

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1175**

A bill to amend 1975 PA 222, entitled
"Higher education loan authority act,"
by amending section 5 (MCL 390.1155), as amended by 1984 PA 259.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. (1) The authority may issue its bonds in the prin-
2 cipal amounts necessary to provide funds for achieving its pur-
3 poses under this act including the payment of interest on bonds
4 of the authority, the establishment of reserves to secure the
5 bonds, and other expenditures of the authority incident to and
6 necessary or convenient to carry out its purposes and powers.
7 The authority may issue refunding bonds when it considers refund-
8 ing expedient, whether the bonds to be refunded have or have not
9 matured. The proceeds of the refunding bonds shall be applied to
10 the purchase, redemption, or payment of the bonds refunded.
11 Except as otherwise expressly provided in a resolution

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1 authorizing bonds, an issue of bonds shall be a general
2 obligation of the authority to be satisfied out of revenues or
3 money or other property of the authority, subject to an agreement
4 with the holders of particular receipts, revenues, or other prop-
5 erty of the authority ~~which~~ THAT has been pledged or
6 mortgaged.

7 (2) ~~Unless an exception from prior approval is available~~
8 ~~pursuant to subsection (4), bonds~~ BONDS issued by the authority
9 ~~shall be approved by the municipal finance commission or its~~
10 ~~successor agency but, except as provided by subsection (4),~~
11 ~~shall~~ ARE not ~~otherwise be~~ subject to the ~~municipal finance~~
12 ~~act, Act No. 202 of the Public Acts of 1943, as amended, being~~
13 ~~sections 131.1 to 139.3 of the Michigan Compiled Laws. In deter-~~
14 ~~mining whether a proposed issue of bonds should be approved, the~~
15 ~~municipal finance commission or its successor agency shall~~
16 ~~consider:~~ REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,
17 MCL 141.2101 TO 141.2821.

18 ~~(a) Whether the bonds conform to this act.~~

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

22 (3) The authority shall authorize its bonds by resolution.
23 The bonds shall bear interest at a rate or rates, which are fixed
24 for the term of the bonds or which are calculated upon a formula
25 to vary; be in the denominations; be in a form approved by the
26 authority; carry registration privileges; be executed in a
27 manner; be payable in a medium of payment; and at a place or

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1 places; be subject to terms of redemption; and be subject to
2 ~~such~~ ANY other terms and conditions as the resolution or reso-
3 lutions may provide. The bonds authorized ~~pursuant to~~ UNDER
4 this section may be sold by the authority at public or private
5 sale at a price determined by the authority. If the bonds are:

6 (a) Serial bonds or term bonds, or both, the bonds shall
7 bear a date, and, if serial bonds, shall be payable either semi-
8 annually or annually, and shall mature at a time or times, not
9 exceeding 40 years after the date of issue, as provided in the
10 resolution.

11 (b) Term loans, commercial paper, or other evidences of
12 indebtedness, the bonds shall bear a date or dates; and shall
13 mature at a time or times not exceeding 30 years after the date
14 of issue, as the resolution or resolutions shall provide.

15 ~~(4) The requirement of subsection (2) for obtaining the~~
16 ~~prior approval of the municipal finance commission or its succes-~~
17 ~~sor agency before issuing bonds under this act shall be subject~~
18 ~~to sections 10 and 11 of chapter III of Act No. 202 of the Public~~
19 ~~Acts of 1943, being sections 133.10 and 133.11 of the Michigan~~
20 ~~Compiled Laws, and the department of treasury shall have the same~~
21 ~~authority as provided by section 11 of chapter III of Act No. 202~~
22 ~~of the Public Acts of 1943 to issue an order providing or denying~~
23 ~~an exception from the prior approval required by subsection (2)~~
24 ~~for bonds authorized by this act.~~

25 (4) THE ISSUANCE OF BONDS AND NOTES UNDER THIS ACT IS
26 SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

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1 (5) FOR THE PURPOSE OF MORE EFFECTIVELY MANAGING ITS DEBT
2 SERVICE, THE AUTHORITY MAY ENTER INTO AN INTEREST RATE EXCHANGE
3 OR SWAP, HEDGE, OR SIMILAR AGREEMENT WITH RESPECT TO ITS BONDS OR
4 NOTES ON THE TERMS AND PAYABLE FROM THE SOURCES AND WITH THE
5 SECURITY, IF ANY, AS DETERMINED BY A RESOLUTION OF THE AUTHORITY.