

Senate Bill 982

A bill to amend 1933 (Ex Sess) PA 18, entitled

"An act to authorize any city, village, township, or county to purchase, acquire, construct, maintain, operate, improve, extend, and repair housing facilities; to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare; and for any such purposes to authorize any such city, village, township, or county to create a commission with power to effectuate said purposes, and to prescribe the powers and duties of such commission and of such city, village, township, or county; and for any such purposes to authorize any such commission, city, village, township, or county to issue notes and revenue bonds; to regulate the issuance, sale, retirement, and refunding of such notes and bonds; to regulate the rentals of such projects and the use of the revenues of the projects; to prescribe the manner of selecting tenants for such projects; to provide for condemnation of private property for such projects; to confer certain powers upon such commissions, cities, villages, townships, and counties in relation to such projects, including the power to receive aid and cooperation of the federal government; to provide for a referendum thereon; to provide for cooperative financing by 2 or more commissions, cities, villages, townships, or counties or any combination thereof; to provide for the issuance, sale, and retirement of revenue bonds and special obligation notes for such purposes; to provide for financing agreements between cooperating borrowers; to provide for other matters relative to the bonds and notes and methods of cooperative financing; for other purposes; and to prescribe penalties and provide remedies,"

by amending sections 17 and 47 (MCL 125.667 and 125.697), as amended by 1996 PA 338; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 17. (1) For the purpose of defraying the cost of pur-
2 chasing, acquiring, constructing, improving, enlarging, extend-
3 ing, or repairing any housing project or combined projects, any
4 borrower may borrow money and issue revenue bonds. The bonds may
5 be awarded before an authorizing ordinance or resolution is
6 adopted; however, the bonds shall not be issued unless and until
7 authorized by an ordinance or resolution setting forth a brief
8 description of the contemplated housing project or combined
9 projects and the site or sites of the project or projects, time
10 and place of payment, and other details in connection with the
11 issuance and sale of the bonds.

12 ~~(2) The bonds may be issued as serial bonds, term bonds, or~~
13 ~~both term and serial bonds, with maturities and payment or~~
14 ~~redemption dates fixed by the authorizing resolution or~~
15 ~~ordinance. The borrower shall not issue bonds that appreciate in~~
16 ~~principal amount in whole or in part or are sold at a discount of~~
17 ~~more than 10%. The first maturity or required redemption of term~~
18 ~~bonds shall be not more than 5 years from the date of issuance.~~
19 ~~Except as otherwise provided in this subsection, the bonds may be~~
20 ~~issued in 1 or more series at a discount, shall be in the denomi-~~
21 ~~nations, shall bear at a fixed or variable rate or rates of~~
22 ~~interest or no interest, not to exceed the maximum rate permitted~~
23 ~~by the municipal finance act, Act No. 202 of the Public Acts of~~
24 ~~1943, as amended, being sections 131.1 to 139.3 of the Michigan~~

~~1 Compiled Laws, shall be payable at the times and at the places,
2 shall carry the conversion or registration privileges, shall have
3 the rank or priority, and shall be subject to the terms of
4 redemption at the option of the holder or the borrower, with or
5 without premium, as are prescribed in the authorizing ordinance
6 or resolution. The bonds shall be executed in the manner and
7 shall be substantially in the form provided in the authorizing
8 ordinance or resolution, which may be by facsimile signature or
9 signatures.~~

10 (2) ~~-(3)-~~ Except as otherwise provided by this act, the
11 bonds ~~shall be sold in a manner authorized for obligations~~
12 ~~issued under Act No. 202 of the Public Acts of 1943~~ ISSUED UNDER
13 THIS ACT ARE SUBJECT TO THE REVENUE BOND ACT OF 1933, 1933 PA 94,
14 MCL 141.101 TO 141.140. If less than all of the bonds authorized
15 in connection with a project or combined projects are sold to the
16 United States housing authority or a successor ~~thereof~~ AGENCY,
17 the balance of the bonds may also be sold at private sale at an
18 interest cost to the borrower of not more than the interest cost
19 to the borrower of the portion of the bonds sold to the United
20 States of America or any agency or instrumentality of the United
21 States of America. ~~Bonds sold at public sale that are payable~~
22 ~~in part from contributions to be received from the United States~~
23 ~~of America or an agency of the United States of America are not~~
24 ~~subject to Act No. 202 of the Public Acts of 1943, as amended,~~
25 ~~and need only be advertised in whatever form is customary for the~~
26 ~~sale of new housing authority bonds in a publication approved by~~
27 ~~the borrower.~~

1 (3) ~~-(4)-~~ Notes issued in connection with a housing project
2 or combined projects prior to the issuance of bonds may be
3 accepted in payment of bonds sold in connection with the housing
4 project or combined projects if the notes provide. In a contract
5 for the purchase, acquisition, or construction of any housing
6 facility or for the improvement, enlargement, extension, or
7 repair of ~~such~~ THE project or projects, provision may be made
8 that payment shall be made in ~~such~~ THE bonds.

9 (4) ~~-(5)-~~ The bonds may be made payable in funds that are on
10 the respective dates of payment of interest and principal upon
11 the bonds, legal tender for debts due the United States of
12 America. All bonds and notes issued under this act, the interest
13 on the bonds and notes, and their transfer are exempt from all
14 taxation by ~~the~~ THIS state or any ~~of its~~ political subdivi-
15 sions OF THIS STATE.

16 (5) ~~-(6)-~~ The principal of and interest upon the bonds shall
17 be payable, except as provided in this act, solely from the reve-
18 nue derived from the operation of the housing project or combined
19 projects, for the purchase, acquisition, construction, improve-
20 ment, enlargement, extension, or repair of which the ~~same~~ BONDS
21 are issued, and from contributions received for or in aid of
22 ~~such~~ THE project or combined projects, from whatever source
23 derived. The contributions may be pledged to the payment of any
24 or all bonds issued in connection with the project or combined
25 projects, as the borrower may provide. Bonds issued pursuant to
26 this act shall not constitute an indebtedness of a borrower
27 within the meaning of state constitutional provisions or

1 statutory limitations. There shall be plainly stated on the face
2 of each bond substantially as follows:

3 "This bond is a revenue bond and the principal of and inter-
4 est on this bond are exempt from any and all state, county, city,
5 village, or other taxation ~~whatsoever~~ under the laws of ~~the~~
6 THIS state ~~of Michigan~~ and are secured by the statutory lien
7 created by ~~Act No. 18 of the Public Acts of the Extra Session of~~
8 ~~1933~~ 1933 (EX SESS) PA 18, MCL 125.651 TO 125.709C, and payable
9 solely from contributions received for or in aid of the project
10 or combined projects in connection with which the bonds are
11 issued or from the revenues of ~~such~~ THE project or combined
12 projects or from both the revenues and contributions, as the case
13 may be, and are not a general obligation of the borrower."

14 (6) ~~(7)~~ The bonds shall have all the qualities of negotia-
15 ble instruments under the ~~law merchant and the negotiable~~
16 ~~instruments law~~ UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL
17 440.1101 TO 440.11102. The authorizing ordinance or resolution
18 may provide that the bonds shall be issued ~~pursuant to~~ UNDER a
19 trust indenture, the authorized form of which shall be set forth
20 in the ordinance or resolution, and any provision required or
21 permitted by this act to appear in the authorizing ordinance or
22 resolution shall be considered to be included in the ordinance or
23 resolution if set forth in the trust indenture.

24 ~~(8) Any borrower may also issue refunding bonds to refund~~
25 ~~any bonds previously issued by it or its incorporating unit pur-~~
26 ~~suant to this act or by a public housing agency, as designated by~~
27 ~~the United States Department of Housing and Urban Development~~

1 ~~pursuant to 24 C.F.R. 811, which is an agency or instrumentality~~
2 ~~of the borrower or, if the incorporating unit is the borrower, of~~
3 ~~a commission.~~

4 Sec. 47. (1) For the purpose of providing funds for
5 expenses and costs involved in the development of a housing
6 project or combined projects prior to the issuance of bonds for
7 the project or projects, or in funding the annual operations of a
8 commission, a borrower may, in addition to all other powers
9 granted in this act, borrow money and issue its negotiable prom-
10 issory notes. ~~The notes may be issued as provided in this act,~~
11 ~~notwithstanding the provisions of any other law now in existence~~
12 ~~or hereafter enacted with respect to the issuance of notes,~~
13 ~~bonds, or other obligations of the borrower.~~ The notes may be
14 authorized by ordinance or BY resolution of the borrower. ~~—, may~~
15 ~~bear interest at a fixed or variable rate or rates that do not~~
16 ~~exceed the maximum rate permitted by the municipal finance act,~~
17 ~~Act No. 202 of the Public Acts of 1943, as amended, being~~
18 ~~sections 131.1 to 139.3 of the Michigan Compiled Laws, may be~~
19 ~~payable at such times and places, may mature on such dates or on~~
20 ~~demand, may be in such form, with such privileges for exchange~~
21 ~~for definitive bonds issued in connection with the project or~~
22 ~~combined projects in connection with which the notes are issued,~~
23 ~~and may be executed and sold in such manner, as shall be set~~
24 ~~forth in the authorizing ordinance or resolution.~~ BONDS AND
25 NOTES ISSUED UNDER THIS SECTION ARE SUBJECT TO THE REVISED MUNIC-
26 IPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

1 (2) The notes shall be made payable solely out of property
2 or funds held or to be acquired by or for the commission,
3 including the proceeds of the notes and property acquired, or to
4 be acquired, ~~therewith,~~ which is not pledged for the payment of
5 other obligations issued in connection with a housing project of
6 the commission, funds received under section 27(2), or the pro-
7 ceeds of the sale of bonds issued to finance the development of
8 the project or combined projects in connection with which the
9 notes were issued. The notes shall in no event be payable out of
10 any other funds of the borrower or from taxes.

11 (3) The principal of and interest upon notes issued in
12 accordance with this act do not constitute an indebtedness of the
13 borrower within the meaning of any state constitutional provi-
14 sions or statutory limitation, and the notes shall state that
15 fact on their face.

16 ~~(4) A borrower may also issue refunding notes to refund any~~
17 ~~notes issued by it in accordance with this act.~~

18 Enacting section 1. Sections 22, 23, and 24 of 1933 (Ex
19 Sess) PA 18, MCL 125.672, 125.673, and 125.674, are repealed.