

12A.5 Reserve funds.

1. An issuer may create and establish one or more special funds, to be known as bond reserve funds, to secure one or more issues of obligations. The issuer shall pay into each bond reserve fund any moneys appropriated and made available by the state for the purpose of that reserve fund, any proceeds of the sale of obligations to the extent provided in the authorizing documents, and any other moneys which may be available from any other sources and which the issuer determines to deposit in the reserve fund. All moneys held in a bond reserve fund, except as otherwise provided in this chapter, shall be used as required solely for the payment of the principal of obligations secured in whole or in part by the fund or of the sinking fund or other payments with respect to the obligations, the purchase or redemption of the obligations, the payment of interest on the obligations, or the payments of any redemption premium required to be paid when the obligations are redeemed prior to maturity.

2. Moneys in a bond reserve fund shall not be withdrawn at any time in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, except for the purpose of making, with respect to obligations secured in whole or in part by the fund, payment when due of principal, interest, redemption premiums, and the sinking fund and other payments with respect to the obligations for which other moneys are not available, all in accordance with the authorizing documents. For the purposes of this chapter, "*bond reserve fund requirement*" means, as of any particular date of computation, the amount of moneys, provided in the authorizing documents with respect to which the fund is established. Any income or interest earned by, or incremental to, a bond reserve fund due to its investment may be transferred to other funds or accounts as provided in the authorizing documents to the extent the transfer does not reduce the amount of that bond reserve fund below its bond reserve fund requirement.

3. The issuer shall not at any time issue obligations, secured in whole or in part by a bond reserve fund if, upon the issuance of the obligations, the amount in the bond reserve fund for the obligations will be less than the bond reserve fund requirement for the fund, unless the issuer at the time of issuance of the obligations deposits in the fund from the proceeds of the obligations issued or from other sources an amount which, together with the amount then in the fund, will not be less than the bond reserve fund requirement for the fund.

4. In order to assure maintenance of bond reserve funds, an issuer shall, on or before January 1 of each calendar year, make and deliver to the governor the issuer's certificate stating the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Within thirty days after the beginning of the session of the general assembly next following the delivery of the certificate, the governor shall submit to both houses printed copies of a budget including the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Any sums appropriated by the general assembly and paid to the issuer pursuant to this subsection shall be deposited by the issuer in the applicable bond reserve fund.