

HOUSE BILL No. 4660

April 26, 2005, Introduced by Reps. Hopgood, Clack, Miller, Polidori, Donigan, Kathleen Law, Clemente, Farrah, Byrum, Vagnozzi, Waters, Murphy, Zelenko, Meisner, Accavitti, Condino, Alma Smith, Lipsey, Kolb, Gonzales, Plakas, Hood, Brown, Adamini, Williams, Phillips, Wojno, Anderson, Lemmons, Jr., Tobocman, Gleason, Hunter, Sak, McConico, Whitmer and Lemmons, III and referred to the Committee on Commerce.

A bill to prescribe the procedures, terms, and conditions for the qualification or approval of school bonds and other bonds; to authorize this state to make loans to certain school districts for the payment of certain bonds and to authorize schools to borrow from this state for that purpose; to prescribe the terms and conditions of certain loans to school districts; to prescribe the powers and duties of certain state agencies and certain state and local officials; to provide for certain fees; to prescribe certain penalties; 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 "school
2 bond qualification, approval, and loan act".

3 Sec. 2. The purpose of this act is to implement section 16 of

1 article IX of the state constitution of 1963 and to provide for loans
2 to school districts.

3 Sec. 3. As used in this act:

4 (a) "Bond year" means the 12-month period beginning the May 1
5 immediately following the date of issuance of jobs today bonds and
6 ending April 30 of the following calendar year.

7 (b) "Computed millage" means the number of mills in any year, not
8 less than 7 mills and not more than 13 mills, determined on the date
9 of issuance of the order qualifying the bonds or on a later date if
10 requested by the school district and approved by the state treasurer,
11 that, if levied by the school district, will generate sufficient
12 annual proceeds to pay principal and interest on all the school
13 district's qualified bonds plus principal and interest on all loans
14 related to those qualified bonds no later than the date specified in
15 the note and repayment agreement entered into by the school district
16 under this act.

17 (c) "Jobs today bonds" means qualified jobs today bonds or
18 revolving fund secured bonds qualified or approved by the state
19 treasurer and issued by a school district before September 30, 2007,
20 for the purposes described in section 6.

21 (d) "Jobs today project" means a project described in section 6.

22 (e) "Qualified bond" means a bond that is qualified under this
23 act for state loans as provided in section 16 of article IX of the
24 state constitution of 1963. A qualified bond includes the interest
25 amount required for payment of a school district's net interest
26 obligation under an interest rate exchange or swap, hedge, or other
27 agreement entered into pursuant to the revised municipal finance act,

1 2001 PA 34, MCL 141.2101 to 141.2821, but does not include a
2 termination payment or similar payment related to the termination or
3 cancellation of an interest rate exchange or swap, hedge, or other
4 similar agreement. A qualified bond does not include a bond issued to
5 refund loans owed to this state under this act unless otherwise
6 determined by the state treasurer to be in the best interests of this
7 state.

8 (f) "Qualified jobs today bonds" means qualified bonds issued for
9 the purposes described in section 6.

10 (g) "Qualified loan" means a loan made under this act or 1961 PA
11 108, MCL 388.951 to 388.963, from this state to a school district to
12 pay debt service on a qualified bond.

13 (h) "Qualified small high school" means a school building or a
14 discrete portion of a school building designed and used to provide
15 instruction for at least 400 and not more than 500 students, including
16 multiple high school components, and that emphasizes rigor, relevancy,
17 and relationships to prepare students for postsecondary success.

18 (i) "Revolving fund secured bond" means a limited tax general
19 obligation jobs today bond that is issued under section 1351a of the
20 revised school code, 1976 PA 451, MCL 380.1351a, and is approved under
21 section 6 of this act. A revolving fund secured bond shall be
22 considered sponsored or supported by this state and includes the
23 interest amount required for payment of a school district's net
24 interest obligation under an interest rate exchange or swap, hedge, or
25 other agreement entered into pursuant to the revised municipal finance
26 act, 2001 PA 34, MCL 141.2101 to 141.2821, but does not include a
27 termination payment or similar payment related to the termination or

1 cancellation of an interest rate exchange or swap, hedge, or other
2 similar agreement.

3 (j) "Revolving fund secured loan" means a loan made under this
4 act from this state to a school district to pay debt service on a
5 revolving fund secured bond.

6 (k) "Revolving loan fund" means the school loan revolving fund
7 created under section 16c of the shared credit rating act, 1985 PA
8 227, MCL 141.1066c.

9 (l) "School district" means a general powers school district
10 organized under the revised school code, 1976 PA 451, MCL 380.1 to
11 380.1852, or a school district of the first class as described in the
12 revised school code, 1976 PA 451, MCL 380.1 to 380.1852, having the
13 power to levy ad valorem property taxes.

14 (m) "State treasurer" means the state treasurer or his or her
15 duly authorized designee.

16 (n) "Superintendent of public instruction" means the
17 superintendent of public instruction appointed under section 3 of
18 article VIII of the state constitution of 1963.

19 (o) "Taxable value" means the value determined under section 27a
20 of the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

21 Sec. 4. (1) A school district may issue and market bonds as
22 qualified bonds if the state treasurer has issued an order granting
23 qualification under this act.

24 (2) Except with regard to qualification of new bonds, nothing in
25 this act shall be construed to alter the terms and conditions
26 applicable to outstanding qualified bonds issued in accordance with
27 1961 PA 108, MCL 388.951 to 388.963, and the loans associated with

1 those qualified bonds. Unless otherwise amended as permitted by this
2 act, outstanding qualified loans incurred in association with
3 outstanding qualified bonds described in this subsection shall
4 continue to bear interest and be due and payable as provided in the
5 repayment agreements entered into between the school district and the
6 state before the effective date of this act.

7 (3) A school district may issue and market bonds as revolving
8 fund secured bonds if the state treasurer has issued an approving
9 order granting revolving fund secured bond status under this act.

10 Sec. 5. (1) A school district may apply to the state treasurer
11 for preliminary qualification of a proposed school bond issue by
12 filing all of the following with the state treasurer:

13 (a) An application in the form and containing the information
14 required by this act.

15 (b) An application fee in the amount determined by the state
16 treasurer to be necessary to fund the costs of processing the
17 application, but not less than \$500.00.

18 (2) An application for preliminary qualification of a school bond
19 shall contain all of the following information:

20 (a) The proposed ballot language to be submitted to the electors.

21 (b) A description of the project or projects proposed to be
22 financed.

23 (c) A pro forma debt service projection showing the estimated
24 mills the school district will levy to provide revenue the school
25 district will use to pay the qualified bonds. For the purpose of the
26 pro forma debt service projection, the school district may assume for
27 the first 5 years following the date of the application the average

1 growth in taxable value for the 5 years preceding the date of the
2 application and the lesser of that average growth rate or 3% for the
3 remaining term of the proposed bonds.

4 (d) Evidence that the rate of utilization of each project to be
5 financed will be at least 85% for new buildings and 60% for renovated
6 facilities. If the projected enrollment of the district would not
7 otherwise support utilization at the rates described in this
8 subsection, the school district may include an explanation of the
9 actions the school district intends to take to address the
10 underutilization, including, if applicable, actions to close school
11 buildings or other actions designed to assure continued assured use of
12 the facilities being financed.

13 (e) Evidence that the cost per square foot of the project or
14 projects will be reasonable in light of economic conditions applicable
15 to the geographic area in which the school district is located.

16 (f) Evidence that the school district will repay all outstanding
17 qualified loans at the times described in section 6 or 10.

18 (g) The weighted average age of all school buildings in the
19 school district based on square footage.

20 (h) The overall utilization rate of all school buildings in the
21 school district, excluding special education purposes.

22 (i) The taxable value per pupil.

23 (j) The total bonded debt outstanding of the school district and
24 the total taxable value of property in the school district for the
25 school district fiscal year in which the application is filed.

26 (k) A statement describing any environmental or usability
27 problems to be addressed by the project or projects.

1 (l) An architect's analysis of the overall condition of the
2 facilities to be renovated or replaced as a part of the project or
3 projects.

4 (m) An amortization schedule demonstrating that the weighted
5 average maturity of the qualified bond issue does not exceed 120% of
6 the average reasonably expected useful life of the facilities,
7 excluding land and site improvements, being financed or refinanced
8 with the proceeds of the qualified bonds, determined as of the later
9 of the date on which the qualified bonds will be issued or the date on
10 which each facility is expected to be placed in service.

11 Sec. 6. (1) A school district may issue and market bonds as
12 qualified jobs today bonds if the state treasurer has issued an order
13 granting qualification under this act and the bonds meet the criteria
14 described in this section. A school district may issue and market
15 bonds as revolving fund secured bonds if the state treasurer has
16 issued an order approving the bonds in accordance with this section.

17 (2) The proceeds of jobs today bonds may be used only for the
18 following purposes:

19 (a) Remodeling, refurbishing, renovating, or replacing existing
20 outmoded or dangerous classroom buildings meeting the tests described
21 in this section, and equipping or reequipping the renovated,
22 refurbished, or remodeled buildings for technology infrastructure,
23 security systems, and accommodations for physically disabled students.

24 (b) Demolishing classroom buildings that have been closed or are
25 scheduled to be closed either to address environmental or other
26 physical hazards, or to reduce the available classroom capacity to
27 meet enrollment projections.

1 (c) Purchasing, erecting, completing, remodeling, or equipping or
2 reequipping, including equipping for technology, school buildings, and
3 acquiring, preparing, developing, or improving sites, or parts of
4 sites or additions to sites, for school buildings, to provide for a
5 qualified small high school.

6 (3) A school district seeking to issue jobs today bonds shall
7 file an application with the state treasurer that includes all of the
8 following:

9 (a) A description of the project or projects proposed to be
10 financed.

11 (b) For qualified jobs today bonds, a copy of the proposed ballot
12 question to be submitted to the electors of the school district. The
13 ballot shall include language that will inform the voters that the
14 school district will borrow from the state of Michigan to pay the
15 bonds and will be required to repay any loan from this state,
16 specifying the estimated annual mills and the period during which the
17 mills will be levied to repay this state.

18 (c) The taxable value per pupil of the school district for the 5
19 years immediately preceding the date of the application.

20 (d) Except for a qualified small high school, evidence that the
21 rate of utilization of the project to be financed will be at least 85%
22 for new buildings and 60% for renovated facilities after completion of
23 the project. For purposes of this subsection, if utilization of the
24 renovated facilities is less than the percentage required by this
25 section on the date of the application, the school district shall
26 provide evidence that the steps taken before the date of the
27 application will enable the district to achieve the required

1 utilization rate specified in this section in the immediately
2 succeeding 2 years following the date of the application.

3 (e) For a qualified small high school, evidence that the rate of
4 utilization of the project to be financed will be at least 85% after
5 the third full school year of operation.

6 (f) Evidence that the per-square-foot costs of the projects will
7 be reasonable in light of economic conditions applicable to the
8 geographic area in which the school district is located.

9 (g) Other than for demolition projects, the age and condition of
10 technology infrastructure in the buildings scheduled to be remodeled,
11 renovated, replaced, or, for a qualified small high school,
12 constructed as a part of the project or project.

13 (h) Other than for demolition projects, the status of the
14 planning and design process for the proposed project or projects, as
15 certified by the school district's architect.

16 (i) The weighted average age of all classroom buildings in the
17 school district based on square footage.

18 (j) The overall utilization rate of all classroom buildings in
19 the school district.

20 (k) The weighted average age of the classroom buildings that will
21 be replaced, demolished, refurbished, or renovated as part of the jobs
22 today bonds project, based on square footage.

23 (l) The overall condition of the facilities to be replaced,
24 demolished, refurbished, or renovated, as certified by an architect or
25 engineer.

26 (m) A description of any environmental or usability problems to
27 be addressed by the jobs today project, including, but not limited to,

1 any asbestos, lead or toxic mold abatement, energy conservation
2 improvements, or corrections necessary to accommodate physically
3 disabled students.

4 (n) If the project includes a qualified small high school, a
5 letter of approval from the superintendent of public instruction
6 stating that the school district meets all of the following
7 requirements:

8 (i) The school district has a membership of at least 800 students
9 in grades 9 to 12, as established by its most recent official pupil
10 membership count as of the effective date of this act.

11 (ii) The local school board has adopted a strategic plan involving
12 the use of qualified small high schools to improve either or both of
13 the following:

14 (A) The districtwide high school graduation rate, as measured
15 against that rate for the 2002-2003 school year.

16 (B) Districtwide high school student achievement in both English
17 language arts and mathematics, as determined by the assessments
18 administered to high school pupils in the 2003-2004 school year under
19 section 1279 of the revised school code, 1976 PA 451, MCL 380.1279, in
20 order to reach the current proficiency goals established by the
21 state's no child left behind accountability plan.

22 (iii) The school district has committed to adopt a proven model for
23 the curriculum and operational structure for the qualified small high
24 school approved by the superintendent of public instruction in
25 accordance with guidelines established by the state board of
26 education.

27 (iv) The local school board has adopted a resolution committing

1 sufficient funds from private and public sources to pay for both the
2 planning and startup operating costs of the qualified small high
3 school.

4 (o) For a building or buildings to be demolished, a statement of
5 whether the school district plans to sell the land on which the
6 building or buildings were located.

7 (p) For revolving fund secured bonds, a pro forma debt service
8 projection showing the estimated annual percentage of operating funds
9 the school district will be required to dedicate for payment of the
10 revolving fund secured bonds. For the purpose of the pro forma debt
11 service projection, the school district may assume the lesser of the
12 average pupil count for the 5 years preceding the date of the
13 application or the pupil count as of the fiscal year in which the
14 application is filed, and the foundation allowance for the fiscal year
15 in which the application is filed.

16 (4) The state treasurer may qualify or approve no more than
17 \$500,000,000.00 in jobs today bonds in the state fiscal years ending
18 September 30, 2005 through September 30, 2007. No more than
19 \$180,000,000.00 of the \$500,000,000.00 shall be for the purpose
20 described in subsection (2)(c).

21 (5) The maximum amount of any jobs today bond issued by a school
22 district for the purposes described in subsection (2)(a) shall be
23 \$10,000,000.00. The maximum amount of any jobs today bond issued by a
24 school district for the purposes described in subsection (2)(b) shall
25 be \$10,000,000.00. The maximum amount of any jobs today bond issued by
26 a school district having fewer than 20,000 students in membership in
27 grades K to 12, as established by its most recent official pupil

1 membership count as of the effective date of this act, for the
2 purposes described in subsection (2)(c) shall be \$15,000,000.00. The
3 maximum amount of any jobs today bond issued by a school district
4 having an enrollment of 20,000 or more students in membership in
5 grades K to 12, as established by its most recent official pupil
6 membership count as of the effective date of this act, for the
7 purposes described in subsection (2)(c) shall be \$30,000,000.00. A
8 school district may request qualification or approval from the state
9 treasurer to combine jobs today bond issues for purposes described in
10 subsection (2), but the maximum combined issue qualified or approved
11 per school district within 180 days after the effective date of this
12 act shall be \$25,000,000.00 for a school district with a total
13 membership in grades K to 12 of less than 20,000 and \$40,000,000.00
14 for a school district with a total membership in grades K to 12 of at
15 least 20,000.

16 (6) The state treasurer shall accept applications for
17 qualification of jobs today bonds beginning on the effective date of
18 this act. The state treasurer may not qualify or approve jobs today
19 bonds for applications received before the effective date of this act.
20 If, after 180 days after the effective date of this act, the total
21 amount of qualified jobs today bonds or revolving loan fund secured
22 jobs today bonds is less than \$500,000,000.00 based on the
23 \$25,000,000.00 limit per school district described in subsection (5),
24 the state treasurer may offer school districts that have obtained
25 qualification or approval additional amounts for approval or
26 qualification, awarding additional amounts based on the point factors
27 described in this section.

1 (7) If the requests for jobs today bonds prequalification or
2 preapproval exceed the amount permitted to be qualified, the state
3 treasurer shall prequalify or preapprove jobs today bonds based on the
4 criteria described in this subsection. In prequalifying or
5 preapproving jobs today bonds, the state treasurer shall weigh the
6 following factors, granting each factor the amounts specified in this
7 subsection:

8 (a) For jobs today bonds to be issued before September 30, 2005,
9 the readiness of the school district to issue those jobs today bonds,
10 as measured by the completeness of designing and planning, and cost
11 estimates, with greater weight applied according to readiness. If a
12 school district demonstrates readiness to issue jobs today bonds
13 before September 15, 2005, the state treasurer shall grant the
14 applicant 15 points for this factor.

15 (b) The average age of the classroom buildings of the school
16 district as a whole based on square footage, with greater weight
17 applied to older average age. If the average age of the classroom
18 buildings of the school district is 10 years or less, the state
19 treasurer shall grant the applicant 0 points. If the average age of
20 the classroom buildings of the school district is greater than 10 but
21 less than 21 years, the state treasurer shall grant the applicant 0.75
22 points for each number of years in excess of 10. If the average age
23 of the classroom buildings of the school district is greater than 20
24 but less than 31, the state treasurer shall grant the applicant 7.5
25 points plus 1.25 points for each number of years in excess of 20. If
26 the average age of the classroom buildings of the school district as a
27 whole is greater than 30, the state treasurer shall grant the

1 applicant 25 points.

2 (c) The average age of the classroom buildings to be replaced,
3 demolished, refurbished, or renovated, based on square footage, with
4 greater weight applied to older average age. If the average age of the
5 classroom buildings to be replaced, demolished, refurbished, or
6 renovated is 10 years or less, the state treasurer shall grant the
7 applicant 0 points. If the average age of the classroom buildings to
8 be replaced, demolished, refurbished, or renovated is greater than 10
9 but less than 21 years, the state treasurer shall grant the applicant
10 0.75 points for each number of years in excess of 10. If the average
11 age of the classroom buildings to be replaced, demolished,
12 refurbished, or renovated is greater than 20 but less than 31, the
13 state treasurer shall grant the applicant 7.5 points plus 1.25 points
14 for each number of years in excess of 20. If the average age of the
15 classroom buildings to be replaced, demolished, refurbished, or
16 renovated is greater than 30, the state treasurer shall grant the
17 applicant 25 points.

18 (d) The overall condition of the facilities to be replaced,
19 demolished, refurbished, or renovated, as certified by an architect or
20 engineer, with greater weight applied to facilities in the worst
21 condition. The certificate of the architect or engineer shall disclose
22 the following factors affecting the condition of the facilities. If
23 the architect's or engineer's certificate discloses 10 or less of the
24 following factors, the state treasurer shall grant the applicant 0
25 points. If the architect's or engineer's certificate discloses more
26 than 10 but less than 21 of the following factors, the state treasurer
27 shall grant the applicant 10 points. If the architect's or engineer's

1 certificate discloses more than 20 but less than 31 of the following
2 factors, the state treasurer shall grant the applicant 25 points. If
3 the architect's or engineer's certificate discloses more than 30 of
4 the following factors, the state treasurer shall grant the applicant
5 50 points. The factors are as follows:

6 (i) The internal water supply is inadequate to meet health and
7 safety requirements.

8 (ii) The internal water supply does not have sufficient water
9 pressure to allow students to wash hands, drink, or flush toilets.

10 (iii) The internal water supply does not have sufficient hot water.

11 (iv) Water is entering the building and causing material damage
12 and health hazards.

13 (v) The structure contains friable asbestos-containing materials.

14 (vi) The federal environmental protection agency or the Michigan
15 department of community health has issued a citation for violation of
16 a health law that will be addressed by the jobs today bonds.

17 (vii) The school district has received reports from qualified
18 engineers that the building could cause health-related problems
19 associated with poor indoor air quality.

20 (viii) The building has loose and peeling paint exposed on indoor
21 surfaces.

22 (ix) The fire alarm system does not have pull stations at each
23 facility exit.

24 (x) The horns and strobes associated with the fire alarm system
25 are not located in classrooms, corridors, and toilet rooms.

26 (xi) The building lacks lighted exit signs at exterior doors and
27 at exits from other spaces that can be occupied by 50 or more people.

1 (xii) Lighted exit signs are not equipped with either battery
2 backup or generator backup.

3 (xiii) Emergency egress lights are not provided in corridors at a
4 maximum of 40-foot intervals or in other spaces that can be occupied
5 by 50 or more people.

6 (xiv) Interior and exterior doors that service more than 50 people
7 do not open outward or are not equipped with panic hardware.

8 (xv) Kitchen cooking facilities lack cooking hoods with a fire
9 suppression system.

10 (xvi) The building has been cited by appropriate authorities for
11 fire safety code violations.

12 (xvii) Fire or security shutters create dead-end corridors.

13 (xviii) Deteriorated stoops, stairs, or walks create hazards to
14 people entering or exiting the building.

15 (xix) There are other problems with the building that have
16 contributed to serious accidents for students or staff.

17 (xx) For buildings proposed to be demolished, the building is
18 located within 250 yards of a business, industry, traffic hazard, or
19 natural hazard that endangers the health and safety of the students
20 and staff.

21 (xxi) There are walls leaning or in danger of falling.

22 (xxii) Masonry is unsafe.

23 (xxiii) The foundation of the building is crumbling or has settled
24 in such a way as to create a hazard to students and staff.

25 (xxiv) There are signs of rotting, sagging, or buckling floors.

26 (xxv) There is evidence that the roof structure is sagging,
27 rotted, or unsound.

1 (xxvi) There is evidence of significant structural steel
2 corrosion.

3 (xxvii) There are cracks in concrete slabs, beams, columns, or
4 walls.

5 (xxviii) The outdoor air intake openings are blocked or permanently
6 closed.

7 (xxix) The boiler or furnace rooms have inadequate combustion air
8 intakes that do not meet current code requirements.

9 (xxx) The boilers or furnaces have been cited for code violations.

10 (xxxi) The heating system cannot maintain comfortable temperature
11 levels throughout the building.

12 (xxxii) The cooling system cannot maintain comfortable temperature
13 levels throughout the building.

14 (xxxiii) Separate exhaust systems for bathrooms, locker rooms, and
15 laboratories are either nonoperational or nonexistent.

16 (xxxiv) The lighting system does not provide adequate intensity,
17 diffusion, and distribution of illumination.

18 (xxxv) Electrical controls are not safely protected or lack
19 disconnect switches that are easily accessible.

20 (xxxvi) The building lacks emergency lighting throughout the
21 building or the emergency lighting is not carried on separate
22 circuits.

23 (xxxvii) Each classroom does not contain sufficient outlets to
24 prevent use of extension electrical cords for ordinary use.

25 (xxxviii) Electrical outlets in the building are not grounded.

26 (xxxix) Classroom laboratories lack emergency gas shut-off systems,
27 or the emergency gas shut-off systems are nonoperational.

1 (xl) Standing water is located near electrical systems or panels.

2 (xli) There are exposed wires or hazardous switches in the
3 facility.

4 (xlii) There has been a fire due to faulty wiring.

5 (e) The overall utilization rate of classroom facilities in the
6 school district, with greater weight applied to schools having a
7 higher utilization rate projected after completion of the jobs today
8 bond projects. If the overall utilization rate of classroom facilities
9 of the school district will be less than 51%, the state treasurer
10 shall grant the applicant 0 points. If the overall utilization rate
11 of classroom facilities of the school district will be greater than
12 50% but less than 61%, the state treasurer shall grant the applicant 5
13 points. If the overall utilization rate of classroom facilities of
14 the school district will be greater than 60% but less than 76%, the
15 state treasurer shall grant the applicant 10 points. If the overall
16 utilization rate of classroom facilities of the school district will
17 be greater than 75% but less than 91%, the state treasurer shall grant
18 the applicant 15 points. If the overall utilization rate of classroom
19 facilities of the school district will be greater than 90%, the state
20 treasurer shall grant the applicant 20 points.

21 (f) The taxable value per pupil, with greater weight applied to
22 the lower taxable value per pupil. If the taxable value per pupil is
23 less than \$110,500.00, the state treasurer shall grant the applicant
24 35 points. If the taxable value per pupil is greater than \$110,500.00
25 but less than \$135,800.00, the state treasurer shall grant the
26 applicant 28 points. If the taxable value per pupil is greater than
27 \$135,800.00 but less than \$172,500.00, the state treasurer shall grant

1 the applicant 21 points. If the taxable value per pupil is greater
2 than \$172,500.00 but less than \$246,000.00, the state treasurer shall
3 grant the applicant 14 points. If the taxable value per pupil is
4 greater than \$246,000.00 but less than \$500,000.00, the state
5 treasurer shall grant the applicant 7 points. If the taxable value
6 per pupil is greater than \$500,000.00, the state treasurer shall grant
7 the applicant 0 points.

8 (g) The severity of any environmental or usability problems being
9 addressed by the jobs today project, as certified by an independent
10 architect or engineer, with greater weight applied to lead, toxic mold
11 or asbestos abatement, energy conservation, or corrections necessary
12 to meet the physical needs of disabled students. The state treasurer
13 shall grant an applicant 5 points if the architect's or engineer's
14 certificate discloses that the classroom facility being replaced,
15 renovated, or refurbished does not currently meet accessibility
16 requirements imposed by law. The state treasurer shall grant an
17 applicant 5 points if the architect's or engineer's certificate
18 discloses that the classroom facility being replaced, renovated, or
19 refurbished contains friable asbestos, toxic mold, or unprotected
20 lead. The state treasurer shall grant an applicant 5 points if the
21 architect's or engineer's certificate discloses that the classroom
22 facility being replaced, renovated, or refurbished requires
23 improvements to improve the energy efficiency of the building.

24 (h) The technological needs of the facilities being renovated or
25 refurbished, with greater weight applied to the lack of adequate
26 technology infrastructure and security protection as certified by an
27 independent architect or engineer. If the architect's or engineer's

1 certificate discloses that the facility lacks technology
2 infrastructure, the state treasurer shall grant the applicant 5
3 points. If the architect's or engineer's certificate discloses that
4 the facility lacks sufficient computers for students, the state
5 treasurer shall grant the applicant 1 point. If the architect's or
6 engineer's certificate discloses that the facility lacks sufficient
7 technological accessories for students, the state treasurer shall
8 grant the applicant 1 point. If the architect's or engineer's
9 certificate discloses that the facility lacks sufficient security
10 systems, the state treasurer shall grant the applicant 10 points. If
11 the architect's or engineer's certificate discloses that the facility
12 lacks an adequate public address system, the state treasurer shall
13 grant the school district 1 point.

14 (7) If the school electors of a school district do not approve
15 prequalified jobs today bonds, the state treasurer may assign the
16 prequalification to another school district based on the same factors
17 described in subsection (6).

18 (8) If the school electors of a school district approve the jobs
19 today bonds, the district shall notify the state treasurer, and the
20 state treasurer shall issue a letter qualifying the jobs today bonds
21 as provided in this act, and shall enter into a loan agreement with
22 the school district. The provisions of section 8 do not apply to
23 qualified jobs today bonds.

24 (9) For revolving fund secured bonds, upon receipt of a
25 certificate that the school district published the required notice of
26 referendum and the referendum period has passed, the state treasurer
27 shall issue a letter approving the revolving fund secured bonds in

1 accordance with this act, and shall enter into a loan agreement with
2 the school district.

3 (10) The loan agreement between the school district and the state
4 treasurer shall provide for all of the following:

5 (a) The school district shall deliver a note, executed by the
6 duly authorized officers of the school district.

7 (b) The school district may borrow from the revolving loan fund
8 the following amounts to pay debt service on qualified jobs today
9 bonds, subject to the following terms and conditions:

10 (i) A school district may borrow the entire debt service on its
11 qualified jobs today bonds for the first 5 years following the
12 issuance of the qualified jobs today bonds, regardless of the number
13 of debt mills being levied by the school district for any other voted
14 bonds, qualified or not.

15 (ii) If the school district's qualified jobs today bonds mature
16 less than 20 years from the date of issuance, the school district
17 shall levy the lesser of 2 mills or sufficient additional mills in
18 each bond year following the term of the qualified jobs today bonds to
19 assure the school district will repay this state within 5 years after
20 the term of the qualified jobs today bonds, and shall continue to levy
21 that number of mills until the school district has paid the qualified
22 jobs today bonds in full and has repaid any loans from the revolving
23 loan fund.

24 (iii) For qualified jobs today bonds maturing 20 years or more from
25 the date of issuance, beginning with the first levy date immediately
26 preceding the sixth bond year following the issuance of the qualified
27 jobs today bonds, a school district that levied debt mills at the time

1 of the application for prequalification of the qualified jobs today
2 bonds shall levy at least the number of debt mills levied on the date
3 of the application, and shall continue to levy that number of mills
4 until the school district has paid the qualified jobs today bonds in
5 full and has repaid any loans from the revolving loan fund.

6 (iv) For qualified jobs today bonds maturing 20 years or more from
7 the date of issuance, beginning with the first levy date immediately
8 preceding the sixth bond year following the issuance of the jobs today
9 bonds, a school district that did not levy debt mills at the time of
10 the application for prequalification of the qualified jobs today bonds
11 shall levy the lesser of 2 mills or the number of mills necessary to
12 pay debt service on the qualified jobs today bonds coming due in the
13 sixth bond year following the issuance of the qualified jobs today
14 bonds, and shall continue to levy that number of mills until the
15 school district has paid the qualified jobs today bonds in full and
16 has repaid any loans from the revolving loan fund.

17 (v) For qualified jobs today bonds maturing more than 20 years
18 after the date of issuance, from and after the sixth bond year
19 following the issuance of the qualified jobs today bonds, the school
20 district may borrow from the revolving loan fund an amount equal to
21 the difference between the proceeds of the debt levy required under
22 subparagraph (iii) or (iv), as applicable, and the amount of debt
23 service.

24 (vi) When the proceeds of the debt levy required under
25 subparagraph (iii) or (iv) are sufficient to pay debt service on the
26 qualified jobs today bonds and to begin repaying the revolving loan
27 fund, the school district shall pay the revolving loan fund the

1 difference between each debt levy and the amount of debt service on
2 the qualified jobs today bonds on the dates provided in the note
3 delivered by the school district to the revolving loan fund.

4 (vii) Qualified loans shall bear no interest.

5 (c) The school district may borrow from the revolving loan fund
6 the following amounts to pay debt service on revolving fund secured
7 bonds, subject to the following:

8 (i) Any school district may borrow the entire debt service on its
9 revolving fund secured bonds for the first 5 years following the
10 issuance of the revolving fund secured bonds.

11 (ii) If the school district's revolving fund secured bonds mature
12 less than 20 years from the date of issuance, the school district
13 shall repay the state each year $1/5$ of the principal amount borrowed
14 beginning the bond year immediately after the term of the revolving
15 fund secured bonds to assure the school district will repay the state
16 within 5 years after the term of the revolving fund secured bonds.

17 (iii) For revolving fund secured bonds maturing 20 years or more
18 from the date of issuance, beginning with the first bond payment date
19 in the sixth bond year following the issuance of the revolving fund
20 secured bonds and continuing through the tenth bond year following the
21 issuance of the revolving fund secured bonds, the school district
22 shall pay debt service on its revolving fund secured bonds.

23 (iv) For revolving fund secured bonds maturing more than 20 years
24 from the date of issuance, beginning with the first bond payment date
25 in the eleventh bond year following the issuance of the revolving fund
26 secured bonds and each following bond year, the school district shall
27 pay debt service on its revolving fund secured bonds plus an amount

1 equal to 1/10 of the principal amount of the qualified loans
2 outstanding.

3 (v) Revolving fund secured loans shall bear no interest.

4 (vi) Upon payment of its qualified jobs today bonds in whole, the
5 school district shall repay the remaining principal amount of the
6 qualified loans outstanding in 5 equal annual payments.

7 Sec. 7. For bonds other than qualified jobs today bonds, the
8 state treasurer may prequalify bonds of a school district if the state
9 treasurer determines all of the following:

10 (a) The issuance of additional qualified bonds will not prevent
11 the school district from repaying its outstanding qualified loans on
12 the earlier of the dates described in section 10.

13 (b) The form of the ballot conforms with the requirements of this
14 act.

15 Sec. 8. (1) The state treasurer may qualify bonds of a school
16 district if the state treasurer determines all of the following:

17 (a) A majority of the school district electors have approved the
18 bonds.

19 (b) The terms of the bond issue comply with applicable provisions
20 of the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

21 (c) The school district is in compliance with the revised
22 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

23 (d) The weighted average maturity of the qualified bond issue
24 does not exceed 120% of the average reasonably expected useful life of
25 the facilities, excluding land and site improvements, being financed
26 or refinanced with the proceeds of the bonds, determined as of the
27 later of the date on which the qualified bonds will be issued or the

1 date on which each facility is expected to be placed in service.

2 (e) The school district has filed any information necessary to
3 update the contents of the original application to reflect changes in
4 any of the information approved in the preliminary qualification
5 process.

6 (f) The school district has paid a qualification fee of not less
7 than \$3,000.00 or the amount determined by the state treasurer, which
8 shall be approximately equal to the amount required to pay the
9 estimated administrative expenses incurred under this act for the
10 fiscal year in which the state treasurer imposes the fee.

11 (2) An order qualifying bonds shall specify the principal and
12 interest payment dates for all the bonds, the maximum principal amount
13 of and maximum interest rate on the bonds, the computed millage, if
14 any, the final repayment date for any loans made with respect to those
15 bonds, and other matters as the state treasurer shall determine or as
16 are required by this act.

17 (3) If the application for prequalification demonstrates that the
18 school district will borrow from this state in accordance with this
19 act, the state treasurer and the school district shall enter into a
20 loan agreement setting forth the terms and conditions of any qualified
21 loans to be made to the school district under this act.

22 (4) If a school district does not issue its qualified bonds
23 within 180 days after the date of the order qualifying bonds, the
24 school district may reapply for qualification by filing an
25 application, an additional application fee determined by the state
26 treasurer of not less than \$500.00, and information necessary to
27 update the contents of the original application for prequalification

1 or qualification.

2 (5) The state treasurer may qualify refunding bonds issued to
3 refund qualified bonds if the state treasurer finds that the refunding
4 bonds comply with the provisions of the revised municipal finance act,
5 2001 PA 34, MCL 141.2101 to 141.2821.

6 Sec. 9. A ballot submitted to the school electors of a school
7 district requesting authorization to issue unlimited tax general
8 obligations that will be guaranteed by this state in accordance with
9 section 16 of article IX of the state constitution of 1963, shall
10 inform the electors that if the school district borrows from this
11 state to pay debt service on the bonds, the school district may be
12 required to continue to levy mills beyond the term of the bonds to
13 repay this state.

14 Sec. 10. (1) Except as otherwise provided in this act, a school
15 district may borrow from the state an amount not greater than the
16 difference between the proceeds of the school district's computed
17 millage and the amount necessary to pay principal and interest on its
18 qualified bonds, including any necessary allowances for estimated tax
19 delinquencies.

20 (2) For school districts having qualified loans outstanding as of
21 the effective date of this act, the state treasurer shall review
22 information relating to each school district regarding the taxable
23 value of the school district and the actual debt service of
24 outstanding qualified bonds as of the effective date of this act and
25 shall issue an order establishing the payment date for all those
26 outstanding qualified loans and any additional qualified loans
27 expected to be incurred by those school districts related to qualified

1 bonds issued before the effective date of this act. The payment date
2 shall be the earlier of the date projected based on the information
3 described in this subsection or 60 months after the date on which the
4 qualified bonds most recently issued by the school district are due
5 and payable.

6 (3) For qualified loans related to qualified bonds issued after
7 the effective date of this act, the qualified loans shall be due on
8 the earlier of the date specified in the order qualifying the bonds or
9 60 months after the date on which the qualified bonds for which the
10 school borrowed from this state are due and payable.

11 (4) Except with regard to qualified loans described in subsection
12 (2), each loan made or considered made to a school district under this
13 act shall be for debt service on only a specific qualified bond issue
14 or revolving fund secured bond issue. The state treasurer shall
15 maintain separate accounts for each school district on the books and
16 accounts of this state noting the qualified bond or revolving fund
17 secured bonds, the related qualified loans, the final payment date of
18 the bonds, the final payment date of the qualified loans, and the
19 interest rate accrued on the loans.

20 (5) For qualified loans relating to qualified bonds issued after
21 the effective date of this act, a school district shall continue to
22 levy the computed mills until it has completely repaid all principal
23 and interest on its qualified loans.

24 (6) For qualified loans relating to qualified bonds issued before
25 the effective date of this act, a school district shall continue to
26 comply with the levy and repayment requirements imposed before the
27 effective date of this act. Not less than 90 days after the effective

1 date of this act, the state treasurer and the school district shall
2 enter into amended and restated repayment agreements to incorporate
3 the levy and repayment requirements applicable to qualified loans
4 issued before the effective date of this act.

5 (7) Upon the request of a school district made before June 1 of
6 any year, the state treasurer annually may waive all or a portion of
7 the millage required to be levied by a school district to pay
8 principal and interest on its qualified bonds or qualified loans under
9 this section if the state treasurer finds all of the following:

10 (a) The school board of the school district has applied to the
11 state treasurer for permission to levy less than the millage required
12 to be levied to pay the principal and interest on its qualified bonds
13 or qualified loans under subsection (1).

14 (b) The application specifies the number of mills the school
15 district requests permission to levy.

16 (c) The waiver will be financially beneficial to this state, the
17 school district, or both.

18 (d) The waiver will not reduce the millage levied by the school
19 district to pay principal and interest on qualified bonds or qualified
20 loans under this act to less than 7 mills or for jobs today qualified
21 bonds, the amount specified in this act.

22 (e) The board of the school district, by resolution, has agreed
23 to comply with all conditions that the state treasurer considers
24 necessary.

25 (8) Except as otherwise provided in this act, loans shall bear
26 interest at the greater of 3% or the average annual cost of funds
27 computed annually on the basis of all state general obligations issued

1 under section 16 of article IX of the state constitution of 1963 and
2 revolving fund secured bonds outstanding plus 0.0125%.

3 Sec. 11. The state treasurer shall keep all certificates of
4 qualification or approval in a permanent file and shall deliver copies
5 of the certificates to the school district.

6 Sec. 12. The state treasurer shall promulgate rules to implement
7 this act pursuant to the administrative procedures act of 1969, 1969
8 PA 306, MCL 24.201 to 24.328.

9 Sec. 13. If a school district does not apply for qualification or
10 approval of a bond issue before the issuance of those bonds, the state
11 treasurer shall not approve or qualify those bonds as qualified bonds
12 under this act.

13 Sec. 14. (1) If a school district owes a balance due to the
14 revolving loan fund or has been identified as a potential borrower,
15 the school district shall file an annual loan activity application
16 with the state treasurer no less than 60 days before certifying its
17 annual tax levy. The annual loan activity application shall be
18 submitted in a format prescribed by the state treasurer and shall
19 provide the taxable value, debt service, and any other information
20 necessary to determine the proper required millage levy required under
21 this act. The application shall contain a resolution passed by the
22 local school board authorizing a designated school district official
23 to complete all necessary documents to obtain a loan from the
24 revolving loan fund or for making repayment to the revolving loan fund
25 for the year.

26 (2) If a school district is eligible to borrow for debt service
27 on qualified bonds or revolving fund secured bonds under this act, the

1 school district shall file a draw request with the state treasurer not
2 less than 30 days before each date on which the school district owes
3 the debt service. The draw request shall include all of the following:

4 (a) A statement of the debt service owed in the next 6 months.

5 (b) A copy of the most recent bank statement showing the amount
6 on hand in the debt service accounts for all qualified bonds or
7 revolving fund secured bonds.

8 (c) A statement of any revenue received for payment of the debt
9 service since the date of the bank statement.

10 (d) A statement of any withdrawals made from the debt service
11 account since the date of the bank statement.

12 (3) Not more than 7 days before the date established by the
13 state treasurer for making qualified loans, the school district shall
14 confirm in writing the final qualified loan amount to be drawn on a
15 certificate in the form prescribed by the state treasurer.

16 (4) Upon receipt of a qualified loan confirmation described in
17 subsection (3), the state treasurer shall determine the amount of the
18 draw, which shall be the difference between the funds on hand in all
19 debt service accounts and the amount of the debt service, and shall
20 make a qualified loan in that amount to the school district no later
21 than 6 days before the date the debt service is due.

22 (5) When a school district's computed millage is sufficient to
23 pay principal and interest on its qualified bonds, a school district
24 shall file a loan activity statement with the state treasurer no later
25 than 30 days before the date set for payment of the qualified bonds
26 setting forth all of the following:

27 (a) A statement of the debt service owed in the next 6 months.

1 (b) A copy of the most recent bank statement showing the amount
2 on hand in the debt service account for the qualified bonds or
3 revolving fund secured bonds.

4 (c) A statement of any revenue received for payment of the debt
5 service since the date of the bank statement.

6 (d) A statement of any withdrawals made from the debt service
7 account since the date of the bank statement.

8 (6) Within 30 days after receipt of the loan activity statement
9 under subsection (5), the state treasurer shall send an invoice to the
10 school district for the amount of repayment the school district owes
11 on its outstanding qualified loans, which shall be the difference
12 between the debt service payable or paid to bondholders and the funds
13 on hand at the school district, less a reasonable amount of funds on
14 hand, as determined by the state treasurer, to cover minimum balance
15 requirements or potential tax disputes. The school district shall
16 remit the amount specified in the invoice within 30 days after the
17 dated date of the invoice.

18 Sec. 15. (1) If any paying agent for a school district's
19 qualified bonds notifies the state treasurer that the school district
20 has failed to deposit sufficient funds to pay principal and interest
21 due on the qualified bonds when due, or if a bondholder notifies the
22 state treasurer that the school district has failed to pay principal
23 or interest on qualified bonds when due, whether or not the school
24 district has filed a draw request with the state treasurer, the state
25 treasurer shall promptly pay the principal or interest on the
26 qualified bond when due.

27 (2) If any paying agent for a school district's revolving fund

1 secured bond notifies the state treasurer that the school district has
2 failed to deposit sufficient funds to pay principal and interest on
3 the revolving fund secured bonds when due, whether or not the school
4 district has filed a draw request with the state treasurer, the state
5 treasurer shall promptly direct the Michigan municipal bond authority
6 to pay the principal or interest on the revolving fund secured bond
7 when due.

8 (3) If the state treasurer pays any amount described in this
9 section, the state treasurer shall bill the school district for the
10 amount paid and the school district shall immediately remit the amount
11 to the state treasurer. If the school district would have been
12 eligible to borrow the debt service in accordance with the terms of
13 this act, the school district shall enter into a loan agreement
14 establishing the terms of the qualified loan as provided in this act.
15 If the state treasurer directs the Michigan municipal bond authority
16 to pay any amount described in this section, the state treasurer shall
17 cause the Michigan municipal bond authority to bill the school
18 district for the amount paid and the school district shall immediately
19 remit the amount to the Michigan municipal bond authority.

20 Sec. 16. (1) If a school district that owes this state loan
21 repayments relating to qualified bonds fails to levy at least the
22 computed millage upon its taxable value for debt retirement purposes
23 for qualified bonds and for repayment of a qualified loan made under
24 this act while any part of the qualified loan is unpaid or defaults in
25 its agreement to repay a qualified loan or any installment of a
26 qualified loan, the school district shall increase its debt levy in
27 the next succeeding year to obtain the amount necessary to repay this

1 state the amount of the default plus a late charge of 3% and shall pay
2 that amount to this state together with any other amounts owed during
3 the next tax year. The school district may use other funds to repay
4 this state including a transfer of general funds of the school
5 district, if approved by the state treasurer. The state treasurer
6 shall not disburse state school aid to the school district until the
7 school district has made satisfactory arrangements with the state
8 treasurer for the payment of the amount in default.

9 (2) If a school district fails to process any report,
10 application, confirmation, or repayment as required under this act,
11 the school district shall pay to the state treasurer a special
12 handling fee of \$500.00 for the first occurrence and \$1,000.00 for
13 each subsequent occurrence within 30 days after the date the state
14 treasurer notifies the school district of the amount due. The school
15 district may not use debt levy to pay any special handling fee. If a
16 school district fails to pay a special handling fee required under
17 this section, the state treasurer may deduct the amount of the unpaid
18 special handling fee from subsequent state school aid payments to the
19 school district.

20 Sec. 17. The state treasurer shall deposit all fees collected
21 under this act into a separate fund established within the state
22 treasury, and shall use the proceeds of the fees solely for the
23 purpose of administering and enforcing this act. The unexpended and
24 unobligated balance of this fund at the end of each state fiscal year
25 shall be carried forward over to the succeeding state fiscal year and
26 shall not lapse to the general fund but shall be available for
27 reappropriation for the next state fiscal year.

1 Sec. 18. A person who knowingly makes a false statement or
2 conceals a material information for the purpose of obtaining
3 qualification of a bond issue under this act or for the purpose of
4 obtaining a qualified loan under this act, or who knowingly uses all
5 or part of the proceeds of a qualified loan obtained under this act
6 for any purpose not authorized by this act, is guilty of a felony
7 punishable by imprisonment for not more than 4 years or a fine of not
8 more than \$2,000.00, or both.

9 Sec. 19. If a school district has completed the projects approved
10 by the school electors of the school district to be funded from
11 proceeds of qualified bonds, a school district may use any remaining
12 proceeds of the qualified bonds as follows:

13 (a) To pay for enhancements to the projects approved by the
14 school electors as described in the ballot proposing the qualified
15 bonds.

16 (b) To pay debt service on the qualified bonds.

17 (c) To repay this state.

18 Sec. 20. The state treasurer may designate in writing a person or
19 persons to take any actions required to be taken by the state
20 treasurer under this act. The signature of any designee shall have
21 the same force and effect as the signature of the state treasurer for
22 all purposes of this act.

23 Enacting section 1. 1961 PA 108, MCL 388.951 to 388.963, is
24 repealed.

25 Enacting section 2. This act does not take effect unless all of
26 the following bills of the 93rd Legislature are enacted into law:

27 (a) Senate Bill No.____ or House Bill No. 4661(request no.

1 02556'05 a).

2 (b) Senate Bill No.____ or House Bill No. 4646(request no.

3 02556'05 b).

4 (c) Senate Bill No.____ or House Bill No. 4663(request no.

5 02556'05 c).

6 (d) Senate Bill No.____ or House Bill No. 4664(request no.

7 02556'05 d).

8 (e) Senate Bill No.____ or House Bill No. 4662(request no.

9 02557'05).