

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1066 Reserve funds.

Sec. 16.

(1) The authority may create and establish 1 or more special funds as reserve funds. The authority shall pay into each reserve fund money appropriated and made available by this state for the purpose of that reserve fund, proceeds of the sale of bonds or notes to the extent provided in the resolution or resolutions of the authority authorizing the issuance of the bonds or notes, and any other money that may be available to the authority for the purpose of the reserve fund from any other source. Except as provided in the resolution authorizing the issuance of the bonds or notes, money held in a reserve fund is pledged to, and charged with, the payment of the principal of and the interest on those bonds or notes with respect to which that reserve fund is established, as the principal and interest becomes due, and the redemption price or the purchase price of bonds retired by call or purchase as provided in the resolution. Except as may otherwise be provided in the resolution authorizing the bonds or notes, the reserve fund shall be a fund for all the bonds and notes issued pursuant to a particular resolution without distinction or priority of any bond or note over another.

(2) Except as provided in the resolution authorizing the issuance of the bonds or notes, money in a reserve fund shall not be withdrawn from the reserve fund in an amount that would reduce the amount of that reserve fund to less than the requirement established for that reserve fund, except for the purpose of making, with respect to the bonds or notes secured in whole or in part by that reserve fund, payment when due of principal, interest, redemption premiums, and the sinking fund or mandatory redemption payments, if any, with respect to those bonds or notes for the payment of which other money of the authority is not available. Except as provided in the resolution authorizing the issuance of the bonds or notes, income or interest earned by a reserve fund resulting from the investment of that reserve fund or any other money in the reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent the transfer does not reduce the amount of that reserve fund below the requirements for that reserve fund.

(3) Money in a reserve fund may be invested in the same manner as permitted for investment of funds belonging to this state or held in the state treasury or as provided in the resolution authorizing the bonds or notes for which the reserve fund is established.

(4) An amount appropriated to the authority may be accepted, obligated, and used by the authority to fund 1 or more reserve funds to secure bonds or notes issued by the authority to provide funds to make loans authorized by this act or to purchase municipal obligations issued by school districts, pursuant to 1 or more resolutions of the authority that shall identify the reserve fund or funds as being funded, in whole or in part, with appropriated amounts accepted and obligated under this subsection. By resolution, the authority shall establish a reserve fund requirement with respect to each reserve fund established under this subsection. If at any time a reserve fund requirement established under this subsection exceeds the amount in the reserve fund, an officer of the authority designated in the resolution of the authority establishing the reserve fund shall certify to the state treasurer the amount, if any, necessary to restore the reserve fund to the reserve fund requirement. The state treasurer shall inform the state budget director of the amount, if any, necessary to restore the reserve fund to the certified reserve fund requirement. The authority shall include in the resolutions authorizing the issuance of bonds or notes secured by a reserve fund established by the authority under this subsection, or in a separate agreement, provisions determined by the authority to be necessary or appropriate to implement this subsection.

History: 1985, Act 227, Eff. Mar. 31, 1986 ;-- Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001