

Act No. 152
Public Acts of 2002
Approved by the Governor
April 8, 2002
Filed with the Secretary of State
April 8, 2002
EFFECTIVE DATE: April 8, 2002

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

Introduced by Rep. Meyer

ENROLLED HOUSE BILL No. 5422

AN ACT to amend 1966 PA 331, entitled "An act to revise and consolidate the laws relating to community colleges; to provide for the creation of community college districts; to provide a charter for such districts; to provide for the government, control and administration of such districts; to provide for the election of a board of trustees; to define the powers and duties of the board of trustees; to provide for the assessment, levy, collection and return of taxes therefor; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending section 127 (MCL 389.127), as added by 1982 PA 342.

The People of the State of Michigan enact:

Sec. 127. (1) The board of trustees may also borrow money and issue its notes or other obligations to secure funds for operating expenses or to pay previous obligations incurred for operating purposes under this or any other statute. The board may pledge state appropriations made and not yet received, federal grants or payments, allocations of fees and charges required to be paid by students enrolling in the college, or any combination of these revenues, for payment of the notes or other obligations. A note or obligation pledging a state appropriation is not state indebtedness and shall carry a statement to that effect.

(2) Subject to applicable charter, statutory, and constitutional limitations, the board may pledge the full faith and credit of the district for notes or obligations issued pursuant to this section. If the funds primarily pledged for the payment of notes or obligations to which the full faith and credit of the district has been pledged are insufficient, the notes or obligations shall be a first budget obligation of the district payable from any available funds.

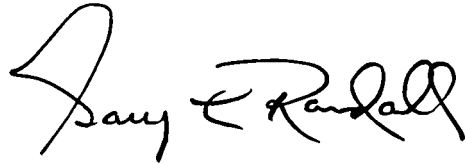
(3) A pledge pursuant to this section shall constitute a statutory lien that shall be valid and binding from the time the pledge is made without any physical delivery or further act or recording, notice, or filing of any kind. If state appropriations are pledged for payment of notes or obligations issued pursuant to this section, the district may direct the state treasurer to pay all or a part of payments due to the district to a paying agent, trustee, or escrow agent for payment of the notes or obligations. The state treasurer shall comply with those instructions, but this section shall not be construed to require the state treasurer to make payment if funds are not available or at a time or in an amount other than would be payable to the district pursuant to law or to give rise to any liability of the state to holders of notes or obligations for failure of the state or the state treasurer to comply with this section.

(4) In connection with the issuance of notes or obligations pursuant to this section, the board may approve agreements, insurance contracts, lines of credit, letters of credit, commitments to purchase notes or obligations, or other transactions to insure timely payment of any note or obligation. The district may pay from the proceeds of the notes the costs incidental to the issuance of the notes and other incidental expenses, including fees or charges for transactions to provide a separate security to insure timely payment of the notes or obligations.

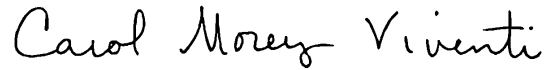
(5) Notes or obligations issued pursuant to this section shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The notes or obligations shall be in the form, have the terms, and be sold in a manner as determined by the board.

(6) Notes or obligations assessed pursuant to this section shall be fully repaid within the ensuing 12 months.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.