THE REVENUE BOND ACT OF 1933 (EXCERPT)
Act 94 of 1933

141.120b Issuance of revenue bonds to retire outstanding bonds for public improvements; revenue refunding bonds; noncallable unmatured bonds.

Sec. 20b. If a township, city, or village has outstanding bonds issued for acquiring or constructing public improvements, whether the bonds are payable from revenues, special assessments, or taxes, it may issue revenue bonds under this act for the purpose of retiring the outstanding bonds. If a city or village has issued refunding bonds, including in a single series, or bonds for 1 or more of the public improvements together with bonds for other purposes, the governing body may designate by number and amount the refunding bonds of the series that represent the original bonds issued for the public improvements and may refund the bonds designated by the issuance of revenue refunding bonds under this act. The revenue refunding bonds shall be valid notwithstanding a defect in the proceedings for the issuance of the bonds refunded or for the acquisition of the public improvement if, at the time of refunding, the public improvement can be acquired and revenue bonds can be issued for the improvement under this act. If this act applies to the issuance, the new bonds shall be authorized in the same manner, shall be subject to the same conditions, shall be secured to the same extent, and shall have the same source of payment as other bonds issued under this act for like improvements. The bonds may include the costs of issuing the bonds and the amount of the premium to be paid on the calling of the outstanding bonds, or if the bonds are not callable, the premium necessary to be paid to secure the surrender of the bonds. If revenue refunding bonds are to be issued, the amount due upon a bond to be refunded may be reduced by consent of the holder of the bond, and refunding bonds may be issued for the reduced amount. This section shall not be construed as providing for the redemption of noncallable unmatured bonds without the consent of the holder of the bond. The bonds may be exchanged for the outstanding bonds or may be sold as provided in section 12. If sold, the proceeds shall be deposited in a bank, trust company, savings and loan association, or credit union in a special trust account or escrow account to be used only for the redemption or purchase of the outstanding bonds. If refunding bonds are to be issued and sold for the purpose of refunding noncallable unmatured bonds, the noncallable unmatured bonds shall be surrendered and canceled at the time of the delivery to the purchaser of the refunding bonds, or sufficient funds deposited in trust to pay principal and interest to maturity on noncallable bonds and principal, interest, and redemption premium to the earliest redemption date on callable bonds together with irrevocable instructions to the paying agent to call the bonds for redemption on that date. If the ordinance authorizing the bonds to be refunded permits, the borrower may deposit in trust direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States that do not permit redemption at the option of the issuer and the principal and interest on which when due, without reinvestment, provide funds sufficient to pay principal, interest, and call premium, when due, on the bonds being refunded.

History: Add. 1943, Act 219, Imd. Eff. Apr. 20, 1943;—Am. 1946, 1st Ex. Sess., Act 23, Eff. June 7, 1946;—CL 1948, 141.120b;—Am. 1978, Act 216, Imd. Eff. June 5, 1978;—Am. 1988, Act 228, Eff. Oct. 1, 1988.