

**COMMUNITY COLLEGE ACT OF 1966 (EXCERPT)**  
**Act 331 of 1966**

**389.122 Board of trustees; powers.**

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 of the first tax levy.

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

(c) Provide for the acquisition or financing of energy conservation and operational improvements to be made to community college facilities or infrastructure and pay for the improvements or the financing or refunding of the improvements from operating funds of the district or from the savings that result from the energy conservation and operational improvements. Energy conservation and operational improvements may include, but are not limited to, heating, ventilating, or air-conditioning system improvements, fenestration improvements, roof improvements, the installation of any insulation, the installation or repair of heating, ventilating, or air-conditioning controls, entrance or exit way closures, information technology improvements associated with an energy conservation and operational improvement, and municipal utility improvements associated with an energy conservation and operational improvement. The board of trustees may acquire, finance, or refund 1 or more energy conservation and operational improvements by installment contract, which may include a lease-purchase agreement described in this subdivision, or may borrow money and issue notes for the purpose of securing funds for the improvements or may enter into contracts in which the cost of the energy conservation and operational improvements is paid from a portion of the savings that result from the energy conservation and operational improvements. The term of an installment contract, a lease-purchase agreement described in this subdivision, or notes issued under this subdivision shall not exceed 20 years from the date of the final completion of the energy conservation and operational improvements or the useful life of the aggregate energy conservation and operational improvements, whichever is less. Notes issued under this subdivision are full faith and credit, tax limited obligations of the community college district, payable from tax levies and the general fund as pledged by the board of trustees. The notes are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. A lease-purchase agreement issued pursuant to this subsection shall not be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and shall not be a municipal security or a debt as those terms are defined in that act. This subdivision does not limit in any manner the borrowing or bonding authority of a community college as provided by law. An installment contract described in this subdivision may include a lease-purchase agreement, which may be a multiyear contractual obligation that provides for automatic renewal unless positive action is taken by the board of trustees to terminate that contract. Payments under a lease-purchase agreement shall be a current operating expense subject to annual appropriations of funds by the board of trustees and shall obligate the board of trustees only for those sums payable during the fiscal year of contract execution or any renewal year thereafter. The board of trustees may make payments under a lease-purchase agreement from any legally available funds or from a combination of energy or operational savings, capital contributions, future replacement costs avoided, or billable revenue enhancements that result from energy conservation and operational improvements, provided that the board of trustees has determined that those funds are sufficient to cover, in aggregate over the full term of the contractual agreement, the cost of the energy conservation and operational improvements. The lease-purchase agreement will terminate immediately and absolutely and without further obligation on the part of the board of trustees at the close of the fiscal year in which it was executed or renewed or at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the board of trustees under the lease-purchase agreement. During

the term of the lease-purchase agreement, the board of trustees shall be the vested owner of the energy conservation and operational improvements and may grant a security interest in the energy conservation and operational improvements to the provider of the lease-purchase agreement. Upon the termination of the lease-purchase agreement and the satisfaction of the obligations of the board of trustees, the provider of the lease-purchase agreement shall release its security interest in the energy conservation and operational improvements.

**History:** 1966, Act 331, Eff. Oct. 1, 1966;—Am. 1984, Act 148, Imd. Eff. June 25, 1984;—Am. 2002, Act 72, Imd. Eff. Mar. 15, 2002;—Am. 2003, Act 306, Eff. Jan. 1, 2005;—Am. 2014, Act 485, Imd. Eff. Jan. 13, 2015;—Am. 2017, Act 133, Eff. Jan. 24, 2018.