

"AN ACT TO AMEND SECTION 2 OF ACT NO. 974 OF 1985 [ARK. STAT. ANN. SECTION 13-1262]; TO AMEND SECTION 3 OF ACT NO. 974 OF 1985 [ARK. STAT. ANN. SECTION 13-1263]; AND TO AMEND SECTION 4 OF ACT NO. 974 OF 1985 [ARK. STAT. ANN. SECTION 13-1264] TO AUTHORIZE MUNICIPALITIES AND COUNTIES TO ISSUE REVENUE BONDS A PORTION OF THE PROCEEDS OF WHICH MAY BE USED TO FINANCE THE COSTS OF CAPITAL IMPROVEMENTS AND EXPENSES OF ISSUING THE BONDS AND A MAJOR PORTION OF THE PROCEEDS OF WHICH WILL BE INVESTED PURSUANT TO INVESTMENT CONTRACTS AT RATES AT LEAST SUFFICIENT, ALONE OR WITH OTHER REVENUES THAT MAY BE PLEDGED, TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE; PRESCRIBING OTHER MATTERS RELATED THERETO; AND DECLARING AN EMERGENCY."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 2 of Act No. 974 of 1985, the same being Ark. Stat. Ann. Section 13-1262, is hereby amended by adding thereto a new Subsection (e) which shall read as follows:

"(e) 'revenues' means project revenues or any other special fund or source other than taxes or assessments for local improvements, including, without limitation, any acquired with bond proceeds and the revenues to be derived therefrom."

SECTION 2. Section 3 of Act No. 974 of 1985, the same being Ark. Stat. Ann. Section 13-1263, is hereby amended by revising Subsections (a), (b) and (c) to read as follows:

"Section 3. (a) Municipalities and counties are authorized to issue bonds for capital improvements. Such bonds shall be issued pursuant to ordinance adopted by the legislative body specifying the principal amount of bonds to be issued, the purpose or purposes for which the bonds are to be issued and provisions with respect to the bonds. If determined to be in the interest of the municipality or county, a portion of the bonds may be used to finance a project and expenses in connection with the issuance of the bonds and a major portion of the proceeds may be invested in consideration of a contract for the full term of the bonds or a shorter period at a rate or rates at least sufficient to provide for, alone or with other revenues that may be pledged, debt service for the bonds.

(b) The bonds may be in registered or other form, may be in such denominations, may be exchangeable for bonds of another denomination, may be made payable at such places within or without the State, may be issued in one or more series, may bear such date or dates, and mature at such time or times, may be payable in such medium of payment, may be subject to such terms of redemption, and may contain such other terms, covenants and conditions as the ordinance or the trust indenture (as hereinafter authorized) may provide, including, without limitation, those pertaining to the custody and application of the proceeds of the bonds, the collection and disposition of revenues, the maintenance of various funds and reserves, the nature and extent of the pledge and security, the remedies on default, the rights, duties and obligations of the legislative body of the issuer and the trustee, if any, for the owners of the bonds, and the rights of the owners of the bonds. There may be successive bond issues for the purpose of financing the same capital improvements.

(c) The bonds issued under this Act shall not be general obligations of

the issuer, but shall be special obligations, and in no event shall the bonds constitute an indebtedness of the issuer within the meaning of any constitutional or statutory limitation. It shall be plainly stated on the face of each bond that the same has been issued under the provisions of this Act and that it does not constitute an indebtedness of the issuer within any constitutional or statutory limitation. The principal of and interest on the bonds shall be secured by a pledge of, and shall be payable from, the revenues so designated by the ordinance for the purpose of securing and paying the bonds."

SECTION 3. Section 4 of Act No. 974 of 1985, the same being Ark. Stat. Ann. Section 13-1264, is hereby amended to read as follows:

"Section 4. Bonds may be issued under this Act to refund any outstanding bonds issued pursuant to this Act or to refund any outstanding bonds issued pursuant to any other law for the purpose of financing capital improvements. Such refunding bonds may be either sold for cash or delivered in exchange for the outstanding obligations. If sold for cash, the proceeds may be either applied to the payment of the obligations refunded or deposited in irrevocable trust for the retirement thereof either at maturity or on an authorized redemption date. Refunding bonds shall in all respects be authorized, issued and secured in the manner provided herein. The ordinance under which such refunding bonds are issued may provide that any refunding bonds shall have the same priority of lien on revenues as originally pledged for payment of the obligation refunded thereby."

SECTION 4. It is the purpose of this Act to authorize municipalities and counties to finance all or a portion of capital improvements by issuing revenue bonds a portion of the proceeds of which may be used to pay the costs of all or a portion of capital improvements and expenses of issuing the bonds and a major portion of the proceeds of which may be invested in consideration of a contract or contracts to make payments at least sufficient, alone or with other available revenues pledged, to pay the principal of, premium, if any, and interest on the bonds when due, and the General Assembly of the State of Arkansas hereby declares that the issuance of such bonds for such purpose is a public purpose for the issuance of revenue bonds under Amendment No. 65 to the Arkansas Constitution.

SECTION 5. All laws and parts of laws in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 6. The provisions of this Act are declared to be severable. If any provision hereof shall be held to be invalid or to be inapplicable to any person or circumstance such holding shall not affect the validity or applicability of the remainder hereof.

SECTION 7. It is hereby found and is hereby declared by the General Assembly of the State of Arkansas that for the benefit of the people of this State, the increase of their commerce, welfare and prosperity and the improvement and maintenance of their health and living conditions, it is essential and necessary that additional sources for the payment of revenue bonds be authorized to assist in the financing of capital improvements to which this Act pertains. Therefore, an emergency is hereby declared to exist and this Act, being necessary for the preservation of the public peace, health and safety, shall take effect and be in full force from and after its passage and approval.

APPROVED: February 18, 1987

