



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

Bulletin 1 for the Revised Municipal Finance Act

DATE: March 1, 2002 (Revised 12/17/07)

SUBJECT: Bulletin; Act 34 of 2001

Section 201 of the Revised Municipal Finance Act authorizes the department to issue bulletins as necessary to carry out the purposes of the act.

1. "Delinquent," as used in section 303(3)(i), is defined by the Department to mean more than 30 days beyond the due date of those taxes or contributions.
2. Under Section 323, municipal securities issued without the prior approval of the Department and in excess of \$5,000,000 must be rated by a nationally recognized rating agency unless one or more of the following apply:
 - The municipal security is an unlimited tax general obligation.
 - The municipal security is secured by special assessments.
 - The municipality obtains a credit enhancement for the municipal security.
 - The municipal security is purchased by a government agency.
 - The Department determines that the advantages to the issuer of foregoing a rating outweigh the disadvantages of the municipal security being issued without a rating.
3. If a municipality requests an exemption from the rating requirements of Section 323, the municipality shall submit all of the following:
 - An exemption application on a form to be determined by the Department.
 - A resolution adopted by the governing body of the municipality requesting the exemption.
 - An explanation of the reason the municipality believes the advantages to the issuer of foregoing a rating outweigh the disadvantages of the municipal security being issued without a rating.
 - Any substantiating documents that may be required by the Department.
4. Under Section 303(7)(d), municipal securities issued with the prior approval of the Department and in excess of \$5,000,000 shall be rated by a nationally recognized rating agency unless the Department determines that the advantages to the issuer of foregoing a rating outweigh the disadvantages of the municipal security being issued without a rating.
5. When the issuer of a municipal security is a municipality with a contractual agreement with one or more other municipalities relating to the proposed municipal security, or when a municipality other than the issuer shall have pledged revenues or its full faith and credit to secure repayment of the municipal security, then each municipality shall separately meet the qualifying requirements of Section 303(3).
6. If a municipality requests the prior approval of the Department and when the issuer of a municipal security is a municipality with a contractual agreement with one or more other municipalities relating to the proposed municipal security, or when a municipality other than the issuer shall have pledged revenues or its full faith and credit to secure repayment of the

municipal security, then each municipality shall separately apply for prior approval pursuant to Section 303(7). Only the issuing municipality is required to file the filing fee.

7. If a municipality requests an exception from the refunding requirements of Section 611(1), the municipality shall submit all of the following:
 - An exemption application on a form to be determined by the Department.
 - A resolution adopted governing body of the municipality requesting the exemption.
 - An explanation of the reason the exemption is being requested.
 - Any substantiating documents that may be required by the Department.
 - A present value analysis comparing the proposed refunding security with the refunded security.
8. Qualifying statements submitted pursuant to Section 303(2) may be submitted in an electronic format or in written form through December 31, 2003. Thereafter all qualifying statements submitted pursuant to that section shall be submitted in an electronic format approved by the Department.
9. Municipalities that do not qualify pursuant to Section 303(3) must obtain the prior approval of the Department as required by Section 303(7) before entering into agreements pursuant to section 315(1)(a).
10. This item has been repealed. Please see [Bulletin 3](#) for updated information.
11. Municipalities that do not qualify, pursuant to Section 303(3), shall not mail or otherwise distribute, as a sales document to prospective purchasers, the Official Statement or Preliminary Official Statement without other prior approval of the municipal security by the Department.
12. To obtain the prior written approval of the Department to issue a municipal security pursuant to Section 303(7), the municipality must file all of the following with the Department:
 - A completed application for the state treasurer's approval on a form to be obtained from the Department.
 - Copies of all federal and state permits for the project or projects required at the time of filing.
 - A certified copy of the adopted resolution or ordinance authorizing the issuance of the municipal security, specifying the bond details, including the notice of sale, if any, and authorizing the utilization of a credit enhancement, if any.
 - Certified copies of all other resolutions, ordinances, offer and acceptance forms of grants, or other legal or financial documents as may be required by the Department.
 - If a resolution was adopted at a special meeting and if any member of the governing body was absent, notarized proofs of call and posting or a waiver of notice.
 - Proof that a referendum period has expired without call of a referendum, if applicable.
 - A certified copy of the election or referendum election results, if voted.
 - A feasibility study, if one has been prepared.All of these documents shall be submitted to the Department in one package. An incomplete package may be returned to the municipality.
13. If a municipality requests the prior written approval of the Department to issue a municipal security pursuant to Section 303(7), a separate filing shall be made for each municipal security to be issued, and a separate notification or order shall be obtained from the Department. If a municipal security is to be sold in more than one series, a separate request shall be submitted and a separate notification or order shall be obtained for each series, unless all series are to be sold concurrently with the same source of repayment.

14. If a deficit elimination plan for a school district or intermediate school district is filed, certified, and approved by the Department of Education, that school district or intermediate school district shall be considered to be in material compliance with the provisions of Section 303(3)(m) if the school district or intermediate school district has filed a copy of the approved certification with the Department of Treasury.
15. If a deficit elimination plan is not required for a school district or intermediate school district by the Department of Education or is not required for any other municipality by the Department of Treasury, that municipality shall be considered to be in material compliance with the provisions of Section 303(3)(m).
16. "Negotiated Sale," as used in Section 309, is defined by the Department to mean a sale that is limited to 1 or more bidders, identified by the issuing municipality prior to the sale.
17. "Competitive Sale," as used in Section 309, is defined by the Department to mean a sale that is not a negotiated sale.
18. "Lowest Interest Cost," as used in Section 309(3), is defined by the Department to mean true interest cost which is the rate that will discount all future cash payments so that the sum of the present value of all cash flows will equal the bond proceeds.
19. When a notice of sale is required for a security, as required under Section 309(2), it must include all of the following information:
 - The date, time, and location or locations for accepting bids.
 - Name of issuer.
 - Title of issue.
 - Amount of issue.
 - Identification of location where "additional information" is available.At a minimum, "additional information" must include all of the following:
 - The denomination or denominations.
 - The date of the security.
 - The maximum interest rate allowable.
 - Any applicable discount.
 - The maturity schedule.
 - Any early redemption schedule.
 - The first interest payment date of the security.
 - The purpose and security pledged for the security.
 - The party providing and paying for the legal opinion and printing of the security.
20. "Capital Improvement," as used in Section 517, is defined by the Department to mean:
 - Land;
 - Real property subject to depreciation under generally accepted accounting principles;
 - Personal property subject to depreciation under generally accepted accounting principles.

U.S. Mail:

Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, Michigan 48909-8228

Email:

Treas_MunicipalFinance@michigan.gov

Phone: (517) 373-0660

Fax: (517) 373-0633