

## LEGISLATIVE BILL 1

Approved by the Governor February 3, 1971

Introduced by C. W. Holmquist, 16th District

AN ACT to amend sections 3-617 and 35-510, Reissue Revised Statutes of Nebraska, 1943, and sections 31-755 and 85-401, Revised Statutes Supplement, 1969, relating to bonds; to remove limitations on interest rates on certain bonds; to harmonize the provisions thereof with previous legislation; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 3-617, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

3-617. (1) An authority shall have the power and is hereby authorized from time to time to issue its negotiable bonds for any corporate purpose in such amounts as may be required to carry out and fully perform the purposes for which such authority is established. Such authorities shall have power from time to time and whenever refunding is deemed expedient, to issue bonds in amounts sufficient to refund any bonds, including any premiums payable upon the redemption of the bonds to be refunded, by the issuance of new bonds, whether the bonds to be refunded have or have not matured. It may issue bonds partly to refund bonds then outstanding and partly for any other corporate purpose. The refunding bonds may be exchanged for the bonds to be refunded with such cash adjustments as may be agreed, or may be sold and the proceeds applied to the purchase, redemption, or payment of the bonds to be refunded. All bonds shall be general obligations of the authority issuing the same and shall be payable out of any revenue, income, receipts, profits, or other money of the authority, unless the authority shall expressly provide otherwise in the resolution authorizing their issuance, in which event the bonds shall be limited obligations of the authority issuing the same and shall be payable only out of that part of the revenue, income, receipts, profits or other money of the authority as shall be specified by the authority in such resolution. All bonds issued pursuant to the provisions of sections 3-601 to 3-622 shall be and are hereby made negotiable instruments within the

meaning of and for all the purposes of the Uniform Commercial Code, subject only to any provisions contained in such bonds for the registration of the principal thereof.

(2) All such bonds shall be authorized by a resolution or resolutions of the board and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, ~~not-exceeding-seven-per-cent-per-annum~~, be in such denominations, be in such form either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places within or without the State of Nebraska, and be subject to such terms of redemption and at such redemption premiums as such resolution or resolutions may provide. The bonds may be sold at public or private sale for such price or prices as the authority shall determine. ~~Provided, that the net interest cost shall not exceed seven per cent per annum to maturity; and provided further, no redemption premium shall be considered in determining such net interest cost.~~ No proceedings for the issuance of bonds of an authority shall be required other than those required by the provisions of sections 3-601 to 3-622, and the provisions of all other laws, if any, relative to the terms and conditions for the issuance, payment, redemption, registration, sale or delivery of bonds of public bodies, corporations or political subdivisions of this state shall not be applicable to bonds issued by authorities pursuant to sections 3-601 to 3-622.

(3) Any resolution or resolutions authorizing any bonds or any issue of bonds of an authority may contain covenants and agreements on the part of the authority to protect and safeguard the security and payment of such bonds, which shall be a part of the contract with the holders of the bonds thereby authorized, as to:

(a) Pledging all or any part of the revenue, income, receipts, profits, and other money derived by the authority issuing such bonds from the operation, management, or sale of property of any or all such projects of the authority to secure the payment of the bonds or of any issue of the bonds;

(b) The rates, rentals, tolls, charges, license fees, and other fees to be charged by the authority and the amounts to be raised in each year for the services and commodities sold, furnished, or supplied by the authority, and the use and disposition of the revenue of

the authority received therefrom;

(c) The setting aside of reserves or sinking funds and the regulation, investment, and disposition thereof;

(d) Limitations on the purpose to which the proceeds of sale of any issue of bonds then or thereafter issued may be applied, and pledging such proceeds to secure the payment of bonds, or of any issue of bonds;

(e) Limitations on the issuance of additional bonds of the authority, the terms and conditions upon which such additional bonds may be issued and secured, and the refunding of outstanding or other bonds;

(f) The procedure if any by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(g) Limitations on the amount of money derived from any project to be expended for operating, administrative, or other expenses of the authority; and

(h) Any other matters, of like or different character which in any way affect the security or protection of bonds of the authority.

(4) An authority shall have power from time to time to issue bond anticipation notes, referred to as notes herein, and from time to time to issue renewal notes, such notes in any case to mature not later than thirty months from the date of incurring the indebtedness represented thereby in an amount not exceeding in the aggregate at any time outstanding the amount of bonds then or theretofore authorized. Payment of such notes shall be made from any money or revenue which the authority may have available for such purpose or from the proceeds of the sale of bonds of the authority, or such notes may be exchanged for a like amount of such bonds. The authority may pledge such money or revenue of the authority, subject to prior pledges thereof, if any, for the payment of such notes, and may in addition secure the notes in the same manner as herein provided for bonds. All notes shall be issued and sold in the same manner as bonds, and any authority shall have power to make contracts for the future sale from time to time of notes on terms and conditions stated in such contracts, and the authority shall have

power to pay such consideration as it shall deem proper for any commitments to purchase notes in the future. Such notes shall also be collaterally secured by pledges and deposits with a bank or trust company, in trust for the payment of such notes, of bonds in an aggregate amount at least equal to the amount of such notes and, in any event, in an amount deemed by the issuing authority sufficient to provide for the payment of the notes in full at the maturity thereof. The authority issuing such notes may provide in the collateral agreement that the notes may be exchanged for bonds held as collateral security for the notes, or that the trustee may sell the bonds if the notes are not otherwise paid at maturity, and apply the proceeds of such sale to the payment of the notes. Such notes shall bear interest at a rate not exceeding seven per cent per annum, and shall be sold at such price as shall cause an interest cost thereon of not to exceed seven per cent per annum.

(5) It is the intention hereof that any pledge of revenue, income, receipts, profits, charges, fees, or other money made by an authority for the payment of bonds shall be valid and binding from the time such pledge is made; that the revenue, income, receipts, profits, charges, fees, and other money so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without the physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

(6) Neither the members of a board nor any person executing bonds or notes shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

(7) An authority shall have power out of any funds available therefor to purchase bonds or notes of such authority. Any bonds so purchased may be held, canceled or resold by the authority subject to and in accordance with any agreements with bondholders.

Sec. 2. That section 31-755, Revised Statutes Supplement, 1969, be amended to read as follows:

31-755. For the purpose of paying the cost of the improvements herein provided for, the board of trustees, after such improvements have been completed and accepted, shall have the power to issue negotiable bonds of any such district, to be called sanitary and improvement district bonds, payable in not to exceed thirty years and such bonds shall be payable serially with the first maturity not later than five years from date of issue and bearing interest ~~at--not--to--exceed seven-per-cent-per-annum~~; payable semiannually. Such bonds may either be sold by the district or delivered to the contractor in payment for the work, but in either case for not less than their par value. For the purpose of making partial payments as the work progresses, warrants may be issued by the board of trustees upon certificates of the engineer in charge showing the amount of work completed and materials necessarily purchased and delivered for the orderly and proper continuation of the project, in a sum not to exceed eighty-five per cent of the cost thereof. Such warrants shall draw interest at such rate as fixed by the board of trustees and endorsed on the warrants, ~~but--not--to exceed-eight-per-cent-per--annum~~; from the date of presentation for payment and shall be redeemed and paid from the proceeds of special assessments or from the sale of the bonds issued and sold as aforesaid or from any other funds available for that purpose. The board of trustees shall levy special assessments on all lots, parcels or pieces of real estate benefited by the improvement to the extent of the benefits to such property, which when collected, shall be set aside and constitute a sinking fund for the payment of the interest and principal of said bonds. In addition to the special assessments provided for in this section, there shall be levied annually a tax upon the assessed value of all the taxable property in said district except intangible property which, together with such sinking fund derived from special assessments, shall be sufficient to meet payments of interest and principal as the same become due. Such tax shall be known as the sanitary and improvement district tax and shall be payable annually in money.

Sec. 3. That section 35-510, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

35-510. No district shall become indebted for an amount that may not be payable from ten annual maximum tax levies as authorized by section 35-509. Within the limit herein authorized, the district shall have power to borrow money, ~~at-a-rate-not-in--excess--of~~

six-per-cent-per-annum and bear interest at a rate fixed by the board, and to issue appropriate evidences of indebtedness for the same, which shall be registered with the county treasurer.

Sec. 4. That section 85-401, Revised Statutes Supplement, 1969, be amended to read as follows:

85-401. The Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska State Colleges are authorized to lease to any persons, firm or corporations, such portions of the campus of the respective institutions under their control as may be necessary to be used as sites for the construction of fireproof buildings for dormitories and for boarding, housing, and student activity purposes, and for parking, or as sites for the establishment of parking facilities and they may acquire lands adjacent to the campus of any such institution by donation or purchase with any funds they may have available for that purpose to be leased as sites for such buildings and facilities. The State of Nebraska shall incur no liability by reason of the exercise of the authority herein granted to the Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska State Colleges other than is hereinafter specifically set forth. The buildings and facilities so erected or established shall be used solely for dormitories and for boarding, housing, and student activity purposes and for parking, as the case may be. The Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska State Colleges are hereby authorized to contract with the owners of the buildings and facilities so erected or established on said leased grounds to pay as rental or otherwise for the use of said buildings and facilities a sum sufficient to pay, on the amortization plan, the principal and interest thereon of the cost of construction or establishment of said buildings and facilities, such contracts to run not over forty years. The rate of interest allowed on the cost of construction or establishment shall ~~not exceed seven per cent per annum~~ be fixed by the Board of Regents or Board of Trustees of the Nebraska State Colleges, payable annually or semiannually as may be determined by the Board of Regents of the University of Nebraska or the Board of Trustees of the Nebraska State Colleges. Said contract shall provide that when the cost of construction or establishment has been paid, together with interest thereon, the buildings and facilities so constructed or established shall become the property of the State of Nebraska.

Sec. 5. That original sections 3-617 and 35-510, Reissue Revised Statutes of Nebraska, 1943, and sections 31-755 and 85-401, Revised Statutes Supplement, 1969, are repealed.

Sec. 6. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.