

HOUSE BILL No. 5697

March 7, 2018, Introduced by Reps. Afendoulis, VerHeulen, Brinks, LaGrand and Brann and referred to the Committee on Appropriations.

A bill to amend 1966 PA 331, entitled "Community college act of 1966," by amending section 164 (MCL 389.164), as added by 2008 PA 359.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 164. (1) Subject to subsection (16), by resolution of its
2 board of trustees, a community college district may authorize,
3 issue, and sell its new jobs training revenue bonds in anticipation
4 of payments to be received pursuant to an agreement, subject to the
5 requirements of this chapter, to finance costs of new jobs training
6 programs and to pay costs of issuing those bonds. The bonds shall
7 be payable in the manner and on the terms and conditions
8 determined, or within the parameters specified, by the board in the
9 resolution authorizing issuance of the bonds. The resolution
10 authorizing the bonds shall create a lien on the receipts from new

1 jobs credit from withholding to be received by the community
2 college district pursuant to an agreement or agreements that shall
3 be a statutory lien and shall be a first lien subject only to liens
4 previously created. As additional security, in the resolution
5 authorizing the bonds, the board of trustees may also pledge the
6 limited tax full faith and credit of the district and may authorize
7 and enter into an insurance contract, agreement for lines of
8 credit, letter of credit, commitment to purchase obligations,
9 remarketing agreement, reimbursement agreement, tender agreement,
10 or any other transaction necessary to provide security to assure
11 timely payment of any bonds.

12 (2) Bonds described in subsection (1) shall be authorized by
13 resolution of the board of trustees, and shall bear the date or
14 dates, and shall mature at the time or times, not exceeding 20
15 years from the date of issue, provided in the resolution. The bonds
16 shall bear interest at the rate or rates, fixed or variable or a
17 combination of fixed and variable, be in the denominations, be in
18 the form, either coupon or registered, carry the registration
19 privileges, be executed in the manner, be payable in the medium of
20 payment and at the place or places, and be subject to the terms of
21 redemption provided in the resolution or resolutions. The bonds of
22 the community college district may be sold at a competitive or
23 negotiated sale at par, premium, or discount as determined in the
24 authorizing resolution.

25 (3) A community college district may issue bonds described in
26 subsection (1) with respect to a single project or multiple
27 projects as determined by the board of trustees in the resolution

1 authorizing the issuance of the bonds. The board of trustees may
2 determine to sell the bonds in conjunction with the sale of bonds
3 by another community college district.

4 (4) Any resolution authorizing any bonds under this section,
5 or any issue of bonds of those bonds, may contain provisions
6 concerning any of the following, and those provisions are part of
7 the contract with the holders of the bonds:

8 (a) Pledging all or any part of any fees or available funds of
9 the community college district, or other money received or to be
10 received, to secure the payment of the bonds or of any issue of
11 bonds, and subject to any agreements with bondholders as may then
12 exist.

13 (b) Pledging all or any part of the assets of the community
14 college district, including mortgages and obligations securing the
15 assets, to secure the payment of the bonds or of any issue of
16 bonds, subject to any agreements with bondholders as may then
17 exist.

18 (c) The setting aside of reserves or sinking funds and the
19 regulation and disposition of reserves or sinking funds.

20 (d) Limitations on the purpose to which the proceeds of sale
21 of bonds may be applied and pledging the proceeds to secure the
22 payment of the bonds or of any issue of bonds.

23 (e) Limitations on the issuance of additional bonds; the terms
24 on which additional bonds may be issued and secured; and the
25 refunding of outstanding or other bonds.

26 (f) The procedure, if any, by which the terms of any contract
27 with bondholders may be amended or abrogated, the amount of bonds

1 the holders of which must consent to the amendment or abrogation,
2 and the manner in which bondholders may give that consent.

3 (g) Vesting in a trustee or trustees the property, rights,
4 powers, and duties in trust determined by the board of trustees of
5 the community college district.

6 (h) Any other matters that in any way affect the security or
7 protection of the bonds.

8 (i) Delegating to an officer or other employee of the
9 community college district, or an agent designated by the community
10 college district, the power to cause the issue, sale, and delivery
11 of the bonds within limits on those bonds established by the
12 community college district concerning any of the following:

13 (i) The form of the bonds.

14 (ii) The maximum interest rate or rates of the bonds.

15 (iii) The maturity date or dates of the bonds.

16 (iv) The purchase price of the bonds.

17 (v) The denominations of the bonds.

18 (vi) The redemption premiums of the bonds.

19 (vii) The nature of the security for the bonds.

20 (viii) Any other terms and conditions concerning issuance of
21 the bonds prescribed by the board of trustees of the community
22 college district.

23 (5) All of the following apply to any pledge of money or other
24 assets made by a community college district to secure any bonds or
25 issue of bonds under this section:

26 (a) The pledge is valid and binding from the time when the
27 pledge is made.

1 (b) The money or other assets pledged are immediately subject
2 to the lien of the pledge when received, without any physical
3 delivery of the money or assets or any further act.

4 (c) The lien of the pledge is valid and binding as against all
5 parties having claims of any kind, in tort, contract, or otherwise,
6 against the community college district, whether or not those
7 parties have notice of the lien.

8 (d) The community college district is not required to record
9 the resolution or any other instrument creating the pledge.

10 (6) The board of trustees of a community college district and
11 any person executing bonds subject to this section are not
12 personally liable on the bonds or subject to any personal liability
13 or accountability by reason of the issuance of the bonds.

14 (7) A community college district issuing bonds under this
15 section may purchase bonds of the community college district out of
16 any funds available for that purpose, subject to any agreements
17 with bondholders in effect at that time. Unless the board of the
18 community college district determines by resolution that the
19 payment of a higher price is in the best interests of the community
20 college district, the community college shall not purchase those
21 bonds at a price that exceeds 1 of the following, as applicable:

22 (a) If the bonds are redeemable at the time of purchase, the
23 redemption price applicable at that time plus accrued interest to
24 the next interest payment date on the bonds.

25 (b) If the bonds are not redeemable at the time of purchase,
26 the redemption price applicable on the first date after the
27 purchase on which the bonds are redeemable, plus accrued interest

1 to that date.

2 (8) Bonds issued under this section are not subject to the
3 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
4 141.2821, except that bonds issued under this section are subject
5 to the maximum rate permitted under section 305 of the revised
6 municipal finance act, 2001 PA 34, MCL 141.2305.

7 (9) The issuance of bonds under this section is subject to the
8 agency financing reporting act, 2002 PA 470, MCL 129.171 to
9 129.177.

10 (10) Bonds issued under this section shall not be considered
11 to be within any limitation of outstanding debt limit applicable to
12 the community college district, including any limitation contained
13 in section 122, but shall be considered as authorized in addition
14 to any limitation of outstanding debt limit applicable to the
15 community college district.

16 (11) By resolution of its board of trustees, a community
17 college district may refund all or any part of its outstanding
18 bonds issued under this section by issuing refunding bonds. A
19 community college district may issue refunding bonds whether the
20 outstanding bonds to be refunded have or have not matured, are or
21 are not redeemable on the date of issuance of the refunding bonds,
22 or are or are not subject to redemption before maturity.

23 (12) A community college district may issue refunding bonds
24 under subsection (11) in a principal amount greater than the
25 principal amount of the outstanding bonds to be refunded if
26 necessary to effect the refunding under the refunding plan.

27 (13) A community college district may use the proceeds of

1 refunding bonds issued under subsection (11) to pay interest
2 accrued, or to accrue, to the earliest or any subsequent date of
3 redemption, purchase, or maturity of the outstanding bonds to be
4 refunded, redemption premium, if any, and any commission, service
5 fee, and other expense necessary to be paid in connection with the
6 outstanding bonds to be refunded. A community college district may
7 also use the proceeds of refunding bonds to pay part of the cost of
8 issuance of the refunding bonds, interest on the refunding bonds, a
9 reserve for the payment of principal, interest, and redemption
10 premiums on the refunding bonds, and other necessary incidental
11 expenses, including, but not limited to, placement fees and fees or
12 charges for insurance, letters of credit, lines of credit, or
13 commitments to purchase the outstanding bonds to be refunded.

14 (14) A community college district may apply the proceeds of
15 refunding bonds issued under subsection (11) and other available
16 money to payment of the principal, interest, or redemption
17 premiums, if any, on the refunded outstanding bonds at maturity or
18 on any prior redemption date or may deposit the proceeds or other
19 money in trust to use to purchase and deposit in trust direct
20 obligations of the United States, direct noncallable and
21 nonprepayable obligations that are unconditionally guaranteed by
22 the United States government as to full and timely payment of
23 principal and interest, noncallable and nonprepayable coupons from
24 those obligations that are stripped pursuant to United States
25 ~~treasury~~ **TREASURY** programs, and resolution funding corporation
26 bonds and strips, the principal and interest on which when due,
27 together with other available money, will provide funds sufficient

1 to pay principal, interest, and redemption premiums, if any, on the
2 refunded outstanding bonds as the refunded outstanding bonds become
3 due, whether by maturity or on a prior redemption date, as provided
4 in the authorizing resolution.

5 (15) A community college district is authorized to pay all or
6 part of the costs of new jobs training programs out of funds of the
7 community college district, including self-funding methods. The use
8 of funds of the community college district and self-funding methods
9 to pay the costs of new jobs training programs shall be considered
10 an authorized expenditure of public funds and shall not be
11 construed as an investment.

12 (16) A community college district shall not authorize, issue,
13 or sell any new jobs training revenue bonds after December 31,
14 ~~2018-2023~~.