

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 226
HOUSE BILL 2692

AN ACT

AMENDING SECTIONS 41-3014.06, 49-1201, 49-1202, 49-1203, 49-1261, 49-1263, 49-1264, 49-1265 AND 49-1267, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 49, CHAPTER 8, ARTICLE 2, ARIZONA REVISED STATUTES, TO "CLEAN WATER REVOLVING FUND, DRINKING WATER REVOLVING FUND AND HARDSHIP GRANT FUND FINANCIAL PROVISIONS"; AMENDING TITLE 49, CHAPTER 8, ARIZONA REVISED STATUTES. BY ADDING ARTICLE 3; RELATING TO THE WATER INFRASTRUCTURE FINANCE PROGRAM; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 41-3014.06, Arizona Revised Statutes, is amended to
3 read:
4 41-3014.06. Water infrastructure finance authority; termination
5 July 1, 2014
6 A. The water infrastructure finance authority terminates on July 1,
7 2014.
8 B. Sections 49-1201 through 49-1204, 49-1224 through 49-1226, 49-1244,
9 49-1245, 49-1246, ~~and~~ 49-1261 through ~~49-1268~~ 49-1269 AND 49-1274 THROUGH
10 49-1282 are repealed on January 1, 2015, if the authority:
11 1. Has no outstanding contractual obligations with the United States
12 or any United States agency.
13 2. Has no debts, obligations or guarantees that were issued for the
14 purposes of title 49, chapter 8.
15 3. Has otherwise provided for paying or retiring such debts or
16 obligations.
17 C. If any debt or obligation listed in subsection B of this section
18 exists and no satisfactory provision has been made to pay or retire the debt
19 or obligation, the authority and statutes shall continue in existence until
20 the debt or obligation is fully satisfied.
21 Sec. 2. Section 49-1201, Arizona Revised Statutes, is amended to read:
22 49-1201. Definitions
23 In this ~~article~~ CHAPTER, unless the context otherwise requires:
24 1. "Authority" means the water infrastructure finance authority of
25 Arizona.
26 2. "Board" means the board of directors of the authority.
27 3. "Bonds of a political subdivision" means bonds issued by a
28 political subdivision as authorized by law.
29 4. "Clean water act" means the federal water pollution control act
30 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water
31 quality act of 1987 (P.L. 100-4; 101 Stat. 7).
32 5. "COMMITTEE" MEANS THE WATER SUPPLY DEVELOPMENT FUND COMMITTEE
33 ESTABLISHED BY SECTION 49-1202, SUBSECTION B.
34 ~~5-~~ 6. "Drinking water facility" means a community water system or a
35 nonprofit noncommunity water system as defined in the safe drinking water act
36 (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110
37 Stat. 1613) that is located in this state. For purposes of this article,
38 drinking water facility does not include water systems owned by federal
39 agencies.
40 ~~6-~~ 7. "Financial assistance loan repayment agreement" means an
41 agreement to repay a loan provided to design, construct, acquire,
42 rehabilitate or improve water or wastewater infrastructure, related property
43 and appurtenances OR A LOAN PROVIDED TO FINANCE A WATER SUPPLY DEVELOPMENT
44 PROJECT.
45 ~~7-~~ 8. "Indian tribe" means any Indian tribe, band, group or community
46 that is recognized by the United States secretary of the interior and that

1 exercises governmental authority within the limits of any Indian reservation
2 under the jurisdiction of the United States government, notwithstanding the
3 issuance of any patent and including rights-of-way running through the
4 reservation.

5 ~~8-~~ 9. "Nonpoint source project" means a project designed to implement
6 a certified water quality management plan.

7 ~~9-~~ 10. "Political subdivision" means a county, city, town or special
8 taxing district authorized by law to construct wastewater treatment
9 facilities, drinking water facilities or nonpoint source projects.

10 ~~10-~~ 11. "Safe drinking water act" means the federal safe drinking
11 water act (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L.
12 104-182; 110 Stat. 1613), as amended in 1996.

13 ~~11-~~ 12. "Technical assistance loan repayment agreement" means **EITHER**
14 **OF THE FOLLOWING:**

15 (a) An agreement to repay a loan provided to develop, plan and design
16 water or wastewater infrastructure, related property and appurtenances. The
17 agreement shall be for a term of not more than three years and the maximum
18 amount that may be borrowed is limited to not more than five hundred thousand
19 dollars.

20 (b) **AN AGREEMENT TO REPAY A LOAN PROVIDED TO DEVELOP, PLAN OR DESIGN A**
21 **WATER SUPPLY DEVELOPMENT PROJECT.**

22 ~~12-~~ 13. "Wastewater treatment facility" means a treatment works, as
23 defined in section 212 of the clean water act, that is located in this state
24 and that is designed to hold, cleanse or purify or to prevent the discharge
25 of untreated or inadequately treated sewage or other polluted waters for
26 purposes of complying with the clean water act.

27 14. **"WATER PROVIDER" MEANS ANY OF THE FOLLOWING:**

28 (a) **A MUNICIPAL WATER DELIVERY SYSTEM AS DEFINED IN SECTION 42-5301,**
29 **PARAGRAPHS 1 AND 3.**

30 (b) **A MUNICIPAL WATER DELIVERY SYSTEM AS DEFINED IN SECTION 42-5301,**
31 **PARAGRAPH 2, WHICH HAS ENTERED INTO A PARTNERSHIP WITH A CITY, TOWN OR COUNTY**
32 **FOR A WATER SUPPLY AUGMENTATION PLAN.**

33 (c) **A COUNTY WATER AUGMENTATION AUTHORITY ESTABLISHED UNDER TITLE 45,**
34 **CHAPTER 11.**

35 (d) **A COUNTY WATER AUTHORITY ESTABLISHED UNDER TITLE 45, CHAPTER 13.**

36 (e) **AN INDIAN TRIBE.**

37 (f) **A COMMUNITY FACILITIES DISTRICT AS ESTABLISHED BY TITLE 48,**
38 **CHAPTER 4.**

39 15. **"WATER SUPPLY DEVELOPMENT" MEANS EITHER OF THE FOLLOWING:**

40 (a) **THE ACQUISITION OF WATER OR RIGHTS TO OR CONTRACTS FOR WATER TO**
41 **AUGMENT THE WATER SUPPLY OF A WATER PROVIDER.**

42 (b) **THE DEVELOPMENT OF FACILITIES FOR ANY OF THE FOLLOWING PURPOSES:**

43 (i) **CONVEYANCE, STORAGE OR RECOVERY OF WATER.**

44 (ii) **RECLAMATION AND REUSE OF WATER.**

45 (iii) **REPLENISHMENT OF GROUNDWATER.**

46 Sec. 3. Section 49-1202, Arizona Revised Statutes, is amended to read:

1 49-1202. Water infrastructure finance authority of Arizona:
2 board; water supply development fund committee:
3 violation; classification

4 A. The water infrastructure finance authority of Arizona is
5 established. A board of directors shall govern the authority. The board of
6 directors consists of:

7 1. The director of environmental quality, or the director's
8 representative, who serves as chairman.

9 2. The director of the department of commerce or the director's
10 representative.

11 3. The state treasurer or the treasurer's representative.

12 4. One member WHO IS appointed by the governor to represent
13 municipalities with populations of fifty thousand persons or more ~~according~~
14 ~~to the most recent United States decennial census.~~

15 5. One member WHO IS appointed by the governor to represent
16 municipalities with populations of less than fifty thousand persons from a
17 county with a population of less than five hundred thousand persons ~~according~~
18 ~~to the most recent United States decennial census.~~

19 6. One member WHO IS appointed by the governor to represent counties
20 with populations of five hundred thousand persons or more ~~according to the~~
21 ~~most recent United States decennial census.~~

22 7. One member WHO IS appointed by the governor to represent sanitary
23 districts in counties with populations of less than five hundred thousand
24 persons ~~according to the most recent United States decennial census.~~

25 8. The director of water resources or the director's representative.

26 9. The chairman of the Arizona corporation commission or the
27 chairman's representative.

28 10. One member WHO IS appointed by the governor from a public water
29 system that serves five hundred persons or more.

30 11. One member WHO IS appointed by the governor from a public water
31 system that serves fewer than five hundred persons.

32 12. One member WHO IS appointed by the governor to represent Indian
33 tribes.

34 B. THE WATER SUPPLY DEVELOPMENT FUND COMMITTEE OF THE AUTHORITY IS
35 ESTABLISHED. THE COMMITTEE CONSISTS OF:

36 1. THE DIRECTOR OF WATER RESOURCES, OR THE DIRECTOR'S REPRESENTATIVE,
37 WHO SERVES AS CHAIRPERSON OF THE COMMITTEE.

38 2. THE DIRECTOR OF ENVIRONMENTAL QUALITY, OR THE DIRECTOR'S
39 REPRESENTATIVE, WHO SERVES AS VICE CHAIRPERSON OF THE COMMITTEE.

40 3. THE CHAIRMAN OF THE CORPORATION COMMISSION OR THE CHAIRMAN'S
41 REPRESENTATIVE.

42 4. THE STATE TREASURER OR THE TREASURER'S REPRESENTATIVE.

43 5. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
44 MUNICIPALITIES WITH POPULATIONS OF FIFTY THOUSAND PERSONS OR MORE BUT LESS
45 THAN ONE HUNDRED THOUSAND PERSONS.

1 6. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
2 MUNICIPALITIES WITH POPULATIONS OF LESS THAN FIFTY THOUSAND PERSONS FROM A
3 COUNTY WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS.

4 7. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
5 WITH POPULATIONS OF LESS THAN TWO HUNDRED THOUSAND PERSONS.

6 8. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
7 WITH POPULATIONS OF TWO HUNDRED THOUSAND PERSONS OR MORE BUT LESS THAN ONE
8 MILLION PERSONS.

9 9. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
10 WITH POPULATIONS OF ONE MILLION PERSONS OR MORE.

11 10. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT CITIES
12 WITH POPULATIONS OF MORE THAN ONE HUNDRED THOUSAND PERSONS IN COUNTIES WITH
13 POPULATIONS OF MORE THAN ONE MILLION PERSONS.

14 11. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A PUBLIC SERVICE
15 CORPORATION THAT SERVES ONE THOUSAND EIGHT HUNDRED FIFTY PERSONS OR MORE.

16 12. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A PUBLIC WATER
17 SYSTEM THAT SERVES FEWER THAN ONE THOUSAND EIGHT HUNDRED FIFTY PERSONS.

18 13. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT INDIAN
19 TRIBES.

20 ~~B.~~ C. Members OF THE BOARD AND THE COMMITTEE WHO ARE appointed by the
21 governor serve at the governor's pleasure and serve staggered five year
22 terms. Members of the board AND THE COMMITTEE are not eligible to receive
23 compensation for their services but are eligible for reimbursement for travel
24 and other expenses pursuant to title 38, chapter 4, article 2. Members of the
25 board AND THE COMMITTEE are public officers for purposes of title 38, and the
26 authority ~~is a~~ AND THE COMMITTEE ARE public ~~body~~ BODIES for purposes of title
27 38, chapter 3, article 3.1.

28 ~~C.~~ D. Members of the board shall not have any direct or indirect
29 personal financial interest in any clean water or drinking water project
30 financed under this article. MEMBERS OF THE COMMITTEE SHALL NOT HAVE ANY
31 DIRECT OR INDIRECT PERSONAL FINANCIAL INTEREST IN ANY WATER SUPPLY
32 DEVELOPMENT PROJECT FINANCED UNDER THIS ARTICLE. For THE purposes of this
33 subsection, a member of the board OR THE COMMITTEE who is a full-time
34 employee of a participant in or applicant for a loan does not have a direct
35 or indirect personal financial interest in a project. A violation of this
36 subsection is a class 1 misdemeanor.

37 ~~D.~~ E. The department of environmental quality shall provide clerical
38 support and office and meeting space to the board.

39 F. THE DEPARTMENT OF WATER RESOURCES SHALL PROVIDE TECHNICAL
40 ASSISTANCE TO THE COMMITTEE AS REQUESTED BY THE COMMITTEE.

41 Sec. 4. Section 49-1203, Arizona Revised Statutes, is amended to read:

42 49-1203. Powers and duties of authority; definition

43 A. The authority is a corporate and politic body and shall have an
44 official seal that shall be judicially noticed. The authority may sue and be
45 sued, contract and acquire, hold, operate and dispose of property.

46 B. The authority, through its board, may:

1 1. Issue negotiable water quality bonds pursuant to section 49-1261
2 for the following purposes:

3 (a) To generate the state match required by the clean water act for
4 the clean water revolving fund and to generate the match required by the safe
5 drinking water act for the drinking water revolving fund.

6 (b) To provide financial assistance to political subdivisions, Indian
7 tribes and eligible drinking water facilities for constructing, acquiring or
8 improving wastewater treatment facilities, drinking water facilities,
9 nonpoint source projects and other related water quality facilities and
10 projects.

11 2. ~~ISSUE WATER SUPPLY DEVELOPMENT BONDS FOR THE PURPOSE OF PROVIDING~~
12 ~~FINANCIAL ASSISTANCE TO WATER PROVIDERS FOR WATER SUPPLY DEVELOPMENT PURPOSES~~
13 ~~PURSUANT TO SECTIONS 49-1274 AND 49-1275.~~

14 ~~2-~~ 3. Provide financial assistance to political subdivisions and
15 Indian tribes from monies in the clean water revolving fund to finance
16 wastewater treatment projects.

17 ~~3-~~ 4. Provide financial assistance to drinking water facilities from
18 monies in the drinking water revolving fund to finance these facilities.

19 5. ~~PROVIDE FINANCIAL ASSISTANCE TO WATER PROVIDERS FROM MONIES IN THE~~
20 ~~WATER SUPPLY DEVELOPMENT REVOLVING FUND TO FINANCE WATER SUPPLY DEVELOPMENT.~~

21 ~~4-~~ 6. Guarantee debt obligations of, and provide linked deposit
22 guarantees through third party lenders to:

23 (a) Political subdivisions that are issued to finance wastewater
24 treatment projects.

25 (b) Drinking water facilities that are issued to finance these
26 facilities.

27 (c) ~~WATER PROVIDERS THAT ARE ISSUED TO FINANCE WATER SUPPLY~~
28 ~~DEVELOPMENT PROJECTS.~~

29 ~~5-~~ 7. Provide linked deposit guarantees through third party lenders
30 to political subdivisions, ~~and~~ drinking water facilities ~~AND WATER PROVIDERS.~~

31 ~~6-~~ 8. Apply for, accept and administer grants and other financial
32 assistance from the United States government and from other public and
33 private sources.

34 ~~7-~~ 9. Enter into capitalization grant agreements with the United
35 States environmental protection agency.

36 ~~8-~~ 10. Adopt rules pursuant to title 41, chapter 6 governing the
37 application for and awarding of wastewater treatment facility, drinking water
38 facility and nonpoint source project financial assistance under this ~~article~~
39 ~~CHAPTER~~, the administration of the clean water revolving fund and the
40 drinking water revolving fund and the issuance of water quality bonds.

41 ~~9-~~ 11. Hire a director and staff for the authority.

42 ~~10-~~ 12. Contract for the services of outside advisors, attorneys,
43 consultants and aides reasonably necessary or desirable to allow the
44 authority to adequately perform its duties.

1 ~~11-~~ 13. Contract and incur obligations as reasonably necessary or
2 desirable within the general scope of authority activities and operations to
3 allow the authority to adequately perform its duties.

4 ~~12-~~ 14. Assess financial assistance origination fees and annual fees
5 to cover the reasonable costs of administering the authority and the monies
6 administered by the authority. Any fees collected pursuant to this paragraph
7 constitute governmental revenue and may be used for any purpose consistent
8 with the mission and objectives of the authority.

9 ~~13-~~ 15. Perform any function of a fund manager under the CERCLA
10 Brownfields cleanup revolving loan fund program as requested by the
11 department. The board shall perform any action authorized under this article
12 on behalf of the Brownfields cleanup revolving loan fund program established
13 pursuant to chapter 2, article 1.1 of this title at the request of the
14 department. In order to perform these functions, the board shall enter into
15 a written agreement with the department.

16 ~~14-~~ 16. Provide grants, staff assistance or technical assistance in
17 the form of loan repayment agreements and other professional assistance to
18 political subdivisions, any county with a population of less than five
19 hundred thousand persons, Indian tribes and community water systems in
20 connection with the development or financing of wastewater, drinking water,
21 water reclamation or related water infrastructure. Assistance provided under
22 a technical assistance loan repayment agreement shall be in a form and under
23 terms determined by the authority and shall be repaid not more than three
24 years after the date that the monies are advanced to the applicant. The
25 provision of technical assistance by the authority does not create any
26 liability for the authority or this state regarding the design, construction
27 or operation of any infrastructure project.

28 17. PROVIDE GRANTS, STAFF ASSISTANCE OR TECHNICAL ASSISTANCE IN THE
29 FORM OF LOAN REPAYMENT AGREEMENTS AND OTHER PROFESSIONAL ASSISTANCE TO WATER
30 PROVIDERS IN CONNECTION WITH THE PLANNING OR DESIGN OF WATER SUPPLY
31 DEVELOPMENT PROJECTS AS DETERMINED BY THE COMMITTEE PURSUANT TO SECTION
32 49-1274. A SINGLE GRANT SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS.
33 ASSISTANCE PROVIDED UNDER A TECHNICAL ASSISTANCE LOAN REPAYMENT AGREEMENT
34 SHALL BE IN A FORM AND UNDER TERMS DETERMINED BY THE COMMITTEE AND SHALL BE
35 REPAYED NOT MORE THAN THREE YEARS AFTER THE DATE THAT THE MONIES ARE ADVANCED
36 TO THE APPLICANT. THE PROVISION OF TECHNICAL ASSISTANCE BY THE AUTHORITY OR
37 THE COMMITTEE DOES NOT CREATE ANY LIABILITY FOR THE AUTHORITY, THE COMMITTEE
38 OR THIS STATE REGARDING THE DESIGN, CONSTRUCTION OR OPERATION OF ANY WATER
39 SUPPLY DEVELOPMENT PROJECT.

40 C. THE AUTHORITY, IN CONSULTATION WITH THE COMMITTEE, MAY:

41 1. ADOPT RULES PURSUANT TO TITLE 41, CHAPTER 6 GOVERNING THE
42 APPLICATION FOR AND AWARDING OF WATER SUPPLY DEVELOPMENT FUND PROJECT
43 FINANCIAL ASSISTANCE UNDER THIS CHAPTER AND THE ADMINISTRATION OF THE WATER
44 SUPPLY DEVELOPMENT REVOLVING FUND.

45 2. APPOINT A TECHNICAL ADVISORY SUBCOMMITTEE OF NOT MORE THAN FIVE
46 PERSONS WITH EXPERTISE IN WATER RESOURCE PLANNING AND DEVELOPMENT TO ADVISE

1 THE COMMITTEE REGARDING THE TECHNICAL FEASIBILITY OF WATER SUPPLY DEVELOPMENT
2 PROJECTS.

3 ~~E.~~ D. The board shall deposit, pursuant to sections 35-146 and
4 35-147, any monies received pursuant to subsection B, paragraph ~~6~~ 8 of this
5 section in the appropriate fund as prescribed by the grant or other financial
6 assistance agreement.

7 ~~D.~~ E. Disbursements of monies by the water infrastructure finance
8 authority pursuant to a financial assistance agreement are not subject to
9 title 41, chapter 23.

10 ~~E.~~ F. For THE purposes of the safe drinking water act, the department
11 of environmental quality is the state agency with primary responsibility for
12 administration of this state's public water system supervision program and,
13 in consultation with other appropriate state agencies, is the lead agency in
14 establishing assistance priorities as prescribed by section 49-1243,
15 subsection A, paragraph 6 and section 49-1244, subsection B, paragraph 3.

16 ~~F.~~ G. For THE purposes of this section, "CERCLA" has the same meaning
17 prescribed in section 49-201.

18 Sec. 5. Heading change

19 The article heading of title 49, chapter 8, article 2, Arizona Revised
20 Statutes, is changed from "FINANCIAL PROVISIONS" to "CLEAN WATER REVOLVING
21 FUND, DRINKING WATER REVOLVING FUND AND HARDSHIP GRANT FUND FINANCIAL
22 PROVISIONS."

23 Sec. 6. Section 49-1261, Arizona Revised Statutes, is amended to read:

24 ~~49-1261.~~ Water quality bonds

25 A. The authority, through the board of directors, may issue negotiable
26 water quality bonds in a principal amount that in its opinion is necessary to
27 provide sufficient monies for financial assistance under this ~~chapter~~
28 ARTICLE, maintaining sufficient reserves to secure the bonds, to pay the
29 necessary costs of issuing, selling and redeeming the bonds and to pay other
30 expenditures of the authority incidental to and necessary and convenient to
31 carry out the purposes of this article.

32 B. The board must authorize the bonds by resolution. The resolution
33 shall prescribe:

- 34 1. The rate or rates of interest and the denominations of the bonds.
- 35 2. The date or dates of the bonds and maturity.
- 36 3. The coupon or registered form of the bonds.
- 37 4. The manner of executing the bonds.
- 38 5. The medium and place of payment.
- 39 6. The terms of redemption.

40 C. The bonds shall be sold at public or private sale at the price and
41 on the terms determined by the board. All proceeds from the issuance of
42 bonds shall be deposited in the appropriate accounts of the funds
43 administered by the board.

44 D. The board shall publish a notice of its intention to issue bonds
45 under this article for at least five consecutive days in a newspaper

1 published in this state. The last day of publication must be at least ten
2 days before issuing the bonds. The notice shall state the amount of the
3 bonds to be sold and the intended date of issuance. A copy of the notice
4 shall be hand delivered or sent, by certified mail, return receipt requested,
5 to the director of the department of administration on or before the last day
6 of publication.

7 E. To secure any bonds authorized by this section, the board by
8 resolution may:

9 1. Provide that bonds issued under this section may be secured by a
10 first lien on all or part of the monies paid into the appropriate account or
11 subaccount of the funds administered by the authority.

12 2. Pledge or assign to or in trust for the benefit of the holder or
13 holders of the bonds any part or appropriate account or subaccount of the
14 monies in the funds as is necessary to pay the principal and interest of the
15 bonds as they come due.

16 3. Set aside, regulate and dispose of reserves and sinking funds.

17 4. Provide that sufficient amounts of the proceeds from the sale of
18 the bonds may be used to fully or partly fund any reserves or sinking funds
19 set up by the bond resolution.

20 5. Prescribe the procedure, if any, by which the terms of any contract
21 with bondholders may be amended or abrogated, the amount of bonds the holders
22 of which must consent to and the manner in which consent may be given.

23 6. Provide for payment from the proceeds of the sale of the bonds of
24 all legal and financial expenses incurred by the board in issuing, selling,
25 delivering and paying the bonds.

26 7. Do any other matters that in any way may affect the security and
27 protection of the bonds.

28 F. The members of the board or any person executing the bonds are not
29 personally liable for the payment of the bonds. The bonds are valid and
30 binding obligations notwithstanding that before the delivery of the bonds any
31 of the persons whose signatures appear on the bonds cease to be members of
32 the board. From and after the sale and delivery of the bonds, they are
33 incontestable by the board.

34 G. The board, out of any available monies, may purchase bonds, which
35 may be canceled, at a price not exceeding either of the following:

36 1. If the bonds are then redeemable, the redemption price then
37 applicable plus accrued interest to the next interest payment date.

38 2. If the bonds are not then redeemable, the redemption price
39 applicable on the first date after purchase on which the bonds become subject
40 to redemption plus accrued interest to that date.

41 Sec. 7. Section 49-1263, Arizona Revised Statutes, is amended to read:

42 49-1263. Bond obligations of the authority

43 Bonds issued under this ~~chapter~~ ARTICLE are obligations of the water
44 infrastructure finance authority of Arizona, are payable only according to
45 their terms and are not obligations general, special or otherwise of this
46 state. The bonds do not constitute a legal debt of this state and are not

1 enforceable against this state. Payment of the bonds is not enforceable out
2 of any state monies other than the income and revenue pledged and assigned
3 to, or in trust for the benefit of, the holder or holders of the bonds.

4 Sec. 8. Section 49-1264, Arizona Revised Statutes, is amended to read:
5 49-1264. Certification of bonds by attorney general

6 The board may submit any water quality bonds issued under this ~~chapter~~
7 **ARTICLE** to the attorney general after all proceedings for their authorization
8 have been completed. On submission the attorney general shall examine and
9 pass on the validity of the bonds and the regularity of the proceedings. If
10 the proceedings comply with this article, and if the attorney general
11 determines that, when delivered and paid for, the bonds will constitute
12 binding and legal obligations of the board, the attorney general shall
13 certify on the back of each bond, in substance, that it is issued according
14 to the constitution and laws of this state.

15 Sec. 9. Section 49-1265, Arizona Revised Statutes, is amended to read:
16 49-1265. Water quality bonds as legal investments

17 Water quality bonds issued under this ~~chapter~~ **ARTICLE** are securities in
18 which public officers and bodies of this state and of municipalities and
19 political subdivisions of this state, all companies, associations and other
20 persons carrying on an insurance business, all financial institutions,
21 investment companies and other persons carrying on a banking business, all
22 fiduciaries and all other persons who are authorized to invest in obligations
23 of this state may properly and legally invest. The bonds are also securities
24 that may be deposited with public officers or bodies of this state and
25 municipalities and political subdivisions of this state for purposes that
26 require the deposit of state bonds or obligations.

27 Sec. 10. Section 49-1267, Arizona Revised Statutes, is amended to
28 read:

29 49-1267. Hardship grant fund

30 A. The hardship grant fund is established to be administered by the
31 authority consisting of:

32 1. Monies received for that purpose from the United States government,
33 including monies that are awarded to this state pursuant to title II of the
34 clean water act and that are no longer obligated to the construction grants
35 program.

36 2. Gifts, grants and other donations received for that purpose from
37 public or private sources.

38 3. Monies appropriated by the legislature for the hardship grant
39 program.

40 B. Monies in the fund are continuously appropriated and are exempt
41 from the provisions of section 35-190 relating to lapsing of appropriations.

42 C. The board shall administer the fund pursuant to rule and in
43 compliance with this section and guidance from the United States government.

44 D. Monies in the fund may be used for the following purposes:

1 1. Providing hardship grants to political subdivisions or Indian
2 tribes to plan, design, acquire, construct or improve wastewater collection
3 and treatment facilities.

4 2. Providing training and technical assistance related to the
5 operation and maintenance of wastewater systems.

6 E. The board shall use the monies and other assets in the fund only
7 for the purposes authorized by this ~~chapter~~ ARTICLE.

8 F. The board shall establish a hardship grant program account and as
9 many other accounts and subaccounts as required to administer the hardship
10 grant fund.

11 G. All proceeds of hardship grant program monies that are received
12 from the United States shall be deposited in the hardship grant fund and
13 shall be used only to provide grants and technical assistance to political
14 subdivisions or Indian tribes to plan, design, acquire, construct or improve
15 wastewater collection and treatment facilities.

16 Sec. 11. Title 49, chapter 8, Arizona Revised Statutes, is amended by
17 adding article 3, to read:

18 ARTICLE 3. WATER SUPPLY DEVELOPMENT
19 REVOLVING FUND FINANCIAL PROVISIONS

20 49-1271. Water supply development revolving fund; legislative
21 intent

22 A. THE WATER SUPPLY DEVELOPMENT REVOLVING FUND IS ESTABLISHED TO BE
23 MAINTAINED IN PERPETUITY CONSISTING OF:

24 1. MONIES RECEIVED FROM THE ISSUANCE AND SALE OF WATER SUPPLY
25 DEVELOPMENT BONDS UNDER SECTION 49-1278.

26 2. MONIES APPROPRIATED BY THE LEGISLATURE TO THE WATER SUPPLY
27 DEVELOPMENT REVOLVING FUND.

28 3. MONIES RECEIVED FOR WATER SUPPLY DEVELOPMENT PURPOSES FROM THE
29 UNITED STATES GOVERNMENT.

30 4. MONIES RECEIVED FROM WATER PROVIDERS AS LOAN REPAYMENTS, INTEREST
31 AND PENALTIES.

32 5. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE
33 FUND.

34 6. GIFTS, GRANTS AND DONATIONS RECEIVED FOR WATER SUPPLY DEVELOPMENT
35 PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.

36 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT
37 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

38 C. THE LEGISLATURE FINDS THAT MANY WATER PROVIDERS IN THIS STATE,
39 PARTICULARLY IN RURAL AREAS, LACK ACCESS TO SUFFICIENT WATER SUPPLIES TO MEET
40 THEIR LONG-TERM WATER DEMANDS AND NEED FINANCIAL ASSISTANCE TO CONSTRUCT
41 WATER SUPPLY PROJECTS AND OBTAIN ADDITIONAL WATER SUPPLIES. IT IS THE INTENT
42 OF THE LEGISLATURE THAT THE WATER SUPPLY DEVELOPMENT REVOLVING FUND
43 ESTABLISHED BY THIS SECTION BE USED TO PROVIDE FINANCIAL ASSISTANCE TO THESE
44 WATER PROVIDERS UNDER THE TERMS SET FORTH IN THIS ARTICLE.

1 49-1272. Water supply development revolving fund:
2 administration

3 A. THE BOARD SHALL ADMINISTER THE WATER SUPPLY DEVELOPMENT REVOLVING
4 FUND.

5 B. ON NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND
6 DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED
7 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

8 C. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE
9 PURPOSES AUTHORIZED BY THIS ARTICLE.

10 49-1273. Water supply development revolving fund; purposes;
11 limitation

12 A. MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND MAY BE USED
13 FOR THE FOLLOWING PURPOSES:

14 1. MAKING WATER SUPPLY DEVELOPMENT LOANS TO WATER PROVIDERS IN THIS
15 STATE UNDER SECTION 49-1274 FOR WATER SUPPLY DEVELOPMENT PURPOSES.

16 2. MAKING LOANS OR GRANTS TO WATER PROVIDERS FOR THE PLANNING OR
17 DESIGN OF WATER SUPPLY DEVELOPMENT PROJECTS. A SINGLE GRANT SHALL NOT EXCEED
18 ONE HUNDRED THOUSAND DOLLARS.

19 3. PURCHASING OR REFINANCING DEBT OBLIGATIONS OF WATER PROVIDERS AT OR
20 BELOW MARKET RATE IF THE DEBT OBLIGATION WAS ISSUED FOR A WATER SUPPLY
21 DEVELOPMENT PURPOSE.

22 4. PROVIDING FINANCIAL ASSISTANCE TO WATER PROVIDERS WITH BONDING
23 AUTHORITY TO PURCHASE INSURANCE FOR LOCAL BOND OBLIGATIONS INCURRED BY THEM
24 FOR WATER SUPPLY DEVELOPMENT PURPOSES.

25 5. PAYING THE COSTS TO ADMINISTER THE FUND.

26 6. PROVIDING LINKED DEPOSIT GUARANTEES THROUGH THIRD PARTY LENDERS BY
27 DEPOSITING MONIES WITH THE LENDER ON THE CONDITION THAT THE LENDER MAKE A
28 LOAN ON TERMS APPROVED BY THE COMMITTEE, AT A RATE OF RETURN ON THE DEPOSIT
29 APPROVED BY THE COMMITTEE AND THE STATE TREASURER AND BY GIVING THE LENDER
30 RECOURSE AGAINST THE DEPOSIT OF LOAN REPAYMENTS THAT ARE NOT MADE WHEN DUE.

31 B. IF THE MONIES PLEDGED TO SECURE WATER SUPPLY DEVELOPMENT BONDS
32 ISSUED PURSUANT TO SECTION 49-1278 BECOME INSUFFICIENT TO PAY THE PRINCIPAL
33 AND INTEREST ON THE WATER SUPPLY DEVELOPMENT BONDS GUARANTEED BY THE WATER
34 SUPPLY DEVELOPMENT REVOLVING FUND, THE AUTHORITY SHALL DIRECT THE STATE
35 TREASURER TO LIQUIDATE SECURITIES IN THE FUND AS MAY BE NECESSARY AND SHALL
36 APPLY THOSE PROCEEDS TO MAKE CURRENT ALL PAYMENTS THEN DUE ON THE BONDS. THE
37 STATE TREASURER SHALL IMMEDIATELY NOTIFY THE ATTORNEY GENERAL AND AUDITOR
38 GENERAL OF THE INSUFFICIENCY. THE AUDITOR GENERAL SHALL AUDIT THE
39 CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE FUND AND REPORT THE FINDINGS
40 TO THE ATTORNEY GENERAL. THE ATTORNEY GENERAL SHALL CONDUCT AN INVESTIGATION
41 AND REPORT THOSE FINDINGS TO THE GOVERNOR AND THE LEGISLATURE.

42 C. MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND SHALL NOT BE
43 USED TO PROVIDE FINANCIAL ASSISTANCE TO A WATER PROVIDER, OTHER THAN AN
44 INDIAN TRIBE, UNLESS ONE OF THE FOLLOWING APPLIES:

1 1. THE BOARD OF SUPERVISORS OF THE COUNTY IN WHICH THE WATER PROVIDER
2 IS LOCATED HAS ADOPTED THE PROVISION AUTHORIZED BY SECTION 11-806.01,
3 SUBSECTION F.

4 2. THE WATER PROVIDER IS LOCATED IN A CITY OR TOWN AND THE LEGISLATIVE
5 BODY OF THE CITY OR TOWN HAS ENACTED THE ORDINANCE AUTHORIZED BY SECTION
6 9-463.01, SUBSECTION O.

7 3. THE WATER PROVIDER IS LOCATED IN AN ACTIVE MANAGEMENT AREA
8 ESTABLISHED PURSUANT TO TITLE 45, CHAPTER 2, ARTICLE 2.

9 49-1274. Water supply development revolving fund financial
10 assistance; procedures

11 A. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, A WATER PROVIDER
12 MAY APPLY TO THE AUTHORITY FOR AND ACCEPT AND INCUR INDEBTEDNESS AS A RESULT
13 OF A LOAN OR ANY OTHER FINANCIAL ASSISTANCE PURSUANT TO SECTION 49-1273 FROM
14 THE WATER SUPPLY DEVELOPMENT REVOLVING FUND FOR WATER SUPPLY DEVELOPMENT
15 PURPOSES. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, A WATER PROVIDER
16 MAY ALSO APPLY TO THE AUTHORITY FOR AND ACCEPT GRANTS, STAFF ASSISTANCE OR
17 TECHNICAL ASSISTANCE FOR THE PLANNING OR DESIGN OF A WATER SUPPLY DEVELOPMENT
18 PROJECT. A WATER PROVIDER THAT APPLIES FOR AND ACCEPTS A LOAN OR OTHER
19 FINANCIAL ASSISTANCE UNDER THIS ARTICLE IS NOT PRECLUDED FROM APPLYING FOR
20 AND ACCEPTING A LOAN OR OTHER FINANCIAL ASSISTANCE UNDER ARTICLE 2 OF THIS
21 CHAPTER OR UNDER ANY OTHER LAW.

22 B. THE AUTHORITY, IN CONSULTATION WITH THE COMMITTEE, SHALL:

23 1. PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO APPLY FOR AND APPROVE
24 ASSISTANCE.

25 2. ESTABLISH BY RULE CRITERIA BY WHICH ASSISTANCE WILL BE AWARDED,
26 INCLUDING REQUIREMENTS FOR LOCAL PARTICIPATION IN PROJECT COSTS, IF DEEMED
27 ADVISABLE. THE CRITERIA SHALL INCLUDE:

28 (a) A DETERMINATION OF THE ABILITY OF THE APPLICANT TO REPAY A LOAN
29 ACCORDING TO THE TERMS AND CONDITIONS ESTABLISHED BY THIS SECTION. AT THE
30 OPTION OF THE COMMITTEE, THE EXISTENCE OF A CURRENT INVESTMENT GRADE RATING
31 ON EXISTING DEBT OF THE APPLICANT THAT IS SECURED BY THE SAME REVENUES TO BE
32 PLEDGED TO SECURE REPAYMENT UNDER THE LOAN REPAYMENT AGREEMENT CONSTITUTES
33 EVIDENCE REGARDING ABILITY TO REPAY A LOAN.

34 (b) A DETERMINATION OF THE APPLICANT'S LEGAL CAPABILITY TO ENTER INTO
35 A LOAN REPAYMENT AGREEMENT.

36 (c) A DETERMINATION OF THE APPLICANT'S FINANCIAL ABILITY TO CONSTRUCT,
37 OPERATE AND MAINTAIN THE PROJECT IF IT RECEIVES THE FINANCIAL ASSISTANCE.

38 (d) A DETERMINATION OF THE APPLICANT'S ABILITY TO MANAGE THE PROJECT.

39 (e) A DETERMINATION OF THE APPLICANT'S ABILITY TO MEET ANY APPLICABLE
40 ENVIRONMENTAL REQUIREMENTS IMPOSED BY FEDERAL OR STATE AGENCIES.

41 (f) A DETERMINATION OF THE APPLICANT'S ABILITY TO ACQUIRE ANY
42 NECESSARY REGULATORY PERMITS.

43 3. DETERMINE THE ORDER AND PRIORITY OF PROJECTS ASSISTED UNDER THIS
44 SECTION BASED ON THE MERITS OF THE APPLICATION WITH RESPECT TO WATER SUPPLY
45 DEVELOPMENT ISSUES, INCLUDING THE FOLLOWING:

- 1 (a) EXISTING, NEAR-TERM AND LONG-TERM WATER DEMANDS OF THE WATER
2 PROVIDER COMPARED TO THE EXISTING WATER SUPPLIES OF THE WATER PROVIDER.
- 3 (b) EXISTING AND PLANNED CONSERVATION AND WATER MANAGEMENT PROGRAMS OF
4 THE WATER PROVIDER.
- 5 (c) BENEFITS OF THE PROJECT.
- 6 (d) THE SUSTAINABILITY OF THE WATER SUPPLY TO BE DEVELOPED THROUGH THE
7 PROJECT.
- 8 (e) THE WATER PROVIDER'S NEED FOR FINANCIAL ASSISTANCE.
- 9 (f) THE COST-EFFECTIVENESS OF THE PROJECT.
- 10 C. THE COMMITTEE SHALL REVIEW ON ITS MERITS EACH APPLICATION RECEIVED
11 AND SHALL INFORM THE APPLICANT OF THE COMMITTEE'S DETERMINATION WITHIN NINETY
12 DAYS AFTER RECEIPT OF A COMPLETE AND CORRECT APPLICATION. IF THE APPLICATION
13 IS NOT APPROVED, THE COMMITTEE SHALL NOTIFY THE APPLICANT, STATING THE
14 REASONS. IF THE APPLICATION IS APPROVED, THE COMMITTEE MAY CONDITION THE
15 APPROVAL ON ASSURANCES THE COMMITTEE DEEMS NECESSARY TO ENSURE THAT THE
16 FINANCIAL ASSISTANCE WILL BE USED ACCORDING TO LAW AND THE TERMS OF THE
17 APPLICATION.
- 18 D. ON APPROVAL OF AN APPLICATION UNDER THIS SECTION BY THE COMMITTEE,
19 THE AUTHORITY SHALL USE MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND
20 TO FINANCE THE PROJECT.
- 21 49-1275. Water supply development revolving fund financial
22 assistance; terms
- 23 A. A LOAN FROM THE WATER SUPPLY DEVELOPMENT REVOLVING FUND SHALL BE
24 EVIDENCED BY BONDS, IF THE WATER PROVIDER HAS BONDING AUTHORITY, OR BY A
25 FINANCIAL ASSISTANCE AGREEMENT, DELIVERED TO AND HELD BY THE AUTHORITY.
- 26 B. A LOAN UNDER THIS SECTION SHALL:
- 27 1. BE REPAYED NOT MORE THAN THIRTY YEARS AFTER THE DATE INCURRED.
- 28 2. REQUIRE THAT INTEREST PAYMENTS BEGIN NOT LATER THAN THE NEXT DATE
29 THAT EITHER PRINCIPAL OR INTEREST MUST BE PAID BY THE AUTHORITY TO THE
30 HOLDERS OF ANY OF THE AUTHORITY'S BONDS THAT PROVIDED FUNDING FOR THE LOAN.
31 IF THE LOAN IS FOR CONSTRUCTION OF WATER SUPPLY DEVELOPMENT FACILITIES, THE
32 AUTHORITY MAY PROVIDE THAT LOAN INTEREST ACCRUING DURING CONSTRUCTION AND ONE
33 YEAR AFTER COMPLETION OF THE CONSTRUCTION BE CAPITALIZED IN THE LOAN.
- 34 3. BE CONDITIONED ON THE ESTABLISHMENT OF A DEDICATED REVENUE SOURCE
35 FOR REPAYING THE LOAN.
- 36 C. THE AUTHORITY, IN CONSULTATION WITH THE COMMITTEE, SHALL PRESCRIBE
37 THE RATE OF INTEREST ON LOANS MADE UNDER THIS SECTION, BUT THE RATE SHALL NOT
38 EXCEED THE PREVAILING MARKET RATE FOR SIMILAR TYPES OF LOANS. THE AUTHORITY,
39 UPON RECOMMENDATIONS FROM THE COMMITTEE, MAY ADOPT RULES WHICH PROVIDE FOR
40 FLEXIBLE INTEREST RATES AND INTEREST FREE LOANS. ALL FINANCIAL ASSISTANCE
41 AGREEMENTS OR BONDS OF A WATER PROVIDER SHALL CLEARLY SPECIFY THE AMOUNT OF
42 PRINCIPAL AND INTEREST AND ANY REDEMPTION PREMIUM THAT IS DUE ON ANY PAYMENT
43 DATE.
- 44 D. THE APPROVAL OF A LOAN IS CONDITIONED ON A WRITTEN COMMITMENT BY
45 THE WATER PROVIDER TO COMPLETE ALL APPLICABLE REVIEWS AND APPROVALS AND TO
46 SECURE ALL REQUIRED PERMITS IN A TIMELY MANNER.

1 E. A LOAN MADE TO A WATER PROVIDER UNDER THIS SECTION MAY BE SECURED
2 ADDITIONALLY BY AN IRREVOCABLE PLEDGE OF ANY SHARED STATE REVENUES DUE TO THE
3 WATER PROVIDER FOR THE DURATION OF THE LOAN AS PRESCRIBED BY A RESOLUTION OF
4 THE COMMITTEE. IF THE COMMITTEE REQUIRES AN IRREVOCABLE PLEDGE OF THE SHARED
5 STATE REVENUES FOR FINANCIAL ASSISTANCE LOAN REPAYMENT AGREEMENTS, THE
6 AUTHORITY SHALL ENTER INTO AN INTERCREDITOR AGREEMENT WITH THE GREATER
7 ARIZONA DEVELOPMENT AUTHORITY TO DEFINE THE ALLOCATION OF SHARED STATE
8 REVENUES IN RELATION TO INDIVIDUAL BORROWERS. IF A PLEDGE IS REQUIRED AND A
9 WATER PROVIDER FAILS TO MAKE ANY PAYMENT DUE TO THE AUTHORITY UNDER ITS LOAN
10 REPAYMENT AGREEMENT OR BONDS, THE AUTHORITY SHALL CERTIFY TO THE STATE
11 TREASURER AND NOTIFY THE GOVERNING BODY OF THE DEFAULTING WATER PROVIDER THAT
12 THE WATER PROVIDER HAS FAILED TO MAKE THE REQUIRED PAYMENT AND SHALL DIRECT A
13 WITHHOLDING OF STATE SHARED REVENUES AS PRESCRIBED IN SUBSECTION F OF THIS
14 SECTION. THE CERTIFICATE OF DEFAULT SHALL BE IN THE FORM DETERMINED BY THE
15 AUTHORITY, EXCEPT THAT THE CERTIFICATE SHALL SPECIFY THE AMOUNT REQUIRED TO
16 SATISFY THE UNPAID PAYMENT OBLIGATION OF THE WATER PROVIDER.

17 F. ON RECEIPT OF A CERTIFICATE OF DEFAULT FROM THE AUTHORITY, THE
18 STATE TREASURER, TO THE EXTENT NOT EXPRESSLY PROHIBITED BY LAW, SHALL
19 WITHHOLD ANY MONIES DUE TO THE DEFAULTING WATER PROVIDER FROM THE NEXT
20 SUCCEEDING DISTRIBUTION OF MONIES PURSUANT TO SECTION 42-5029. IN THE CASE
21 OF A CITY OR TOWN, THE STATE TREASURER SHALL ALSO WITHHOLD FROM THE MONIES
22 DUE TO THE DEFAULTING CITY OR TOWN FROM THE NEXT SUCCEEDING DISTRIBUTION OF
23 MONIES PURSUANT TO SECTION 43-206 THE AMOUNT SPECIFIED IN THE CERTIFICATE OF
24 DEFAULT AND SHALL IMMEDIATELY DEPOSIT THE MONIES IN THE WATER SUPPLY
25 DEVELOPMENT REVOLVING FUND. THE STATE TREASURER SHALL CONTINUE TO WITHHOLD
26 AND DEPOSIT MONIES UNTIL THE AUTHORITY CERTIFIES TO THE STATE TREASURER THAT
27 THE DEFAULT HAS BEEN CURED. THE STATE TREASURER SHALL NOT WITHHOLD ANY
28 AMOUNT THAT IS NECESSARY TO MAKE ANY REQUIRED DEPOSITS THEN DUE FOR THE
29 PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OF THE WATER PROVIDER IF SO
30 CERTIFIED BY THE DEFAULTING WATER PROVIDER TO THE STATE TREASURER AND THE
31 AUTHORITY. THE WATER PROVIDER SHALL NOT CERTIFY DEPOSITS AS NECESSARY FOR
32 PAYMENT FOR BONDS UNLESS THE BONDS WERE ISSUED BEFORE THE DATE OF THE LOAN
33 REPAYMENT AGREEMENT AND THE BONDS WERE SECURED BY A PLEDGE OF DISTRIBUTION
34 MADE PURSUANT TO SECTIONS 42-5029 AND 43-206.

35 49-1276. Enforcement; attorney general

36 THE ATTORNEY GENERAL MAY TAKE ACTIONS NECESSARY TO ENFORCE THE LOAN
37 CONTRACT AND ACHIEVE REPAYMENT OF LOANS PROVIDED BY THE AUTHORITY PURSUANT TO
38 SECTIONS 49-1274 AND 49-1275.

39 49-1277. Water supply development bonds

40 A. THE AUTHORITY MAY ISSUE NEGOTIABLE WATER SUPPLY DEVELOPMENT BONDS
41 IN A PRINCIPAL AMOUNT NECESSARY TO PROVIDE SUFFICIENT MONIES FOR THOSE
42 PROJECTS APPROVED UNDER THIS ARTICLE AND INCLUDING SUCH ITEMS AS MAINTAINING
43 SUFFICIENT RESERVES TO SECURE THE BONDS, TO PAY THE NECESSARY COSTS OF
44 ISSUING, SELLING AND REDEEMING THE BONDS AND TO PAY OTHER EXPENDITURES OF THE
45 AUTHORITY INCIDENTAL TO AND NECESSARY AND CONVENIENT TO CARRY OUT THE

1 PURPOSES OF THIS ARTICLE. THE BOARD SHALL ISSUE THE BONDS PURSUANT TO
2 SUBSECTIONS C AND D.

3 B. THE BOARD SHALL AUTHORIZE THE BONDS BY RESOLUTION. THE RESOLUTION
4 SHALL PRESCRIBE:

- 5 1. THE RATE OR RATES OF INTEREST AND THE DENOMINATIONS OF THE BONDS.
- 6 2. THE DATE OR DATES OF THE BONDS AND MATURITY.
- 7 3. THE COUPON OR REGISTERED FORM OF THE BONDS.
- 8 4. THE MANNER OF EXECUTING THE BONDS.
- 9 5. THE MEDIUM AND PLACE OF PAYMENT.
- 10 6. THE TERMS OF REDEMPTION.

11 C. THE BONDS SHALL BE SOLD AT PUBLIC OR PRIVATE SALE AT THE PRICE AND
12 ON THE TERMS DETERMINED BY THE BOARD. ALL PROCEEDS FROM THE ISSUANCE OF
13 BONDS SHALL BE DEPOSITED IN THE APPROPRIATE ACCOUNTS OF THE FUNDS
14 ADMINISTERED BY THE AUTHORITY.

15 D. THE BOARD SHALL PUBLISH A NOTICE OF ITS INTENTION TO ISSUE BONDS
16 UNDER THIS ARTICLE FOR AT LEAST FIVE CONSECUTIVE DAYS IN A NEWSPAPER
17 PUBLISHED IN THIS STATE. THE LAST DAY OF PUBLICATION MUST BE AT LEAST TEN
18 DAYS BEFORE ISSUING THE BONDS. THE NOTICE SHALL STATE THE AMOUNT OF THE
19 BONDS TO BE SOLD AND THE INTENDED DATE OF ISSUANCE. A COPY OF THE NOTICE
20 SHALL BE HAND DELIVERED OR SENT, BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED,
21 TO THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION ON OR BEFORE THE LAST DAY
22 OF PUBLICATION.

23 E. TO SECURE ANY BONDS AUTHORIZED BY THIS SECTION, THE BOARD BY
24 RESOLUTION MAY:

25 1. PROVIDE THAT BONDS ISSUED UNDER THIS SECTION MAY BE SECURED BY A
26 FIRST LIEN ON ALL OR PART OF THE MONIES PAID INTO THE APPROPRIATE ACCOUNT OR
27 SUBACCOUNT OF THE FUNDS ADMINISTERED BY THE AUTHORITY.

28 2. PLEDGE OR ASSIGN TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR
29 HOLDERS OF THE BONDS ANY PART OR APPROPRIATE ACCOUNT OR SUBACCOUNT OF THE
30 MONIES IN THE FUNDS AS IS NECESSARY TO PAY THE PRINCIPAL AND INTEREST OF THE
31 BONDS AS THEY COME DUE.

32 3. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.

33 4. PROVIDE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF
34 THE BONDS MAY BE USED TO FULLY OR PARTLY FUND ANY RESERVES OR SINKING FUNDS
35 SET UP BY THE BOND RESOLUTION.

36 5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
37 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
38 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH CONSENT MAY BE GIVEN.

39 6. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE BONDS OF
40 ALL LEGAL AND FINANCIAL EXPENSES INCURRED BY THE BOARD IN ISSUING, SELLING,
41 DELIVERING AND PAYING THE BONDS.

42 7. DO ANY OTHER MATTERS THAT IN ANY WAY MAY AFFECT THE SECURITY AND
43 PROTECTION OF THE BONDS.

44 F. ANY MEMBER OF THE BOARD, ANY MEMBER OF THE COMMITTEE OR ANY PERSON
45 EXECUTING THE BONDS IS NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS.
46 THE BONDS ARE VALID AND BINDING OBLIGATIONS NOTWITHSTANDING THAT BEFORE THE

1 DELIVERY OF THE BONDS ANY OF THE PERSONS WHOSE SIGNATURES APPEAR ON THE BONDS
2 CEASE TO BE MEMBERS OF THE BOARD. FROM AND AFTER THE SALE AND DELIVERY OF
3 THE BONDS, THEY ARE INCONTESTABLE BY THE BOARD AND THE COMMITTEE.

4 G. THE BOARD, OUT OF ANY AVAILABLE MONIES, MAY PURCHASE BONDS, WHICH
5 MAY BE CANCELED, AT A PRICE NOT EXCEEDING EITHER OF THE FOLLOWING:

6 1. IF THE BONDS ARE THEN REDEEMABLE, THE REDEMPTION PRICE THEN
7 APPLICABLE PLUS ACCRUED INTEREST TO THE NEXT INTEREST PAYMENT DATE.

8 2. IF THE BONDS ARE NOT THEN REDEEMABLE, THE REDEMPTION PRICE
9 APPLICABLE ON THE FIRST DATE AFTER PURCHASE ON WHICH THE BONDS BECOME SUBJECT
10 TO REDEMPTION PLUS ACCRUED INTEREST TO THAT DATE.

11 49-1278. Water supply development bonds; purpose

12 A. WATER SUPPLY DEVELOPMENT BONDS MAY BE ISSUED TO PROVIDE FINANCIAL
13 ASSISTANCE UNDER THIS ARTICLE AND TO INCREASE THE CAPITALIZATION OF THE WATER
14 SUPPLY DEVELOPMENT REVOLVING FUND TO ACCOMPLISH THE PURPOSES STATED IN
15 SECTION 49-1273. THESE BONDS MAY BE SECURED BY ANY MONIES RECEIVED OR TO BE
16 RECEIVED IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND. AMOUNTS IN THE
17 WATER SUPPLY DEVELOPMENT REVOLVING FUND MAY BE USED TO CURE DEFAULTS ON LOANS
18 MADE FROM THE WATER SUPPLY DEVELOPMENT REVOLVING FUND TO THE EXTENT OTHERWISE
19 PERMITTED BY LAW.

20 B. ANY PLEDGE MADE UNDER THIS ARTICLE IS VALID AND BINDING FROM THE
21 TIME WHEN THE PLEDGE IS MADE. THE MONIES PLEDGED AND RECEIVED TO BE PLACED
22 IN THE APPROPRIATE FUND ARE IMMEDIATELY SUBJECT TO THE LIEN OF THE PLEDGE
23 WITHOUT ANY FUTURE PHYSICAL DELIVERY OR FURTHER ACT, AND ANY SUCH LIEN OF ANY
24 PLEDGE IS VALID OR BINDING AGAINST ALL PARTIES HAVING CLAIMS OF ANY KIND IN
25 TORT, CONTRACT OR OTHERWISE AGAINST THE BOARD REGARDLESS OF WHETHER THE
26 PARTIES HAVE NOTICE OF THE LIEN. THE OFFICIAL RESOLUTION OR TRUST INDENTURE
27 OR ANY INSTRUMENT BY WHICH THIS PLEDGE IS CREATED, WHEN PLACED IN THE BOARD'S
28 RECORDS, IS NOTICE TO ALL CONCERNED OF THE CREATION OF THE PLEDGE, AND THOSE
29 INSTRUMENTS NEED NOT BE RECORDED IN ANY OTHER PLACE.

30 C. THE BONDS ISSUED UNDER THIS SECTION, THEIR TRANSFER AND THE INCOME
31 THEY PRODUCE ARE EXEMPT FROM TAXATION BY THIS STATE OR BY ANY POLITICAL
32 SUBDIVISION OF THIS STATE.

33 49-1279. Bond obligations of the authority

34 BONDS ISSUED UNDER THIS ARTICLE ARE OBLIGATIONS OF THE WATER
35 INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA, ARE PAYABLE ONLY ACCORDING TO
36 THEIR TERMS AND ARE NOT GENERAL OBLIGATIONS, SPECIAL OBLIGATIONS OR OTHERWISE
37 OF THIS STATE. THE BONDS DO NOT CONSTITUTE A LEGAL DEBT OF THIS STATE AND
38 ARE NOT ENFORCEABLE AGAINST THIS STATE. PAYMENT OF THE BONDS IS NOT
39 ENFORCEABLE OUT OF ANY STATE MONIES OTHER THAN THE INCOME AND REVENUE PLEDGED
40 AND ASSIGNED TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE
41 BONDS.

42 49-1280. Certification of bonds by attorney general

43 THE BOARD MAY SUBMIT ANY WATER SUPPLY DEVELOPMENT BONDS ISSUED UNDER
44 THIS ARTICLE TO THE ATTORNEY GENERAL AFTER ALL PROCEEDINGS FOR THEIR
45 AUTHORIZATION HAVE BEEN COMPLETED. ON SUBMISSION, THE ATTORNEY GENERAL SHALL
46 EXAMINE AND PASS ON THE VALIDITY OF THE BONDS AND THE REGULARITY OF THE

1 PROCEEDINGS. IF THE PROCEEDINGS COMPLY WITH THIS ARTICLE, AND IF THE
2 ATTORNEY GENERAL DETERMINES THAT, WHEN DELIVERED AND PAID FOR, THE BONDS WILL
3 CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE BOARD, THE ATTORNEY GENERAL
4 SHALL CERTIFY ON THE BACK OF EACH BOND, IN SUBSTANCE, THAT IT IS ISSUED
5 ACCORDING TO THE CONSTITUTION AND LAWS OF THIS STATE.

6 49-1281. Water supply development bonds as legal investments

7 WATER SUPPLY DEVELOPMENT BONDS ISSUED UNDER THIS ARTICLE ARE SECURITIES
8 IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE AND OF MUNICIPALITIES AND
9 POLITICAL SUBDIVISIONS OF THIS STATE, ALL COMPANIES, ASSOCIATIONS AND OTHER
10 PERSONS CARRYING ON AN INSURANCE BUSINESS, ALL FINANCIAL INSTITUTIONS,
11 INVESTMENT COMPANIES AND OTHER PERSONS CARRYING ON A BANKING BUSINESS, ALL
12 FIDUCIARIES AND ALL OTHER PERSONS WHO ARE AUTHORIZED TO INVEST IN OBLIGATIONS
13 OF THIS STATE MAY PROPERLY AND LEGALLY INVEST. THE BONDS ARE ALSO SECURITIES
14 THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES OF THIS STATE AND
15 MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR PURPOSES THAT
16 REQUIRE THE DEPOSIT OF STATE BONDS OR OBLIGATIONS.

17 49-1282. Agreement of state

18 THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS THAT
19 THIS STATE WILL NOT LIMIT OR ALTER THE RIGHTS VESTED IN THE WATER
20 INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA OR ANY SUCCESSOR AGENCY TO
21 COLLECT THE MONIES NECESSARY TO PRODUCE SUFFICIENT REVENUE TO FULFILL THE
22 TERMS OF ANY AGREEMENTS MADE WITH THE HOLDERS OF THE BONDS, OR IN ANY WAY
23 IMPAIR THE RIGHTS AND REMEDIES OF THE BONDHOLDERS, UNTIL ALL BONDS ISSUED
24 UNDER THIS ARTICLE, TOGETHER WITH INTEREST, INCLUDING INTEREST ON ANY UNPAID
25 INSTALLMENTS OF INTEREST, AND ALL COSTS AND EXPENSES IN CONNECTION WITH ANY
26 ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS, ARE FULLY MET AND
27 DISCHARGED. THE BOARD AS AGENT FOR THIS STATE MAY INCLUDE THIS PLEDGE AND
28 UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES SECURING ITS BONDS.

29 Sec. 12. Initial terms of members of the water supply
30 development fund committee

31 A. Notwithstanding section 49-1202, Arizona Revised Statutes, as
32 amended by this act, the initial terms of water supply development fund
33 committee members appointed by the governor are:

- 34 1. One term ending January 31, 2009.
- 35 2. Two terms ending January 31, 2010.
- 36 3. Two terms ending January 31, 2011.
- 37 4. Two terms ending January 31, 2012.
- 38 5. Two terms ending January 31, 2013.

39 B. The governor shall make all subsequent appointments as prescribed
40 by statute.

41 Sec. 13. Conditional enactment

42 This act does not become effective unless Senate Bill 1575,
43 forty-eighth legislature, first regular session, relating to water adequacy
44 provisions, becomes law.

H.B. 2692

APPROVED BY THE GOVERNOR MAY 24, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 24, 2007.