

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

CHAPTER 189
HOUSE BILL 2301

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
46 the governing body deems to be the best then available and may bear interest

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

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

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

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

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

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

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

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

45 6. The governing body may:

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

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

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

23 9. If bonds are to be issued in the form of commercial paper, the
24 governing body shall first establish the schedule for the maturities of the
25 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,
28 or 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 which 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 governing body.

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 H. For purposes of this section, "on-line bidding process" means a
39 procurement process in which the governing body receives bids electronically
40 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
46 such purposes may be deposited in trust with a banking corporation or

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

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

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

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

39 11-264.01. Additional bonding authority; security for payment;
40 definition

41 A. In addition to other bonding authority of the board of supervisors
42 the board of any county authorized to operate a sewerage system pursuant to
43 provisions of section 11-264 may issue bonds for the construction,
44 acquisition or improvement of such system. All principal and interest of
45 bonds issued by a county are payable solely out of the revenues, proceeds and
46 receipts derived from the operation of the county sewerage system or out of

1 the proceeds of bonds issued under this section or of any revenues, proceeds
2 and receipts of such bonds as are specified in the proceedings of the board
3 of supervisors in which the bonds are authorized to be issued.

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

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

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

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

11 3. Be in registered or bearer form either as to principal or interest
12 or both.

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

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

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

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

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

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

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

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

41 3. If bonds are sold at public sale, the board of supervisors shall
42 call for bids by giving notice at least once a week for two successive weeks
43 by publication in a newspaper of general circulation within the county. The
44 notice shall be in such form as the board of supervisors prescribes.

45 4. If bonds are sold through an on-line bidding process, bids for the
46 bonds that are entered into the system may be concealed until a specified

1 time or disclosed in the on-line bidding process, may be subject to
2 improvement in favor of the county before a specified time and may be for an
3 entire issue or specified maturities according to the manner, terms and
4 notice provisions ordered by the board of supervisors.

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

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

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

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

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

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

33 H. Any outstanding bonds of the county may at any time be refunded by
34 the county by the issuance of its refunding bonds in such amount as the board
35 of supervisors may deem necessary but not exceeding an amount sufficient to
36 refund the principal of the bonds to be refunded, together with any unpaid
37 interest on the bonds and any necessary premiums and commissions. Any such
38 refunding may be effected whether the bonds to be refunded have matured or
39 shall thereafter mature, either by sale of the refunding bonds and the
40 application of the proceeds for the payment of the bonds to be refunded or by
41 the exchange of the refunding bonds for the bonds to be refunded with the
42 consent of the holders of the bonds to be refunded, and regardless of whether
43 the bonds to be refunded were issued in connection with the same projects or
44 separate projects and regardless of whether the bonds proposed to be refunded
45 are payable at the same date or different dates or are due serially or
46 otherwise.

1 I. All such bonds and interest coupons applicable to the bonds are
2 negotiable instruments.

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

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

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

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

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

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

38 6. The board of supervisors may:

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

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

1 A. The board shall cause to be assessed and levied each year ~~upon~~ ON
2 the taxable property of the county, in addition to the levy authorized for
3 other purposes, an amount sufficient to pay the interest on outstanding bonds
4 and such proportion of the principal that at the end of five years the amount
5 raised from the levy shall equal at least twenty ~~per-cent~~ PERCENT of the
6 amount of bonds issued, and at the end of nine years shall equal at least
7 forty ~~per-cent~~ PERCENT of the amount, and at and before the date of maturity
8 of the bonds shall equal the whole amount of the principal and interest.

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

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

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

28 Sec. 5. Section 11-377, Arizona Revised Statutes, is amended to read:

29 11-377. Form of bonds; interest rates; redemption; payment of
30 principal and interest; additional security;
31 definition

32 A. Bonds issued under this article shall be fully negotiable within
33 the meaning and for all purposes provided by title 47. They may be in one or
34 more series, may bear such dates, may be payable in such medium of payment
35 and at such places, may carry such registration privileges, may have that
36 priority or lien position between bondholders, shall be executed in such
37 manner, may contain such other terms, covenants and conditions, and may be in
38 such form as the board of supervisors by resolution prescribes. The final
39 payment shall be due not more than thirty years from the date of issuance, as
40 the board of supervisors may prescribe. Any or all of such bonds shall be
41 callable at such times, on such terms and in such manner as the board of
42 supervisors by resolution prescribes.

43 B. Any or all of the bonds may be sold by calling for bids at public
44 sale, ~~or~~ through an on-line bidding process, ~~or~~ UNDER an accelerated bidding
45 process OR BY NEGOTIATED SALE. If sold under an accelerated bidding process,
46 the bonds shall be sold at the lowest cost the board of supervisors deems

1 then available after having received at least three pricing quotations from
2 recognized purchasers of bonds of the type being sold. If sold at public
3 sale or through an on-line bidding process, the bonds shall be sold to the
4 bidder making the best bid. If bonds are sold through an on-line bidding
5 process, bids for the bonds that are entered into the system may be concealed
6 until a specified time or disclosed in the on-line bidding process, may be
7 subject to improvement in favor of the county before a specified time and may
8 be for an entire issue or specified maturities according to the manner, terms
9 and notice provisions ordered by the board of supervisors.

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

16 D. If sold at public sale, the board of supervisors shall call for
17 bids for the bonds by giving notice thereof at least once a week for two
18 successive weeks within a county having a population of five hundred thousand
19 persons or more ~~according to the most recent United States decennial census~~,
20 and once a week for four successive weeks in a newspaper of general
21 circulation within a county having a population of less than five hundred
22 thousand persons ~~according to the most recent United States decennial~~
23 ~~census~~. The notice shall be in the form prescribed by the board of
24 supervisors. The bids shall be for the entire bond issue unless the board of
25 supervisors by resolution allows bidding therefor in parcels of less than the
26 entire issue.

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

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

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

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

8 3. The board of supervisors may grant to the owner of any bond a right
9 to tender or may require the tender of the bond for payment or purchase at
10 one or more times before maturity and may enter into appropriate agreements
11 with any bank, financial institution, insurance company or indemnity company
12 for the purchase of bonds so tendered. This agreement may provide that while
13 the bonds are held by the bank, financial institution, insurance company or
14 indemnity company the bonds may bear interest at a rate higher than when the
15 bonds are held by other owners, but not in excess of the maximum rate of
16 interest set forth in the resolution calling the election.

17 4. If bonds are tendered before maturity under an agreement to pay for
18 or purchase bonds when so tendered, the county may provide for the purchase
19 and resale of those bonds pursuant to the tenders without extinguishing the
20 obligation represented by them or incurring a new obligation on the resale,
21 whether or not those bonds are represented by the same instruments when
22 purchased as when resold.

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

26 6. The board of supervisors may:

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

30 (b) Pay the costs of this additional security from amounts provided in
31 the bond issue or from other available sources and may enter into
32 reimbursement obligations in connection with the cost of the additional
33 security.

34 7. Any reimbursement obligation entered into with the bank, financial
35 institution, insurance company or indemnity company shall not provide for the
36 payment of interest in excess of the maximum rate of interest set forth in
37 the resolution calling the election. The reimbursement obligation does not
38 constitute a general obligation of the county and is payable from the same
39 source as the bonds, or from other available revenues, as determined by the
40 board of supervisors.

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

1 9. If bonds are to be issued in the form of commercial paper, the
2 board of supervisors shall first provide for the establishment of the
3 schedule for the maturities of the bonds within the maximum period permitted
4 by the voted proposition. The individual instruments representing the bonds
5 may mature over shorter periods and may be retired with proceeds of
6 subsequent instruments or with the proceeds of definitive bonds, but they
7 shall be finally paid according to the schedule of bond maturities or
8 earlier.

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

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

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

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

24 I. As additional security for the payment of such bonds, a county, by
25 resolution submitted to the qualified electors at a special election called
26 for such purpose, and ~~upon~~ ON the approval of such resolution by a majority
27 of the voters voting at such election, may pledge its full faith and credit
28 for the payment of the bonds, and if such pledge is made, and the revenues
29 pledged to the payment of such bonds are at any time insufficient therefor,
30 the county shall be obligated to pay such bonds with interest to the same
31 extent as other general obligation bonds of the county, and shall be
32 reimbursed from subsequent revenues received by the county from taxes, fees,
33 charges and other monies collected by the state and returned to such county
34 for street and highway purposes pursuant to law.

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

38 Sec. 6. Section 15-1022, Arizona Revised Statutes, is amended to read:

39 15-1022. Tax levy for bonds; administration and disposition of
40 tax; cancellation of paid bonds; security

41 A. The board of supervisors, at the time of making the levy of taxes
42 for county purposes, shall levy a tax for the year upon the taxable property
43 in a school district or former school district canceled by election, which
44 has outstanding school bonds for the interest and redemption of the bonds.
45 The tax shall not be less than sufficient to pay the interest of the bonds
46 for the year and the portion of the principal of the bonds becoming due

1 during the year and in any event shall be enough to raise, annually, for the
2 first half of the term of the bonds a sufficient amount to pay the interest
3 thereon, and during the remainder of the term enough to pay the annual
4 interest and to pay, annually, a portion of the principal of the bonds equal
5 to an amount produced by taking the whole amount of bonds outstanding and
6 dividing it by the number of years the bonds then have to run.

7 B. All monies, when collected, shall be paid into the county treasury
8 to the credit of the debt service fund of the school district and shall be
9 used only for payment of principal and interest on the bonds. The county
10 treasurer shall keep the debt service fund separate from all other funds in
11 the county treasury. The principal and interest on the bonds shall be paid
12 by the county treasurer from the fund provided therefor.

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

15 D. ALL BONDS, WHENEVER ISSUED, ARE SECURED BY A LIEN ON ALL REVENUES
16 RECEIVED PURSUANT TO THE TAX LEVY. THE LIEN ARISES AUTOMATICALLY WITHOUT THE
17 NEED FOR ANY ACTION OR AUTHORIZATION BY THE SCHOOL DISTRICT, THE SCHOOL
18 DISTRICT'S GOVERNING BOARD OR THE COUNTY TREASURER. THE LIEN IS VALID AND
19 BINDING FROM THE TIME OF THE ISSUANCE OF THE BONDS. THE REVENUES RECEIVED
20 PURSUANT TO THE LEVY OF THE TAX ARE IMMEDIATELY SUBJECT TO THE LIEN. THE LIEN
21 ATTACHES IMMEDIATELY TO THE REVENUES AND IS EFFECTIVE, BINDING AND
22 ENFORCEABLE AGAINST THE SCHOOL DISTRICT AND THE COUNTY TREASURER, THEIR
23 SUCCESSORS, TRANSFEREES AND CREDITORS AND ALL OTHER PARTIES ASSERTING RIGHTS
24 IN THE REVENUES, IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN,
25 WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING OR FURTHER
26 ACT.

27 Sec. 7. Section 15-1024, Arizona Revised Statutes, is amended to read:
28 15-1024. Interest on bonds; sale; disposition of proceeds;
29 definition

30 A. The bonds shall bear interest, payable semiannually at the rate or
31 rates set by the accepted bid, which shall not exceed the maximum rate of
32 interest set forth in the resolution calling the election. The bonds may be
33 made payable at such place within the United States as the governing board of
34 the school district directs and shall be sold in the manner prescribed by the
35 governing board of the school district for not less than par.

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

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

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

4 C. When bonds are sold and the proceeds are not required to be used
5 for a period of ten days or more, such proceeds may be invested as provided
6 by section 15-1025, subsection B. All monies earned as interest or otherwise
7 derived from the investment of the proceeds of the sale of the bonds shall be
8 credited to the debt service fund, except that ~~upon~~ ON the request of the
9 district, the monies earned as interest shall be deposited to the bond
10 building fund if federal laws or rules require the interest to be used for
11 capital expenditures or the monies earned as interest shall be credited to
12 the bond building fund if the voters authorized such use of the monies in a
13 separate question at the bond election. The separate question shall inform
14 the voters that the monies will be credited to the debt service fund, and may
15 therefore reduce the amount of the secondary property tax, if the measure
16 authorizing the monies to be credited to the bond building fund does not
17 pass.

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

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

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

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

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

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

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

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

38 Sec. 8. Section 35-457, Arizona Revised Statutes, is amended to read:
39 35-457. Sale of bonds; bids; forfeiture of deposit; definitions

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

43 1. If sold by public sale before the sale of any bonds the governing
44 body or board shall meet and enter ~~upon~~ ON its record an order directing the
45 sale of the bonds and the date and hour of the sale, and cause a copy of the
46 order to be published at least once a week for two successive weeks in cities

1 having a population of fifteen thousand or more persons ~~according to the most~~
2 ~~recent federal census~~, and once a week for four successive weeks in all other
3 political subdivisions before the sale in one or more designated daily or
4 weekly newspapers, together with a notice that sealed proposals will be
5 received for purchase of the bonds on the date and hour named in the order.

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

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

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

28 D. The bonds may be sold below, at or above par. If an issue of bonds
29 is sold below par, the aggregate amount of discount plus interest to be paid
30 on the bonds must not exceed the amount of interest that would be payable on
31 the bonds over the maturity schedule prescribed by the governing body at the
32 maximum rate set out in the resolution calling the election at which the
33 bonds were voted. The amount of net premium associated with a bond issue may
34 ~~not exceed the greater of~~ BE USED ONLY FOR ONE OR MORE OF THE FOLLOWING:

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

36 ~~2. One hundred thousand dollars.~~

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

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

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

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

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

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

6 1. "Net premium" means the difference between the par amount of the
7 bond issue and the bond issue price determined pursuant to United States
8 treasury regulations.

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

12 Sec. 9. Section 35-458, Arizona Revised Statutes, is amended to read:
13 35-458. Levy of tax for payment of interest and bonds; security

14 A. After the bonds are issued, the governing body or board shall enter
15 on its minutes a record of the bonds sold and their numbers and dates, and
16 shall annually levy and cause to be collected a tax, at the same time and in
17 the same manner as other taxes are levied and collected on all taxable
18 property in such political subdivision, sufficient to pay the annual interest
19 on the bonds when due, and shall likewise annually levy a tax sufficient to
20 redeem the bonds when they mature. The annual levy for both the principal
21 and interest payment, including a reasonable tax delinquency factor, shall
22 not exceed the net amount necessary to make the annual payment and the
23 reasonable delinquency factor, including an amount necessary to correct prior
24 year errors in the levy, if applicable, and any expenses and fees required in
25 conjunction with the authorization pursuant to section 35-512.

26 B. Monies derived from the levy of the tax when collected shall
27 constitute a fund for payment of interest and the bonds. The fund shall be
28 kept separately and shall be known as the "interest fund" and "redemption
29 fund" or the two funds may be combined into a single "interest and redemption
30 fund."

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

43 Sec. 10. Section 35-471, Arizona Revised Statutes, is amended to read:
44 35-471. Refunding bonds; resolution authorizing issuance;
45 definition

1 A. The board of supervisors, on behalf of the county, the governing
2 body of a city or town or similar municipal corporation and a school district
3 governing board may issue refunding bonds to refund the bonded indebtedness
4 of such county, school district, city or town or other similar municipal
5 corporation when it is expedient to do so.

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

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

12 2. The amount of bonds to be issued, the date of such bonds and the
13 denominations.

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

15 4. The place of payment, within or without the state, of the principal
16 and interest.

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

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

22 ~~2. 1. The amount equal to the difference between the amount required~~
23 To fund the escrow account ~~and the par amount of the refunded~~ TO PAY THE
24 bonds TO BE REFUNDED.

25 ~~3. 2. The amount equal~~ To PAY the costs incurred in issuing the
26 refunding bonds.

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

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

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

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

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

1 due and payable in the ensuing year, and the annual portion of such sinking
2 fund as may be set up for retirement thereof, shall be levied, assessed and
3 collected as other taxes of the political subdivision and the proceeds
4 therefrom kept in a special fund and used only for the purposes for which
5 collected.

6 D. FOR BONDS THAT ARE ISSUED TO REFUND OR REFINANCE BONDS THAT ARE
7 ISSUED FROM AND AFTER AUGUST 31, 2016, IN ADVANCE OF THE MATURITY DATES OF
8 SUCH BONDS, THE HOLDER OF THE REFUNDED BONDS SHALL RELY ON THE SUFFICIENCY OF
9 THE FUNDS OR SECURITIES HELD IN TRUST FOR THE PAYMENT OF THE REFUNDED BONDS.
10 THE REFUNDED BONDS SHALL IN NO WAY INFRINGE ON THE RIGHTS OF THE HOLDERS OF
11 THE REFUNDING BONDS TO RELY ON A TAX LEVY FOR THE PAYMENT OF PRINCIPAL OF AND
12 INTEREST ON THE REFUNDING BONDS IF THE INVESTMENTS IN THE REDEMPTION FUNDS
13 PROVE INSUFFICIENT. THE TOTAL AGGREGATE OF TAXES LEVIED TO PAY PRINCIPAL OF
14 AND INTEREST ON THE REFUNDING BONDS IN THE AGGREGATE SHALL NOT EXCEED THE
15 TOTAL AGGREGATE PRINCIPAL AND INTEREST TO BECOME DUE ON THE REFUNDED BONDS
16 FROM THE DATE OF ISSUANCE OF THE REFUNDING BONDS TO THE FINAL DATE OF
17 MATURITY ON THE BONDS BEING REFUNDED. SUBJECT TO SUCH LIMITATION, TAXES IN
18 AN AMOUNT SUFFICIENT TO PAY THE INTEREST ON ALL REFUNDING BONDS ISSUED
19 PURSUANT TO THIS SECTION, THEN OUTSTANDING, THE INSTALLMENTS OF THE PRINCIPAL
20 THEREOF BECOMING DUE AND PAYABLE IN THE ENSUING YEAR, AND THE ANNUAL PORTION
21 OF SUCH SINKING FUND AS MAY BE SET UP FOR RETIREMENT THEREOF, SHALL BE
22 LEVIED, ASSESSED AND COLLECTED AS OTHER TAXES OF THE POLITICAL SUBDIVISION
23 AND THE PROCEEDS THEREFROM KEPT IN A SPECIAL FUND AND USED ONLY FOR THE
24 PURPOSES FOR WHICH COLLECTED.

25 ~~D.~~ E. Proceedings pursuant to this section shall be had by the board
26 or boards that would be authorized to issue and sell the bonds to be refunded
27 if such bonds were then to be issued and sold. The refunding bonds to be
28 issued pursuant hereto may be of serial, including semiannual, or term
29 maturities payable at any time on or before the maximum maturity date
30 otherwise authorized by this article, and the provisions relating to
31 execution, validity, records, place of payment and payment, cancellation and
32 destruction ~~upon~~ ON maturity of the bonds to be refunded shall apply to such
33 refunding bonds.

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

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

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

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

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

4 ~~3.~~ 2. ~~The amount equal~~ To PAY the costs incurred in issuing the
5 refunding bonds.

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

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

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

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

24 Sec. 12. Repeal

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

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

28 ARTICLE 4. REFUNDING MUNICIPAL IMPROVEMENT DISTRICT BONDS FOR SAVINGS

29 48-651. Refunding bonds

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

32 B. REFUNDING BONDS ISSUED PURSUANT TO THIS ARTICLE SHALL HAVE SUCH
33 DETAILS AND BE ISSUED AND SOLD AS PROVIDED BY THE GOVERNING BODY OF THE CITY
34 OR TOWN AND SHALL BE SECURED AS PROVIDED IN THIS ARTICLE, EXCEPT THAT
35 INTEREST ON THE REFUNDING BONDS SHALL BE PAYABLE SEMIANNUALLY ON JANUARY 1
36 AND JULY 1 AND THE DUE DATE OF THE REFUNDING BOND SHALL BE JANUARY 1 IN THE
37 YEAR IN WHICH IT BECOMES DUE.

38 48-652. Use of net proceeds; investment of proceeds; definition

39 A. REFUNDING BONDS ISSUED PURSUANT TO THIS ARTICLE MAY BE EXCHANGED
40 FOR NOT LESS THAN A LIKE PRINCIPAL AMOUNT OF BONDS TO BE REFUNDED, MAY BE
41 SOLD AT, ABOVE OR BELOW PAR AT A NEGOTIATED OR PUBLIC SALE OR MAY BE
42 EXCHANGED IN PART AND SOLD IN PART. IF SOLD, THE NET PROCEEDS OF THE
43 REFUNDING BONDS TOGETHER WITH ALL OR A PORTION OF THE AMOUNTS HELD IN THE
44 DEBT SERVICE FUND FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS BEING
45 REFUNDED, AMOUNTS IN ANY RESERVE FUND FOR THE BONDS BEING REFUNDED AND OTHER
46 AMOUNTS LAWFULLY AVAILABLE MAY BE INVESTED PROVIDED SUCH INVESTMENTS AND ANY

1 REINVESTMENT THEREOF WILL MATURE WITH INTEREST SO AS TO PROVIDE FUNDS TO PAY
2 THE BONDS TO BE REFUNDED WHEN DUE, OR CALLED FOR REDEMPTION, TOGETHER WITH
3 INTEREST THEREON AND REDEMPTION PREMIUMS, IF ANY, AT MATURITY OR ON AN
4 AVAILABLE REDEMPTION DATE OR ON AN EARLIER VOLUNTARY SURRENDER WITH THE
5 CONSENT OF THE CITY OR TOWN. SUCH AMOUNTS AND INVESTMENTS SHALL BE DEPOSITED
6 IN TRUST WITH A NATIONAL BANKING CORPORATION OR ASSOCIATION THAT IS
7 AUTHORIZED TO DO TRUST BUSINESS IN THIS STATE AND THAT IS A MEMBER OF THE
8 FEDERAL DEPOSIT INSURANCE CORPORATION, OR ANY SUCCESSOR AGENCY. AFTER SUCH
9 DEPOSIT, THE BONDS BEING REFUNDED SHALL BE DEEMED TO HAVE BEEN PAID AND SHALL
10 HAVE NO FURTHER INTEREST IN THE ASSESSMENTS FOR THE BONDS BEING REFUNDED.

11 B. THE TREASURER MAY ENTER INTO TRUST AGREEMENTS WITH BANKING
12 CORPORATIONS OR ASSOCIATIONS FOR THE HANDLING, SAFEKEEPING AND ADMINISTRATION
13 OF THE AMOUNTS AND INVESTMENTS THAT ARE DERIVED FROM, OR CONTRIBUTED TO, THE
14 REFUNDING. THE INVESTMENTS SHALL BE OBLIGATIONS ISSUED BY THE UNITED STATES
15 GOVERNMENT, OR ONE OF ITS AGENCIES, OR OBLIGATIONS FULLY GUARANTEED BY THE
16 UNITED STATES GOVERNMENT AS TO PRINCIPAL AND INTEREST.

17 C. FOR THE PURPOSES OF THIS SECTION, "NET PROCEEDS" MEANS THE GROSS
18 PROCEEDS OF THE REFUNDING BONDS AFTER THE DEDUCTION OF ALL ACCRUED INTEREST
19 AND EXPENSES INCURRED IN CONNECTION WITH THE AUTHORIZATION AND ISSUANCE OF
20 THE REFUNDING BONDS AND THE REFUNDING OF THE BONDS BEING REFUNDED INCLUDING
21 ALL COST AND EXPENSES RESULTING FROM PRICE VARIATION TO PAR OR OTHERWISE
22 INCURRED IN THE PURCHASE OF OBLIGATIONS FOR THE TRUST AND IN THE DISTRIBUTION
23 OF THE REFUNDING BONDS.

24 48-653. Limitation on refunding bonds; notice and hearing;
25 definition

26 A. REFUNDING BONDS MAY BE ISSUED ONLY IF THE TOTAL AMOUNT OF PRINCIPAL
27 OF AND INTEREST ON THE REFUNDING BONDS DOES NOT EXCEED THE TOTAL AMOUNT OF
28 REMAINING PRINCIPAL OF AND INTEREST ON THE BONDS TO BE REFUNDED. THE
29 SUPERINTENDENT SHALL FILE A MODIFIED ASSESSMENT REFLECTING THE REDUCTION IN
30 THE ASSESSMENT. IF THE MODIFIED ASSESSMENT DOES NOT INCREASE THE ASSESSMENT
31 ON ANY PARCEL OR LOT, THE MODIFIED ASSESSMENT MAY BE APPROVED BY THE
32 GOVERNING BODY WITHOUT PROVIDING NOTICE OR A HEARING TO THE OWNERS OF
33 AFFECTED PARCELS OR LOTS. IF THE MODIFICATION RESULTS IN AN INCREASE IN THE
34 ASSESSMENT TO ANY PARCEL OR LOT, NOTICE, AND IF REQUIRED, A HEARING SHALL BE
35 PROVIDED IN THE MANNER AS PROVIDED IN SECTION 48-594.

36 B. FOR THE PURPOSES OF THIS SECTION, "SUPERINTENDENT" HAS THE SAME
37 MEANING PRESCRIBED IN SECTION 48-571.

38 48-654. Security; payment

39 A. THE REFUNDING BONDS SHALL BE SECURED AND PAYABLE FROM THE SPECIAL
40 ASSESSMENTS LEVIED TO PAY THE BONDS BEING REFUNDED. ON ISSUANCE OF REFUNDING
41 BONDS, THE REMAINING UNPAID INSTALLMENTS OF SUCH SPECIAL ASSESSMENTS SHALL BE
42 RECALCULATED AND MODIFIED SO THAT THE AMOUNTS TO BE COLLECTED EQUAL THE
43 AMOUNTS NEEDED TO REPAY THE REFUNDING BONDS. SECTION 48-594 DOES NOT APPLY
44 TO THE RECALCULATION AND MODIFICATION OF THE ASSESSMENTS AUTHORIZED BY THIS
45 SECTION. ALL PROVISIONS OF ARTICLES 2 AND 3 OF THIS CHAPTER REGARDING THE
46 COLLECTION, PAYMENT AND ENFORCEMENT OF THE ASSESSMENTS FOR THE BONDS BEING

1 REFUNDED AND THE VALIDITY AND PRIORITY OF THE LIEN OF THE ASSESSMENTS FOR THE
2 BONDS BEING REFUNDED REMAIN IN FULL FORCE AND EFFECT. EXCEPT AS MODIFIED
3 PURSUANT TO THIS SECTION, THE ASSESSMENTS SURVIVE THE PAYMENT OR DEFEASANCE
4 OF THE BONDS BEING REFUNDED AND SHALL REMAIN IN FULL FORCE AND EFFECT,
5 SECURING THE REFUNDING BONDS UNTIL THE PAYMENT IN FULL OF THE REFUNDING
6 BONDS.

7 B. THE REFUNDING BONDS ARE PAYABLE ONLY OUT OF A SPECIAL FUND TO BE
8 COLLECTED FROM SUCH SPECIAL ASSESSMENTS. THE SPECIAL FUND IS SET APART FOR
9 THE PAYMENT OF THE REFUNDING BONDS AND CANNOT BE USED FOR ANY OTHER PURPOSE.
10 ALL SUMS COLLECTED FROM SUCH SPECIAL ASSESSMENTS SHALL BE PLACED IN THE
11 SPECIAL FUND AND SHALL BE USED FOR NO OTHER PURPOSE THAN PAYMENT OF THE
12 PRINCIPAL OF AND INTEREST ON THE REFUNDING BONDS.

13 C. THE SPECIAL ASSESSMENTS FROM WHICH THE REFUNDING BONDS ARE TO BE
14 PAID ARE THE SAME FIRST LIENS ON THE PROPERTY ASSESSED FOR THE BONDS BEING
15 REFUNDED, SUBJECT ONLY TO THE LIEN FOR GENERAL TAXES AND PRIOR SPECIAL
16 ASSESSMENTS. FOR THE ASSESSMENT OR REASSESSMENT, COLLECTION AND PAYMENT OF
17 THE SPECIAL ASSESSMENTS, THE FULL FAITH AND DILIGENCE OF THE CITY OR TOWN ARE
18 IRREVOCABLY PLEDGED.

19 48-655. Collection of assessments

20 THE TREASURER AND THE COUNTY TREASURER FOR THE COUNTY IN WHICH THE CITY
21 OR TOWN IS LOCATED MAY ENTER INTO AN AGREEMENT FOR THE COUNTY TREASURER TO
22 COLLECT THE SPECIAL ASSESSMENTS FOR THE REFUNDING BONDS IN THE MANNER AND BY
23 THE OFFICERS PROVIDED BY LAW FOR THE COLLECTION AND ENFORCEMENT OF GENERAL
24 TAXES. THE TREASURER AND THE COUNTY TREASURER MAY PROVIDE BY AGREEMENT FOR
25 THE PAYMENT OF THE COUNTY TREASURER'S COLLECTION EXPENSES DIRECTLY RELATED TO
26 THE LEVY OF THE SPECIAL ASSESSMENT AND, IF PROVIDED, THE LEVY OF THE SPECIAL
27 ASSESSMENT MAY INCLUDE AN AMOUNT FOR COMPENSATION OF THE COUNTY TREASURER
28 DIRECTLY RELATED TO THE COLLECTION OF THE SPECIAL ASSESSMENT. THE
29 COMPENSATION RECEIVED BY THE COUNTY TREASURER PURSUANT TO THE AGREEMENT IS
30 SUBJECT TO SECTION 11-496.

31 48-656. Determination of governing body

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

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

37 48-688. 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 dates, may be payable in a medium of payment and at
43 places, may carry registration privileges, may have that priority or lien
44 position between bondholders, shall be executed in a manner, may contain
45 other terms, covenants and conditions, and SHALL be in a form as the
46 governing body by resolution prescribes. The final payment shall be due not

1 more than thirty years from the date of issuance, as the governing body may
2 prescribe. Any or all of the bonds shall be callable at times, on terms and
3 in a manner as the governing body by resolution prescribes.

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

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

23 D. If sold at public sale, the governing body shall call for bids for
24 the bonds by giving notice at least once a week for two successive weeks in
25 cities having a population of fifteen thousand or more persons according to
26 the most recent federal census, and once a week for four successive weeks in
27 all other cities and towns by publication in a newspaper of general
28 circulation within the county. The notice shall be in the form prescribed by
29 the governing body. The bids shall be for the entire bond issue unless the
30 governing body by resolution allows bidding in parcels of less than the
31 entire issue. Notwithstanding any other provision of this subsection, bonds
32 may be sold to natural persons residing in this state by negotiated sale on
33 terms the governing body deems to be the best then available and may bear
34 interest payable at times as shall be determined by the governing body. The
35 bonds may be sold below, at or above par, provided that if the bonds are sold
36 below par, the aggregate amount of discount plus interest to be paid on the
37 bonds must not exceed the amount of interest that would be payable on the
38 bonds over the maturity schedule prescribed by the governing body at the
39 maximum rate set out in the resolution calling the election at which the
40 bonds were voted.

41 E. Bonds issued by a city or town may bear interest at any rate or
42 rates not in excess of the maximum rate of interest set forth in the
43 resolution calling the election, payable at the times determined by the
44 governing body, provided that each bond may be evidenced by one instrument,
45 or if commercial paper by a succession of instruments each bearing interest

1 payable only at maturity. Bonds or commercial paper issued under this
2 article shall be subject to the following:

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

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

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

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

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

31 6. The governing body may:

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

35 (b) Pay the costs of an additional security from amounts provided in
36 the bond issue or from other available sources and may enter into
37 reimbursement obligations in connection with the cost of the additional
38 security.

39 7. Any reimbursement obligation entered into with the bank, financial
40 institution, insurance company or indemnity company shall not provide for the
41 payment of interest in excess of the maximum rate of interest set forth in
42 the resolution calling the election. The reimbursement obligation does not
43 constitute a general obligation of the city or town and is payable from the
44 same source as the bonds, or from other available revenues, as determined by
45 the governing body.

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

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

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

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

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

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

29 H. As additional security for the payment of the bonds, a city or
30 town, by resolution submitted to the electors at a special election called
31 for this purpose, and ~~upon~~ ON the approval of the resolution by a majority of
32 the voters voting at the election, may pledge its full faith and credit for
33 the payment of the bonds, and if the pledge is made, and the revenues pledged
34 to the payment of the bonds are at any time insufficient, the city or town
35 shall be obligated to pay the bonds with interest to the same extent as other
36 general obligation bonds of the city or town, and shall be reimbursed from
37 subsequent revenues received by the city or town from taxes, fees, charges
38 and other monies collected by the state and returned to the city or town for
39 street and highway purposes pursuant to law.

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

43 Sec. 15. Section 48-719, Arizona Revised Statutes, is amended to read:
44 48-719. General obligation bonds; tax levy; security

45 A. At any time after the hearing on formation of the district, the
46 district board, or, if before formation, the governing body, may from time to

1 time order and call a general obligation bond election to submit to the
2 qualified electors of the district or to those persons who are qualified to
3 vote pursuant to section 48-707, subsection G the question of authorizing the
4 district board to issue general obligation bonds of the district to provide
5 monies for any public infrastructure purposes consistent with the general
6 plan. The election may be held in conjunction with the formation election.

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

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

12 ~~D.~~ C. The district may issue and sell refunding bonds to refund any
13 general obligation bonds of the district. If general obligation bonds are
14 issued to refund any general obligation bonds of the district no election on
15 the issuance of such refunding bonds is required.

16 ~~E.~~ D. After the bonds are issued, the district board shall enter in
17 its minutes a record of the bonds sold and their numbers and dates and shall
18 annually levy and cause an ad valorem tax to be collected, at the same time
19 and in the same manner as other taxes are levied and collected on all taxable
20 property in the district, sufficient, together with any monies from the
21 sources described in section 48-717, to pay debt service on the bonds when
22 due. Monies derived from the levy of the tax provided in this section when
23 collected constitute funds to pay the debt service on the bonds and shall be
24 kept separately from other funds of the district.

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

36 Sec. 16. Section 48-720, Arizona Revised Statutes, is amended to read:
37 48-720. Revenue bonds; fees and charges

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

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

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

1 ~~D.~~ C. The district board may pledge to the payment of its revenue
2 bonds any revenues of the district or revenues to be collected by the
3 municipality or county in trust for the district and returned to the
4 district.

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

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

15 ~~G.~~ F. No holder of revenue bonds issued under this article may compel
16 any exercise of the taxing power of the district, municipality or county to
17 pay the bonds or the interest on the bonds. Revenue bonds issued under this
18 article are not a debt of the district, municipality or county, nor is the
19 payment of revenue bonds enforceable out of any monies other than the revenue
20 pledged to the payment of the bonds.

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

23 Sec. 17. Section 48-721, Arizona Revised Statutes, is amended to read:
24 48-721. Special assessments; assessment lien bonds

25 A. The district board, by resolution and pursuant to the procedures
26 prescribed by sections 48-576 through 48-589, as nearly as practicable, or
27 such other procedures as the district board provides, may levy an assessment
28 of the costs of any public infrastructure purpose, any operation and
29 maintenance of public infrastructure or any enhanced municipal services on
30 any land in the district based on the benefit determined by the district
31 board to be received by the land. Prior to the issuance of special
32 assessment bonds the district may enter into a written agreement with a
33 landowner as to the manner in which the assessment is to be allocated if the
34 land is to be divided into more than one parcel. If an issue of special
35 assessment lien bonds finances more than one purpose or service, the benefit
36 received by the land, in the discretion of the district, may be determined by
37 reference to the purposes and services as a whole or individually. The
38 assessment may be based on estimated costs and amended to reflect actual
39 costs, and the preparation of plans and specifications and the awarding of
40 the contract are not a prerequisite to the levying of the assessment. An
41 owner of land on which an assessment has been levied may seek judicial review
42 of whether the land is benefited by the proposed infrastructure, on the
43 merits, by special action filed with the court of appeals pursuant to the
44 procedures of section 48-706, within thirty days ~~of~~ AFTER the effective date
45 of the resolution.

1 B. After adoption by the district board of a resolution levying a
2 special assessment on property in the district pursuant to section 48-709,
3 subsection A, paragraph 11 the district board may issue and sell special
4 assessment lien bonds payable from amounts collected from the special
5 assessments, from amounts available from time to time in any reserve fund
6 established for those bonds and from any other amounts available for those
7 purposes as prescribed by section 48-717. The district and the county
8 treasurer for the county in which the district is located may enter into an
9 agreement for the county treasurer to collect the district's special
10 assessments in the manner and by the officers provided by law for the
11 collection and enforcement of general taxes. The district and the county
12 treasurer may provide by agreement for the payment of the county treasurer's
13 collection expenses directly related to the levy of the special assessment
14 and, if so provided, the levy of the special assessment may include an amount
15 for compensation of the county treasurer directly related to the collection
16 of the special assessment. The compensation received by the county treasurer
17 pursuant to the agreement shall be governed by section 11-496. The district
18 board may also issue and sell bond anticipation notes pursuant to the
19 procedures prescribed in section 48-2081 or with procedures as similar to
20 those as is practicable. The assessment shall be a first lien on the
21 property assessed subject only to general property taxes and prior special
22 assessments. In the event of nonpayment of an assessment and except as
23 otherwise provided in an agreement between the district and the county
24 treasurer pursuant to this section, the procedures for collection of
25 delinquent assessments, sale of delinquent property and issuance and effect
26 of the superintendent's deed prescribed by sections 48-601 through 48-607
27 apply, as nearly as practicable, except that in no event is the district or
28 the municipality required to purchase the delinquent land at the sale if
29 there is no other purchaser. If the landowner owns more than one parcel in
30 the district, the district board may provide procedures for the collection
31 and enforcement of assessments as the board deems appropriate by contract
32 with a landowner to permit the sale of any or all of the landowner's parcels
33 in the district if the landowner becomes delinquent as to any parcel that the
34 landowner owns in the district.

35 C. On adoption of the resolution, but before issuance of the special
36 assessment lien bonds, the district may direct the treasurer to make demand
37 on the owners of the property so assessed, as shown on the property tax roll,
38 for advance payment of the amount assessed. The demand shall state a date
39 not less than twenty days after the date of adoption of the ordinance after
40 which the treasurer may refuse to accept advance payments of the
41 assessment. The treasurer shall certify to the clerk on or after the date
42 specified in the demand the amount collected and the assessments remaining
43 unpaid against each parcel of land assessed. Special assessment lien bonds
44 may not be issued in an amount in excess of the amount assessed in the
45 ordinance or, if advance payments are demanded, the amount certified to the

1 clerk. The district may adopt procedures for prepayment and provisions for
2 payment and reallocation of assessments.

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

APPROVED BY THE GOVERNOR MAY 11, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 11, 2016.