

REVISED MUNICIPAL FINANCE ACT (EXCERPT)
Act 34 of 2001

141.2601 Issuance of refunding securities.

Sec. 601. (1) Subject to this act, a municipality may, by resolution or ordinance adopted by its governing body and without a vote of its electors, refund all or any part of its outstanding securities by issuing refunding securities as described in this part.

(2) A municipality may issue a refunding security whether the outstanding security to be refunded has or has not matured, is or is not redeemable on the date of issuance of the refunding security, exceeds the original estimated period of usefulness but not to exceed the current period of usefulness as determined by the project engineer or architect, or is or is not subject to redemption before maturity.

(3) A refunding security may be issued in a principal amount greater than the principal amount of the outstanding securities to be refunded as necessary to effect the refunding under the refunding plan.

(4) A municipality may use the proceeds of a refunding security to pay interest accrued, or to accrue, to the earliest or any subsequent date of redemption, purchase, or maturity of the outstanding security to be refunded, redemption premium, if any, and any commission, service fee, and other expense necessary to be paid in connection with the outstanding security to be refunded. A municipality may also use the proceeds of a refunding security to pay part of the cost of issuance of the refunding security, interest on the refunding security, a reserve for the payment of principal, interest, and redemption premiums on the refunding security, and other necessary incidental expenses, including, but not limited to, placement fees and fees or charges for insurance, letters of credit, lines of credit, or commitments to purchase the outstanding security to be refunded.

(5) A municipality may invest the proceeds of a refunding security as provided in section 607(2).

(6) To the extent provided by the proceedings authorizing the refunding security, principal, interest, and redemption premiums on the refunding security shall be secured by and payable from any or all of the following sources:

(a) Taxes or special assessments pledged for payment of a municipal security being refunded.

(b) The proceeds of the refunding security.

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

(d) The proceeds of any insurance, letter of credit, or line of credit acquired as security for the refunding security.

(e) The proceeds of any refunding securities issued to refund the refunding security.

(f) Revenues pledged for the outstanding security being refunded.

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

History: 2001, Act 34, Eff. Mar. 1, 2002.