

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 150

HOUSE BILL 2123

AN ACT

AMENDING SECTION 28-7678, ARIZONA REVISED STATUTES; AMENDING LAWS 1999, CHAPTER 262, SECTION 10 AND LAWS 2000, CHAPTER 32, SECTION 10; RELATING TO THE HIGHWAY EXPANSION AND EXTENSION LOAN PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 28-7678, Arizona Revised Statutes, is amended to
3 read:

4 28-7678. Board funding obligations

5 A. The board may deliver nonnegotiable board funding obligations as
6 follows:

7 ~~1. In fiscal year 1999-2000, a board funding obligation that is in a~~
8 ~~principal amount that is not more than one hundred million dollars and that~~
9 ~~matures no later than one calendar year after delivery of the obligation.~~

10 ~~2. In fiscal year 2000-2001, a board funding obligation that is in a~~
11 ~~principal amount that is not more than one hundred million dollars and that~~
12 ~~matures no later than three calendar years after the delivery of the~~
13 ~~obligation.~~

14 ~~3. In fiscal year 2001-2002, an additional board funding obligation~~
15 ~~that is in a principal amount that is not more than one hundred million~~
16 ~~dollars and that matures no later than two calendar years after the delivery~~
17 ~~of the obligation.~~

18 4. 1. In fiscal year 2003-2004, a board funding obligation that is in
19 a principal amount that is not more than two hundred million dollars and that
20 matures no later than four calendar years after the delivery of the
21 obligation.

22 2. IN ANY FISCAL YEAR FROM FISCAL YEARS 2005-2006 THROUGH 2019-2020,
23 BOARD FUNDING OBLIGATIONS THAT ARE IN A PRINCIPAL AMOUNT THAT IS NOT MORE
24 THAN TWO HUNDRED MILLION DOLLARS IN ANY FISCAL YEAR AND THAT MATURES NO LATER
25 THAN FOUR CALENDAR YEARS AFTER THE DELIVERY OF THE OBLIGATION.

26 B. The board shall sell the board funding obligations prescribed in
27 subsection A of this section to the state treasurer. The board shall repay
28 board funding obligations at the board's earliest convenience. The total
29 principal amount of board funding obligations at any one time shall not be
30 more than two hundred million dollars. The board may reissue to the state
31 treasurer any called board funding obligations on the same terms as the
32 obligations that were called and in a principal amount that does not exceed
33 the principal amount called.

34 C. In consultation with the state treasurer, the board shall authorize
35 each board funding obligation by a resolution. The authorizing resolution
36 shall provide the following:

37 1. The rate or rates of interest.

38 2. The date or dates of maturity.

39 3. The terms of redemption.

40 4. The form and manner of execution of the funding obligation.

41 5. Any terms necessary to secure credit enhancement or other sources
42 of payment or security.

43 6. Any other item the board determines is necessary.

44 D. As provided in the authorizing resolutions of the board, the
45 principal of and interest on the board funding obligations shall be paid from

1 one or more loan repayment agreements that are funded with the proceeds of
2 the obligations and that are pledged to the repayment of the
3 obligations. The pledged loan repayment agreements shall be held in one or
4 more separate subaccounts in the fund that are established and pledged by the
5 authorizing resolution for the payment of the board funding obligation under
6 the terms of the authorizing resolution. As long as the board funding
7 obligations are outstanding, the board shall segregate the loan payments
8 under the loan repayment agreements and shall deposit all of those monies in
9 the appropriate separate subaccount of the fund designated as the subaccount
10 from which the obligations are to be paid. However, with respect to the
11 obligations deposited into the state highway fund pursuant to subsection G of
12 this section, the obligations shall be repaid by the board, no later than the
13 final maturity of the obligations, from the state highway fund and not from
14 loan repayment agreements and may be secured by a pledge granted pursuant to
15 subsection E, paragraph 2 of this section.

16 E. To secure the board funding obligations, the board by the
17 authorizing resolution may:

18 1. Provide that principal of and interest on the obligations may be
19 secured by a pledge of and first lien or other specified lien on all or part
20 of the monies held in the specified subaccounts of the fund pledged to the
21 obligations.

22 2. Provide that, if the department fails to make loan repayments when
23 due under any pledged loan repayment agreement of the department, the
24 principal of obligations secured by the pledged loan repayment agreement may
25 be paid from and secured by a pledge of and lien on all or any part of the
26 monies paid into the state highway fund from the sources specifically
27 collected as prescribed under article IX, section 14, Constitution of
28 Arizona, and the monies distributed pursuant to section 28-5808, if the lien
29 is subordinated and subject to the prior lien on those monies securing all
30 bonds issued by the board pursuant to article 1 of this chapter.

31 3. Provide that all or a portion of the interest on the obligations
32 may be paid from and secured by a pledge of any available monies in the fund.
33 These pledged monies shall be deposited in the subaccount that secures the
34 obligations.

35 4. Provide that all or a portion of the interest on the obligations
36 may be paid from available monies in the state highway fund that are
37 deposited, as provided in the authorizing resolution, in the subaccount that
38 secures the obligations.

39 5. Do any other matters of like or different character that in any way
40 may affect the security and protection of the obligations.

41 F. The monies pledged under this section to the board funding
42 obligations and received by the state treasurer or department to be deposited
43 in the pledged subaccount are immediately subject to the lien of the pledge
44 without any future physical delivery or further act. A lien of any pledge is
45 valid and binding against all parties having claims of any kind in tort,

1 contract or otherwise against the board or the department irrespective of
2 whether the parties have notice of the lien. When placed in the board's
3 records, the resolution by which this pledge is created is notice to all
4 concerned of the creation of the pledge.

5 G. Board funding obligations shall be sold at private sale to the
6 state treasurer at a price and on terms provided by the board in its
7 authorizing resolution in accordance with subsection E of this section.
8 ~~Before July 1, 2001, proceeds from the sale of obligations shall be deposited~~
9 ~~in a separate subaccount in the fund and may be spent for financial~~
10 ~~assistance to the department for eligible projects and related costs under~~
11 ~~this article and to pay interest on board funding obligations. After July 1,~~
12 ~~2001, up to sixty million dollars of the proceeds from the sale of new~~
13 ~~obligations shall be deposited into the state highway fund established by~~
14 ~~section 28-6991 and up to forty million dollars of proceeds shall be~~
15 ~~deposited in a separate subaccount in the highway expansion and extension~~
16 ~~loan program fund established by section 28-7674 and may be spent for~~
17 ~~financial assistance to the department for eligible projects and related~~
18 ~~costs under this article and to pay interest on board funding obligations.~~
19 ~~After July 1, 2003,~~ Up to sixty million dollars of the proceeds from the
20 sale of obligations shall be deposited into the state highway fund and up to
21 one hundred forty million dollars of proceeds shall be deposited in a
22 separate subaccount in the highway expansion and extension loan program fund
23 and may be spent for financial assistance to the department for eligible
24 projects and related costs under this article and to pay interest on board
25 funding obligations.

26 H. On request of the board, the attorney general shall take whatever
27 actions are necessary to enforce loan repayment agreements that are pledged
28 by the board to board funding obligations.

29 I. Board funding obligations:

30 1. Are special obligations of the board.

31 2. Are not obligations that are general, special or otherwise of this
32 state.

33 3. Are not a legal debt of this state.

34 4. Are payable and enforceable only from the monies and separate
35 subaccounts pledged and assigned in the authorizing resolutions of the board.

36 J. Any member of the board or a person executing a board funding
37 obligation is not personally liable for the payment of the obligation.

38 K. If the state treasurer calls the investment in the board funding
39 obligations as provided in section 35-313, subsection D:

40 1. The board shall repay the principal amount of the obligations
41 called by the state treasurer from the sources of the monies specified in the
42 resolution of the board that authorized the obligations.

43 2. The board may reissue to the state treasurer any called board
44 funding obligations on the same terms as the obligations that were called and
45 in a principal amount that does not exceed the principal amount called.

1 Sec. 2. Laws 1999, chapter 262, section 10 is amended to read:

2 Sec. 10. Delayed repeal

3 Section 28-7672, Arizona Revised Statutes, relating to the highway
4 expansion and extension loan program advisory committee, is repealed from and
5 after December 31, ~~2009~~ 2024.

6 Sec. 3. Laws 2000, chapter 32, section 10 is amended to read:

7 Sec. 10. Delayed repeal

8 Section 28-7678, Arizona Revised Statutes, is repealed from and after
9 December 31, ~~2008~~ 2024.

APPROVED BY THE GOVERNOR APRIL 20, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2005.

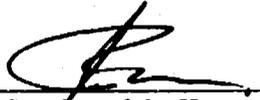


Passed the House February 7, 2005

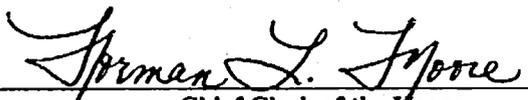
Passed the Senate April 11, 2005

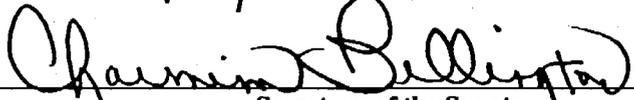
by the following vote: 58 Ayes,
0 Nays, 2 Not Voting

by the following vote: 26 Ayes,
0 Nays, 4 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

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 14, 2005,

by the following vote: 54 Ayes,

1 Nays, 5 Not Voting



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
15th day of April, 2005,

at 9:00 o'clock a. M.

Wennifer Ybarra

Secretary to the Governor

Approved this 20 day of

April, 2005,

at 2⁰⁰ o'clock 1⁰⁰ M.

J. T. Apple

Governor of Arizona

H.B. 2123

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 20 day of April, 2005,

at 4:10 o'clock P. M.

Janice K. Brewer

Secretary of State