

HOUSE BILL No. 5422

November 1, 2001, Introduced by Rep. Meyer and referred to the Committee on Commerce.

A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending section 127 (MCL 389.127), as added by 1982 PA 342.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 127. (1) The board of trustees may also borrow money
2 and issue its notes or other obligations to secure funds for
3 operating expenses or to pay previous obligations incurred for
4 operating purposes under this or any other statute. The board
5 may pledge state appropriations made and not yet received, fed-
6 eral grants or payments, allocations of fees and charges required
7 to be paid by students enrolling in the college, or any combina-
8 tion of these revenues, for payment of the notes or other
9 obligations. A note or obligation pledging a state appropriation
10 ~~shall~~ IS not ~~be~~ state indebtedness and shall carry a
11 statement to that effect.

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1 (2) Subject to applicable charter, statutory, and
2 constitutional limitations, the board may pledge the full faith
3 and credit of the district for notes or obligations issued pursu-
4 ant to this section. ~~In case of the insufficiency of~~ IF the
5 funds primarily pledged for the payment of notes or obligations
6 to which the full faith and credit of the district has been
7 pledged ARE INSUFFICIENT, the notes or obligations shall be a
8 first budget obligation of the district payable from any avail-
9 able funds.

10 (3) A pledge pursuant to this section shall constitute a
11 statutory lien ~~which~~ THAT shall be valid and binding from the
12 time the pledge is made without any physical delivery or further
13 act or recording, notice, or filing of any kind. If state appro-
14 priations are pledged for payment of notes or obligations issued
15 pursuant to this section, the district may direct the state trea-
16 surer to pay all or a part of payments due to the district to a
17 paying agent, trustee, or escrow agent for payment of the notes
18 or obligations. The state treasurer shall comply with ~~such~~
19 THOSE instructions, but this section shall not be construed to
20 require the state treasurer to make payment ~~when~~ IF funds are
21 not available or at a time or in an amount other than would be
22 payable to the district pursuant to law or to give rise to any
23 liability of the state to holders of notes or obligations for
24 failure of the state or the state treasurer to comply with this
25 section.

26 (4) In connection with the issuance of notes or obligations
27 pursuant to this section, the board may approve agreements,

1 insurance contracts, lines of credit, letters of credit,
2 commitments to purchase notes or obligations, or other transac-
3 tions to insure timely payment of any note or obligation. The
4 district may pay from the proceeds of the notes the costs inci-
5 dental to the issuance of the notes and other incidental
6 expenses, including fees or charges for transactions to provide a
7 separate security to insure timely payment of the notes or
8 obligations.

9 (5) Notes or obligations issued pursuant to this section
10 shall ~~not~~ be subject to the ~~municipal finance act, Act No. 202~~
11 ~~of the Public Acts of 1943, as amended, being sections 131.1 to~~
12 ~~138.2 of the Michigan Compiled Laws~~ REVISED MUNICIPAL FINANCE
13 ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. The notes or obliga-
14 tions shall be in ~~such~~ THE form, have ~~such~~ THE terms, and be
15 sold in ~~such~~ A manner as ~~shall be~~ determined by the board.
16 (6) Notes or obligations assessed pursuant to this section
17 shall be fully repaid within the ensuing 12 months.