

STATE INDEBTEDNESS (EXCERPT)

Act 266 of 1967

17.452 Aggregate principal amount of outstanding notes; limitation; repayment of indebtedness; pledge and deposit of undedicated revenues; validity of pledge; transactions to provide security; costs and fees; authorization of state treasurer to do certain acts; revenues, proceeds, and earnings from which principal and interest payable.

Sec. 2. (1) The aggregate principal amount of outstanding notes shall not exceed 15% of undedicated revenues received by the state during the preceding fiscal year. Notes are not outstanding if issued and if paid or redeemed or if provision for payment or redemption has been made by the deposit in trust of sufficient money or sufficient direct obligations of the United States of America or obligations, the principal and interest of which is guaranteed by the United States of America with a trustee or paying agent for payment of the notes. In addition, if notes are issued to refund outstanding notes, the notes to be refunded are not outstanding. Indebtedness shall be repaid at the time the revenues pledged for that purpose are received but not later than the end of the same fiscal year. In addition, a provision for setting aside of undedicated revenues in an amount sufficient to pay principal and interest on the notes shall be made not later than 10 days before the end of the fiscal year.

(2) The state administrative board shall pledge for the repayment of the notes, undedicated revenues of the fiscal year in which the notes are issued and may provide for deposit of any undedicated revenues so pledged in a segregated fund in the state treasury or with a bank or trust company.

(3) A pledge of undedicated revenues shall be valid and binding without recording from the time the pledge is made. Money or property pledged received by the state after the pledge shall immediately be subject to the lien of the pledge without any physical delivery or further act.

(4) The board may authorize and approve insurance contracts, agreements for lines of credit, letters of credit, commitments to purchase notes, and any other transactions to provide security to assure timely payment of any note.

(5) The board may authorize payment from the proceeds of the notes or other funds available, the cost of issuance, including, but not limited to, fees for placement, fees for charges for insurance, letters of credit, lines of credit, or purchase or sales agreements or commitments, or agreements to provide security to assure timely payment of notes.

(6) The board may authorize the state treasurer but only within limitations which shall be contained in the issuance or authorization resolution of the board to do 1 or more of the following:

(a) Sell and deliver and receive payment for notes.

(b) Refund notes by the delivery of new notes, whether or not the notes to be refunded have matured.

(c) Deliver notes partly to refund notes and partly for any other authorized purposes.

(d) Buy notes so issued at not more than the face value of the notes.

(e) Approve interest rates or methods for fixing interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights at the option of the state or the holder, the place of delivery and payment, and other matters and procedures necessary to complete the transactions authorized.

(7) The board may authorize principal and interest to be payable from any 1 or more of the following:

(a) Undedicated revenues of the state for the fiscal year for which the notes were issued.

(b) Proceeds of notes.

(c) Earnings on proceeds of notes or other funds held for the payment of notes.

(d) Proceeds of any other security provided to assure timely payment of the notes.

History: 1967, Act 266, Imd. Eff. July 19, 1967;—Am. 1982, Act 196, Imd. Eff. June 30, 1982.