

HOUSE BILL No. 4497

April 21, 2015, Introduced by Reps. Victory, Jacobsen, Hughes, Howrylak, Hooker, Pagel, McCready, Inman and Forlini 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 7 (MCL 388.1927), as amended by 2012 PA 437.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7. (1) The state treasurer shall qualify bonds of a
2 school district if the state treasurer determines all of the
3 following:

4 (a) A majority of the school district electors have approved
5 the bonds.

6 (b) The terms of the bond issue comply with applicable
7 provisions of the revised school code, 1976 PA 451, MCL 380.1 to
8 380.1852.

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

11 (d) The weighted average maturity of the qualified bond issue

1 does not exceed 120% of the average reasonably expected useful life
2 of the facilities, excluding land and site improvements, being
3 financed or refinanced with the proceeds of the bonds, determined
4 as of the later of the date on which the qualified bonds will be
5 issued or the date on which each facility is expected to be placed
6 in service.

7 (e) The school district has filed any information necessary to
8 update the contents of the original application to reflect changes
9 in any of the information approved in the preliminary qualification
10 process.

11 (f) The school district has agreed that the school district
12 will keep books and records detailing the investment and
13 expenditure of the proceeds of the qualified bonds and, at the
14 request of the state treasurer, the school district will promptly,
15 but not later than the date specified in the request, which date
16 shall be not less than 5 business days after the date of the
17 request, submit information requested by the state treasurer
18 related to the detailed information maintained by the school
19 district as to the investment and expenditure of the proceeds of
20 its qualified bonds.

21 (2) An order qualifying bonds shall specify the principal and
22 interest payment dates for all the bonds, the maximum principal
23 amount of and maximum interest rate on the bonds, the computed
24 millage, if any, the final mandatory repayment date, and other
25 matters as the state treasurer shall determine or as are required
26 by this act.

27 (3) If the application for prequalification demonstrates that

1 the school district will borrow from this state in accordance with
2 this act, the state treasurer and the school district shall enter
3 into a loan agreement setting forth the terms and conditions of any
4 qualified loans to be made to the school district under this act.

5 (4) If a school district does not issue its qualified bonds
6 within 180 days after the date of the order qualifying bonds, the
7 order shall no longer be effective. However, the school district
8 may reapply for qualification by filing an application and
9 information necessary to update the contents of the original
10 application for prequalification or qualification.

11 (5) The state treasurer shall qualify refunding bonds issued
12 to refund qualified loans or qualified bonds if the state treasurer
13 finds that ~~all of the following are met:~~

14 ~~—— (a) The~~ **THE** refunding bonds comply with the provisions of the
15 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
16 141.2821.

17 ~~—— (b) That the school district will repay all outstanding~~
18 ~~qualified bonds, the proposed qualified bonds, all outstanding~~
19 ~~qualified loans, and all qualified loans expected to be incurred~~
20 ~~with respect to all qualified bonds of the school district,~~
21 ~~including the proposed qualified bond issue, not later than the~~
22 ~~applicable final mandatory repayment date.~~