

# SENATE BILL No. 881

November 29, 2001, Introduced by Senator STILLE and referred to the Committee on Technology and Energy.

A bill to create the Michigan community communications development authority; to create funds and accounts; to authorize the issuing of bonds and notes; to prescribe the powers and duties of the authority; to make an appropriation; and to repeal acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "Michigan community communications development authority act".

3       Sec. 2. The legislature finds that many areas of the state  
4 are not being adequately served with enhanced communications  
5 services and that, for the benefit of the people of this state  
6 and the improvement of their health, welfare, and living condi-  
7 tions, the improvement of the economic and educational welfare of  
8 this state, and the improvement of its public safety and  
9 security, it is essential that an enhanced communications

1 infrastructure be expanded to provide communications services  
2 throughout the state. This act shall provide a method to assure  
3 the economic, technological, and logistical integration of commu-  
4 nications services throughout the state on a nondiscriminatory  
5 basis. The provision of affordable and enhanced communications  
6 services will assure the long-term growth of and the enhancement  
7 and delivery of services by the existing educational, medical,  
8 commercial, and governmental entities within the state, includ-  
9 ing, but not limited to, municipalities and counties, public  
10 safety facilities, judicial and criminal facilities, telemedical  
11 facilities, schools, colleges, universities, hospitals, librar-  
12 ies, community centers, businesses, nonprofit organizations, and  
13 residential properties. The legislature finds that the condi-  
14 tions described above have not and cannot be remedied on a timely  
15 basis by the ordinary operation of private enterprise without  
16 supplementary public participation. It is declared to be a valid  
17 public purpose to undertake and to finance or refinance the  
18 acquisition, construction, development, maintenance, operation,  
19 and ownership, in whole or in part, of a statewide communications  
20 infrastructure. It is further declared to be a valid public pur-  
21 pose for the authority created under this act to issue bonds and  
22 notes to provide for undertaking and financing or refinancing, to  
23 make grants, loans, and provide joint venture financing or par-  
24 ticipation to communications developers and communications opera-  
25 tors, to enter into contracts for the lease or management of all  
26 or portions of the communications infrastructure, and to enter  
27 into joint venture arrangements and partnerships with persons to

1 acquire, construct, develop, create, maintain, own, and operate  
2 all or portions of the communications infrastructure. The legis-  
3 lature finds that the authority created and powers conferred by  
4 this act constitute a necessary program and serve a necessary  
5 public purpose.

6 Sec. 3. As used in this act:

7 (a) "Authority" means the Michigan community communications  
8 development authority created under section 4.

9 (b) "Board" means the board of directors of the authority.

10 (c) "Capital reserve fund requirement" means the fund amount  
11 requirement which may be established in the resolution authoriz-  
12 ing notes or bonds for which a capital reserve fund has been  
13 established under section 8. The required amount shall not  
14 exceed the maximum amount of principal and interest maturing and  
15 becoming due in a succeeding calendar year on the notes or bonds  
16 secured in whole or in part by the fund.

17 (d) "Communications developer" means a person selected by  
18 the authority to acquire, construct, develop, and create any part  
19 of the communications infrastructure.

20 (e) "Communications infrastructure" means all facilities,  
21 hardware, software, and other intellectual property necessary to  
22 provide enhanced communications services in this state.

23 (f) "Communications operator" means a person selected by the  
24 authority to operate any part of the communications  
25 infrastructure.

26 (g) "Development costs" means the costs associated with the  
27 communications infrastructure that have been approved by the

1 authority and include, but are not limited to, all of the  
2 following:

3       (i) The costs for the planning, acquiring, leasing, con-  
4 struction, maintenance, and operation of the communications  
5 infrastructure.

6       (ii) Payments for options to purchase, deposits on contracts  
7 of purchase, and payments for the purchases of properties for the  
8 communications infrastructure.

9       (iii) Financing, acquisition, demolition, construction,  
10 rehabilitation, and site development of new and existing  
11 buildings.

12       (iv) Carrying charges during construction.

13       (v) Purchases of hardware, software, facilities, or other  
14 expenses related to the communications infrastructure.

15       (vi) Legal, organizational, and marketing expenses, project  
16 manager and clerical staff salaries, office rent, and other inci-  
17 dental expenses.

18       (vii) Payment of fees for preliminary feasibility studies  
19 and advances for planning, engineering, and architectural work.

20       (viii) Any other costs and expenses necessary for the acqui-  
21 sition, construction, maintenance, and operation of all or por-  
22 tions of the communications infrastructure.

23       (h) "Person" means an individual, corporation, limited or  
24 general partnership, association, joint venture, limited liabil-  
25 ity company, or a governmental entity, including the state of  
26 Michigan.

1       Sec. 4. (1) The Michigan community communications  
2 development authority is created as a public body corporate and  
3 politic within the department of treasury.

4       (2) The authority shall do all of the following:

5       (a) Facilitate the acquisition, construction, maintenance,  
6 and operation of the communications infrastructure by the author-  
7 ity or other person, including, but not limited to, voice, video,  
8 and data, to public and nonprofit entities.

9       (b) Expand services through the communications infrastruc-  
10 ture to all residential and commercial customers in this state.

11       (c) Authorize the issuance of bonds to finance all or por-  
12 tions of the communications infrastructure.

13       (d) Authorize the making of loans, grants, and joint venture  
14 financing to communications developers and communications  
15 operators.

16       (e) Authorize the imposition and collection of charges and  
17 fees for the services furnished by the communications  
18 infrastructure.

19       (f) Enter into joint venture arrangements and partnerships  
20 to acquire, construct, maintain, and operate the communications  
21 infrastructure.

22       (g) Provide for or assist with all other matters necessary  
23 for the acquisition, construction, maintenance, and operation of  
24 the communications infrastructure.

25       Sec. 5. The authority shall exercise its duties indepen-  
26 dently of the state treasurer. The budgeting, procurement, and  
27 related administrative functions of the authority shall be

1 performed under the direction and supervision of the state  
2 treasurer.

3       Sec. 6. (1) The authority shall exercise its duties through  
4 its board of directors.

5       (2) The board shall be made up of the following members:

6       (a) The president and CEO of the Michigan economic develop-  
7 ment corporation.

8       (b) The state treasurer.

9       (c) The executive director of the Michigan state housing  
10 development authority.

11       (d) Eight members with knowledge, skill, or experience in  
12 the academic, business, technology, or financial fields appointed  
13 by the governor with the advice or consent of the senate. Not  
14 more than 2 of the 4 appointed members shall be, during their  
15 term on the board, employees of this state. Not more than 4 of  
16 the 8 appointed members shall be members of the same political  
17 party. Six of the 8 appointed members shall serve for fixed  
18 terms. Of the 6 fixed-term members first appointed, 2 shall be  
19 appointed for a term that expires December 31, 2003, 2 shall be  
20 appointed for a term that expires December 31, 2004, and 2 shall  
21 be appointed for a term that expires December 31, 2005. Upon  
22 completion of each fixed term, a member shall be appointed for a  
23 term of 4 years. The 2 appointed members serving without a fixed  
24 term shall serve at the pleasure of the governor. The 4  
25 appointed members shall serve until a successor is appointed. A  
26 vacancy in a fixed-term membership shall be filled for the

1 balance of the unexpired term in the same manner as the original  
2 appointment.

3       (3) The chief executive officer or director of any state  
4 department or agency who is a designated member of the board may  
5 appoint a representative to serve in his or her absence.

6       (4) Except for the board president and vice president, mem-  
7 bers of the board may serve without compensation but may receive  
8 reasonable reimbursement for necessary travel and expenses  
9 incurred in the discharge of their duties. The board shall  
10 establish reasonable compensation for the board president and  
11 vice president.

12       (5) The governor shall designate 1 member of the board to  
13 serve as its chairperson who shall serve at the pleasure of the  
14 governor. Of the 2 board members serving without a fixed term at  
15 the pleasure of the governor, the governor shall designate 1  
16 member to serve as the board's president and chief executive  
17 officer and the other member to serve as its vice president.

18       (6) A majority of the appointed and serving members of the  
19 board shall constitute a quorum of the board for the transaction  
20 of business. A member may participate in a meeting by the use of  
21 amplified telephonic or video conferencing equipment. A member  
22 participating by the use of video conferencing equipment shall be  
23 considered to be present for purposes of a quorum. Actions of  
24 the board shall be approved by a majority vote of the members  
25 present at a meeting.

26       (7) A record or portion of a record, material, information,  
27 or other data received, prepared, used, or retained by the

1 authority in connection with an application to or project related  
2 to the communications infrastructure assisted by the authority  
3 that relates to trade secrets, commercial, financial, or propri-  
4 etary information submitted by the applicant, and which is  
5 requested in writing by the applicant and acknowledged in writing  
6 by the president of the authority to be confidential, is not  
7 subject to the freedom of information act, 1976 PA 442,  
8 MCL 15.231 to 15.246. As used in this subsection, "trade  
9 secrets, commercial, financial, or proprietary information" means  
10 information that has not been publicly disseminated or which is  
11 unavailable from other sources, the release of which might cause  
12 the applicant significant competitive harm.

13 (8) The authority may employ or contract for legal, finan-  
14 cial, and technical experts, and other officers, agents, and  
15 employees, permanent and temporary, as the authority requires,  
16 and shall determine their qualifications, duties, and  
17 compensation. The board may delegate to 1 or more agents or  
18 employees those powers or duties with such limitations as the  
19 board considers proper.

20 (9) The members of the board and officers and employees of  
21 the authority are subject to 1968 PA 317, MCL 15.321 to 15.330,  
22 or 1968 PA 318, MCL 15.301 to 15.310.

23 (10) A member of the board or officer, employee, or agent of  
24 the authority shall discharge the duties of his or her position  
25 in a nonpartisan manner, with good faith, and with that degree of  
26 diligence, care, and skill which an ordinarily prudent person  
27 would exercise under similar circumstances in a like position.



1 In discharging the duties, a member of the board or an officer,  
2 employee, or agent, when acting in good faith, may rely upon the  
3 opinion of counsel for the authority, upon the report of an inde-  
4 pendent appraiser selected with reasonable care by the board, or  
5 upon financial statements of the authority represented to the  
6 member of the board or officer, employee, or agent of the author-  
7 ity to be correct by the president or the officer of the author-  
8 ity having charge of its books or account, or stated in a written  
9 report by a certified public accountant or firm of certified  
10 public accountants fairly to reflect the financial condition of  
11 the authority.

12       Sec. 7. (1) The powers of the authority shall include all  
13 those necessary to carry out and effectuate the purposes of this  
14 act, including, but not limited to, all of the following:

15       (a) To acquire, lease, construct, operate, and maintain the  
16 communications infrastructure and to impose and collect charges,  
17 fees, or rentals for the services furnished by the communications  
18 infrastructure.

19       (b) To borrow money and issue bonds and notes to fund opera-  
20 tions of the authority, to finance or refinance part or all of  
21 the development costs of the communications infrastructure, to  
22 make purchases related to the communications infrastructure, to  
23 refinance existing debt for technology which constitutes a part  
24 of or is related to the communications infrastructure, and to  
25 secure bonds and notes by mortgage, assignment, or pledge of any  
26 of its revenues and assets.

1 (c) To solicit and accept gifts, grants, and loans from any  
2 person.

3 (d) To invest any money of the authority at the authority's  
4 discretion, in any obligations determined proper by the authori-  
5 ty, and name and use depositories for its money.

6 (e) To enter into partnerships or other joint venture  
7 arrangements with persons to acquire, construct, develop, main-  
8 tain, and operate all or portions of the communications  
9 infrastructure.

10 (f) To make grants and loans and to enter into any joint  
11 venture financing or participation with communications developers  
12 and communications operators to acquire, construct, maintain, and  
13 operate all or portions of the communications infrastructure.

14 (g) To enter into contracts for the lease or management of  
15 all or portions of the communications infrastructure.

16 (h) To set construction, operation, and financing standards  
17 for the communications infrastructure and to provide for inspec-  
18 tions to determine compliance with those standards.

19 (i) To acquire from any person interest in real or personal  
20 property.

21 (j) To procure insurance against any loss in connection with  
22 the communications infrastructure and any other property, assets,  
23 or activities of the authority.

24 (k) To sue and be sued, to have a seal, and to make, exe-  
25 cute, and deliver contracts, conveyances, and other instruments  
26 necessary to the exercise of the authority's powers.

1 (l) To make and amend bylaws.

2 (m) To indemnify and procure insurance indemnifying any  
3 members of the board of the authority from personal liability by  
4 reason of their service as a board member.

5 (n) To employ and contract with individuals necessary for  
6 the acquisition, construction, maintenance, and operation of the  
7 communications infrastructure.

8 (o) To investigate, evaluate, and assess the current commu-  
9 nications infrastructure and the future communications infra-  
10 structure needs of the state and to encourage and participate in  
11 aggregation strategies for the communications services of all  
12 public entities and qualifying nonprofit corporations in the  
13 state to maximize the interconnectivity and efficiencies of the  
14 communications infrastructure.

15 (2) Notwithstanding any other provision of this act, the  
16 authority shall exercise its power to acquire real or personal  
17 property constituting portions of the communications infrastruc-  
18 ture only (i) after the authority shall make a determination that  
19 without such acquisition a geographical area within the state to  
20 be served by the communications infrastructure will not otherwise  
21 be adequately served at a reasonable cost and in a timely manner;  
22 and (ii) only in connection with the participation of other per-  
23 sons through joint ventures, partnerships, or other co-ownership  
24 arrangements, unless the authority shall determine that opportu-  
25 nities for such arrangements are not available under financial  
26 and development criteria established by a resolution of the  
27 authority, provided that the restrictions under this subsection

1 do not apply in the case of the foreclosure or realization on any  
2 mortgage, security interest of other security document.

3       Sec. 8. (1) A reserve capital account is created under the  
4 jurisdiction and control of the authority and shall be adminis-  
5 tered by the authority to secure notes and bonds of the  
6 authority. The authority shall credit to the reserve capital  
7 account money appropriated by the state for the reserve capital  
8 account, the proceeds of the sale of notes or bonds to the extent  
9 provided for in the authorizing resolution of the authority, and  
10 any other money that is made available to the authority for the  
11 purpose of the reserve capital account.

12       (2) In the resolution authorizing the issuance of notes or  
13 bonds, the authority may establish a capital reserve fund for the  
14 payment of the principal and interest of notes or bonds, for the  
15 purchase or redemption of the notes or bonds, or for the payment  
16 of a redemption premium required to be paid when the notes or  
17 bonds are redeemed before maturity. The authority shall not use  
18 a capital reserve fund for an optional purchase or optional  
19 redemption of notes or bonds if the use would reduce the total of  
20 the money in the capital reserve fund to less than the capital  
21 reserve fund requirement established for the fund.

22       (3) In addition to, or in lieu of, depositing money in the  
23 reserve capital account or in a capital reserve fund, the author-  
24 ity may obtain or pledge letters of credit, insurance policies,  
25 surety bonds, guarantees, or other security arrangements if the  
26 security arrangements are approved by the state treasurer. The  
27 amount available under letters of credit, insurance policies,

1 surety bonds, guarantees, or other security arrangements pledged  
2 to the capital reserve fund shall be credited toward the capital  
3 reserve fund requirement for the fund.

4       (4) Income or interest earned by the reserve capital account  
5 may be transferred by the authority to other funds or accounts of  
6 the authority.

7       (5) Income or interest earned by a capital reserve fund may  
8 be transferred by the authority to other funds or accounts of the  
9 authority to the extent that the transfer does not reduce the  
10 total of the amount of money in the fund below the capital  
11 reserve fund requirement for that fund.

12       Sec. 9. The authority shall accumulate in a capital reserve  
13 fund an amount equal to the capital reserve fund requirement for  
14 that fund. If at any time the amount of a capital reserve fund  
15 falls below the capital reserve fund requirement for that fund,  
16 the authority shall transfer from the reserve capital account to  
17 the capital reserve fund an amount equal to the capital reserve  
18 fund requirement. If a deficiency exists in more than 1 capital  
19 reserve fund and the amount in the reserve capital account is not  
20 sufficient to fully restore the capital reserve funds, the money  
21 in the reserve capital account shall be allocated between the  
22 deficient capital reserve funds pro rata according to the amounts  
23 of the deficiencies. If at any time the reserve capital account  
24 has been exhausted and the amount of the capital reserve fund is  
25 insufficient to meet the capital reserve fund requirement, the  
26 authority on or before September 1 shall certify to the governor  
27 the amount necessary to restore the capital reserve fund to an

1 amount equal to the capital reserve fund requirement for that  
2 fund. The governor shall include in his or her annual budget the  
3 amount certified under this subsection by the authority.

4       Sec. 10. (1) The communications infrastructure fund is cre-  
5 ated under the jurisdiction and control of the authority and  
6 shall be administered by the authority to provide funds to make  
7 grants, loans, or joint venture financing or participation  
8 arrangements to or with persons to fund the planning, acquisi-  
9 tion, construction, maintenance, and operation of the communica-  
10 tions infrastructure, purchases related to the communications  
11 infrastructure, and to refinance existing debt incurred in con-  
12 nection with the acquisition or development of technology which  
13 constitutes a part of or is related to the communications  
14 infrastructure.

15       (2) The authority shall credit to the communications infra-  
16 structure fund any money appropriated by the state for the fund,  
17 any money which the authority receives in repayment of loans made  
18 from the fund, and any other money made available to the author-  
19 ity for the purpose of the fund.

20       Sec. 11. (1) The authority may issue notes and bonds as  
21 provided under this act to do all of the following:

22       (a) Pay the development costs associated with the acquiring,  
23 leasing, constructing, maintaining, and operating of the communi-  
24 cations infrastructure.

25       (b) Make loans to persons for development costs.

26       (c) Make loans to persons to make purchases related to the  
27 communications infrastructure.

1 (d) Make loans to persons to refinance existing debt of the  
2 authority or other persons incurred in connection with the acqui-  
3 sition or development of technology which constitutes a part of  
4 or is related to the communications infrastructure.

5 (e) Pay the interest on bonds and notes of the authority.

6 (f) Establish reserves to secure the bonds and notes.

7 (g) Make other expenditures of the authority necessary to  
8 carry out the authority's duties under this act, including the  
9 payment of the authority's operating expenses.

10 (2) The authority may issue renewal notes, issue bonds to  
11 pay notes, and refund bonds by the issuance of new bonds, whether  
12 or not the bonds to be refunded have matured. The refunding  
13 bonds shall be sold and the proceeds applied to the purchase,  
14 redemption, or payment of the bonds to be refunded. The author-  
15 ity may issue instruments separate from the obligations described  
16 in this subsection that establish a contractual right in the  
17 holder of the instrument to require mandatory tender for purchase  
18 of the obligations to which the instrument applies for a period  
19 of time and subject to provisions as the authority may  
20 determine.

21 (3) Except as otherwise provided by the authority or this  
22 act, every note or bond issue of the authority shall be a general  
23 obligation of the authority payable out of revenues or money of  
24 the authority, subject only to agreements with the holders of  
25 particular notes or bonds pledging any particular receipts or  
26 revenues.

1       (4) Whether or not the notes or bonds are of a form or  
2 character as to be negotiable instruments, the notes or bonds are  
3 negotiable instruments within the meaning of the uniform commer-  
4 cial code, 1962 PA 174, MCL 440.1101 to 440.11102.

5       Sec. 12. (1) The notes and bonds shall be authorized by  
6 resolution of the authority and mature at the time provided in  
7 the resolution. The notes and bonds shall be in such form, bear  
8 interest at a rate or rates, be in the denominations, carry reg-  
9 istration privileges, be payable, and be subject to the terms of  
10 redemption as provided in the resolution.

11       (2) The notes and bonds of the authority may be sold by the  
12 authority at public or private sales at prices as the authority  
13 determines.

14       Sec. 13. A resolution relating to authorizing notes or  
15 bonds may contain any of the following provisions, which shall be  
16 a part of the contract with the holders of the notes or bonds:

17       (a) Pledging all or any part of the revenues of the authori-  
18 ty, and all or any part of the money received in payment of loans  
19 and interest on loans, and other money received or to be received  
20 to secure the payment of the notes or bonds.

21       (b) Pledging all or any part of the assets of the authority,  
22 including mortgages and obligations obtained by the authority in  
23 connection with its programs, to secure the payment of the notes  
24 or bonds.

25       (c) Pledging any loan, grant, or contribution from a govern-  
26 ment entity.



1 (d) The use and disposition of the gross income from  
2 contracts and leases of the authority.

3 (e) The setting aside of reserves or sinking funds and the  
4 regulation and disposition of reserves or sinking funds.

5 (f) Limitations on the purpose to which the proceeds of sale  
6 of notes or bonds may be applied and pledging proceeds to secure  
7 the payment of the notes or bonds.

8 (g) Limitations on the issuance of additional notes or  
9 bonds, the terms upon which additional notes or bonds may be  
10 issued and secured, and the refunding of outstanding or other  
11 notes or bonds.

12 (h) The procedure, if any, by which the terms of any con-  
13 tract with noteholders or bondholders may be amended or abro-  
14 gated, the amount of notes or bonds the holders of which shall  
15 consent to the amendment or abrogation, and the manner in which  
16 the consent is to be given.

17 (i) Vesting in a trustee or trustees property, rights,  
18 powers, and duties in trust as the authority may determine, which  
19 may include any of the rights, powers, and duties of the trustee  
20 appointed by the bondholders under this act and limiting or abro-  
21 gating the right of the bondholders to appoint a trustee under  
22 this section or limiting the rights, powers, and duties of the  
23 trustee.

24 (j) Establishing a contractual right to require mandatory  
25 tender for purchase of the notes or bonds in an instrument sepa-  
26 rate from the notes or bonds. The instrument may be issued or  
27 sold by the authority to investors.

1 (k) Any other provision that may affect the security or  
2 protection of the notes or bonds.

3 (l) Delegating to an officer or other employee of the  
4 authority, or an agent designated by the authority, for such  
5 period of time as the authority determines, the power to cause  
6 the issue, and sale and delivery, of the notes or bonds within  
7 limits on those notes or bonds established by the authority as to  
8 any of the following:

9 (i) The form.

10 (ii) The maximum interest rate or rates.

11 (iii) The maturity date or dates.

12 (iv) The purchase price.

13 (v) The denominations.

14 (vi) The redemption premiums.

15 (vii) The nature of the security.

16 (viii) The selection of the applicable interest rate index.

17 (ix) Other terms and conditions with respect to issuance of  
18 the notes or bonds as the authority shall prescribe.

19 Sec. 14. (1) Any pledge made by the authority is valid and  
20 binding from the date that the pledge is made.

21 (2) The money or property pledged and received by the  
22 authority shall immediately be subject to the lien of the pledge  
23 without any physical delivery or further act and the lien of the  
24 pledge is valid and binding against all parties having claims in  
25 tort, contract or otherwise against the authority, irrespective  
26 of whether the parties have notice of the lien.

1       (3) The resolution or any other instrument by which a pledge  
2 is created need not be recorded.

3       Sec. 15. The members of the board or any person executing  
4 the notes or bonds under this act are not liable personally on  
5 the notes or bonds or subject to any personal liability or  
6 accountability by reason of the issuance of the notes or bonds.

7       Sec. 16. Subject to any agreements with noteholders or  
8 bondholders, the authority has the power to use any funds avail-  
9 able to purchase notes or bonds of the authority at a price  
10 determined by the authority.

11       Sec. 17. The state is not liable on notes or bonds of the  
12 authority and the notes and bonds are not a debt of the state.  
13 The notes and bonds shall contain on their face a statement of  
14 the limitation contained under this section.

15       Sec. 18. The state pledges and agrees with the holders of  
16 any notes or bonds issued under this act, that the state will not  
17 limit or alter the rights vested in the authority to fulfill the  
18 terms of any agreements made with the holders, or in any way  
19 impair the rights and remedies of the holders until the notes or  
20 bonds, together with earned interest, with interest on any unpaid  
21 installments of interest, and all costs and expenses in connec-  
22 tion with any action or proceeding by or on behalf of the hold-  
23 ers, are fully met and discharged. The authority is authorized  
24 to include this pledge and agreement of the state in any agree-  
25 ment with the holders of notes or bonds under this act.

26       Sec. 19. (1) The authority may issue notes or bonds which  
27 are expressly stated not to be general obligations of the

1 authority but which constitute limited obligations of the  
2 authority payable solely from and secured solely by the revenues,  
3 money, and property as the authority may specify.

4 (2) The notes or bonds designated as limited obligations  
5 under this section shall not be payable from or secured by the  
6 reserve capital account, and any reserve fund established for the  
7 limited obligation notes or bonds shall not constitute a capital  
8 reserve fund under this act.

9 Sec. 20. (1) If the authority defaults in the payment of  
10 principal or interest of any notes or bonds when due, whether at  
11 maturity or upon call for redemption, and the default continues  
12 for a period of 30 days, or if the authority fails or refuses to  
13 comply with this act, or defaults in any agreement made with the  
14 holders of any notes or bonds, the holders of 25% in aggregate  
15 principal amount of the notes or bonds then outstanding may apply  
16 to the circuit court of Ingham county for the appointment of a  
17 trustee to represent the holders of the notes or bonds.

18 (2) A trustee appointed under this act may, and upon the  
19 written request of the holders of 25% in principal of the notes  
20 or bonds shall, do any of the following:

21 (a) Enforce all rights of the noteholders or bondholders,  
22 including the right to require the authority to perform its  
23 duties under this act.

24 (b) Bring suit upon the notes or bonds.

25 (c) Require the authority to account as if it were the  
26 trustee of an express trust for the holders of the notes or  
27 bonds.

1 (d) Enjoin any acts or things which may be unlawful or in  
2 violation of the rights of the holders of the notes or bonds.

3 (e) Declare all the notes or bonds due and payable.

4 (3) Before declaring the principal of notes or bonds payable  
5 and due, the trustee shall first give 30 days' notice in writing  
6 to the governor, to the authority, and to the attorney general.

7 (4) The trustee shall have and possess all of the powers  
8 necessary or appropriate for the general representation of bond-  
9 holders or noteholders in the enforcement and protection of their  
10 rights.

11 (5) An action under this section shall be brought in the  
12 circuit court for the county of Ingham.

13 Sec. 21. (1) Money of the authority shall be held by the  
14 authority and deposited in a financial institution approved by  
15 the state treasurer any such financial institution may give  
16 security for the deposits.

17 (2) The authority may, subject to the approval of the state  
18 treasurer, contract with the holders of any of its notes or bonds  
19 as to the custody, collection, securing, investment, and payment  
20 of money of the authority, of any money held in trust or other-  
21 wise for the payment of notes or bonds, and to carry out the  
22 contract. Money held in trust or otherwise for the payment of  
23 notes or bonds or in any way to secure notes or bonds and depos-  
24 its of money may be secured in the same manner as money of the  
25 authority.

26 (3) The authority may enter into an interest rate exchange  
27 or swap, hedge, or similar agreement or agreements in connection

1 with the issuance of its notes or bonds or in connection with its  
2 then outstanding notes or bonds.

3       Sec. 22. The notes and bonds of the authority are securi-  
4 ties in which public officers and bodies of the state and munici-  
5 palities and municipal subdivisions, insurance companies and  
6 associations and other persons carrying on an insurance business,  
7 banks, trust companies, savings banks and savings associations,  
8 savings and loan associations, investment companies, administra-  
9 tors, guardians, executors, trustees and other fiduciaries, and  
10 any other person who is now or may be authorized to invest in  
11 bonds or other obligations of the state, may properly and legally  
12 invest funds, including capital, in their control or belonging to  
13 them.

14       Sec. 23. The authority, at its discretion, may recommend an  
15 issuance of faith and credit bonds to the legislature for a vote  
16 of the people.

17       Sec. 24. The state covenants with the purchasers and all  
18 subsequent holders and transferees of notes and bonds issued by  
19 the authority, in consideration of the acceptance of and payment  
20 for the notes and bonds, that the notes and bonds of the authori-  
21 ty, issued under this act and the income from the notes and bonds  
22 and all its fees, charges, gifts, grants, revenues, receipts, and  
23 other moneys received or to be received, pledged to pay or secure  
24 the payment of the notes or bonds shall at all times be free and  
25 exempt from all state, city, county, or other taxation provided  
26 by the laws of the state, except for estate and gift taxes and  
27 taxes on transfers.

1       Sec. 25. The property of the authority and its income and  
2 operation are exempt from all taxation by the state or any of its  
3 political subdivisions.

4       Sec. 26. The authority shall submit an annual report no  
5 later than March 1 relating to its activities for the preceding  
6 calendar year to the governor, the speaker of the house of repre-  
7 sentatives, and the majority leader of the senate.

8       Sec. 27. (1) There is appropriated from the general fund to  
9 the authority an amount equal to 5% of the tax liability imposed  
10 by the single business tax act, 1975 PA 228, MCL 208.1 to  
11 208.145, on a provider of telecommunication services to more than  
12 250,000 customers in this state.

13       (2) "Provider" and "telecommunication services" have the  
14 same meaning as those terms are defined in section 102 of the  
15 Michigan telecommunications act, 1991 PA 179, MCL 484.2102.

16       Sec. 28. Section 39 of the single business tax act, 1975  
17 PA 228, MCL 208.39, is repealed.