

MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)
Act 230 of 1987

331.1403 Corporation or subsidiary corporation; additional powers; refinancing or refunding indebtedness; redemption; limitation; determination of board of trustees or subsidiary conclusive; exception.

Sec. 403. (1) Subject to the approvals required under sections 406(1) and 412, a corporation or a subsidiary corporation may do any or all of the following:

(a) Borrow money and issue 1 or more series of its corporation obligations pursuant to this act in order to finance all or part of the project costs of health care facilities.

(b) Either as part of an issue of corporation obligations for the purposes described in subdivision (a) or separately, borrow money and issue 1 or more series of corporation obligations in order to refinance, refund, or refund in advance any indebtedness of a corporation or subsidiary corporation or any existing indebtedness of the county undertaken for the benefit of the corporation or the subsidiary corporation, in whole or in part. Corporation obligations may be issued to refinance, refund, or refund in advance outstanding indebtedness for any 1 or more of the following purposes:

(i) To reduce the total amount of the debt service costs which would be payable over the term of the outstanding indebtedness.

(ii) To reduce the present value of the debt service costs which would be payable over the term of the outstanding indebtedness.

(iii) To produce a repayment schedule for the corporation obligations more favorable to the issuer than the payment schedule on the bonds being refinanced, refunded, or refunded in advance.

(iv) To secure the release of the local governmental unit from any indebtedness or guaranty undertaken on behalf of the corporation or the subsidiary corporation or to secure terms for any such indebtedness or guaranty more favorable to the local governmental unit.

(v) To enable the corporation or the subsidiary corporation to issue corporation obligations for the purposes described in subdivision (a).

(vi) To enable the corporation or the subsidiary corporation to provide adequate security for the corporation obligations being issued.

(vii) To eliminate restrictions or requirements determined by the corporation or the subsidiary corporation to be excessively burdensome to it or to the local governmental unit.

(viii) To pay when due outstanding corporation obligations or indebtedness incurred by a corporation or subsidiary corporation or by a local governmental unit on behalf of a corporation or subsidiary corporation.

(2) Corporation obligations issued for refinancing and refunding purposes may be issued whether the indebtedness to be refinanced or refunded has or has not matured, is or is not redeemable on the date of issuance of the corporation obligations or is or is not subject to redemption prior to maturity. Refunding corporation obligations shall not be issued unless the issuing corporation or subsidiary corporation determines that there will be sufficient assets or revenues to pay when due the principal or interest on the refunding corporation obligations, other costs, expenses, and charges in connection with the issuance of the refunding corporation obligations and any charges or obligations of the corporation or subsidiary corporation which may be prior or equal to the refunding corporation obligations.

(3) Outstanding indebtedness being refinanced, refunded, or refunded in advance may be called for redemption before maturity on the first possible date, or may be allowed to remain outstanding beyond the first possible date or redemption, either to a later redemption date or to maturity.

(4) Corporation obligations issued for the purposes of refinancing, refunding, or refunding in advance outstanding indebtedness shall not exceed the amount of principal, interest and redemption premium, if any, of the indebtedness to be refinanced, refunded, or refunded in advance, which has not been paid or provided for, plus such additional amounts as may be required to carry out the purposes of the refinancing or refunding described in subsection (1)(b), plus the marketing, financing, legal, and other costs incurred or to be incurred in connection with the refinancing, refunding, or refunding in advance and the issuance of the corporation obligations, including the costs of funding reserves and paying capitalized interest on the corporation obligations for a period not to exceed 1 year after issuance of the corporation obligations.

(5) The determination of the board of trustees or subsidiary board with respect to the necessity of refinancing, refunding, or refunding in advance, the expediency of refinancing, refunding, or refunding in advance, the sufficiency of assets and revenues to meet corporation obligations and the adequacy of security shall be conclusive, except with respect to the approval of the department of treasury when prior approval is required.

History: 1987, Act 230, Eff. Feb. 27, 1988;—Am. 1988, Act 502, Eff. Jan. 1, 1989.