

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1064 Powers constituting covenants by authority and contracts with holders of bond or note.

Sec. 14. If provided in a resolution of the authority authorizing or relating to the issuance of bonds or notes, and in order to secure the payment of the bonds or notes and in addition to its other powers, the authority shall have all of the following powers which shall constitute covenants by the authority and contracts with the holders of the bond or note:

(a) To pledge to any payment or purpose all or any part of authority revenues or assets to which its right then exists or may thereafter come into existence, and of money derived from the revenues or assets, and of the proceeds of bonds or notes and pledge and assign to the holders of the authority's notes any rights the authority may have in the municipal obligation.

(b) To covenant as to the use and disposition of any and all payments of principal or interest received by the authority on municipal obligations or other investments held by the authority.

(c) To pledge a loan, grant, or contribution from the federal or state government, or a governmental unit.

(d) To covenant as to establishment of, the making of provision for, and the regulation and disposition of reserves or sinking funds.

(e) To covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind.

(f) To covenant as to the issuance of additional bonds or notes or as to limitations on the issuance of additional bonds or notes and on the incurring of other debts by the authority.

(g) To covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of that payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes.

(h) To covenant as to the redemption of bonds or notes and privileges of exchange for other bonds or notes of the authority.

(i) To covenant to create or authorize the creation of special funds or money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves, or other purposes, and as to the use and disposition of the money held in the special funds.

(j) To establish the procedure, if any, by which the terms of a contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to the amendment or abrogation, and the manner in which the consent may be given.

(k) To provide for the rights and liabilities, powers, and duties arising upon the breach of a covenant, condition, or obligation, and to prescribe events of default and the terms and conditions upon which any or all of the bonds, notes, or other obligations of the authority shall become or may be declared due and payable before maturity, and the terms and conditions upon which such a declaration and its consequences may be waived.

(l) To vest in a trustee within or without the state property, rights, powers, and duties in trust as the authority determines, which may include any or all of the rights, powers, and duties of a trustee appointed by the holders of bonds or notes, and to limit or abrogate the right of the holders of bonds or notes of the authority to appoint a trustee under this act or to limit the rights, powers, and duties of such a trustee.

(m) To limit the rights of the holders of bonds or notes to enforce a pledge or covenant securing bonds or notes.

(n) Any other matters of like or different character, which in any way affect the security of protection of the bonds or notes.

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