

## 2000 PUBLIC AND LOCAL ACTS

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### [No. 245]

#### (HB 5832)

AN ACT to amend 1961 PA 112, entitled "An act to authorize and provide for the issuance and sale of bonds and notes of the state; to provide funds for making loans to school districts for payment of principal and interest on certain school bonds; to provide for use of moneys repaid to the state by school districts; and to make an appropriation," by amending the title and sections 1 and 2 (MCL 388.981 and 388.982), the title and section 2 as amended by 1991 PA 64, and by adding sections 1a and 1b.

*The People of the State of Michigan enact:*

#### TITLE

An act to authorize and provide for the issuance, sale, and refunding of bonds, notes, or commercial paper of the state; to provide funds for making loans to school districts for payment of principal and interest on certain school bonds; to provide for use of moneys repaid to the state by school districts; and to make an appropriation.

#### **388.981 State loans to school districts; bonds, notes, or commercial paper. [M.S.A. 3.424(101)]**

Sec. 1. (1) The people of this state by virtue of the provisions of section 16 of article IX of the state constitution of 1963 having authorized the state to borrow from time to time such amounts as shall be required, pledge its faith and credit, and issue its notes or bonds for the purpose of making loans to school districts as provided in that constitutional provision and legislation enacted to implement that constitutional provision, the state administrative board is authorized and directed to borrow on the full faith and credit of the state from time to time such sums of money as may be necessary for these purposes, including such sums as may be necessary to reimburse funds advanced or loaned by this state to the school bond loan fund to make loans to school districts or to refund bonds, notes, or commercial paper issued under this act or to pay the principal of and interest on any notes or renewals of notes issued pursuant to the provisions of section 5 to provide temporary financing of sums used for the purpose of making loans to school districts. The amount to be borrowed from time to time shall be not less than an amount certified in writing by the state treasurer as being in his or her opinion necessary to provide funds for the purposes of this act.

(2) The bonds, notes, or commercial paper issued under this act shall be designated school loan bonds, notes, or commercial paper, respectively, and may be issued in series from time to time as money is needed for purposes of this act, with different dates of issuance for each series. The state administrative board may from time to time determine, and by resolution prescribe, the date of issue of each series, the amount of bonds, notes, or commercial paper to be included in each series, the maturities of the bonds, notes, or commercial paper so included, the maximum rate or rates of interest on the bonds, notes, or commercial paper, the dates of payment of interest, the place or places of payment of principal and interest, and provisions relative to registration of bonds, notes, or commercial paper, if any. The bonds, notes, or commercial paper, or any portion thereof, may be made subject to redemption before maturity upon such terms as may be prescribed before the issuance of the bonds, notes, or commercial paper by resolution of the state administrative board.

(3) The bonds, notes, or commercial paper issued under this act shall be executed for and on behalf of this state by the state treasurer or a deputy state treasurer, and a facsimile of the seal of the state treasurer shall be printed or impressed on or affixed to

the bonds, notes, or commercial paper. Interest coupons, if any, evidencing accrued interest to the respective dates of maturity of the bonds, notes, or commercial paper shall bear the facsimile signature of the state treasurer.

(4) The bonds, notes, or commercial paper issued under this act shall be sold by the state administrative board at a price determined by or pursuant to a resolution of the state administrative board. The sales shall be public or private sales, as determined by the state administrative board.

(5) The state administrative board may authorize payment of the costs of issuance from the proceeds of the bonds, notes, or commercial paper issued under this act, including, but not limited to, fees for placement and fees and charges for insurance, letters of credit, purchase of sale agreements or commitments, or agreements to provide security to assure timely payment of the bonds, notes, or commercial paper.

(6) As used in this act, except for this subsection, "state treasurer" means the state treasurer or his or her designee. This designation shall be in a written instrument signed by the state treasurer and maintained in a permanent file. The signature of any designee shall have the same force and effect as the signature of the state treasurer for all purposes of all other provisions of this act.

**388.981a Issuance of bonds by state administrative board.  
[M.S.A. 3.424(101a)]**

Sec. 1a. The state administrative board may issue bonds, notes, or commercial paper to refund bonds, notes, or commercial paper issued under this act by the issuance of new bonds, notes, or commercial paper, whether or not the bonds, notes, or commercial paper to be refunded have matured or are subject to prior redemption. The state administrative board may issue bonds, notes, or commercial paper partly to refund bonds, notes, or commercial paper issued under this act and partly for any other purpose provided by this act.

**388.981b Security for payment or purchase of bonds, notes, or commercial paper; authorization and approval by state administrative board; authority of state treasurer or deputy treasurer.  
[M.S.A. 3.424(101b)]**

Sec. 1b. (1) The state administrative board may authorize and approve insurance contracts; agreements for lines of credit; letters of credit; commitments to purchase bonds, notes, or commercial paper; and any other transaction to provide security to assure timely payment or purchase of any bonds, notes, or commercial paper issued under this act. The state administrative board may authorize and approve an interest rate exchange or swap, hedge, or similar agreement or agreements in connection with the issuance of bonds, notes, or commercial paper issued under this act or in connection with outstanding bonds, notes, or commercial paper, or other obligations or evidence of indebtedness of this state under this act.

(2) The state administrative board may authorize the state treasurer or a deputy treasurer, but only within limitations that are contained in the authorizing resolution of the state administrative board, to do 1 or more of the following:

(a) Sell and deliver and receive payment for bonds, notes, or commercial paper issued under this act.

(b) Deliver bonds, notes, or commercial paper partly to refund bonds, notes, or commercial paper and partly for other authorized purposes.

(c) Select which outstanding bonds, notes, or commercial paper will be refunded, if any, by the new issue of bonds, notes, or commercial paper.

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(d) Buy bonds, notes, or commercial paper issued under this act.

(e) Approve interest rates, if any, or methods for determining interest rates, including fixed or variable rates; prices; discounts; maturities; principal amounts; purchase prices; purchase dates; remarketing dates; denominations; dates of issuance; interest payment dates; redemption rights at the option of the state or the owner; the place and time of delivery and payment; and other matters and procedures necessary to complete the authorized transactions.

(f) Execute, deliver, and pay the cost of remarketing agreements; insurance contracts; agreements for lines of credit; letters of credit; commitments to purchase bonds, notes, or commercial paper; and any other transaction to provide security to assure timely payments or purchase of any bonds, notes, or commercial paper issued under this act.

(g) Determine the details of, execute, deliver, and pay the cost of any interest rate exchange or swap, hedge, or similar agreement or agreements.

### **388.982 School bond loan fund; disposition of proceeds; payment. [M.S.A. 3.424(102)]**

Sec. 2. The proceeds of sale of refunding bonds, notes, or commercial paper issued under this act shall be applied as determined by the state administrative board. The proceeds of sale of other bonds, notes, or commercial paper issued under this act shall be deposited in a separate fund in the state treasury to be known as "the school bond loan fund", and shall be paid out in no other manner or for any other purpose than provided in section 16 of article IX of the state constitution of 1963 and laws enacted pursuant to that section.

This act is ordered to take immediate effect.

Approved June 29, 2000.

Filed with Secretary of State June 29, 2000.

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