

HOUSE BILL NO. 4842

June 22, 2023, Introduced by Reps. Price, Steckloff, Miller, Dievendorf, Breen, Byrnes and Brenda Carter and referred to the Committee on Insurance and Financial Services.

A bill to amend 1964 PA 183, entitled

"An act creating the state building authority with power to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage, and maintain facilities for the use of the state or any of its agencies; to act as a developer or co-owner of facilities as a condominium project for the use of the state or any of its agencies; to authorize the execution of leases pertaining to those facilities by the building authority with the state or any of its agencies; to authorize the payment of true rentals by the state; to provide for the issuance of revenue obligations by the building authority to be paid from the true rentals to be paid by the state and other resources and security provided for and pledged by the building authority; to authorize the creation of funds; to authorize the conveyance of lands by the state or any of its

agencies for the purposes authorized in this act; to authorize the appointment of a trustee for bondholders; to permit remedies for the benefit of parties in interest; to provide for other powers and duties of the authority; and to provide for other matters in relation to the authority and its obligations,"

by amending section 8 (MCL 830.418), as amended by 2012 PA 519.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) By ~~resolution or 1 or more~~ resolutions of its
2 board, the building authority may provide for the issuance of
3 revenue obligations, ~~which may include~~ **including** revenue bonds,
4 revenue notes, or other evidences of revenue indebtedness, and
5 refunding revenue bonds or notes, or other refunding evidences of
6 indebtedness. ~~the~~

7 **(2) The obligations for which shall issued under this act are**
8 not ~~become~~ a general obligation of this state or a charge against
9 this state. ~~but all~~ **All** revenue obligations and the interest on
10 the revenue obligations and the call premiums for the revenue
11 obligations ~~shall be~~ **are** payable solely from true rental, except to
12 the extent paid from the proceeds of sale of revenue obligations
13 and any additional security provided for and pledged, or from other
14 funds as provided in this act. ~~and each~~ **Each** revenue obligation
15 ~~shall must~~ have ~~such~~ a statement **that contains the provisions of**
16 **this subsection** printed on the face of the revenue obligation. If
17 the resolution of the building authority provides for interest
18 coupons to be attached to a revenue obligation, each interest
19 coupon ~~shall must~~ have a statement printed on the coupon that the
20 coupon is not a general obligation of this state or the building
21 authority but is payable solely from certain revenues as specified
22 in the revenue obligation.

23 **(3) Revenue obligations may be issued for** ~~the purpose of~~

1 ~~paying~~ **any of the following purposes:**

2 **(a) To pay** part or all of the costs of the facilities, ~~or for~~
 3 ~~the purpose of refunding or advance refunding, in whole or in part,~~
 4 ~~outstanding revenue obligations issued pursuant to this act whether~~
 5 ~~the obligations to be refunded or advance refunded have matured or~~
 6 ~~are redeemable or shall mature or become redeemable after being~~
 7 ~~refunded. The cost of the facilities may include an~~ **including all**
 8 **of the following costs:**

9 **(i) An** allowance for legal, engineering, architectural, and
 10 consulting services. ~~; interest~~

11 **(ii) Interest** on revenue obligations becoming due before the
 12 collection of the first true rental available for the payment of
 13 those revenue obligations. ~~; a~~

14 **(iii) A** reserve for the payment of principal, interest, and
 15 redemption premiums on the revenue obligations of the authority. ~~;~~
 16 ~~and other~~

17 **(iv) Other** necessary incidental expenses, including, but not
 18 limited to, ~~placement~~ **all of the following expenses:**

19 **(A) Placement** fees. ~~; fees~~

20 **(B) Fees** or charges for insurance, letters of credit, lines of
 21 credit, remarketing agreements, or commitments to purchase
 22 obligations issued under this act. ~~; fees~~

23 **(C) Fees** or charges associated with an agreement to manage
 24 payment, revenue, or interest rate exposure. ~~; or any~~

25 **(D) Any** other fees or charges for any other security provided
 26 to assure timely payment of the obligations.

27 **(b) To refund or advance refund, in whole or in part,**
 28 **outstanding revenue obligations issued pursuant to this act whether**
 29 **the obligations to be refunded or advance refunded have matured or**

1 are redeemable or will mature or become redeemable after being
2 refunded.

3 (4) ~~(2)~~—The proceeds of a revenue obligation issue may be used
4 to pay the cost of facilities that are subject to more than 1 lease
5 if either subdivision (a) or (b) is true:

6 (a) Both of the following are true:

7 (i) The resolution **or resolutions** authorizing the revenue
8 obligations ~~provides~~**provide** for the use of a specific allocable
9 portion of the revenue obligation proceeds to pay the estimated
10 cost of each of the facilities, together with the allocable portion
11 of the reserves, discount, interest on the obligations becoming due
12 before the first true rental available for payment of the
13 obligations, and obligation issuance expense with respect to each
14 facility.

15 (ii) The true rental and other funds of the building authority
16 and other security as provided in this act available for the
17 revenue obligations, including other funds as provided in this act,
18 are sufficient to pay the allocable portion of the revenue
19 obligation issue for which the true rental and other funds and
20 security are pledged.

21 (b) The obligation is part of an interim financing pool
22 described in subsection ~~(20)~~**(27)**.

23 (5) ~~(3)~~—Revenue obligations that refund outstanding
24 obligations may include the payment of interest accrued, or to
25 accrue, to the earliest or any subsequent date of redemption,
26 purchase, or maturity of the revenue obligations to be refunded,
27 redemption premium, if any, and any commission, service fee, and
28 other expense necessary to be paid in connection with revenue
29 obligations that refund outstanding obligations. Proceeds of

1 refunding revenue obligations may also be used to pay ~~part~~ **for all**
 2 **of the following costs:**

3 (a) **Part** of the cost of issuance of the refunding revenue
 4 obligations. ~~interest~~

5 (b) **Interest** on the refunding revenue obligations. ~~a~~

6 (c) **A** reserve for the payment of principal, interest, and
 7 redemption premiums on the refunding revenue obligations. ~~and~~
 8 ~~other~~

9 (d) **Other** necessary incidental expenses, including, but not
 10 limited to, ~~placement~~ **all of the following expenses:**

11 (i) **Placement** fees. ~~fees~~

12 (ii) **Fees** or charges for insurance, letters of credit, lines of
 13 credit, remarketing agreements, or commitments to purchase
 14 obligations issued pursuant to this act. ~~fees~~

15 (iii) **Fees** or charges associated with an agreement to manage
 16 payment, revenue, or interest rate exposure. ~~or any~~

17 (iv) **Any** other fees or charges for any other security provided
 18 to assure timely payment of the obligations.

19 (6) The building authority may also provide for the withdrawal
 20 of any funds from a reserve created for the payment of principal,
 21 interest, and redemption premiums on the refunded obligations and
 22 for the deposit of those funds in the reserve for the payment of
 23 principal, interest, and redemption premiums on the refunding
 24 obligations or may provide for use of that reserve money to pay
 25 principal, interest, and redemption premiums on the obligations to
 26 be refunded.

27 (7) Obligations issued to refund outstanding obligations may
 28 be issued in a principal amount greater than, the same as, or less
 29 than the principal amount of the obligations to be refunded, and

1 subject to the maximum rate of interest provided in subsection ~~(8)~~,
 2 **(13)**, may bear interest rates that are higher than, the same as, or
 3 lower than the interest rates of the obligations to be refunded.

4 **(8)** If obligations are issued to refund outstanding
 5 obligations of the authority, a lease whose rental has been pledged
 6 for repayment of the obligations to be refunded ~~shall is~~ not be
 7 terminated solely by reason of the payment or provision for payment
 8 of the obligations to be refunded, and the lease and all of the
 9 rights and obligations under the lease remain in full force and
 10 effect in accordance with its terms.

11 **(9)** ~~(4)~~—Except as otherwise provided in this section, the
 12 building authority shall use income or profit derived from the
 13 investment of money in a fund or account of the building authority,
 14 including the proceeds of sale of the revenue obligations, only for
 15 the purpose of paying principal, interest, and redemption premiums
 16 on the revenue obligations of the building authority, or for any
 17 purpose for which the proceeds of the revenue obligations may be
 18 used under this act, as determined by the resolution **or resolutions**
 19 of the board authorizing the issuance of revenue obligations.

20 **(10)** ~~(5)~~—Within limits considered appropriate and established
 21 by the board, the board may authorize by resolution a member of the
 22 board or the person appointed by the building authority as its
 23 chief operating officer or chief staff person, if the authorization
 24 limits or prescribes the maximum interest rates, minimum price,
 25 maximum principal amount, and the latest maturity date of the
 26 obligations, to do any of the following:

27 (a) Determine interest rates or methods for determining
 28 interest rates for, maturities of, principal amounts of,
 29 denominations of, dates of issuance of, interest payment dates for,

1 redemption rights and the terms under which redemption rights may
2 be waived, transferred, or sold, prepayment rights with respect to,
3 the purchase price of, and the type of funds for settlement of
4 obligations.

5 (b) Determine which, if any, letter of credit, line of credit,
6 standby note or bond purchase agreement, bond insurance, or other
7 agreement providing security or liquidity for obligations of the
8 building authority, approved by the board, provides a cost savings
9 and should be entered into in connection with the issuance of the
10 obligations of the building authority.

11 (c) Take any other action on behalf of the board within
12 limitations established by the board as the board considers
13 necessary in connection with the issuance of obligations of the
14 building authority.

15 (11) ~~(6)~~—To the extent provided by resolution of the board,
16 principal of, and interest and redemption premiums on, revenue
17 obligations issued for the purpose of paying all or part of the
18 cost of the facilities ~~shall~~**must** be secured by and payable only
19 from ~~any or all~~**1 or more** of the following sources:

20 (a) The true rental derived from the facilities constructed or
21 acquired with the proceeds of the revenue obligations.

22 (b) The proceeds of revenue obligations.

23 (c) The reserve, if any, established for the payment of
24 principal of, or interest or redemption premiums on, the
25 obligations.

26 (d) The proceeds of insurance, a letter of credit, or a line
27 of credit acquired as security for the revenue obligations.

28 (e) The proceeds of obligations issued to refund the revenue
29 obligations.

1 (f) The proceeds of the foreclosure or enforcement of a
2 mortgage, security interest, or deed of trust on the facilities
3 financed by the revenue obligations granted by the authority as
4 security for the revenue obligations.

5 (g) Other funds of the authority not previously pledged for
6 other obligations of the authority, including funds of the
7 authority derived from rentals and other revenues, investment
8 income or profit, or funds or accounts relating to other
9 facilities, and payments received pursuant to an agreement to
10 manage payment, revenue, or interest rate exposure as provided in
11 subsection ~~(19)~~. **(26)**.

12 (h) Investment earnings and profits on any or all of the
13 sources described in subdivisions (a) to (g).

14 **(12)** ~~(7)~~ To the extent provided by resolution of the board,
15 principal of, and interest and redemption premiums on, refunding
16 revenue obligations ~~shall~~ **must** be secured by and payable only from
17 ~~any or all~~ **1 or more** of the following sources:

18 (a) The true rental derived from the facilities constructed or
19 acquired with the proceeds of the obligations being refunded.

20 (b) The proceeds of the refunding obligations.

21 (c) The reserve, if any, established for the payment of the
22 principal of, or interest and redemption premiums on, the refunding
23 obligations or the obligations to be refunded.

24 (d) The proceeds of insurance, a letter of credit, or a line
25 of credit acquired as security for the revenue obligations.

26 (e) The proceeds of obligations issued to refund the refunding
27 obligations.

28 (f) The proceeds of the foreclosure or enforcement of any
29 mortgage, security interest, or deed of trust on the facilities

1 financed from the proceeds of the obligations being refunded,
2 granted by the authority as security for the refunding obligations.

3 (g) Other funds of the authority not previously pledged for
4 other obligations of the authority, including other funds of the
5 authority derived from rentals and other revenues, investment
6 income or profit, or funds or accounts relating to other
7 facilities, and payments received pursuant to an agreement to
8 manage payment, revenue, or interest rate exposure as provided in
9 subsection ~~(19)~~. **(26)**.

10 (h) Investment earnings or profits on any of the sources
11 described in subdivisions (a) to (g).

12 **(13)** ~~(8)~~—Obligations issued under this act may be either
13 serial obligations or term obligations, or any combination of
14 serial or term obligations. The obligations ~~shall~~**must** mature not
15 more than 40 years from their date, and in any event not more than
16 1 year from the due date of the last true rental pledged for the
17 payment of the obligations. ~~and~~**The obligations** may bear interest
18 at fixed or variable interest rates, or may be without stated
19 interest, but the net interest rate or rates of interest, taking
20 into account any discount on the sale of the obligations, ~~shall~~
21 **must** not exceed a rate permitted by the revised municipal finance
22 act, 2001 PA 34, MCL 141.2101 to 141.2821. The obligations may be
23 sold at a discount.

24 **(14)** ~~(9)~~—Except as otherwise provided in ~~this~~ subsection **(15)**,
25 in the resolution or resolutions authorizing the issuance of the
26 obligations, the board shall determine **all of the following:**

27 **(a)** **The** principal amount of the obligations to be issued. ~~and~~
28 ~~the~~

29 **(b)** **The** registration provisions. ~~and~~ ~~the~~

1 (c) **The** date of issuance. ~~the~~

2 (d) **The** obligation numbers. ~~the~~

3 (e) **The** obligation denominations. ~~the~~

4 (f) **The** obligation designations. ~~the~~

5 (g) **The** obligation maturities. ~~the~~

6 (h) **The** interest payment dates. ~~the~~

7 (i) **The** paying agent or paying agents or the method of

8 selection of the agent or agents. ~~the~~

9 (j) **The** rights of prior redemption of the obligations, and the
10 terms under which redemption rights may be waived, transferred, or
11 sold. ~~the~~

12 (k) **The** rights of the holders to require prepayment of the
13 principal of or interest on the obligations. ~~the~~

14 (l) **The** maximum rate of interest. ~~the~~

15 (m) **The** method of execution of the obligations, and ~~such~~ other
16 provisions respecting the obligations, the rights of the holders of
17 the obligations, the security for the obligations, and the
18 procedures for disbursement of the obligation proceeds and for the
19 investment of the proceeds of obligations and money for the payment
20 of obligations.

21 (15) Rather than making the determinations required by ~~this~~
22 subsection (14), the board may authorize a person identified in
23 subsection ~~(5)~~-(10) to make the determinations and take the actions
24 authorized under subsection ~~(5)~~-(10).

25 (16) ~~(10)~~The board in the resolution or resolutions
26 authorizing the issuance of obligations may provide for the
27 assignment of the true rental to be paid by ~~the~~**this** state under
28 the lease or leases to 1 of the paying agents for the obligations
29 or to a trustee, as provided in this act, in which case ~~the~~**this**

1 state shall pay the rental to the paying agent or trustee. For the
 2 purposes and within the limitations ~~set forth in~~ **of** this act, the
 3 board may by resolution covenant to issue or cause to be issued, or
 4 use its best efforts to issue or cause to be issued, refunding
 5 revenue obligations to refund obligations issued under this act.

6 (17) ~~(11)~~ The board in the resolution, or resolutions,
 7 authorizing the obligations may provide for **all of the following:**

8 (a) **The** terms and conditions ~~upon~~ **on** which the holders of the
 9 obligations, or a portion of the obligations, or a trustee for the
 10 obligations, is entitled to the appointment of a receiver. The
 11 receiver may ~~enter~~ **do all of the following in the same manner and**
 12 **to the same extent that the authority is so authorized:**

13 (i) **Enter** and take possession of the facility. ~~, may lease~~

14 (ii) **Lease** and maintain the facility. ~~, may prescribe~~

15 (iii) **Prescribe** rentals. ~~and collect,~~

16 (iv) **Collect**, receive, and apply income and revenues thereafter
 17 arising **after the receiver's appointment** from the facility. ~~in the~~
 18 ~~same manner and to the same extent that the authority is so~~
 19 ~~authorized. The resolution or resolutions may provide for the~~

20 (b) **The** appointment of a trustee for the holders of the
 21 obligations. ~~, The board~~ may give ~~to~~ the trustee the appropriate
 22 rights, duties, remedies, and powers, with or without the execution
 23 of a deed of trust or mortgage, necessary and appropriate to secure
 24 the obligations. ~~, and~~ **The board** may **also provide in the resolution**
 25 **or resolutions authorizing the obligations** that the principal of
 26 and interest on any obligations issued under this act ~~shall~~ **will** be
 27 secured by a mortgage, security interest, or deed of trust covering
 28 the facility, which mortgage, security interest, or deed of trust
 29 may contain ~~the~~ covenants, agreements, and remedies ~~as will~~ **to**

1 properly safeguard the ~~obligations as may be provided for in the~~
 2 ~~resolution or resolutions authorizing the obligations~~, including
 3 the right to sell the facility ~~upon~~**on** foreclosure sale, **if** not
 4 inconsistent with this act.

5 (18) ~~(12)~~All obligations and the interest coupons, if any,
 6 attached to the obligations are ~~declared to be~~ fully negotiable and
 7 ~~to~~ have all of the qualities incident to negotiable instruments
 8 under the uniform commercial code, 1962 PA 174, MCL 440.1101 to
 9 ~~440.11102,~~**440.9994**, subject only to the provisions for
 10 registration of the obligations that ~~may~~ appear on the obligations.
 11 The obligations and interest on the obligations are exempt from all
 12 taxation by this state or any of its political subdivisions.

13 (19) ~~(13)~~The obligations may be sold at private or ~~at~~ public
 14 sale under the procedures and subject to the conditions prescribed
 15 by resolution of the board.

16 (20) ~~(14)~~The building authority may issue additional
 17 obligations of equal standing with respect to the pledge of the
 18 true rentals and additional security provided pursuant to this act
 19 with previously issued obligations of the building authority issued
 20 to acquire or construct a facility or facilities, or to refund the
 21 obligations, for the purpose of completing, or making additions,
 22 improvements, or replacements to, the facility or facilities for
 23 which the previous obligations of the authority were issued or to
 24 refund all or part of obligations previously issued for ~~such a~~**the**
 25 facility **or facilities**, under the terms and conditions provided in
 26 the resolution **or resolutions** authorizing the previous issue of
 27 obligations.

28 (21) ~~(15)~~The authority shall not have obligations outstanding
 29 at any 1 time for any of its corporate purposes in a principal

1 amount totaling more than \$2,700,000,000.00, which ~~limitations~~
 2 ~~shall-limitation does~~ not include principal appreciation as
 3 provided in subsection ~~(17)-(24)~~ or obligations or portions of
 4 obligations used to pay for any of the following:

5 (a) Amounts set aside for payment of interest becoming due
 6 before the collection of the first true rental available.

7 (b) Amounts set aside for a reserve for payment of principal,
 8 interest, and redemption premiums.

9 (c) Costs of issuance of the obligations and the discount, if
 10 any, on sale.

11 (d) The sums expected to be set aside for the purposes
 12 provided in this subsection for any obligations authorized by the
 13 authority but not sold. The amount set aside or expected to be set
 14 aside for the purposes provided in this subsection ~~shall-must~~ be
 15 conclusively determined by a certificate setting forth the amounts
 16 executed by the executive director of the building authority. In
 17 addition, ~~there shall be excluded from the limitation~~ obligations
 18 issued to refund prior obligations **are excluded from the limitation**
 19 if those prior obligations will not be retired within 90 days after
 20 the date of issuance of the refunding obligations. If an obligation
 21 is issued to retire a prior obligation within 90 days after the
 22 date of issuance of the refunding obligation, the obligation is
 23 counted against the limitation when the refunded obligation is
 24 retired.

25 **(22)** ~~(16)~~ The authority may apply and pledge, if not already
 26 pledged, all or any unpledged part of the true rental and other
 27 revenues of a facility, ~~+~~ income and profit from the investment of
 28 money pertaining to a facility, ~~+~~ and money in a fund or account of
 29 the authority pertaining to a facility to pay ~~the-any of the~~

1 following:

2 (a) The principal, interest, and redemption premiums on
3 revenue obligations of the authority other than those to which the
4 true rental and other revenues, investment income, or profit or
5 funds or accounts pertain. ~~;~~ ~~to pay amounts~~

6 (b) Amounts due under an agreement to manage payment, revenue,
7 or interest rate exposure regardless of the obligations or
8 investments to which the agreement relates. ~~;~~ ~~or to pay part~~

9 (c) Part or all of the cost of additional facilities to be
10 acquired by the authority for the use of the state.

11 (23) The authority may establish a separate fund into which
12 the rental and other revenues, investment income or profit, or
13 money of ~~such a~~ **the** fund or account ~~shall~~ **will** be deposited to be
14 used to pay principal, interest, and redemption premiums on
15 outstanding obligations of the authority or to acquire facilities
16 for the use of this state. The authority shall not acquire a
17 facility unless the acquisition is approved by the state
18 administrative board and in an appropriations act. The authority
19 may pledge any or all of the ~~foregoing~~ **true rental and other**
20 **revenues, investment income or profit, or money in funds or**
21 **accounts** to the payment of revenue obligations of the authority
22 other than those to which they pertain. If the true rental and
23 other revenues, investment income or profit, or the money in funds
24 or accounts to be applied as specified in this subsection pertain
25 to a facility leased to ~~the~~ **this** state and an institution of higher
26 education pursuant to a lease executed and delivered before January
27 1, 1983, ~~no~~ **an** application or pledge ~~thereof~~ **of those items** may **not**
28 be made unless approved by the institution of higher education.

29 (24) ~~(17)~~ If the authority issues an obligation that

1 appreciates in principal amount, the amount of principal
 2 appreciation each year on that obligation, after the date of
 3 original issuance, ~~shall-is~~ not ~~be~~ considered to be principal
 4 indebtedness for the purposes of the limitation in subsection ~~(15)~~
 5 **(21)** or any other limitation. The appreciation of principal after
 6 the date of original issue ~~shall-be-is~~ considered interest and
 7 ~~shall-must~~ be within the interest rate limitations set forth in
 8 this act.

9 **(25)** ~~(18)~~ Of the \$2,700,000,000.00 authorized under subsection
 10 ~~(15)~~, **(21)**, **the joint capital outlay committee shall determine**
 11 priority. ~~shall be determined by the joint capital outlay~~
 12 ~~committee.~~

13 **(26)** ~~(19)~~ In connection with an obligation issued previously
 14 or to be issued under this act or an investment made previously or
 15 to be made, the board may by resolution authorize and approve the
 16 execution and delivery of an agreement to manage payment, revenue,
 17 or interest rate exposure. The agreement may include, but is not
 18 limited to, an interest rate exchange agreement, an agreement
 19 providing for payment or receipt of money based on levels of or
 20 changes in interest rates, an agreement to exchange cash flows or
 21 series of payments, or an agreement providing for or incorporating
 22 interest rate caps, collars, floors, or locks. Subject to a prior
 23 pledge or lien created under this act, a payment to be made by the
 24 building authority under an agreement described in this subsection
 25 is payable, together with other obligations of the building
 26 authority, from those sources described in subsections ~~(6)~~ **(11)** and
 27 ~~(7)~~, **(12)**, all with the parity or priority and ~~upon-on~~ the
 28 conditions set forth in the board's resolution. An agreement
 29 entered into under this subsection is not a general obligation of

1 this state or the building authority, and the agreement does not
 2 count against the limitation on outstanding obligations contained
 3 in subsection ~~(15)~~. **(21)** .

4 **(27)** ~~(20)~~—The building authority may authorize by resolution a
 5 pool of obligations to meet interim financing needs. A pool may be
 6 issued in 1 or more series, may relate to 1 or more projects, and
 7 is subject to all of the following:

8 (a) The board's resolution approving the pool ~~shall~~**must** state
 9 at least all of the following:

10 (i) The name or designation of the pool to distinguish it from
 11 any other pool issued under this subsection.

12 (ii) The latest date by which an obligation issued under the
 13 pool must mature. ~~, which shall not be later than 5 years after the~~
 14 ~~date on which the pool is established.~~ The duration of the pool
 15 ~~shall be~~**is** the time from the date on which the pool is established
 16 to the latest possible maturity date of obligations issued pursuant
 17 to the pool, or sooner as provided by resolution.

18 (iii) The maximum par amount of obligations that may be
 19 outstanding at any time during the duration of the pool. The
 20 resolution may state the maximum par amount of obligations that may
 21 be issued pursuant to the pool.

22 (iv) Other terms of the obligations as provided in subsection
 23 ~~(8)~~**(13)** or the limits within which the chief operating officer,
 24 chief staff person, or member of the board shall determine those
 25 terms as provided in subsection ~~(5)~~. **(10)** .

26 (v) The security for obligations issued pursuant to the pool.

27 (vi) Other provisions, not inconsistent with the terms of this
 28 act, that the board determines to be necessary or appropriate to
 29 the pool.

1 (b) Proceeds of obligations issued as part of a pool
 2 established under this subsection may be used for any of the
 3 purposes for which revenue obligations of the building authority
 4 may be used as described in subsection ~~(1)~~. **(3)**. However, an
 5 obligation ~~shall~~**must** not be issued with respect to a facility
 6 unless all of the following are true:

7 (i) The board approves the financing of the facility pursuant
 8 to the pool, which approval may be made at the same time as or
 9 after the establishment of the pool.

10 (ii) The board approves the proposed form of lease for the
 11 facility, which approval may be made ~~prior to,~~**before,** at the same
 12 time as, or after the establishment of the pool.

13 (iii) The state administrative board, an institution of higher
 14 education, if applicable, and the legislature have approved the
 15 form of the lease as required by section 7, which approval may be
 16 made ~~prior to,~~**before,** at the same time as, or after the
 17 establishment of the pool.

18 (iv) The aggregate amounts of obligations issued and
 19 outstanding with respect to a facility under a pool, together with
 20 other obligations that may have been issued and are outstanding
 21 with respect to the facility under this act do not exceed the cost
 22 of the facility, including allowable interest costs, as approved by
 23 the state administrative board, an institution of higher education,
 24 if applicable, and the legislature.

25 (v) On or before the issuance of obligations the proceeds of
 26 which are to finance the acquisition, construction, renovation, or
 27 rehabilitation of the facility, the building authority and ~~the~~**this**
 28 state, and, if applicable, an institution of higher education,
 29 enter into the lease or an agreement to construct or acquire the

1 facility, which lease or agreement sets forth the terms and
2 conditions under which the building authority will finance the
3 construction or acquisition of the facility for lease to ~~the~~**this**
4 state or to the state and any applicable institution of higher
5 education.

6 **(28)** ~~(21)~~—Bonds and notes issued under this act are not
7 subject to the revised municipal finance act, 2001 PA 34, MCL
8 141.2101 to 141.2821.

9 **(29)** ~~(22)~~—The issuance of bonds and notes under this act is
10 subject to the agency financing reporting act, 2002 PA 470, MCL
11 129.171 to 129.177.