

SENATE BILL NO. 1251

December 03, 2020, Introduced by Senator STAMAS and referred to the Committee of the Whole.

A bill to amend 1984 PA 270, entitled "Michigan strategic fund act," by amending sections 2, 4, 7, and 23 (MCL 125.2002, 125.2004, 125.2007, and 125.2023), sections 4 and 23 as amended by 2014 PA 507 and section 7 as amended by 2014 PA 454.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. It is hereby declared to be the purposes of this act
2 and of the Michigan strategic fund created by this act to help
3 diversify the economy of this state, **to promote economic stability**

1 **and growth**, to develop and expand existing and alternative sources
2 of energy and the conservation of energy, to assist business
3 enterprise in obtaining additional sources of financing to aid this
4 state in achieving the goal of long-term economic growth and full
5 employment, to meet the growing competition for business
6 enterprises, to preserve existing jobs, to create new jobs, to
7 reduce the cost of business and production, to foster export
8 activity, to alleviate and prevent unemployment through the
9 retention, promotion, and development of agriculture and
10 agricultural facilities, forestry and forestry facilities, commerce
11 and commercial facilities, export markets and export activities,
12 industry and industrial buildings and facilities, including the
13 sites ~~therefor~~, **for these**, and agricultural, forestry, commercial,
14 and industrial machinery and equipment, water and air pollution
15 control equipment, and solid waste disposal facilities with respect
16 thereto or for use by individuals for private sector employment, **to**
17 **make loans to the Special Purpose FWC Settlement Entity, which will**
18 **in turn use the loan proceeds only to pay the expenses, costs, and**
19 **fees associated with the Special Purpose FWC Settlement Entity, to**
20 **reimburse this state for its initial \$5,000,000.00 payment to the**
21 **FWC Qualified Settlement Fund, and to pay to the FWC Qualified**
22 **Settlement Fund the settlement amount agreed to by this state in**
23 **the settlement agreement and related preliminary approval orders,**
24 **any amendments to those orders, or the subsequent final approval**
25 **orders that will be entered by the court in the consolidated cases**
26 **known as *In re Flint Water Cases*, No. 5:16-cv-10444-JEL-MKM (ED**
27 **Mich), so as to assist in alleviating health issues of Michigan**
28 **citizens and to ensure continued state fiscal stability and credit**
29 **worthiness**, and to otherwise assist in the achievement of the

1 solution to the problems and objectives ~~set forth~~**described** in
2 section 1.

3 Sec. 4. As used in this act:

4 (a) "Board" means the board of directors of the Michigan
5 strategic fund, except where the context clearly requires a
6 different definition.

7 (b) "Economic development project" means an endeavor related
8 to industrial, commercial, or agricultural enterprise. Economic
9 development project includes, but is not limited to, a theme or
10 recreation park; agricultural or forestry production, harvesting,
11 storage, or processing facilities or equipment; port facilities;
12 and the use of equipment or facilities designed to produce energy
13 from renewable resources. Economic development project does not
14 include that portion of an endeavor devoted to the sale of goods at
15 retail, except that, as used in relation to the fund insuring a
16 transaction entered into by a depository institution, and as used
17 in relation to a loan by the fund to a minority owned business, an
18 economic development project may include that portion of an
19 endeavor devoted to the sale of goods at retail. Economic
20 development project does not include that portion of an endeavor
21 devoted to housing or a program or activity authorized under
22 chapter 8A.

23 (c) "Financial institution" means a state or nationally
24 chartered bank or a state or federally chartered savings and loan
25 association, savings bank, or credit union whose deposits are
26 insured by an agency of the United States government and that
27 maintains a principal office or branch office in this state under
28 the laws of this state or the United States.

29 (d) "Fund" means the Michigan strategic fund created under

1 section 5, except where the context clearly requires a different
2 definition.

3 (e) "FWC Qualified Settlement Fund" means the FWC Qualified
4 Settlement Fund described in the settlement agreement approved by
5 the court in *In re Flint Water Cases*, No. 5:16-cv-10444-JEL-MKM (ED
6 Mich).

7 (f) ~~(e)~~—"Green chemistry" means chemistry and chemical
8 engineering to design chemical products or processes that reduce or
9 eliminate the use or generation of hazardous substances, while
10 producing high-quality products through safe and efficient
11 manufacturing processes. Green chemistry is guided by the following
12 12 principles:

13 (i) Prevent waste: Design chemical syntheses to prevent waste,
14 leaving no waste to treat or clean up.

15 (ii) Design safer chemicals and products: Design chemical
16 products to be fully effective, yet have little or no toxicity.

17 (iii) Design less hazardous chemical syntheses: Design syntheses
18 to use and generate substances with little or no toxicity to humans
19 and the environment.

20 (iv) Use renewable feedstocks: Use raw materials and feedstocks
21 that are renewable rather than depleting. Renewable feedstocks are
22 often made from agricultural products or are the wastes of other
23 processes; depleting feedstocks are made from fossil fuels,
24 including petroleum, natural gas, or coal, or are mined.

25 (v) Use catalysts, not stoichiometric reagents: Minimize waste
26 by using catalytic reactions. Catalysts are used in small amounts
27 and can carry out a single reaction many times. They are preferable
28 to stoichiometric reagents, which are used in excess and work only
29 once.

1 (vi) Avoid chemical derivatives: Avoid using blocking or
2 protecting groups or any temporary modifications if possible.
3 Derivatives use additional reagents and generate waste.

4 (vii) Maximize atom economy: Design syntheses so that the final
5 product contains the maximum proportion of the starting materials.
6 There should be few, if any, wasted atoms.

7 (viii) Use safer solvents and reaction conditions: Avoid using
8 solvents, separation agents, or other auxiliary chemicals. If these
9 chemicals are necessary, use innocuous chemicals.

10 (ix) Increase energy efficiency: Run chemical reactions at
11 ambient temperature and pressure whenever possible.

12 (x) Design chemicals and products to degrade after use: Design
13 chemical products to break down to innocuous substances after use
14 so that they do not accumulate in the environment.

15 (xi) Analyze in real-time to prevent pollution: Include in-
16 process real-time monitoring and control during syntheses to
17 minimize or eliminate the formation of by-products.

18 (xii) Minimize the potential for accidents: Design chemicals
19 and their forms, including solid, liquid, or gas, to minimize the
20 potential for chemical accidents, including explosions, fires, and
21 releases to the environment.

22 (g) ~~(f)~~—"Michigan economic development corporation" or "MEDC"
23 means the Michigan economic development corporation, the public
24 body corporate created under section 28 of article VII of the state
25 constitution of 1963 and the urban cooperation act of 1967, 1967
26 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal
27 agreement effective April 5, 1999, and subsequently amended,
28 between local participating economic development corporations
29 formed under the economic development corporations act, 1974 PA

1 338, MCL 125.1601 to 125.1636, and the fund.

2 (h) ~~(g)~~—"Municipality" means a county, city, village,
3 township, port district, development organization, institution of
4 higher education, community or junior college, or subdivision or
5 instrumentality of any of the legal entities listed in this
6 subdivision.

7 (i) ~~(h)~~—"Person" means an individual, sole proprietorship,
8 partnership, limited partnership, limited liability partnership,
9 limited liability company, joint venture, profit or nonprofit
10 corporation including a public or private college or university,
11 public utility, municipality, local industrial development
12 corporation, economic development corporation, other association of
13 persons organized for agricultural, commercial, or industrial
14 purposes, a lender, or any other entity approved by the board.

15 (j) ~~(i)~~—"Port facilities" means seawall jetties; piers;
16 wharves; docks; boat landings; marinas; warehouses; storehouses;
17 elevators; grain bins; cold storage plants; bunkers; oil tanks;
18 ferries; canals; locks; bridges; tunnels; seaways; conveyors;
19 modern appliances for the economical handling, storage, and
20 transportation of freight and handling of passenger traffic;
21 transfer and terminal facilities required for the efficient
22 operation and development of ports and harbors; other harbor
23 improvements; or improvements, enlargements, remodeling, or
24 extensions of any of these buildings or structures. Port facilities
25 do not include an international bridge or international tunnel.

26 (k) ~~(j)~~—"Project" means an economic development project and,
27 in addition, means the acquisition, construction, reconstruction,
28 conversion, or leasing of an industrial, commercial, retail,
29 agricultural, or forestry enterprise, or any part of these, to

1 carry out the purposes and objectives of this act and of the fund,
2 including, but not limited to, acquisition of land or interest in
3 land, buildings, structures, or other planned or existing planned
4 improvements to land including leasehold improvements, machinery,
5 equipment, or furnishings which include, but are not limited to,
6 the following: research parks; office facilities; engineering
7 facilities; research and development laboratories; warehousing
8 facilities; parts distribution facilities; depots or storage
9 facilities; port facilities; railroad facilities, including
10 trackage, right of way, and appurtenances; airports; bridges and
11 bridge facilities; water and air pollution control equipment or
12 waste disposal facilities; theme or recreational parks; equipment
13 or facilities designed to produce energy from renewable resources;
14 farms, ranches, forests, and other agricultural or forestry
15 commodity producers; agricultural harvesting, storage,
16 transportation, or processing facilities or equipment; grain
17 elevators; shipping heads and livestock pens; livestock;
18 warehouses; wharves and dock facilities; dredging of recreational
19 or commercial harbors; water, electricity, hydro electric, coal,
20 petroleum, or natural gas provision facilities; dams and irrigation
21 facilities; sewage, liquid, and solid waste collection, disposal
22 treatment, and drainage services and facilities. **Project also**
23 **includes the resolution and settlement of pending claims and**
24 **assisting to alleviate health issues of Michigan citizens through a**
25 **loan to the Special Purpose FWC Settlement Entity, which entity may**
26 **use those loan proceeds only to pay the expenses, costs, and fees**
27 **associated with the Special Purpose FWC Settlement Entity, to**
28 **reimburse this state for its initial \$5,000,000.00 payment to the**
29 **FWC Qualified Settlement Fund, and to pay the FWC Qualified**

1 **Settlement Fund.** Project does not include a program or activity
2 authorized under chapter 8A.

3 (l) ~~(k)~~—"Private sector" means other than the fund, a state or
4 federal source, or an agency of a state or the federal government.

5 (m) "Special Purpose FWC Settlement Entity" means the Special
6 Purpose FWC Settlement Entity described in the settlement agreement
7 approved by the court in *In re Flint Water Cases*, No. 5:16-cv-
8 10444-JEL-MKM (ED Mich).

9 Sec. 7. The fund shall have the powers and duties provided in
10 this act, the powers delegated by other laws or executive orders,
11 including, but not limited to, the power to **do 1 or more of the**
12 **following:**

13 (a) Sue and be sued; to have a seal and alter the ~~same~~ seal at
14 pleasure; to have perpetual succession; to make, execute, and
15 deliver contracts, conveyances, and other instruments necessary or
16 convenient to the exercise of its powers; and to make and amend
17 bylaws.

18 (b) Solicit and accept gifts, grants, loans, and other aids
19 from any person or the federal, state, or a local government or any
20 agency of the federal, state, or a local government, or to
21 participate in any other way in any federal, state, or local
22 government program.

23 (c) Make grants, loans, and investments; to guarantee and
24 insure loans, leases, bonds, notes, or other indebtedness, whether
25 public or private; and to issue letters of credit.

26 (d) Construct; acquire by gift, purchase, installment
27 purchase, or lease; and reconstruct, improve, repair, or equip a
28 project or any part of a project.

29 (e) Borrow money and issue bonds and notes to finance part or

1 all of the project costs of a project, **including the Special**
2 **Purpose FWC Settlement Entity**, or of a loan under subdivision (r)
3 for an export transaction, and to secure those bonds and notes by
4 mortgage, assignment, or pledge of any of its money, revenues,
5 income, and properties. The authority provided by this subdivision
6 includes, but is not limited to, issuing bonds and notes to acquire
7 and install machinery, equipment, furnishings, and other personal
8 property, notwithstanding that the fund does not own or propose to
9 own or finance the building or land in or near to which the
10 machinery, equipment, furnishings, and other personal property is
11 or is to be located.

12 (f) Acquire or contract to acquire from any person,
13 municipality, the federal or state government, or any agency of the
14 foregoing, or otherwise, leaseholds, real or personal property or
15 any interest in real or personal property; to own, hold, clear,
16 improve, and rehabilitate and to sell, assign, exchange, transfer,
17 convey, lease, mortgage, or otherwise dispose of or encumber
18 leaseholds, real or personal property or any interest in real or
19 personal property, as is convenient for the accomplishment of the
20 purposes of this act and of the fund.

21 (g) Procure insurance against any loss in connection with the
22 fund's property, assets, or activities.

23 (h) Invest any money of the fund at the fund's discretion, in
24 any obligations determined proper by the fund, and name and use
25 depositories for its money.

26 (i) Engage personnel as is necessary and engage the services
27 of private consultants, managers, counsel, auditors, engineers, and
28 scientists for rendering professional management and technical
29 assistance and advice, payable out of any money of the fund legally

1 available for this purpose.

2 (j) Charge, impose, and collect fees and charges in connection
3 with any transaction and provide for reasonable penalties for
4 delinquent payment of fees or charges.

5 (k) Indemnify and procure insurance indemnifying any members
6 of the board from personal loss or accountability from liability
7 asserted by a person on the bonds or notes of the fund or from any
8 personal liability or accountability by reason of the issuance of
9 the bonds, notes, insurance, or guarantees; by reason of
10 acquisition, construction, ownership, or operation of a project; or
11 by reason of any other action taken or the failure to act by the
12 fund.

13 (l) Enter into a lease for the use or sale of a project. The
14 lease may provide for options to purchase or renew.

15 (m) Mortgage or create security interests in a project or any
16 part of a project, or in a lease or loan, or in the rents,
17 revenues, or sums to be paid thereunder, in favor of the holders of
18 the bonds or notes issued by the fund.

19 (n) Convey or release a project or any part of a project to a
20 lessee, purchaser, or borrower under any agreement after provision
21 has been made for the retirement in full of the bonds or notes
22 issued for that project under terms and conditions provided in the
23 agreement or as may be agreed with the holders of the bonds or
24 notes, at any time where the obligation of the lessee, purchaser,
25 or borrower to make the payments prescribed shall remain fixed as
26 provided in the agreement notwithstanding the conveyance or
27 release, or as may otherwise be agreed with the holders of the
28 bonds or notes.

29 (o) Make loans, participate in the making of loans, undertake

1 commitments to make loans and mortgages, buy and sell loans and
2 mortgages at public or private sale, rewrite loans and mortgages,
3 discharge loans and mortgages, foreclose on a mortgage, commence an
4 action to protect or enforce a right conferred upon the fund by a
5 law, mortgage, loan, contract, or other agreement, bid for and
6 purchase property which was the subject of the mortgage at a
7 foreclosure or other sale, acquire or take possession of the
8 property and in that event complete, administer, pay the principal
9 and interest on obligations incurred in connection with that
10 property, and dispose of and otherwise deal with the property, in a
11 manner as may be necessary or desirable to protect the interests of
12 the fund.

13 (p) Certify, for the purpose of determining eligible
14 investments for the basis of a single business tax credit, minority
15 venture capital companies, as defined by law.

16 (q) Except as otherwise provided in this subdivision, to
17 create and operate centers, accounts, and funds as required or
18 permitted by law for the use and disbursement of assets of the
19 fund. The powers granted under this subdivision do not apply to
20 chapter 8A.

21 (r) Make loans to a financial institution to facilitate
22 financing of all or part of an export related transaction
23 including, but not limited to, pre-export working capital financing
24 and postexport receivable financing.

25 (s) Procure goods and services, purchase and sell real and
26 personal property, and lease property independent of any other
27 department or state agency.

28 (t) Appoint any individuals, including strategic fund
29 employees and MEDC employees, to boards to represent the interests

1 of the fund.

2 (u) Establish and operate a job training fund that will
3 support the training of workers for Michigan businesses as
4 determined by the fund.

5 (v) Establish and operate a brownfield historic investment
6 program that provides capital for projects as determined by the
7 fund.

8 (w) Take necessary and reasonable steps to pursue repayment of
9 funds disbursed for any grant or loan for failing to comply with
10 provisions of a written agreement as required under section
11 88r(2) (b) (iv) and section 90b(7) .

12 **(x) Borrow money and issue bonds or notes for financing a**
13 **Special Purpose FWC Settlement Entity, which entity may use the**
14 **financed proceeds only to pay the expenses, costs, and fees**
15 **associated with the Special Purpose FWC Settlement Entity, to**
16 **reimburse this state for its initial \$5,000,000.00 payment to the**
17 **FWC Qualified Settlement Fund, and to pay the FWC Qualified**
18 **Settlement Fund, and which shall be secured by a pledge of**
19 **repayment from anticipated state appropriations and from any other**
20 **sources.**

21 **(y)** ~~(*)~~—Do all other things necessary or convenient to achieve
22 the objectives and purposes of the fund, this act, or other laws
23 that relate to the purposes and responsibilities of the fund.

24 Sec. 23. (1) The fund may borrow money and issue bonds or
25 notes for the following purposes:

26 (a) To provide sufficient funds for achieving the fund's
27 purposes and objectives including, but not limited to, amounts
28 necessary to pay the costs of acquiring a project or part of a
29 project; to make loans for the costs of a project or part of a

1 project, **including a Special Purpose FWC Settlement Entity**; to make
2 loans pursuant to section 7(r) for an export related transaction;
3 for making grants; for providing money to guarantee or insure
4 loans, leases, bonds, notes, or other indebtedness; for making
5 working capital loans; for all other expenditures of the fund
6 incident to and necessary or convenient to carry out the fund's
7 purposes, objectives, and powers; and for any combination of the
8 foregoing. The cost of a project may include administrative costs
9 including, but not limited to, engineering, architectural, legal,
10 and accounting fees that are necessary for the project.

11 (b) To refund bonds or notes of the fund issued under this
12 act, of the job development authority issued under former 1975 PA
13 301, of the Michigan economic development authority issued under
14 former 1982 PA 70, of an economic development corporation issued
15 under the economic development corporations act, 1974 PA 338, MCL
16 125.1601 to 125.1636, or of a municipality issued under the
17 industrial development revenue bond act of 1963, 1963 PA 62, MCL
18 125.1251 to 125.1267, by the issuance of new bonds, whether or not
19 the bonds or notes to be refunded have matured or are subject to
20 prior redemption or are to be paid, redeemed, or surrendered at the
21 time of the issuance of the refunding bonds or notes; and to issue
22 bonds or notes partly to refund the bonds or notes and partly for
23 any other purpose provided for by this section.

24 (c) To pay the costs of issuance of bonds or notes under this
25 act; to pay interest on bonds or notes becoming payable prior to
26 the receipt of the first revenues available for payment of that
27 interest as determined by the board; and to establish, in full or
28 in part, a reserve for the payment of the principal and interest on
29 the bonds or notes in the amount determined by the board.

1 (2) The bonds and notes, including, but not limited to,
2 commercial paper, shall be authorized by resolution adopted by the
3 board, shall bear the date or dates, and shall mature at the time
4 or times not exceeding 50 years from the date of issuance, as the
5 resolution may provide. The bonds and notes shall bear interest at
6 the rate or rates as may be set, reset, or calculated from time to
7 time, or may bear no interest, as provided in the resolution. The
8 bonds and notes shall be in the denominations, be in the form,
9 either coupon or registered, carry the registration privileges, be
10 transferable, be executed in the manner, be payable in the medium
11 of payment, at the place or places, and be subject to the terms of
12 prior redemption at the option of the fund or the holders of the
13 bonds and notes as the resolution or resolutions may provide. The
14 bonds and notes of the fund may be sold at public or private sale
15 at the price or prices determined by the fund. For purposes of 1966
16 PA 326, MCL 438.31 to 438.33, this act and other acts applicable to
17 the fund shall regulate the rate of interest payable or charged by
18 the fund, and 1966 PA 326, MCL 438.31 to 438.33, does not apply.
19 Bonds and notes may be sold at a discount.

20 (3) Bonds or notes may be 1 or more of the following:

21 (a) Made the subject of a put or agreement to repurchase by
22 the fund or others.

23 (b) Secured by a letter of credit or by any other collateral
24 that the resolution may authorize.

25 (c) Reissued by the fund once reacquired by the fund pursuant
26 to any put or repurchase agreement.

27 (4) The fund may authorize by resolution any member of the
28 board to do 1 or more of the following:

29 (a) Sell and deliver, and receive payment for notes or bonds.

1 (b) Refund notes or bonds by the delivery of new notes or
2 bonds whether or not the notes or bonds to be refunded have
3 matured, are subject to prior redemption, or are to be paid,
4 redeemed, or surrendered at the time of the issuance of refunding
5 bonds or notes.

6 (c) Deliver notes or bonds, partly to refund notes or bonds
7 and partly for any other authorized purposes.

8 (d) Buy notes or bonds so issued at not more than the face
9 value of the notes or bonds.

10 (e) Approve interest rates or methods for fixing interest
11 rates, prices, discounts, maturities, principal amounts,
12 denominations, dates of issuance, interest payment dates,
13 redemption rights at the option of the fund or the holder, the
14 place of delivery and payment, and other matters and procedures
15 necessary to complete the transactions authorized.

16 (5) Except as may otherwise be expressly provided by the fund,
17 every issue of its notes or bonds shall be general obligations of
18 the fund payable out of revenues, properties, or money of the fund,
19 subject only to agreements with the holders of particular notes or
20 bonds pledging particular receipts, revenues, properties, or money
21 as security for the notes or bonds.

22 (6) The notes or bonds of the fund are negotiable instruments
23 within the meaning of and for all the purposes of the uniform
24 commercial code, 1962 PA 174, MCL 440.1101 to 440.9994, subject
25 only to the provisions of the notes or bonds for registration.

26 (7) Bonds or notes issued by the fund are not subject to the
27 terms of the revised municipal finance act, 2001 PA 34, MCL
28 141.2101 to 141.2821. The bonds or notes issued by the fund are not
29 required to be registered. A filing of a bond or note of the fund

1 is not required under the uniform securities act (2002), 2008 PA
2 551, MCL 451.2101 to 451.2703.

3 (8) A resolution authorizing notes or bonds may contain any or
4 all of the following covenants, which shall be a part of the
5 contract with the holders of the notes or bonds:

6 (a) A pledge of all or a part of the fees, charges, and
7 revenues made or received by the fund, or all or a part of the
8 money received in payment of lease rentals, or loans and interest
9 on the loans, and other money received or to be received to secure
10 the payment of the notes or bonds or of an issue of the notes or
11 bonds, subject to agreements with bondholders or noteholders as may
12 then exist.

13 (b) A pledge of all or a part of the assets of the fund,
14 including leases, or notes or mortgages and obligations securing
15 the same to secure the payment of the notes or bonds or of an issue
16 of notes or bonds, subject to agreements with noteholders or
17 bondholders as may then exist.

18 (c) A pledge of a loan, grant, or contribution from the
19 federal, state, or local government, or source in aid of a project
20 as provided for in this act.

21 (d) A pledge of money directly derived from payments from the
22 heritage trust fund created by the heritage trust fund act of 1982,
23 former 1982 PA 327.

24 (e) The use and disposition of the revenues and income from
25 leases, or from loans, notes, and mortgages owned by the fund.

26 (f) The establishment and setting aside of reserves or sinking
27 funds and the regulation and disposition of reserves or sinking
28 funds subject to this act.

29 (g) Limitations on the purpose to which the proceeds of sale

1 of the notes or bonds may be applied and limitations on pledging
2 those proceeds to secure the payment of other bonds or notes.

3 (h) Authority for and limitations on the issuance of
4 additional notes or bonds for the purposes provided for in the
5 resolution and the terms upon which additional notes or bonds may
6 be issued and secured. Additional bonds pledging money derived from
7 the heritage trust fund as provided in subdivision (d) may only be
8 issued if the issuance meets the requirements of section 204 of the
9 resolution adopted by the Michigan economic development authority
10 authorizing issuance of its bonds dated December 1, 1982, and any
11 requirement of former 1982 PA 70, provided that these requirements
12 do not apply if those bonds have been defeased.

13 (i) The procedure, if any, by which the terms of a contract
14 with noteholders or bondholders may be amended or abrogated, the
15 number of noteholders or bondholders who are required to consent to
16 an amendment or abrogation, and the manner in which the consent may
17 be given.

18 (j) Vest in a trustee or a secured party the property, income,
19 revenues, receipts, rights, remedies, powers, and duties in trust
20 or otherwise as the fund may determine necessary or appropriate to
21 adequately secure and protect noteholders and bondholders or to
22 limit or abrogate the rights of the noteholders and bondholders. A
23 trust agreement may be executed by the fund with any trustee who
24 may be located inside or outside this state to accomplish any of
25 the foregoing.

26 (k) Pay maintenance and repair costs of a project.

27 (l) The insurance to be carried on a project and the use and
28 disposition of insurance money and condemnation awards.

29 (m) The terms, conditions, and agreements upon which the

1 holder of the bonds, or a portion of the bonds, is entitled to the
2 appointment of a receiver by the circuit court. A receiver who is
3 appointed may enter and take possession of the project and maintain
4 it or lease or sell the project for cash or on an installment sales
5 contract and prescribe rentals and payments therefor and collect,
6 receive, and apply all income and revenues thereafter arising in
7 the same manner and to the same extent as the fund.

8 (n) Any other matters, of like or different character, which
9 in any way affect the security or protection of the notes or bonds.

10 (9) A pledge made by the fund is valid and binding from the
11 time the pledge is made. The money or property so pledged and
12 thereafter received by the fund is immediately subject to the lien
13 of the pledge without a physical delivery or further act. The lien
14 of a pledge is valid and binding as against parties having claims
15 of any kind in tort, contract, or otherwise against the fund and is
16 valid and binding as against the transfer of the money or property
17 pledged, irrespective of whether the parties have notice. Neither
18 the resolution, the trust agreement, nor any other instrument by
19 which a pledge is created need be recorded.

20 (10) A member of the board or a person executing the notes or
21 bonds is not liable personally on the notes or bonds and is not
22 subject to personal liability of accountability by reason of the
23 issuance of the notes or bonds.

24 (11) This state is not liable on notes or bonds of the fund,
25 and the notes or bonds shall not be considered a debt of this
26 state. The notes and bonds shall contain on their face a statement
27 indicating this fact.

28 (12) The notes and bonds of the fund are securities in which
29 the public officers and bodies of this state; municipalities and

1 municipal subdivisions; insurance companies, associations, and
2 other persons carrying on an insurance business; banks, trust
3 companies, savings banks, savings associations, and savings and
4 loan associations; investment companies; administrators, guardians,
5 executors, trustees, and other fiduciaries; and all other persons
6 who are authorized to invest in bonds or other obligations of this
7 state may properly and legally invest funds.

8 (13) The property of the fund and its income and operation is
9 exempt from all taxation by this state or any of its political
10 subdivisions, and all bonds and notes of the fund, the interest on
11 the bonds and notes, and their transfer are exempt from all
12 taxation by this state or any of its political subdivisions, except
13 for estate, gift, and inheritance taxes. The state covenants with
14 the purchasers and all subsequent holders and transferees of notes
15 and bonds issued by the fund under this act, in consideration of
16 the acceptance of and payment for the notes and bonds, that the
17 notes and bonds of the fund, issued pursuant to this act, the
18 interest on the notes and bonds, the transfer of the notes and
19 bonds, and all its fees, charges, gifts, grants, revenues,
20 receipts, and other money received or to be received and pledged to
21 pay or secure the payment of the notes or bonds shall at all times
22 be free and exempt from all state or local taxation provided by the
23 laws of this state, except for estate, gift, and inheritance taxes.

24 (14) The issuance of bonds and notes under this act is subject
25 to the agency financing reporting act, 2002 PA 470, MCL 129.171 to
26 129.177.

27 (15) For the purpose of more effectively managing its debt
28 service, the fund may enter into an interest rate exchange or swap,
29 hedge, or similar agreement with respect to its bonds or notes on

- 1 the terms and payable from the sources and with the security, if
- 2 any, as determined by the board by resolution.