

§2075. Maine Health Facilities' Reserve Fund

1. Maine Health Facilities' Reserve Fund. The authority shall establish and maintain a reserve fund called the "Maine Health Facilities' Reserve Fund" in which is deposited all money appropriated by the State for the purpose of that fund, all proceeds of bonds required to be deposited in the fund by terms of any contract between the authority and its bondholders or any resolution of the authority with respect to the proceeds of bonds and any other money or funds of the authority that the authority determines to deposit in the fund and any other money made available to the authority only for the purposes of the fund from any other source or sources.

A. Money in the reserve fund is held and applied solely to the payment of the interest on and principal of bonds secured by the reserve fund and sinking fund payments referred to in this chapter with respect to bonds secured by the reserve fund as the interest, principal and sinking fund payments become due and payable; and for the retirement of bonds, including the payment of any redemption premium required to be paid when any bonds are redeemed or retired before maturity. Money may not be withdrawn from the fund if the withdrawal reduces the amount in the reserve fund to an amount less than the required debt service reserve, except for:

- (1) Payment of interest then due and payable on bonds;
- (2) Payment of the principal of bonds then maturing and payable;
- (3) Sinking fund payments referred to in this chapter with respect to bonds;
- (4) The retirement of bonds in accordance with the terms of any contract between the authority and its bondholders; or
- (5) The payment for which other money of the authority is not then available for payment of interest, principal or sinking fund payments or the retirement of bonds in accordance with the terms of any such contract. [PL 1991, c. 584, §6 (NEW).]

B. As used in this chapter, "required debt service reserve" means, as of any date of computation, the amount or amounts required to be on deposit in the reserve fund as provided by resolution of the authority. For purposes of this chapter, the amount of any letter of credit, insurance contract, surety bond or similar financial undertaking available to be drawn upon and applied to obligations to which money in the reserve fund may be applied is deemed to be and must be counted as money in the Maine Health Facilities' Reserve Fund, capital reserve funds or any other reserve fund as provided by resolution of the authority. The required debt service reserve is, as of any date of computation, an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the authority and holders of bonds secured by the reserve fund to be raised in the current or any succeeding calendar year for:

- (1) The payment of interest on and maturing principal of that portion of outstanding bonds secured by the reserve fund; and
- (2) Sinking fund payments required by the terms of any such contracts to sinking funds established for the payment or redemption of those bonds. [PL 1995, c. 179, §4 (AMD).]

C. To ensure the maintenance of the required debt service reserve in the reserve fund, there must be annually appropriated and paid to the authority for deposit in the fund the sum, if any, certified by the executive director of the authority to the Governor, required to restore the reserve fund to an amount equal to the required debt service reserve. On or before December 1st of each year, the executive director shall make and deliver to the Governor a certificate stating the sum and the sum or sums so certified must be appropriated and paid to the authority during the current state fiscal year.

To ensure the maintenance of the required debt service reserve in any capital reserve fund to which, at the direction of the authority pursuant to the resolution or resolutions establishing a capital

reserve fund, this provision applies, there is annually appropriated and paid to the authority for deposit in the fund the sum, if any, certified by the executive director of the authority to the Governor, required to restore the reserve fund to an amount equal to the required debt service reserve. On or before December 1st of each year, the director shall make and deliver to the Governor a certificate stating the sum and the sum or sums so certified must be appropriated and paid to the authority during the current state fiscal year. [PL 1991, c. 584, §6 (NEW).]

[PL 1995, c. 179, §4 (AMD).]

2. Capital reserve fund. This subsection applies to capital reserve funds.

A. The authority may establish and maintain one or more special funds called "capital reserve funds" in which must be deposited:

- (1) All money appropriated by the State for the purpose of those funds;
- (2) All proceeds of bonds required to be deposited in those funds by the terms of any contract between the authority and its bondholders or any resolution of the authority with respect to the proceeds of bonds;
- (3) Any other money or funds of the authority that the authority determines to deposit in those funds; and
- (4) Any other money made available to the authority only for the purposes of the fund from any other source or sources. [PL 1991, c. 584, §6 (NEW).]

B. Money in any capital reserve fund is held and applied solely:

- (1) To pay the interest on and principal of bonds secured by the capital reserve fund and sinking fund payments referred to in this chapter with respect to bonds secured by the capital reserve fund as the interest and principal becomes due and payable; and
- (2) To retire bonds secured by the capital reserve fund, including the payment of any redemption premium required to be paid when any such bonds are redeemed or retired before maturity. [PL 1991, c. 584, §6 (NEW).]

C. The minimum amount of any capital reserve fund must be equal to the amounts required under the resolutions pursuant to which the bonds secured by the capital reserve fund are issued. These amounts are referred to in this chapter as the "required minimum reserve." With respect to bonds secured by a capital reserve fund for which the resolution authorizing the issuance of those bonds states that the provisions of subsection 1, paragraph C apply, the required minimum reserve is, as of any date of computation, an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the authority and its bondholders of the bonds to be raised in the current or any succeeding calendar year for the payment of interest on and maturing principal of that portion of the outstanding bonds or sinking fund payments required by the terms of any such contracts to sinking funds established for the payment or redemption of the bonds, all calculated on the assumption that the bonds will cease to be outstanding after the date of the computation because of the payment of the bonds at their respective maturities and the payments of the required money to sinking funds and the application of the sinking funds in accordance with the terms of all such contracts to the retirement of the bonds. [PL 1991, c. 584, §6 (NEW).]

D. Money in any capital reserve fund may not be withdrawn if the withdrawal reduces the amount in the capital reserve fund to an amount less than the required minimum reserve for all such bonds issued and to be issued that are secured by the capital reserve fund, except for:

- (1) Payment of interest then due and payable on bonds secured by the capital reserve fund then maturing and payable;
- (2) Sinking fund payments required by the terms of any such contracts to sinking funds established for the payment of redemption of the bonds;

(3) The retirement of bonds secured by the capital reserve fund in accordance with the terms of any contract between the authority and its bondholders; and

(4) The payments for which other money of the authority is not then available for payment of interest or principal or sinking fund payments or retirement of bonds secured by the capital reserve fund in accordance with the terms of any such contract. [PL 1991, c. 584, §6 (NEW).]

[PL 1991, c. 584, §6 (NEW).]

SECTION HISTORY

PL 1991, c. 584, §6 (NEW). PL 1995, c. 179, §4 (AMD).

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