

AERONAUTICS CODE OF THE STATE OF MICHIGAN (EXCERPT)
Act 327 of 1945

259.148 Issuance of bonds, notes, or other evidences of indebtedness by regional authority.

Sec. 148. (1) For the purpose of acquiring, purchasing, constructing, improving, installing, enlarging, furnishing, equipping, reequipping, or repairing airports and airport facilities for which operational jurisdiction is transferred under this chapter or is acquired by the regional authority, a regional authority may issue self-liquidating bonds of the authority in accordance with and exercise all of the powers conferred on public corporations by the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(2) A regional authority may borrow money and issue municipal securities in accordance with and exercise all of the powers conferred on municipalities by the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) All bonds or other evidences of indebtedness issued by a regional authority under this chapter, and the interest on them, are free and exempt from all taxation in this state, except inheritance and estate taxes and taxes on gains realized from the sale, payment, or other disposition of them.

(4) On request of the board of a regional authority, the legislative body may take 1 or more of the following actions:

(a) Pledge the full faith and credit of the local government behind any obligation or evidence of indebtedness of the regional authority.

(b) Advance money to the regional authority for working capital and other purposes of the regional authority on terms and conditions agreed to by the regional authority and the local government consistent with obligations under applicable federal law, regulations, and assurances associated with accepting grants from the FAA or another agency of the United States or this state.

(c) Appropriate and grant money to the regional authority in furtherance of its purposes.

(d) Grant and convey to the regional authority real or personal property of any kind or nature, or any interest in real or personal property, for carrying out the authorized purposes of the regional authority.

(5) A pledge made under subsection (4) must be at the discretion of the legislative body and may be subject to an agreement providing for terms and conditions of the pledge and for repayment of any amount paid under the pledge as the regional authority and the local government determine to be necessary and advisable consistent with obligations under applicable federal law, regulations, and assurances associated with accepting grants from the FAA or another agency of the United States or this state.

(6) An agreement by an authority to repay an advance made under this section and any obligation incurred by the regional authority under the agreement is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(7) For the purpose of more effectively managing its debt service, a regional authority may enter into an interest rate exchange or swap, hedge, or similar agreement or agreements in connection with the issuance or proposed issuance of obligations or other evidences of indebtedness or in connection with its then outstanding obligations or other evidences of indebtedness. The authority may create a reserve fund for the payment of the interest rate exchange or swap, hedge, or similar agreement.

(8) An agreement entered into under this section must comply with all of the following requirements:

(a) The agreement is not a debt of the regional authority entering into the agreement for any statutory debt limitation purpose.

(b) The agreement is payable from general funds of the regional authority or, subject to any existing contracts, from any available money or revenue sources, including revenues that are specified by the agreement, securing the obligation or evidence of indebtedness in connection with the agreement.

(9) Notwithstanding anything in this chapter or any other law to the contrary, all ordinances, resolutions, and other proceedings of the local government with respect to any outstanding bonds, notes, or evidences of indebtedness or liability assumed by a regional authority under this chapter constitute a contract between the regional authority and the holders of the bonds, notes, or evidences of indebtedness or liability and must have their provisions enforceable against the regional authority or any or all of its successors or assigns, by mandamus or any other appropriate action or proceeding in law or in equity in any court of competent jurisdiction in accordance with law.

(10) Bonds, notes, or evidences of indebtedness or liability that are assumed by a regional authority under this chapter are payable solely from and secured solely by the sources of revenue that were pledged to those bonds, notes, or evidences of indebtedness or liability under the ordinance, resolution, or other proceedings of the local government.

(11) This chapter and any other law do not relieve a regional authority from any bonded or other debt or liability lawfully contracted by the local government with respect to the airport and outstanding on the

effective date of the transfer of the operational jurisdiction over the airport to the regional authority.

(12) A regional authority shall not take any action to impair the rights or remedies of the holders of the bonds or other obligations of the local government that owns the airport that were lawfully issued before the transfer of operational jurisdiction of the airport to the regional authority.

(13) Beginning on the approval date, trustees, paying agents, and registrars for any obligation of the local government that has been assumed by the regional authority under section 144 shall perform all of their duties and obligations and provide all notices related to the obligations as if the regional authority were the issuer of the obligations. The trustees, paying agents, and registrars shall care for and consider all revenues and money pledged to secure obligations of the local government that have been assumed by the regional authority under section 144 as revenues and money of the regional authority. The regional authority shall indemnify and hold harmless the trustees, paying agents, and registrars from liability incurred in compliance with this subsection.

History: Add. 2015, Act 95, Imd. Eff. June 30, 2015.