

MUNICIPAL LIGHTING AUTHORITY ACT (EXCERPT)
Act 392 of 2012

123.1283 Ancillary facility.

Sec. 23. (1) An authority may enter into, amend, or terminate, as it determines necessary or appropriate, any ancillary facility for any of the following purposes:

(a) To facilitate the issue, sale, resale, purchase, repurchase, or payment of bonds, or the making or performance of swap contracts, including without limitation bond insurance, letters of credit, and liquidity facilities.

(b) To attempt to hedge risk or achieve a desirable effective interest rate or cash flow.

(2) An authority may enter into, amend, or terminate any ancillary facility as it determines necessary or appropriate or to place the obligations or investments of the authority, as represented by the bonds or the investment of bond proceeds, in whole or in part, on the interest rate, cash flow, or other basis desired by the authority. The ancillary facility may include without limitation contracts commonly known as interest swap agreements and futures or contracts providing for payments based on levels of, or changes in, interest rates. The authority may enter into these contracts or arrangements in connection with, or incidental to, entering into, or maintaining any agreement that secures bonds of the authority or any investment of reserves, or contract providing for investment of reserves, or similar ancillary facility guaranteeing an investment rate for a period of years.

(3) An authority's determination that an ancillary facility, or the amendment or termination of an ancillary facility, is necessary or appropriate is conclusive. The authority may determine the terms and conditions of an ancillary facility, including without limitation provisions as to security, default, termination, payments, remedy, and consent to service of process.

(4) Before an authority enters into any ancillary facility, the authority must have the consent of the Michigan finance authority.

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