

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H3/14/03

A Bill

Act 1175 of 2003
HOUSE BILL 2845

5 By: Representative Pace
6
7

For An Act To Be Entitled

9 AN ACT TO AUTHORIZE REGIONAL AIRPORT AUTHORITIES
10 TO ENTER INTO CONTRACTS FOR ACHIEVING EFFECTIVE
11 INTEREST RATES IN CONNECTION WITH REVENUE BONDS
12 ISSUED BY THE REGIONAL AIRPORT AUTHORITIES; AND
13 FOR OTHER PURPOSES.
14

Subtitle

15 AN ACT TO AUTHORIZE REGIONAL AIRPORT
16 AUTHORITIES TO ENTER INTO CONTRACTS FOR
17 ACHIEVING EFFECTIVE INTEREST RATES IN
18 CONNECTION WITH REVENUE BONDS ISSUED BY
19 THE REGIONAL AIRPORT AUTHORITIES.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 *SECTION 1. Arkansas Code Title 14, Chapter 362 is amended to add an*
26 *additional subchapter to read as follows:*

27 *Subchapter 2 - Contracts for Effective Bond Interest Rates*

28 *14-362-201. Definitions.*

29 *As used in this subchapter:*

30 *(1) "Authority" means any authority created under the provisions*
31 *of Title 14, Chapter 362, Subchapter 1 of the Arkansas Code;*

32 *(2) "Bond" means a revenue bond;*

33 *(3) "Contract for effective interest rates" means any contract*
34 *to achieve a desirable effective interest rate, including, but not limited*
35 *to, an investment contract, a funding agreement, an interest rate swap*
36 *agreement, a currency swap agreement, a forward payment conversion agreement,*



1 a futures contract, a contract providing for payments based on levels of or
2 changes in interest rates, a contract to exchange cash flows or a series of
3 payments, or a contract, including options, puts or calls, issued to hedge
4 payment rate, spread, or similar interest rate exposure; and

5 (4) "Revenue bond" means a revenue bond issued by, or on behalf
6 of, an authority under the Arkansas Constitution and under an act of the
7 Arkansas General Assembly, including all bonds, notes, certificates, or other
8 instruments or evidences of indebtedness which constitute a revenue bond as
9 defined in Amendment 65 to the Arkansas Constitution.

10
11 14-362-202. Contracts authorized.

12 (a) In connection with revenue bonds issued by an authority, the
13 authority may enter into a contract for effective interest rates.

14 (b) A contract for effective interest rates may be entered into at the
15 time the bonds are issued or at any time while the bonds are outstanding.

16 (c) A contract for effective interest rates may also be entered into
17 by authorities in connection with an agreement that secures bonds or provides
18 liquidity for the bonds.

19 (d)(1) A contract for effective interest rates shall be made upon the
20 terms and conditions established by the governing body of the authority.

21 (2) The contract may include terms permitting the authority to
22 pay to, or receive from, a person or entity any loss of benefits under the
23 contract upon an early termination or a default under the contract.

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25 14-362-203. Payments and revenues.

26 (a) Payments required to be made by an authority under a contract for
27 effective interest rates under this subchapter shall be payable from the same
28 revenue source or sources from which the related bonds are payable.

29 (b) Revenues derived by an authority from a contract for effective
30 interest rates shall be used for one (1) or more of the following purposes:

31 (1) The payment of the bond principal, bond premium, interest on
32 the related bonds, or for amounts held in reserve for the bond payment;

33 (2) The payment of the authority's obligations under the
34 contract; or

35 (3) Any purpose for which the related bonds were or could have
36 been issued if the contract is authorized by the governing body of the

1 authority in the same manner as the issuance of bonds.

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3 14-362-204. Supplemental.

4 This subchapter is supplemental to all other provisions of state law
5 governing the issuance of bonds by authorities and the investment of the bond
6 proceeds.

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8 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
9 General Assembly of the State of Arkansas that there is an immediate need to
10 facilitate the issuance of revenue bonds by authorities, including the
11 ability of authorities to enter into contracts to achieve a desirable
12 interest rate on the bond. Therefore, an emergency is declared to exist and
13 this act being immediately necessary for the preservation of the public
14 peace, health, and safety shall become effective on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor,
17 the expiration of the period of time during which the Governor may veto the
18 bill; or

19 (3) If the bill is vetoed by the Governor and the veto is
20 overridden, the date the last house overrides the veto.

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22 /s/ Pace

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25 **APPROVED: 4/8/2003**