



HOUSE BILL No. 4457

HOUSE BILL No. 4457

March 30, 2017, Introduced by Reps. Iden, Griffin, Lucido, Hertel and Love and referred to the Committee on Local Government.

A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending section 122 (MCL 389.122), as amended by 2014 PA 485.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 122. The board of trustees may do all of the following:

(a) Borrow, subject to the provisions of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for community college purposes, including capital expenditures, money on the terms it considers desirable and give notes of the district for those purposes. If a newly organized community college district borrows in anticipation of the collection of the first tax levy of the district, the loan shall not exceed 50% of the estimated amount

1 of the first tax levy.

2 (b) Borrow, subject to the revised municipal finance act, 2001
3 PA 34, MCL 141.2101 to 141.2821, money as it considers necessary
4 and issue bonds of the community college district, to purchase
5 sites for buildings, playgrounds, athletic fields, or agricultural
6 farms; to purchase or erect and equip any building or buildings
7 that it is authorized to purchase and erect; or to make any
8 permanent improvement that it is authorized to make. The board
9 shall not make a loan or issue bonds for any sum that, together
10 with the total outstanding bonded indebtedness of the district,
11 including bonds voted but not issued, exceeds the total of 1-1/2%
12 of the first \$250,000,000.00 plus 1% of the excess over
13 \$250,000,000.00 of the last confirmed state equalized valuation of
14 all taxable property in the district unless the proposition of
15 making the loan or of issuing bonds is submitted first to a vote of
16 the qualified electors of the district, at a regular or special
17 election, and approved by the majority of the electors voting at
18 the election, in which event the board may make a loan or issue
19 bonds in an amount that does not exceed 15% of the total taxable
20 value of the district.

21 (c) Provide for **THE ACQUISITION OR FINANCING OF** energy
22 conservation **AND OPERATIONAL** improvements to be made to community
23 college facilities **OR INFRASTRUCTURE** and pay for the improvements
24 **OR THE FINANCING OR REFUNDING OF THE IMPROVEMENTS** from operating
25 funds of the district or from the savings that result from the
26 energy conservation **AND OPERATIONAL** improvements. Energy
27 conservation **AND OPERATIONAL** improvements may include, but are not

1 limited to, heating, **VENTILATING, OR AIR-CONDITIONING** system
2 improvements, fenestration improvements, roof improvements, the
3 installation of any insulation, the installation or repair of
4 heating, **VENTILATING,** or ~~air-conditioning~~ **AIR-CONDITIONING**
5 controls, ~~and~~ entrance or exit way closures, **INFORMATION TECHNOLOGY**
6 **IMPROVEMENTS ASSOCIATED WITH AN ENERGY CONSERVATION AND OPERATIONAL**
7 **IMPROVEMENT, AND MUNICIPAL UTILITY IMPROVEMENTS ASSOCIATED WITH AN**
8 **ENERGY CONSERVATION AND OPERATIONAL IMPROVEMENT.** The board of
9 trustees may acquire, **FINANCE, OR REFUND** 1 or more energy
10 conservation **AND OPERATIONAL** improvements by installment contract,
11 **WHICH MAY INCLUDE A LEASE-PURCHASE AGREEMENT DESCRIBED IN THIS**
12 **SUBDIVISION,** or may borrow money and issue notes for the purpose of
13 securing funds for the improvements or may enter into contracts in
14 which the cost of the energy conservation **AND OPERATIONAL**
15 improvements is paid from a portion of the savings that result from
16 the energy conservation **AND OPERATIONAL** improvements. The term of
17 an installment contract, **A LEASE-PURCHASE AGREEMENT DESCRIBED IN**
18 **THIS SUBDIVISION,** or notes issued under this subdivision shall not
19 exceed ~~25-20~~ years from the date of ~~installation of the energy~~
20 ~~conservation improvements.~~ **THE FINAL COMPLETION OF THE ENERGY**
21 **CONSERVATION AND OPERATIONAL IMPROVEMENTS OR THE USEFUL LIFE OF THE**
22 **AGGREGATE ENERGY CONSERVATION AND OPERATIONAL IMPROVEMENTS,**
23 **WHICHEVER IS LESS.** Notes issued under this subdivision are full
24 faith and credit, tax limited obligations of the community college
25 district, payable from tax levies and the general fund as pledged
26 by the board of trustees. The notes are subject to the revised
27 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. **A**

1 LEASE-PURCHASE AGREEMENT ISSUED PURSUANT TO THIS SUBSECTION SHALL
2 NOT BE SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34,
3 MCL 141.2101 TO 141.2821, AND SHALL NOT BE A MUNICIPAL SECURITY OR
4 A DEBT AS THOSE TERMS ARE DEFINED IN THAT ACT. This subdivision
5 does not limit in any manner the borrowing or bonding authority of
6 a community college as provided by law. AN INSTALLMENT CONTRACT
7 DESCRIBED IN THIS SUBDIVISION MAY INCLUDE A LEASE-PURCHASE
8 AGREEMENT, WHICH MAY BE A MULTIYEAR CONTRACTUAL OBLIGATION THAT
9 PROVIDES FOR AUTOMATIC RENEWAL UNLESS POSITIVE ACTION IS TAKEN BY
10 THE BOARD OF TRUSTEES TO TERMINATE THAT CONTRACT. PAYMENTS UNDER A
11 LEASE-PURCHASE AGREEMENT SHALL BE A CURRENT OPERATING EXPENSE
12 SUBJECT TO ANNUAL APPROPRIATIONS OF FUNDS BY THE BOARD OF TRUSTEES
13 AND SHALL OBLIGATE THE BOARD OF TRUSTEES ONLY FOR THOSE SUMS
14 PAYABLE DURING THE FISCAL YEAR OF CONTRACT EXECUTION OR ANY RENEWAL
15 YEAR THEREAFTER. THE BOARD OF TRUSTEES MAY MAKE PAYMENTS UNDER A
16 LEASE-PURCHASE AGREEMENT FROM ANY LEGALLY AVAILABLE FUNDS OR FROM A
17 COMBINATION OF ENERGY OR OPERATIONAL SAVINGS, CAPITAL
18 CONTRIBUTIONS, FUTURE REPLACEMENT COSTS AVOIDED, OR BILLABLE
19 REVENUE ENHANCEMENTS THAT RESULT FROM ENERGY CONSERVATION AND
20 OPERATIONAL IMPROVEMENTS, PROVIDED THAT THE BOARD OF TRUSTEES HAS
21 DETERMINED THAT THOSE FUNDS ARE SUFFICIENT TO COVER, IN AGGREGATE
22 OVER THE FULL TERM OF THE CONTRACTUAL AGREEMENT, THE COST OF THE
23 ENERGY CONSERVATION AND OPERATIONAL IMPROVEMENTS. THE LEASE-
24 PURCHASE AGREEMENT WILL TERMINATE IMMEDIATELY AND ABSOLUTELY AND
25 WITHOUT FURTHER OBLIGATION ON THE PART OF THE BOARD OF TRUSTEES AT
26 THE CLOSE OF THE FISCAL YEAR IN WHICH IT WAS EXECUTED OR RENEWED OR
27 AT SUCH TIME AS APPROPRIATED AND OTHERWISE UNOBLIGATED FUNDS ARE NO

1 LONGER AVAILABLE TO SATISFY THE OBLIGATIONS OF THE BOARD OF
2 TRUSTEES UNDER THE LEASE-PURCHASE AGREEMENT. DURING THE TERM OF THE
3 LEASE-PURCHASE AGREEMENT, THE BOARD OF TRUSTEES SHALL BE THE VESTED
4 OWNER OF THE ENERGY CONSERVATION AND OPERATIONAL IMPROVEMENTS AND
5 MAY GRANT A SECURITY INTEREST IN THE ENERGY CONSERVATION AND
6 OPERATIONAL IMPROVEMENTS TO THE PROVIDER OF THE LEASE-PURCHASE
7 AGREEMENT. UPON THE TERMINATION OF THE LEASE-PURCHASE AGREEMENT AND
8 THE SATISFACTION OF THE OBLIGATIONS OF THE BOARD OF TRUSTEES, THE
9 PROVIDER OF THE LEASE-PURCHASE AGREEMENT SHALL RELEASE ITS SECURITY
10 INTEREST IN THE ENERGY CONSERVATION AND OPERATIONAL IMPROVEMENTS.

11 Enacting section 1. This amendatory act takes effect 90 days
12 after the date it is enacted into law.