

# SENATE BILL NO. 740

November 30, 2021, Introduced by Senators LASATA, HORN, VANDERWALL and SCHMIDT and referred to the Committee on Education and Career Readiness.

A bill to amend 1966 PA 331, entitled  
"Community college act of 1966,"  
by amending section 164 (MCL 389.164), as amended by 2018 PA 376.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 164. (1) Subject to subsection (16), by resolution of its  
2 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

1 programs and to pay costs of issuing those bonds. The bonds ~~shall~~  
 2 **must** be payable in the manner and on the terms and conditions  
 3 determined, or within the parameters specified, by the board in the  
 4 resolution authorizing issuance of the bonds. The resolution  
 5 authorizing the bonds ~~shall create~~ **creates** a lien on the receipts  
 6 from new jobs credit from withholding to be received by the  
 7 community college district pursuant to an agreement or agreements  
 8 that ~~shall be~~ **is** a statutory lien and ~~shall be~~ **is** a first lien  
 9 subject only to liens previously created. As additional security,  
 10 in the resolution authorizing the bonds, the board of trustees may  
 11 also pledge the limited tax full faith and credit of the district  
 12 and may authorize and enter into an insurance contract, agreement  
 13 for lines of credit, letter of credit, commitment to purchase  
 14 obligations, remarketing agreement, reimbursement agreement, tender  
 15 agreement, or any other transaction necessary to provide security  
 16 to assure timely payment of any bonds.

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

1           (3) A community college district may issue bonds described in  
2 subsection (1) with respect to a single project or multiple  
3 projects as determined by the board of trustees in the resolution  
4 authorizing the issuance of the bonds. The board of trustees may  
5 determine to sell the bonds in conjunction with the sale of bonds  
6 by another community college district.

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

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

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

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

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

26           (e) Limitations on the issuance of additional bonds; the terms  
27 on which additional bonds may be issued and secured; and the  
28 refunding of outstanding or other bonds.

29           (f) The procedure, if any, by which the terms of any contract

1 with bondholders may be amended or abrogated, the amount of bonds  
2 the holders of which must consent to the amendment or abrogation,  
3 and the manner in which bondholders may give that consent.

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

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

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

14 (i) The form of the bonds.

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

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

17 (iv) The purchase price of the bonds.

18 (v) The denominations of the bonds.

19 (vi) The redemption premiums of the bonds.

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

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

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

27 (a) The pledge is valid and binding from the time when the  
28 pledge is made.

29 (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.

28 (8) Bonds issued under this section are not subject to the  
29 revised municipal finance act, 2001 PA 34, MCL 141.2101 to

1 141.2821, except that bonds issued under this section are subject  
2 to the maximum rate permitted under section 305 of the revised  
3 municipal finance act, 2001 PA 34, MCL 141.2305.

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

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

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

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

24 (13) A community college district may use the proceeds of  
25 refunding bonds issued under subsection (11) to pay interest  
26 accrued, or to accrue, to the earliest or any subsequent date of  
27 redemption, purchase, or maturity of the outstanding bonds to be  
28 refunded, redemption premium, if any, and any commission, service  
29 fee, and other expense necessary to be paid in connection with the

1 outstanding bonds to be refunded. A community college district may  
2 also use the proceeds of refunding bonds to pay part of the cost of  
3 issuance of the refunding bonds, interest on the refunding bonds, a  
4 reserve for the payment of principal, interest, and redemption  
5 premiums on the refunding bonds, and other necessary incidental  
6 expenses, including, but not limited to, placement fees and fees or  
7 charges for insurance, letters of credit, lines of credit, or  
8 commitments to purchase the outstanding bonds to be refunded.

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

27 (15) A community college district is authorized to pay all or  
28 part of the costs of new jobs training programs out of funds of the  
29 community college district, including self-funding methods. The use

1 of funds of the community college district and self-funding methods  
2 to pay the costs of new jobs training programs ~~shall~~**must** be  
3 considered an authorized expenditure of public funds and ~~shall~~**must**  
4 not be construed as an investment.

5 (16) A community college district shall not authorize, issue,  
6 or sell any new jobs training revenue bonds after December 31,  
7 ~~2023~~**2028**.