

REFERENCE TITLE: bonding; sale; premiums; refunding; refinance

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HB 2301

Introduced by
Representative Weninger

AN ACT

AMENDING SECTIONS 9-529, 9-535.01, 11-264.01, 11-275, 11-377, 15-1022, 15-1024, 35-457, 35-458, 35-471 AND 35-473.01, ARIZONA REVISED STATUTES; REPEALING TITLE 48, CHAPTER 4, ARTICLE 4, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 4; AMENDING SECTIONS 48-688, 48-719, 48-720 AND 48-721, ARIZONA REVISED STATUTES; RELATING TO BONDING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-529, Arizona Revised Statutes, is amended to
3 read:

4 9-529. Form of bonds; payment and call; interest; sale; bids;
5 interim receipts; rates and procedures; definition

6 A. Bonds issued under this article shall be fully negotiable within
7 the meaning and for all purposes of title 47. They may be in one or more
8 series, may bear dates, may be payable in a medium of payment, at places, may
9 carry registration privileges, shall be executed in a manner, may contain
10 other terms, covenants and conditions, and SHALL be in a form as the
11 governing body may by resolution prescribe. They shall be payable at one
12 time, or from time to time, in a manner and in maturities not longer than
13 thirty years from their date as the governing body may prescribe. Any or all
14 of the bonds may be callable at times, on terms and in a manner as the
15 governing body by resolution may prescribe.

16 B. Any or all of the bonds may be sold by calling for bids at public
17 sale, ~~or~~ through an on-line bidding process, ~~or bonds may be sold~~ under an
18 accelerated bidding process **OR BY NEGOTIATED SALE**. If sold under an
19 accelerated bidding process, the bonds shall be sold at the lowest cost the
20 governing body deems then available after having received at least three
21 pricing quotations from recognized purchasers of bonds of the type being
22 sold, and if sold at public sale or through an on-line bidding process to the
23 person offering the best bid.

24 C. The bonds may be sold below, at or above par. If the bonds are
25 sold below par, the aggregate amount of discount plus interest to be paid on
26 the bonds must not exceed the amount of interest that would be payable on the
27 bonds over the maturity schedule prescribed by the governing body at the
28 maximum rate set out in the resolution calling the election at which the
29 bonds were voted.

30 D. If sold at public sale, the governing body shall call for bids by
31 giving notice of the sale at least once a week for two successive weeks in
32 cities having a population of fifteen thousand or more persons ~~according to~~
33 ~~the most recent federal census~~, and once a week for four successive weeks in
34 all other cities and towns by publication in a newspaper of general
35 circulation within the county. The notice shall be in the form the governing
36 body prescribes. If bonds are sold through an on-line bidding process, bids
37 for the bonds that are entered into the system may be concealed until a
38 specified time or disclosed in the on-line bidding process, may be subject to
39 improvement in favor of the municipality before a specified time and may be
40 for an entire issue of bonds or specified maturities according to the manner,
41 terms and notice provisions ordered by the governing body. These bids shall
42 be for the entire bond issue unless the governing body by resolution allows
43 bidding in parcels for less than the entire issue.

44 E. Notwithstanding any other provision of this section, bonds may be
45 sold to natural persons residing in this state by negotiated sale on terms

1 the governing body deems to be the best then available and may bear interest
2 payable at such times as determined by the governing body. The bonds may be
3 sold below, at or above par, but if an issue of bonds is sold below par, the
4 aggregate amount of discount plus interest to be paid on the bonds must not
5 exceed the amount of interest that would be payable on the bonds over the
6 maturity schedule prescribed by the governing body at the maximum rate set
7 out in the resolution calling the election at which the bonds were voted.

8 F. Pending preparation of the definitive bonds, interim receipts or
9 certificates may be issued to the purchasers of the bonds in a form and with
10 provisions as the governing body may determine.

11 G. Bonds issued by municipalities may bear interest at any rate or
12 rates not in excess of the maximum rate of interest set forth in the
13 resolution calling the election, payable at the times determined by the
14 governing body, provided that each bond may be evidenced by one instrument,
15 or if commercial paper by a succession of instruments each bearing interest
16 payable only at maturity. Bonds or commercial paper issued under this
17 article shall be subject to the following:

18 1. The bonds may bear interest at a fixed, variable or combination
19 rate, none of which exceeds the maximum rate of interest set forth in the
20 resolution calling the election.

21 2. A variable rate shall be based on any objective measure of the
22 current value of money borrowed such as the announced prime rate of a bank,
23 the rates borne by obligations of the United States or an index or other
24 formula provided for by the governing body. The governing body shall employ
25 a recognized agent in municipal bonds to market and remarket the bonds or
26 commercial paper issued and to establish an interest rate in accordance with
27 the approved index or formula.

28 3. The governing body may grant to the owner of any bond a right to
29 tender or may require the tender of the bond for payment or purchase at one
30 or more times before maturity and may enter into appropriate agreements with
31 any bank, other financial institution, insurance company or indemnity company
32 for the purchase of bonds so tendered. The agreement may provide that while
33 the bonds are held by the bank, financial institution, insurance company or
34 indemnity company the bonds may bear interest at a rate higher than when the
35 bonds are held by other owners, but not in excess of the maximum rate of
36 interest set forth in the resolution calling the election.

37 4. If bonds are tendered before maturity under an agreement to pay for
38 or purchase bonds when tendered, the municipality may provide for the
39 purchase and resale of the bonds pursuant to the tenders without
40 extinguishing the obligation represented by them or incurring a new
41 obligation on the resale, whether or not the bonds are represented by the
42 same instruments when purchased as when resold.

43 5. Compensation for the resale of the bonds shall not be based on or
44 measured by the difference between the price at which the bonds are purchased
45 and the price at which they are resold.

1 6. The governing body may:

2 (a) Contract with a bank, other financial institution, insurance
3 company or indemnity company to provide additional security for the bonds in
4 the form of a line of credit, letter of credit, insurance policy or other
5 security.

6 (b) Pay the costs of the additional security from amounts provided in
7 the bond issue or from other available sources and may enter into
8 reimbursement obligations in connection with the cost of the additional
9 security.

10 7. Any reimbursement obligation entered into with the bank, financial
11 institution, insurance company or indemnity company shall not provide for the
12 payment of interest in excess of the maximum rate of interest set forth in
13 the resolution calling the election. The reimbursement obligation does not
14 constitute a general obligation of the municipality and is payable from the
15 same source as the bonds, or from other available revenues, as determined by
16 the governing body. However, use of other available revenues does not create
17 an indebtedness under article IX, section 8, Constitution of Arizona.

18 8. Variable rate bonds and commercial paper may be sold at competitive
19 public sale, through an on-line bidding process or at negotiated sale. A
20 competitive public sale may be accomplished pursuant to a notice of sale
21 published at the times and in the manner provided in this section. The
22 notice shall provide terms and conditions as may be determined by the
23 governing body.

24 9. If bonds are to be issued in the form of commercial paper, the
25 governing body shall first establish the schedule for the maturities of the
26 bonds within the maximum period permitted by the voted proposition. The
27 individual instruments representing the bonds may mature over shorter periods
28 and may be retired before maturity with proceeds of subsequent instruments,
29 or with the proceeds of definitive bonds, but they shall be finally paid
30 according to the schedule of bond maturities or earlier.

31 10. Bonds issued in the form of commercial paper may be sold through an
32 agent in the form of instruments which mature at intervals the agent
33 determines to be most advantageous to the issuer after giving public notice
34 to potential investors as determined by the governing body.

35 11. Bonds may be issued as compound interest bonds bearing interest
36 payable only at maturity but compounded periodically until that date at a
37 fixed rate no higher than the rate set forth in the resolution calling the
38 election.

39 H. For purposes of this section, "on-line bidding process" means a
40 procurement process in which the governing body receives bids electronically
41 over the internet in a real-time, competitive bidding event.

1 Sec. 2. Section 9-535.01, Arizona Revised Statutes, is amended to
2 read:

3 9-535.01. Refunding bonds and revenue-producing undertaking;
4 refunding utility purchase contracts; form; sale
5 and investment of proceeds; limitation on amount
6 issued

7 A. Bonds may also be issued hereunder for the purpose of refunding any
8 bonds issued under authority of this article or any bonds issued under the
9 authority of title 35, chapter 3, article 3 or 4, for the acquisition,
10 construction or improvement of any utility undertaking. If any city or town
11 has outstanding unpaid balances on contracts heretofore entered into for the
12 acquisition of water or other utility properties or facilities and such
13 contracts are payable solely from the revenues thereof or of the utility
14 undertaking extended or added to with the properties or facilities so
15 acquired, whether or not title to such properties or facilities shall have
16 vested in such city or town, all or any part of such unpaid balances may also
17 be refunded hereunder and all such contracts so refunded are hereby validated
18 and declared to be effective in accordance with their terms. No election on
19 the issuance of such bonds shall be required, but if such bonds are combined
20 into a single issue with bonds authorized for nonrefunding purposes
21 hereunder, the bonds so authorized for nonrefunding purposes shall have been
22 submitted at an election as otherwise provided in this article.

23 B. Refunding bonds issued hereunder shall have such details, shall
24 bear such rate or rates of interest, and shall be otherwise issued, sold and
25 secured as provided by the governing body of the city or town and as
26 otherwise provided in this article, except that such changes in the security
27 and revenues pledged to the payment of the obligations so refunded may be
28 made by the governing body as may be provided by it in the proceedings
29 authorizing such bonds, but in no event shall such bonds ever become a
30 general obligation of the municipality issuing such refunding bonds unless
31 such refunding bonds or the bonds to be refunded are tax secured bonds.

32 C. Refunding bonds issued hereunder may be exchanged for no less than
33 a like principal amount of the bonds or unpaid contract obligations to be
34 refunded, may be sold at a private or public sale or may be exchanged in part
35 and sold in part. ~~However, if refunding bonds issued hereunder are combined~~
36 ~~into a single issue with bonds authorized for nonrefunding purposes, such~~
37 ~~nonrefunding bonds shall be sold at a public sale in the manner herein~~
38 ~~provided for the sale of other revenue bonds.~~ If sold, the net proceeds may
39 be invested in obligations issued by the United States government, or one of
40 its agencies, or obligations fully guaranteed by the United States government
41 as to principal and interest so long as such investments will mature with
42 interest so as to provide funds to pay when due, or called for redemption,
43 the bonds or unpaid contract obligations to be refunded together with
44 interest thereon and redemption premiums, if any, and such proceeds or
45 obligations shall, and other funds legally available to the city or town for

1 such purposes may be deposited in trust with a banking corporation or
2 association doing business in Arizona ~~which~~ THAT is a member of the federal
3 deposit insurance corporation, or any successor thereto, to be held for the
4 payment and redemption of bonds or unpaid contract obligations to be refunded
5 and such deposit and any reinvestment thereof shall be held in trust by the
6 escrow agent for the payment of bonds or unpaid contract obligations with
7 interest and redemption premiums, if any, on maturity or ~~upon~~ ON an available
8 redemption date or ~~upon~~ ON an earlier voluntary surrender with the consent of
9 the issuer. As to obligations so escrowed for the payment of contract
10 balances payable in amounts or at times not fixed but dependent on earnings
11 of the undertaking, it shall be sufficient if the obligations so purchased,
12 if liquidated on the market at the par value thereof, will produce enough to
13 pay such balances as the governing body estimates would have become payable
14 under the terms of the contracts had such balances not been refunded, but the
15 escrowed obligations must be not less in principal amount than the principal
16 amount of the balances so refunded, and if at any time the income from the
17 escrowed obligations is insufficient to pay all interest when payable on such
18 refunded balances, such deficiencies shall be made up from the earnings of
19 the undertaking on such priority basis as would have been applicable to such
20 payment had such balances not been refunded. The term "net proceeds" as used
21 above shall mean the gross proceeds of the refunding bonds after the
22 deduction therefrom of all accrued interest and expenses incurred in
23 connection with the authorization and issuance of the bonds and the refunding
24 of the outstanding obligations, including all cost and expenses resulting
25 from price variation to par or otherwise incurred in the purchase of
26 obligations for escrow and in the distribution of the refunding bonds. The
27 determination of the governing body issuing refunding bonds that the
28 limitations herein imposed ~~upon~~ ON the issuance of refunding bonds have been
29 met shall be conclusive in the absence of fraud or arbitrary and gross abuse
30 of discretion.

31 D. Bonds or unpaid contract obligations not maturing or callable for
32 redemption under their terms may not be refunded hereunder without the
33 consent of the holders unless the proceedings authorizing the issuance of the
34 refunded bonds provide that they may be so refunded.

35 E. With respect to bonds issued to refund tax secured bonds, the
36 provisions of title 35, chapter 3, article 4 shall govern in the event of any
37 inconsistency between such article and this section.

38 Sec. 3. Section 11-264.01, Arizona Revised Statutes, is amended to
39 read:

40 11-264.01. Additional bonding authority; security for payment;
41 definition

42 A. In addition to other bonding authority of the board of supervisors
43 the board of any county authorized to operate a sewerage system pursuant to
44 provisions of section 11-264 may issue bonds for the construction,
45 acquisition or improvement of such system. All principal and interest of

1 bonds issued by a county are payable solely out of the revenues, proceeds and
2 receipts derived from the operation of the county sewerage system or out of
3 the proceeds of bonds issued under this section or of any revenues, proceeds
4 and receipts of such bonds as are specified in the proceedings of the board
5 of supervisors in which the bonds are authorized to be issued.

6 B. No bonds shall be issued without the assent of a majority of the
7 qualified electors voting at an election held within the county in the manner
8 prescribed for the authorization of municipal bonds for financing utilities
9 pursuant to sections 9-523 through 9-528 inclusive.

10 C. The bonds prescribed by subsection A of this section may:

11 1. Be executed and delivered by the county at any time.

12 2. Be in such form and denominations and of such tenor and maturities.

13 3. Be in registered or bearer form either as to principal or interest
14 or both.

15 4. Be payable in such installments and at such time or times not
16 exceeding forty years from the date of issuance.

17 5. Be payable at such place or places within or without this state.

18 6. Bear interest at such rate or rates, but not exceeding the maximum
19 rate set forth in the ballot, payable at such time or times and at such place
20 or places and evidenced in such manner.

21 7. Be executed by the chairman of the board of supervisors and in such
22 manner, and contain provisions not inconsistent with this section, as
23 provided in the proceedings of the board of supervisors in which the bonds
24 are authorized to be issued.

25 D. If deemed advisable by the board of supervisors, there may be
26 retained in the proceedings in which any bonds of the county are authorized
27 to be issued an option to redeem all or any part of the bonds as may be
28 specified in the proceedings, at such price or prices and after such notice
29 or notices and on such terms and conditions as are provided in the
30 proceedings and as may be briefly recited on the face of the bonds, but
31 nothing in this article shall be construed to confer on the county any right
32 or option to redeem any bonds except as may be provided in the proceedings
33 under which they are issued.

34 E. Any bonds of the county may be sold by calling for bids at public
35 sale, through an on-line bidding process, ~~or~~ through an accelerated bidding
36 process **OR BY NEGOTIATED SALE** as follows:

37 1. If sold under an accelerated bidding process, the bonds shall be
38 sold at the lowest cost the board of supervisors considers to be available
39 after receiving at least three pricing quotations from recognized purchasers
40 of bonds of the type being sold.

41 2. If sold at public sale or through an on-line bidding process, the
42 bonds shall be sold to the person offering the best bid.

43 3. If bonds are sold at public sale, the board of supervisors shall
44 call for bids by giving notice at least once a week for two successive weeks

1 by publication in a newspaper of general circulation within the county. The
2 notice shall be in such form as the board of supervisors prescribes.

3 4. If bonds are sold through an on-line bidding process, bids for the
4 bonds that are entered into the system may be concealed until a specified
5 time or disclosed in the on-line bidding process, may be subject to
6 improvement in favor of the county before a specified time and may be for an
7 entire issue or specified maturities according to the manner, terms and
8 notice provisions ordered by the board of supervisors.

9 5. The bonds may be sold below, at or above par. If the bonds are
10 sold below par, the aggregate amount of the discount plus interest to be paid
11 on the bonds may not exceed the amount of interest that would be payable on
12 the bonds over the maturity schedule prescribed by the board of supervisors
13 at the maximum rate stated in the resolution calling the election at which
14 the bonds were approved.

15 6. The bids shall be for the entire bond issue unless the board of
16 supervisors allows bidding in parcels for less than the entire issue.

17 7. The county may pay all expenses, premiums and commissions ~~which~~
18 ~~THAT~~ its board of supervisors deems necessary or advantageous in connection
19 with such issuance.

20 8. Issuance by the county of one or more series of bonds does not
21 preclude it from issuing other bonds in connection with the same project or
22 any other project, but proceedings in which any subsequent bonds may be
23 issued shall recognize and protect any prior pledge made for any prior issue
24 of bonds.

25 F. Bonds may be sold to natural persons residing in this state by
26 negotiated sale on terms the board of supervisors considers to be the best
27 available. The bonds may bear interest payable at times determined by the
28 board of supervisors. The bonds may be sold below, at or above par. If the
29 bonds are sold below par, the aggregate amount of discount plus interest to
30 be paid on the bonds may not exceed the amount of interest that would be
31 payable on the bonds over the maturity schedule prescribed by the board of
32 supervisors at the maximum rate set out in the resolution calling the
33 election at which the bonds were approved.

34 G. Pending preparation of the actual bonds, the board of supervisors
35 may issue interim receipts or certificates to the purchasers of the bonds in
36 the form and with the provisions the board determines.

37 H. Any outstanding bonds of the county may at any time be refunded by
38 the county by the issuance of its refunding bonds in such amount as the board
39 of supervisors may deem necessary but not exceeding an amount sufficient to
40 refund the principal of the bonds to be refunded, together with any unpaid
41 interest on the bonds and any necessary premiums and commissions. Any such
42 refunding may be effected whether the bonds to be refunded have matured or
43 shall thereafter mature, either by sale of the refunding bonds and the
44 application of the proceeds for the payment of the bonds to be refunded or by
45 the exchange of the refunding bonds for the bonds to be refunded with the

1 consent of the holders of the bonds to be refunded, and regardless of whether
2 the bonds to be refunded were issued in connection with the same projects or
3 separate projects and regardless of whether the bonds proposed to be refunded
4 are payable at the same date or different dates or are due serially or
5 otherwise.

6 I. All such bonds and interest coupons applicable to the bonds are
7 negotiable instruments.

8 J. Bonds issued under this section may bear interest at any rate or
9 rates not in excess of the maximum rate of interest stated in the resolution
10 calling the election. Interest is payable at the times determined by the
11 board of supervisors, except that each such bond may be evidenced by one
12 instrument or, if commercial paper, by a succession of instruments each
13 bearing interest payable only at maturity. Bonds or commercial paper issued
14 under this section are subject to the following:

15 1. The bonds may bear interest at a fixed, variable or combination
16 rate, none of which exceeds the maximum rate of interest stated in the
17 resolution calling the election.

18 2. A variable rate shall be based on any objective measure of the
19 current value of money borrowed such as the announced prime rate of a bank,
20 the rates borne by obligations of the United States or an index or other
21 formula provided for by the board of supervisors. The board of supervisors
22 shall employ a recognized agent in municipal bonds to market and remarket the
23 bonds or commercial paper issued and to establish an interest rate pursuant
24 to the approved index or formula.

25 3. The board of supervisors may grant to the owner of any bond a right
26 to tender or may require the tender of the bond for payment or purchase at
27 one or more times before maturity and may enter into appropriate agreements
28 with any financial institution, insurance company or indemnity company for
29 the purchase of bonds so tendered. The agreement may provide that while the
30 bonds are held by the financial institution, insurance company or indemnity
31 company the bonds may bear interest at a rate higher than when the bonds are
32 held by other owners, but not exceeding the maximum rate of interest stated
33 in the resolution calling the election.

34 4. If bonds are tendered before maturity under an agreement to pay for
35 or purchase bonds when tendered, the county may provide for the purchase and
36 resale of the bonds pursuant to the tenders without extinguishing the
37 obligation they represent or incurring a new obligation on the resale,
38 whether or not those bonds are represented by the same instruments when
39 purchased as when resold.

40 5. Compensation for the resale of the bonds shall not be based on or
41 measured by the difference between the price at which the bonds are purchased
42 and the price at which they are resold.

43 6. The board of supervisors may:

1 (a) Contract with a financial institution, insurance company or
2 indemnity company to provide additional security for the bonds in the form of
3 a line of credit, letter of credit, insurance policy or other security.

4 (b) Pay the costs of the additional security from amounts provided in
5 the bond issue or from other available sources and may enter into
6 reimbursement obligations in connection with the cost of the additional
7 security.

8 7. Any reimbursement obligation entered into with the financial
9 institution, insurance company or indemnity company shall not provide for the
10 payment of interest in excess of the maximum rate of interest stated in the
11 resolution calling the election. The reimbursement obligation does not
12 constitute a general obligation of the county and is payable from the same
13 source as the bonds, or from other available revenues, as determined by the
14 board of supervisors. The use of such other available revenues does not
15 create indebtedness of the county under article IX, section 8, Constitution
16 of Arizona.

17 8. Variable rate bonds and commercial paper may be sold at competitive
18 public sale, through an on-line bidding process or at negotiated sale. A
19 competitive public sale may be accomplished pursuant to a notice of sale
20 published at the times and in the manner provided in this section. The
21 notice shall include the terms and conditions determined by the board of
22 supervisors.

23 9. If bonds are to be issued in the form of commercial paper, the
24 board of supervisors shall first establish the schedule for the maturities of
25 the bonds within the maximum period permitted by the voted proposition. The
26 individual instruments representing the bonds may mature over shorter periods
27 and may be retired before maturity with proceeds of subsequent instruments or
28 with the proceeds of definitive bonds, but they shall be finally paid
29 according to the schedule of bond maturities or earlier.

30 10. Bonds issued in the form of commercial paper may be sold through an
31 agent in the form of instruments that mature at intervals the agent
32 determines to be most advantageous to the issuer after giving public notice
33 to potential investors as determined by the board of supervisors.

34 11. Bonds may be issued as compound interest bonds bearing interest
35 payable only at maturity but compounded periodically until that date at a
36 fixed rate no higher than the rate set forth in the resolution calling the
37 election.

38 K. A county may submit to the attorney general all proceedings for the
39 issuance of bonds to be issued under this article after all proceedings for
40 their issuance have been taken, and thereupon it shall be the duty of the
41 attorney general to pass ~~upon~~ ON the validity of the bonds and the regularity
42 of the proceedings authorizing their issuance. If such proceedings conform
43 to the provisions of this article, and the bonds when delivered and paid for
44 will constitute binding and legal obligations of the county according to the

1 terms thereof, the attorney general shall certify in substance that the bonds
2 are issued in accordance with the constitution and laws of this state.

3 L. For purposes of this section, "on-line bidding process" means a
4 procurement process in which the governing body receives bids electronically
5 over the internet in a real-time, competitive bidding event.

6 Sec. 4. Section 11-275, Arizona Revised Statutes, is amended to read:
7 11-275. Tax levy to pay bonds and interest; debt service fund;
8 security

9 A. The board shall cause to be assessed and levied each year ~~upon~~ ON
10 the taxable property of the county, in addition to the levy authorized for
11 other purposes, an amount sufficient to pay the interest on outstanding bonds
12 and such proportion of the principal that at the end of five years the amount
13 raised from the levy shall equal at least twenty ~~per cent~~ PERCENT of the
14 amount of bonds issued, and at the end of nine years shall equal at least
15 forty ~~per cent~~ PERCENT of the amount, and at and before the date of maturity
16 of the bonds shall equal the whole amount of the principal and interest.

17 B. The money raised by the levy shall be known as the debt service
18 fund and shall be used only for payment of bonds and interest coupons. The
19 treasurer shall keep in his books a separate account thereof, which shall at
20 all times show the exact condition of the debt service fund.

21 C. If there is not at any time sufficient monies in the fund to pay
22 the interest due on the bonds, the board may transfer a sufficient sum from
23 the general fund to the debt service fund for such purpose, and any excess in
24 the fund over the amount required for principal and interest on the bonds may
25 be transferred to the general fund.

26 D. ALL BONDS, WHENEVER ISSUED, ARE SECURED BY A LIEN ON ALL REVENUES
27 RECEIVED PURSUANT TO THE TAX LEVY. THE LIEN ARISES AUTOMATICALLY WITHOUT THE
28 NEED FOR ANY ACTION OR AUTHORIZATION BY THE COUNTY OR THE BOARD. THE LIEN IS
29 VALID AND BINDING FROM THE TIME OF THE ISSUANCE OF THE BONDS. THE REVENUES
30 RECEIVED PURSUANT TO THE LEVY OF THE TAX ARE IMMEDIATELY SUBJECT TO THE LIEN.
31 THE LIEN ATTACHES IMMEDIATELY TO THE REVENUES AND IS EFFECTIVE, BINDING AND
32 ENFORCEABLE AGAINST THE COUNTY, THE COUNTY'S SUCCESSORS, TRANSFEREES AND
33 CREDITORS AND ALL OTHER PARTIES ASSERTING RIGHTS IN THE REVENUES,
34 IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN, WITHOUT THE NEED
35 FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING OR FURTHER ACT.

36 Sec. 5. Section 11-377, Arizona Revised Statutes, is amended to read:
37 11-377. Form of bonds; interest rates; redemption; payment of
38 principal and interest; additional security;
39 definition

40 A. Bonds issued under this article shall be fully negotiable within
41 the meaning and for all purposes provided by title 47. They may be in one or
42 more series, may bear such dates, may be payable in such medium of payment
43 and at such places, may carry such registration privileges, may have that
44 priority or lien position between bondholders, shall be executed in such
45 manner, may contain such other terms, covenants and conditions, and may be in

1 such form as the board of supervisors by resolution prescribes. The final
2 payment shall be due not more than thirty years from the date of issuance, as
3 the board of supervisors may prescribe. Any or all of such bonds shall be
4 callable at such times, on such terms and in such manner as the board of
5 supervisors by resolution prescribes.

6 B. Any or all of the bonds may be sold by calling for bids at public
7 sale, ~~or~~ through an on-line bidding process, ~~or~~ UNDER an accelerated bidding
8 process OR BY NEGOTIATED SALE. If sold under an accelerated bidding process,
9 the bonds shall be sold at the lowest cost the board of supervisors deems
10 then available after having received at least three pricing quotations from
11 recognized purchasers of bonds of the type being sold. If sold at public
12 sale or through an on-line bidding process, the bonds shall be sold to the
13 bidder making the best bid. If bonds are sold through an on-line bidding
14 process, bids for the bonds that are entered into the system may be concealed
15 until a specified time or disclosed in the on-line bidding process, may be
16 subject to improvement in favor of the county before a specified time and may
17 be for an entire issue or specified maturities according to the manner, terms
18 and notice provisions ordered by the board of supervisors.

19 C. The bonds may be sold below, at or above par. If an issue of bonds
20 is sold below par, the aggregate amount of discount plus interest to be paid
21 on the bonds must not exceed the amount of interest that would be payable on
22 the bonds over the maturity schedule prescribed by the board of supervisors
23 at the maximum rate set out in the resolution calling the election at which
24 the bonds were voted.

25 D. If sold at public sale, the board of supervisors shall call for
26 bids for the bonds by giving notice thereof at least once a week for two
27 successive weeks within a county having a population of five hundred thousand
28 persons or more ~~according to the most recent United States decennial census,~~
29 and once a week for four successive weeks in a newspaper of general
30 circulation within a county having a population of less than five hundred
31 thousand persons ~~according to the most recent United States decennial~~
32 ~~census.~~ The notice shall be in the form prescribed by the board of
33 supervisors. The bids shall be for the entire bond issue unless the board of
34 supervisors by resolution allows bidding therefor in parcels of less than the
35 entire issue.

36 E. Notwithstanding any other provision of this section, bonds may be
37 sold to natural persons residing in this state by negotiated sale on terms
38 the board of supervisors deems to be the best then available and may bear
39 interest payable at times determined by the board of supervisors. The bonds
40 may be sold below, at or above par, provided that if the bonds are sold below
41 par, the aggregate amount of discount plus interest to be paid on the bonds
42 must not exceed the amount of interest that would be payable on the bonds
43 over the maturity schedule prescribed by the board of supervisors at the
44 maximum rate set out in the resolution calling the election at which the
45 bonds were voted.

1 F. Bonds issued by a county may bear interest at any rate or rates not
2 in excess of the maximum rate of interest set forth in the resolution calling
3 the election, payable at the times determined by the board of supervisors,
4 provided that each such bond may be evidenced by one instrument, or if
5 commercial paper, by a succession of instruments each bearing interest
6 payable only at maturity. Bonds or commercial paper issued under this
7 article are subject to the following:

8 1. The bonds may bear interest at a fixed, variable or combination
9 rate, none of which exceeds the maximum rate of interest set forth in the
10 resolution calling the election.

11 2. A variable rate shall be based on any objective measure of the
12 current value of money borrowed such as the announced prime rate of a bank,
13 the rates borne by obligations of the United States or an index or other
14 formula provided for by the board of supervisors. The board of supervisors
15 shall employ a recognized agent in municipal bonds to market and remarket the
16 bonds or commercial paper issued and to establish an interest rate in
17 accordance with the approved index or formula.

18 3. The board of supervisors may grant to the owner of any bond a right
19 to tender or may require the tender of the bond for payment or purchase at
20 one or more times before maturity and may enter into appropriate agreements
21 with any bank, financial institution, insurance company or indemnity company
22 for the purchase of bonds so tendered. This agreement may provide that while
23 the bonds are held by the bank, financial institution, insurance company or
24 indemnity company the bonds may bear interest at a rate higher than when the
25 bonds are held by other owners, but not in excess of the maximum rate of
26 interest set forth in the resolution calling the election.

27 4. If bonds are tendered before maturity under an agreement to pay for
28 or purchase bonds when so tendered, the county may provide for the purchase
29 and resale of those bonds pursuant to the tenders without extinguishing the
30 obligation represented by them or incurring a new obligation on the resale,
31 whether or not those bonds are represented by the same instruments when
32 purchased as when resold.

33 5. Compensation for the resale of the bonds shall not be based on or
34 measured by the difference between the price at which the bonds are purchased
35 and the price at which the bonds are resold.

36 6. The board of supervisors may:

37 (a) Contract with a bank, financial institution, insurance company or
38 indemnity company to provide additional security for the bonds in the form of
39 a line of credit, letter of credit, insurance policy or other security.

40 (b) Pay the costs of this additional security from amounts provided in
41 the bond issue or from other available sources and may enter into
42 reimbursement obligations in connection with the cost of the additional
43 security.

44 7. Any reimbursement obligation entered into with the bank, financial
45 institution, insurance company or indemnity company shall not provide for the

1 payment of interest in excess of the maximum rate of interest set forth in
2 the resolution calling the election. The reimbursement obligation does not
3 constitute a general obligation of the county and is payable from the same
4 source as the bonds, or from other available revenues, as determined by the
5 board of supervisors.

6 8. Variable rate bonds and commercial paper may be sold at competitive
7 public sale, through an on-line bidding process or at negotiated sale. A
8 competitive public sale may be accomplished pursuant to a notice of sale
9 published at the times and in the manner provided in subsection D. This
10 notice shall provide the terms and conditions determined by the board of
11 supervisors.

12 9. If bonds are to be issued in the form of commercial paper, the
13 board of supervisors shall first provide for the establishment of the
14 schedule for the maturities of the bonds within the maximum period permitted
15 by the voted proposition. The individual instruments representing the bonds
16 may mature over shorter periods and may be retired with proceeds of
17 subsequent instruments or with the proceeds of definitive bonds, but they
18 shall be finally paid according to the schedule of bond maturities or
19 earlier.

20 10. Bonds issued in the form of commercial paper may be sold through an
21 agent in the form of instruments that mature at intervals the agent
22 determines to be most advantageous to the issuer after giving public notice
23 to potential investors as determined by the board of supervisors.

24 11. Bonds may be issued as compound interest bonds bearing interest
25 payable only at maturity but compounded periodically until that date at a
26 fixed rate no higher than the rate set forth in the resolution calling the
27 election.

28 G. Pending preparation of the definitive bonds, interim receipts or
29 certificates may be issued to the purchaser of the bonds in such form and
30 with such provisions as the board of supervisors prescribes.

31 H. The principal of and interest ~~upon~~ ON the bonds shall be payable
32 primarily from the proceeds of revenues derived from taxes, fees, charges and
33 other monies collected by the state and returned to such counties for street
34 and highway purposes pursuant to the law.

35 I. As additional security for the payment of such bonds, a county, by
36 resolution submitted to the qualified electors at a special election called
37 for such purpose, and ~~upon~~ ON the approval of such resolution by a majority
38 of the voters voting at such election, may pledge its full faith and credit
39 for the payment of the bonds, and if such pledge is made, and the revenues
40 pledged to the payment of such bonds are at any time insufficient therefor,
41 the county shall be obligated to pay such bonds with interest to the same
42 extent as other general obligation bonds of the county, and shall be
43 reimbursed from subsequent revenues received by the county from taxes, fees,
44 charges and other monies collected by the state and returned to such county
45 for street and highway purposes pursuant to law.

1 J. For purposes of this section, "on-line bidding process" means a
2 procurement process in which the governing body receives bids electronically
3 over the internet in a real-time, competitive bidding event.

4 Sec. 6. Section 15-1022, Arizona Revised Statutes, is amended to read:
5 15-1022. Tax levy for bonds; administration and disposition of
6 tax; cancellation of paid bonds; security

7 A. The board of supervisors, at the time of making the levy of taxes
8 for county purposes, shall levy a tax for the year upon the taxable property
9 in a school district or former school district canceled by election, which
10 has outstanding school bonds for the interest and redemption of the bonds.
11 The tax shall not be less than sufficient to pay the interest of the bonds
12 for the year and the portion of the principal of the bonds becoming due
13 during the year and in any event shall be enough to raise, annually, for the
14 first half of the term of the bonds a sufficient amount to pay the interest
15 thereon, and during the remainder of the term enough to pay the annual
16 interest and to pay, annually, a portion of the principal of the bonds equal
17 to an amount produced by taking the whole amount of bonds outstanding and
18 dividing it by the number of years the bonds then have to run.

19 B. All monies, when collected, shall be paid into the county treasury
20 to the credit of the debt service fund of the school district and shall be
21 used only for payment of principal and interest on the bonds. The county
22 treasurer shall keep the debt service fund separate from all other funds in
23 the county treasury. The principal and interest on the bonds shall be paid
24 by the county treasurer from the fund provided therefor.

25 C. The county treasurer or the treasurer's designated agent shall
26 cancel all bonds and coupons when paid.

27 D. ALL BONDS, WHENEVER ISSUED, ARE SECURED BY A LIEN ON ALL REVENUES
28 RECEIVED PURSUANT TO THE TAX LEVY. THE LIEN ARISES AUTOMATICALLY WITHOUT THE
29 NEED FOR ANY ACTION OR AUTHORIZATION BY THE SCHOOL DISTRICT, THE SCHOOL
30 DISTRICT'S GOVERNING BOARD OR THE COUNTY TREASURER. THE LIEN IS VALID AND
31 BINDING FROM THE TIME OF THE ISSUANCE OF THE BONDS. THE REVENUES RECEIVED
32 PURSUANT TO THE LEVY OF THE TAX ARE IMMEDIATELY SUBJECT TO THE LIEN. THE LIEN
33 ATTACHES IMMEDIATELY TO THE REVENUES AND IS EFFECTIVE, BINDING AND
34 ENFORCEABLE AGAINST THE SCHOOL DISTRICT AND THE COUNTY TREASURER, THEIR
35 SUCCESSORS, TRANSFEREES AND CREDITORS AND ALL OTHER PARTIES ASSERTING RIGHTS
36 IN THE REVENUES, IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN,
37 WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING OR FURTHER
38 ACT.

39 Sec. 7. Section 15-1024, Arizona Revised Statutes, is amended to read:
40 15-1024. Interest on bonds; sale; disposition of proceeds;
41 definition

42 A. The bonds shall bear interest, payable semiannually at the rate or
43 rates set by the accepted bid, which shall not exceed the maximum rate of
44 interest set forth in the resolution calling the election. The bonds may be
45 made payable at such place within the United States as the governing board of

1 the school district directs and shall be sold in the manner prescribed by the
2 governing board of the school district for not less than par.

3 B. The proceeds of the sale of the bonds shall be deposited in the
4 county treasury to the credit of the bond building fund of the school
5 district. Such deposits may be drawn out for the purposes authorized by this
6 article as other school monies are drawn. If a balance remains in the bond
7 building fund after the acquisition or construction of facilities is
8 completed for which the bonds were issued and ~~upon~~ ON written request of the
9 governing board:

10 1. If the school district has outstanding bonded indebtedness, the
11 balance remaining in the bond building fund shall be transferred to the debt
12 service fund of the district.

13 2. If the district has no outstanding bonded indebtedness, the balance
14 remaining in the bond building fund shall be transferred to the general fund
15 of the district.

16 C. When bonds are sold and the proceeds are not required to be used
17 for a period of ten days or more, such proceeds may be invested as provided
18 by section 15-1025, subsection B. All monies earned as interest or otherwise
19 derived from the investment of the proceeds of the sale of the bonds shall be
20 credited to the debt service fund, except that ~~upon~~ ON the request of the
21 district, the monies earned as interest shall be deposited to the bond
22 building fund if federal laws or rules require the interest to be used for
23 capital expenditures or the monies earned as interest shall be credited to
24 the bond building fund if the voters authorized such use of the monies in a
25 separate question at the bond election. The separate question shall inform
26 the voters that the monies will be credited to the debt service fund, and may
27 therefore reduce the amount of the secondary property tax, if the measure
28 authorizing the monies to be credited to the bond building fund does not
29 pass.

30 D. The amount of net premium associated with a bond issue may ~~not~~
31 ~~exceed the greater of~~ BE USED ONLY FOR ONE OR MORE OF THE FOLLOWING:

- 32 ~~1. Five per cent of the par value of the bond issue.~~
33 ~~2. One hundred thousand dollars.~~

34 ~~E. 1. TO PAY costs incurred in issuing the bonds, may be paid from~~
35 ~~the net premium associated with a bond issue. Any net premium not used to~~
36 ~~pay the costs incurred in issuing the bonds shall be deposited~~ SUBJECT TO
37 SECTIONS 15-491, SUBSECTION G AND 15-1465, SUBSECTION A.

38 2. AS A DEPOSIT in a debt service fund and used only to pay interest
39 on the bonds.

40 3. FOR ANY OTHER PURPOSE, IF THE DISTRICT HAS VOTER AUTHORIZATION AND
41 AVAILABLE CAPACITY UNDER ITS DEBT LIMITATIONS AND THE AMOUNT OF NET PREMIUM
42 USED FOR SUCH PURPOSE WILL REDUCE IN AN EQUAL AMOUNT BOTH:

43 (a) THE AVAILABLE AGGREGATE INDEBTEDNESS CAPACITY OF THE DISTRICT
44 UNDER THE STATUTES AND CONSTITUTION OF THIS STATE.

1 (b) THE PRINCIPAL AMOUNT AUTHORIZED AT THE ELECTION FOR THE DISTRICT
2 FROM WHICH THE ISSUE OF BONDS ARE BEING SOLD.

3 ~~F.~~ E. For the purposes of this section, "net premium" means the
4 difference between the par amount of the bond issue and the bond issue price
5 determined pursuant to United States treasury regulations.

6 Sec. 8. Section 35-457, Arizona Revised Statutes, is amended to read:
7 35-457. Sale of bonds; bids; forfeiture of deposit; definitions

8 A. Any or all of the bonds may be sold at public sale or through an
9 online bidding process in a manner prescribed by the governing body or board
10 that includes the following:

11 1. If sold by public sale before the sale of any bonds the governing
12 body or board shall meet and enter ~~upon~~ ON its record an order directing the
13 sale of the bonds and the date and hour of the sale, and cause a copy of the
14 order to be published at least once a week for two successive weeks in cities
15 having a population of fifteen thousand or more persons ~~according to the most~~
16 ~~recent federal census~~, and once a week for four successive weeks in all other
17 political subdivisions before the sale in one or more designated daily or
18 weekly newspapers, together with a notice that sealed proposals will be
19 received for purchase of the bonds on the date and hour named in the order.

20 2. If sold through an online bidding process, bids for the bonds that
21 are entered into the system may be concealed until a specified time or
22 disclosed in the online bidding process, may be subject to improvement in
23 favor of the political subdivision before a specified time and may be for an
24 entire issue of bonds or specified maturities according to the manner, terms
25 and notice provisions ordered by the governing body.

26 B. If the bonds are sold by public sale or through an online bidding
27 process, all proposals shall be received on the date and hour or in the
28 manner stated in the order and the governing body or board shall award the
29 bonds to the highest and most responsible bidder. The successful bidder
30 shall provide a bid guarantee for not less than two ~~per-cent~~ PERCENT of the
31 total par value of the bonds within twenty-four hours after the date and time
32 the bid is awarded. The bid guarantee may be in the form of a certified
33 check or a bond issued by a surety company licensed by the department of
34 insurance to do business in this state. The governing body or board may
35 reject any and all bids. If the successful bidder does not carry out the
36 terms of the proposal to purchase the bonds, the bid guarantee shall be
37 forfeited as stipulated and liquidated damages.

38 C. Notwithstanding any other provision of this section, bonds may be
39 sold by negotiated sale on terms the governing body deems to be the best then
40 available and may bear interest payable at such times as shall be determined
41 by the governing body.

42 D. The bonds may be sold below, at or above par. If an issue of bonds
43 is sold below par, the aggregate amount of discount plus interest to be paid
44 on the bonds must not exceed the amount of interest that would be payable on
45 the bonds over the maturity schedule prescribed by the governing body at the

1 maximum rate set out in the resolution calling the election at which the
2 bonds were voted. The amount of net premium associated with a bond issue may
3 ~~not exceed the greater of~~ BE USED ONLY FOR ONE OR MORE OF THE FOLLOWING:

4 ~~1. Five per cent of the par value of the bond issue.~~

5 ~~2. One hundred thousand dollars.~~

6 ~~E. 1. TO PAY costs incurred in issuing the bonds, may be paid from~~
7 ~~the net premium associated with a bond issue. Any net premium not used to~~
8 ~~pay the costs incurred in issuing the bonds shall be deposited~~ SUBJECT TO
9 SECTION 35-452, SUBSECTION C.

10 2. AS A DEPOSIT in a debt service fund and used only to pay interest
11 on the bonds.

12 3. FOR ANY OTHER PURPOSE, IF THE POLITICAL SUBDIVISION HAS VOTER
13 AUTHORIZATION AND AVAILABLE CAPACITY UNDER ITS DEBT LIMITATIONS AND THE
14 AMOUNT OF NET PREMIUM USED FOR SUCH PURPOSE WILL REDUCE IN AN EQUAL AMOUNT
15 BOTH:

16 (a) THE AVAILABLE AGGREGATE INDEBTEDNESS CAPACITY OF THE POLITICAL
17 SUBDIVISION UNDER THE STATUTES AND CONSTITUTION OF THIS STATE.

18 (b) THE PRINCIPAL AMOUNT AUTHORIZED AT THE ELECTION FOR THE POLITICAL
19 SUBDIVISION FROM WHICH THE ISSUE OF BONDS ARE BEING SOLD.

20 ~~F.~~ E. For the purposes of this section:

21 1. "Net premium" means the difference between the par amount of the
22 bond issue and the bond issue price determined pursuant to United States
23 treasury regulations.

24 2. "Online bidding process" means a procurement process in which the
25 governing body receives bids electronically over the internet in a real-time,
26 competitive bidding event.

27 Sec. 9. Section 35-458, Arizona Revised Statutes, is amended to read:

28 35-458. Levy of tax for payment of interest and bonds; security

29 A. After the bonds are issued, the governing body or board shall enter
30 on its minutes a record of the bonds sold and their numbers and dates, and
31 shall annually levy and cause to be collected a tax, at the same time and in
32 the same manner as other taxes are levied and collected on all taxable
33 property in such political subdivision, sufficient to pay the annual interest
34 on the bonds when due, and shall likewise annually levy a tax sufficient to
35 redeem the bonds when they mature. The annual levy for both the principal
36 and interest payment, including a reasonable tax delinquency factor, shall
37 not exceed the net amount necessary to make the annual payment and the
38 reasonable delinquency factor, including an amount necessary to correct prior
39 year errors in the levy, if applicable, and any expenses and fees required in
40 conjunction with the authorization pursuant to section 35-512.

41 B. Monies derived from the levy of the tax when collected shall
42 constitute a fund for payment of interest and the bonds. The fund shall be
43 kept separately and shall be known as the "interest fund" and "redemption
44 fund" or the two funds may be combined into a single "interest and redemption
45 fund."

1 C. ALL BONDS, WHENEVER ISSUED, ARE SECURED BY A LIEN ON ALL REVENUES
 2 RECEIVED PURSUANT TO THE TAX LEVY. THE LIEN ARISES AUTOMATICALLY WITHOUT THE
 3 NEED FOR ANY ACTION OR AUTHORIZATION BY THE POLITICAL SUBDIVISION OR THE
 4 POLITICAL SUBDIVISION'S GOVERNING BODY OR BOARD. THE LIEN IS VALID AND
 5 BINDING FROM THE TIME OF THE ISSUANCE OF THE BONDS. THE REVENUES RECEIVED
 6 PURSUANT TO THE LEVY OF THE TAX ARE IMMEDIATELY SUBJECT TO THE LIEN. THE LIEN
 7 ATTACHES IMMEDIATELY TO THE REVENUES AND IS EFFECTIVE, BINDING AND
 8 ENFORCEABLE AGAINST THE POLITICAL SUBDIVISION, THE POLITICAL SUBDIVISION'S
 9 SUCCESSORS, TRANSFEREES AND CREDITORS AND ALL OTHER PARTIES ASSERTING RIGHTS
 10 IN THE REVENUES, IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN,
 11 WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING OR FURTHER
 12 ACT.

13 Sec. 10. Section 35-471, Arizona Revised Statutes, is amended to read:
 14 35-471. Refunding bonds; resolution authorizing issuance;
 15 definition

16 A. The board of supervisors, on behalf of the county, the governing
 17 body of a city or town or similar municipal corporation and a school district
 18 governing board may issue refunding bonds to refund the bonded indebtedness
 19 of such county, school district, city or town or other similar municipal
 20 corporation when it is expedient to do so.

21 B. The board of supervisors or other governing body desiring to issue
 22 refunding bonds shall adopt and include in its minutes a resolution stating:

23 1. The facts and determination of the necessity or advisability of
 24 refunding such bonded indebtedness, including an estimate of the present
 25 value of the debt service savings, net of all costs associated with the
 26 refunding bonds, that will occur.

27 2. The amount of bonds to be issued, the date of such bonds and the
 28 denominations.

29 3. The rate of interest and the maturity date.

30 4. The place of payment, within or without the state, of the principal
 31 and interest.

32 C. The amount of net premium associated with a refunding bond issue
 33 may ~~not exceed the sum of the following~~ BE USED ONLY FOR ONE OR MORE OF THE
 34 FOLLOWING:

35 ~~1. An amount not to exceed five per cent of the par value of the~~
 36 ~~refunding bonds.~~

37 ~~2. 1. The amount equal to the difference between the amount required~~
 38 To fund the escrow account ~~and the par amount of the refunded~~ TO PAY THE
 39 bonds TO BE REFUNDED.

40 ~~3. 2. The amount equal~~ To PAY the costs incurred in issuing the
 41 refunding bonds.

42 3. AS A DEPOSIT IN A DEBT SERVICE FUND AND USED TO PAY INTEREST ON THE
 43 BONDS.

1 ~~D. Any net premium not used to pay the costs of the bond issue or to~~
2 ~~fund the escrow account shall be deposited in a debt service fund and used~~
3 ~~only to pay interest on the bonds.~~

4 D. IF THE NET PREMIUM ASSOCIATED WITH A REFUNDING BOND ISSUE IS USED
5 TO FUND THE ESCROW ACCOUNT TO PAY THE BONDS TO BE REFUNDED AND THE PRINCIPAL
6 AMOUNT OF THE REFUNDING BONDS IS LESS THAN THE PRINCIPAL AMOUNT OF THE BONDS
7 BEING REFUNDED, THE DIFFERENCE BETWEEN SUCH PRINCIPAL AMOUNTS REDUCES THE
8 AVAILABLE AGGREGATE INDEBTEDNESS CAPACITY OF THE POLITICAL SUBDIVISION UNDER
9 THE CONSTITUTION AND STATUTES OF THIS STATE IN AN EQUAL AMOUNT, PROVIDED THAT
10 THE DIFFERENCE IN THE AMOUNTS MAY NOT EXCEED THE AGGREGATE AVAILABLE
11 INDEBTEDNESS CAPACITY OF THE POLITICAL SUBDIVISION. THE DIFFERENCE IN
12 PRINCIPAL AMOUNT WILL NOT CAUSE ANY INCREASE OR DECREASE IN THE PRINCIPAL
13 AMOUNT AUTHORIZED PURSUANT TO ANY BOND ELECTION.

14 E. For the purposes of this section, "net premium" means the
15 difference between the par amount of the bond issue and the bond issue price
16 determined pursuant to United States treasury regulations.

17 Sec. 11. Section 35-473.01, Arizona Revised Statutes, is amended to
18 read:

19 35-473.01. Refunding bonds issued in advance of maturity of the
20 bonds to be refunded; definition

21 A. Refunding bonds, designated as such, may also be authorized, issued
22 and sold pursuant to this article for the purpose of refunding any bonds
23 theretofore issued under the authority of article 3 of this chapter or under
24 the authority of both article 3 of this chapter and title 9, chapter 5,
25 article 3 or under the authority of title 15, chapter 4, article 5 and
26 chapter 9, article 7 or by any political subdivision that is a public,
27 corporate body under the laws of this state the property of which is exempt
28 from taxation, for the purpose of refunding any bonds, theretofore issued
29 under authority of law and payable from the proceeds of taxes, including
30 assessments, which may be levied annually at uniform rates and are secured by
31 property subject thereto in the political subdivision, in advance of the
32 maturity or call date of such bonds to be refunded. If the weighted average
33 maturity of the refunding bonds is at least seventy-five ~~per cent~~ PERCENT of
34 the weighted average maturity of the bonds being refunded, no election on the
35 issuance of the refunding bonds shall be required. If the refunding bonds
36 are combined into a single issue with bonds authorized for nonrefunding
37 purposes, the bonds so authorized for nonrefunding purposes shall have been
38 submitted at an election as otherwise provided by law.

39 B. When refunding bonds issued pursuant to this section are sold, the
40 net proceeds shall be invested in obligations issued by or guaranteed by the
41 United States government, if these investments will mature with interest so
42 as to provide funds to pay when due, or called for redemption, the bonds to
43 be refunded together with interest thereon and redemption premiums, if any,
44 and such proceeds or obligations shall, and other funds legally available for
45 such purposes may, be deposited in the respective principal and interest

1 redemption funds and shall be held in trust for the payment of the refunded
2 bonds with interest and redemption premiums, if any, on maturity or upon an
3 available redemption date or ~~upon~~ ON an earlier voluntary surrender with the
4 consent of the issuer.

5 C. ~~When~~ FOR bonds THAT are issued ~~in advance of maturity of the~~ TO
6 REFUND OUTSTANDING bonds ~~being refunded~~ THAT ARE ISSUED BEFORE SEPTEMBER 1,
7 2016, IN ADVANCE OF THE MATURITY DATES OF SUCH BONDS, the holder of the
8 refunding bonds shall rely ~~upon~~ ON the sufficiency of the funds or securities
9 held in trust for the payment of the refunded bonds. The issuance of
10 refunding bonds shall in no way infringe ~~upon~~ ON the rights of the holder of
11 the refunded bonds to rely ~~upon~~ ON a tax levy for the payment of principal
12 and interest on the refunded bonds if the investments in the redemption funds
13 prove insufficient. The total aggregate of taxes levied to pay principal and
14 interest on the refunding bonds in the aggregate shall not exceed the total
15 aggregate principal and interest to become due on the refunded bonds from the
16 date of issuance of the refunding bonds to the final date of maturity on the
17 bonds being refunded. Subject to such limitation, taxes in an amount
18 sufficient to pay the interest on all refunding bonds issued pursuant to this
19 section, then outstanding, the installments of the principal thereof becoming
20 due and payable in the ensuing year, and the annual portion of such sinking
21 fund as may be set up for retirement thereof, shall be levied, assessed and
22 collected as other taxes of the political subdivision and the proceeds
23 therefrom kept in a special fund and used only for the purposes for which
24 collected.

25 D. FOR BONDS THAT ARE ISSUED TO REFUND OR REFINANCE BONDS THAT ARE
26 ISSUED FROM AND AFTER AUGUST 31, 2016, IN ADVANCE OF THE MATURITY DATES OF
27 SUCH BONDS, THE HOLDER OF THE REFUNDED BONDS SHALL RELY ON THE SUFFICIENCY OF
28 THE FUNDS OR SECURITIES HELD IN TRUST FOR THE PAYMENT OF THE REFUNDED BONDS.
29 THE REFUNDED BONDS SHALL IN NO WAY INFRINGE ON THE RIGHTS OF THE HOLDERS OF
30 THE REFUNDING BONDS TO RELY ON A TAX LEVY FOR THE PAYMENT OF PRINCIPAL OF AND
31 INTEREST ON THE REFUNDING BONDS IF THE INVESTMENTS IN THE REDEMPTION FUNDS
32 PROVE INSUFFICIENT. THE TOTAL AGGREGATE OF TAXES LEVIED TO PAY PRINCIPAL OF
33 AND INTEREST ON THE REFUNDING BONDS IN THE AGGREGATE SHALL NOT EXCEED THE
34 TOTAL AGGREGATE PRINCIPAL AND INTEREST TO BECOME DUE ON THE REFUNDED BONDS
35 FROM THE DATE OF ISSUANCE OF THE REFUNDING BONDS TO THE FINAL DATE OF
36 MATURITY ON THE BONDS BEING REFUNDED. SUBJECT TO SUCH LIMITATION, TAXES IN
37 AN AMOUNT SUFFICIENT TO PAY THE INTEREST ON ALL REFUNDING BONDS ISSUED
38 PURSUANT TO THIS SECTION, THEN OUTSTANDING, THE INSTALLMENTS OF THE PRINCIPAL
39 THEREOF BECOMING DUE AND PAYABLE IN THE ENSUING YEAR, AND THE ANNUAL PORTION
40 OF SUCH SINKING FUND AS MAY BE SET UP FOR RETIREMENT THEREOF, SHALL BE
41 LEVIED, ASSESSED AND COLLECTED AS OTHER TAXES OF THE POLITICAL SUBDIVISION
42 AND THE PROCEEDS THEREFROM KEPT IN A SPECIAL FUND AND USED ONLY FOR THE
43 PURPOSES FOR WHICH COLLECTED.

44 ~~D-~~ E. Proceedings pursuant to this section shall be had by the board
45 or boards that would be authorized to issue and sell the bonds to be refunded

1 if such bonds were then to be issued and sold. The refunding bonds to be
2 issued pursuant hereto may be of serial, including semiannual, or term
3 maturities payable at any time on or before the maximum maturity date
4 otherwise authorized by this article, and the provisions relating to
5 execution, validity, records, place of payment and payment, cancellation and
6 destruction ~~upon~~ ON maturity of the bonds to be refunded shall apply to such
7 refunding bonds.

8 ~~E.~~ F. Refunding bonds to be issued pursuant to this section may be
9 combined with bonds otherwise authorized, provided that they are of equal
10 priority.

11 ~~F.~~ G. The powers conferred by this section are in addition to, and
12 not in substitution of, and the limitations imposed by this section shall not
13 affect the powers conferred by any other law.

14 ~~G.~~ H. The amount of net premium associated with a refunding bond
15 issue may ~~not exceed the sum of the following~~ BE USED ONLY FOR ONE OR MORE OF
16 THE FOLLOWING:

17 ~~1. An amount not to exceed five per cent of the par value of the~~
18 ~~refunding bonds.~~

19 ~~2. 1. The amount equal to the difference between the amount required~~
20 To fund the escrow account ~~and the par amount of the refunded~~ TO PAY THE
21 bonds TO BE REFUNDED.

22 ~~3. 2. The amount equal~~ To PAY the costs incurred in issuing the
23 refunding bonds.

24 3. AS A DEPOSIT IN A DEBT SERVICE FUND AND ONLY TO PAY INTEREST ON THE
25 BONDS.

26 ~~H. Any net premium not used to pay the costs of the bond issue or to~~
27 ~~fund the escrow account shall be deposited in a debt service fund and used~~
28 ~~only to pay interest on the bonds.~~

29 I. IF THE NET PREMIUM ASSOCIATED WITH A REFUNDING BOND ISSUE IS USED
30 TO FUND THE ESCROW ACCOUNT TO PAY THE BONDS TO BE REFUNDED AND THE PRINCIPAL
31 AMOUNT OF THE REFUNDING BONDS IS LESS THAN THE PRINCIPAL AMOUNT OF THE BONDS
32 BEING REFUNDED, THE DIFFERENCE BETWEEN SUCH PRINCIPAL AMOUNTS REDUCES THE
33 AVAILABLE AGGREGATE INDEBTEDNESS CAPACITY OF THE POLITICAL SUBDIVISION UNDER
34 THE CONSTITUTION AND STATUTES OF THIS STATE IN AN EQUAL AMOUNT, PROVIDED THAT
35 THE DIFFERENCE IN THE AMOUNTS MAY NOT EXCEED THE AGGREGATE AVAILABLE
36 INDEBTEDNESS CAPACITY OF THE POLITICAL SUBDIVISION. THE DIFFERENCE IN
37 PRINCIPAL AMOUNT WILL NOT CAUSE ANY INCREASE OR DECREASE IN THE PRINCIPAL
38 AMOUNT AUTHORIZED PURSUANT TO ANY BOND ELECTION.

39 ~~I.~~ J. For the purposes of this section, "net premium" means the
40 difference between the par amount of the bond issue and the bond issue price
41 determined pursuant to United States treasury regulations.

42 Sec. 12. Repeal

43 Title 48, chapter 4, article 4, Arizona Revised Statutes, is repealed.

1 Sec. 13. Title 48, chapter 4, Arizona Revised Statutes, is amended by
2 adding a new article 4, to read:

3 ARTICLE 4. REFUNDING MUNICIPAL IMPROVEMENT DISTRICT BONDS FOR SAVINGS

4 48-651. Refunding bonds

5 A. BONDS MAY BE ISSUED FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED
6 PURSUANT TO ARTICLE 2 OR 3 OF THIS CHAPTER.

7 B. REFUNDING BONDS ISSUED PURSUANT TO THIS ARTICLE SHALL HAVE SUCH
8 DETAILS AND BE ISSUED AND SOLD AS PROVIDED BY THE GOVERNING BODY OF THE CITY
9 OR TOWN AND SHALL BE SECURED AS PROVIDED IN THIS ARTICLE, EXCEPT THAT
10 INTEREST ON THE REFUNDING BONDS SHALL BE PAYABLE SEMIANNUALLY ON JANUARY 1
11 AND JULY 1 AND THE DUE DATE OF THE REFUNDING BOND SHALL BE JANUARY 1 IN THE
12 YEAR IN WHICH IT BECOMES DUE.

13 48-652. Use of net proceeds; investment of proceeds; definition

14 A. REFUNDING BONDS ISSUED PURSUANT TO THIS ARTICLE MAY BE EXCHANGED
15 FOR NOT LESS THAN A LIKE PRINCIPAL AMOUNT OF BONDS TO BE REFUNDED, MAY BE
16 SOLD AT, ABOVE OR BELOW PAR AT A NEGOTIATED OR PUBLIC SALE OR MAY BE
17 EXCHANGED IN PART AND SOLD IN PART. IF SOLD, THE NET PROCEEDS OF THE
18 REFUNDING BONDS TOGETHER WITH ALL OR A PORTION OF THE AMOUNTS HELD IN THE
19 DEBT SERVICE FUND FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS BEING
20 REFUNDED, AMOUNTS IN ANY RESERVE FUND FOR THE BONDS BEING REFUNDED AND OTHER
21 AMOUNTS LAWFULLY AVAILABLE MAY BE INVESTED PROVIDED SUCH INVESTMENTS AND ANY
22 REINVESTMENT THEREOF WILL MATURE WITH INTEREST SO AS TO PROVIDE FUNDS TO PAY
23 THE BONDS TO BE REFUNDED WHEN DUE, OR CALLED FOR REDEMPTION, TOGETHER WITH
24 INTEREST THEREON AND REDEMPTION PREMIUMS, IF ANY, AT MATURITY OR ON AN
25 AVAILABLE REDEMPTION DATE OR ON AN EARLIER VOLUNTARY SURRENDER WITH THE
26 CONSENT OF THE CITY OR TOWN. SUCH AMOUNTS AND INVESTMENTS SHALL BE DEPOSITED
27 IN TRUST WITH A NATIONAL BANKING CORPORATION OR ASSOCIATION THAT IS
28 AUTHORIZED TO DO TRUST BUSINESS IN THIS STATE AND THAT IS A MEMBER OF THE
29 FEDERAL DEPOSIT INSURANCE CORPORATION, OR ANY SUCCESSOR AGENCY. AFTER SUCH
30 DEPOSIT, THE BONDS BEING REFUNDED SHALL BE DEEMED TO HAVE BEEN PAID AND SHALL
31 HAVE NO FURTHER INTEREST IN THE ASSESSMENTS FOR THE BONDS BEING REFUNDED.

32 B. THE TREASURER MAY ENTER INTO TRUST AGREEMENTS WITH BANKING
33 CORPORATIONS OR ASSOCIATIONS FOR THE HANDLING, SAFEKEEPING AND ADMINISTRATION
34 OF THE AMOUNTS AND INVESTMENTS THAT ARE DERIVED FROM, OR CONTRIBUTED TO, THE
35 REFUNDING. THE INVESTMENTS SHALL BE OBLIGATIONS ISSUED BY THE UNITED STATES
36 GOVERNMENT, OR ONE OF ITS AGENCIES, OR OBLIGATIONS FULLY GUARANTEED BY THE
37 UNITED STATES GOVERNMENT AS TO PRINCIPAL AND INTEREST.

38 C. FOR THE PURPOSES OF THIS SECTION, "NET PROCEEDS" MEANS THE GROSS
39 PROCEEDS OF THE REFUNDING BONDS AFTER THE DEDUCTION OF ALL ACCRUED INTEREST
40 AND EXPENSES INCURRED IN CONNECTION WITH THE AUTHORIZATION AND ISSUANCE OF
41 THE REFUNDING BONDS AND THE REFUNDING OF THE BONDS BEING REFUNDED INCLUDING
42 ALL COST AND EXPENSES RESULTING FROM PRICE VARIATION TO PAR OR OTHERWISE
43 INCURRED IN THE PURCHASE OF OBLIGATIONS FOR THE TRUST AND IN THE DISTRIBUTION
44 OF THE REFUNDING BONDS.

1 THE OFFICERS PROVIDED BY LAW FOR THE COLLECTION AND ENFORCEMENT OF GENERAL
2 TAXES. THE TREASURER AND THE COUNTY TREASURER MAY PROVIDE BY AGREEMENT FOR
3 THE PAYMENT OF THE COUNTY TREASURER'S COLLECTION EXPENSES DIRECTLY RELATED TO
4 THE LEVY OF THE SPECIAL ASSESSMENT AND, IF PROVIDED, THE LEVY OF THE SPECIAL
5 ASSESSMENT MAY INCLUDE AN AMOUNT FOR COMPENSATION OF THE COUNTY TREASURER
6 DIRECTLY RELATED TO THE COLLECTION OF THE SPECIAL ASSESSMENT. THE
7 COMPENSATION RECEIVED BY THE COUNTY TREASURER PURSUANT TO THE AGREEMENT IS
8 SUBJECT TO SECTION 11-496.

9 48-656. Determination of governing body

10 THE DETERMINATION OF THE GOVERNING BODY ISSUING REFUNDING BONDS THAT
11 THE LIMITATIONS IMPOSED PURSUANT TO THIS ARTICLE ON THE ISSUANCE OF REFUNDING
12 BONDS HAVE BEEN MET SHALL BE CONCLUSIVE IN THE ABSENCE OF FRAUD OR ARBITRARY
13 AND GROSS ABUSE OF DISCRETION.

14 Sec. 14. Section 48-688, Arizona Revised Statutes, is amended to read:

15 48-688. Form of bonds; interest rates; redemption; payment of
16 principal and interest; additional security;
17 definition

18 A. Bonds issued under this article shall be fully negotiable within
19 the meaning and for all purposes provided by title 47. They may be in one or
20 more series, may bear dates, may be payable in a medium of payment and at
21 places, may carry registration privileges, may have that priority or lien
22 position between bondholders, shall be executed in a manner, may contain
23 other terms, covenants and conditions, and SHALL be in a form as the
24 governing body by resolution prescribes. The final payment shall be due not
25 more than thirty years from the date of issuance, as the governing body may
26 prescribe. Any or all of the bonds shall be callable at times, on terms and
27 in a manner as the governing body by resolution prescribes.

28 B. Any or all of the bonds may be sold by calling for bids at public
29 sale, ~~or~~ through an on-line bidding process, ~~or bonds may be sold~~ under an
30 accelerated bidding process OR BY NEGOTIATED SALE. If sold under an
31 accelerated bidding process, the bonds shall be sold at the lowest cost the
32 governing body deems then available after having received at least three
33 pricing quotations from recognized purchasers of bonds of the type being
34 sold. If sold at public sale, the bonds shall be sold to the bidder making
35 the best bid. If bonds are sold through an on-line bidding process, bids for
36 the bonds that are entered into the system may be concealed until a specified
37 time or disclosed in the on-line bidding process, may be subject to
38 improvement in favor of the district before a specified time and may be for
39 an entire issue of bonds or specified maturities according to the manner,
40 terms and notice provisions ordered by the governing body.

41 C. The bonds may be sold below, at or above par. If an issue of bonds
42 is sold below par, the aggregate amount of discount plus interest to be paid
43 on the bonds must not exceed the amount of interest that would be payable on
44 the bonds over the maturity schedule prescribed by the governing body at the

1 maximum rate set out in the resolution calling the election at which the
2 bonds were voted.

3 D. If sold at public sale, the governing body shall call for bids for
4 the bonds by giving notice at least once a week for two successive weeks in
5 cities having a population of fifteen thousand or more persons according to
6 the most recent federal census, and once a week for four successive weeks in
7 all other cities and towns by publication in a newspaper of general
8 circulation within the county. The notice shall be in the form prescribed by
9 the governing body. The bids shall be for the entire bond issue unless the
10 governing body by resolution allows bidding in parcels of less than the
11 entire issue. Notwithstanding any other provision of this subsection, bonds
12 may be sold to natural persons residing in this state by negotiated sale on
13 terms the governing body deems to be the best then available and may bear
14 interest payable at times as shall be determined by the governing body. The
15 bonds may be sold below, at or above par, provided that if the bonds are sold
16 below par, the aggregate amount of discount plus interest to be paid on the
17 bonds must not exceed the amount of interest that would be payable on the
18 bonds over the maturity schedule prescribed by the governing body at the
19 maximum rate set out in the resolution calling the election at which the
20 bonds were voted.

21 E. Bonds issued by a city or town may bear interest at any rate or
22 rates not in excess of the maximum rate of interest set forth in the
23 resolution calling the election, payable at the times determined by the
24 governing body, provided that each bond may be evidenced by one instrument,
25 or if commercial paper by a succession of instruments each bearing interest
26 payable only at maturity. Bonds or commercial paper issued under this
27 article shall be subject to the following:

28 1. The bonds may bear interest at a fixed, variable or combination
29 rate, none of which exceeds the maximum rate of interest set forth in the
30 resolution calling the election.

31 2. A variable rate shall be based on any objective measure of the
32 current value of money borrowed such as the announced prime rate of a bank,
33 the rates borne by obligations of the United States or an index or other
34 formula provided for by the governing body. The governing body shall employ
35 a recognized agent in municipal bonds to market and remarket the bonds or
36 commercial paper issued and to establish an interest rate in accordance with
37 the approved index or formula.

38 3. The governing body may grant to the owner of any bond a right to
39 tender or may require the tender of the bond for payment or purchase at one
40 or more times before maturity and may enter into appropriate agreements with
41 any bank, financial institution, insurance company or indemnity company for
42 the purchase of bonds so tendered. The agreement may provide that while the
43 bonds are held by the bank, financial institution, insurance company or
44 indemnity company the bonds may bear interest at a rate higher than when the

1 bonds are held by other owners, but not in excess of the maximum rate of
2 interest set forth in the resolution calling the election.

3 4. If bonds are tendered before maturity under an agreement to pay for
4 or purchase bonds when so tendered, the city or town may provide for the
5 purchase and resale of the bonds pursuant to the tenders without
6 extinguishing the obligation represented by them or incurring a new
7 obligation on the resale, whether or not the bonds are represented by the
8 same instruments when purchased as when resold.

9 5. Compensation for the resale of the bonds shall not be based on or
10 measured by the difference between the price at which the bonds are purchased
11 and the price at which they are resold.

12 6. The governing body may:

13 (a) Contract with a bank, financial institution, insurance company or
14 indemnity company to provide additional security for the bonds in the form of
15 a line of credit, letter of credit, insurance policy or other security.

16 (b) Pay the costs of an additional security from amounts provided in
17 the bond issue or from other available sources and may enter into
18 reimbursement obligations in connection with the cost of the additional
19 security.

20 7. Any reimbursement obligation entered into with the bank, financial
21 institution, insurance company or indemnity company shall not provide for the
22 payment of interest in excess of the maximum rate of interest set forth in
23 the resolution calling the election. The reimbursement obligation does not
24 constitute a general obligation of the city or town and is payable from the
25 same source as the bonds, or from other available revenues, as determined by
26 the governing body.

27 8. Variable rate bonds and commercial paper may be sold at competitive
28 public sale, through an on-line bidding process or at negotiated sale. A
29 competitive public sale may be accomplished pursuant to a notice of sale
30 published at the times and in the manner provided in subsection D. This
31 notice shall provide terms and conditions as may be determined by the
32 governing body.

33 9. If bonds are to be issued in the form of commercial paper the
34 governing body shall first provide for the establishment of the schedule for
35 the maturities of the bonds within the maximum period permitted by the voted
36 proposition. The individual instruments representing the bonds may mature
37 over shorter periods and may be retired with proceeds of subsequent
38 instruments, or with the proceeds of definitive bonds, but they shall be
39 finally paid according to the schedule of bond maturities or earlier.

40 10. Bonds issued in the form of commercial paper may be sold through an
41 agent in the form of instruments ~~which~~ THAT mature at intervals the agent
42 determines to be most advantageous to the issuer after giving public notice
43 to potential investors as determined by the governing body.

44 11. Bonds may be issued as compound interest bonds bearing interest
45 payable only at maturity but compounded periodically until that date at a

1 fixed rate no higher than the rate set forth in the resolution calling the
2 election.

3 F. Pending preparation of the definitive bonds, interim receipts or
4 certificates may be issued to the purchaser of the bonds in a form and with
5 provisions as the governing body prescribes.

6 G. The principal of and interest ~~upon~~ ON the bonds shall be payable
7 primarily from the proceeds of revenues derived from taxes, fees, charges and
8 other monies collected by the state and returned to the cities and towns for
9 street and highway purposes pursuant to law.

10 H. As additional security for the payment of the bonds, a city or
11 town, by resolution submitted to the electors at a special election called
12 for this purpose, and ~~upon~~ ON the approval of the resolution by a majority of
13 the voters voting at the election, may pledge its full faith and credit for
14 the payment of the bonds, and if the pledge is made, and the revenues pledged
15 to the payment of the bonds are at any time insufficient, the city or town
16 shall be obligated to pay the bonds with interest to the same extent as other
17 general obligation bonds of the city or town, and shall be reimbursed from
18 subsequent revenues received by the city or town from taxes, fees, charges
19 and other monies collected by the state and returned to the city or town for
20 street and highway purposes pursuant to law.

21 I. For purposes of this section, "on-line bidding process" means a
22 procurement process in which the governing body receives bids electronically
23 over the internet in a real-time, competitive bidding event.

24 Sec. 15. Section 48-719, Arizona Revised Statutes, is amended to read:

25 48-719. General obligation bonds; tax levy; security

26 A. At any time after the hearing on formation of the district, the
27 district board, or, if before formation, the governing body, may from time to
28 time order and call a general obligation bond election to submit to the
29 qualified electors of the district or to those persons who are qualified to
30 vote pursuant to section 48-707, subsection G the question of authorizing the
31 district board to issue general obligation bonds of the district to provide
32 monies for any public infrastructure purposes consistent with the general
33 plan. The election may be held in conjunction with the formation election.

34 B. If general obligation bonds are approved at an election, the
35 district board may issue and sell general obligation bonds of the district.

36 ~~C. If the bonds are to be sold in a public offering, no bonds may be
37 issued by the district unless the bonds receive one of the four highest
38 investment grade ratings by a nationally recognized bond rating agency.~~

39 ~~D.~~ C. The district may issue and sell refunding bonds to refund any
40 general obligation bonds of the district. If general obligation bonds are
41 issued to refund any general obligation bonds of the district no election on
42 the issuance of such refunding bonds is required.

43 ~~E.~~ D. After the bonds are issued, the district board shall enter in
44 its minutes a record of the bonds sold and their numbers and dates and shall
45 annually levy and cause an ad valorem tax to be collected, at the same time

1 and in the same manner as other taxes are levied and collected on all taxable
2 property in the district, sufficient, together with any monies from the
3 sources described in section 48-717, to pay debt service on the bonds when
4 due. Monies derived from the levy of the tax provided in this section when
5 collected constitute funds to pay the debt service on the bonds and shall be
6 kept separately from other funds of the district.

7 E. ALL BONDS, WHENEVER ISSUED, ARE SECURED BY A LIEN ON ALL REVENUES
8 RECEIVED PURSUANT TO THE TAX LEVY. THE LIEN ARISES AUTOMATICALLY WITHOUT THE
9 NEED FOR ANY ACTION OR AUTHORIZATION BY THE DISTRICT OR THE DISTRICT BOARD.
10 THE LIEN IS VALID AND BINDING FROM THE TIME OF THE ISSUANCE OF THE BONDS.
11 THE REVENUES RECEIVED PURSUANT TO THE LEVY OF THE TAX ARE IMMEDIATELY SUBJECT
12 TO THE LIEN. THE LIEN ATTACHES IMMEDIATELY TO THE REVENUES AND IS EFFECTIVE,
13 BINDING AND ENFORCEABLE AGAINST THE DISTRICT, THE DISTRICT'S SUCCESSORS,
14 TRANSFEREES AND CREDITORS AND ALL OTHER PARTIES ASSERTING RIGHTS IN THE
15 REVENUES, IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN,
16 WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING OR FURTHER
17 ACT.

18 Sec. 16. Section 48-720, Arizona Revised Statutes, is amended to read:
19 48-720. Revenue bonds; fees and charges

20 A. At any time after the hearing on formation of the district, the
21 district board may hold a hearing on the question of authorizing the district
22 board to issue revenue bonds of the district to provide monies for any public
23 infrastructure purposes consistent with the general plan.

24 B. If revenue bonds are approved by resolution, the district board may
25 issue and sell revenue bonds of the district.

26 ~~C. If the bonds are to be sold in a public offering, no bonds may be
27 issued by the district unless the bonds receive one of the four highest
28 investment grade ratings by a nationally recognized bond rating agency.~~

29 ~~D.~~ C. The district board may pledge to the payment of its revenue
30 bonds any revenues of the district or revenues to be collected by the
31 municipality or county in trust for the district and returned to the
32 district.

33 ~~E.~~ D. The district shall prescribe fees and charges, and shall revise
34 them when necessary, to generate revenue sufficient, together with any monies
35 from the sources described in section 48-717, to pay when due the principal
36 and interest of all revenue bonds for the payment of which revenue has been
37 pledged. The establishment or revision of any rates, fees and charges shall
38 be identified and noticed concurrently with the annual budget process of the
39 district pursuant to section 48-716.

40 ~~F.~~ E. If, in the resolution of the district board, the revenues to be
41 pledged were limited to certain types of revenues, only those types of
42 revenues may be pledged and only those revenues must be maintained.

43 ~~G.~~ F. No holder of revenue bonds issued under this article may compel
44 any exercise of the taxing power of the district, municipality or county to
45 pay the bonds or the interest on the bonds. Revenue bonds issued under this

1 article are not a debt of the district, municipality or county, nor is the
2 payment of revenue bonds enforceable out of any monies other than the revenue
3 pledged to the payment of the bonds.

4 ~~H.~~ G. The district may issue and sell refunding bonds to refund any
5 revenue bonds of the district.

6 Sec. 17. Section 48-721, Arizona Revised Statutes, is amended to read:
7 48-721. Special assessments; assessment lien bonds

8 A. The district board, by resolution and pursuant to the procedures
9 prescribed by sections 48-576 through 48-589, as nearly as practicable, or
10 such other procedures as the district board provides, may levy an assessment
11 of the costs of any public infrastructure purpose, any operation and
12 maintenance of public infrastructure or any enhanced municipal services on
13 any land in the district based on the benefit determined by the district
14 board to be received by the land. Prior to the issuance of special
15 assessment bonds the district may enter into a written agreement with a
16 landowner as to the manner in which the assessment is to be allocated if the
17 land is to be divided into more than one parcel. If an issue of special
18 assessment lien bonds finances more than one purpose or service, the benefit
19 received by the land, in the discretion of the district, may be determined by
20 reference to the purposes and services as a whole or individually. The
21 assessment may be based on estimated costs and amended to reflect actual
22 costs, and the preparation of plans and specifications and the awarding of
23 the contract are not a prerequisite to the levying of the assessment. An
24 owner of land on which an assessment has been levied may seek judicial review
25 of whether the land is benefited by the proposed infrastructure, on the
26 merits, by special action filed with the court of appeals pursuant to the
27 procedures of section 48-706, within thirty days ~~of~~ AFTER the effective date
28 of the resolution.

29 B. After adoption by the district board of a resolution levying a
30 special assessment on property in the district pursuant to section 48-709,
31 subsection A, paragraph 11 the district board may issue and sell special
32 assessment lien bonds payable from amounts collected from the special
33 assessments, from amounts available from time to time in any reserve fund
34 established for those bonds and from any other amounts available for those
35 purposes as prescribed by section 48-717. The district and the county
36 treasurer for the county in which the district is located may enter into an
37 agreement for the county treasurer to collect the district's special
38 assessments in the manner and by the officers provided by law for the
39 collection and enforcement of general taxes. The district and the county
40 treasurer may provide by agreement for the payment of the county treasurer's
41 collection expenses directly related to the levy of the special assessment
42 and, if so provided, the levy of the special assessment may include an amount
43 for compensation of the county treasurer directly related to the collection
44 of the special assessment. The compensation received by the county treasurer
45 pursuant to the agreement shall be governed by section 11-496. The district

1 board may also issue and sell bond anticipation notes pursuant to the
2 procedures prescribed in section 48-2081 or with procedures as similar to
3 those as is practicable. The assessment shall be a first lien on the
4 property assessed subject only to general property taxes and prior special
5 assessments. In the event of nonpayment of an assessment and except as
6 otherwise provided in an agreement between the district and the county
7 treasurer pursuant to this section, the procedures for collection of
8 delinquent assessments, sale of delinquent property and issuance and effect
9 of the superintendent's deed prescribed by sections 48-601 through 48-607
10 apply, as nearly as practicable, except that in no event is the district or
11 the municipality required to purchase the delinquent land at the sale if
12 there is no other purchaser. If the landowner owns more than one parcel in
13 the district, the district board may provide procedures for the collection
14 and enforcement of assessments as the board deems appropriate by contract
15 with a landowner to permit the sale of any or all of the landowner's parcels
16 in the district if the landowner becomes delinquent as to any parcel that the
17 landowner owns in the district.

18 C. On adoption of the resolution, but before issuance of the special
19 assessment lien bonds, the district may direct the treasurer to make demand
20 on the owners of the property so assessed, as shown on the property tax roll,
21 for advance payment of the amount assessed. The demand shall state a date
22 not less than twenty days after the date of adoption of the ordinance after
23 which the treasurer may refuse to accept advance payments of the
24 assessment. The treasurer shall certify to the clerk on or after the date
25 specified in the demand the amount collected and the assessments remaining
26 unpaid against each parcel of land assessed. Special assessment lien bonds
27 may not be issued in an amount in excess of the amount assessed in the
28 ordinance or, if advance payments are demanded, the amount certified to the
29 clerk. The district may adopt procedures for prepayment and provisions for
30 payment and reallocation of assessments.

31 D. The district, **BY RESOLUTION AND PURSUANT TO THE PROCEDURES**
32 **PRESCRIBED BY ARTICLE 4 OF THIS CHAPTER, AS NEARLY AS PRACTICABLE,** may issue
33 and sell refunding bonds to refund any special assessment bonds of the
34 district.