAFE DRINKING WATER ASSISTANCE) OF THE NATURAL RESOURCES AND  
18 ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.5401 TO  
19 324.5418. THE MAXIMUM AMOUNT OF ANY MUNICIPAL OBLIGATION PUR-  
20 CHASED WITH PROCEEDS OF THE STATE DRINKING WATER REVOLVING FUND  
21 AND THE MAXIMUM INTEREST RATE ON A LOAN OR MUNICIPAL OBLIGATION  
22 SHALL BE DETERMINED PURSUANT TO PART 54 (SAFE DRINKING WATER  
23 ASSISTANCE) OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION  
24 ACT, 1994 PA 451, MCL 324.5401 TO 324.5418.

25       Sec. 25. (1) This act shall be construed liberally to  
26 effectuate the legislative intent and the purposes as complete  
27 and independent authority for the performance of each and every

1 act and thing authorized by this act and all powers granted shall  
2 be broadly interpreted to effectuate the intent and purposes and  
3 not as a limitation of powers.

4 (2) This act shall be construed liberally to assure compli-  
5 ance with the federal water pollution control act and with any  
6 applicable rules promulgated under that act, AND WITH THE FEDERAL  
7 SAFE DRINKING WATER ACT AND WITH ANY APPLICABLE RULES PROMULGATED  
8 UNDER THAT ACT.

9 Sec. 27. Except for bonds or notes issued pursuant to the  
10 state water pollution control revolving fund established under  
11 section 16a AND EXCEPT FOR BONDS OR NOTES ISSUED PURSUANT TO THE  
12 STATE DRINKING WATER REVOLVING FUND ESTABLISHED UNDER SECTION  
13 16B, the authority shall not issue new bonds or notes after  
14 December 31, 2000, to make loans to governmental units.

15 Enacting section 1. This amendatory act does not take  
16 effect unless Senate Bill No. \_\_\_\_\_ or House Bill No. \_\_\_\_\_  
17 (request no. 00214'97) of the 89th Legislature is enacted into  
18 law.