

# HOUSE BILL No. 5265

November 5, 2003, Introduced by Rep. Bisbee and referred to the Committee on Commerce.

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending section 19703 (MCL 324.19703), as added by 2002 PA  
397.

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

1       Sec. 19703. (1) Subject to subsection (2), the bonds shall  
2 be issued in 1 or more series, each series to be in a principal  
3 amount, to be dated, to have the maturities which may be either  
4 serial, term, or both, to bear interest at a rate or rates, to be  
5 subject or not subject to prior redemption, and if subject to  
6 prior redemption with or without call premiums, to be payable at  
7 a place or places, to have or not have provisions for  
8 registration as to principal only or as to both principal and  
9 interest, to be in a form and to be executed in a manner as shall  
10 be determined by resolution to be adopted by the state

1 administrative board and subject to or granting those covenants,  
2 directions, restrictions, or rights specified by resolution to be  
3 adopted by the state administrative board as necessary to ensure  
4 the marketability, insurability, or tax exempt status of the  
5 bonds. The state administrative board shall rotate the services  
6 of legal counsel when issuing bonds.

7 (2) The state administrative board may refund bonds issued  
8 under this part by the issuance of new bonds, whether or not the  
9 bonds to be refunded have matured or are subject to prior  
10 redemption. The state administrative board may issue bonds  
11 partly to refund bonds issued under this part and partly for any  
12 other purpose provided by this part. The principal amount of any  
13 refunding bonds issued pursuant to this section shall not be  
14 counted against the limitation on principal amount provided in  
15 the Great Lakes water quality bond authorization act.

16 (3) The state administrative board may authorize and approve  
17 insurance contracts, agreements for lines of credit, letters of  
18 credit, commitments to purchase bonds, and any other transaction  
19 to provide security to assure timely payment or purchase of any  
20 bond issued under this part. The state administrative board may  
21 authorize and approve an interest rate exchange or swap, hedge,  
22 or similar agreement in connection with the issuance of bonds  
23 under this part, payable from the same source as the bonds.

24 (4) The state administrative board may authorize the state  
25 treasurer, but only within limitations contained in the  
26 authorizing resolution of the board, to do 1 or more of the  
27 following:

1 (a) Sell and deliver and receive payment for the bonds.

2 (b) Deliver bonds partly to refund bonds and partly for other  
3 authorized purposes.

4 (c) Select which outstanding bonds will be refunded, if any,  
5 by the new issue of bonds.

6 (d) Buy issued bonds.

7 (e) Approve interest rates or methods for determining  
8 interest rates, including fixed or variable rates, prices,  
9 discounts, maturities, principal amounts, purchase prices,  
10 purchase dates, remarketing dates, denominations, dates of  
11 issuance, interest payment dates, redemption rights at the option  
12 of the state or the owner, the place and time of delivery and  
13 payment, and other matters and procedures necessary to complete  
14 the authorized transactions.

15 (f) Execute, deliver, and pay the cost of remarketing  
16 agreements, insurance contracts, agreements for lines of credit,  
17 letters of credit, commitments to purchase bonds or notes, and  
18 any other transaction to provide security to assure timely  
19 payments or purchase of any bond issued under this part.

20 (g) Determine the details of, execute, deliver, and pay the  
21 cost of any interest rate exchange or swap, hedge, or similar  
22 agreement.

23 (h) Pledge all or any portion of the strategic water quality  
24 initiatives fund created in section 5204 to secure bonds issued  
25 or to be issued by the Michigan municipal bond authority created  
26 in section 4 of the shared credit rating act, 1985 PA 227,  
27 MCL 141.1054, for the purpose of funding loans under the

1 strategic water quality initiatives loan program under part 52.

2 (5) The bonds shall not be subject to the revised municipal  
3 finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Issuance of  
4 the bonds shall be subject to the agency financing reporting act,  
5 **2002 PA 470, MCL 129.171 to 129.177.**

6 (6) The bonds or any series of the bonds shall be sold at  
7 public or private sale at such price or may be issued and  
8 deposited directly into the state water pollution control  
9 revolving fund created in section 16a of the shared credit rating  
10 act, 1985 PA 227, MCL 141.1066a, or the strategic water quality  
11 initiatives fund created in section 5204, as determined by or  
12 pursuant to a resolution of the state administrative board.

13 (7) Not more than ~~10%~~ **20%** of the bonds shall be issued in  
14 any year. The first bond issuance shall be structured in such a  
15 manner that debt payments do not begin before October 1, 2003.