

**Effective 5/10/2016**

**Part 2  
Bonding Authority**

**63H-6-201 Title.**

This part is known as "Bonding Authority."

Enacted by Chapter 301, 2016 General Session

**63H-6-202 Resolution authorizing issuance of corporation bond -- Presentation to Executive Appropriations Committee -- Characteristics of bond.**

- (1)
  - (a) The corporation may:
    - (i) issue bonds on which the principal and interest are payable:
      - (A) exclusively from the income, purchase or lease payments, and revenues of the corporation; or
      - (B) from the corporation's revenues generally; or
    - (ii) issue refunding bonds for the purpose of paying or retiring bonds previously issued by the corporation.
  - (b) The corporation may not issue a corporation bond, unless before the issuance of the bond:
    - (i)
      - (A) the corporation presents to the Executive Appropriations Committee a proposed resolution authorizing the issuance of the corporation bond; and
      - (B) the Executive Appropriations Committee makes a recommendation in accordance with Subsection (1)(c); and
    - (ii) the board adopts a resolution authorizing the issuance of the corporation bond.
  - (c) Following a presentation described in Subsection (1)(b), the Executive Appropriations Committee shall vote whether the Executive Appropriations Committee recommends the corporation adopt, amend, or reject the proposed resolution authorizing the issuance of the corporation bond.
- (2)
  - (a) If provided in a resolution authorizing the issuance of a corporation bond or in the trust indenture under which the corporation bond is issued, a corporation bond may be:
    - (i) issued in one or more series; and
    - (ii) sold:
      - (A) at a public or private sale; and
      - (B) in the manner provided in the resolution or indenture.
  - (b) A corporation bond shall:
    - (i) bear the date provided in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
    - (ii) be payable at the time provided in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
    - (iii) bear interest at the rate provided in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
    - (iv) be in the denomination and in the form provided in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;

- (v) carry the conversion or registration privileges provided in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
- (vi) have the rank or priority described in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
- (vii) be executed in the manner described in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
- (viii) be subject to the terms of redemption or tender, with or without premium, as described in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued;
- (ix) be payable in the medium of payment and at the place described in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued; and
- (x) have any other characteristics described in the resolution authorizing the issuance of the corporation bond or the trust indenture under which the corporation bond is issued.

Enacted by Chapter 301, 2016 General Session

**63H-6-203 Sources from which a corporation bond may be made payable -- Corporation powers regarding corporation bond.**

- (1) The principal and interest on a corporation bond may be made payable from the income and revenues of the corporation.
- (2) In connection with the issuance of a corporation bond, the corporation may:
  - (a) pledge all or any part of the corporation's gross or net revenues to which the corporation:
    - (i) has a right that exists at issuance of the corporation bond; or
    - (ii) may have a right that comes into existence after issuance of the corporation bond; and
  - (b) make any covenant or perform any act calculated to make the bond more marketable.
- (3) A member of the board or other person executing a corporation bond is not liable personally on the corporation bond.
- (4)
  - (a) A corporation bond:
    - (i) is not a general obligation or liability of the state or any of the state's political subdivisions; and
    - (ii) does not constitute a charge against the general credit or taxing powers of the state or any of the state's political subdivisions.
  - (b) A corporation bond is not payable out of money or properties other than those of the corporation pledged for the payment of the bond.
  - (c) A community, the state, or a political subdivision of the state may not be liable on a corporation bond.
  - (d) A corporation bond does not constitute indebtedness within the meaning of a constitutional or statutory debt limitation.
- (5) A corporation bond is fully negotiable.
- (6) A corporation bond is:
  - (a) issued for an essential public and governmental purpose; and
  - (b) together with interest on the corporation bond and income from the corporation bond, exempt from state taxes except the corporate franchise tax.

- (7) Nothing in this section may be construed to limit the right of an obligee to pursue a remedy for the enforcement of a pledge or lien given under this part by the corporation on the corporation's rents, fees, grants, properties, or revenues.

Enacted by Chapter 301, 2016 General Session

**63H-6-204 Purchaser of a corporation bond.**

- (1) The following may purchase a corporation bond with funds owned or controlled by the purchaser:
  - (a) a person;
  - (b) a political subdivision of the state;
  - (c) another entity; or
  - (d) a public or private officer.
- (2) Nothing in this part may be construed to relieve a purchaser of a corporation bond of a duty to exercise reasonable care in selecting securities.
- (3) The corporation may purchase the corporation's own corporation bond at a price that the board determines.

Enacted by Chapter 301, 2016 General Session

**63H-6-205 Obligee rights.**

In addition to a right that is conferred on an obligee of a corporation bond and subject to contractual restrictions binding on the obligee, an obligee may:

- (1) by mandamus, suit, action, or other proceeding:
  - (a) compel the corporation and the corporation's board, officers, agents, or employees to perform every term, provision, and covenant contained in a contract of the corporation with or for the benefit of the obligee; and
  - (b) require the corporation to carry out the covenants and agreements of the corporation and to fulfill the duties imposed on the corporation by this part; and
- (2) by suit, action, or proceeding in equity enjoin an act that is unlawful or violates the rights of the obligee.

Enacted by Chapter 301, 2016 General Session