

HOUSE BILL No. 5832

May 23, 2000, Introduced by Rep. Jelinek and referred to the Committee on Education.

A bill 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:

1 TITLE

2 An act to authorize and provide for the issuance, ~~and~~
3 sale, AND REFUNDING of bonds, ~~and~~ notes, OR COMMERCIAL PAPER of
4 the state; to provide funds for making loans to school districts
5 for payment of principal and interest on certain school bonds; to
6 provide for use of moneys repaid to the state by school
7 districts; and to make an appropriation.

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1 Sec. 1. (1) The people of ~~the~~ THIS state by virtue of the
2 provisions of section 16 of article ~~9~~ IX of the state constitu-
3 tion OF 1963 having authorized the state to borrow from time to
4 time such amounts as shall be required, pledge its faith and
5 credit, and issue its notes or bonds ~~therefor~~ for the purpose
6 of making loans to school districts as provided in ~~the~~ THAT
7 constitutional provision and legislation enacted to implement
8 ~~the~~ THAT constitutional provision, the state administrative
9 board is authorized and directed to borrow on the full faith and
10 credit of the state from time to time such sums of money as may
11 be necessary ~~therefor~~ FOR THESE PURPOSES, including such sums
12 as may be necessary to REIMBURSE FUNDS ADVANCED OR LOANED BY THIS
13 STATE TO THE SCHOOL BOND LOAN FUND TO MAKE LOANS TO SCHOOL DIS-
14 TRICTS OR TO REFUND BONDS, NOTES, OR COMMERCIAL PAPER ISSUED
15 UNDER THIS ACT OR TO pay the principal of AND INTEREST ON any
16 notes or renewals ~~thereof heretofore or hereafter~~ OF NOTES
17 issued pursuant to the provisions of section 5 to provide tempo-
18 rary financing of sums used for the purpose of making loans to
19 school districts. The amount to be borrowed from time to time
20 shall be not less than ~~such~~ AN amount ~~as shall be~~ certified
21 in writing by the ~~superintendent of public instruction~~ STATE
22 TREASURER as being in his OR HER opinion necessary to provide
23 funds for ~~such loans to school districts over the next ensuing 2~~
24 ~~calendar years~~ THE PURPOSES OF THIS ACT.

25 (2) The bonds, NOTES, OR COMMERCIAL PAPER ISSUED UNDER THIS
26 ACT shall be designated school loan bonds, NOTES, OR COMMERCIAL
27 PAPER, RESPECTIVELY, and may be issued in series from time to

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1 time as ~~moneys are~~ MONEY IS needed for ~~such school loan~~
2 purposes OF THIS ACT, with different dates of issuance for each
3 ~~such~~ series. The state administrative board may from time to
4 time determine, and by resolution prescribe, the date of issue of
5 each ~~such~~ series, the amount of bonds, NOTES, OR COMMERCIAL
6 PAPER to be included in ~~such~~ EACH series, the maturities of the
7 bonds, NOTES, OR COMMERCIAL PAPER so included, the maximum rate
8 or rates of interest on the bonds, NOTES, OR COMMERCIAL PAPER,
9 the dates of payment of interest, the place or places of payment
10 of principal and interest, and provisions relative to registra-
11 tion of bonds, NOTES, OR COMMERCIAL PAPER, if any. The bonds,
12 NOTES, OR COMMERCIAL PAPER, or any portion thereof, may be made
13 subject to redemption ~~prior to~~ BEFORE maturity upon such terms
14 as may be prescribed ~~prior to~~ BEFORE the issuance of the bonds,
15 NOTES, OR COMMERCIAL PAPER by resolution of the state administra-
16 tive board.

17 (3) The bonds, NOTES, OR COMMERCIAL PAPER ISSUED UNDER THIS
18 ACT shall be executed for and on behalf of ~~the state of~~
19 ~~Michigan~~ THIS STATE by the state treasurer ~~and the secretary of~~
20 ~~state, or their deputies~~ OR A DEPUTY STATE TREASURER, and a fac-
21 simile of the seal of the state ~~, as approved by the state~~
22 ~~administrative board,~~ TREASURER shall be PRINTED OR IMPRESSED ON
23 OR affixed ~~thereto by the secretary of state~~ TO THE BONDS,
24 NOTES, OR COMMERCIAL PAPER. Interest coupons, IF ANY, evidencing
25 accrued interest to the respective dates of maturity of the
26 bonds, NOTES, OR COMMERCIAL PAPER shall bear the facsimile
27 signature of the state treasurer.

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1 (4) The bonds, NOTES, OR COMMERCIAL PAPER ISSUED UNDER THIS
2 ACT shall be sold by the state administrative board ~~, at not~~
3 ~~less than par and accrued interest~~ AT A PRICE DETERMINED BY OR
4 PURSUANT TO A RESOLUTION OF THE STATE ADMINISTRATIVE BOARD.
5 ~~Such sale or~~ THE sales shall be public OR PRIVATE sales, ~~held~~
6 ~~from time to time at the discretion of~~ AS DETERMINED BY the
7 state administrative board. ~~, after notice by publication at~~
8 ~~least 5 days before each such sale, in a publication printed in~~
9 ~~the English language and circulated in the state of Michigan~~
10 ~~which carries as part of its regular service, notices of sale of~~
11 ~~municipal bonds. The bonds so sold at each such sale shall be~~
12 ~~awarded to the bidder whose bid in the opinion of the state~~
13 ~~administrative board would result in the lowest interest cost to~~
14 ~~the state. The state administrative board shall have the right~~
15 ~~to reject any or all bids.~~

16 (5) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE PAYMENT OF
17 THE COSTS OF ISSUANCE FROM THE PROCEEDS OF THE BONDS, NOTES, OR
18 COMMERCIAL PAPER ISSUED UNDER THIS ACT, INCLUDING, BUT NOT
19 LIMITED TO, FEES FOR PLACEMENT AND FEES AND CHARGES FOR INSUR-
20 ANCE, LETTERS OF CREDIT, PURCHASE OF SALE AGREEMENTS OR COMMIT-
21 MENTS, OR AGREEMENTS TO PROVIDE SECURITY TO ASSURE TIMELY PAYMENT
22 OF THE BONDS, NOTES, OR COMMERCIAL PAPER.

23 (6) AS USED IN THIS ACT, EXCEPT FOR THIS SUBSECTION, "STATE
24 TREASURER" MEANS THE STATE TREASURER OR HIS OR HER DESIGNEE.
25 THIS DESIGNATION SHALL BE IN A WRITTEN INSTRUMENT SIGNED BY THE
26 STATE TREASURER AND MAINTAINED IN A PERMANENT FILE. THE
27 SIGNATURE OF ANY DESIGNEE SHALL HAVE THE SAME FORCE AND EFFECT AS

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1 THE SIGNATURE OF THE STATE TREASURER FOR ALL PURPOSES OF ALL
2 OTHER PROVISIONS OF THIS ACT.

3 SEC. 1A. THE STATE ADMINISTRATIVE BOARD MAY ISSUE BONDS,
4 NOTES, OR COMMERCIAL PAPER TO REFUND BONDS, NOTES, OR COMMERCIAL
5 PAPER ISSUED UNDER THIS ACT BY THE ISSUANCE OF NEW BONDS, NOTES,
6 OR COMMERCIAL PAPER, WHETHER OR NOT THE BONDS, NOTES, OR COMMER-
7 CIAL PAPER TO BE REFUNDED HAVE MATURED OR ARE SUBJECT TO PRIOR
8 REDEMPTION. THE STATE ADMINISTRATIVE BOARD MAY ISSUE BONDS,
9 NOTES, OR COMMERCIAL PAPER PARTLY TO REFUND BONDS, NOTES, OR COM-
10 MERCIAL PAPER ISSUED UNDER THIS ACT AND PARTLY FOR ANY OTHER PUR-
11 POSE PROVIDED BY THIS ACT.

12 SEC. 1B. (1) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE
13 AND APPROVE INSURANCE CONTRACTS; AGREEMENTS FOR LINES OF CREDIT;
14 LETTERS OF CREDIT; COMMITMENTS TO PURCHASE BONDS, NOTES, OR COM-
15 MERCIAL PAPER; AND ANY OTHER TRANSACTION TO PROVIDE SECURITY TO
16 ASSURE TIMELY PAYMENT OR PURCHASE OF ANY BONDS, NOTES, OR COMMER-
17 CIAL PAPER ISSUED UNDER THIS ACT. THE STATE ADMINISTRATIVE BOARD
18 MAY AUTHORIZE AND APPROVE AN INTEREST RATE EXCHANGE OR SWAP,
19 HEDGE, OR SIMILAR AGREEMENT OR AGREEMENTS IN CONNECTION WITH THE
20 ISSUANCE OF BONDS, NOTES, OR COMMERCIAL PAPER ISSUED UNDER THIS
21 ACT OR IN CONNECTION WITH OUTSTANDING BONDS, NOTES, OR COMMERCIAL
22 PAPER, OR OTHER OBLIGATIONS OR EVIDENCE OF INDEBTEDNESS OF THIS
23 STATE UNDER THIS ACT.

24 (2) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE THE STATE
25 TREASURER OR A DEPUTY TREASURER, BUT ONLY WITHIN LIMITATIONS THAT
26 ARE CONTAINED IN THE AUTHORIZING RESOLUTION OF THE STATE
27 ADMINISTRATIVE BOARD, TO DO 1 OR MORE OF THE FOLLOWING:

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1 (A) SELL AND DELIVER AND RECEIVE PAYMENT FOR BONDS, NOTES,
2 OR COMMERCIAL PAPER ISSUED UNDER THIS ACT.

3 (B) DELIVER BONDS, NOTES, OR COMMERCIAL PAPER PARTLY TO
4 REFUND BONDS, NOTES, OR COMMERCIAL PAPER AND PARTLY FOR OTHER
5 AUTHORIZED PURPOSES.

6 (C) SELECT WHICH OUTSTANDING BONDS, NOTES, OR COMMERCIAL
7 PAPER WILL BE REFUNDED, IF ANY, BY THE NEW ISSUE OF BONDS, NOTES,
8 OR COMMERCIAL PAPER.

9 (D) BUY BONDS, NOTES, OR COMMERCIAL PAPER ISSUED UNDER THIS
10 ACT.

11 (E) APPROVE INTEREST RATES, IF ANY, OR METHODS FOR DETERMIN-
12 ING INTEREST RATES, INCLUDING FIXED OR VARIABLE RATES; PRICES;
13 DISCOUNTS; MATURITIES; PRINCIPAL AMOUNTS; PURCHASE PRICES; PUR-
14 CHASE DATES; REMARKETING DATES; DENOMINATIONS; DATES OF ISSUANCE;
15 INTEREST PAYMENT DATES; REDEMPTION RIGHTS AT THE OPTION OF THE
16 STATE OR THE OWNER; THE PLACE AND TIME OF DELIVERY AND PAYMENT;
17 AND OTHER MATTERS AND PROCEDURES NECESSARY TO COMPLETE THE AUTHO-
18 RIZED TRANSACTIONS.

19 (F) EXECUTE, DELIVER, AND PAY THE COST OF REMARKETING AGREE-
20 MENTS; INSURANCE CONTRACTS; AGREEMENTS FOR LINES OF CREDIT; LET-
21 TERS OF CREDIT; COMMITMENTS TO PURCHASE BONDS, NOTES, OR COMMER-
22 CIAL PAPER; AND ANY OTHER TRANSACTION TO PROVIDE SECURITY TO
23 ASSURE TIMELY PAYMENTS OR PURCHASE OF ANY BONDS, NOTES, OR COM-
24 MERCIAL PAPER ISSUED UNDER THIS ACT.

25 (G) DETERMINE THE DETAILS OF, EXECUTE, DELIVER, AND PAY THE
26 COST OF ANY INTEREST RATE EXCHANGE OR SWAP, HEDGE, OR SIMILAR
27 AGREEMENT OR AGREEMENTS.

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1 Sec. 2. THE PROCEEDS OF SALE OF REFUNDING BONDS, NOTES, OR
2 COMMERCIAL PAPER ISSUED UNDER THIS ACT SHALL BE APPLIED AS DETER-
3 MINED BY THE STATE ADMINISTRATIVE BOARD. The proceeds of sale of
4 ~~the~~ OTHER bonds, ~~or~~ notes, OR COMMERCIAL PAPER ISSUED UNDER
5 THIS ACT shall be deposited in a separate fund in the state trea-
6 sury to be known as "the school bond loan fund", and shall be
7 paid out in no other manner or for any other purpose than pro-
8 vided in section 16 of article ~~9~~ IX of the state constitution
9 of 1963 and laws enacted pursuant to that section.