

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 105

HOUSE BILL 2042

AN ACT

AMENDING SECTIONS 9-441.03, 9-529, 9-530, 11-264.01, 11-377, 11-378, 35-457, 48-597, 48-634, 48-688, 48-689 AND 48-4251, ARIZONA REVISED STATUTES; RELATING TO BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 9-441.03, Arizona Revised Statutes, is amended to
3 read:

4 9-441.03. Issuance of bonds

5 A. A municipality may issue bonds to finance any housing development
6 project under this article, including the payment of principal and interest
7 on any advances for surveys and plans for housing development projects, and
8 may also issue refunding bonds for the payment or retirement of such bonds
9 previously issued by it. The bonds shall be made payable, as to both
10 principal and interest, solely from the income, proceeds, revenues and monies
11 of the municipality derived from or held in connection with its undertaking
12 and carrying out of housing development projects under this article, whether
13 or not they are financed in whole or in part with the proceeds of such bonds,
14 but payment of the bonds, both as to principal and interest, may be further
15 or exclusively secured by a pledge or any loan, grant or contribution from
16 the federal government or any other source, whether public or private, in
17 aid of any housing development areas of the municipality established pursuant
18 to this article and by a mortgage of any such housing development areas.

19 B. The bonds and other obligations of the municipality issued pursuant
20 to subsection A are not a general obligation or general debt of the
21 municipality, this state or any of its political subdivisions, and neither
22 the municipality, this state nor any of its political subdivisions are
23 generally liable for them THE BONDS OR OBLIGATIONS. The bonds or obligations
24 shall not give rise to a general obligation or liability of the municipality,
25 this state or any of its political subdivisions, or a charge against their
26 general credit or taxing powers, or AND shall NOT be payable from any monies
27 or properties other than those monies or properties specifically described
28 in subsection A, and the bonds do not constitute an indebtedness within the
29 meaning of any constitutional or statutory debt limitation or
30 restriction. Bonds issued under this article are declared to be issued for
31 an essential public and governmental purpose and, together with interest and
32 income, are exempt from all taxes.

33 C. Bonds issued under this section shall be authorized by a resolution
34 of the local governing body, may be issued in one or more series and shall
35 bear such A date or dates, be payable on demand or mature at such A time or
36 times, bear interest at such A rate or rates that may be fixed or variable,
37 be in such A denomination or denominations, be in such A form either coupon
38 or registered, carry such conversion or registration privileges, have such
39 rank or priority, be executed in such A manner, be payable in such A medium
40 of payment, at such A place or places, and be subject to such terms of
41 redemption, with or without premium, as provided by the resolution, trust
42 indenture or mortgage issued for the bonds.

43 D. The bonds or any bonds issued to refund the bonds may be sold at
44 public or private sale OR BY AN ON-LINE BIDDING PROCESS at a price or prices
45 determined by the local governing body or may be exchanged for other bonds.

1 , and If BONDS ARE sold at public sale, notice shall be published once at
2 least ten days before the sale in a newspaper of general circulation in the
3 area of operation or in ~~such other~~ ANOTHER medium of publication as the
4 municipality determines. 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 MUNICIPALITY BEFORE A SPECIFIED TIME
8 AND MAY BE FOR AN ENTIRE ISSUE OF BONDS OR SPECIFIED MATURITIES ACCORDING TO
9 THE MANNER, TERMS AND NOTICE PROVISIONS ORDERED BY THE GOVERNING BODY. FOR
10 PURPOSES OF THIS SUBSECTION, "ON-LINE BIDDING PROCESS" MEANS A PROCUREMENT
11 PROCESS IN WHICH THE GOVERNING BODY RECEIVES BIDS ELECTRONICALLY OVER THE
12 INTERNET IN A REAL-TIME, COMPETITIVE BIDDING EVENT.

13 E. If any other public officials of the municipality whose signatures
14 appear on any bonds ~~or coupons~~ issued under this article cease to be
15 officials before delivery of the bonds, their signatures are valid and
16 sufficient for all purposes the same as if the officials had remained in
17 office until delivery. Bonds issued pursuant to this article are fully
18 negotiable.

19 F. In any action or proceedings involving the validity or
20 enforceability of any bond issued under this article or the security for the
21 bond, the recitation in substance in the bond that it has been issued by the
22 municipality in connection with a housing development area is conclusive
23 proof that the bond was issued for that purpose, and that area is
24 conclusively deemed to have been planned, located and carried out in
25 accordance with the purposes and provisions of this article.

26 G. Neither the members of the local governing body nor any persons
27 executing the bonds are liable personally on the bonds by reason of their
28 issuance.

29 Sec. 2. Section 9-529, Arizona Revised Statutes, is amended to read:
30 9-529. Form of bonds; payment and call; interest; sale; bids;
31 interim receipts; rates and procedures; definition

32 A. Bonds issued under this article shall be fully negotiable within
33 the meaning and for all purposes of title 47. They may be in one or more
34 series, may bear such dates, may be payable in such A medium of payment, at
35 such places, may carry such registration privileges, shall be executed in
36 such A manner, may contain such other terms, covenants and conditions, and
37 be in such A form, ~~either coupon or registered~~, as the governing body may by
38 resolution prescribe. They shall be payable at one time, or from time to
39 time, in such A manner and in such maturities not longer than thirty years
40 from their date as the governing body may prescribe. Any or all of the bonds
41 may be callable at such times, on such terms and in such A manner as the
42 governing body by resolution may prescribe.

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 bonds may be sold under an
45 accelerated bidding process. If sold under an accelerated bidding process,

1 the bonds shall be sold at the lowest cost the governing body deems then
2 available after having received at least three pricing quotations from
3 recognized purchasers of bonds of the type being sold, and if sold at public
4 sale OR THROUGH AN ON-LINE BIDDING PROCESS to the person offering the best
5 bid.

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

12 D. If sold at public sale, the governing body shall call for bids by
13 giving notice thereof OF THE SALE at least once a week for two successive
14 weeks in cities having a population of fifteen thousand or more persons
15 according to the most recent federal census, and once a week for four
16 successive weeks in all other cities and towns by publication in a newspaper
17 of general circulation within the county. ~~which~~ THE NOTICE shall be in such
18 THE form as the governing body prescribes. IF BONDS ARE SOLD THROUGH AN
19 ON-LINE BIDDING PROCESS, BIDS FOR THE BONDS THAT ARE ENTERED INTO THE SYSTEM
20 MAY BE CONCEALED UNTIL A SPECIFIED TIME OR DISCLOSED IN THE ON-LINE BIDDING
21 PROCESS, MAY BE SUBJECT TO IMPROVEMENT IN FAVOR OF THE MUNICIPALITY BEFORE
22 A SPECIFIED TIME AND MAY BE FOR AN ENTIRE ISSUE OF BONDS OR SPECIFIED
23 MATURITIES ACCORDING TO THE MANNER, TERMS AND NOTICE PROVISIONS ORDERED BY
24 THE GOVERNING BODY. These bids shall be for the entire bond issue unless the
25 governing body by resolution allows bidding therefor in parcels for less than
26 the entire issue.

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

37 ~~B.~~ F. Pending preparation of the definitive bonds, interim receipts
38 or certificates may be issued to the purchasers of the bonds in such A form
39 and with such provisions as the governing body may determine.

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

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

3 1. The bonds may bear interest at a fixed, ~~rate or~~ variable rate or
4 any combination thereof RATE, none of which exceeds the maximum rate of
5 interest set forth in the 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 such THE bond for payment or purchase at
15 one or more times before maturity and may enter into appropriate agreements
16 with any bank, other financial institution, insurance company or indemnity
17 company for the purchase of bonds so tendered. Such THE agreement may
18 provide that while the bonds are held by the bank, financial institution,
19 insurance company or indemnity company the bonds may bear interest at a rate
20 higher than when the bonds are held by other owners, but not in excess of the
21 maximum rate of 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 tendered, the municipality may provide for the
24 purchase and resale of such 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 such THE bonds are represented by
27 the 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, other financial institution, insurance
33 company or indemnity company to provide additional security for the bonds in
34 the form of a line of credit, letter of credit, insurance policy or other
35 security. ~~and may~~

36 (b) Pay the costs of such THE additional security from amounts
37 provided in the bond issue or from other available sources and may enter into
38 reimbursement obligations in connection therewith WITH THE COST OF THE
39 ADDITIONAL SECURITY.

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

1 the governing body. However, use of such other available revenues does not
2 create an indebtedness under article IX, section 8, Constitution of Arizona.

3 8. Variable rate bonds and commercial paper may be sold at competitive
4 public sale, THROUGH AN ON-LINE BIDDING PROCESS or at negotiated sale. A
5 competitive public sale may be accomplished pursuant to a notice of sale
6 published at the times and in the manner provided in this section. The
7 notice shall provide such terms and conditions as may be determined by the
8 governing body.

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

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

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

24 H. FOR PURPOSES OF THIS SECTION, "ON-LINE BIDDING PROCESS" MEANS A
25 PROCUREMENT PROCESS IN WHICH THE GOVERNING BODY RECEIVES BIDS ELECTRONICALLY
26 OVER THE INTERNET IN A REAL-TIME, COMPETITIVE BIDDING EVENT.

27 Sec. 3. Section 9-530, Arizona Revised Statutes, is amended to read:
28 9-530. Service charges; taxation and budgeting; computation

29 A. The governing body of the municipality issuing the bonds shall
30 prescribe service charges, and shall revise them when necessary, so that a
31 utility undertaking for which the bonds were issued shall always remain
32 self-supporting with revenue sufficient:

33 1. To pay when due all bonds, interest and continuing fees and
34 expenses on the bonds or, if applicable, on the reimbursement agreement, for
35 the payment of which the revenue has been pledged, encumbered or charged.

36 2. To provide for all expenses of operation, maintenance, expansion
37 and replacement of facilities.

38 3. To provide reasonable reserves for such purposes.

39 B. Until payment of all bonds on any such public utility issued under
40 this article, and the expiration of the municipal fiscal year in which the
41 bonds are paid in full, no receipts segregated or collected for the purpose
42 of paying the principal of and interest and redemption charges on bonds and
43 other lawful long-term obligations issued or incurred for a specific capital
44 purpose shall be subject to the provisions of title 42, chapter 17.

1 C. In computing the annual interest requirements of bonds described
2 in section 9-529, subsection C- G, the governing body shall determine a rate
3 which is not more than the maximum rate permitted under the terms of their
4 issuance. In making the determination, the governing body shall set a rate
5 that is not less than one hundred twenty-five per cent of the rate in effect
6 on the date of determination, or if the bonds are not then issued, one
7 hundred twenty-five per cent of the initial rate on the bonds, except that
8 if such determination exceeds the maximum rate permitted under the terms of
9 issuance, the rate shall be the maximum rate.

10 Sec. 4. Section 11-264.01, Arizona Revised Statutes, is amended to
11 read:

12 11-264.01. Additional bonding authority; security for payment;
13 definition

14 A. In addition to other bonding authority of the board of supervisors
15 the board of any county authorized to operate a sewerage system pursuant to
16 provisions of section 11-264, may issue bonds for the construction,
17 acquisition or improvement of such system. All principal and interest of
18 bonds issued by a county are payable solely out of the revenues, proceeds and
19 receipts derived from the operation of the county sewerage system or out of
20 the proceeds of bonds issued under this section or of any revenues, proceeds
21 and receipts of such bonds as are specified in the proceedings of the board
22 of supervisors in which the bonds are authorized to be issued.

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

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

- 28 1. Be executed and delivered by the county at any time.
- 29 2. Be in such form and denominations and of such tenor and maturities.
- 30 3. Be in registered or bearer form either as to principal or interest
31 or both.
- 32 4. Be payable in such installments and at such time or times not
33 exceeding forty years from the date of issuance.
- 34 5. Be payable at such place or places within or without this state.
- 35 6. Bear interest at such rate or rates, but not exceeding the maximum
36 rate set forth in the ballot, payable at such time or times and at such place
37 or places and evidenced in such manner.
- 38 7. Be executed by the chairman of the board of supervisors and in such
39 manner, and contain provisions not inconsistent with this section, as
40 provided in the proceedings of the board of supervisors in which the bonds
41 are authorized to be issued.

42 D. If deemed advisable by the board of supervisors, there may be
43 retained in the proceedings in which any bonds of the county are authorized
44 to be issued an option to redeem all or any part of the bonds as may be
45 specified in the proceedings, at such price or prices and after such notice

1 or notices and on such terms and conditions as are provided in the
2 proceedings and as may be briefly recited on the face of the bonds, but
3 nothing in this article shall be construed to confer on the county any right
4 or option to redeem any bonds except as may be provided in the proceedings
5 under which they are issued.

6 E. Any bonds of the county may be sold BY CALLING FOR BIDS at public
7 sale, ~~at not less than par.~~ THROUGH AN ON-LINE BIDDING PROCESS OR THROUGH AN
8 ACCELERATED BIDDING PROCESS AS FOLLOWS:

9 1. IF SOLD UNDER AN ACCELERATED BIDDING PROCESS, THE BONDS SHALL BE
10 SOLD AT THE LOWEST COST THE BOARD OF SUPERVISORS CONSIDERS TO BE AVAILABLE
11 AFTER RECEIVING AT LEAST THREE PRICING QUOTATIONS FROM RECOGNIZED PURCHASERS
12 OF BONDS OF THE TYPE BEING SOLD.

13 2. IF SOLD AT PUBLIC SALE OR THROUGH AN ON-LINE BIDDING PROCESS, THE
14 BONDS SHALL BE SOLD TO THE PERSON OFFERING THE BEST BID.

15 3. IF BONDS ARE SOLD AT PUBLIC SALE, the ~~governing body~~ BOARD OF
16 SUPERVISORS shall call for bids by giving notice thereof at least once a week
17 for two successive weeks by publication in a newspaper of general circulation
18 within the county. ~~which~~ THE notice shall be in such form as the board of
19 supervisors prescribes.

20 4. IF BONDS ARE SOLD THROUGH AN ON-LINE BIDDING PROCESS, BIDS FOR THE
21 BONDS THAT ARE ENTERED INTO THE SYSTEM MAY BE CONCEALED UNTIL A SPECIFIED
22 TIME OR DISCLOSED IN THE ON-LINE BIDDING PROCESS, MAY BE SUBJECT TO
23 IMPROVEMENT IN FAVOR OF THE COUNTY BEFORE A SPECIFIED TIME AND MAY BE FOR AN
24 ENTIRE ISSUE OR SPECIFIED MATURITIES ACCORDING TO THE MANNER, TERMS AND
25 NOTICE PROVISIONS ORDERED BY THE BOARD OF SUPERVISORS.

26 5. THE BONDS MAY BE SOLD BELOW, AT OR ABOVE PAR. IF THE BONDS ARE
27 SOLD BELOW PAR, THE AGGREGATE AMOUNT OF THE DISCOUNT PLUS INTEREST TO BE PAID
28 ON THE BONDS MAY NOT EXCEED THE AMOUNT OF INTEREST THAT WOULD BE PAYABLE ON
29 THE BONDS OVER THE MATURITY SCHEDULE PRESCRIBED BY THE BOARD OF SUPERVISORS
30 AT THE MAXIMUM RATE STATED IN THE RESOLUTION CALLING THE ELECTION AT WHICH
31 THE BONDS WERE APPROVED.

32 6. The bids shall be for the entire bond issue unless the board of
33 supervisors ~~shall allow bidding therefor~~ ALLOWS BIDDING in parcels for less
34 than the entire issue.

35 7. The county may pay all expenses, premiums and commissions which its
36 board of supervisors deems necessary or advantageous in connection with such
37 issuance.

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

43 F. BONDS MAY BE SOLD TO NATURAL PERSONS RESIDING IN THIS STATE BY
44 NEGOTIATED SALE ON TERMS THE BOARD OF SUPERVISORS CONSIDERS TO BE THE BEST
45 AVAILABLE. THE BONDS MAY BEAR INTEREST PAYABLE AT TIMES DETERMINED BY THE

1 BOARD OF SUPERVISORS. THE BONDS MAY BE SOLD BELOW, AT OR ABOVE PAR. IF THE
2 BONDS ARE SOLD BELOW PAR, THE AGGREGATE AMOUNT OF DISCOUNT PLUS INTEREST TO
3 BE PAID ON THE BONDS MAY NOT EXCEED THE AMOUNT OF INTEREST THAT WOULD BE
4 PAYABLE ON THE BONDS OVER THE MATURITY SCHEDULE PRESCRIBED BY THE BOARD OF
5 SUPERVISORS AT THE MAXIMUM RATE SET OUT IN THE RESOLUTION CALLING THE
6 ELECTION AT WHICH THE BONDS WERE APPROVED.

7 G. PENDING PREPARATION OF THE ACTUAL BONDS, THE BOARD OF SUPERVISORS
8 MAY ISSUE INTERIM RECEIPTS OR CERTIFICATES TO THE PURCHASERS OF THE BONDS IN
9 THE FORM AND WITH THE PROVISIONS THE BOARD DETERMINES.

10 H. Any outstanding bonds of the county may at any time be refunded by
11 the county by the issuance of its refunding bonds in such amount as the board
12 of supervisors may deem necessary but not exceeding an amount sufficient to
13 refund the principal of the bonds to be refunded, together with any unpaid
14 interest on the bonds and any necessary premiums and commissions. Any such
15 refunding may be effected whether the bonds to be refunded have matured or
16 shall thereafter mature, either by sale of the refunding bonds and the
17 application of the proceeds for the payment of the bonds to be refunded or
18 by the exchange of the refunding bonds for the bonds to be refunded with the
19 consent of the holders of the bonds to be refunded, and regardless of whether
20 the bonds to be refunded were issued in connection with the same projects or
21 separate projects and regardless of whether the bonds proposed to be refunded
22 are payable at the same date or different dates or are due serially or
23 otherwise.

24 I. All such bonds and interest coupons applicable to the bonds are
25 negotiable instruments.

26 J. BONDS ISSUED UNDER THIS SECTION MAY BEAR INTEREST AT ANY RATE OR
27 RATES NOT IN EXCESS OF THE MAXIMUM RATE OF INTEREST STATED IN THE RESOLUTION
28 CALLING THE ELECTION. INTEREST IS PAYABLE AT THE TIMES DETERMINED BY THE
29 BOARD OF SUPERVISORS, EXCEPT THAT EACH SUCH BOND MAY BE EVIDENCED BY ONE
30 INSTRUMENT OR, IF COMMERCIAL PAPER, BY A SUCCESSION OF INSTRUMENTS EACH
31 BEARING INTEREST PAYABLE ONLY AT MATURITY. BONDS OR COMMERCIAL PAPER ISSUED
32 UNDER THIS SECTION ARE SUBJECT TO THE FOLLOWING:

33 1. THE BONDS MAY BEAR INTEREST AT A FIXED, VARIABLE OR COMBINATION
34 RATE, NONE OF WHICH EXCEEDS THE MAXIMUM RATE OF INTEREST STATED IN THE
35 RESOLUTION CALLING THE ELECTION.

36 2. A VARIABLE RATE SHALL BE BASED ON ANY OBJECTIVE MEASURE OF THE
37 CURRENT VALUE OF MONEY BORROWED SUCH AS THE ANNOUNCED PRIME RATE OF A BANK,
38 THE RATES BORNE BY OBLIGATIONS OF THE UNITED STATES OR AN INDEX OR OTHER
39 FORMULA PROVIDED FOR BY THE BOARD OF SUPERVISORS. THE BOARD OF SUPERVISORS
40 SHALL EMPLOY A RECOGNIZED AGENT IN MUNICIPAL BONDS TO MARKET AND REMARKET THE
41 BONDS OR COMMERCIAL PAPER ISSUED AND TO ESTABLISH AN INTEREST RATE PURSUANT
42 TO THE APPROVED INDEX OR FORMULA.

43 3. THE BOARD OF SUPERVISORS MAY GRANT TO THE OWNER OF ANY BOND A RIGHT
44 TO TENDER OR MAY REQUIRE THE TENDER OF THE BOND FOR PAYMENT OR PURCHASE AT
45 ONE OR MORE TIMES BEFORE MATURITY AND MAY ENTER INTO APPROPRIATE AGREEMENTS

1 WITH ANY FINANCIAL INSTITUTION, INSURANCE COMPANY OR INDEMNITY COMPANY FOR
2 THE PURCHASE OF BONDS SO TENDERED. THE AGREEMENT MAY PROVIDE THAT WHILE THE
3 BONDS ARE HELD BY THE FINANCIAL INSTITUTION, INSURANCE COMPANY OR INDEMNITY
4 COMPANY THE BONDS MAY BEAR INTEREST AT A RATE HIGHER THAN WHEN THE BONDS ARE
5 HELD BY OTHER OWNERS, BUT NOT EXCEEDING THE MAXIMUM RATE OF INTEREST STATED
6 IN THE RESOLUTION CALLING THE ELECTION.

7 4. IF BONDS ARE TENDERED BEFORE MATURITY UNDER AN AGREEMENT TO PAY FOR
8 OR PURCHASE BONDS WHEN TENDERED, THE COUNTY MAY PROVIDE FOR THE PURCHASE AND
9 RESALE OF THE BONDS PURSUANT TO THE TENDERS WITHOUT EXTINGUISHING THE
10 OBLIGATION THEY REPRESENT OR INCURRING A NEW OBLIGATION ON THE RESALE,
11 WHETHER OR NOT THOSE BONDS ARE REPRESENTED BY THE SAME INSTRUMENTS WHEN
12 PURCHASED AS WHEN RESOLD.

13 5. COMPENSATION FOR THE RESALE OF THE BONDS SHALL NOT BE BASED ON OR
14 MEASURED BY THE DIFFERENCE BETWEEN THE PRICE AT WHICH THE BONDS ARE PURCHASED
15 AND THE PRICE AT WHICH THEY ARE RESOLD.

16 6. THE BOARD OF SUPERVISORS MAY:

17 (a) CONTRACT WITH A FINANCIAL INSTITUTION, INSURANCE COMPANY OR
18 INDEMNITY COMPANY TO PROVIDE ADDITIONAL SECURITY FOR THE BONDS IN THE FORM
19 OF A LINE OF CREDIT, LETTER OF CREDIT, INSURANCE POLICY OR OTHER SECURITY.

20 (b) PAY THE COSTS OF THE ADDITIONAL SECURITY FROM AMOUNTS PROVIDED IN
21 THE BOND ISSUE OR FROM OTHER AVAILABLE SOURCES AND MAY ENTER INTO
22 REIMBURSEMENT OBLIGATIONS IN CONNECTION WITH THE COST OF THE ADDITIONAL
23 SECURITY.

24 7. ANY REIMBURSEMENT OBLIGATION ENTERED INTO WITH THE FINANCIAL
25 INSTITUTION, INSURANCE COMPANY OR INDEMNITY COMPANY SHALL NOT PROVIDE FOR THE
26 PAYMENT OF INTEREST IN EXCESS OF THE MAXIMUM RATE OF INTEREST STATED IN THE
27 RESOLUTION CALLING THE ELECTION. THE REIMBURSEMENT OBLIGATION DOES NOT
28 CONSTITUTE A GENERAL OBLIGATION OF THE COUNTY AND IS PAYABLE FROM THE SAME
29 SOURCE AS THE BONDS, OR FROM OTHER AVAILABLE REVENUES, AS DETERMINED BY THE
30 BOARD OF SUPERVISORS. THE USE OF SUCH OTHER AVAILABLE REVENUES DOES NOT
31 CREATE INDEBTEDNESS OF THE COUNTY UNDER ARTICLE IX, SECTION 8, CONSTITUTION
32 OF ARIZONA.

33 8. VARIABLE RATE BONDS AND COMMERCIAL PAPER MAY BE SOLD AT COMPETITIVE
34 PUBLIC SALE, THROUGH AN ON-LINE BIDDING PROCESS OR AT NEGOTIATED SALE. A
35 COMPETITIVE PUBLIC SALE MAY BE ACCOMPLISHED PURSUANT TO A NOTICE OF SALE
36 PUBLISHED AT THE TIMES AND IN THE MANNER PROVIDED IN THIS SECTION. THE
37 NOTICE SHALL INCLUDE THE TERMS AND CONDITIONS DETERMINED BY THE BOARD OF
38 SUPERVISORS.

39 9. IF BONDS ARE TO BE ISSUED IN THE FORM OF COMMERCIAL PAPER, THE
40 BOARD OF SUPERVISORS SHALL FIRST ESTABLISH THE SCHEDULE FOR THE MATURITIES
41 OF THE BONDS WITHIN THE MAXIMUM PERIOD PERMITTED BY THE VOTED
42 PROPOSITION. THE INDIVIDUAL INSTRUMENTS REPRESENTING THE BONDS MAY MATURE
43 OVER SHORTER PERIODS AND MAY BE RETIRED BEFORE MATURITY WITH PROCEEDS OF
44 SUBSEQUENT INSTRUMENTS OR WITH THE PROCEEDS OF DEFINITIVE BONDS, BUT THEY

1 SHALL BE FINALLY PAID ACCORDING TO THE SCHEDULE OF BOND MATURITIES OR
2 EARLIER.

3 10. BONDS ISSUED IN THE FORM OF COMMERCIAL PAPER MAY BE SOLD THROUGH
4 AN AGENT IN THE FORM OF INSTRUMENTS THAT MATURE AT INTERVALS THE AGENT
5 DETERMINES TO BE MOST ADVANTAGEOUS TO THE ISSUER AFTER GIVING PUBLIC NOTICE
6 TO POTENTIAL INVESTORS AS DETERMINED BY THE BOARD OF SUPERVISORS.

7 11. BONDS MAY BE ISSUED AS COMPOUND INTEREST BONDS BEARING INTEREST
8 PAYABLE ONLY AT MATURITY BUT COMPOUNDED PERIODICALLY UNTIL THAT DATE AT A
9 FIXED RATE NO HIGHER THAN THE RATE SET FORTH IN THE RESOLUTION CALLING THE
10 ELECTION.

11 ~~F.~~ K. A county may submit to the attorney general all proceedings for
12 the issuance of bonds to be issued under this article after all proceedings
13 for their issuance have been taken, and thereupon it shall be the duty of the
14 attorney general to pass upon the validity of the bonds and the regularity
15 of the proceedings authorizing their issuance. If such proceedings conform
16 to the provisions of this article, and the bonds when delivered and paid for
17 will constitute binding and legal obligations of the county according to the
18 terms thereof, the attorney general shall certify in substance that the bonds
19 are issued in accordance with the constitution and laws of this state.

20 L. FOR PURPOSES OF THIS SECTION, "ON-LINE BIDDING PROCESS" MEANS A
21 PROCUREMENT PROCESS IN WHICH THE GOVERNING BODY RECEIVES BIDS ELECTRONICALLY
22 OVER THE INTERNET IN A REAL-TIME, COMPETITIVE BIDDING EVENT.

23 Sec. 5. Section 11-377, Arizona Revised Statutes, is amended to read:
24 11-377. Form of bonds; interest rates; redemption; payment of
25 principal and interest; additional security;
26 definition

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

39 B. Any or all of the bonds may be sold by calling for bids at public
40 sale ~~or bonds may be sold under~~ THROUGH AN ON-LINE BIDDING PROCESS OR an
41 accelerated bidding process. If sold under an accelerated bidding process,
42 the bonds shall be sold at the lowest cost the board of supervisors deems
43 then available after having received at least three pricing quotations from
44 recognized purchasers of bonds of the type being sold. If sold at public
45 sale OR THROUGH AN ON-LINE BIDDING PROCESS, the bonds shall be sold to the

1 bidder making the best bid. IF BONDS ARE SOLD THROUGH AN ON-LINE BIDDING
2 PROCESS, BIDS FOR THE BONDS THAT ARE ENTERED INTO THE SYSTEM MAY BE CONCEALED
3 UNTIL A SPECIFIED TIME OR DISCLOSED IN THE ON-LINE BIDDING PROCESS, MAY BE
4 SUBJECT TO IMPROVEMENT IN FAVOR OF THE COUNTY BEFORE A SPECIFIED TIME AND MAY
5 BE FOR AN ENTIRE ISSUE OR SPECIFIED MATURITIES ACCORDING TO THE MANNER, TERMS
6 AND NOTICE PROVISIONS ORDERED BY THE BOARD OF SUPERVISORS.

7 C. The bonds may be sold below, at or above par. If the AN ISSUE OF
8 bonds are IS sold below par, the aggregate amount of discount plus interest
9 to be paid on the bonds must not exceed the amount of interest that would be
10 payable on the bonds over the maturity schedule prescribed by the board of
11 supervisors at the maximum rate set out in the resolution calling the
12 election at which the bonds were voted.

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

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

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

41 1. The bonds may bear interest at a fixed, ~~rate or variable rate~~ or
42 any combination thereof RATE, none of which exceeds the maximum rate of
43 interest set forth in the resolution calling the election.

44 2. A variable rate shall be based on any objective measure of the
45 current value of money borrowed such as the announced prime rate of a bank,

1 the rates borne by obligations of the United States or an index or other
2 formula provided for by the board of supervisors. The board of supervisors
3 shall employ a recognized agent in municipal bonds to market and remarket the
4 bonds or commercial paper issued and to establish an interest rate in
5 accordance with the approved index or formula.

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

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

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

24 6. The board of supervisors may:

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

29 (b) Pay the costs of this additional security from amounts provided
30 in the bond issue or from other available sources and may enter into
31 reimbursement obligations in connection therewith WITH THE COST OF THE
32 ADDITIONAL SECURITY.

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

40 8. Variable rate bonds and commercial paper may be sold at competitive
41 public sale, THROUGH AN ON-LINE BIDDING PROCESS or at negotiated sale. A
42 competitive public sale may be accomplished pursuant to a notice of sale
43 published at the times and in the manner provided in subsection B- D. This
44 notice shall provide the terms and conditions determined by the board of
45 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
10 an 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 D. Pending preparation of the definitive bonds, interim receipts
18 or 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 E. H. The principal of and interest upon 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 F. I. As additional security for the payment of such bonds, a county,
25 by resolution submitted to the qualified electors at a special election
26 called for such purpose, and upon the approval of such resolution by a
27 majority of the voters voting at such election, may pledge its full faith and
28 credit for the payment thereof OF THE BONDS, and if such pledge is made, and
29 the revenues pledged to the payment of such bonds are at any time
30 insufficient therefor, the county shall be obligated to pay such bonds and
31 coupons ~~in~~ WITH INTEREST TO the same extent as other general obligation bonds
32 of the county, and shall be reimbursed from subsequent revenues received by
33 the county from taxes, fees, charges and other monies collected by the state
34 and returned to such county 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 11-378, Arizona Revised Statutes, is amended to read:

39 11-378. Issuance of bonds for public improvements; limitations
40 of amount; successive borrowings; annual interest

41 A. No county may issue bonds under this article unless the aggregate
42 amount of the revenues received by it from highway user taxes, including
43 motor vehicle fuel taxes, and all other taxes, fees, charges or other monies
44 returned to the county pursuant to title 28, chapter 18, article 2 and
45 section 42-6107, in the year preceding the borrowing of money under this

1 article is equal to at least one and one-half times the highest annual
2 principal and interest requirements thereafter to come due on all such bonds
3 to be outstanding after the borrowing occurs, provided that for bonds that
4 are issued under this article where the aggregate amount of monies returned
5 to the county pursuant to title 28, chapter 18, article 2 and section
6 42-6107, in the year preceding the borrowing of money under this article, is
7 not equal to at least two times the highest annual principal and interest
8 requirements thereafter to become due on all such bonds to be outstanding
9 after the borrowing occurs, shall bear a rating at the time of issuance of
10 "A" or better by at least one nationally recognized credit rating service
11 taking into account any credit enhancement facility in effect with respect
12 to those bonds. Subject to such limitation, successive borrowings may be
13 made under this article.

14 B. In computing the annual interest requirements of bonds described
15 in section 11-377, subsection ~~C~~ F the board of supervisors shall determine
16 a rate that is not more than the maximum rate permitted under the terms of
17 their issuance. In making the determination, the board of supervisors shall
18 set a rate that is not less than one hundred twenty-five per cent of the rate
19 in effect on the date of determination or, if the bonds are not then issued,
20 one hundred twenty-five per cent of the initial rate on the bonds, except
21 that if this determination exceeds the maximum rate permitted under the terms
22 of issuance, the rate shall be the maximum rate. Notwithstanding the
23 provisions of any reimbursement obligation, the bonds remain outstanding
24 until the stated maturity of the bonds.

25 Sec. 7. Section 35-457, Arizona Revised Statutes, is amended to read:
26 35-457. Sale of bonds; notice; bids; forfeiture of deposit;
27 definitions

28 A. Any or all of the bonds may be sold by calling for bids at public
29 sale OR THROUGH AN ON-LINE BIDDING PROCESS, or bonds may be sold under an
30 accelerated bidding process AS FOLLOWS: —

31 1. If sold under an accelerated bidding process, the bonds shall be
32 sold at the lowest cost the governing body deems then available after having
33 received at least three pricing quotations from recognized purchasers of
34 bonds of the type being sold.

35 2. If sold by public sale before the sale of any bonds the governing
36 body or board shall ~~at a meeting thereof~~ MEET AND enter upon its record an
37 order directing the sale of the bonds and the date and hour of the sale, and
38 cause a copy of the order to be published at least once a week for two
39 successive weeks in cities having a population of fifteen thousand or more
40 persons according to the most recent federal census, and once a week for four
41 successive weeks in all other political subdivisions before the sale in one
42 or more designated daily or weekly newspapers, together with a notice that
43 sealed proposals will be received for purchase of the bonds on the date and
44 hour named in the order.

1 3. IF SOLD THROUGH AN ON-LINE BIDDING PROCESS, BIDS FOR THE BONDS THAT
2 ARE ENTERED INTO THE SYSTEM MAY BE CONCEALED UNTIL A SPECIFIED TIME OR
3 DISCLOSED IN THE ON-LINE BIDDING PROCESS, MAY BE SUBJECT TO IMPROVEMENT IN
4 FAVOR OF THE MUNICIPALITY BEFORE A SPECIFIED TIME AND MAY BE FOR AN ENTIRE
5 ISSUE OF BONDS OR SPECIFIED MATURITIES ACCORDING TO THE MANNER, TERMS AND
6 NOTICE PROVISIONS ORDERED BY THE GOVERNING BODY.

7 B. If the bonds are sold by public sale OR THROUGH AN ON-LINE BIDDING
8 PROCESS, all sealed proposals shall be received on the date and hour named
9 OR IN THE MANNER STATED in the order and the governing body or board shall
10 award the bonds to the highest and most responsible bidder. All bids shall
11 be accompanied by a bid guarantee for not less than two per cent of the total
12 par value of the bonds. The bid guarantee may be in the form of a certified
13 check or a bond issued by a surety company licensed by the department of
14 insurance to do business in this state. The governing body or board may
15 reject any and all bids and return such THE bid guarantees. If the
16 successful bidder does not carry out the terms of the proposal to purchase
17 the bonds, the bid guarantee shall be forfeited as stipulated and liquidated
18 damages.

19 C. Notwithstanding any other provision of this section, bonds may be
20 sold to natural persons residing in this state by negotiated sale on terms
21 the governing body deems to be the best then available and may bear interest
22 payable at such times as shall be determined by the governing body.

23 D. The bonds may be sold below, at or above par. If the AN ISSUE OF
24 bonds are IS sold below par, the aggregate amount of discount plus interest
25 to be paid on the bonds must not exceed the amount of interest that would be
26 payable on the bonds over the maturity schedule prescribed by the governing
27 body at the maximum rate set out in the resolution calling the election at
28 which the bonds were voted. The amount of net premium associated with a bond
29 issue may not exceed the greater of:

- 30 1. Two per cent of the par value of the bond issue.
- 31 2. One hundred thousand dollars.

32 E. Any net premium not used to pay the costs of the bond issue shall
33 be deposited in a debt service fund and used to pay interest on the bonds.

34 F. For purposes of this section:

35 1. "Net premium" means the difference between the par amount of the
36 bond issue and the bond issue price determined pursuant to United States
37 treasury regulations.

38 2. "ON-LINE BIDDING PROCESS" MEANS A PROCUREMENT PROCESS IN WHICH THE
39 GOVERNING BODY RECEIVES BIDS ELECTRONICALLY OVER THE INTERNET IN A REAL-TIME,
40 COMPETITIVE BIDDING EVENT.

1 Sec. 8. Section 48-597, Arizona Revised Statutes, is amended to read:
2 48-597. List of unpaid assessments; issuance of bonds;
3 denominations; due date

4 A. After the return of the warrant, and after the ~~superintendent has~~
5 recorded RECORDING the return, ~~the~~ THE SUPERINTENDENT shall make and certify
6 to the clerk a complete list of all assessments unpaid, which amount to
7 twenty-five dollars or over, upon any assessment.

8 B. If any person before certification of the list to the clerk
9 presents to the superintendent ~~his~~ AN affidavit that ~~he is the owner of~~ THE
10 PERSON OWNS a lot in the list, accompanied by the certificate of a searcher
11 of records that the person is the owner of record, and notifies the
12 superintendent in writing that ~~he~~ THE PERSON desires no bond to be issued for
13 the assessment upon the lot, then the assessment shall not be included in the
14 list, and shall remain collectible as provided by this article. Omission to
15 file the notice shall bar any defense against the bonds except the defense
16 that the governing body did not have authority to issue the bonds.

17 C. The clerk shall present the list to the governing body at its next
18 meeting after the return has been recorded. At any time after awarding a
19 contract for construction or acquisition, the governing body may, by
20 resolution, direct improvement bonds to be issued in an amount which shall
21 not exceed the amount of unpaid assessments exceeding twenty-five dollars as
22 may be shown on the certified list. The resolution shall prescribe the
23 maximum number and denomination of the bonds, and the times when payable,
24 which shall be so fixed that an approximately equal amount of principal shall
25 be paid each year or any approximately equal aggregate amount of principal
26 and interest shall be paid each year until the whole amount is paid. The
27 bonds shall mature in a period which shall not exceed twenty-five years and
28 three months from the date of the bonds. The denominations of the bonds
29 shall be fixed by the governing body. The governing body may provide in the
30 form of bond for redemption prior to maturity upon the giving of such notice
31 as the governing body determines to be reasonable and for the payment of a
32 premium at redemption if the governing body determines such THE premium to
33 be advisable. The resolution shall also fix the place, if any, other than
34 the office of the treasurer, at which the bonds and the interest thereon
35 shall be payable.

36 D. The bonds shall be issued as of the date determined by the
37 governing body, and shall bear interest from such date at the rate specified
38 in the resolution, ~~of intention. They shall have semiannual interest coupons~~
39 ~~attached, the first of which shall be payable SEMIANNUALLY BEGINNING~~ on
40 January 1 or July 1, as the case may be, occurring no earlier than ninety
41 days after the later of the date of the bond or the expected completion of
42 the work, and shall be for the interest accrued at that time.

43 E. The due date of all bonds shall be January 1 in the years in which
44 they respectively become due.

1 F. The city shall have the option to sell the bonds at public or
2 private sale OR BY AN ON-LINE BIDDING PROCESS, at a price not below par and
3 accrued interest to the date of payment, and at an interest rate not in
4 excess of the maximum rate set in the resolution of intention. In the event
5 the bonds are not sold by the city they shall be delivered to the contractor
6 for the amount of the assessments remaining unpaid and the bonds shall bear
7 interest at the maximum interest rate set forth in the resolution or
8 ordinance of intention.

9 G. If the bonds are sold before the work or acquisition is completed,
10 the proceeds from the sale of the bonds shall be placed in a special fund to
11 be held by the treasurer and to be used for payment of incidental expenses
12 and payments for construction or acquisition. Proceeds from the sale of the
13 bonds shall be used for the acquisition mentioned in the resolution of
14 intention or to make semimonthly or monthly payments to the contractor upon
15 a basis of ninety per cent of the value of the work actually performed as
16 estimated by the superintendent or engineer employed for such purposes to and
17 including the fifteenth or last day of each calendar month. The balance
18 shall be paid after the governing body has approved the assessment after the
19 hearing. Pending use of the bond proceeds, the treasurer may invest the
20 proceeds in any investments for which sinking funds of this state may be
21 invested. Notwithstanding the foregoing, if bond anticipation notes have
22 been issued, the bond proceeds, or so much as is necessary, shall be used to
23 redeem such notes.

24 Sec. 9. Section 48-634, Arizona Revised Statutes, is amended to read:

25 48-634. Sale of bonds; disposition of proceeds

26 The bonds may be issued and sold by the governing body as it may
27 determine AT PUBLIC OR PRIVATE SALE OR BY AN ON-LINE BIDDING PROCESS, but for
28 not less than par. The proceeds shall be placed in the treasury to the
29 credit of a fund to be applied exclusively to the purposes and objects
30 prescribed by this article.

31 Sec. 10. Section 48-688, Arizona Revised Statutes, is amended to read:

32 48-688. Form of bonds; interest rates; redemption; payment of
33 principal and interest; additional security;
34 definition

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

1 B. Any or all of the bonds may be sold by calling for bids at public
2 sale OR THROUGH AN ON-LINE BIDDING PROCESS or bonds may be sold under an
3 accelerated bidding process. If sold under an accelerated bidding process,
4 the bonds shall be sold at the lowest cost the governing body deems then
5 available after having received at least three pricing quotations from
6 recognized purchasers of bonds of the type being sold. If sold at public
7 sale, the bonds shall be sold to the bidder making the best bid. IF BONDS
8 ARE SOLD THROUGH AN ON-LINE BIDDING PROCESS, BIDS FOR THE BONDS THAT ARE
9 ENTERED INTO THE SYSTEM MAY BE CONCEALED UNTIL A SPECIFIED TIME OR DISCLOSED
10 IN THE ON-LINE BIDDING PROCESS, MAY BE SUBJECT TO IMPROVEMENT IN FAVOR OF THE
11 DISTRICT BEFORE A SPECIFIED TIME AND MAY BE FOR AN ENTIRE ISSUE OF BONDS OR
12 SPECIFIED MATURITIES ACCORDING TO THE MANNER, TERMS AND NOTICE PROVISIONS
13 ORDERED BY THE GOVERNING BODY.

14 C. The bonds may be sold below, at or above par. If ~~the~~ AN ISSUE OF
15 bonds ~~are~~ IS sold below par, the aggregate amount of discount plus interest
16 to be paid on the bonds must not exceed the amount of interest that would be
17 payable on the bonds over the maturity schedule prescribed by the governing
18 body at the maximum rate set out in the resolution calling the election at
19 which the bonds were voted:

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

38 ~~C.~~ E. Bonds issued by a city or town may bear interest at any rate
39 or rates not in excess of the maximum rate of interest set forth in the
40 resolution calling the election, payable at the times determined by the
41 governing body, provided that each such bond may be evidenced by one
42 instrument, or if commercial paper by a succession of instruments each
43 bearing interest payable only at maturity. Bonds or commercial paper issued
44 under this article shall be subject to the following:

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

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

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

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

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

29 6. The governing body may:

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

34 (b) Pay the costs of such AN additional security from amounts provided
35 in the bond issue or from other available sources and may enter into
36 reimbursement obligations in connection therewith WITH THE COST OF THE
37 ADDITIONAL SECURITY.

38 7. Any reimbursement obligation entered into with the bank, financial
39 institution, insurance company or indemnity company shall not provide for the
40 payment of interest in excess of the maximum rate of interest set forth in
41 the resolution calling the election. The reimbursement obligation does not
42 constitute a general obligation of the city or town and is payable from the
43 same source as the bonds, or from other available revenues, as determined by
44 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 B- D. This
5 notice shall provide such 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
15 an agent in the form of instruments which 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 D. F. Pending preparation of the definitive bonds, interim receipts
23 or certificates may be issued to the purchaser of the bonds in such A form
24 and with such provisions as the governing body prescribes.

25 E. G. The principal of and interest upon 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 such THE cities and towns
28 for street and highway purposes pursuant to law.

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

41 I. FOR PURPOSES OF THIS SECTION, "ON-LINE BIDDING PROCESS" MEANS A
42 PROCUREMENT PROCESS IN WHICH THE GOVERNING BODY RECEIVES BIDS ELECTRONICALLY
43 OVER THE INTERNET IN A REAL-TIME, COMPETITIVE BIDDING EVENT.

1 Sec. 11. Section 48-689, Arizona Revised Statutes, is amended to read:
2 48-689. Issuance of bonds for public improvements; limitations
3 of amount, successive borrowings; computation

4 A. No city or town may issue bonds under this article unless the
5 aggregate amount of the revenues received by it from highway user taxes,
6 including motor vehicle fuel taxes, and all other taxes, fees, charges or
7 other monies returned to the city or town pursuant to title 28, chapter 18,
8 article 2 and section 42-6107, in the year preceding the borrowing of money
9 under this article, is equal to at least one and one-half times the highest
10 annual principal and interest requirements thereafter to come due on all such
11 bonds to be outstanding after the borrowing occurs, provided that bonds that
12 are issued under this article where the aggregate amount of monies returned
13 to the city or town pursuant to title 28, chapter 18, article 2 and section
14 42-6107, in the year preceding the borrowing of money under this article, is
15 not equal to at least two times the highest annual principal and interest
16 requirements thereafter to become due on all such THE bonds to be outstanding
17 after the borrowing occurs, shall bear a rating at the time of issuance of
18 "A" or better, by at least one nationally recognized credit rating service
19 taking into account any credit enhancement facility in effect with respect
20 to such bonds. Subject to such limitations, successive borrowings may be
21 made under this article.

22 B. In computing the annual interest requirements of bonds described
23 in section 48-688, subsection ~~C~~ E, the governing body shall determine a rate
24 which is not more than the maximum rate permitted under the terms of their
25 issuance. In making the determination, the governing body shall set a rate
26 that is not less than one hundred twenty-five per cent of the rate in effect
27 on the date of determination or, if the bonds are not then issued, one
28 hundred twenty-five per cent of the initial rate on the bonds, except that
29 if such determination exceeds the maximum rate permitted under the terms of
30 issuance, the rate shall be the maximum rate. It is further assumed,
31 notwithstanding the provisions of any reimbursement obligation, that the
32 bonds will remain outstanding until the stated maturity of the bonds.

33 Sec. 12. Section 48-4251, Arizona Revised Statutes, is amended to
34 read:

35 48-4251. County stadium district bonds

36 A. The district, through the board of directors, may:

37 1. Issue negotiable county stadium district bonds in a principal
38 amount as in its opinion is necessary to provide sufficient monies for its
39 activities under section 48-4204, maintaining sufficient reserves in the
40 county stadium district fund to secure the bonds, to pay the necessary costs
41 of issuing, selling and redeeming the bonds and to pay the other expenditures
42 of the district incidental to and necessary and convenient to carry out the
43 purposes of this chapter.

44 2. Refund any bonds issued whether or not the bonds are subject to
45 redemption at that time. The board may provide for investing and holding the

1 proceeds of the refunding bonds in trust for the benefit of the holders of
2 the bonds being refunded.

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 their maturity.

7 3. The 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 which may provide for a premium for early
11 redemption.

12 C. The bonds shall be sold at public or private sale OR THROUGH AN
13 ON-LINE BIDDING PROCESS at the price and on the terms determined by the
14 board. IF BONDS ARE SOLD THROUGH AN ON-LINE BIDDING PROCESS, BIDS FOR THE
15 BONDS THAT ARE ENTERED INTO THE SYSTEM MAY BE CONCEALED UNTIL A SPECIFIED
16 TIME OR DISCLOSED IN THE ON-LINE BIDDING PROCESS, MAY BE SUBJECT TO
17 IMPROVEMENT IN FAVOR OF THE DISTRICT BEFORE A SPECIFIED TIME AND MAY BE FOR
18 AN ENTIRE ISSUE OF BONDS OR SPECIFIED MATURITIES ACCORDING TO THE MANNER,
19 TERMS AND NOTICE PROVISIONS ORDERED BY THE BOARD. All proceeds from issuing
20 the bonds shall be deposited in the county stadium district fund. FOR
21 PURPOSES OF THIS SUBSECTION, "ON-LINE BIDDING PROCESS" MEANS A PROCUREMENT
22 PROCESS IN WHICH THE BOARD OF DIRECTORS RECEIVES BIDS ELECTRONICALLY OVER THE
23 INTERNET IN A REAL-TIME, COMPETITIVE BIDDING EVENT.

24 D. To secure the principal and interest on the bonds the board may by
25 resolution:

26 1. Divide the county stadium district fund into any number of accounts
27 or subaccounts deemed necessary to secure bonds or other obligations of the
28 district. Any of the accounts or subaccounts may be pledged or assigned to
29 the bondholders as security for the bonds or to a trustee who may be
30 appointed to act on behalf of the bondholders.

31 2. Provide that bonds issued under this section may be secured by a
32 first lien on all or part of the monies paid into the county stadium district
33 fund or into any account or subaccount of the fund.

34 3. Pledge or assign to or in trust for the benefit of bondholders any
35 part of the monies in the county stadium district fund or an account or
36 subaccount as is necessary to pay and secure payment of the principal of, or
37 interest and premium, if any, on, the bonds as they come due.

38 4. Establish priorities among bondholders based on criteria adopted
39 by the board of directors.

40 5. Set aside, regulate and dispose of reserves and sinking accounts.

41 6. Provide that the proceeds from the sale of the bonds, from the
42 taxes and surcharges levied pursuant to article 2 of this chapter or from any
43 other revenues of the district may be used to fully or partly fund any
44 reserves or sinking funds established by the bond resolution.

1 7. Prescribe the procedure, if any, by which the terms of any contract
2 with bondholders may be amended or abrogated, the amount of bonds the holders
3 of which must consent to and the manner in which consent may be given.

4 8. Provide for payment, from the proceeds of the sale of the bonds or
5 from other district income or revenues, of all legal and financial expenses
6 incurred by the board in issuing, selling, delivering and paying the bonds
7 and engineering and architectural expenses incurred by the board in designing
8 and constructing the stadium.

9 9. Provide for payment of all fees, premiums, charges or costs
10 pertaining to bond insurance, credit enhancement, liquidity enhancement or
11 any other facility or security deemed necessary by the board to better secure
12 the bonds.

13 10. Provide for the services of trustees, co-trustees, agents,
14 consultants and other specialized services with respect to the bonds.

15 11. Place any restrictions on reinvestment yield on the bonds or on any
16 monies pledged to pay the bonds if necessary to comply with federal income
17 tax laws and regulations to gain any federal tax benefits available with
18 respect to the bonds.

19 12. Pay any rebates necessary to preserve the bonds' tax exempt status
20 under federal income tax laws.

21 13. Do any other matters which in any way may affect the security and
22 protection of the bonds.

23 E. Any pledge made under this article is valid and binding from the
24 time when the pledge is made. The monies so pledged and received by the
25 district treasurer to be placed in the county stadium district fund are
26 immediately subject to the lien of the pledge without any future physical
27 delivery or further act, and any such lien of the pledge is valid or binding
28 against all parties having claims of any kind in tort, contract or otherwise
29 against the board irrespective of whether the parties have notice of the
30 lien. The official resolution or trust indenture or any instrument by which
31 this pledge is created, when placed in the board's official records, is
32 notice to all concerned of the creation of the pledge, and those instruments
33 need not be recorded in any other place.

34 F. Neither the members of the board nor any person executing the bonds
35 is personally liable for the payment of the bonds. The bonds are valid and
36 binding obligations notwithstanding that before the delivery of the bonds any
37 of the persons whose signatures appear on the bonds cease to be members of
38 the board. From and after the sale and delivery of the bonds, they are
39 incontestable by the board.

40 G. The board, out of any available monies, may purchase bonds, which
41 may thereupon be canceled.

~~APPROVED BY THE GOVERNOR APRIL 11, 2001.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 12, 2001.~~

Passed the House February 14, 2001,

Passed the Senate April 2, 2001,

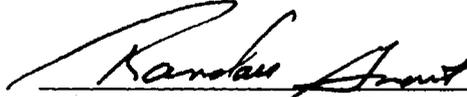
by the following vote: 58 Ayes,

by the following vote: 29 Ayes,

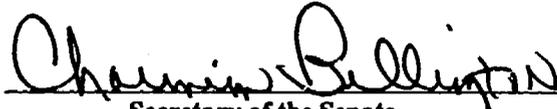
0 Nays, 2 Not Voting

0 Nays, 1 Not Voting


Speaker of the House


President of the Senate


Chief Clerk of the House


Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

H.B. 2042

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 5, 2001,

by the following vote: 50 Ayes,

0 Nays, 10 Not Voting

Lake Luke

Speaker of the House
Pro Tempore

Norman L. Moore

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

6 day of April, 2001,

at 9:32 o'clock A M.

Sandra Ramirez
Secretary to the Governor

Approved this 11 day of

April, 2001,

at 8:35 o'clock P M.

Janice Hull
Governor of Arizona

H.B. 2042

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 12 day of April, 2001,

at 3:30 o'clock P M.

Debbie Bayless
Secretary of State