

REPLACING OR PAYING OBLIGATIONS OF PUBLIC CORPORATION (EXCERPT)
Act 354 of 1972

129.132 Replacement obligations; prerequisites to issuance; exercise of powers by paying agent; resolution; execution; seal.

Sec. 2.

(1) A public corporation, by resolution of the governing body or the state treasurer, may provide for issuance and delivery of a replacement obligation for an unmatured obligation or for payment without presentation of a matured obligation that has been lost, apparently destroyed, or wrongfully taken when furnished with all of the following:

(a) Proof of ownership as required by the governing body.

(b) Proof of loss, destruction, or wrongful taking as required by the governing body.

(c) An open penalty bond of indemnity that was issued by a company rated in 1 of the 3 highest rating categories and 1 of the top 10 financial size categories by a nationally recognized insurance rating agency, and that indemnifies the public corporation, the obligor, if any, and the paying agent against any loss they may suffer on account of issuance and delivery of the replacement obligation, or payment of the obligation without presentation, in amounts and with coverage as required by the governing body.

(d) Payment of the cost of preparation of the replacement obligation and all other costs incurred by the public corporation and the fees, costs, and expenses of the paying agent in connection with the issuance and delivery of the replacement obligation, or payment without presentation of the obligation.

(2) A paying agent may exercise on behalf of the governing body the powers granted to the governing body under subsection (1) if both of the following conditions are met:

(a) The governing body adopts a resolution generally authorizing the paying agent to exercise such powers.

(b) In each particular case in which the paying agent wishes to exercise such powers, the paying agent notifies the governing body in writing and the governing body does not object within 60 days after notice is given.

(3) A paying agent shall notify the governing body of a public corporation of that paying agent's exercise of powers granted to the governing body under subsection (1) not more than 30 days after exercising such powers.

(4) If a public corporation is organized under the economic development corporations act, Act No. 338 of the Public Acts of 1974, being sections 125.1601 to 125.1636 of the Michigan Compiled Laws, either the legislative body of the municipality that incorporated the public corporation or the governing body of the public corporation may adopt a resolution under subsection (1) or (2)(a). If the legislative body of the municipality adopts a resolution under subsection (2)(a), the legislative body of the municipality, rather than the governing body of the public corporation, shall be given the notice and may exercise the power to object under subsection (2)(b).

(5) A person holding the same office as the person who executed the obligation originally issued is authorized, upon notice from the paying agent of satisfaction of the conditions described in subsection (1)(a) through (d), to execute and seal, where necessary, a replacement obligation without further action of the governing body.

History: 1972, Act 354, Imd. Eff. Jan. 9, 1973 ;-- Am. 1974, Act 142, Imd. Eff. June 5, 1974 ;-- Am. 1996, Act 109, Imd. Eff. Mar. 5, 1996