

Repealed 5/12/2015

35A-8-715 Capital reserve funds -- Capital reserve fund requirement -- Establishment of other funds.

- (1)
 - (a)
 - (i) The corporation may create one or more reserve funds, hereafter referred to as "capital reserve funds," from:
 - (A) proceeds from the sale of notes or bonds, to the extent provided in the resolution of the corporation authorizing the issuance of the notes or bonds;
 - (B) money appropriated and made available by the state for the purpose of the funds;
 - (C) money directed by the corporation to be transferred to the funds; and
 - (D) other money made available to the corporation for the purpose of the funds from any other source.
 - (ii) Money held in a capital reserve fund shall be used solely for the payment of the principal of bonds or of the sinking fund payments with respect to the bonds, the purchase or redemption of bonds, the payment of interest on bonds, or the payment of any redemption premium required to be paid when the bonds are redeemed prior to maturity.
 - (b)
 - (i) Money in a capital reserve fund may not be withdrawn from the fund at any time in an amount that would reduce the level of money in the fund to less than the capital reserve fund requirement, except for the purpose of paying principal and redemption price of and interest on bonds and the sinking fund payments, as the payments become due and for the payment of which other money of the corporation is not available.
 - (ii) Income or interest earned by the investment of money held in a fund may be transferred by the corporation to other funds or accounts of the corporation to the extent that the transfer does not reduce the amount of the fund to below the capital reserve fund requirement.
 - (c) The corporation may provide by resolution that it may not issue bonds under a resolution at any time if upon issuance the amount in the capital reserve fund which will secure the bonds shall be less than the capital reserve fund requirement, unless the corporation at the time of issuance of the bonds deposits in the fund from the proceeds of those bonds, or other sources, an amount which, together with the amount then in the fund, may not be less than the capital reserve fund requirement.
 - (d) In computing the amount of the capital reserve funds for the purpose of this part, securities in which all or a portion of the funds shall be invested shall be valued at par, cost, or by other method of valuation as the corporation may provide by resolution.
 - (e)
 - (i) "Capital reserve fund requirement" means, as of any particular date of computation, and with respect to any particular issue of bonds, an amount as the corporation may provide, or may have previously provided, by resolution, which amount may be in the form of a sum certain or a formula.
 - (ii) In establishing reserves and setting capital reserve fund requirements, the corporation shall consider the following:
 - (A) the qualifications for obtaining an investment grade rating from one or more nationally recognized bond rating agencies;
 - (B) the economic feasibility and marketability of the bonds being issued, taking into account all security for the bonds, including the capital reserve fund; and
 - (C) applicable requirements pertaining to reserve funds under federal and state income tax laws and regulations.

- (f)
 - (i) To assure the continued operation and solvency of the corporation for carrying out of its corporate purposes, provision is made in Subsection (1)(b) for the accumulation in the capital reserve funds of an amount equal to the maximum capital reserve fund requirement.
 - (ii) The president of the corporation shall annually, on or before December first, certify to the governor and to the director of finance the amount, if any, required to restore the capital reserve funds to the capital reserve fund requirement.
 - (iii) The governor may request from the Legislature an appropriation of the certified amount to restore the capital reserve funds to the capital reserve fund requirement.
- (g) Amounts appropriated shall be repaid to the General Fund of the state, from any money in excess of the amounts which the corporation determines will keep it self-supporting.
- (2) The corporation may create other funds as may be necessary or desirable for its corporate purposes.