

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)
Act 451 of 1994

SUBPART 7
BOND ISSUANCE PROVISIONS

324.50156 Resolution authorizing bonds; provisions.

Sec. 50156. A resolution authorizing bonds to be issued under the power granted in section 50135 may contain provisions, which shall be part of the contract with the holders of the bonds, as to:

(a) The use and disposition of the payments received under the agreement, including the creation and maintenance of reserves.

(b) The issuance of other or additional bonds of equal standing with bonds of a district already issued.

(c) The insurance to be carried on the forest improvement project and the use and disposition of insurance money.

(d) The terms and conditions upon which the holder of the bonds, or a portion of the bonds, or a trustee of the bonds, shall be entitled to the appointment of a receiver by a court which has jurisdiction in those proceedings, who may enter and take possession of the forest improvement project and lease and maintain it, prescribe rentals, and collect, receive, and apply all income and revenues thereafter arising in the same manner and to the same extent as a district may do under this part.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50157 Resolution authorizing bonds; principal, interest, payment, and security; full faith and credit; trustees.

Sec. 50157. (1) The bonds shall be payable and secured as set forth in the resolution authorizing the issuance. The resolution may provide that the principal of and interest on any bonds issued shall be payable and secured by 1 or more of the following:

(a) The net revenues derived from a forest improvement project.

(b) Amounts derived from the disposition of projects and other property mortgaged or otherwise pledged as security for payment of the bonds.

(c) Gifts or grants by any person.

(d) Federal funds.

(e) Loan repayments.

(f) An assignment of a percentage of gross revenues received by the district.

(g) Any other source approved by the board.

(2) District debt may also be secured by the full faith and credit of the district but shall not be general obligations of the state of Michigan. The resolution may also provide for the appointment of 1 or more trustees for bondholders. A trustee may be a person domiciled or located within or outside the state and may be given appropriate powers.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50158 Special debt service reserve fund; creation; purpose; sources and use of money; transfer of income or interest; limitation on approved reserve fund requirement; limitation on issuance of bonds.

Sec. 50158. (1) A district, with the approval of the department, may create and establish 1 or more special debt service reserve funds, to secure its bonds, referred to in this part as approved reserve funds. A district shall pay into an approved reserve fund the money appropriated and made available by the state for the purpose of the fund; proceeds of the sale of bonds, to the extent provided in the resolution of the district authorizing the issuance of bonds; and other money made available for the purpose of a fund from any other source. The money held in an approved reserve fund shall be used as required by the resolution authorizing the issuance of bonds and creating the fund. Income or interest earned by, or increment to an approved reserve fund due to the investment of money in the fund may be transferred by a district to other funds or accounts of the district to the extent the transfer does not reduce the amount of an approved reserve fund below the required level for a fund, as specified in the bond authorizing resolution.

(2) An approved reserve fund requirement in the resolution of the board authorizing the bonds with respect

to which the fund is established, shall not exceed the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on the bonds secured in whole or part by the fund. A district shall not issue bonds secured in whole or in part by an approved reserve fund if, upon the issuance of the bonds, the amount in the fund would be less than the requirement for the fund, unless the district 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, shall be not less than the approved reserve fund requirement for the fund.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50159 Statement of liability on face of bond.

Sec. 50159. The state shall not be liable on bonds of a district, and the bonds shall not be a debt of the state. The bonds shall contain on their face a statement to that effect.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50160 Applicability of part and resolution; enforcement of duties; recital in bond as evidence of validity; publication and effective date of resolution.

Sec. 50160. (1) This part, and the resolution authorizing the issuance of bonds under this part shall remain applicable until the principal and interest on bonds issued by a district have been fully paid or provided for. The duties of a district and its board under this part and the resolution authorizing the issuance of bonds under this part shall be enforceable by a bondholder by mandamus or other appropriate action in a court of competent jurisdiction.

(2) The resolution authorizing the issuance of bonds shall provide that the bonds shall contain a recital that they are issued under this part, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

(3) A resolution authorizing the issuance of bonds under this part is not effective until publication at least once in a newspaper of general circulation within the area comprised by a district or, if such a newspaper does not exist, within the nearest city or county having a newspaper of general circulation.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50161 Refunding bonds.

Sec. 50161. A district may issue its bonds to refund in whole or part, at any time, bonds previously issued by the district under this part.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50162 Adoption of bonds by resolution of majority of board; bonds subject to revised municipal finance act.

Sec. 50162. The bonds of a district shall be authorized by resolution adopted by a majority of the board. The bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995;—Am. 2002, Act 222, Imd. Eff. Apr. 29, 2002.

Popular name: Act 451

Popular name: NREPA

324.50163 Pledge and lien of pledge valid and binding; recordation not required.

Sec. 50163. A pledge made by a district shall be valid and binding from the time the pledge is made. The money or property pledged and thereafter received by a district is immediately subject to the lien of the pledge without physical delivery or a further act. The lien of a pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against a district, irrespective of whether the parties have notice of the claim. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50164 Liability on bonds.

Sec. 50164. Neither the members of the board of a district nor a person executing the bonds is personally liable on the bonds or subject to personal liability or accountability by reason of the board's issuance or the person's execution of the bonds.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50165 Pledge and agreement of state not to impair rights and remedies of bondholders; bonds as negotiable instruments; bonds as securities; investment in bonds.

Sec. 50165. (1) The state pledges and agrees with the holders of bonds issued under this part that the state will not limit or alter the rights vested in a district to fulfill the terms of agreements made with the holders of bonds or in any way impair the rights and remedies of the holders until the bonds, together with the interest on the bonds, with interest on any unpaid installments of interest and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. A district shall include this pledge and agreement of the state in each agreement with the holders of the bonds.

(2) The bonds authorized to be issued by this part are negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, Act No. 174 of the Public Acts of 1962, being sections 440.1101 to 440.11102 of the Michigan Compiled Laws, subject only to the provisions of the bonds for registration.

(3) The bonds of a district are securities in which each public officer or body of the state and each political subdivision of the state; each insurance company and association and any other person carrying on an insurance business; each bank, trust company, savings bank and savings association, savings and loan association, or investment company; each administrator, guardian, executor, trustee, or other fiduciary; and any other person who is authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital, which are either owned or controlled by the person or other entity.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA

324.50166 Exemption from taxation.

Sec. 50166. The state covenants with the purchasers and all subsequent holders and transferees of bonds issued under this part, in consideration of the acceptance of and payment for the bonds, that the bonds issued under this part and the income from those bonds and all its fees, charges, gifts, grants, revenues, receipts, and other money received or to be received, pledged to pay or secure the payment of the bonds at all times are exempt from state or local income taxation provided by the laws of the state, except for estate, inheritance, and gift taxes and taxes on transfers.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995.

Popular name: Act 451

Popular name: NREPA