House Engrossed

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MICHELE REAGAN
SECRETARY OF STATE

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CHAPTER 189

HOUSE BILL 2301

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. The governing body may:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11-264.01. <u>Additional bonding authority; security for payment; definition</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. The board of supervisors may:

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

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

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

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

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

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

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

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

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

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

Sec. 4. Section 11-275, Arizona Revised Statutes, is amended to read:

11-275. Tax levy to pay bonds and interest; debt service fund; security

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. The board of supervisors may:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 7. Section 15-1024, Arizona Revised Statutes, is amended to read:

15-1024. Interest on bonds; sale; disposition of proceeds; definition

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

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

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

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

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

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

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

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

~~2. One hundred thousand dollars.~~

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

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

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

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

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

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

Sec. 8. Section 35-457, Arizona Revised Statutes, is amended to read:

35-457. Sale of bonds; bids; forfeiture of deposit; definitions

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

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

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

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

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

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

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

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

~~2. One hundred thousand dollars.~~

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

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

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

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

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

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

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

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

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

35-458. <u>Levy of tax for payment of interest and bonds; security</u>

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

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

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

Sec. 10. Section 35-471, Arizona Revised Statutes, is amended to read:

35-471. <u>Refunding bonds; resolution authorizing issuance; definition</u>

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

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

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

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

3. The rate of interest and the maturity date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 12. Repeal

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

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

ARTICLE 4. REFUNDING MUNICIPAL IMPROVEMENT DISTRICT BONDS FOR SAVINGS

48-651. Refunding bonds

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

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

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

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

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

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

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

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

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

48-654. Security; payment

A. THE REFUNDING BONDS SHALL BE SECURED AND PAYABLE FROM THE SPECIAL ASSESSMENTS LEVIED TO PAY THE BONDS BEING REFUNDED. ON ISSUANCE OF REFUNDING BONDS, THE REMAINING UNPAID INSTALLMENTS OF SUCH SPECIAL ASSESSMENTS SHALL BE RECALCULATED AND MODIFIED SO THAT THE AMOUNTS TO BE COLLECTED EQUAL THE AMOUNTS NEEDED TO REPAY THE REFUNDING BONDS. SECTION 48-594 DOES NOT APPLY TO THE RECALCULATION AND MODIFICATION OF THE ASSESSMENTS AUTHORIZED BY THIS SECTION. ALL PROVISIONS OF ARTICLES 2 AND 3 OF THIS CHAPTER REGARDING THE COLLECTION, PAYMENT AND ENFORCEMENT OF THE ASSESSMENTS FOR THE BONDS BEING REFUNDED AND THE VALIDITY AND PRIORITY OF THE LIEN OF THE ASSESSMENTS FOR THE BONDS BEING REFUNDED REMAIN IN FULL FORCE AND EFFECT. EXCEPT AS MODIFIED PURSUANT TO THIS SECTION, THE ASSESSMENTS SURVIVE THE PAYMENT OR DEFEASANCE OF THE BONDS BEING REFUNDED AND SHALL REMAIN IN FULL FORCE AND EFFECT, SECURING THE REFUNDING BONDS UNTIL THE PAYMENT IN FULL OF THE REFUNDING BONDS.

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

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

48-655. Collection of assessments

THE TREASURER AND THE COUNTY TREASURER FOR THE COUNTY IN WHICH THE CITY OR TOWN IS LOCATED MAY ENTER INTO AN AGREEMENT FOR THE COUNTY TREASURER TO COLLECT THE SPECIAL ASSESSMENTS FOR THE REFUNDING BONDS IN THE MANNER AND BY

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

48-656. Determination of governing body

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. The governing body may:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 16. Section 48-720, Arizona Revised Statutes, is amended to read:

48-720. Revenue bonds; fees and charges

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

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

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

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

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

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

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

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

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

Sec. 17. Section 48-721, Arizona Revised Statutes, is amended to read:

48-721. Special assessments; assessment lien bonds

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

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

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

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

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

APPROVED BY THE GOVERNOR MAY 11, 2016.

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

Passed the House February 25, 2016

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate May 5, 2016

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

10th day of May, 2016

at 10:21 o'clock A. M.

Secretary to the Governor

Approved this 11th day of

May

at 10:31 o'clock A. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 12 day of May, 2016

at 3:01 o'clock P M.

Secretary of State

H.B. 2301