

REVENUE BONDS FOR MUNICIPALITIES

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Robert F. Montgomery

AN ACT RELATING TO CITIES, COUNTIES, AND LOCAL TAXING UNITS; EXPANDING WHAT MUNICIPALITIES MAY PLEDGE FOR GENERAL OBLIGATION AND REVENUE BONDS; AND MAKING TECHNICAL CHANGES.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

11-14-17, as last amended by Chapter 115, Laws of Utah 1975

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **11-14-17** is amended to read:

11-14-17. Additional pledge for general obligation bonds -- Revenue bonds -- Resolution.

(1) To the extent constitutionally permissible, municipalities may pledge as an additional source of payment for their general obligation bonds all or any part of revenues ~~[from]~~, fees, and charges attributable to the operation [of revenue-producing] or availability of facilities or may issue bonds payable solely from such revenues, fees, or charges.

(2) (a) The ~~[governing]~~ legislative body may issue bonds payable solely from revenues, fees, or charges attributable to extensions and improvements to revenue-producing facilities~~[, and in this event]~~.

(b) If the legislative body issues bonds under Subsection (2)(a), the resolution authorizing these bonds shall set forth as a finding of the ~~[governing]~~ legislative body:

(i) the value of the then existing facility and the value of this facility after completion of the extensions or improvements proposed to be constructed; and

(ii) that portion of the ~~[revenue]~~ revenues, fees, or charges derived from the entire facility when the contemplated extensions and improvements are completed which the value of the existing facility bears to the value of the facility after completion shall be ~~[deemed]~~ considered to be revenue derived from the existing facility and the remainder may be set aside and pledged to the payment

of the principal of and interest on the bonds and for the establishment of appropriate reserve fund or funds, and such portion shall be ~~[deemed]~~ considered to be revenue derived exclusively from the extensions and improvements.

(3) (a) Any resolution or trust indenture authorizing bonds to which such revenues, fees, or charges are pledged may contain such covenants with the future holder or holders of the bonds as to the management and operation of the affected facilities, the imposition ~~[and]~~, collection ~~[of]~~, and disposition of rates, fees, and charges for commodities and services furnished thereby, ~~[the disposition of such fees and revenues,]~~ the issuance of future bonds, the creation of future liens and encumbrances against ~~[such]~~ the facilities, the carrying of insurance, the keeping of books and records, the deposit and paying out of revenues, fees, or charges and bond proceeds, the appointment and duties of a trustee, and other pertinent matters as may be ~~[deemed]~~ considered proper by the governing body. ~~[Where]~~

(b) If the revenue, fee, or charge so pledged involves either sewer or water revenues, fees, or charges or both sewer and water revenues, fees, or charges, provision may be made for charges for sewer services and water services to be billed in a single bill and for the suspension of water or sewer services, or both, to any customer who shall become delinquent in the payment ~~[of charges]~~ due for either.

(c) Provision may be made for the securing of such bonds by a trust indenture, but no such indenture shall convey, mortgage, or create any lien upon property of the municipality.

(d) Either the bond resolution or such trust indenture may impose in the holders of the bonds full rights to enforce the provisions thereof, and may include terms and conditions upon which the holders of the bonds or any proportion of them, or a trustee therefor, shall be entitled to the appointment of a receiver who may enter and take possession of the facility or facilities, the revenues, fees, or charges of which are so pledged, and may operate and maintain them, prescribe charges and collect, receive, and apply all revenues, fees, or charges therefrom arising in the same manner as the municipality itself might do.