

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1061 Bonds or notes to refund bonds or notes.

Sec. 11.

(1) The authority may provide for the issuance of authority bonds or notes in the amounts the authority considers necessary for the purpose of refunding bonds or notes of the authority then outstanding, including the payment of any redemption premium and interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or maturity of these bonds or notes. In the discretion of the authority, the proceeds of bonds or notes issued for the purpose of refunding outstanding bonds or notes may be applied to the purchase or retirement at maturity or redemption of outstanding bonds or notes either on their earliest or subsequent redemption date, and pending such application, may be placed in escrow to be applied to the purchase or retirement at maturity or redemption on the date or dates determined by the authority. Pending such application and subject to agreements with noteholders or bondholders, the escrowed proceeds may be invested and reinvested in the manner the authority determines, maturing at the time or times as appropriate to assure the prompt payment of the principal, interest, and redemption premium, if any, on the outstanding bonds or notes to be refunded. After the terms of the escrow have been fully satisfied and carried out, the balance of the proceeds and interest, income, and profits, if any, earned or realized on the investment of the proceeds shall be returned to the authority for use by the authority in any lawful manner.

(2) In the resolution authorizing bonds or notes to refund bonds or notes, the authority may provide that the bonds or notes to be refunded shall be considered paid when there has been deposited in trust money or direct obligations of the United States, obligations the principal of and interest on which are fully guaranteed by the United States, or other obligations secured by the foregoing which will provide payments of principal and interest adequate to pay the principal and interest on the bonds to be refunded as that principal and interest becomes due whether by maturity or prior redemption and that, upon the deposit of the money or obligations, the obligations of the authority to the holders of the bonds or notes to be refunded are terminated except as to the rights to the money or obligations deposited in trust.

History: 1985, Act 227, Eff. Mar. 31, 1986