

# HOUSE BILL No. 5100

October 23, 2013, Introduced by Reps. Victory, Jacobsen, Howrylak and MacGregor and referred to the Committee on Financial Liability Reform.

A bill to amend 2005 PA 92, entitled  
"School bond qualification, approval, and loan act,"  
by amending section 5 (MCL 388.1925), as amended by 2012 PA 437.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 5. (1) A school district may apply to the state treasurer  
2 for preliminary qualification of a proposed school bond issue by  
3 filing an application in the form and containing the information  
4 required by this act.

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

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

1 (b) A description of the project or projects proposed to be  
2 financed.

3 (c) A pro forma debt service projection showing the estimated  
4 mills the school district will levy to provide revenue the school  
5 district will use to pay the qualified bonds, any outstanding  
6 qualified bonds, and any outstanding or projected qualified loans  
7 of the school district. For the purpose of the pro forma debt  
8 service projection, the school district may assume for the first 5  
9 years following the date of the application the average growth or  
10 decline in taxable value for the 5 years or such other period of  
11 time requested by the school district if approved by the state  
12 treasurer preceding the date of the application and the average  
13 growth or decline rate for the 20 years immediately preceding the  
14 date of the application but not more than 3% or less than 0% growth  
15 rate, for the remaining term of the proposed bonds.

16 (d) Evidence that the rate of utilization of each project to  
17 be financed will be at least 85% for new buildings and 60% for  
18 renovated facilities. If the projected enrollment of the district  
19 would not otherwise support utilization at the rates described in  
20 this subsection, the school district may include an explanation of  
21 the actions the school district intends to take to address the  
22 underutilization, including, if applicable, actions to close school  
23 buildings or other actions designed to assure continued assured use  
24 of the facilities being financed.

25 (e) Evidence that the cost per square foot of the project or  
26 projects will be reasonable in light of economic conditions  
27 applicable to the geographic area in which the school district is

1 located.

2 (f) Evidence that the school district will repay all  
3 outstanding qualified bonds, the proposed qualified bonds, all  
4 outstanding qualified loans, and all qualified loans expected to be  
5 incurred with respect to all qualified bonds of the school  
6 district, including the proposed qualified bond issue, not later  
7 than the applicable final mandatory repayment date.

8 (g) The overall utilization rate of all school buildings in  
9 the school district, excluding special education purposes.

10 (h) The total bonded debt outstanding of the school district  
11 and the total taxable value of property in the school district for  
12 the school district fiscal year in which the application is filed.

13 (i) A statement describing any environmental or usability  
14 problems to be addressed by the project or projects.

15 (j) An architect's analysis of the overall condition of the  
16 facilities to be renovated or replaced as a part of the project or  
17 projects.

18 (k) An amortization schedule demonstrating that the weighted  
19 average maturity of the qualified bond issue does not exceed 120%  
20 of the average reasonably expected useful life of the facilities,  
21 excluding land and site improvements, being financed or refinanced  
22 with the proceeds of the qualified bonds, determined as of the  
23 later of the date on which the qualified bonds will be issued or  
24 the date on which each facility is expected to be placed in  
25 service.

26 (l) An agreement that the school district will keep books and  
27 records detailing the investment and expenditure of the proceeds of

1 the qualified bonds and, at the request of the state treasurer, the  
2 school district will promptly, but not later than the date  
3 specified in the request, which date shall be not less than 5  
4 business days after the date of the request, submit information  
5 requested by the state treasurer related to the detailed  
6 information maintained by the school district as to the investment  
7 and expenditure of the proceeds of its qualified bonds.

8 (M) CERTIFICATION THAT EACH CURRENTLY SERVING BOARD MEMBER,  
9 SUPERINTENDENT, AND CHIEF FINANCIAL OFFICIAL OF THE SCHOOL DISTRICT  
10 HAS PARTICIPATED IN A FINANCIAL TRAINING PROGRAM ABOUT QUALIFIED  
11 BONDS APPROVED BY THE DEPARTMENT OF TREASURY.