

MUNICIPAL LIGHTING AUTHORITY ACT (EXCERPT)
Act 392 of 2012

123.1281 Issuance of bonds.

Sec. 21. (1) For the purpose of constructing, acquiring, improving, enlarging, or extending a lighting system, including the payment of engineering, legal, and financing expenses, and after the establishment of the initial service rates and the execution of contracts for the provision of construction services, purchase of power, and other related activities within the corporate limits of the authority, the authority may borrow money and issue revenue bonds and notes for the purposes provided in this section. The aggregate principal amount of the bonds and notes at no time shall exceed 5% of the total state equalized valuation of the property assessed in the local government comprising the authority.

(2) Revenue bonds are payable upon the terms and conditions specified by the authority in the resolution under which the authority issues the bonds or in a related trust agreement or trust indenture. The board of directors in the resolution authorizing the bonds, a trust indenture, ancillary facility, or other agreement entered into with respect to bonds of the authority may pledge any funds received or to be received by the authority for the payment of the bonds or other obligations of the authority under the agreement and create a first lien in favor of the holders of the bonds or a party subject to the agreement, including, but not limited to, funds received pursuant to a contract entered into under section 25. The principal of and interest on the bonds shall be payable, except as provided in this act, solely from the proceeds described in the resolution authorizing the bonds or trust indenture, and the proceeds may include revenues pledged directly to authority bonds pursuant to a contract entered into under section 25 by the local government.

(3) The resolution authorizing the issuance of bonds under this section shall include all of the following:

(a) A statement that the bonds are revenue bonds.

(b) A statement briefly describing the lighting system to be constructed, acquired, improved, or extended and the estimated cost of the lighting system.

(c) A statement that the contracts for services of the authority have been entered into with the local government comprising the authority.

(d) In the case of refunding bonds, identification of the parameters under which the bonds can be issued.

(e) Delegation for a time period at the board of directors' discretion to an officer, employee, or designated agent of the authority the power to issue, sell, and deliver bonds within the limits on those bonds established by the authority as to any of the following:

(i) Form.

(ii) Maximum interest rates.

(iii) Maturity dates.

(iv) Purchase price.

(v) Denominations.

(vi) Redemption dates and premiums, if any.

(vii) Nature of the security.

(viii) Selection of an applicable interest rate index.

(ix) The terms of ancillary facilities entered into in connection with the issuance of bonds.

(x) Other terms and conditions with respect to the bond issue that the authority prescribes.

(f) Specification of other details and matters that are considered necessary or advisable to provide for the prompt and orderly retirement of the bonds and the interest on the bonds at maturity.

(g) Provision for the deposit of revenues pledged for the payment of bonds issued under this section into a separate account for the purpose of paying principal and interest on those bonds, the administrative costs associated with those bonds, and any other bonds issued by the authority that are secured by those revenues. For purposes of this subdivision, principal and interest may include any fees related to an ancillary facility, if any.

(4) An authority may issue bonds under this section to refund any bonds by issuing new bonds if it considers the refunding expedient, whether or not the bonds to be refunded have matured, and may issue bonds partly to refund bonds that are outstanding and partly for restructuring or any of the authority's other authorized purposes.

(5) Bonds issued under this act shall not mature more than 30 years from the date of the original issuance.

(6) An authority may issue bond anticipation notes secured by the issuance of revenue bonds issued under this section in addition to the revenues that the authority is permitted to pledge as provided in this section.

(7) Any bonds issued under this act shall be sold to the Michigan finance authority created by Executive Reorganization Order No. 2010-2, MCL 12.194.

(8) Bonds issued by an authority under this act are not subject to the revised municipal finance act, 2001

PA 34, MCL 141.2101 to 141.2821. Bonds issued by an authority under this act are not subject to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

History: 2012, Act 392, Imd. Eff. Dec. 19, 2012.