

SENATE BILL No. 1173

March 5, 2002, Introduced by Senator PETERS and referred to the Committee on Finance.

A bill to amend 1969 PA 38, entitled
"Hospital finance authority act,"
by amending sections 12 and 42 (MCL 331.42 and 331.72),
section 12 as amended by 1994 PA 428 and section 42 as amended by
1992 PA 302; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. The state authority has the powers necessary to
2 carry out and effectuate the purposes of this act, including, but
3 not limited to, all of the following:

4 (a) To sue and be sued, to have a seal and authority to
5 alter that seal at pleasure, to have perpetual succession, to
6 make, execute, and deliver contracts, conveyances, and other
7 instruments necessary or convenient to the exercise of its
8 powers, and to make and amend bylaws.

1 (b) To solicit and accept gifts, grants, loans, and other
2 aids from any person, corporation, or governmental agency.

3 (c) To make loans, to participate in the making of loans, to
4 undertake commitments, to make loans and mortgages, to sell loans
5 and mortgages at public or private sale, to modify or alter loans
6 and mortgages, to discharge loans and mortgages, to foreclose on
7 a mortgage or commence an action to protect or enforce a right
8 conferred upon the state authority by a law, mortgage, loan, con-
9 tract, or other agreement, to bid for and purchase property that
10 was the subject of a mortgage at a foreclosure or at any other
11 sale and to acquire or take possession of that property, to com-
12 plete, administer, pay the principal and interest on any obliga-
13 tions incurred in connection with acquired property, and to dis-
14 pose of and otherwise deal with the property in a manner neces-
15 sary or desirable to protect the interests of the state authority
16 in the property. The loans made by the authority may be secured
17 or unsecured, as the authority determines.

18 (d) To loan money to hospitals for the purpose of refinanc-
19 ing any outstanding indebtedness of a hospital if the state
20 authority determines the refinancing is necessary to realize the
21 objectives and purposes of this act. A hospital loan made pursu-
22 ant to this subdivision shall not exceed the amount of the prin-
23 cipal, interest, and redemption premium, if any, of the indebted-
24 ness to be refinanced that has not been repaid, plus the market-
25 ing, financing, legal, and other costs incurred in connection
26 with the refinancing and the issuance of bonds of the state
27 authority issued in whole or in part to provide funds to make the

1 hospital loan described in this subdivision, including the costs
2 of funding a bond reserve and paying capitalized interest on the
3 bonds for a period not to exceed 1 year after the issuance of the
4 bonds. The determination of the state authority under this sub-
5 division is conclusive except with respect to the approval of the
6 municipal finance commission or its successor agency when prior
7 approval is required.

8 (e) To charge, impose, and collect fees and charges in con-
9 nection with its loans, commitments, and servicing including
10 reimbursement of costs of financing by the authority, service
11 charges, insurance premiums, and an allocable share of the oper-
12 ating expenses of the authority and to make provision for
13 increasing those fees and charges, if necessary, as the state
14 authority determines is reasonable and approved by the state
15 authority.

16 (f) To acquire, hold, and dispose of real or personal prop-
17 erty convenient for the accomplishment of the purpose of this
18 act.

19 (g) To procure insurance against a loss in connection with
20 its property, assets, or activities.

21 (h) To borrow money and issue its bonds or notes for the
22 money and provide for the rights of the holders of the bonds or
23 notes and to secure the bonds by mortgage, assignment, or pledge
24 of any or all of its properties including any part of the secur-
25 ity for its hospital loans. The state shall not be liable on any
26 bonds of the state authority, the bonds and notes are not a debt

1 of the state, and each bond and note shall contain on its face a
2 statement to that effect.

3 (i) To invest any funds not required for immediate use or
4 disbursement, at its discretion, in any of the following:

5 (i) Obligations of this state, the United States, or an
6 agency of the United States.

7 (ii) Obligations the principal and interest of which are
8 guaranteed by this state or the United States.

9 (iii) Certificates of deposit of a bank that is a member of
10 the federal reserve system.

11 (iv) Certificates of deposit of a savings and loan associa-
12 tion that is a member of the federal home loan bank system.

13 (v) Commercial paper that is rated at the time of purchase
14 within the 2 highest classifications established by not less than
15 2 national rating services and that matures not more than 270
16 days after the date of purchase.

17 (vi) In United States government or federal agency obliga-
18 tion repurchase agreements.

19 (vii) In bankers' acceptances of United States banks.

20 (viii) In mutual funds composed of investment vehicles that
21 are legal for direct investment by the state authority.

22 (ix) Subject to the approval of the state treasurer, obliga-
23 tions specified by the state authority in a contract with the
24 holders of its bonds or notes.

25 (j) To engage necessary personnel and to engage the services
26 of private consultants for rendering professional and technical
27 assistance and advice.

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, as amended, being sections~~
5 ~~24.201 to 24.328 of the Michigan Compiled Laws~~ 1969 PA 306,
6 MCL 24.201 TO 24.328.

7 (l) To enter into interest rate exchanges or swaps, hedges,
8 or similar agreements with respect to its bonds or notes in the
9 same manner and subject to the same limitations and conditions as
10 provided for a municipality in ~~section 15 of chapter III of the~~
11 ~~municipal finance act, Act No. 202 of the Public Acts of 1943,~~
12 ~~being section 133.15 of the Michigan Compiled Laws~~ THE REVISED
13 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

14 Sec. 42. (1) The notes and bonds authorized by the state
15 authority or local authority shall be authorized by resolution
16 adopted by a majority vote of the members of the authority. The
17 notes and bonds shall be serial bonds, term bonds, or term and
18 serial bonds and shall bear a date and mature at a time, not
19 exceeding 50 years from the date of issue, as the resolution
20 provides. The notes and bonds shall bear interest at the rate or
21 rates as may be set, reset, or calculated from time to time or
22 may bear no interest as provided in the resolution. The notes
23 and bonds shall be in denominations, be in a form, either coupon
24 or registered or both, carry registration privileges, be executed
25 in a manner, be payable in a medium of payment, at a place or
26 places and, at the times, and be subject to the terms of
27 redemption as the resolution provides. The notes and bonds of

1 the authority may be sold by the authority, at public or private
2 sale, at a price or prices as the authority determines. The
3 bonds may be sold at a discount. The bonds shall not be sold at
4 a price that would make the interest costs on the money borrowed
5 exceed 10% or the maximum interest permitted by the ~~municipal~~
6 ~~finance act, Act No. 202 of the Public Acts of 1943, as amended,~~
7 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws~~
8 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
9 141.2821, whichever is greater. EXCEPT AS OTHERWISE PROVIDED IN
10 THIS ACT, BONDS AND NOTES ISSUED UNDER THIS ACT ARE NOT SUBJECT
11 TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
12 141.2821.

13 (2) THE ISSUANCE OF BONDS AND NOTES UNDER THIS ACT IS
14 SUBJECT TO THE AGENCY FINANCING REPORTING ACT.

15 Enacting section 1. Section 46 of the hospital finance
16 authority act, 1969 PA 38, MCL 331.76, is repealed.