

Senator Michael G. Waddoups proposes the following substitute bill:

2002 SPECIAL HIGHWAY GENERAL

OBLIGATION BONDS

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Wayne A. Harper

This act authorizes issuance of Utah general obligation bonds and bond anticipation notes by the State Bonding Commission to accelerate funding and construction of certain highways and related facilities in Salt Lake County. This act defines the process and requirements for issuing the bonds and notes and specifies the use of the proceeds. This act imposes a statewide property tax and abates it. This act creates a sinking fund to pay debt service on the bonds. This act exempts bonds issued from statutory debt limitation requirements. This act provides for related matters and makes technical corrections.

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

AMENDS:

63-9a-6, as last amended by Chapter 321, Laws of Utah 2001

63-38c-402, as last amended by Chapter 321, Laws of Utah 2001

ENACTS:

63B-11-301, Utah Code Annotated 1953

63B-11-302, Utah Code Annotated 1953

63B-11-303, Utah Code Annotated 1953

63B-11-304, Utah Code Annotated 1953

63B-11-305, Utah Code Annotated 1953

63B-11-306, Utah Code Annotated 1953

63B-11-307, Utah Code Annotated 1953

63B-11-308, Utah Code Annotated 1953



- 26 **63B-11-309**, Utah Code Annotated 1953
- 27 **63B-11-310**, Utah Code Annotated 1953
- 28 **63B-11-311**, Utah Code Annotated 1953
- 29 **63B-11-312**, Utah Code Annotated 1953
- 30 **63B-11-313**, Utah Code Annotated 1953
- 31 **63B-11-314**, Utah Code Annotated 1953
- 32 **63B-11-315**, Utah Code Annotated 1953
- 33 **63B-11-316**, Utah Code Annotated 1953
- 34 **63B-11-317**, Utah Code Annotated 1953
- 35 **63B-11-401**, Utah Code Annotated 1953
- 36 **63B-11-402**, Utah Code Annotated 1953
- 37 **63B-11-403**, Utah Code Annotated 1953
- 38 **63B-11-404**, Utah Code Annotated 1953

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

40 Section 1. Section **63-9a-6** is amended to read:

41 **63-9a-6. Obligations issued by authority -- Limitation of liability on obligations --**
 42 **Limitation on amount of obligations issued.**

43 (1) (a) All obligations issued by the authority under this chapter shall be limited
 44 obligations of the authority and shall not constitute, nor give rise to, a general obligation or liability
 45 of, nor a charge against the general credit or taxing power of, this state or any of its political
 46 subdivisions.

47 (b) This limitation shall be plainly stated upon all obligations.

48 (2) (a) No authority obligations incurred under this section may be issued in an amount
 49 exceeding the difference between the total indebtedness of the state and an amount equal to 1-1/2%
 50 of the value of the taxable property of the state.

51 (b) Debt issued under authority of the following parts may not be included as part of the
 52 total indebtedness of the state of Utah in determining the debt limit established by this Subsection

53 (2):

- 54 (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond Authorization;
- 55 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;
- 56 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond Authorization;

- 57 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note Authorization;
- 58 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond Authorization;
- 59 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note Authorization;
- 60 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;
- 61 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond; and
- 62 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond Anticipation

63 Notes Authorization[-];

64 (x) Title 63B, Chapter 11, Part 3, 2002 Highway General Obligation Bond for Salt Lake
65 County; and

66 (xi) Title 63B, Chapter 11, Part 4, 2002 Highway General Obligation Bond Anticipation
67 Notes for Salt Lake County Authorization.

68 (c) Debt issued under authority of Section 63B-7-503 may not be included as part of the
69 total indebtedness of the state in determining the debt limit established by this Subsection (2).

70 (3) The obligations shall be authorized by resolution of the authority, following approval
71 of the Legislature, and may:

72 (a) be executed and delivered at any time, and from time to time, as the authority may
73 determine;

74 (b) be sold at public or private sale in the manner and at the prices, either at, in excess of,
75 or below their face value and at such times as the authority may determine;

76 (c) be in the form and denominations as the authority may determine;

77 (d) be of the tenor as the authority may determine;

78 (e) be in registered or bearer form either as to principal or interest or both;

79 (f) be payable in those installments and at the times as the authority may determine;

80 (g) be payable at the places, either within or without this state, as the authority may
81 determine;

82 (h) bear interest at the rate or rates, payable at the place or places, and evidenced in the
83 manner, as the authority may determine;

84 (i) be redeemable prior to maturity, with or without premium;

85 (j) contain such other provisions not inconsistent with this chapter as shall be deemed for
86 the best interests of the authority and provided for in the proceedings of the authority under which
87 the bonds shall be authorized to be issued; and

88 (k) bear facsimile signatures and seals.

89 (4) The authority may pay any expenses, premiums or commissions, which it deems
90 necessary or advantageous in connection with the authorization, sale, and issuance of these
91 obligations, from the proceeds of the sale of the obligations or from the revenues of the projects
92 involved.

93 Section 2. Section **63-38c-402** is amended to read:

94 **63-38c-402. Debt limitation -- Vote requirement needed to exceed limitation --**
95 **Exceptions.**

96 (1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt
97 of the state may not exceed 20% of the maximum allowable appropriations limit unless approved
98 by more than a two-thirds vote of both houses of the Legislature.

99 (b) Notwithstanding the limitation contained in Subsection (1)(a), debt issued under the
100 authority of the following parts is not subject to the debt limitation established by this section:

- 101 (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond Authorization;
- 102 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;
- 103 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond Authorization;
- 104 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note Authorization;
- 105 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond Authorization;
- 106 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note Authorization;
- 107 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;
- 108 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond; [~~and~~]
- 109 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond Anticipation

110 Notes [~~Authorization~~];

111 (x) Title 63B, Chapter 11, Part 3, 2002 Highway General Obligation Bond for Salt Lake
112 County; and

113 (xi) Title 63B, Chapter 11, Part 4, 2002 Highway General Obligation Bond Anticipation
114 Notes for Salt Lake County Authorization.

115 (2) This section does not apply if contractual rights will be impaired.

116 Section 3. Section **63B-11-301** is enacted to read:

117 **Part 3. 2002 Highway General Obligation Bond for Salt Lake County**

118 **63B-11-301. State Bonding Commission authorized to issue general obligation bonds.**

119 After the interlocal agreement specified in Subsection 72-2-121(2)(b) is rescinded,
120 cancelled , or expires, and upon receipt of a formal opinion from the Utah Attorney General that
121 Salt Lake County has entered a binding legal agreement with the state in which Salt Lake County
122 agrees, for a minimum of ten years, to annually transfer the 1/4 of 1/4% of sales tax proceeds
123 earmarked by Section 59-12-502 to the sinking fund created in Section 63B-11-308, the
124 commission created under Section 63B-1-201 may issue and sell general obligation bonds of the
125 state pledging the full faith, credit, and resources of the state for the payment of the principal of
126 and interest on the bonds, to provide funds to the Department of Transportation.

127 Section 4. Section **63B-11-302** is enacted to read:

128 **63B-11-302. Maximum amount -- Projects authorized.**

129 (1) The total amount of bonds issued under this part may not exceed \$50,000,000.

130 (2) (a) Proceeds from the issuance of bonds shall be provided to the Department of
131 Transportation to provide funds to pay all or part of the costs of accelerating the following state
132 highway construction or reconstruction projects in Salt Lake County in the following order, unless
133 extraordinary circumstances jointly agreed upon by the Department of Transportation and Salt
134 Lake County require a different order:

135 (i) I-15: 10600 South to the Utah County line;

136 (ii) I-15: Beck Street Overpass;

137 (iii) Final Environmental Impact Statement for Western Transportation Corridor: I-80 to
138 Utah County;

139 (iv) Redwood Road: 6200 South to I-215;

140 (v) I-215: Jordan River to SR-201;

141 (vi) Redwood Road: 12600 South to Bangerter Highway;

142 (vii) State Street Reconstruction: 6400 South to 10600 South;

143 (viii) acquisition of rights-of-way for the Western Transportation Corridor;

144 (ix) 11400 South: I-15 to Redwood Road; and

145 (x) 5600 West Reconstruction: 4500 South to 6200 South.

146 (b) When the Utah Transit Authority certifies to the Transportation Commission that the
147 Utah Transit Authority will pay half the costs of reconstruction of the Utah Transit Authority
148 railroad overpass on 8000 South State Street, the Department of Transportation may provide funds
149 from bond proceeds to pay the other half of the costs of reconstruction of the Utah Transit

150 Authority railroad overpass on 8000 South.

151 (c) As used in Subsections (2)(a) and (b), "costs" may include the cost of acquiring land,
152 interests in land, easements and rights-of-way, improving sites, and making all improvements
153 necessary, incidental, or convenient to the facilities, interest estimated to accrue on these bonds
154 during the period to be covered by construction of the projects plus a period of six months after
155 the end of the construction period, interest estimated to accrue on any bond anticipation notes
156 issued under the authority of Chapter 11, Part 4, 2002 Highway Bond Anticipation Note for Salt
157 Lake County Authorization, and all related engineering, architectural, and legal fees.

158 (3) If, after completion of the projects authorized under Subsection (2)(a) and payment of
159 the costs of issuing and selling the bonds under Section 63B-11-303, any bond proceeds remain
160 unexpended, the Department of Transportation may use those unexpended proceeds to pay all or
161 part of the costs of construction projects in Salt Lake County that have been approved and
162 prioritized by the Transportation Commission.

163 (4) The commission may, by resolution, make any statement of intent relating to a
164 reimbursement that is necessary or desirable to comply with federal tax law.

165 (5) The Department of Transportation may enter into agreements related to the projects
166 before the receipt of proceeds of bonds issued under this chapter.

167 Section 5. Section **63B-11-303** is enacted to read:

168 **63B-11-303. Bond proceeds may be used to pay costs of issuance and sale.**

169 The proceeds of bonds issued under this chapter shall be used for the purposes described
170 in Section 63B-11-302 and to pay all or part of any cost incident to the issuance and sale of the
171 bonds including, without limitation, printing, registration and transfer costs, legal fees, trustees'
172 fees, financial advisors' fees, liquidity providers' fees, credit enhancement providers' fees, and
173 underwriters' discount.

174 Section 6. Section **63B-11-304** is enacted to read:

175 **63B-11-304. Manner of issuance -- Amounts, interest, and maturity.**

176 (1) Bonds issued under this chapter may be authorized, sold, and issued at times and in a
177 manner determined by the commission by resolution.

178 (2) Bonds may be issued in one or more series, in amounts, and shall bear dates, interest
179 rates, including a variable rate, and maturity dates as the commission determines by resolution.

180 (3) A bond issued may not mature later than 15 years after the dated date of the bonds.

181 Section 7. Section **63B-11-305** is enacted to read:

182 **63B-11-305. Terms and conditions of sale -- Plan of financing -- Signatures --**

183 **Replacement -- Registration -- Federal rebate.**

184 (1) In the issuance of bonds, the commission may determine by resolution:

185 (a) the manner of sale, including public or private sale;

186 (b) the terms and conditions of sale, including price, whether at, below, or above face
187 value;

188 (c) denominations;

189 (d) form;

190 (e) manner of execution;

191 (f) manner of authentication;

192 (g) place and medium of purchase;

193 (h) redemption terms; and

194 (i) other provisions and details it considers appropriate.

195 (2) The commission may, by resolution, adopt a plan of financing, which may include

196 terms and conditions of arrangements entered into by the commission on behalf of the state with

197 financial and other institutions for letters of credit, standby letters of credit, reimbursement

198 agreements, and remarketing, indexing, and tender agent agreements to secure the bonds, including

199 payment from any legally available source of fees, charges, or other amounts coming due under

200 the agreements entered into by the commission.

201 (3) (a) Any signature of a public official authorized by resolution of the commission to

202 sign the bonds may be a facsimile signature of that official imprinted, engraved, stamped, or

203 otherwise placed on the bonds.

204 (b) If all signatures of public officials on the bonds are facsimile signatures, provision shall

205 be made for a manual authenticating signature on the bonds by or on behalf of a designated

206 authentication agent.

207 (c) If an official ceases to hold office before delivery of the bonds signed by that official,

208 the signature or facsimile signature of the official is nevertheless valid for all purposes.

209 (d) A facsimile of the state seal may be imprinted, engraved, stamped, or otherwise placed

210 on the bonds.

211 (4) (a) The commission may enact resolutions providing for the replacement of lost,

212 destroyed, or mutilated bonds, or for the exchange of bonds after issuance for bonds of smaller or
213 larger denominations.

214 (b) Bonds in changed denominations shall:

215 (i) be exchanged for the original bonds in like aggregate principal amounts and in a
216 manner that prevents the duplication of interest; and

217 (ii) bear interest at the same rate, mature on the same date, and be as nearly as practicable
218 in the form of the original bonds.

219 (5) (a) Bonds may be registered as to both principal and interest or may be in a book entry
220 form under which the right to principal and interest may be transferred only through a book entry.

221 (b) The commission may provide for the services and payment for the services of one or
222 more financial institutions or other entities or persons, or nominees, within or outside the state, for
223 the authentication, registration, transfer, including record, bookkeeping, or book entry functions,
224 exchange, and payment of the bonds.

225 (c) The records of ownership, registration, transfer, and exchange of the bonds, and of
226 persons to whom payment with respect to the obligations is made, are private records as provided
227 in Section 63-2-302, or protected records as provided in Section 63-2-304.

228 (d) The bonds and any evidences of participation interest in the bonds may be issued,
229 executed, authenticated, registered, transferred, exchanged, and otherwise made to comply with
230 Title 15, Chapter 7, Registered Public Obligations Act, or any other act of the Legislature relating
231 to the registration of obligations enacted to meet the requirements of Section 149 of the Internal
232 Revenue Code of 1986, as amended, or any successor to it, and applicable regulations.

233 (6) The commission may:

234 (a) by resolution, provide for payment to the United States of whatever amounts are
235 necessary to comply with Section 148 (f) of the Internal Revenue Code of 1986, as amended; and

236 (b) enter into agreements with financial and other institutions and attorneys to provide for:

237 (i) the calculation, holding, and payment of those amounts; and

238 (ii) payment from any legally available source of fees, charges, or other amounts coming
239 due under any agreements entered into by the commission.

240 Section 8. Section **63B-11-306** is enacted to read:

241 **63B-11-306. Constitutional debt limitation.**

242 (1) The commission may not issue bonds under this chapter in an amount that violates the

243 limitation described in Utah Constitution Article XIV, Section 1.

244 (2) For purposes of applying the debt limitation contained in Utah Constitution Article
245 XIV, Section 1, the value of the taxable property in Utah is considered to be 100% of the fair
246 market value of the taxable property of the state, as computed from the last assessment for state
247 purposes previous to the issuance of the bonds.

248 Section 9. Section **63B-11-307** is enacted to read:

249 **63B-11-307. Tax levy -- Abatement of tax.**

250 (1) Each year after issuance of the bonds and until all outstanding bonds are retired, there
251 is levied a direct annual tax on all real and personal property within the state subject to state
252 taxation, sufficient to pay:

253 (a) applicable bond redemption premiums, if any;

254 (b) interest on the bonds as it becomes due; and

255 (c) principal of the bonds as it becomes due.

256 (2) (a) The State Tax Commission shall fix the rate of the direct annual tax levy each year.

257 (b) The tax shall be collected and the proceeds applied as provided in this chapter.

258 (3) The direct annual tax imposed under this section is abated to the extent money is
259 available from sources, other than ad valorem taxes in the sinking fund, for the payment of bond
260 interest, principal, and redemption premiums.

261 Section 10. Section **63B-11-308** is enacted to read:

262 **63B-11-308. Creation of sinking fund.**

263 (1) There is created a sinking fund, to be administered by the state treasurer, entitled the
264 "2002 Highway General Obligation Bonds for Salt Lake County Sinking Fund."

265 (2) All monies deposited in the sinking fund, from whatever source, shall be used to pay
266 debt service on the bonds.

267 (3) The proceeds of all taxes levied under this chapter are appropriated to this fund.

268 (4) The state treasurer may create separate accounts within the sinking fund for each series
269 of bonds issued.

270 Section 11. Section **63B-11-309** is enacted to read:

271 **63B-11-309. Payment of interest, principal, and redemption premiums.**

272 (1) The Division of Finance shall draw warrants on the state treasury before any interest,
273 principal, or redemption premiums become due on the bonds.

274 (2) After receipt of the warrants, the state treasurer shall:

275 (a) promptly pay the warrants from funds within the sinking fund; and

276 (b) immediately transmit the amount paid to the paying agent for the bonds.

277 Section 12. Section **63B-11-310** is enacted to read:

278 **63B-11-310. Investment of sinking fund money.**

279 (1) The state treasurer may, by following the procedures and requirements of Title 51,
280 Chapter 7, State Money Management Act, invest any money contained in the sinking fund until
281 it is needed for the purposes for which the fund is created.

282 (2) Unless otherwise provided in the resolution of the commission authorizing the issuance
283 of bonds under this chapter, the treasurer shall retain all income from the investment of any money
284 contained in the sinking fund in the sinking fund and use it for the payment of debt service on the
285 bonds.

286 Section 13. Section **63B-11-311** is enacted to read:

287 **63B-11-311. Bond proceeds -- Deposits -- Investment -- Disposition of investment**
288 **income and unexpended proceeds.**

289 (1) (a) Proceeds from the sale of bonds issued under this chapter shall be deposited within
290 one or more accounts as determined by resolution of the commission.

291 (b) The state treasurer shall administer and maintain these accounts unless otherwise
292 provided by the commission by resolution.

293 (c) The commission, by resolution, may provide for the deposit of these monies with a
294 trustee and the administration, disposition, or investment of these monies by this trustee.

295 (2) (a) The commission, by resolution, shall provide for the kinds of investments in which
296 the proceeds of bonds issued under this chapter may be invested.

297 (b) Income from the investment of proceeds of bonds issued under this chapter shall be
298 applied as provided by resolution of the commission.

299 (3) Any unexpended bond proceeds issued under this chapter shall be deposited, upon
300 completion of the purposes for which the bonds were issued, in the sinking fund, unless otherwise
301 provided in the resolution of the commission authorizing the issuance of bonds under this chapter.

302 Section 14. Section **63B-11-312** is enacted to read:

303 **63B-11-312. Refunding of bonds.**

304 (1) The commission may provide for the refunding of any of the bonds in accordance with

305 Title 11, Chapter 27, Utah Refunding Bond Act.

306 (2) For purposes of Title 11, Chapter 27, Utah Refunding Bond Act, the state is considered
307 the public body and the commission its governing body.

308 Section 15. Section **63B-11-313** is enacted to read:

309 **63B-11-313. Certification of satisfaction of conditions precedent -- Conclusiveness.**

310 (1) The commission may not issue any bond under this chapter until it finds and certifies
311 that all conditions precedent to issuance of the bonds have been satisfied.

312 (2) A recital on any bond of this finding and certification conclusively establishes the
313 completion and satisfaction of all such conditions.

314 Section 16. Section **63B-11-314** is enacted to read:

315 **63B-11-314. Tax exemption.**

316 The bonds issued under this chapter, any interest paid on the bonds, and any income from
317 the bonds are not taxable in this state for any purpose, except for the corporate franchise tax.

318 Section 17. Section **63B-11-315** is enacted to read:

319 **63B-11-315. Legal investment status.**

320 Bonds issued under this chapter are legal investments for all state trust funds, insurance
321 companies, banks, trust companies, and the State School Fund and may be used as collateral to
322 secure legal obligations.

323 Section 18. Section **63B-11-316** is enacted to read:

324 **63B-11-316. Publication of resolution or notice -- Limitation on actions to contest**
325 **legality.**

326 (1) The commission may:

327 (a) publish any resolution it adopts under this chapter once in a newspaper having general
328 circulation in Utah; or

329 (b) in lieu of publishing the entire resolution, publish a notice of bonds to be issued, titled
330 as such, containing the information required by Subsection 11-14-21(3).

331 (2) (a) Any interested person, for 30 days after the date of publication, may contest:

332 (i) the legality of the resolution;

333 (ii) any of the bonds authorized under it; or

334 (iii) any of the provisions made for the security and repayment of the bonds.

335 (b) After 30 days, a person may not contest the legality of the resolution, any of the bonds

336 authorized under it, or any of the provisions made for the security and repayment of the bonds for
337 any cause.

338 Section 19. Section **63B-11-317** is enacted to read:

339 **63B-11-317. Report to Legislature.**

340 The governor shall report the commission's proceedings to each annual general session of
341 the Legislature in his budget for as long as bonds issued under this chapter remain outstanding.

342 Section 20. Section **63B-11-401** is enacted to read:

343 **Part 4. 2002 Highway General Obligation Bond Anticipation Note for**

344 **Salt Lake County Authorization**

345 **63B-11-401. Definitions.**

346 As used in this part:

347 (1) "Bond anticipation note" means a note issued in anticipation of the receipt of the
348 proceeds of the sale of the bonds authorized under Part 3 of this chapter.

349 (2) "Flexible note" means a bond anticipation note whose interest is payable at, and on one
350 or more dates before, maturity.

351 (3) (a) "Short-term series note" means a bond anticipation note that is one of a series of
352 notes issued pursuant to a financing program under which it is expected that:

353 (i) each note will be paid from the proceeds of one or more renewal notes of that series;

354 and

355 (ii) the final note or notes of the series will be paid from:

356 (A) the proceeds of bonds in anticipation of the receipt of which the note or notes were
357 issued; or

358 (B) monies of the state on hand and legally available for that purpose.

359 (b) "Short-term series note" includes any note issued pursuant to a revolving credit
360 agreement or other similar liquidity facility for the purpose of renewing or paying outstanding
361 short-term series notes on their stated maturity dates when those short-term series notes are not
362 renewed or paid from the proceeds of one or more other renewal notes of the series.

363 Section 21. Section **63B-11-402** is enacted to read:

364 **63B-11-402. Authorization, terms, and procedures.**

365 (1) The state treasurer may, by written order, issue bond anticipation notes and renewals
366 of bond anticipation notes, including, but not limited to, flexible notes and short-term series notes,

- 367 in the form and with the terms that he determines.
- 368 (2) The state treasurer may:
- 369 (a) enter into whatever agreements with other persons that he considers necessary or
370 appropriate in connection with the issuance, sale, and resale of the notes; and
- 371 (b) resell or retire any notes purchased by the state before the stated maturity of those
372 notes.
- 373 (3) (a) The notes and renewals of the notes shall:
- 374 (i) bear the interest rate or rates as determined by the state treasurer; and
375 (ii) mature within a period not to exceed three years.
- 376 (b) The notes and renewals of notes may:
- 377 (i) bear a variable interest rate; and
378 (ii) be redeemed prior to maturity by the state treasurer, but only in accordance with the
379 provisions of the notes relating to redemption prior to maturity.
- 380 (4) The proceeds from the sale of the notes may be used only for:
- 381 (a) the purposes established in Section 63B-11-302;
382 (b) the payment of principal of and, if not otherwise provided, interest on, bond
383 anticipation notes;
- 384 (c) the payment of costs of issuance; or
385 (d) any combination of Subsections (4)(a), (b), and (c).
- 386 (5) (a) All of the notes and any renewals of the notes shall be payable from the proceeds
387 of the sale of bonds.
- 388 (b) A renewal of any note may not be issued after the sale of bonds in anticipation of
389 which the original note was issued.
- 390 (6) If a sale of the bonds has not occurred before the maturity of the notes issued in
391 anticipation of the sale, the state treasurer shall, in order to meet the notes then maturing:
- 392 (a) issue renewal notes for that purpose;
393 (b) pay the notes from state monies legally available for paying those notes; or
394 (c) any combination of Subsections (6)(a) and (b).
- 395 (7) Each note and any renewal of any note, with the interest on the note or renewal,
396 constitute general obligations of the state.
- 397 (8) Each note and any renewal of any note, with the interest on the note or renewal, shall

398 be:

399 (a) secured by the full faith, credit, and resources of the state in the manner provided in

400 Part 3 of this chapter;

401 (b) payable from:

402 (i) the proceeds of the sale of the bonds and not from any other borrowing;

403 (ii) monies of the state on hand and legally available for that purpose; or

404 (iii) any combination of Subsections (8)(b)(i) and (ii); and

405 (c) payable within five years from the date of original issue.

406 (9) (a) As used in this Subsection (9), "total amount of bonds authorized to be issued but
407 not yet issued" includes bonds authorized to be issued only if one or more conditions are met.

408 (b) The total amount of notes or renewals of notes issued and outstanding at any one time
409 may not exceed the total amount of bonds authorized to be issued but not yet issued.

410 (10) The state treasurer shall, in his annual report to the governor, include a detailed
411 statement of all notes and bonds issued during the year and of his actions in relation to them.

412 Section 22. Section **63B-11-403** is enacted to read:

413 **63B-11-403. Purchase and redemption requirements.**

414 (1) The notes and renewals of notes may provide the holders of the notes or renewals of
415 notes with the right to require the state or other persons to purchase or redeem the notes or renewal
416 notes before the stated maturity of the notes or renewals.

417 (2) Notwithstanding Subsection (1), the holders of the notes and renewals of notes may
418 not be provided with the right to require the state to repurchase or redeem the notes and renewals
419 of the notes before their stated maturity unless the state has entered into one or more letter of credit
420 agreements or other liquidity facility agreements:

421 (a) for the express purpose of those sales;

422 (b) that require a financially responsible party or parties to the agreement or agreements,
423 other than the state, to purchase or redeem all or any portion of the notes and renewals of notes
424 tendered by the holders of the notes or renewals of notes for repurchase or redemption before the
425 stated maturity of the notes and renewals of notes; and

426 (c) that continue until the right of the holders of the notes and renewals of notes to require
427 repurchase or redemption of the notes and renewals of notes before the stated maturity has ceased.

428 Section 23. Section **63B-11-404** is enacted to read:

429 **63B-11-404. General provisions -- Funds and accounts.**

430 (1) (a) Sections 63B-11-305, 63B-11-306, 63B-11-313, 63B-11-314, 63B-11-315, and
431 63B-11-316 apply to any notes or renewals of notes issued under this part.

432 (b) (i) For purposes of this part, any action that those sections require or permit the
433 commission to take shall be considered sufficient if taken by the state treasurer.

434 (ii) The treasurer may take action by issuing a written order, or in some other manner that
435 he finds necessary or convenient, to accomplish the purposes of this part.

436 (2) The treasurer may:

437 (a) in a written order, establish whatever funds and accounts are necessary or desirable to
438 carry out the purposes of this part; and

439 (b) until the monies are needed for the purpose for which the fund or account was created,
440 invest the monies held in those funds and accounts by following the procedures and requirements
441 of Title 51, Chapter 7, State Money Management Act.