

SENATE BILL No. 70

January 29, 2015, Introduced by Senators MACGREGOR, NOFS, KNOLLENBERG, KNEZEK, ZORN, MARLEAU, PAVLOV, BOOHER, EMMONS, PROOS, CASPERSON, COLBECK, HILDENBRAND, KOWALL, SCHUITMAKER, BRANDENBURG, ROBERTSON, HUNE and SCHMIDT and referred to the Committee on Education.

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 **BY** resolution of
2 its 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
11 jobs credit from withholding to be received by the community

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

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

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

1 determine to sell the bonds in conjunction with the sale of bonds
2 by another community college district.

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

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

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

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

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

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

25 (f) The procedure, if any, by which the terms of any contract
26 with bondholders may be amended or abrogated, the amount of bonds
27 the holders of which must consent to the amendment or abrogation,

1 and the manner in which bondholders may give that consent.

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

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

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

12 (i) The form of the bonds.

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

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

15 (iv) The purchase price of the bonds.

16 (v) The denominations of the bonds.

17 (vi) The redemption premiums of the bonds.

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

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

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

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

27 (b) The money or other assets pledged are immediately subject

1 to the lien of the pledge when received, without any physical
2 delivery of the money or assets or any further act.

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

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

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

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

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

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

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

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

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

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

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

26 (13) A community college district may use the proceeds of
27 refunding bonds issued under subsection (11) to pay interest

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

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

1 refunded outstanding bonds as the refunded outstanding bonds become
2 due, whether by maturity or on a prior redemption date, as provided
3 in the authorizing resolution.

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

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

14 Enacting section 1. This amendatory act takes effect 90 days
15 after the date it is enacted into law.

16 Enacting section 2. This amendatory act does not take effect
17 unless all of the following bills of the 98th Legislature are
18 enacted into law:

19 (a) Senate Bill No.69.

20

21 (b) Senate Bill No.71.

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