

MACKINAC BRIDGE AUTHORITY (EXCERPT)
Act 214 of 1952

254.316 Mackinac bridge authority; security, trust indenture; authority, duties; annual audit; depository; collateral security; approval.

Sec. 6. In the discretion of the board any series of bonds hereunder may be secured by a trust indenture by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside of the state, but no such trust indenture shall convey or mortgage the bridge or any part thereof. Either the resolution providing for the issuance of bonds or such trust indenture may contain such provisions for the security and payment of such bonds and for the protection and enforcement of the rights and remedies of the bondholders as may be deemed advisable by the board, not in violation of the constitution of this state, including specifically covenants setting forth: (a) The duties of the authority in relationship to the construction, maintenance, operation, repair and insurance of the bridge; (b) the pledge of the revenues of the bridge or any part thereof; (c) limitations on the amount of money derived from the operation of the bridge which may be expended for operating, administrative or other specified expenses of the authority; (d) the safeguarding and application of the fund from which the cost of the bridge is to be paid and of the revenues pledged to the payment of the bonds, all of which may be deposited in as received and paid out by such bank or banks as may be therein provided, and none of which need be paid into the state treasury; (e) provision for the employment of consulting engineers to supervise the construction of the bridge and to supervise its maintenance and operation, to which consulting engineers may be delegated all rights and duties with respect thereto deemed advisable by the board and the appointment of which consulting engineers shall be subject to such approval by the purchasers or holders of the bonds as may be provided in such resolution or indenture; (f) rights and remedies of the bondholders and the trustee, if any, and such restrictions thereon as may be considered advisable; and (g) any other and additional provisions ordinarily found in trust agreements securing bond issues protecting and enforcing the rights and security of the holders of the bonds and designed to make the bonds more attractive and negotiable at the best available prices. The resolution or trust indenture shall contain a provision requiring an annual audit of the books and records of the authority, or any fiscal agent or trustees specified in such resolution or trust indenture, by the auditor general of the state of Michigan: Provided, That the auditor general may select a certified public accountant or accountants to make the audit, and in case the auditor general shall so select, the cost thereof shall be paid by the authority. No deposit shall be made under the provisions of this act in violation of the provisions of section 15 of article 10 of the Michigan constitution.

Any bank or trust company designated as trustee hereunder or designated as depository for any funds hereunder, notwithstanding any provision of law to the contrary, is hereby authorized to pledge as collateral security for moneys deposited in such bank or trust company direct obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States government or other marketable securities eligible as security for the deposit of trust funds under regulations of the federal reserve board and having a market value (exclusive of accrued interest) at least equal to the amount of such deposit, or in lieu of such collateral security as to all or any part of such deposit, there may be lodged with the trustee, or with the secretary of the authority in the case of moneys deposited or remaining on deposit with the trustee, and remain in full force and effect as security for the moneys deposited in the indemnifying bond or bonds of a surety company or companies qualified as surety for United States government deposits and qualified to transact business in the state of Michigan, in a sum at least equal to the amount of moneys deposited with such bank or trust company, if such indemnity bond or bonds be approved by the state administrative board. All expenses incurred in carrying out such provisions appearing in any trust indenture or bond resolution and the cost of any surety bond furnished as above provided may be treated as part of the cost of maintaining and operating the bridge.

Such resolution or trust indenture may contain such other provisions as the board may deem reasonable and proper for the security of the bondholders, including, but without limitation, covenants prescribing all happenings or occurrences which constitute events of default and the terms and conditions upon which bonds may become or be declared to be due before maturity and as to the rights, liabilities, powers and duties arising upon the breach by the authority of any of its duties or obligations. Any such resolution or trust indenture shall be subject to the approval of the state administrative board.

History: 1952, Act 214, Imd. Eff. Apr. 30, 1952.