

# SENATE BILL No. 1175

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

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, MCL  
17 141.2101 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

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.