

HOUSE BILL No. 6205

June 5, 2008, Introduced by Rep. Byrnes and referred to the Committee on Appropriations.

A bill to amend 1975 PA 222, entitled
"Higher education loan authority act,"
by amending section 5 (MCL 390.1155), as amended by 2002 PA 547.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. (1) The authority may issue ~~its~~ bonds in the principal
2 amounts necessary to provide ~~funds~~ **MONEY** for achieving its purposes
3 under this act, including, **BUT NOT LIMITED TO**, the payment of
4 interest on bonds of the authority, the establishment of reserves,
5 **INCLUDING 1 OR MORE RESERVE FUNDS DESCRIBED IN SUBSECTION (6)**, to
6 secure the bonds, and **THE PAYMENT OF** other expenditures of the
7 authority incident to and necessary or convenient to carry out its
8 purposes and powers. The authority may issue refunding bonds when
9 it considers refunding expedient, whether the bonds to be refunded

1 have or have not matured. The **AUTHORITY SHALL APPLY THE** proceeds of
2 the refunding bonds ~~shall be applied to~~ the purchase, redemption,
3 or payment of the bonds refunded. Except as otherwise expressly
4 provided in a resolution authorizing bonds, an issue of bonds ~~shall~~
5 ~~be~~ **IS** a general obligation of the authority to be satisfied out of
6 revenues or money or other property of the authority, subject to an
7 agreement with the holders of particular receipts, revenues, or
8 other property of the authority that has been pledged or mortgaged.

9 (2) Bonds issued by the authority **UNDER THIS SECTION** are not
10 subject to the revised municipal finance act, 2001 PA 34, MCL
11 141.2101 to 141.2821.

12 (3) The authority shall authorize ~~its~~ bonds **UNDER THIS SECTION**
13 by resolution. The bonds shall bear interest at a rate or rates,
14 which are fixed for the term of the bonds or which are calculated
15 upon a formula to vary; be in the denominations; be in a form
16 approved by the authority; carry registration privileges; be
17 executed in a manner; be payable in a medium of payment; and at a
18 place or places; be subject to terms of redemption; and be subject
19 to any other terms and conditions as the resolution or resolutions
20 may provide. The bonds authorized under this section may be sold by
21 the authority at public or private sale at a price determined by
22 the authority. If the bonds are:

23 (a) Serial bonds or term bonds, or both, the bonds shall bear
24 a date, and, if serial bonds, shall be payable either semiannually
25 or annually, and shall mature at a time or times, not exceeding 40
26 years after the date of issue, as provided in the resolution **OR**
27 **RESOLUTIONS.**

1 (b) Term loans, commercial paper, or other evidences of
2 indebtedness, the bonds shall bear a date or dates, ~~and shall~~
3 mature at a time or times not exceeding 30 years after the date of
4 issue, as **PROVIDED IN** the resolution or resolutions. ~~shall provide.~~

5 (4) The issuance of bonds and notes under this ~~act~~ **SECTION** is
6 subject to the agency financing reporting act, **2002 PA 470, MCL**
7 **129.171 TO 129.177.**

8 (5) For the purpose of more effectively managing its debt
9 service, the authority may enter into an interest rate exchange or
10 swap, hedge, or similar agreement with respect to its bonds or
11 notes, on the terms and payable from the sources and with the
12 security, if any, ~~as determined~~ **ESTABLISHED** by a resolution of the
13 authority.

14 (6) **THE AUTHORITY MAY ESTABLISH 1 OR MORE SPECIAL FUNDS AS**
15 **RESERVE FUNDS. ALL OF THE FOLLOWING APPLY TO A RESERVE FUND**
16 **ESTABLISHED UNDER THIS SECTION:**

17 (A) **THE AUTHORITY SHALL PAY INTO A RESERVE FUND MONEY**
18 **APPROPRIATED TO THAT RESERVE FUND; PROCEEDS OF THE SALE OF BONDS TO**
19 **THE EXTENT PROVIDED IN THE RESOLUTION OR RESOLUTIONS OF THE**
20 **AUTHORITY AUTHORIZING THE ISSUANCE OF THE BONDS; AND ANY OTHER**
21 **MONEY RECEIVED BY OR AVAILABLE TO THE AUTHORITY FOR THE PURPOSE OF**
22 **THE RESERVE FUND FROM ANY OTHER SOURCE, INCLUDING, BUT NOT LIMITED**
23 **TO, A TRANSFER OF ALL OR ANY PORTION OF THE AUTHORITY'S**
24 **UNENCUMBERED NET ASSETS TO THE RESERVE FUND.**

25 (B) **THE AUTHORITY SHALL ESTABLISH BY RESOLUTION A MINIMUM**
26 **BALANCE FOR A RESERVE FUND. EXCEPT AS OTHERWISE PROVIDED BY**
27 **RESOLUTION OF THE AUTHORITY, THE AUTHORITY SHALL NOT WITHDRAW MONEY**

1 FROM A RESERVE FUND IF THAT WITHDRAWAL WOULD REDUCE THE BALANCE OF
2 THE RESERVE FUND TO AN AMOUNT LESS THAN THE MINIMUM BALANCE
3 ESTABLISHED UNDER THIS SUBDIVISION FOR THE RESERVE FUND, EXCEPT FOR
4 PAYMENT OF ANY DEBT SERVICE ON THE BONDS SECURED BY THE RESERVE
5 FUND WHEN DUE IF THE AUTHORITY DOES NOT HAVE OTHER MONEY AVAILABLE
6 TO MAKE THAT PAYMENT.

7 (C) MONEY IN A RESERVE FUND SHALL BE USED ONLY TO PROVIDE
8 SECURITY FOR BONDS ISSUED BY THE AUTHORITY, INCLUDING THE PLEDGE OF
9 ALL OR ANY PORTION OF THE RESERVE FUND TO SECURE ALL OR ANY PORTION
10 OF THE BONDS OF THE AUTHORITY.

11 (D) IF AT ANY TIME A RESERVE FUND IS EXHAUSTED, ON OR BEFORE
12 SEPTEMBER 1 THE CHAIRPERSON OF THE AUTHORITY SHALL CERTIFY TO THE
13 GOVERNOR AND THE STATE BUDGET DIRECTOR THE AMOUNT, IF ANY,
14 NECESSARY TO RESTORE THE BALANCE OF THE RESERVE FUND TO AN AMOUNT
15 EQUAL TO THE MINIMUM BALANCE REQUIRED UNDER SUBDIVISION (B) FOR
16 THAT RESERVE FUND, AND THE GOVERNOR AND THE STATE BUDGET DIRECTOR
17 SHALL INCLUDE AN APPROPRIATION TO THE AUTHORITY FOR THAT RESERVE
18 FUND, IN THE AMOUNT CERTIFIED BY THE CHAIRPERSON, IN THE ANNUAL
19 BUDGET SUBMITTED TO THE LEGISLATURE FOR THE NEXT STATE FISCAL YEAR.