

HOSPITAL FINANCE AUTHORITY ACT (EXCERPT)
Act 38 of 1969

331.73g State treasurer or financial institution as trustee for proceeds of refunding bonds, other funds, and investment earnings and profits; purposes; trust agreement; investment of proceeds; defeasance.

Sec. 43g. (1) To provide for the protection of the rights of the holders of the bonds to be refunded and the refunding bonds, the proceeds of refunding bonds and any other funds set aside for refunding purposes, and the investment earnings and profits from the proceeds or funds, to the extent required to be held for future retirement of the bonds to be refunded, or the refunding bonds, or for payment of interest or call premiums on those bonds, or for refunding expenses pertaining to the bonds, shall be held in trust by the state treasurer or by a financial institution qualified to serve as trustee pursuant to a trust agreement entered into between the authority issuing the refunding bonds and the state treasurer or the financial institution providing for the investment and disposition of the funds.

(2) Before the use of the proceeds of the refunding bonds for the purposes set forth in subsection (1), the proceeds of the refunding bonds may be invested pursuant to the trust agreement in direct obligations of the United States, in obligations in which the principal and interest are guaranteed by the United States, or, if refunding bonds are issued by the state authority, in any other investments as determined by the state authority pursuant to the contract with the holders of the refunding bonds with the approval of the state treasurer. If the instrument by which the bonds or notes to be refunded are secured is to be defeased on the date of the issuance of the refunding bonds, then the proceeds of the refunding bonds shall be deposited and invested in accordance with the defeasance requirements of that instrument.

History: Add. 1978, Act 277, Imd. Eff. July 3, 1978;—Am. 1992, Act 302, Imd. Eff. Dec. 21, 1992.