

Act No. 127
Public Acts of 1989
Approved by the Governor
June 28, 1989
Filed with the Secretary of State
June 28, 1989

STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989

Introduced by Senators Schwarz, Ehlers, Dingell, J. Hart, Cropsey and N. Smith

ENROLLED SENATE BILL No. 164

AN ACT to amend sections 3 and 4 of Act No. 222 of the Public Acts of 1975, entitled as amended "An act to establish the Michigan higher education student loan authority for the purpose of providing loans to eligible students and to parents of students; to prescribe its powers and duties; to authorize the authority to borrow money and issue bonds which are subject to or exempt from federal income taxation and to provide for the disposition of those funds; to exempt the bonds from taxation; to authorize the authority to acquire loans made to eligible students or to parents of students; and to authorize persons, corporations, and associations to make gifts to the authority," section 4 as amended by Act No. 206 of the Public Acts of 1987, being sections 390.1153 and 390.1154 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 3 and 4 of Act No. 222 of the Public Acts of 1975, section 4 as amended by Act No. 206 of the Public Acts of 1987, being sections 390.1153 and 390.1154 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 3. (1) The Michigan higher education student loan authority is created as a public body corporate and politic within the department of education. The authority shall exercise its powers as an autonomous entity, independent of the director of the department of education.

(2) The authority shall consist of the members of the Michigan higher education assistance authority, as provided by section 2 of Act No. 77 of the Public Acts of 1960, as amended, being section 390.952 of the Michigan Compiled Laws. The terms of office of the members shall be the same as prescribed in section 3 of Act No. 77 of the Public Acts of 1960, being section 390.953 of the Michigan Compiled Laws.

(3) A majority of the members of the authority qualified and serving constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of a vacancy. Action may be taken by the authority upon a vote of a majority of the members present, unless the bylaws of the authority require a larger number. Meetings of the authority may be held anywhere within the state.

Sec. 4. The authority shall have the powers necessary to carry out and effectuate the purposes of this act, including, but not limited to, the following powers:

(a) The power to sue and be sued; to have a seal and alter the seal at pleasure; to have perpetual succession; to make, execute, and deliver contracts, conveyances, bonds, and other instruments necessary in the exercise of its powers; and to make and amend bylaws.

(b) The power to accept gifts, grants, loans, and other aids or amounts from a person, corporation, or governmental agency.

(c) The power to loan money to students and parents of students for the purpose of assisting students in obtaining an education beyond or in addition to obtaining a high school education by attending an eligible institution, including refinancing or consolidating borrower obligations previously incurred by a student or parent of a student with other lending sources for this purpose and participating in loans to students and parents of students for this purpose with other lending sources.

(d) The power to enforce its rights under a contract or agreement including the commencement of a court action.

(e) The power to acquire, hold, and dispose of real and personal property necessary for the accomplishment of the purposes of this act.

(f) The power to procure insurance against losses that may be incurred in connection with its property, assets, activities, or the exercise of the powers granted under this act.

(g) The power to borrow money and to issue its bonds and provide for the rights of the holders of the bonds and to secure the bonds by assignment, pledge, or granting a security interest in its property including all or a part of a borrower obligation. The state shall not be liable for the repayment of bonds issued by the authority, the bonds issued by the authority shall not be a debt of the state, and each bond shall contain on its face a statement to this effect. The authority may, at its option, authorize the issuance of bonds for the purposes described in section 5 that are subject to federal income taxation, notwithstanding any intergovernmental immunity from federal taxation under the constitution of the United States for bonds of the authority, but any waiver of intergovernmental immunity, expressed or implied in this act, shall extend only to bonds specifically authorized by the authority as bonds that are subject to federal income taxation.

(h) The power to invest funds not required for immediate use or disbursement in obligations of the state or the United States, in obligations the principal and interest of which are guaranteed by the state or the United States, in United States government or federal agency obligation repurchase agreements, in mutual funds and common trust funds composed of investment vehicles that are legal for direct investment by the authority, in bankers' acceptances of United States banks, in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank that is a member of the federal deposit insurance corporation or a savings and loan association that is a member of the federal savings and loan insurance corporation or a credit union that is insured by the national credit union administration, or up to 50% of the funds in commercial paper rated at the time of purchase within the 3 highest rating classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

(i) Subject to a contract with the holders of its bonds, an applicable bond resolution, or a contract with the recipient of a loan, when the authority considers it necessary or desirable, the power to consent to the modification, with respect to security, rate of interest, time of payment of interest or principal, or other term of a bond contract or agreement between the authority and a recipient of a loan, bondholder, or agency or institution guaranteeing the repayment of a borrower obligation.

(j) The power to engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this act.

(k) The power to appoint officers, agents, and employees, describe their duties, and fix their compensation subject to rules promulgated by the state department of civil service.

(l) The power to solicit grants and contributions from a government, or an agency of government, or from the public, and, at its discretion, to arrange for the guaranteeing of the repayment of borrower obligations by other agencies of the state or agencies of the United States.

(m) The power to promulgate rules consistent with this act and necessary to carry out the purpose of this act pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(n) The power to collect fees and charges in connection with its loans, commitments, and servicing, including reimbursement of the costs of financing by the authority, service charges, and insurance premiums the authority determines are reasonable and as approved by the authority.

(o) The power to sell borrower obligations held by the authority for a price and at a time and pursuant to other terms, including undertakings or options to repurchase borrower obligations, as the authority may determine, if the sale will not impair the rights or interests of holders of bonds issued by the authority.

(p) The power to participate in federal programs supporting loans to eligible students and parents of students, and to agree to and comply with the conditions of those programs.

(q) The power to purchase or otherwise acquire notes or debt obligations evidencing loans to students or parents of students.

(r) The power to purchase, sell, or exchange borrower obligations securing a series of bonds of the authority with, or for the proceeds of, or the borrower obligations securing a separate series of bonds of the authority, but only to the extent permitted by the respective bond resolutions for the affected series of bonds.

(s) The power to grant and pay money to the Michigan higher education assistance authority established by Act No. 77 of the Public Acts of 1960, being sections 390.951 to 390.961 of the Michigan Compiled Laws, for its loan guaranty fund whenever the authority determines the grant and payment is necessary or beneficial in order to effectuate and carry out the powers, duties, and functions of the authority under this act.

(t) The power to enter into contracts with other authorities, governmental agencies, private persons, firms, or corporations in connection with any transaction relating to any indebtedness incurred by the authority in the providing of funds for the achievement of its purposes under this act.

(u) Competitively contract for services including consulting services as needed to carry out the purposes of this act.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved

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Governor.