## REVISED MUNICIPAL FINANCE ACT (EXCERPT)
## Act 34 of 2001

### 141.2513 Debt incurred; issuance of municipal securities secured by limited tax full faith and credit pledge.

Sec. 513. (1) A municipality by resolution of its governing body or by entry into an intergovernmental contract pursuant to section 5 of 1951 PA 35, MCL 124.5, or pursuant to an amendment to a contract adopted and made effective in accordance with the terms of the contract, and without a vote of its electors, may incur debt that shall not be considered debt of the municipality for statutory, charter, or constitutional debt limits, and may issue municipal securities secured by a limited tax full faith and credit pledge for the purpose of either of the following:

(a) Paying premiums and other charges for coverages provided by a pool established pursuant to 1951 PA 35, MCL 124.1 to 124.13, or evidencing fixed payment securities or securities to make payments under specified contingencies pursuant to an intergovernmental self-insurance pool contract approved by the state treasurer, which contract is authorized under 1951 PA 35, MCL 124.1 to 124.13.

(b) Establishing funds, reserves, or accounts in amounts determined by the municipality to defray losses for which insurance coverage could be provided by an insurer pursuant to the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, but for which the municipality has determined to self-insure.

(2) Notwithstanding any provision of this act to the contrary, the municipal security issued under this section shall be issued for the period of time determined by the governing body of the municipality or pursuant to the contract, but not to exceed 30 years.

(3) A municipal security authorized under subsection (1)(a), other than a municipal security to make payments under specified contingencies, shall not be of a term exceeding the coverage provided in consideration for receipt of the proceeds of the municipal security. A municipal security, other than a municipal security issued to make payments under specified contingencies, may mature annually or be subject to mandatory redemption requirements, with the first annual maturity or mandatory redemption requirement to fall due 10 years or less from the date of issuance. Annual maturity or redemption requirements, or a combination of both, of a municipal security issued under this section other than a municipal security issued to make payments under specified contingencies, after 10 years from the date of issuance shall not be less than 1/10 of the amount of any subsequent annual maturity or redemption requirement, or combination of both. A municipal security issued pursuant to subsection (1)(b) shall be subject to the provisions of this act relating to the municipal security. A municipal security issued or incurred under subsection (1)(a) shall be subject to this section only and not to any other section or part of this act. The self-insurance pool shall submit for approval by the state treasurer a copy of the intergovernmental contract pursuant to which a municipal security is to be issued or incurred under subsection (1)(a) prior to the effectiveness of the municipal security.

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