

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

389.127 Board of trustees; borrowing money and issuing obligations; purpose; pledging state appropriations; pledging full faith and credit of district; limitations; notes or obligations as first budget obligation; pledge as statutory lien; duties of state treasurer; approval of transactions to insure timely payment of note or obligation; expenses; notes or obligations subject to MCL 141.2101 to 141.2821; form, terms, and sale of notes or obligations; repayment.

Sec. 127.

(1) The board of trustees may also borrow money and issue its notes or other obligations to secure funds for operating expenses or to pay previous obligations incurred for operating purposes under this or any other statute. The board may pledge state appropriations made and not yet received, federal grants or payments, allocations of fees and charges required to be paid by students enrolling in the college, or any combination of these revenues, for payment of the notes or other obligations. A note or obligation pledging a state appropriation is not state indebtedness and shall carry a statement to that effect.

(2) Subject to applicable charter, statutory, and constitutional limitations, the board may pledge the full faith and credit of the district for notes or obligations issued pursuant to this section. If the funds primarily pledged for the payment of notes or obligations to which the full faith and credit of the district has been pledged are insufficient, the notes or obligations shall be a first budget obligation of the district payable from any available funds.

(3) A pledge pursuant to this section shall constitute a statutory lien that shall be valid and binding from the time the pledge is made without any physical delivery or further act or recording, notice, or filing of any kind. If state appropriations are pledged for payment of notes or obligations issued pursuant to this section, the district may direct the state treasurer to pay all or a part of payments due to the district to a paying agent, trustee, or escrow agent for payment of the notes or obligations. The state treasurer shall comply with those instructions, but this section shall not be construed to require the state treasurer to make payment if funds are not available or at a time or in an amount other than would be payable to the district pursuant to law or to give rise to any liability of the state to holders of notes or obligations for failure of the state or the state treasurer to comply with this section.

(4) In connection with the issuance of notes or obligations pursuant to this section, the board may approve agreements, insurance contracts, lines of credit, letters of credit, commitments to purchase notes or obligations, or other transactions to insure timely payment of any note or obligation. The district may pay from the proceeds of the notes the costs incidental to the issuance of the notes and other incidental expenses, including fees or charges for transactions to provide a separate security to insure timely payment of the notes or obligations.

(5) Notes or obligations issued pursuant to this section shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The notes or obligations shall be in the form, have the terms, and be sold in a manner as determined by the board.

(6) Notes or obligations assessed pursuant to this section shall be fully repaid within the ensuing 12 months.

History: Add. 1982, Act 342, Imd. Eff. Dec. 20, 1982 ;-- Am. 2002, Act 152, Imd. Eff. Apr. 8, 2002