

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1181**

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending section 71503 (MCL 324.71503), as amended by 1995 PA
72.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 71503. (1) The bonds issued under part 713 shall be
2 issued in 1 or more series, each series to be in a principal
3 amount, to be dated, to have the maturities ~~which~~ THAT may be
4 either serial, term, or term and serial, to bear interest at a
5 rate or rates, to be subject or not subject to prior redemption
6 and, if subject to prior redemption, with or without call premi-
7 ums, to be payable at a place or places, to have or not have pro-
8 visions for registration as to principal only or as to both
9 principal and interest, to be in a form and to be executed in a
10 manner as shall be determined by resolution to be adopted by the

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1 state administrative board, and to be subject to or granting
2 those covenants, directions, restrictions, or rights specified by
3 resolution to be adopted by the state administrative board as
4 necessary to ensure the marketability, insurability, or
5 tax-exempt status. The state administrative board shall rotate
6 legal counsel when issuing bonds.

7 (2) The state administrative board may refund bonds issued
8 under this part by the issuance of new bonds, whether or not the
9 bonds to be refunded have matured or are subject to prior
10 redemption. The state administrative board may issue bonds to
11 partly refund bonds issued under this part and partly for any
12 other purpose provided by this part. The principal amount of any
13 refunding bonds issued ~~pursuant to~~ UNDER this section shall not
14 be counted against the limitation on principal amount imposed by
15 the vote of the people on November 8, 1988. Further, refunding
16 bonds issued ~~pursuant to~~ UNDER this section shall not be
17 subject to the restrictions of section 71507.

18 (3) The state administrative board may authorize and approve
19 insurance contracts, agreements for lines of credit, letters of
20 credit, commitments to purchase bonds, and any other transaction
21 to provide security to assure timely payment or purchase of any
22 bond issued under this act.

23 (4) The state administrative board may authorize the state
24 treasurer, but only within limitations that are contained in the
25 authorizing resolution of the board, to do 1 or more of the
26 following:

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1 (a) Sell and deliver and receive payment of the bonds.

2 (b) Deliver bonds partly to refund bonds and partly for
3 other authorized purposes.

4 (c) Select which outstanding bonds will be refunded, if any,
5 by the new issue of bonds.

6 (d) Buy bonds so issued at not more than their face value.

7 (e) Approve interest rates or methods for fixing interest
8 rates, prices, discounts, maturities, principal amounts, purchase
9 prices, purchase dates, remarketing dates, denominations, dates
10 of issuance, interest payment dates, redemption rights at the
11 option of the state or the owner, the place and time of delivery
12 and payment, and other matters and procedures necessary to com-
13 plete the authorized transactions.

14 (f) Execute, deliver, and pay the cost of remarketing agree-
15 ments, insurance contracts, agreements for lines of credit, let-
16 ters of credit, commitments to purchase bonds or notes, and any
17 other transaction to provide security to assure timely payments
18 or purchase of any bond issued under this part.

19 (5) The bonds ~~shall be approved by the department of trea-~~
20 ~~sury before their issuance but are not otherwise subject to the~~
21 ~~municipal finance act, Act No. 202 of the Public Acts of 1943,~~
22 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws~~ ARE
23 NOT SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL
24 141.2101 TO 141.2821.

25 (6) The bonds or any series of the bonds shall be sold at a
26 price and at a publicly advertised sale or a competitively
27 negotiated sale as determined by the state administrative board.

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1 If bonds are issued at a competitively negotiated sale, the state
2 administrative board shall use its best efforts to include firms
3 based in this state in the sale of the bonds.

4 (7) Except as provided in subsection (8), the bonds shall
5 be sold in accordance with the following schedule, beginning
6 during the first year after December 1, 1988:

7 (a) Not more than 34% shall be sold during the first year.

8 (b) Not more than 33% shall be sold during the second year.

9 (c) Not more than 33% shall be sold during the third year.

10 (d) After the third year any remaining bonds may be sold at
11 the discretion of the state administrative board.

12 (8) The state administrative board may alter the schedule
13 for issuance of the bonds provided in subsection (7) if amend-
14 ments to the internal revenue code of 1986 would impair the
15 tax-exempt status of the bonds.

16 (9) THE ISSUANCE OF BONDS AND NOTES UNDER THIS SECTION IS
17 SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

18 (10) FOR THE PURPOSE OF MORE EFFECTIVELY MANAGING ITS DEBT
19 SERVICE, THE STATE ADMINISTRATIVE BOARD MAY ENTER INTO AN INTER-
20 EST RATE EXCHANGE OR SWAP, HEDGE, OR SIMILAR AGREEMENT WITH
21 RESPECT TO ITS BONDS OR NOTES ON THE TERMS AND PAYABLE FROM THE
22 SOURCES AND WITH THE SECURITY, IF ANY, AS DETERMINED BY A RESOLU-
23 TION OF THE STATE ADMINISTRATIVE BOARD.