

"AN ACT TO GUARANTEE BONDS ISSUED BY THE MUSEUM AND CULTURAL COMMISSION FROM INVESTMENT PROCEEDS; AND FOR OTHER PURPOSES."

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

SECTION 1. Subsection (E) of Section 8 of Act 750 of 1973, as amended, the same being Arkansas Statute 13-531 (E), is hereby amended to read as follows:

"(E) There is hereby established on the books of the State Treasurer, State Auditor, and the Chief Fiscal Officer of the State, a fund to be known as the 'Securities Reserve Fund'. Such fund shall consist of moneys derived from savings effected in the retirement in advance of maturity of nonhighway direct general obligation bonds of the State; of discounts received in the purchase and premiums and interest derived from the sale of securities held in the Securities Account by the State Treasurer as custodian; and shall be used for paying premiums and the purchase and absorbing of discounts in the sale of securities held in the Securities Account; not to exceed \$500,000 in any fiscal year for guaranteeing bonds, in the aggregate principal amount not to exceed \$5,000,000 outstanding at any time, with no bond bearing interest at a rate exceeding 8% per annum, of the Museum and Cultural Commission authorized, and in the manner prescribed by Act 515 of 1971 not to exceed \$500,000 in any one fiscal year; guaranteeing bonds of any other park or recreation facility approved by the Governor and the Department of Parks and Tourism not to exceed \$500,000 in the aggregate, after seeking advice of the Legislative Council and the Legislative Joint Auditing Committee; guaranteeing industrial development bonds as authorized by Act 397 of 1969, as amended; absorb losses incurred in the investing of securities held in the Securities Account in the State Treasury and in bank depositories; and the balance of such fund shall always be available for such purpose. Provided, that moneys in such fund in excess of \$100,000 shall, at all times, be available to the Chief Fiscal Officer of the State for transfer to the State Budget Revolving Fund, there to be used as provided by law. In the event any loss shall be sustained in relation to securities at any time held in the Securities Account or in any bank depository, and the credit balance in the Securities Reserve Fund shall be insufficient to absorb such loss, the Chief Fiscal Officer of the State shall cause a transfer of moneys to be made from the State Budget Revolving Fund to the Securities Reserve Fund in such amount as shall, when added to the credit balance in the Securities Reserve Fund, equal the amount of such loss, it being the intent of the General Assembly that no loss shall be sustained by any account, the funds of which were used in making such investments and deposits."

SECTION 2. Subsection (d) of Section 5 of Act 515 of 1971, as amended, the same being Arkansas Statute 6-1206(d), is hereby amended to read as follows:

"(d) The payment of debt service (principal, interest and Trustee's and Paying Agent's fees) shall be secured by a lien on and pledge of net Center revenues (being gross revenues less those revenues applied to operation and maintenance as set forth in (c) above). As additional security; the payment of debt service may be secured by a pledge of earnings (to the extent hereinafter specified) derived from the investment of State funds (pursuant to Subsection (C)(a) of Section 9 of Act No. 12 of the First Extraordinary

Session of the Sixty-Third General Assembly of the State of Arkansas for the year 1965, as amended, (Ark.Stat. Ann. 13-429(C)(a)(Supp.1969)) (the 'investment earnings'). Any pledge of investment earnings shall be subordinate to pledges authorized by the Industrial Development Guaranty Bond Act, Act No. 397 of 1969, as amended. Provided, no earnings from the investment of State funds shall be pledged to secure bonds issued by the Commission under this Act unless the Commission shall first enter into an agreement with the State Board of Finance to charge appropriate fees for admission to the Center and to set aside in a special sinking fund, to be used exclusively to pay the principal of, interest on, and paying agent's fees in connection with bonds issued by the Commission, at least seventy-five cents (75_) of the admission fee collected for each adult and fifty cents (50_) of the admission fee collected for each person of the ages of six (6) to seventeen (17) years, inclusive. Provided however, that the Commission may waive all admission charges or establish special reduced admission charges for any school sponsored student, students or groups, in which cases the provisions hereof relating to setting aside of a prescribed amount of each admission charge for payment of principal and interest on bonds shall not apply. Notwithstanding the provisions of subsection (c) hereof, the revenues required to be set aside into the special sinking fund shall not be deposited or used for any purpose other than for payment of principal, interest and paying agent's fees on bonds issued hereunder.

All pledges of investment earnings under this Act shall not exceed in the aggregate \$500,000 for any fiscal year. The Commission shall notify the State Board of Finance (or the appropriate officer, board or agency then having jurisdiction over the moneys involved) when it has determined to issue bonds under this Act and the amount of investment earnings pledged. Thereafter, the Commission shall constantly keep advised of revenues derived from the Center and if it develops that all or any portion of the investment earnings so pledged will actually be needed to satisfy the terms of the pledge, the Commission shall promptly notify the State Board of Finance of the amount that will be actually needed each month to provide for the payment of interest, principal and Paying Agent's fees and for the maintenance of reserves as specified by the Commission in the resolution or trust indenture authorizing and securing the bonds (which monthly amount is herein designated the 'debt service amount'). At the receipt of such notice, the State Board of Finance (or the appropriate officer, board or agency then having jurisdiction over the moneys involved) shall set aside the debt service amount out of the investment earnings and, subject to first complying with any pledge heretofore or at any time hereafter made of investment earnings authorized by the Industrial Development Guaranty Bond Act, Act No. 397 of 1969, as amended, shall pay the debt service amount directly to the Commission for deposit in a special fund of the Commission in a bank or banks selected by the Commission and designated the 'Arkansas Museum and Cultural Center Bond Guaranty Fund' (the 'Center Guaranty Fund'). Moneys in the Guaranty Fund shall be used to pay the principal of, interest on and paying agent's fees in connection with the bonds and to maintain reserves as authorized by this Act. Such payments shall continue until the Commission shall determine that Center revenues in the future will be sufficient and shall notify the State Board of Finance to cease paying the debt service amount. Such payments, within the limits of outstanding pledges made pursuant to the provisions of this Act, shall be resumed and discontinued as required. The debt service amount and all moneys deposited or to be deposited in the Center Guaranty Fund are hereby declared to be cash funds, restricted in their use and dedicated and to be used solely as authorized in this Act. So long as any bonds authorized by this Act are outstanding, the authorization herein made shall not be repealed or diminished without providing an alternate source of funds sufficient to satisfy all revenue pledges

made to bonds issued hereunder."

SECTION 3. Emergency. It is hereby found and determined by the General Assembly that because of the case Ricarte v. State, CR 86-31, a question has arisen over the validity of Act 1018 of the Extended Session of 1976; that this Act is a reenactment of the former law; and that the immediate passage of this Act is necessary to clarify the state of the law on this issue. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: April 13, 1987
