

REVISED MUNICIPAL FINANCE ACT (EXCERPT)
Act 34 of 2001

141.2415 Anticipation of state or federal grants; issuance of short-term municipal security; pledge of grant proceeds as payment of principal, interest, and redemption premiums; limitation on principal amount; use of municipal security proceeds.

Sec. 415. (1) A municipality may by resolution of its governing body, and without a vote of its electors, issue a short-term municipal security in anticipation of the receipt of grants from the United States, this state, or any agency or instrumentality of the United States or this state and shall pledge for the payment of the principal, interest, and redemption premiums, if any, on that municipal security from 1 or more of the sources and on the terms described in section 315 and from any of the additional sources identified in subsection (2).

(2) The municipality that issues a short-term municipal security under this section may pledge the proceeds of federal or state grants for the payment of the interest and redemption premiums, if any, on the municipal security.

(3) The principal amount of a municipal security issued under this section shall not exceed 50% of the amount remaining to be received by the municipality that is not still subject to an appropriation from the granting agency under a written contract from that granting agency that has been accepted by resolution by the municipality. The issuance and delivery of the municipal security shall be conclusive evidence of the facts entitling the municipality to issue the municipal security in the principal amount issued and shall not be subject to attack in any proceeding. The pledge of 100% of the funds the municipality expects to receive from the granting agency may be secured by a direct transfer of the committed funds from the granting agency to a trustee or the Michigan municipal bond authority, if the municipal security is sold to the Michigan municipal bond authority, that is authorized to receive the funds by the authorizing resolution adopted by the municipality. The municipal security issued under this section shall mature not more than the earlier of 18 months from the date of issuance or 6 months after the expected date of receipt of grant proceeds and may bear no interest or interest at a fixed or variable rate or rates of interest per annum, subject to the limitations of section 305.

(4) The proceeds of the municipal security issued under this section shall be used only for the purpose to which the proceeds of the grant may be applied, the costs of issuance of the municipal security, and the payment of principal and interest on the municipal security.

History: 2001, Act 34, Eff. Mar. 1, 2002.