

SENATE BILL No. 164

February 21, 1989, Introduced by Senators SCHWARZ, EHLERS, DINGELL, J. HART, CROPSEY and N. SMITH and referred to the Committee on Education and Mental Health.

A bill to amend sections 3 and 4 of Act No. 222 of the Public Acts of 1975, entitled as amended "Higher education loan authority act," 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:

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

5 Sec. 3. (1) The Michigan higher education student loan
6 authority is created as a public body corporate and politic
7 within the department of education. THE AUTHORITY SHALL EXERCISE

1 ITS POWERS AS AN AUTONOMOUS ENTITY, INDEPENDENT OF THE DIRECTOR
2 OF THE DEPARTMENT OF EDUCATION.

3 (2) The authority shall consist of the members of the
4 Michigan higher education assistance authority, as provided by
5 section 2 of Act No. 77 of the Public Acts of 1960, as amended,
6 being section 390.952 of the Michigan Compiled Laws. The terms
7 of office of the members shall be the same as prescribed in sec-
8 tion 3 of Act No. 77 of the Public Acts of 1960, being section
9 390.953 of the Michigan Compiled Laws.

10 (3) A majority of the members of the authority QUALIFIED AND
11 SERVING constitutes a quorum for the purpose of conducting its
12 business and exercising its powers and for all other purposes,
13 notwithstanding the existence of a vacancy. Action may be taken
14 by the authority upon a vote of a majority of the members
15 present, unless the bylaws of the authority require a larger
16 number. Meetings of the authority may be held anywhere within
17 the state.

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

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

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

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

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

11 (e) The power to acquire, hold, and dispose of real and per-
12 sonal property necessary for the accomplishment of the purposes
13 of this act.

14 (f) The power to procure insurance against losses ~~which~~
15 THAT may be incurred in connection with its property, assets,
16 activities, or the exercise of the powers granted under this
17 act.

18 (g) The power to borrow money and to issue its bonds and
19 provide for the rights of the holders of the bonds and to secure
20 the bonds by assignment, pledge, or granting a security interest
21 in its property including all or a part of a borrower
22 obligation. The state shall not be liable for the repayment of
23 bonds issued by the authority, the bonds issued by the authority
24 shall not be a debt of the state, and each bond shall contain on
25 its face a statement to this effect. The authority may, at its
26 option, authorize the issuance of bonds for the purposes
27 described in section 5 that are subject to federal income

1 taxation, notwithstanding any intergovernmental immunity from
2 federal taxation under the constitution of the United States for
3 bonds of the authority, but any waiver of intergovernmental immu-
4 nity, expressed or implied in this act, shall extend only to
5 bonds specifically authorized by the authority as bonds ~~which~~
6 THAT are subject to federal income taxation.

7 (h) The power to invest funds not required for immediate use
8 or disbursement in obligations of the state or the United States,
9 in obligations the principal and interest of which are guaranteed
10 by the state or the United States, in United States government or
11 federal agency obligation repurchase agreements, in mutual funds
12 and common trust funds composed of investment vehicles ~~which~~
13 THAT are legal for direct investment by the authority, in
14 bankers' acceptances of United States banks, in certificates of
15 deposit, savings accounts, deposit accounts, or depository
16 receipts of a bank ~~which~~ THAT is a member of the federal
17 deposit insurance corporation or a savings and loan association
18 ~~which~~ THAT is a member of the federal savings and loan insur-
19 ance corporation or a credit union ~~which~~ THAT is insured by the
20 national credit union administration, or up to 50% of THE funds
21 in commercial paper rated at the time of purchase within the 3
22 highest rating classifications established by not less than 2
23 standard rating services and ~~which~~ THAT matures not more than
24 270 days after the date of purchase.

25 (i) Subject to a contract with the holders of its bonds, an
26 applicable bond resolution, or a contract with the recipient of a
27 loan, when the authority considers it necessary or desirable, the

1 power to consent to the modification, with respect to security,
2 rate of interest, time of payment of interest or principal, or
3 other term of a bond contract or agreement between the authority
4 and a recipient of a loan, bondholder, or agency or institution
5 guaranteeing the repayment of a borrower obligation.

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

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

12 (l) The power to solicit grants and contributions from a
13 government, or an agency of government, or from the public, and,
14 at its discretion, to arrange for the guaranteeing of the repay-
15 ment of borrower obligations by other agencies of the state or
16 agencies of the United States.

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

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

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

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

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

12 (r) The power to purchase, sell, or exchange borrower obli-
13 gations securing a series of bonds of the authority with, or for
14 the proceeds of, or the borrower obligations securing a separate
15 series of bonds of the authority, but only to the extent permit-
16 ted by the respective bond resolutions for the affected series of
17 bonds.

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

25 (t) The power to enter into contracts with other authori-
26 ties, governmental agencies, private persons, firms, or
27 corporations in connection with any transaction relating to any

1 indebtedness incurred by the authority in the providing of funds
2 for the achievement of its purposes under this act.

3 (U) THE POWER TO PURCHASE OR CONTRACT FOR THE PROVIDING OF
4 SUPPLIES, MATERIALS, PRINTING, EQUIPMENT, AND SERVICES, INCLUD-
5 ING, BUT NOT LIMITED TO, UTILITY, LEGAL, ACCOUNTING, AND CONSULT-
6 ING SERVICES, AS NEEDED TO CARRY OUT THE PURPOSES OF THIS ACT.