

MICHIGAN FAMILY FARM DEVELOPMENT ACT (EXCERPT)
Act 220 of 1982

285.270 Capital reserve funds.

Sec. 20. (1) The authority shall create and establish 1 or more special funds to secure notes and bonds of the authority, referred to in this act as capital reserve funds. The authority shall pay into a capital reserve fund money appropriated and made available by this state for the purposes of the fund; the proceeds of the sale of notes or bonds, to the extent provided in the resolution of the authority authorizing the issuance of the notes or bonds; and other money which is made available to the authority for the purpose of a fund from any other source. All money held in any capital reserve fund, except as specifically provided, shall be used as required solely for the payment of the principal of bonds of the authority secured in whole or in part by the capital reserve fund, for the purchase or redemption of bonds, for the payment of interest on the bonds, or for the payment of a redemption premium required to be paid when the bonds are redeemed prior to maturity. However, the authority shall not use the money for an optional purchase or optional redemption of bonds if that use would reduce the amount of money on deposit in a capital reserve fund to less than the capital reserve fund requirements established for the fund. Any income or interest earned by, or increment to, a capital reserve fund due to the investment of the money in the capital reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the amount of a capital reserve fund below the capital reserve fund requirement for a fund.

(2) The authority shall not issue bonds secured in whole or in part by a capital reserve fund if, upon the issuance of the bonds, the amount in the capital reserve fund would be less than the capital reserve fund requirement for the fund, unless the authority, at the time of issuance of the bonds, deposits in the fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund. As used in this section, "capital reserve fund requirement" means the requirement provided in the resolution of the authority authorizing the bonds with respect to which the fund is established, which amount shall not exceed the maximum amount of principal and interest maturing and becoming due in a succeeding calendar year on the bonds of the authority secured in whole or in part by the fund.

(3) The authority shall not have outstanding at any time bonds and notes for its corporate purposes in an aggregate principal amount exceeding \$100,000,000.00, excluding bonds and notes issued to refund outstanding bonds and notes.

(4) In computing the amount of a capital reserve fund for the purposes of this section, securities in which all or a portion of the fund is invested shall be valued at par. If the securities are purchased at other than par, the securities may be valued at their cost to the authority, as adjusted by amortization of the discount or premium paid upon purchase of the securities on a pro rata basis to the maturity date of the securities.

History: 1982, Act 220, Imd. Eff. July 10, 1982.