START\_STATUTE48-2859.  Bond anticipation notes; form; procedures applicable

A.  If the board determines and states in the resolution of intention that improvement bonds shall be issued, bond anticipation notes may be sold at any time after the award of a construction contract.

B.  Bond anticipation notes shall be paid solely from the proceeds of the sale of improvement bonds and monies collected from property owners who want to pay all or part of their assessments in cash before the filing of the certified list of unpaid assessments as provided in section 48-2853. The notes may be in such form and denomination as the board provides. The notes shall be executed by the chairman of the board and attested by the secretary. The notes may bear interest from their date at a rate not in excess of the maximum rate shown in the resolution of intention. The term of the notes shall not be more than six months beyond the date set for completion of the construction. The board may repay such notes before maturity and without penalty or extend the life of the notes if the term of the construction contract is extended or if any default is made by the contractor. The notes shall be authorized by resolution of the board.

C.  The total amount of notes issued for any improvement shall not be greater than the aggregate of ninety per cent of the contract price and the total estimated amount of incidental expenses. The notes shall be sold at not less than par at either public or private sale. If authorized by the board, the chairman may enter into loan agreements with the purchaser of the notes relative to:

1.  The time and place of delivery.

2.  The sale of improvement bonds to the purchaser of the notes if the district is unable to procure a purchaser willing to purchase the bonds when issued.

3.  Making the demand on the owners of property for payment in cash.

4.  Collection of cash payments from persons who want to pay their assessments in cash and application of such cash payments to the repayment of the notes.

5.  Payment of an additional fee to the purchaser of the note to cover the administrative expenses of the cash collections if the purchaser is the person to whom cash collections are made.

D.  To secure the payment of the notes, the loan agreements may provide for a collateral assignment to the purchaser of the notes of all cash collections, the warrant and the district's interest in the performance bond.

E.  The proceeds from the sale of the notes shall be placed in a special fund to be held by the treasurer and used for payment of incidental expenses and payments to the construction contractor.

F.  Proceeds from the sale of the notes shall be used to make semimonthly or monthly payments to the contractor on a basis of ninety per cent of the value of the work actually performed, as estimated by the engineer employed for such purpose, up to and including the fifteenth or last day of each calendar month. The balance shall be paid to the contractor after the sale of the bonds solely from the proceeds from the bond sale, or if bonds equal to the balance remaining cannot be sold, the balance shall be paid by delivery of a similar principal amount of bonds to the contractor.

G.  The issuance of bond anticipation notes constitutes an assignment to the district of the monies due the contractor under the construction contract.

H.  If bonds are issued to represent any assessments remaining unpaid on the date the list is certified, the district shall sell the bonds and use the proceeds to redeem the notes and pay the balance due to the contractor.

I.  In addition to any incidental expenses included in the assessment, if bond anticipation notes are issued, the notes may also include in the incidental expenses all interest accruing on the bond anticipation notes, the added costs of cash collections, if any, and all legal or financial fees incurred in the issuance and sale of the bond anticipation notes.

J.  If bond anticipation notes have been issued and the contractor has been paid in accordance with subsection F of this section, the district shall apply the proceeds collected from demands on the property owners to the reduction of the outstanding portion of the bond anticipation notes and, if the notes have been paid, to the contractor to reduce any balance due him. END\_STATUTE