

EMPLOYMENT SECURITY FINANCING ACT (EXCERPT)
Act 267 of 2011

12.277 Trust agreement or trust indenture.

Sec. 7.

In the discretion of the authority, any bond and any ancillary facility may be secured by a trust agreement or trust indenture by and between the authority and a trustee, which may be any trust company or bank having the powers of a trust company, whether located within or without this state. A trust agreement or trust indenture authorized under this subsection, or an authority resolution providing for the bond issue, may provide for creating and maintaining reserves as the authority determines proper and may include covenants setting forth the duties of the authority in relation to the bonds, the ancillary facilities, the income to the authority, and encumbered revenues. A trust agreement or trust indenture authorized under this subsection or an authority resolution under this act may contain provisions respecting the custody, safeguarding, and application of all money and bonds and may contain provisions for protecting and enforcing the rights and remedies of the owners of the bonds and parties to ancillary facilities as are reasonable and proper and not in violation of law. Any bank or trust company that acts as depository of the proceeds of bonds or of any other funds or obligations received on behalf of the authority may furnish indemnifying bonds or pledge obligations as the authority requires. Any trust agreement or trust indenture authorized under this subsection or an authority resolution may contain other provisions that the authority considers reasonable and proper for priorities and subordination among the owners of bonds and parties to ancillary facilities.

History: 2011, Act 267, Imd. Eff. Dec. 19, 2011

Compiler's Notes: Enacting section 1 of Act 267 of 2011 provides: "Enacting section 1. The legislature finds and declares all of the following: (a) It is an essential governmental function to maintain funds in an amount sufficient to pay unemployment benefits when due. (b) At the time of the enactment of this act, unemployment benefits payments are made from Michigan's account in the unemployment trust fund of the United States treasury and are funded by employer contributions. (c) At the time of the enactment of this act, borrowing from the federal government through loans from the federal unemployment trust fund is the only option available to obtain sufficient funds to pay benefits when the balance in Michigan's account in the unemployment trust fund of the United States treasury is insufficient to make necessary payments. (d) Alternative methods of replenishing this state's account in the unemployment trust fund of the United States treasury may reduce the costs of providing unemployment benefits and employers' cost of doing business in the state. (e) It is in this state's best interests to authorize the issuance of bonds when appropriate for the purpose of continuing the unemployment insurance program at the lowest possible cost to this state and employers in this state and to avoid reductions in the employer unemployment tax credit. (f) Execution by the authority of its powers granted under this act fulfill in all respects an essential governmental function and public purpose for the benefit of and in furtherance of the public health and welfare of the people of this state." Enacting section 2 of Act 267 of 2011 provides: "Enacting section 2. The legislature determines that the creation of the authority by Executive Reorganization Order No. 2010-2, MCL 12.194, and the carrying out of its authorized purposes under this act are in all respects public and governmental purposes for the benefit of the people of this state and for the improvement of their health, safety, welfare, comfort, and security, and that these purposes are public purposes and that the authority will be performing an essential governmental function in the exercise of the powers conferred upon it by this act." For the transfer of powers and duties of the department of licensing and regulatory affairs and the powers and duties of the director of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.