

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 965

A bill to amend 1933 PA 94, entitled
"The revenue bond act of 1933,"
by amending sections 3, 7, 12, 16, 22, 24, 26, 27, 28, and 30
(MCL 141.103, 141.107, 141.112, 141.116, 141.122, 141.124,
141.126, 141.127, 141.128, and 141.130), section 3 as amended by
1992 PA 305, sections 7, 12, and 27 as amended by 1985 PA 26,
sections 16, 28, and 30 as amended by 1983 PA 76, and section 24
as amended by 1988 PA 228, and by adding sections 12a and 12b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Public corporation" means a county, city, village,
3 township, school district, port district, or metropolitan dis-
4 trict of the state or a combination ~~thereof~~ OF THESE if
5 authorized by law to act jointly; an authority created by or
6 under an act of the legislature; or a municipal health facilities

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1 corporation or subsidiary municipal health facilities corporation
2 incorporated as provided in the municipal health facilities cor-
3 porations act, ~~Act No. 230 of the Public Acts of 1987, being~~
4 ~~sections 331.1101 to 331.1507 of the Michigan Compiled Laws~~ 1987
5 PA 230, MCL 331.1101 TO 331.1507.

6 (b) "Public improvements" means only the following
7 improvements: housing facilities; garbage disposal plants; rub-
8 bish disposal plants; incinerators; transportation systems,
9 including plants, works, instrumentalities, and properties used
10 or useful in connection with those systems; sewage disposal sys-
11 tems, including sanitary sewers, combined sanitary and storm
12 sewers, plants, works, instrumentalities, and properties used or
13 useful in connection with the collection, treatment, or disposal
14 of sewage or industrial wastes; storm water systems, including
15 storm sewers, plants, works, instrumentalities, and properties
16 used or useful in connection with the collection, treatment, or
17 disposal of storm water; water supply systems, including plants,
18 works, instrumentalities, and properties used or useful in con-
19 nection with obtaining a water supply, the treatment of water, or
20 the distribution of water; utility systems for supplying light,
21 heat, or power, including plants, works, instrumentalities, and
22 properties used or useful in connection with those systems;
23 approved cable television systems, approved cable communication
24 systems, or telephone systems, including plants, works, instru-
25 mentalities, and properties used or useful in connection with
26 those systems; automobile parking facilities, including within or
27 as part of the facilities areas or buildings that may be rented

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1 or leased to private enterprises serving the public; yacht
2 basins; harbors; docks; wharves; terminal facilities; elevated
3 highways; bridges over, tunnels under, and ferries across bodies
4 of water; community buildings; public wholesale markets for farm
5 and food products; stadiums; convention halls; auditoriums; dor-
6 mitories; hospitals and other health care facilities; buildings
7 devoted to public use; museums; parks; recreational facilities;
8 reforestation projects; aeronautical facilities; and marine rail-
9 ways; or any right or interest in or equipment for these
10 improvements. The term "public improvement" means the whole or a
11 part of any of these improvements or of any combination of these
12 improvements or any interest or participation in these improve-
13 ments, as determined by the governing body. The definition con-
14 tained in this subdivision does not broaden or enlarge the extent
15 of a particular public improvement made by a public corporation.

16 (c) "Borrower" means a public corporation exercising the
17 power to issue bonds as provided in this act.

18 (d) "Governing body" means for a county, the board of com-
19 missioners; for a city, the body having legislative powers; for a
20 village, the body having legislative powers; for a township, the
21 township board; for a school district, the board of education;
22 for a port district, the port commission; for a metropolitan dis-
23 trict, the legislative body of the district; for a municipal
24 health facilities corporation, the board of trustees; for a non-
25 profit subsidiary municipal health facilities corporation, the
26 nonprofit subsidiary board; and for an authority, the body in
27 which is lodged general governing powers. If the charter of a

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1 public corporation or applicable law provides that a separate
2 board has general management over a public improvement,
3 "governing body" means, with respect to that public improvement,
4 the separate board, subject to review by the legislative body of
5 the public corporation as the charter or law may provide. Unless
6 the charter or law specifically provides otherwise, the separate
7 board shall adopt the bond authorizing ordinance, but shall not
8 pledge full faith and credit.

9 (e) "Rates" means the charges, fees, rentals, and rates that
10 may be fixed and imposed for the services, facilities, and com-
11 modities furnished by a public improvement.

12 (f) "Revenues" means the income derived from the rates
13 charged for the services, facilities, and commodities furnished
14 by a public improvement. Revenues include, to the extent pro-
15 vided in the authorizing ordinance, earnings on investment of
16 funds of the public improvement and other revenues derived from
17 or pledged to operation of the public improvement.

18 (g) "Net revenues" means the revenues of a public improve-
19 ment remaining after deducting the reasonable expenses of admin-
20 istration, operation, and maintenance of the public improvement.

21 (h) "Project cost" or "costs" means the costs of purchasing,
22 acquiring, constructing, improving, enlarging, extending, or
23 repairing a public improvement, including any engineering, archi-
24 tectural, legal, accounting, financial, and other expenses inci-
25 dent to the public improvement. Project costs include interest
26 on the bonds, and other obligations of the borrower issued to pay
27 project costs, during the period of construction and until full

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1 revenues are developed. Project costs include a reserve or
2 addition to a reserve for payment of principal and interest on
3 the bonds and the amount required for operation and maintenance
4 until sufficient revenues have developed.

5 (i) "Ordinance" means an ordinance, resolution, or other
6 appropriate legislative enactment of the governing body of a
7 public corporation.

8 ~~(j) "Municipal finance commission" means the commission~~
9 ~~created by the municipal finance act, Act No. 202 of the Public~~
10 ~~Acts of 1943, as amended, being sections 131.1 to 139.3 of the~~
11 ~~Michigan Compiled Laws.~~

12 (J) ~~(K)~~ "Approved cable television system" or "approved
13 cable communication system" means a cable television or communi-
14 cation system to which 1 of the following applies:

15 (i) A municipality acquires or establishes the system either
16 before January 1, 1987 or before a system is established in that
17 municipality by a private person.

18 (ii) A municipality acquires or establishes the system after
19 a system is established in that municipality by a private person
20 and after approval by a majority of the electors in the affected
21 area of that municipality voting on the question of the sale of
22 revenue bonds to finance the acquisition or establishment of the
23 municipal system.

24 Sec. 7. (1) For the purpose of defraying the whole or a
25 part of project costs, a public corporation may borrow money and
26 issue its negotiable bonds. The bonds shall not be issued unless
27 and until authorized by an ordinance, which shall set forth a

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1 brief description of the contemplated project, the estimated cost
2 of the project, and the amount, maximum rate of interest, and
3 time of payment of the bonds. The bonds shall be serial bonds or
4 term bonds, or a combination of serial and term bonds, and shall
5 be payable semiannually or annually by maturity of serial bonds
6 or maturity or required redemption of term bonds. ~~with the first~~
7 ~~maturity or required redemption not more than 11 years from the~~
8 ~~date of the bond.~~ The last annual principal installment shall be
9 not longer than the estimated period of usefulness of the public
10 improvement for which THE BOND IS issued, but the last install-
11 ment shall not be more than 40 years from the date of the bond.
12 The bonds shall bear interest, payable ~~semiannually~~ AS PROVIDED
13 IN THE AUTHORIZING ORDINANCE, except that the first interest
14 installment ~~may~~ SHALL be ~~for any number of months~~ PAYABLE not
15 ~~exceeding~~ LATER THAN 10 MONTHS FOLLOWING THE DELIVERY DATE OF
16 THE BONDS. The bonds and coupons shall be substantially in the
17 form provided in the authorizing ordinance and shall be executed
18 in the manner prescribed in the bond, which may be by facsimile
19 signature or signatures. The bonds and the interest on the bonds
20 shall be made payable in lawful money of the United States, and
21 shall be exempt from taxation by this state or by any taxing
22 authority within ~~the~~ THIS state. The public corporation may
23 provide that the redemption of term bonds may be satisfied in
24 whole or in part by the purchase and cancellation of term bonds
25 otherwise required to be redeemed. As used in this subsection,
26 "annual principal installment" means a maturity of serial bonds,
27 an amount of term bonds required to be redeemed in that year, or

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1 a maturity of term bonds less amounts previously required to be
2 redeemed.

3 (2) The principal of and interest ~~upon~~ ON the bonds shall
4 be payable, except as provided in this act, solely from the net
5 revenues derived from the operation of the public improvement
6 purchased, acquired, constructed, improved, enlarged, extended,
7 or repaired from the proceeds of the bonds, as shall be pledged
8 to the bonds in the authorizing ordinance, which may include if
9 the ordinance so provides, net revenues derived by reason of
10 future improvements, enlargements, extensions, or repairs to the
11 improvement, and payments made to the public corporation issuing
12 the bonds by any other governmental entity pursuant to another
13 law of this state or the United States for payment of principal
14 and interest ~~upon~~ ON the bonds, even though the payments are
15 made from or include grants or other funds provided by this state
16 or the United States or the proceeds of taxes levied on taxable
17 property as provided by other law.

18 (3) As additional security for the payment of bonds ~~which~~
19 THAT are used to finance the local share of projects ~~which~~ THAT
20 receive more than 25% of financing from federal or state grants
21 or ~~which~~ THAT are being initially purchased, in whole or in
22 part, by the Michigan municipal bond authority created under the
23 shared credit rating act, 1985 PA 227, MCL 141.1051 TO 141.1076,
24 or if specifically authorized by another law pertaining to the
25 public improvements for which bonds are to be issued under this
26 act, a public corporation, by majority vote of the elected
27 members of its governing body, may include as a part of the

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1 ordinance authorizing the issuance of the bonds a pledge of its
2 full faith and credit for payment of the principal of an interest
3 on the bonds. For bonds issued for airports or airport improve-
4 ments ~~pursuant to~~ UNDER the aeronautics code of the state of
5 Michigan, ~~Act No. 327 of the Public Acts of 1945, as amended,~~
6 ~~being sections 259.1 to 259.208 of the Michigan Compiled Laws~~
7 1945 PA 327, MCL 259.1 TO 259.208, a public corporation, by
8 majority vote of the elected members of its governing body, may
9 agree that if funds pledged for payment of bonds are not suffi-
10 cient to pay principal and interest on the bonds as the bonds
11 become due, the public corporation shall advance sufficient funds
12 out of its general funds for the payment if the proceeds of the
13 bonds are used exclusively within the territorial limits of the
14 county in which the political corporation is located. If a
15 pledge is made, and the net revenues primarily pledged to the
16 payment are insufficient to make a payment, the public corpora-
17 tion shall be obligated to pay the bonds and interest on the
18 bonds in the same manner and to the same extent as other general
19 obligation bonds of the public corporation, including the levy,
20 when necessary, of a tax on all taxable property in the public
21 corporation without limitation as to rate or amount, in addition
22 to all other taxes ~~which~~ THAT the public corporation is autho-
23 rized to levy, but not exceeding the rate or amount necessary to
24 make the payment. If a public corporation makes payment from
25 taxes or general funds pursuant to a full faith and credit pledge
26 or agreement to advance, it shall be reimbursed from net revenues
27 subsequently received by the public improvement for which the

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1 bonds are issued ~~which~~ THAT are not otherwise pledged or
2 encumbered. A bond or coupon issued under this act shall not be
3 general obligation or constitute an indebtedness of the borrower
4 unless its full faith and credit are pledged. Unless a public
5 corporation pledges its full faith and credit for the payment of
6 bonds issued pursuant to this act, or unless otherwise exempt,
7 the amount of the bonds shall not be included in computing the
8 net bonded indebtedness of the public corporation for the pur-
9 poses of debt limitations imposed by any statutory or charter
10 provisions. Bonds may be made registerable as to principal, or
11 principal and interest, under terms and conditions determined by
12 the governing body of the borrower.

13 (4) The governing body in the ordinance authorizing the
14 bonds or in an agreement entered into ~~pursuant to~~ UNDER
15 section 7a(1)(a) may pledge any funds established by the ordi-
16 nance or agreement for the payment of the bonds or other obliga-
17 tions of the public corporation under the agreement and create a
18 statutory first lien in favor of the holders of the bonds or a
19 party subject to the agreement.

20 Sec. 12. (1) Bonds issued under this act may be sold at a
21 discount but may not be sold at a price ~~which~~ THAT would make
22 the interest cost on the money borrowed after deducting any pre-
23 mium or adding any discount exceed 10% per annum or the maximum
24 rate permitted by the REVISED municipal finance act, ~~Act No. 202~~
25 ~~of the Public Acts of 1943, as amended, being sections 131.1 to~~
26 ~~139.3 of the Michigan Compiled Laws,~~ 2001 PA 34, MCL 141.2101 TO

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1 141.2821, whichever is greater, and may bear a stated rate of
2 interest or no rate of interest.

3 ~~(2) Except as otherwise provided in this act, bonds of an~~
4 ~~authorized issue of \$50,000.00 or more shall not be sold except~~
5 ~~at public sale, after notice by publication at least 14 days~~
6 ~~before the sale in a publication printed in the English language~~
7 ~~and circulated in this state, which carries as a part of its reg-~~
8 ~~ular service notices of the sale of municipal bonds and which has~~
9 ~~been approved by the department of treasury as a publication com-~~
10 ~~plying with the foregoing qualifications. Approval of the publi-~~
11 ~~cation by the department of treasury shall be considered conclu-~~
12 ~~sive of the qualifications of the publication for the insertion~~
13 ~~of the notice.~~

14 ~~(3) If the public corporation receives a bid at the time~~
15 ~~fixed for public sale, and the bid is rejected by the governing~~
16 ~~body, the bonds may be sold at negotiated sale within 60 days~~
17 ~~after the time fixed for the public sale at a price not less than~~
18 ~~the highest bid received at the public offering. If the public~~
19 ~~corporation offers the bonds at a public offering and does not~~
20 ~~receive a bid, the bonds may be sold at negotiated sale within 60~~
21 ~~days after the last public offering. During any period in which~~
22 ~~the bonds may be sold at negotiated sale, the governing body of~~
23 ~~the public corporation may enter into an agreement for the deliv-~~
24 ~~ery of the bonds in payment of the cost of the particular project~~
25 ~~for which the bonds are to be issued.~~

26 ~~(4) Bonds may be sold to the federal or state government or~~
27 ~~an agency of the federal or state government at a negotiated~~

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1 ~~sale. If the contract is for the sale of less than all of the~~
2 ~~bonds authorized, a part shall not be delivered until the balance~~
3 ~~of the bonds authorized has been sold in the manner provided in~~
4 ~~this section.~~

5 ~~(5) If the amount of bonds to be issued exceeds~~
6 ~~\$15,000,000.00 or if the bonds are to be issued in whole or in~~
7 ~~part for refunding purposes pursuant to section 20, the bonds may~~
8 ~~be sold at a public or negotiated sale.~~

9 ~~(6) Bonds which are payable prior to maturity at the option~~
10 ~~of the holder of the bonds may be sold at a negotiated sale.~~

11 ~~(7) Bonds sold to the Michigan municipal bond authority cre-~~
12 ~~ated under the shared credit rating act may be sold at a negoti-~~
13 ~~ated sale if so determined by the governing body.~~

14 (2) A PUBLIC CORPORATION MAY SELL BONDS AT A COMPETITIVE
15 SALE OR A NEGOTIATED SALE AS DETERMINED IN THE AUTHORIZING
16 ORDINANCE. IF A PUBLIC CORPORATION DETERMINES TO SELL A BOND AT
17 A NEGOTIATED SALE, THE GOVERNING BODY SHALL EXPRESSLY STATE THE
18 METHOD AND REASONS FOR CHOOSING A NEGOTIATED SALE INSTEAD OF A
19 COMPETITIVE SALE IN THE RESOLUTION OR ORDINANCE AUTHORIZING THE
20 ISSUANCE OR SALE OF THE BONDS.

21 (3) BONDS SOLD AT A COMPETITIVE SALE SHALL NOT BE SOLD UNTIL
22 NOTICE BY PUBLICATION AT LEAST 7 DAYS BEFORE THE SALE IN A PUBLI-
23 CATION PRINTED IN THE ENGLISH LANGUAGE AND CIRCULATED IN THIS
24 STATE THAT CARRIES AS A PART OF ITS REGULAR SERVICE NOTICES OF
25 THE SALE OF MUNICIPAL BONDS.

26 (4) A PUBLIC CORPORATION SHALL AWARD A BOND SOLD AT A
27 COMPETITIVE SALE TO THE BIDDER WHOSE BID MEETS ALL SPECIFICATIONS

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1 AND REQUIREMENTS AND RESULTS IN THE LOWEST INTEREST COST TO THE
2 PUBLIC CORPORATION, UNLESS ALL BIDS ARE REJECTED.

3 (5) A PUBLIC CORPORATION MAY ACCEPT BIDS FOR THE PURCHASE OF
4 A BOND MADE IN PERSON, BY MAIL, BY FACSIMILE, BY ELECTRONIC
5 MEANS, OR BY ANY OTHER MEANS AUTHORIZED BY THE PUBLIC
6 CORPORATION.

7 SEC. 12A. (1) BONDS ISSUED UNDER THIS ACT FOR WHICH A
8 MUNICIPALITY PLEDGES ITS FULL FAITH AND CREDIT ARE ALSO SUBJECT
9 TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
10 141.2821, EXCEPT FOR PART VI AND SECTION 503 OF THE REVISED
11 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2601 TO 141.2613, AND
12 MCL 141.2503.

13 (2) FOR BONDS ISSUED UNDER THIS ACT, THE FIRST PRINCIPAL
14 AMOUNT MATURITY DATE OR MANDATORY REDEMPTION DATE SHALL BE NOT
15 LATER THAN 5 YEARS AFTER THE DATE OF ISSUANCE AND SOME PRINCIPAL
16 AMOUNT SHALL MATURE OR BE SUBJECT TO MANDATORY REDEMPTION IN EACH
17 SUBSEQUENT YEAR OF THE TERM OF THE BOND.

18 (3) AS USED IN THIS SECTION, "MUNICIPALITY" MEANS THAT TERM
19 AS DEFINED IN THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,
20 MCL 141.2101 TO 141.2821.

21 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, BONDS SUBJECT
22 TO THIS ACT ARE NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT,
23 2001 PA 34, MCL 141.2101 TO 141.2821.

24 SEC. 12B. THE DEPARTMENT OF TREASURY IS AUTHORIZED TO ISSUE
25 BULLETINS AS NECESSARY TO CARRY OUT THE PURPOSES OF THIS ACT. A
26 BULLETIN ISSUED UNDER THIS SECTION SHALL INCLUDE A STATEMENT OF

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1 THE DEPARTMENT'S SPECIFIC STATUTORY AUTHORITY FOR ANY SUBSTANTIVE
2 REQUIREMENT CONTAINED WITHIN THE BULLETIN.

3 Sec. 16. Money received from the sale of bonds shall be
4 used solely for the payment of project costs. An unexpended bal-
5 ance of the proceeds of the sale of any bonds remaining after the
6 completion of the project for which issued, may be used for the
7 improvement, enlargement, or extension of the public improvement,
8 if the use is approved by the department of treasury. Any
9 remaining balance shall be paid immediately into the bond and
10 interest redemption ~~fund~~ DEPOSIT ACCOUNT for the bonds, and the
11 money shall be used only for meeting bond reserve requirements or
12 for the redemption or purchase, at not more than the fair market
13 value, of outstanding bonds of the issue from which the proceeds
14 were derived. Bonds acquired by purchase shall be canceled and
15 shall not be reissued. Each ordinance shall state the period for
16 which interest is to be capitalized, and the amount of reserves
17 to be funded from the bonds. Upon receipt of the proceeds of the
18 bonds, there shall be set aside, in the bond and interest redemp-
19 tion ~~fund~~ DEPOSIT ACCOUNT, the amount of interest ~~which~~ THAT
20 will accrue during the period at the interest rate specified in
21 the bonds and the amount required to be ~~deposited~~ SET ASIDE in
22 the ~~reserve~~ BOND AND INTEREST REDEMPTION account. Money set
23 aside shall be used solely for the payment of the capitalized
24 interest or ~~credited to the~~ TO SATISFY BOND reserve ~~account~~
25 REQUIREMENTS.

26 Sec. 22. (1) In the authorizing ordinance the governing
27 body of the borrower shall ~~pledge~~ PROVIDE THAT the revenues of

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1 the public improvement ~~for the purposes of the following funds~~
2 and shall provide that such revenues as collected shall be set
3 aside in a receiving fund and transferred periodically as pro-
4 vided in such ordinance into separate and special funds as
5 follows~~—~~ BE ACCOUNTED FOR SEPARATELY FROM THE OTHER FUNDS AND
6 ACCOUNTS OF THE BORROWER IN THE FOLLOWING ORDER OF RECORDED
7 PRIORITY:

8 (a) ~~Out of the revenues in the receiving fund there shall~~
9 ~~be first set aside a sum sufficient to provide~~ AFTER PROVISION
10 for the payment for the next succeeding period of all current
11 expenses of administration ~~—,~~ AND operation ~~—,~~ and ~~such~~ THE
12 current expenses for ~~such~~ THAT period for maintenance as may be
13 necessary to preserve the public improvement in good repair and
14 working order. ~~This fund shall be designated "operation and~~
15 ~~maintenance fund."~~

16 (b) ~~Out of the remaining revenues in the receiving fund~~
17 ~~there~~ THERE shall be next set aside a sum sufficient to provide
18 for the payment of the principal of and the interest upon all
19 bonds payable ~~therefrom~~ FROM THOSE REVENUES, as and when the
20 ~~same~~ BONDS become due and payable. This ~~fund~~ ACCOUNT shall
21 be designated "bond and interest redemption ~~fund.~~" ACCOUNT".
22 In the event that the revenues of any operating year over and
23 above those necessary for the operation and maintenance ~~fund,~~
24 EXPENSES shall be insufficient to pay the principal of and inter-
25 est on the bonds maturing in any ~~such~~ operating year, then an
26 additional amount sufficient to pay ~~such~~ THE principal and
27 interest shall be set aside out of the revenues of the next

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1 succeeding operating year, after ~~the setting aside of the~~
2 ~~operation and maintenance fund~~ PROVISION FOR THE EXPENSES OF
3 OPERATION AND MAINTENANCE. In respect to the allocation and use
4 of ~~moneys~~ MONEY in ~~said~~ THE bond and interest redemption
5 ~~fund~~ ACCOUNT, due recognition shall be given as to priority
6 rights, if any, between different issues or series of outstanding
7 bonds. The public corporation may provide by ordinance that a
8 reasonable excess amount shall be set aside in the bond and
9 interest redemption ~~fund~~ ACCOUNT from time to time so as
10 ~~thereby~~ to produce and provide a reserve to meet any possible
11 future deficiencies. ~~therein.~~

12 (c) ~~Out of the remaining revenues in the receiving fund~~
13 NEXT there shall be ~~next~~ set aside, in the manner and priority
14 provided by the ordinance, the sum or sums necessary for ~~such~~
15 THE additional ~~funds for the public improvement as the ordinance~~
16 ~~may establish~~ ACCOUNTS AS MAY BE REQUIRED.

17 (2) Revenues remaining, ~~in the receiving fund,~~ after sat-
18 isfaction of ~~the above~~ SUBSECTION (1), at the end of any oper-
19 ating year shall be ~~deemed to be~~ CONSIDERED surplus and shall
20 be disposed of by the governing body as ~~hereinafter~~ provided IN
21 THIS ACT.

22 Sec. 24. (1) Money in the several ~~funds~~ ACCOUNTS of the
23 public improvement shall be deposited ~~with 1 or more banks, sav-~~
24 ~~ings and loan associations, or credit unions~~ AS designated by
25 the governing body of the borrower. ~~Money in the bond and~~
26 ~~interest redemption fund, including reserve money, shall be kept~~
27 ~~on deposit with the bank, trust company, savings and loan~~

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1 ~~association, or credit union or with 1 of the banks, trust~~
2 ~~companies, savings and loan associations, and credit unions, at~~
3 ~~which the principal and interest on the bonds are currently~~
4 ~~payable. The governing body of the borrower in the authorizing~~
5 ~~ordinance may provide that money~~ MONEY in the several ~~funds~~
6 ACCOUNTS of the public improvement, except money in the bond and
7 interest redemption ~~fund~~ ACCOUNT and money derived from the
8 proceeds of sale of the bonds EACH OF WHICH SHALL BE KEPT IN A
9 SEPARATE DEPOSIT ACCOUNT, may be kept in 1 DEPOSIT account. ~~at a~~
10 ~~bank, savings and loan association, or credit union.~~ In that
11 case the money in the ~~account~~ COMBINED DEPOSIT ACCOUNTS shall
12 be allocated on the books and records of the borrower to the
13 ~~funds~~ VARIOUS ACCOUNTS in the manner provided in the authoriz-
14 ing ordinance. The governing body of the borrower may provide
15 that the money in the several ~~funds~~ ACCOUNTS of the public
16 improvement may be kept in separate depository accounts. The
17 money in the bond and interest redemption ~~fund~~ ACCOUNT shall be
18 ~~kept in a separate depository account~~ ACCOUNTED FOR
19 SEPARATELY.

20 (2) Subject to the limitations and conditions provided in
21 the authorizing ordinance, money in the several ~~funds~~ ACCOUNTS
22 of the public improvement may be invested in ~~1 or more of the~~
23 ~~following:~~ ACCORDANCE WITH THE PUBLIC CORPORATION'S INVESTMENT
24 POLICY ADOPTED BY THE LEGISLATIVE BODY OR GOVERNING BODY OF THE
25 PUBLIC CORPORATION UNDER 1943 PA 20, MCL 129.91 TO 129.96.

26 ~~(a) United States government obligations.~~

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~~(b) Obligations the principal and interest on which is fully
guaranteed by the United States.~~

~~(c) Repurchase agreements that are secured by United States
government obligations or obligations fully guaranteed by the
United States and that are held by an independent third party.~~

~~(d) Certificates of deposit or other accounts of, or bankers
acceptances of, 1 or more of the following:~~

~~(i) Banks that are members of the federal deposit insurance
corporation.~~

~~(ii) Savings and loan associations that are members of the
federal savings and loan insurance corporation.~~

~~(iii) Credit unions whose accounts are insured by the
national credit union share insurance fund.~~

~~(e) Commercial paper that is rated in the highest category
by a nationally recognized rating agency.~~

~~(f) Obligations of a state of the United States or of a
political subdivision of a state of the United States that are
rated in 1 of the 3 highest categories by a nationally recognized
rating agency.~~

~~(g) A collective investment fund that invests solely in 1 or
more of the securities authorized for investment by this
subsection.~~

~~(3) Investment of money in the bond and interest redemption
fund being accumulated for payment of the next maturing principal
or interest on the bonds is limited to 1 or more of the
following:~~

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1 ~~(a) United States government obligations, or obligations the~~
2 ~~principal and interest of which are fully guaranteed by the~~
3 ~~United States, that mature not later than 10 days after the date~~
4 ~~for payment of the maturing principal or interest for which the~~
5 ~~money is being accumulated.~~

6 ~~(b) Repurchase agreements that are to settle on or before~~
7 ~~the date set for payment and that are secured by United States~~
8 ~~government obligations or obligations fully guaranteed by the~~
9 ~~United States and that are held by an independent third party.~~

10 ~~(4) The securities representing an investment under this~~
11 ~~section shall be kept on deposit with the bank, trust company,~~
12 ~~savings and loan association, or credit union having the deposit~~
13 ~~of the funds from which the purchase was made. The date of pay-~~
14 ~~ment of the next maturing principal or interest on bonds that are~~
15 ~~additionally secured pursuant to section 7a(1)(a) for purposes of~~
16 ~~investing the money in the bond and interest redemption fund~~
17 ~~shall be the date principal or interest is scheduled to be paid~~
18 ~~on those bonds as stated on the face of the bonds notwithstanding~~
19 ~~a provision of the bonds that may call for payment prior to~~
20 ~~maturity. Investment earnings shall be credited to the fund to~~
21 ~~which the investment belongs unless otherwise provided in the~~
22 ~~authorizing ordinance.~~

23 Sec. 26. Any ~~moneys~~ MONEY remaining in the ~~receiving~~
24 ~~fund~~ ACCOUNTS OF THE PUBLIC IMPROVEMENT at the end of any oper-
25 ating year, which under the provisions of section 22 shall be
26 ~~deemed to be~~ CONSIDERED surplus, may be transferred to other
27 ~~funds~~ ACCOUNTS of the public improvement or may be used for

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1 ~~such~~ THE purpose or purposes as the governing body may
2 determine to be for the best interests of the borrower, unless
3 some other disposition shall have been made ~~therefor~~ in the
4 ordinance authorizing the issuance of bonds ~~hereunder~~ UNDER
5 THIS ACT. In the event that ~~moneys in the receiving fund are~~
6 MONEY OF THE PUBLIC IMPROVEMENT IS insufficient to provide for
7 the current ~~requirements~~ EXPENSES of the operation and mainte-
8 nance ~~fund~~ ACCOUNT or the bond and interest redemption ~~fund~~
9 ACCOUNT, any ~~moneys and/or~~ MONEY OR securities in other ~~funds~~
10 ACCOUNTS of the public improvement shall be transferred first to
11 the operation and maintenance ~~fund~~ ACCOUNT and second to the
12 bond and interest redemption ~~fund~~ ACCOUNT to the extent of any
13 deficits ~~therein~~ IN THOSE ACCOUNTS.

14 Sec. 27. ~~(1) Unless an exception from prior approval is~~
15 ~~available pursuant to subsection (3), before a public corporation~~
16 ~~issues bonds under this act, it shall make a sworn application to~~
17 ~~the department of treasury, on forms to be furnished by the~~
18 ~~department of treasury, for permission to issue the bonds and~~
19 ~~shall attach to the application a certified copy of the ordinance~~
20 ~~or ordinances authorizing the issuance of the bonds and, except~~
21 ~~in case of refunding bonds, a certified copy of the estimate of~~
22 ~~the cost of the project for which the bonds are to be issued.~~
23 ~~The department of treasury may request the applicant to furnish~~
24 ~~the information the department of treasury considers desirable in~~
25 ~~order to pass upon the application. Unless an exception from~~
26 ~~prior approval is available pursuant to subsection (3), a bond~~
27 ~~shall not be issued under this act until the borrower has first~~

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1 ~~secured the approval of the department of treasury for that~~
2 ~~issuance. In determining whether a proposed issue of bonds shall~~
3 ~~be approved, the department of treasury shall take all of the~~
4 ~~following into consideration:~~ A PUBLIC CORPORATION ISSUING BONDS
5 UNDER THIS ACT IS SUBJECT TO ALL OF THE FOLLOWING:

6 (A) IF THE PUBLIC CORPORATION ISSUING THE BONDS MEETS THE
7 REQUIREMENTS OF QUALIFIED STATUS UNDER SECTION 303(3) OF THE
8 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2303, THE
9 PUBLIC CORPORATION COMPLIES WITH SECTION 319(1) OF THE REVISED
10 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2319.

11 (B) IF THE PUBLIC CORPORATION ISSUING THE BONDS DOES NOT
12 MEET THE REQUIREMENTS OF QUALIFIED STATUS UNDER SECTION 303(3) OF
13 THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2303, THE
14 PUBLIC CORPORATION MEETS THE REQUIREMENTS OF SECTION 303(7) AND
15 (8) AND SECTION 319(2) OF THE REVISED MUNICIPAL FINANCE ACT, 2001
16 PA 34, MCL 141.2303 AND 141.2319.

17 (C) SECTION 321 OF THE REVISED MUNICIPAL FINANCE ACT, 2001
18 PA 34, MCL 141.2321.

19 ~~(a) Whether the bonds conform to the provisions of this~~
20 ~~act.~~

21 ~~(b) Whether the probable revenues pledged to the payment of~~
22 ~~the bonds will be sufficient to pay the principal of and interest~~
23 ~~on the bonds when due.~~

24 ~~(c) Whether the amount of the proposed issue is sufficient~~
25 ~~or excessive for the purpose for which the bonds are to be~~
26 ~~issued.~~

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1 ~~(2) The provisions of chapter II of the municipal finance~~
2 ~~act, Act No. 202 of the Public Acts of 1943, being sections 132.1~~
3 ~~to 132.3 of the Michigan Compiled Laws, relating to the depart-~~
4 ~~ment of treasury, its powers and duties, and its orders, shall~~
5 ~~govern insofar as those provisions may be applicable, in respect~~
6 ~~to the various matters covered by this section.~~

7 ~~(3) The requirement of subsection (1) for obtaining the~~
8 ~~prior approval of the department of treasury before issuing bonds~~
9 ~~under this act, except for bonds issued in whole or in part for~~
10 ~~refunding purposes under section 20 or an obligation of a public~~
11 ~~corporation to a provider of additional security under section~~
12 ~~7a(1)(a) which secures a bond which may be tendered before matu-~~
13 ~~rity at the option of the holder, shall be subject to sections 10~~
14 ~~and 11 of chapter III of the municipal finance act, Act No. 202~~
15 ~~of the Public Acts of 1943, being sections 133.10 and 133.11 of~~
16 ~~the Michigan Compiled Laws. The department of treasury has the~~
17 ~~same authority as provided by section 11 of chapter III of Act~~
18 ~~No. 202 of the Public Acts of 1943 to issue an order providing or~~
19 ~~denying an exception from the prior approval required by subsec-~~
20 ~~tion (1) for bonds authorized by this act.~~

21 Sec. 28. ~~No order of the municipal finance commission or~~
22 ~~its successor agency permitting~~ QUALIFICATION OR APPROVAL TO
23 ISSUE OBLIGATIONS UNDER THE REVISED MUNICIPAL FINANCE ACT, 2001
24 PA 34, MCL 141.2101 TO 141.2821, THAT PERMITS the issuance of
25 bonds under this act shall NOT be ~~deemed~~ CONSIDERED an approval
26 of the legality ~~thereof~~ OF ISSUING BONDS UNDER THIS ACT. ~~The~~
27 ~~issuance of the commission's or its successor agency's order~~

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1 ~~granting permission to issue any bonds shall imply that the~~
2 ~~commission or its successor agency has made such determination of~~
3 ~~facts or circumstances, has given such approvals, and has reached~~
4 ~~such opinions as are a necessary prerequisite to the issuance of~~
5 ~~such order.~~

6 Sec. 30. (1) Any borrower issuing revenue bonds under this
7 act shall install, maintain, and keep proper books of record and
8 account, separate ~~entirely~~ from other records and accounts of
9 such borrower, in which full and correct entries shall be made of
10 all dealings or transactions of or in relation to the properties,
11 business, and affairs of the public improvement. ~~The governing~~
12 ~~body of such borrower, not later than 6 months after the close of~~
13 ~~any operating year, shall cause to be prepared, on forms fur-~~
14 ~~nished by the department of treasury, a statement in reasonable~~
15 ~~detail, sworn to by its chief accounting officer, showing the~~
16 ~~cash income and disbursements of the public improvement during~~
17 ~~such operating year, and the assets and liabilities of the same~~
18 ~~at the close of such year. Such statement, at all reasonable~~
19 ~~times during usual business hours, shall be open to examination~~
20 ~~and inspection by any taxpayer, user of the services furnished by~~
21 ~~the public improvement, or any holder or owner of bonds issued~~
22 ~~under this act, or anyone acting for or on behalf of such taxpay-~~
23 ~~er, user of the services of the public improvement, or bondhold-~~
24 ~~er, and a certified copy thereof shall be filed with the depart-~~
25 ~~ment of treasury not later than 6 months after the close of such~~
26 ~~operating year. The governing body, or any officer or member of~~
27 ~~the governing body, charged with the duty of compiling and~~

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1 ~~furnishing the statement herein required who refuses or neglects~~
2 ~~to furnish the same to the department of treasury within the time~~
3 ~~required, is guilty of a misdemeanor, and the department of trea-~~
4 ~~sury may compel compliance with this section by proceedings in~~
5 ~~mandamus. If the books of record and account pertaining to the~~
6 ~~public improvement are audited annually by a certified public~~
7 ~~accountant, the audit report of the annual audit, for the pur-~~
8 ~~poses of this section and at the option of the governing body of~~
9 ~~the borrower, may be used in place of the statement to be pre-~~
10 ~~pared on forms furnished by the department of treasury and all of~~
11 ~~the provisions of this section pertaining to the statement shall~~
12 ~~apply to the annual audit report.~~

13 (2) EACH PUBLIC CORPORATION SHALL FILE AN AUDIT REPORT ANNU-
14 ALLY WITH THE DEPARTMENT OF TREASURY WITHIN 6 MONTHS FROM THE END
15 OF ITS FISCAL YEAR OR AS OTHERWISE PROVIDED IN THE UNIFORM BUD-
16 GETING AND ACCOUNTING ACT, 1968 PA 2, MCL 141.421 TO 141.440A.