

SENATE BILL No. 1164

March 4, 2008, Introduced by Senators KAHN, BARCIA, KUIPERS, RICHARDVILLE, PAPPAGEORGE, ALLEN, BROWN and HARDIMAN and referred to the Committee on Energy Policy and Public Utilities.

A bill to create a clean energy authority; to prescribe its powers and duties; to create the clean energy fund; to authorize the issuance of bonds, notes, and other evidences of indebtedness; and to provide an exemption from taxation.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "clean
2 energy authority act".

3 Sec. 3. As used in this act:

4 (a) "Alternative and renewable energy" means any of the
5 following:

6 (i) Energy produced from an IGCC facility that captures
7 greenhouse gases.

8 (ii) Biomass.

1 (iii) Geothermal energy.

2 (iv) Solar thermal energy.

3 (v) Wind energy.

4 (vi) Hydroelectric energy.

5 (b) "Alternative and renewable energy facility" means a
6 facility or energy system that uses alternative and renewable
7 energy to produce synthetic methane gas and that generates and
8 transmits or distributes electricity from that gas.

9 (c) "Authority" means the clean energy authority.

10 (d) "Department" means the department of natural resources.

11 (e) "Gasifier" means a facility located in this state that
12 produces synthetic gas from carbon-based feedstock such as coal,
13 petroleum coke, wood, biomass, agricultural products, and other
14 products.

15 (f) "Greenhouse gas" means carbon dioxide, methane,
16 chlorofluorocarbons, and hydrochlorofluorocarbons.

17 (g) "IGCC facility" means an integrated gasification combined
18 cycle plant located in this state that produces synthetic methane
19 gas from carbon-based feedstock, including, but not limited to,
20 coal, petroleum coke, wood, biomass, agricultural products, and
21 other products, and uses such synthetic gas to generate
22 electricity. IGCC facility includes the transmission lines and
23 facilities, gas transportation lines and facilities, and associated
24 property and equipment employed specifically to serve the IGCC
25 facility.

26 (h) "Joint venture" means a joint venture, partnership,
27 limited partnership, limited liability partnership, corporation,

1 limited liability company, business trust, unincorporated
2 organization, association, or any other legal or commercial entity
3 formed by the authority and 1 or more qualified persons for the
4 purpose of developing, constructing, owning, operating, and
5 maintaining 1 or more new coal gasification or IGCC facilities.

6 (i) "Oil and gas property" means all oil, gas, and mineral
7 leasehold interests transferred, or otherwise leased, to the
8 authority by the department of natural resources pursuant to
9 section 502 of the natural resources and environmental protection
10 act, 1994 PA 451, MCL 324.502.

11 (j) "Oil, gas, and mineral resources" means the physical
12 concentration of naturally occurring oil, gas, petroleum, and
13 associated minerals and substances in and under state-owned lands
14 that can be extracted for commercial profit.

15 (k) "Working interest" means the operating interest under an
16 oil and gas lease that includes the exclusive right to explore for,
17 develop, produce, and take the oil, gas, and mineral resources in,
18 under, and that may be produced from the lands covered by the
19 lease. The working interest is subject to all costs of exploration,
20 development, and production while the lessor receives its share of
21 production free of such costs. The working interest embodies the
22 right to share in the production, or revenue representing the
23 proceeds of production, attributable to its fractional interest
24 under the lease.

25 Sec. 5. (1) The clean energy authority is created as a public
26 body corporate and politic and an autonomous entity within the
27 department of treasury. The authority shall be a quasi-corporation

1 and shall exercise its prescribed statutory powers, duties, and
2 function independently of the head of the department of treasury.
3 The property, revenues, receipts borrowings, appropriations,
4 allowances, and other funds of the authority shall belong to the
5 authority.

6 (2) The authority shall consist of 5 individuals appointed by
7 the governor with the advice and consent of the senate. Not more
8 than 3 of the individuals shall be members of the same political
9 party. An individual shall be appointed for a term of 4 years.

10 Members shall serve without compensation for services, except that
11 a member may receive reasonable reimbursement for necessary travel
12 and expenses incurred in the discharge of the member's duties. Each
13 member shall hold office until a successor has been appointed and
14 qualified.

15 (3) A majority of the members of the authority appointed and
16 serving constitute a quorum for the transaction of business at a
17 meeting or the exercise of a power or function of the authority,
18 notwithstanding the existence of 1 or more vacancies. The authority
19 may act only by resolution approved by a majority of the members
20 appointed and serving.

21 Sec. 7. (1) Notwithstanding section 3(1) of 1968 PA 317, MCL
22 15.323, members of the authority and officers and employees of the
23 authority are subject to 1968 PA 317, MCL 15.321 to 15.330, or 1968
24 PA 318, MCL 15.301 to 15.310, as applicable.

25 (2) A member of the authority or officer, employee, or agent
26 of the authority shall discharge the duties of his or her position
27 in a nonpartisan manner, with good faith, and with that degree of

1 diligence, care, and skill that an ordinarily prudent person would
2 exercise under similar circumstances in a similar position. In
3 discharging the duties, a member of the authority or an officer,
4 employee, or agent, when acting in good faith, may rely upon the
5 opinion of counsel for the authority, upon the report of an
6 independent appraiser selected with reasonable care by the
7 authority, or upon financial statements of the authority
8 represented to the member of the authority or officer, employee, or
9 agent of the authority to be correct by the officer of the
10 authority having charge of its books or account, or stated in a
11 written report by a certified public accountant or firm of
12 certified public accountants fairly to reflect the financial
13 condition of the authority.

14 (3) A member of the authority shall not make, participate in
15 making, or in any way attempt to use his or her position as a
16 member of the authority to influence a decision regarding a loan,
17 grant, investment, or other expenditure under this act to his or
18 her employer.

19 (4) A member, employee, or agent of the authority shall not
20 engage in any conduct that constitutes a conflict of interest and
21 shall immediately advise the authority in writing of the details of
22 any incident or circumstances that may present the existence of a
23 conflict of interest with respect to the performance of the
24 authority-related work or duty of the member, employee, or agent of
25 the authority.

26 (5) A member of the authority who has a conflict of interest
27 related to any matter before the authority shall disclose the

1 conflict of interest before the authority takes any action with
2 respect to the matter. The disclosure shall become a part of the
3 record of the authority's official proceedings. The member with the
4 conflict of interest shall refrain from doing all of the following
5 with respect to the matter that is the basis of the conflict of
6 interest:

7 (a) Voting in the authority's proceedings related to the
8 matter.

9 (b) Participating in the authority's discussion of and
10 deliberation on the matter.

11 (c) Being present at the meeting when the discussion,
12 deliberation, and voting on the matter take place.

13 (d) Discussing the matter with any other authority member.

14 (6) Failure of a member to comply with subsection (5)
15 constitutes misconduct in office and subjects the member to removal
16 from office.

17 (7) When authorizing expenditures and investments under this
18 act, the authority shall not consider whether a recipient has made
19 a contribution or expenditure under the Michigan campaign finance
20 act, 1976 PA 388, MCL 169.201 to 169.282.

21 (8) Expenditures under this act shall not be used to finance
22 or influence political activities.

23 Sec. 9. The authority has the powers and duties necessary to
24 carry out the provisions of this act and achieve its purposes,
25 including, but not limited to, powers to do any of the following:

26 (a) Sue and be sued; have a seal and alter the seal; have
27 perpetual succession; make, execute, and deliver contracts,

1 agreements, leases, conveyances, and other instruments necessary or
2 convenient to the exercise of its powers; and make and amend
3 bylaws.

4 (b) Solicit and accept gifts, grants, loans, and other aids
5 from any person or the federal, state, or a local government or any
6 agency of the federal, state, or a local government, or participate
7 in any other way in any federal, state, or local government
8 program.

9 (c) Expend revenues and other funds under its control without
10 legislative appropriation.

11 (d) Make grants, loans, and investments; guarantee and insure
12 loans, leases, bonds, notes, or other indebtedness, whether public
13 or private; and issue letters of credit.

14 (e) Enforce its rights under mortgages, leases, contracts, or
15 agreements, including foreclosure and court actions.

16 (f) Acquire, hold, convey, lease, assign, transfer, mortgage,
17 or otherwise dispose of or encumber real or personal property,
18 including oil, gas, and mineral resources, and working interests in
19 oil and gas property.

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

22 (h) Invest in or otherwise enter into and perform joint
23 exploration agreements, joint operating agreements, joint
24 development agreements, and any other necessary contracts and
25 agreements with a qualified person or persons to explore for,
26 develop, and produce oil, gas, and mineral resources from oil and
27 gas properties co-owned by the authority and 1 or more qualified

1 persons.

2 (i) Borrow money and issue its bonds, provide for the rights
3 of the holders of the bonds, and secure the bonds by mortgage,
4 assignment, or pledge of any or all of its property.

5 (j) Subject to the provisions of any contract with the holders
6 of its bonds, whenever it considers it necessary or desirable,
7 consent to the modification, with respect to security, rate of
8 interest, time of payment of interest or principal, or any other
9 term of a bond, mortgage, or contract of any kind between the
10 authority and any other person.

11 (k) Invest any funds not required for immediate use or
12 disbursement, at its discretion, in any obligations determined to
13 be proper by the authority, and name and use depositories for its
14 money.

15 (l) Engage personnel and retain the services of private
16 consultants, managers, attorneys, auditors, engineers, geologists,
17 land experts, and scientists to secure professional management and
18 technical assistance and advice, with the fees and costs payable
19 out of any money of the authority legally available for this
20 purpose.

21 (m) Charge, impose, and collect fees and charges in connection
22 with any transaction and provide for reasonable penalties for
23 delinquent payment of fees or charges.

24 (n) Do all other things necessary or convenient to achieve the
25 purposes of the authority, this act, or other laws that relate to
26 the purposes and responsibilities of the authority.

27 Sec. 11. (1) All money of the authority shall be paid to the

1 state treasurer as agent of the authority, who shall not commingle
2 the money with any other money. Money of the authority shall be
3 deposited in a separate revolving fund under the jurisdiction and
4 control of the authority to be known as the "clean energy fund."
5 The state treasurer shall credit to the fund interest and earnings
6 from fund investments.

7 (2) All of the following shall be paid into the clean energy
8 fund:

9 (a) Any money appropriated by this state for the purposes of
10 the fund.

11 (b) Any money that the authority receives in repayment of
12 advances made from the fund.

13 (c) Money derived from the authority's working interest in oil
14 and gas property.

15 (d) Any other money that may be made available to the
16 authority from any other source.

17 Sec. 13. (1) The authority shall develop and implement a
18 statewide integrated energy resource plan, which shall include all
19 of the following:

20 (a) The development of facilities to capture, sequester, or
21 both capture and sequester greenhouse gases.

22 (b) The development of gasifiers.

23 (c) The promotion of enhanced oil recovery from lands owned by
24 this state using captured greenhouse gases.

25 (d) The promotion of alternative and renewable energy
26 facilities in this state.

27 (e) The exploration for and development and production of oil,

1 gas, and mineral resources in this state.

2 (2) The authority, in conjunction with the department, shall
3 develop a plan and make recommendations to the legislature to
4 promote the leasing of state-owned lands that include depleted oil
5 and gas reservoirs or other geologic features or facilities
6 suitable for the storage of captured greenhouse gases. The plan and
7 recommendation shall be submitted to the legislature within 180
8 days after the effective date of this act.

9 (3) The authority shall assist in and encourage the
10 development of at least 1 pilot IGCC facility that consists of both
11 of the following:

12 (a) An electric power plant that is fueled by some or all of
13 the synthetic gas and that is capable of producing not less than
14 250 megawatts of electric power.

15 (b) A gasifier which is capable of capturing greenhouse gases.

16 (4) The authority shall submit applications to the department
17 of natural resources identifying state-owned lands the authority
18 wishes to secure and develop, as lessee, under oil and gas leases
19 granted by the department of natural resources, as lessor. Before
20 submitting an application, the authority shall consider whether the
21 land has unusual or sensitive environmental features that should be
22 reserved and maintained in an undeveloped state and shall solicit
23 opinions of interested groups and the public. Upon receipt of such
24 an application submitted by the authority, the department of
25 natural resources shall enter into a direct lease with the
26 authority covering the state-owned lands identified in the
27 application. The department is not required to enter into a direct

1 lease with the authority covering any land that is then in
2 production or is leased or permitted for drilling or production or
3 land the department determines has unusual or sensitive
4 environmental features that should be reserved by the state and
5 maintained in an undeveloped state. However, after the abandonment,
6 release, discharge, cancellation, or termination of any lease
7 covering any such land retained by the department in accordance
8 with this subsection, the department shall enter into a direct
9 lease with the authority covering such land to the extent it was
10 identified by the authority in an application. The authority shall
11 pay to the department the royalty due under each lease with the
12 department, which shall be applied in accordance with sections 35
13 and 35a of article IX of the state constitution of 1963.

14 (5) The authority may assign up to an aggregate 49% of its
15 working interest in each oil and gas lease entered into pursuant to
16 this section to a qualified person or persons. The authority shall
17 require, as a condition of such an assignment, that the qualified
18 person or persons agree, as co-owners of the leases, to participate
19 with the authority in the joint development of the leases under a
20 joint exploration agreement, joint operating agreement, joint
21 development agreement, or other agreement the authority considers
22 necessary. Each joint exploration agreement, joint operating
23 agreement, joint development agreement, or other agreement shall
24 require that the qualified person or persons, as co-owner or owners
25 of the leases, shall contribute capital and pay all development and
26 operating costs of the joint development in which the qualified
27 person or persons participates in proportion to its share of the

1 working interest in each lease. Decisions as to the time, place,
2 and manner of drilling and extraction of oil, gas, and mineral
3 resources under this act, including the designation and appointment
4 of the operator of each lease, shall be made by the authority. The
5 authority shall be subject to regulation by the department in the
6 same manner and to the same extent as any other lessee.

7 (6) The authority may enter into a joint venture with 1 or
8 more qualified persons for the purpose of developing, constructing,
9 owning, operating, and maintaining, or participating in the
10 development, construction, ownership, operation, and maintenance
11 of, 1 or more new gasifiers or IGCC facilities located within this
12 state.

13 (7) For purposes of this section, "qualified person" means a
14 person who meets all of the following criteria:

15 (a) Has oil and gas industry experience, reputation, and
16 business probity.

17 (b) Has a commitment and ability to enter into a development
18 agreement with the authority to develop or participate in the
19 development of 1 or more pilot IGCC facilities that will consist of
20 both of the following:

21 (i) An electric power plant that is fueled by some or all of
22 the synthetic gas and that is capable of producing not less than
23 250 megawatts of electric power.

24 (ii) A gasifier which is capable of capturing greenhouse gases.

25 (c) Has a commitment and ability to capture and utilize
26 greenhouse gases by sequestration for storage, enhanced oil
27 recovery, and other technologies.

1 (d) Has obtained the right to use integrated gasification
2 combined cycle technology to develop an IGCC facility.

3 (e) Has secured a site for an IGCC facility that has access to
4 existing pipelines, high-voltage electric transmission lines, and
5 available infrastructure, and has the demonstrated support of
6 county and municipal governments in the immediate area.

7 (f) Has applied for or has received an allocation of tax
8 credits available under 26 USC 48 or other energy-based incentives
9 from the federal government.

10 (8) The qualified person or persons selected by the authority
11 to receive a working interest shall be the person or persons that
12 the authority determines will provide the best value to the state
13 in achieving the purposes of this act. The authority may consider,
14 in determining the best value to the state, the best interest of
15 this state, including, but not limited to, any positive economic
16 impact to the state likely to be generated by the development of
17 IGCC facilities, the economic and environmental impact resulting
18 from the development and use of alternative and renewable energy,
19 and the skilled jobs and increased capital investment relating to
20 the development of an IGCC facility and the use of alternative and
21 renewable energy.

22 (9) Revenues of the authority may be used by it to further the
23 purposes of this act, including to repay bonded indebtedness, to
24 provide working capital, to develop and assist in or encourage
25 development of alternative energy projects, to assist in and
26 encourage the development of alternative and renewable energy
27 facilities to capture and sequester greenhouse gases, and to assist

1 in and encourage the development of enhanced oil recovery projects.

2 Sec. 15. (1) The authority shall submit to the legislature an
3 annual status report on its activities. The report shall include,
4 but not be limited to, specific information concerning the
5 achievement of the purposes of this act. The report shall also
6 recommend additional legislation considered necessary or desirable
7 by the authority to achieve the purposes of this act.

8 (2) The auditor general or a certified public accountant
9 appointed by the auditor general annually shall conduct and submit
10 to the legislature an audit of the authority. In conducting the
11 audit, the auditor general or certified public accountant shall
12 have access to all records of the authority at any time, whether or
13 not those records are confidential.

14 Sec. 17. (1) The authority may borrow money and issue bonds or
15 notes for the following purposes:

16 (a) To provide sufficient funds for achieving the authority's
17 purposes and objectives, including, but not limited to, amounts
18 necessary to pay the costs of acquiring, maintaining, exploring,
19 developing, and operating oil and gas property and alternative and
20 renewable energy facilities; to make loans for the costs of
21 acquiring, maintaining, exploring, developing, and operating oil
22 and gas property and alternative and renewable energy facilities;
23 for making grants; for providing money to guarantee or insure
24 loans, leases, bonds, notes, or other indebtedness; for making
25 working capital loans; for all other expenditures of the authority
26 incident to and necessary or convenient to carry out the
27 authority's purposes and powers; and for any combination of these.

1 The cost of acquiring, maintaining, exploring, developing, and
2 operating oil and gas property and alternative and renewable energy
3 facilities may include administrative costs, including, but not
4 limited to, engineering, architectural, legal, geologic, land
5 acquisition and maintenance, and accounting fees that are necessary
6 for the acquisition, maintenance, exploration, development, and
7 operation of the oil and gas property and alternative and renewable
8 energy facilities.

9 (b) To refund bonds or notes of the authority issued under
10 this act by the issuance of new bonds, whether or not the bonds or
11 notes to be refunded have matured or are subject to prior
12 redemption or are to be paid, redeemed, or surrendered at the time
13 of the issuance of the refunding bonds or notes; and to issue bonds
14 or notes partly to refund the bonds or notes and partly for any
15 other purpose provided for by this section.

16 (c) To pay the costs of issuance of bonds or notes under this
17 act; to pay interest on bonds or notes becoming payable prior to
18 the receipt of the first revenues available for payment of that
19 interest as determined by the authority; and to establish, in full
20 or in part, a reserve for the payment of the principal and interest
21 on the bonds or notes in the amount determined by the authority.

22 (2) The bonds and notes, including, but not limited to,
23 commercial paper, shall be authorized by resolution adopted by the
24 authority and shall bear the date or dates, and shall mature at the
25 time or times not exceeding 50 years from the date of issuance, as
26 the resolution may provide. The bonds and notes shall bear interest
27 at the rate or rates as may be set, reset, or calculated from time

1 to time, or may bear no interest, as provided in the resolution.
2 The bonds and notes shall be in the denominations, be in the form,
3 either coupon or registered, carry the registration privileges, be
4 transferable, be executed in the manner, be payable in the medium
5 of payment and at the place or places, and be subject to the terms
6 of prior redemption at the option of the authority or the holders
7 of the bonds and notes as the resolution or resolutions may
8 provide. The bonds and notes of the authority may be sold at public
9 or private sale at the price or prices determined by the authority.
10 For purposes of 1966 PA 326, MCL 438.31 to 438.33, this act and
11 other acts applicable to the authority shall regulate the rate of
12 interest payable or charged by the authority, and 1966 PA 326, MCL
13 438.31 to 438.33, does not apply. Bonds and notes may be sold at a
14 discount.

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

16 (a) Made the subject of a put or agreement to repurchase by
17 the authority or others.

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

20 (c) Reissued by the authority once reacquired by the authority
21 pursuant to any put or repurchase agreement.

22 (4) The authority may authorize any member of the authority to
23 do 1 or more of the following:

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

25 (b) Refund bonds or notes by the delivery of new bonds or
26 notes whether or not the bonds or notes to be refunded have
27 matured, are subject to prior redemption, or are to be paid,

1 redeemed, or surrendered at the time of the issuance of refunding
2 bonds or notes.

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

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

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

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

19 (6) The bonds or notes of the authority are negotiable
20 instruments within the meaning of and for all the purposes of the
21 uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102,
22 subject only to the provisions of the bonds or notes for
23 registration.

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

1 the authority is not required under the uniform securities act,
2 1964 PA 265, MCL 451.501 to 451.818.

3 (8) A resolution authorizing bonds or notes may contain 1 or
4 more of the following, which shall be a part of the contract with
5 the holders of the bonds or notes:

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

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

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

22 (d) The use and disposition of the revenues and income from
23 leases, from working interests, or from loans, notes, and mortgages
24 owned by the authority.

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

1 (f) Limitations on the purpose to which the proceeds of sale
2 of the bonds or notes may be applied and limitations on pledging
3 those proceeds to secure the payment of other bonds or notes.

4 (g) Authority for and limitations on the issuance of
5 additional bonds or notes for the purposes provided for in the
6 resolution and the terms upon which additional bonds or notes may
7 be issued and secured.

8 (h) The procedure, if any, by which the terms of a contract
9 with bondholders or noteholders may be amended or abrogated, the
10 number of bondholders or noteholders who are required to consent to
11 an amendment or abrogation, and the manner in which the consent may
12 be given.

13 (i) Provisions vesting in a trustee or a secured party the
14 property, income, revenues, receipts, rights, remedies, powers, and
15 duties in trust or otherwise as the authority may determine
16 necessary or appropriate to adequately secure and protect
17 bondholders and noteholders or to limit or abrogate the rights of
18 the bondholders and noteholders. A trust agreement may be executed
19 by the authority with any trustee who may be located inside or
20 outside this state to accomplish any of the foregoing.

21 (j) The terms, conditions, and agreements upon which the
22 holder of the bonds, or a portion of the bonds, is entitled to the
23 appointment of a receiver by the circuit court.

24 (k) Any other matters that in any way affect the security or
25 protection of the bonds or notes.

26 (9) A pledge made by the authority is valid and binding from
27 the time the pledge is made. The money or property pledged and

1 later received by the authority is immediately subject to the lien
2 of the pledge without a physical delivery or further act. The lien
3 of a pledge is valid and binding as against parties having claims
4 of any kind in tort, contract, or otherwise against the authority
5 and is valid and binding as against the transfer of the money or
6 property pledged, whether or not the parties have notice. The
7 resolution, the trust agreement, or any other instrument by which a
8 pledge is created need not be recorded.

9 (10) A member of the authority or a person executing the bonds
10 or notes is not liable personally on the bonds or notes and is not
11 subject to personal liability or accountability because of the
12 issuance of the bonds or notes.

13 (11) This state is not liable on bonds or notes of the
14 authority, and the bonds or notes shall not be considered a debt of
15 this state. The bonds and notes shall contain on their face a
16 statement indicating this fact.

17 (12) The bonds and notes of the authority are securities in
18 which the public officers and bodies of this state; municipalities
19 and municipal subdivisions; insurance companies, associations, and
20 other persons carrying on an insurance business; banks, trust
21 companies, savings banks, savings associations, and savings and
22 loan associations; investment companies; administrators, guardians,
23 executors, trustees, and other fiduciaries; and all other persons
24 who are authorized to invest in bonds or other obligations of this
25 state may properly and legally invest funds.

26 (13) The property of the authority, including its share of
27 interest in any joint venture in which the authority participates,

1 and its income and operation are exempt from all taxation,
2 including the severance tax of 1929 PA 48, MCL 205.301 to 205.317,
3 by this state or any of its political subdivisions. All bonds and
4 notes of the authority, the interest on the bonds and notes, and
5 their transfer are exempt from all taxation, including the
6 severance tax of 1929 PA 48, MCL 205.301 to 205.317, by this state
7 or any of its political subdivisions, except for estate, gift, and
8 inheritance taxes. The state covenants with the purchasers and all
9 subsequent holders and transferees of bonds and notes issued by the
10 authority under this act, in consideration of the acceptance of and
11 payment for the bonds and notes, that the bonds and notes of the
12 authority, issued pursuant to this act, the interest on the bonds
13 and notes, the transfer of the bonds and notes, and all of the
14 authority's fees, charges, gifts, grants, revenues, receipts, and
15 other money received or to be received and pledged to pay or secure
16 the payment of the bonds or notes shall at all times be free and
17 exempt from all state or local taxation provided by the laws of
18 this state, except for estate, gift, and inheritance taxes.

19 (14) The issuance of bonds and notes under this act is subject
20 to the agency financing reporting act, 2002 PA 470, MCL 129.171 to
21 129.177.

22 (15) For the purpose of more effectively managing its debt
23 service, the authority may enter into an interest rate exchange or
24 swap, hedge, or similar agreement with respect to its bonds or
25 notes on the terms and payable from the sources and with the
26 security, if any, as determined by a resolution of the authority.

27 Sec. 19. The authority, in its discretion, may contract with

1 others, public or private, for the provision of all or a portion of
2 the services necessary for the management and operation of the
3 authority.

4 Sec. 21. (1) If requested by the authority, the department
5 shall provide staff and other support to the authority sufficient
6 to carry out its duties, powers, and responsibilities.

7 (2) All departments and agencies of state government shall
8 provide full cooperation to the authority in the performance of its
9 duties, powers, and responsibilities.

10 Sec. 23. This act shall be construed liberally to effectuate
11 the legislative intent and the purpose of this act as complete and
12 independent authority for the performance of each act and thing
13 authorized in this act. Powers granted in this act shall be broadly
14 interpreted to effectuate such intent and purposes and not as a
15 limitation of powers.