

STATE BRIDGE COMMISSION; PUBLIC WORKS (EXCERPT)
Act 147 of 1935

254.160 Trust indenture; collateral security, surety bonds; expenses.

Sec. 10. Trust indenture. In the discretion of the commission, any series or issue of such revenue bonds may be secured by a trust indenture by and between the commission and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside of the state, but no such trust indenture shall convey or mortgage the works or any part thereof. Either the resolution providing for the issuance of revenue bonds or such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the state and the commission in relation to the acquisition, construction, improvement, maintenance, operation, repair and insurance of the works, the custody, safeguarding and application of all moneys, and may provide that the works shall be acquired, constructed, or partly acquired and partly constructed, and paid for under the supervision and approval of consulting engineers employed or designated by the commission and satisfactory to the original purchasers of the bonds issued therefor, who may be given the right to require that security given by contractors and by any depository of the proceeds of the bonds or revenues of the works or other moneys pertaining thereto, be satisfactory to such purchasers, their successors, assigns or nominees. Such resolution or indenture may set forth the rights and remedies of the bondholders and trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this act otherwise provided, the commission may provide by resolution or by such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. Any bank or trust company designated as a depository, notwithstanding any provision of law to the contrary, is hereby authorized, with the approval of the commissioner of the state banking department, to pledge as collateral security for moneys deposited by the trustee in such depository, direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States government, or other marketable securities eligible as security for the deposit of trust funds under regulations of the federal reserve board and having a market value (exclusive of accrued interest) at least equal to the amount of such deposit, or in lieu of such collateral security as to all or any part of such deposit, there shall have been lodged with the trustee, or with the secretary of the commission in the case of moneys deposited or remaining on deposit with the trustee, and remain in full force and effect as security for the moneys deposited, the indemnifying bond or bonds of a surety company or companies qualified as surety for United States government deposits and qualified to transact business in the state of Michigan in a sum at least equal to the amount of moneys deposited with such bank or trust company or such part thereof, such bond or bonds to be approved in writing by the commission: Provided, however, That it shall not be necessary for the trustee to give collateral security or file a surety bond as security for the deposit of that amount of the proceeds of the bonds which shall be paid out of the construction fund simultaneously with the delivery of the bonds: And provided further, however, That the cost of any surety bond furnished by the trustee may be paid for out of funds from time to time in the hands of the trustee. All expenses incurred in carrying out such trust indenture may be treated as a part of the cost of maintenance, operation and repairs of the works affected by such indenture.

History: 1935, Act 147, Imd. Eff. June 4, 1935;—Am. 1937, Act 11, Imd. Eff. Apr. 22, 1937;—CL 1948, 254.160.