

State of Arkansas

76th General Assembly

Regular Session, 1987

HOUSE BILL 1449

By: Representatives McGinnis, Calhoun, Schexnayder

"AN ACT TO AMEND SUBSECTION (i) OF SECTION 7 OF ACT NO. 142 OF 1975, AS AMENDED [ARK. STAT. ANN. SECTION 20-1707(i)]; TO AMEND SECTION 8 OF ACT NO. 142 OF 1975, AS AMENDED [ARK. STAT. ANN. SECTION 20-1708]; TO AMEND SUBSECTION (a) OF SECTION 9 OF ACT NO. 142 OF 1975, AS AMENDED [ARK. STAT. ANN. SECTION 20-1709(a)]; AND TO AMEND SECTION 10 OF ACT NO. 142 OF 1975, AS AMENDED [ARK. STAT. ANN. SECTION 20-1710] TO AUTHORIZE PUBLIC FACILITIES BOARDS TO ISSUE REVENUE BONDS A PORTION OF THE PROCEEDS OF WHICH WILL BE USED TO FINANCE THE COSTS OF PUBLIC FACILITIES PROJECTS AND EXPENSES OF ISSUING THE BONDS AND A MAJOR PORTION OF THE PROCEEDS OF WHICH MAY 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. Subsection (i) of Section 7 of Act No. 142 of 1975, as amended, the same being Ark. Stat. Ann. Section 20-1707(i), is hereby amended to read as follows:

"(i) To lend money, directly or indirectly, for the financing of the construction, acquisition and equipment of all or a portion of a public facilities project and to invest money, including a major portion of the proceeds of any issue of bonds for the term of the bonds or a shorter period, in consideration of a contract to make payment or payments to provide for the payment of the principal, premium, if any, and interest on the bonds when due."

SECTION 2. Section 8 of Act No. 142 of 1975, as amended, the same being Ark. Stat. Ann. Section 20-1708, is hereby amended to read as follows:

"Section 8. Boards are hereby authorized to use any available funds and revenues for the accomplishment of all or a portion of public facilities projects and may issue bonds, as authorized by this Act, for the accomplishment of all or a portion of public facilities projects, either alone or together with other available funds and revenues. Bonds may be issued in principal amounts as shall be sufficient to pay the costs of issuing bonds, the amount necessary for a reserve, if deemed desirable, the amount necessary to provide for debt service until revenues for the payment thereof are available, the amount necessary to acquire a contract providing for payments to the Board at a rate or rates at least sufficient to provide for, alone or with any other revenues that may be pledged, debt service on the bonds, if deemed desirable, and to pay any other costs and expenditures of whatever nature incidental to the accomplishment of all or a portion of the public facilities project involved and the placing of it in operation."

SECTION 3. Subsection (a) of Section 9 of Act No. 142 of 1975, as amended, the same being Ark. Stat. Ann. Section 20-1709(a), is hereby amended to read as follows:

"Section 9. (a) The issuance of bonds shall be by resolution of the Board. The bonds may be coupon bonds payable to bearer, but subject to registration as to principal or as to principal and interest, may be exchangeable for bonds of another denomination, may be in such form and denominations, 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, not exceeding forty (40) years from the respective dates, may bear interest at such rate or rates, may be payable in such medium of payment, may be subject to such terms of redemption, and may contain such terms, covenants and conditions as the resolution authorizing their issuance 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 security and pledging of revenues, the rights, duties and obligations of the Board and the trustee for the holders and registered owners of

the bonds, and the rights of the holders and registered owners of the bonds. There may be successive bond issues for the purpose of financing the same public facilities project, and there may be successive bond issues for financing the cost of reconstructing, replacing, constructing additions to, extending, improving and equipping public facilities projects already in existence, whether or not originally financed by bonds issued under this Act, with each successive issue to be authorized as provided by this Act. Priority between and among issues and successive issues as to security of the pledge of revenues and lien on the public facilities project involved may be controlled by the resolution authorizing the issuance of the bonds. Subject to the provisions hereof pertaining to registration, the bonds shall have all the qualities of negotiable instruments under the laws of the State of Arkansas. Without limiting the generality of the foregoing, the resolution may provide for the investment of a major portion of the proceeds of the bonds in consideration of a contract to make payment or payments at least sufficient, alone or with other revenues pledged, to provide for principal, premium, if any, and interest on the bonds, as due."

SECTION 4. Section 10 of Act No. 142 of 1975, as amended, the same being Ark. Stat. Ann. Section 20-1710, is hereby amended to read as follows:

"Section 10. It shall be plainly stated on the face of each bond that it has been issued under the provisions of this Act, that the bonds are obligations only of the Board and that in no event shall they constitute an indebtedness for which the faith and credit of the creating municipality or county or any of its revenues are pledged. No member of the Board shall be personally liable on the bonds or for any damages sustained by anyone in connection with any contracts entered into in carrying out the purpose and intent of this Act unless he shall have acted with a corrupt intent. The principal of and interest on the bonds shall be payable from (a) revenues derived from the public facilities project acquired, constructed, reconstructed, equipped, extended and/or improved, in whole or in part, with the proceeds of the bonds and/or (b) obligations of (i) the owners of public facilities projects or (ii) any person with whom the proceeds of the bonds, or a portion thereof, are invested by contract or otherwise and/or (c) any other funds or sources of funds of the Board specifically pledged and which are set aside as a special fund or source, other than taxes or assessments for local improvements, for

the purpose of paying the principal of and interest on the bonds. The Board is hereby authorized to pledge such revenues, obligations, other special funds or sources to pay the principal of and interest on the bonds."

SECTION 5. It is the purpose of this Act to authorize public facilities boards created under the authority of Act No. 142 of 1975, as amended, to finance all or a portion of public facilities projects by issuing revenue bonds a portion of the proceeds of which may be used to pay the costs of all or a portion of a public facilities project 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 purposes is a public purpose for the issuance of revenue bonds under Amendment No. 65 to the Arkansas Constitution.

SECTION 6. All laws and parts of laws in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 7. 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 8. 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 public facilities projects 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.

