

REFERENCE TITLE: regional water augmentation authorities

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HB 2338

Introduced by
Representatives Tobin, Barton

AN ACT

AMENDING TITLE 45, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 17; AMENDING SECTIONS 48-6415, 49-1201, 49-1202, 49-1203 AND 49-1271, ARIZONA REVISED STATUTES; REPEALING SECTION 49-1272, ARIZONA REVISED STATUTES; AMENDING SECTIONS 49-1273, 49-1274, 49-1275 AND 49-1278, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO REGIONAL WATER AUGMENTATION AUTHORITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Title 45, Arizona Revised Statutes, is amended by adding
3 chapter 17, to read:

4 CHAPTER 17
5 REGIONAL WATER AUGMENTATION AUTHORITIES
6 ARTICLE 1. FORMATION

7 45-2901. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "AUTHORITY" MEANS A REGIONAL WATER AUGMENTATION AUTHORITY
10 ESTABLISHED UNDER THIS CHAPTER.

11 2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

12 3. "PRIVATE WATER COMPANY" MEANS ANY ENTITY THAT DISTRIBUTES OR SELLS
13 WATER, EXCEPT A POLITICAL SUBDIVISION OR ANY ENTITY THAT IS ESTABLISHED
14 PURSUANT TO TITLE 48 AND THAT IS NOT REGULATED AS A PUBLIC SERVICE
15 CORPORATION BY THE ARIZONA CORPORATION COMMISSION UNDER A CERTIFICATE OF
16 PUBLIC CONVENIENCE AND NECESSITY.

17 4. "PUBLIC AGENCY" INCLUDES THIS STATE AND ANY COUNTY, CITY, TOWN,
18 DISTRICT OR OTHER PUBLIC AGENCY OR ENTITY ESTABLISHED UNDER THE LAWS OF THIS
19 STATE.

20 5. "WATER PROJECT" MEANS ANY FACILITIES NECESSARY OR CONVENIENT TO
21 OBTAIN, DIVERT, WITHDRAW, TRANSPORT, EXCHANGE, DELIVER, TREAT, REUSE, STORE,
22 RECHARGE OR RECOVER WATER, INCLUDING RIGHTS-OF-WAY, REAL AND PERSONAL
23 PROPERTY, INTERESTS IN PROPERTY AND IMPROVEMENTS TO PROPERTY THAT ARE
24 NECESSARY OR APPROPRIATE TO MAINTAIN AND OPERATE THE FACILITIES.

25 45-2902. Formation

26 A. TWO OR MORE OF THE FOLLOWING ENTITIES, AT LEAST ONE OF WHICH MUST
27 BE A PUBLIC AGENCY, MAY FORM A REGIONAL WATER AUGMENTATION AUTHORITY THAT HAS
28 A CLEAR PUBLIC PURPOSE:

29 1. ANY CITY OR TOWN.

30 2. ANY COUNTY.

31 3. ANY ENTITY ESTABLISHED UNDER TITLE 45, CHAPTER 11 OR CHAPTER 13.

32 4. ANY ENTITY ESTABLISHED UNDER TITLE 48, CHAPTER 4, ARTICLE 6 OR
33 TITLE 48, CHAPTER 17, 18, 19, 20, 21, 22, 28 OR 34.

34 5. ANY DOMESTIC WATER OR DOMESTIC WATER AND WASTEWATER IMPROVEMENT
35 DISTRICT ESTABLISHED UNDER TITLE 48, CHAPTER 6.

36 6. THE STATE LAND DEPARTMENT.

37 7. ANY INDIAN TRIBE LOCATED IN THIS STATE.

38 8. ANY PRIVATE ENTITY, INCLUDING A PRIVATE WATER COMPANY.

39 B. THE AUTHORITY SHALL BE FORMED ON THE ADOPTION OF RESOLUTIONS BY
40 EACH PARTICIPATING ENTITY APPROVING ITS MEMBERSHIP IN THE AUTHORITY AND
41 APPROVING THE AUTHORITY'S FORMATION. EACH PARTICIPATING ENTITY SHALL
42 CONCURRENTLY APPOINT THE PERSON WHO WILL REPRESENT IT ON THE AUTHORITY'S
43 BOARD.

44 C. ON FULL COMPLIANCE WITH SUBSECTION B OF THIS SECTION, THE AUTHORITY
45 SHALL:

1 1. NOTIFY THE BOARD OF SUPERVISORS IN EACH COUNTY IN WHICH A PROPOSED
2 USE OF WATER FROM THE AUTHORITY WILL BE LOCATED OF THE AUTHORITY'S FORMATION,
3 AND FILE WITH EACH BOARD OF SUPERVISORS THE ORGANIZATIONAL DOCUMENTS OF THE
4 AUTHORITY. THE ORGANIZATIONAL DOCUMENTS OF THE AUTHORITY SHALL INCLUDE ITS
5 MEMBERSHIP, THE WATER ISSUES TO BE ADDRESSED BY THE AUTHORITY AND THE
6 PROPOSED LOCATIONS OF USES OF WATER TO BE SUPPLIED BY THE AUTHORITY.

7 2. PUBLISH A NOTICE OF THE AUTHORITY'S FORMATION ONCE EACH WEEK FOR
8 TWO CONSECUTIVE WEEKS IN A NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY IN
9 WHICH A PROPOSED USE OF WATER FROM THE AUTHORITY WILL BE LOCATED.

10 3. NOTIFY EACH AUTHORITY MEMBER THAT THE EVENTS PRESCRIBED BY
11 SUBSECTION B OF THIS SECTION HAVE OCCURRED.

12 D. AUTHORITY MEMBERS MUST SHARE IN THE COSTS OF FINANCING AUTHORITY
13 WATER PROJECTS AND SERVICES OF THE AUTHORITY.

14 E. AUTHORITY MEMBERS ARE NOT REQUIRED TO HAVE ADJOINING OR COTERMINOUS
15 BOUNDARIES.

16 45-2903. Protest against formation; appeal

17 A. ANY AGGRIEVED PERSON OR ENTITY MAY PROTEST THE FORMATION OF THE
18 AUTHORITY UNDER THIS CHAPTER BY FILING AN ACTION IN THE SUPERIOR COURT IN ANY
19 COUNTY IN WHICH A PROPOSED USE OF WATER FROM THE AUTHORITY WILL BE LOCATED.
20 THE GROUNDS FOR ANY PROTEST ARE LIMITED TO WHETHER THE FORMATION OF THE
21 AUTHORITY OCCURRED IN SUBSTANTIAL COMPLIANCE WITH SECTION 45-2902. ANY
22 PROTEST MUST BE FILED WITHIN THIRTY DAYS AFTER THE SECOND PUBLICATION OF
23 NOTICE OF THE AUTHORITY'S FORMATION AS PROVIDED IN SECTION 45-2902. IF MORE
24 THAN ONE PROTEST IS PENDING, THEY SHALL BE CONSOLIDATED FOR TRIAL.

25 B. THE SUPERIOR COURT SHALL TRY ALL PROTESTS WITHOUT DELAY AND SHALL
26 DETERMINE WHETHER THE FORMATION OF THE AUTHORITY OCCURRED IN SUBSTANTIAL
27 COMPLIANCE WITH SECTION 45-2902.

28 C. THE FORMATION OF THE AUTHORITY IS LAWFUL AND CONCLUSIVE AGAINST ALL
29 PERSONS IF AN ACTION IS NOT FILED AS PROVIDED IN SUBSECTION A OF THIS
30 SECTION. IF AN ACTION IS FILED AS PROVIDED IN SUBSECTION A OF THIS SECTION
31 AND THAT ACTION IS UNSUCCESSFUL, THE FORMATION OF THE AUTHORITY IS LAWFUL AND
32 CONCLUSIVE AGAINST ALL PERSONS ON THE DATE THAT THE JUDGMENT DISMISSING THE
33 ACTION IS NO LONGER SUBJECT TO JUDICIAL REVIEW.

34 D. THE AUTHORITY MAY EXERCISE ALL OF THE POWERS PROVIDED BY THIS
35 CHAPTER NOTWITHSTANDING THE PENDENCY OF ANY PROTEST.

36 45-2904. Corporate existence; exemption from regulation

37 A. THE AUTHORITY IS A POLITICAL SUBDIVISION OF THIS STATE AND IS A
38 CORPORATE AND POLITICAL BODY THAT MAY ACT IN ITS OFFICIAL CORPORATE NAME AND
39 SHALL HAVE ALL OF THE RIGHTS AND IMMUNITIES OF MUNICIPAL CORPORATIONS THAT
40 ARE GRANTED BY THE CONSTITUTION AND STATUTES OF THIS STATE, INCLUDING
41 IMMUNITY OF ITS PROPERTY FROM TAXATION.

42 B. THE AUTHORITY IS NOT A PUBLIC SERVICE CORPORATION SUBJECT TO
43 REGULATION BY THE ARIZONA CORPORATION COMMISSION.

- 1 45-2923. Administrative powers and duties: executive director
2 A. THE BOARD SHALL:
3 1. DETERMINE ITS ORGANIZATIONAL AND PROCEDURAL STRUCTURE.
4 2. ADOPT ORGANIZATIONAL DOCUMENTS THAT DESCRIBE THE AUTHORITY'S
5 PURPOSE AND MEMBERSHIP AND THE WATER ISSUES TO BE ADDRESSED BY THE AUTHORITY.
6 3. ADOPT, AMEND OR REPEAL BYLAWS, RULES AND FORMS CONSISTENT WITH THE
7 REQUIREMENTS OF THIS CHAPTER.
8 4. PRESCRIBE A SYSTEM OF ACCOUNTS.
9 5. EXERCISE THE POWERS AND DUTIES OF THE AUTHORITY AS PRESCRIBED BY
10 THIS CHAPTER.
11 B. THE BOARD MAY:
12 1. SET POLICY AND MANAGE AND CONDUCT THE BUSINESS AND AFFAIRS OF THE
13 AUTHORITY.
14 2. MAKE AND EXECUTE ALL NECESSARY CONTRACTS, INCLUDING
15 INTERGOVERNMENTAL AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3.
16 3. ASSUME, ADOPT AND RATIFY CONTRACTS TRANSFERRED TO THE AUTHORITY BY
17 AN AUTHORITY MEMBER.
18 4. SUE AND BE SUED.
19 5. ADOPT A SEAL FOR THE AUTHORITY TO BE USED TO ATTEST TO DOCUMENTS.
20 6. INVEST AND REINVEST MONIES BELONGING TO THE AUTHORITY.
21 7. INCUR DEBTS, LIABILITIES AND OBLIGATIONS.
22 8. PROVIDE FOR PAYMENT OF ALL DEBTS AND APPROPRIATE CLAIMS AGAINST THE
23 AUTHORITY FROM THE APPROPRIATE FUNDS.
24 9. EMPLOY AN EXECUTIVE DIRECTOR AND THE ADMINISTRATIVE, LEGAL,
25 ENGINEERING, ACCOUNTING, CLERICAL AND OTHER STAFF AS MAY BE NECESSARY AND
26 PRESCRIBE THE DUTIES, TERMS AND CONDITIONS OF EMPLOYMENT.
27 10. RETAIN OUTSIDE PROFESSIONAL SERVICES INCLUDING ACCOUNTING,
28 ENGINEERING, LEGAL AND OTHER CONSULTING SERVICES.
29 11. ACQUIRE SUITABLE OFFICES, FURNISHINGS AND NECESSARY EQUIPMENT AND
30 SUPPLIES.
31 12. PERFORM ALL OTHER ACTS NECESSARY TO CARRY OUT THE PURPOSES OF THIS
32 CHAPTER.
33 C. ALL ACTIONS TAKEN BY THE AUTHORITY UNDER THIS CHAPTER SHALL BE IN
34 ACCORDANCE WITH STATE AND FEDERAL LAW.
35 45-2924. Functional powers of the board
36 A. THE BOARD, IN THE NAME OF THE AUTHORITY AND FOR THE BENEFIT OF ITS
37 MEMBERS, MAY:
38 1. LAWFULLY ACQUIRE, SELL, LEASE, EXCHANGE, OCCUPY, MANAGE, POSSESS OR
39 OTHERWISE DISPOSE OF REAL AND PERSONAL PROPERTY, EASEMENTS AND RIGHTS-OF-WAY
40 THAT ARE NECESSARY OR REQUIRED FOR WATER SUPPLIES AND PROJECTS FOR THE USE OF
41 THE MEMBERS OF THE AUTHORITY.
42 2. CONSTRUCT, MAINTAIN AND OPERATE ALL WORKS AND OTHER PROPERTY
43 ACQUIRED AND USED FOR ANY OF THE PROJECTS OWNED BY THE AUTHORITY.
44 3. ACQUIRE, HOLD, ASSIGN OR OTHERWISE DISPOSE OF WATER RIGHTS,
45 INCLUDING LONG-TERM STORAGE CREDITS AS DEFINED IN SECTION 45-802.01.

- 1 4. ACQUIRE AND SELL WATER, UNLESS THE SALE OF WATER IS DIRECTLY TO
2 CUSTOMERS OF A MUNICIPAL PROVIDER AS DEFINED BY SECTION 45-561 AND THE
3 MUNICIPAL PROVIDER DID NOT CONSENT TO THE SALE OF WATER BY THE AUTHORITY.
- 4 5. TREAT WATER, UNLESS TREATMENT CONFLICTS WITH ANOTHER ENTITY'S
5 JURISDICTION AND THE ENTITY DID NOT CONSENT TO TREATMENT BY THE AUTHORITY.
- 6 6. LEASE AND EXCHANGE WATER.
- 7 7. TRANSPORT AND DELIVER WATER, SUBJECT TO CHAPTER 2, ARTICLES 8 AND
8 8.1 OF THIS TITLE, RELATING TO TRANSPORTATION OF GROUNDWATER.
- 9 8. CHARGE FEES FOR SERVICES AND WATER SALES.
- 10 9. ASSESS MEMBERSHIP FEES AND ACCEPT CAPITAL CONTRIBUTIONS FROM
11 PRIVATE ENTITIES.
- 12 10. ACQUIRE ELECTRICITY OR OTHER FORMS OF ENERGY NECESSARY TO TRANSPORT
13 WATER OR OPERATE AUTHORITY PROJECTS.
- 14 11. APPLY FOR AND RECEIVE FINANCIAL ASSISTANCE FROM MONIES IN THE WATER
15 SUPPLY DEVELOPMENT REVOLVING TRUST FUND ESTABLISHED UNDER SECTION 49-1271
16 NOTWITHSTANDING SECTION 49-1273, SUBSECTION C.
- 17 12. PLAN, COORDINATE, CONSTRUCT, OPERATE, MAINTAIN, DISMANTLE AND OWN
18 WATER PROJECTS.
- 19 13. PARTNER WITH INDIAN TRIBES OR FEDERAL AGENCIES ON MATTERS RELATING
20 TO THE PURPOSE OF THE AUTHORITY.
- 21 14. OBTAIN GRANTS AND PROVIDE TECHNICAL AND FINANCIAL ASSISTANCE TO
22 AUTHORITY MEMBERS RELATING TO THE DEVELOPMENT OF WATER PROJECTS.
- 23 15. ISSUE REVENUE BONDS AND PLEDGE REVENUES OF THE AUTHORITY FOR
24 REPAYMENT OF THE BONDS.
- 25 16. EXERCISE THE POWER OF EMINENT DOMAIN PURSUANT TO TITLE 12, CHAPTER
26 8, ARTICLE 3 FOR PURPOSES OF CONDEMNING REAL PROPERTY NECESSARY FOR
27 PIPELINES, INFRASTRUCTURE AND EASEMENTS FOR AUTHORITY WATER PROJECTS. THE
28 AUTHORITY SHALL NOT EXERCISE THE POWER OF EMINENT DOMAIN TO CONDEMN WATER,
29 WATER RIGHTS, WELLS, EXISTING WATER SYSTEMS, LAND OWNED BY ANOTHER
30 GOVERNMENTAL ENTITY OR LAND FOR PURPOSES OF DRILLING WELLS OR TO ACQUIRE
31 ELECTRICAL FACILITIES.
- 32 17. CONDUCT ANY OTHER ACTIVITIES THAT ARE REASONABLY NECESSARY AND
33 RELATED TO THE POWERS AND DUTIES DESCRIBED BY THIS CHAPTER.
- 34 B. THE BOARD MAY:
 - 35 1. APPLY FOR AND HOLD, IN ITS OWN NAME OR ON BEHALF OF AN AUTHORITY
36 MEMBER, ANY PERMITS REQUIRED BY LAW TO ENGAGE IN THE ACTIVITIES DESCRIBED IN
37 THIS CHAPTER.
 - 38 2. TAKE CONVEYANCES FOR ALL PROPERTY ACQUIRED BY THE AUTHORITY IN THE
39 AUTHORITY'S NAME.
 - 40 3. SELL, LEASE, EXCHANGE OR OTHERWISE DISPOSE OF ANY OF THE
41 AUTHORITY'S PROPERTY THAT IS NO LONGER NECESSARY OR SUITABLE FOR THE USES AND
42 PURPOSES OF THE AUTHORITY AND EXECUTE, ACKNOWLEDGE AND DELIVER ALL SUCH
43 CONVEYANCES, LEASES, CONTRACTS OR OTHER INSTRUMENTS AS THE BOARD DEEMS
44 NECESSARY.

1 4. INSTITUTE AND MAINTAIN ACTIONS AND PROCEEDINGS NECESSARY TO
2 ENFORCE, MAINTAIN, PROTECT OR PRESERVE ALL CONTRACTS, SUBCONTRACTS, RIGHTS,
3 PRIVILEGES AND IMMUNITIES CREATED UNDER OR GRANTED BY THIS CHAPTER.

4 45-2925. Water for subdivided land outside active management
5 area; adequate water supply requirement

6 IF AN AUTHORITY RECEIVES FINANCIAL ASSISTANCE FROM THE WATER SUPPLY
7 DEVELOPMENT REVOLVING TRUST FUND PURSUANT TO SECTION 49-1273:

8 1. THE AUTHORITY SHALL NOT PROVIDE WATER TO SUBDIVIDED LAND THAT IS
9 LOCATED OUTSIDE OF AN ACTIVE MANAGEMENT AREA AND FOR WHICH A PUBLIC REPORT IS
10 ISSUED AFTER _____ UNLESS THE DIRECTOR HAS DETERMINED THAT THERE IS
11 AN ADEQUATE WATER SUPPLY FOR THAT SUBDIVIDED LAND PURSUANT TO SECTION 45-108.

12 2. A MEMBER OF THE AUTHORITY SHALL NOT PROVIDE WATER TO SUBDIVIDED
13 LAND THAT IS LOCATED OUTSIDE OF AN ACTIVE MANAGEMENT AREA AND FOR WHICH A
14 PUBLIC REPORT IS ISSUED AFTER _____ UNLESS THE DIRECTOR HAS
15 DETERMINED THAT THERE IS AN ADEQUATE WATER SUPPLY FOR THAT SUBDIVIDED LAND
16 PURSUANT TO SECTION 45-108 OR THE DIRECTOR HAS DESIGNATED THE MEMBER AS
17 HAVING AN ADEQUATE WATER SUPPLY PURSUANT TO SECTION 45-108.

18 ARTICLE 3. REVENUE BONDS

19 45-2941. Definitions

20 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

21 1. "BOND" MEANS ANY OBLIGATION AUTHORIZED AND ISSUED PURSUANT TO THIS
22 ARTICLE, INCLUDING:

23 (a) BONDS, LEASE-PURCHASE AND INSTALLMENT PURCHASE AGREEMENTS.

24 (b) CERTIFICATES OF PARTICIPATION IN A LEASE-PURCHASE OR INSTALLMENT
25 PURCHASE AGREEMENT.

26 (c) OBLIGATIONS THAT ARE AUTHORIZED AND ISSUED TO REFUND OR REFINANCE
27 OBLIGATIONS THAT ARE AUTHORIZED AND ISSUED PURSUANT TO THIS ARTICLE.

28 2. "BOND RELATED EXPENSES" MEANS ANY EXPENSES INCURRED BY THE
29 AUTHORITY FOR ISSUING AND ADMINISTERING ITS BONDS, INCLUDING UNDERWRITING
30 FEES AND COSTS, TRUSTEE FEES, FINANCIAL CONSULTANT FEES, PRINTING AND
31 ADVERTISING COSTS, PAYING AGENT FEES, TRANSFER AGENT FEES, LEGAL, ACCOUNTING,
32 FEASIBILITY CONSULTANT AND OTHER PROFESSIONAL FEES AND EXPENSES, CREDIT
33 ENHANCEMENT FEES, ATTORNEY AND ACCOUNTING FEES AND EXPENSES RELATED TO CREDIT
34 ENHANCEMENT, BOND INSURANCE OR LIQUIDITY ENHANCEMENT, REMARKETING FEES,
35 RATING AGENCY FEES AND COSTS, TRAVEL AND TELEPHONE EXPENSES AND ALL OTHER
36 FEES CONSIDERED NECESSARY BY THE AUTHORITY IN ORDER TO MARKET AND ADMINISTER
37 THE BONDS.

38 3. "WATER PROJECT PURPOSE" INCLUDES:

39 (a) THE CAPITAL COSTS OF ACQUIRING, DESIGNING, DEVELOPING,
40 CONSTRUCTING, RECONSTRUCTING, EQUIPPING, FURNISHING, REPAIRING, MAINTAINING
41 AND IMPROVING WATER PROJECTS, DIRECTLY RELATED IMPROVEMENTS AND PUBLIC
42 INFRASTRUCTURE, EXCEPT AS OTHERWISE LIMITED BY THIS ARTICLE.

43 (b) THE COSTS OF ACQUIRING WATER AND WATER RIGHTS.

44 (c) THE PAYMENT OF BONDS.

45 (d) BOND RELATED EXPENSES.

1 45-2942. Obligation for the bonds
2 BONDS ISSUED UNDER THIS ARTICLE:
3 1. ARE PAYABLE ONLY ACCORDING TO THEIR TERMS.
4 2. ARE OBLIGATIONS OF THE AUTHORITY.
5 3. ARE NOT GENERAL, SPECIAL OR OTHER OBLIGATIONS OF THIS STATE OR ANY
6 AUTHORITY MEMBER, OR OF ANY CITY OR COUNTY IN WHICH THE AUTHORITY IS LOCATED.
7 THE MEMBERS OF THE BOARD AND PERSONS WHO EXECUTE THE BONDS ARE NOT PERSONALLY
8 LIABLE FOR PAYMENT OF THE BONDS.
9 4. DO NOT CONSTITUTE A DEBT OF THIS STATE OR OF THE CITY OR COUNTY IN
10 WHICH THE AUTHORITY IS LOCATED.
11 5. ARE NOT ENFORCEABLE AGAINST THIS STATE. PAYMENT OF THE BONDS IS
12 ENFORCEABLE ONLY OUT OF ANY MONIES OR ASSETS OF THE AUTHORITY SPECIFICALLY
13 PLEDGED AND ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR HOLDERS
14 OF THE BONDS.
15 45-2943. Authorization of bonds
16 A. THE AUTHORITY MAY ISSUE BONDS PURSUANT TO THIS ARTICLE IN A
17 PRINCIPAL AMOUNT THAT, IN THE OPINION OF THE BOARD, IS NECESSARY TO:
18 1. PROVIDE SUFFICIENT MONIES FOR ANY WATER PROJECT PURPOSES.
19 2. ESTABLISH AND FULLY OR PARTIALLY FUND ANY REQUIRED RESERVES OR
20 SINKING ACCOUNTS.
21 3. ISSUE REFUNDING BONDS TO REFUND BONDS ISSUED BY THE AUTHORITY IF
22 THE BOARD CONSIDERS REFUNDING TO BE EXPEDIENT. THE BOARD MAY PROVIDE FOR
23 INVESTING AND HOLDING THE PROCEEDS OF THE REFUNDING BONDS IN TRUST FOR THE
24 BENEFIT OF THE HOLDERS OF THE BONDS BEING REFUNDED.
25 4. PAY ANY REASONABLY NECESSARY BOND RELATED EXPENSES.
26 B. THE BOARD SHALL AUTHORIZE THE BONDS BY RESOLUTION. THE RESOLUTION
27 SHALL BE CONSIDERED FOR ADOPTION AT A PUBLIC HEARING OF THE BOARD AFTER
28 NOTICE TO THE PUBLIC AND SHALL PRESCRIBE:
29 1. THE AUTHORITY'S REVENUE SOURCES THAT ARE PLEDGED AND DEDICATED TO
30 SECURE THE BONDS.
31 2. THE RATE OR RATES OF INTEREST, WHICH MAY BE FIXED OR VARIABLE, THE
32 DATE OR DATES ON WHICH INTEREST IS PAYABLE AND THE DENOMINATIONS OF THE
33 BONDS.
34 3. THE DATE OR DATES OF THE BONDS AND MATURITY, WHICH SHALL BE WITHIN
35 FIFTY YEARS AFTER THE DATE OF ISSUANCE.
36 4. THE MANNER OF EXECUTING THE BONDS.
37 5. THE MEDIUM AND PLACE OF PAYMENT.
38 6. THE TERMS OF REDEMPTION, WHICH MAY PROVIDE FOR A PREMIUM FOR EARLY
39 REDEMPTION.
40 C. ANY PUBLICLY OFFERED BONDS MUST BE FULLY INSURED OR GUARANTEED AS
41 TO TIMELY PAYMENT OF PRINCIPAL AND INTEREST BY A FINANCIAL INSTITUTION RATED
42 "AA" OR BETTER BY A NATIONALLY RECOGNIZED RATING AGENCY.

1 45-2944. Issuance and sale of bonds

2 A. THE BOARD SHALL ISSUE THE BONDS IN THE NUMBER AND AMOUNT PROVIDED
3 IN THE RESOLUTION. THE BOARD SHALL PROVIDE NOTICE OF ITS INTENTION TO ISSUE
4 BONDS IN A MANNER CONSISTENT WITH MARKET PRACTICE.

5 B. THE BONDS MAY BE SOLD BY COMPETITIVE PUBLIC SALE, THROUGH AN ONLINE
6 BIDDING PROCESS OR AT NEGOTIATED SALE FOR PUBLIC OR PRIVATE OFFERING AT THE
7 PRICE AND ON THE TERMS PRESCRIBED IN THE RESOLUTION. FOR THE PURPOSES OF
8 THIS SUBSECTION, "ONLINE BIDDING PROCESS" MEANS A PROCUREMENT PROCESS IN
9 WHICH THE BOARD RECEIVES BIDS ELECTRONICALLY OVER THE INTERNET IN A
10 REAL-TIME, COMPETITIVE BIDDING EVENT.

11 C. THE PROCEEDS FROM THE SALE OF THE BONDS SHALL BE DEPOSITED IN THE
12 BOND PROCEEDS ACCOUNT ESTABLISHED PURSUANT TO SECTION 45-2945.

13 D. TITLE 35, CHAPTER 3, ARTICLE 7 APPLIES TO THE BOARD AND TO BONDS
14 ISSUED UNDER THIS ARTICLE.

15 45-2945. Bond proceeds account

16 A. IF THE AUTHORITY ISSUES BONDS UNDER THIS ARTICLE, THE BOARD SHALL
17 ESTABLISH A BOND PROCEEDS ACCOUNT WITHIN THE GENERAL FUND CONSISTING OF
18 MONIES RECEIVED FROM THE SALE OF THE BONDS.

19 B. THE AUTHORITY MAY USE MONIES IN THE BOND PROCEEDS ACCOUNT ONLY FOR
20 WATER PROJECT PURPOSES IN THE MANNER PRESCRIBED BY THIS CHAPTER.

21 C. THE FISCAL AGENT OF THE AUTHORITY SHALL ADMINISTER AND ACCOUNT FOR
22 THE BOND PROCEEDS ACCOUNT.

23 45-2946. Debt service account

24 A. IF THE AUTHORITY ISSUES BONDS UNDER THIS ARTICLE, THE BOARD SHALL
25 ESTABLISH A DEBT SERVICE ACCOUNT WITHIN THE GENERAL FUND CONSISTING OF MONIES
26 DESIGNATED AND DEDICATED BY THE BOARD FOR REPAYMENT OF THE BONDS AND PAYMENT
27 OF COSTS AND RELATED EXPENSES ASSOCIATED WITH REDEEMING THE BONDS.

28 B. MONIES IN THE DEBT SERVICE ACCOUNT MAY BE USED ONLY FOR THE
29 PURPOSES AUTHORIZED BY THIS ARTICLE.

30 C. THE FISCAL AGENT OF THE AUTHORITY SHALL ADMINISTER AND ACCOUNT FOR
31 THE DEBT SERVICE ACCOUNT.

32 45-2947. Securing principal and interest

33 IN CONNECTION WITH ISSUING BONDS AUTHORIZED BY THIS ARTICLE AND TO
34 SECURE THE PRINCIPAL AND INTEREST ON THE BONDS, THE BOARD BY RESOLUTION MAY:

35 1. PLEDGE FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS ALL
36 OR PART OF THE REVENUES AND OTHER MONIES RECEIVED BY THE AUTHORITY AND
37 DEPOSITED IN THE GENERAL FUND OR ANY ACCOUNT OR SUBACCOUNT OF THE GENERAL
38 FUND.

39 2. PLEDGE AND ASSIGN TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR
40 HOLDERS OF THE BONDS ALL OR PART OF THE MONIES IN THE DEBT SERVICE ACCOUNT OR
41 ANY OTHER ACCOUNT OR SUBACCOUNT AS NECESSARY TO SECURE AND PAY THE PRINCIPAL,
42 THE INTEREST AND ANY PREMIUM ON THE BONDS AS THEY COME DUE.

43 3. SEGREGATE THE DEBT SERVICE ACCOUNT INTO ONE OR MORE SUBACCOUNTS AND
44 PROVIDE THAT BONDS ISSUED UNDER THIS ARTICLE MAY BE SECURED BY A LIEN ON ALL

1 OR PART OF THE MONIES PAID INTO THE DEBT SERVICE ACCOUNT OR INTO ANY
2 SUBACCOUNT IN THE DEBT SERVICE ACCOUNT.

3 4. ESTABLISH PRIORITIES AMONG BONDHOLDERS BASED ON CRITERIA ADOPTED BY
4 THE BOARD.

5 5. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING ACCOUNTS.

6 6. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
7 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
8 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH THE CONSENT MAY BE GIVEN.

9 7. PROVIDE FOR PAYMENT OF BOND RELATED EXPENSES FROM THE PROCEEDS OF
10 THE SALE OF THE BONDS OR OTHER REVENUES AVAILABLE TO THE BOARD.

11 8. PROVIDE FOR THE SERVICES OF TRUSTEES, COTRUSTEES, AGENTS AND
12 CONSULTANTS AND OTHER SPECIALIZED SERVICES WITH RESPECT TO THE BONDS.

13 9. TAKE ANY OTHER ACTION THAT IN ANY WAY MAY ENHANCE THE SECURITY AND
14 PROTECTION OF THE BONDS OR INTEREST ON THE BONDS.

15 45-2948. Lien of pledge

16 A. ANY PLEDGE MADE UNDER THIS ARTICLE IS VALID AND BINDING FROM THE
17 TIME WHEN THE PLEDGE IS MADE.

18 B. THE MONIES PLEDGED TO THE HOLDERS OF THE BONDS AND RECEIVED BY THE
19 AUTHORITY FOR PLACEMENT IN THE DEBT SERVICE ACCOUNT ARE IMMEDIATELY SUBJECT
20 TO THE LIEN OF THE PLEDGE WITHOUT ANY FURTHER ACT. ANY LIEN OF ANY PLEDGE IS
21 VALID AND BINDING AGAINST ALL PARTIES WHO HAVE CLAIMS OF ANY KIND AGAINST THE
22 AUTHORITY, REGARDLESS OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN. THE
23 OFFICIAL RESOLUTION OR ANY INSTRUMENT BY WHICH THIS PLEDGE IS CREATED, WHEN
24 ADOPTED BY THE BOARD, IS NOTICE TO ALL CONCERNED OF THE CREATION OF THE
25 PLEDGE, AND THOSE INSTRUMENTS NEED NOT BE RECORDED IN ANY OTHER PLACE TO
26 PERFECT THE PLEDGE.

27 45-2949. Bond purchase for cancellation

28 THE BOARD MAY PURCHASE BONDS FOR CANCELLATION, USING ANY AVAILABLE
29 MONIES, AT A PRICE NOT EXCEEDING THE FOLLOWING:

30 1. IF THE BONDS ARE REDEEMABLE AT THE TIME OF PURCHASE, THE APPLICABLE
31 REDEMPTION PRICE PLUS ACCRUED INTEREST TO THE NEXT INTEREST PAYMENT DATE.

32 2. IF THE BONDS ARE NOT REDEEMABLE AT THE TIME OF PURCHASE, THE
33 APPLICABLE REDEMPTION PRICE ON THE FIRST DATE AFTER PURCHASE ON WHICH THE
34 BONDS BECOME SUBJECT TO REDEMPTION PLUS ACCRUED INTEREST TO THAT DATE.

35 45-2950. Payment of bonds

36 A. THE BONDS SHALL BE PAID SOLELY FROM MONIES IN THE DEBT SERVICE
37 ACCOUNT.

38 B. THE MEMBERS OF THE BOARD AND ANY PERSONS WHO EXECUTE THE BONDS ARE
39 NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS.

40 C. THE FISCAL AGENT OF THE AUTHORITY SHALL CANCEL ALL BONDS WHEN PAID.

41 45-2951. Use of surplus monies

42 A. IF A BALANCE REMAINS IN THE BOND PROCEEDS ACCOUNT AFTER ALL
43 ACQUISITION, CONSTRUCTION AND RELATED COSTS HAVE BEEN PAID:

44 1. THE BOARD SHALL CREDIT THE BALANCE TO REPAY ANY OTHER OUTSTANDING
45 INDEBTEDNESS OF THE AUTHORITY.

1 2. IF THE AUTHORITY HAS NO OUTSTANDING INDEBTEDNESS, THE BOARD SHALL
2 CREDIT THE REMAINING BALANCE TO THE AUTHORITY'S GENERAL FUND.

3 B. IF A BALANCE REMAINS IN THE DEBT SERVICE ACCOUNT AFTER PAYMENT OF
4 ALL BONDS, INTEREST AND OTHER CHARGES RELATED TO BONDS ISSUED UNDER THIS
5 ARTICLE, THE BOARD SHALL CREDIT THE BALANCE TO THE GENERAL FUND.

6 45-2952. Investment of monies in the bond proceeds account

7 A. THE BOARD MAY AUTHORIZE THE AUTHORITY FISCAL AGENT TO INVEST MONIES
8 IN THE BOND PROCEEDS ACCOUNT IN THE MANNER PRESCRIBED BY SECTION 45-2954.

9 B. THE ORDER DIRECTING AN INVESTMENT SHALL STATE A DATE ON WHICH THE
10 PROCEEDS FROM THE SALE OF THE BONDS WILL BE NEEDED FOR USE, AND THE FISCAL
11 AGENT SHALL MAKE THE INVESTMENT IN SUCH A WAY AS TO MATURE ON OR BEFORE THE
12 SPECIFIED DATE.

13 C. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
14 INVESTMENT OF THE MONIES IN THE BOND PROCEEDS ACCOUNT SHALL BE CREDITED TO
15 THE BOND PROCEEDS ACCOUNT.

16 45-2953. Investment of monies in the debt service account

17 A. THE BOARD MAY AUTHORIZE THE AUTHORITY FISCAL AGENT TO INVEST AND
18 REINVEST ANY MONIES IN THE DEBT SERVICE ACCOUNT AS PROVIDED BY SECTION
19 45-2954.

20 B. THE ORDER DIRECTING AN INVESTMENT SHALL STATE A DATE ON WHICH THE
21 MONIES AND OTHER RESOURCES IN THE DEBT SERVICE ACCOUNT WILL BE NEEDED FOR
22 USE, AND THE FISCAL AGENT SHALL MAKE THE INVESTMENT IN SUCH A WAY AS TO
23 MATURE ON OR BEFORE THE SPECIFIED DATE.

24 C. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
25 INVESTMENT OF THE MONIES IN THE DEBT SERVICE ACCOUNT SHALL BE CREDITED TO THE
26 AUTHORITY'S GENERAL FUND.

27 45-2954. Authorized investments of monies

28 A. THE MONIES IN EITHER THE BOND PROCEEDS ACCOUNT OR THE DEBT SERVICE
29 ACCOUNT MAY BE INVESTED AND REINVESTED AT THE DIRECTION OF THE BOARD IN ANY
30 OF THE FOLLOWING:

- 31 1. UNITED STATES TREASURY OBLIGATIONS.
- 32 2. CONSOLIDATED FARM LOAN BONDS.
- 33 3. OBLIGATIONS ISSUED BY THE FEDERAL INTERMEDIATE CREDIT BANKS OR
34 BONDS FOR COOPERATIVES ON AUTHORITY OF THE FARM CREDIT ACT OF 1933.
- 35 4. ANY OTHER OBLIGATIONS GUARANTEED BY THE UNITED STATES GOVERNMENT.
- 36 5. ANY INVESTMENTS THAT ARE AUTHORIZED BY ANY OTHER AGENCIES OF THE
37 UNITED STATES GOVERNMENT AND THAT ARE AUTHORIZED TO SECURE PUBLIC DEPOSITS.
- 38 6. STATE AND LOCAL GOVERNMENT SERIES UNITED STATES TREASURY
39 SECURITIES.
- 40 7. STATE, COUNTY OR MUNICIPAL BONDS ISSUED IN THIS STATE AND ON WHICH
41 THE PAYMENTS OF INTEREST HAVE NOT BEEN DEFERRED.
- 42 8. INVESTMENT AGREEMENTS AND REPURCHASE AGREEMENTS COLLATERALIZED BY
43 INVESTMENTS DESCRIBED IN PARAGRAPHS 1 THROUGH 5.

1 B. THE PURCHASE OF THE SECURITIES SHALL BE MADE BY THE AUTHORITY
2 FISCAL AGENT ON AUTHORITY OF A RESOLUTION OF THE BOARD. THE FISCAL AGENT
3 SHALL ACT AS CUSTODIAN OF ALL SECURITIES PURCHASED.

4 C. THE BOARD MAY PLACE ANY RESTRICTIONS ON REINVESTMENT YIELD ON BOND
5 PROCEEDS OR ON ANY MONIES PLEDGED TO PAY THE BONDS IF NECESSARY TO COMPLY
6 WITH FEDERAL INCOME TAX LAWS AND REGULATIONS TO GAIN ANY FEDERAL TAX BENEFITS
7 AVAILABLE WITH RESPECT TO THE BONDS.

8 45-2955. Deposit and disbursement of monies

9 A. MONIES DERIVED FROM SELLING BONDS UNDER THIS ARTICLE OR PLEDGED OR
10 ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR HOLDERS OF THE BONDS
11 SHALL BE DEPOSITED BY THE AUTHORITY FISCAL AGENT IN FINANCIAL INSTITUTIONS
12 THAT THE BOARD DESIGNATES AND THAT ARE INSURED BY AN AGENCY OR
13 INSTRUMENTALITY OF THE UNITED STATES. THE MONIES SHALL BE DISBURSED AS THE
14 BOARD DIRECTS AND ACCORDING TO THE TERMS OF ANY AGREEMENTS WITH THE HOLDER OR
15 HOLDERS OF THE BONDS.

16 B. THIS SECTION DOES NOT LIMIT THE POWER OF THE BOARD TO AGREE IN
17 CONNECTION WITH THE ISSUANCE OF ANY OF ITS BONDS AS TO THE CUSTODY AND
18 DISPOSITION OF THE MONIES RECEIVED FROM SELLING BONDS OR FROM THE INCOME AND
19 REVENUES PLEDGED OR ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR
20 HOLDERS OF THE BONDS.

21 45-2956. Characteristics of bonds; negotiability; legal
22 investments; exemption from taxation

23 A. BONDS ISSUED UNDER THIS ARTICLE ARE FULLY NEGOTIABLE WITHIN THE
24 MEANING AND FOR ALL PURPOSES OF THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY TO
25 ANY PROVISIONS FOR REGISTRATION, REGARDLESS OF WHETHER THE BONDS ACTUALLY
26 CONSTITUTE NEGOTIABLE INSTRUMENTS UNDER THE UNIFORM COMMERCIAL CODE.

27 B. THE BONDS, THEIR TRANSFER AND THE INCOME FROM THE BONDS ARE AT ALL
28 TIMES FREE FROM TAXATION IN THIS STATE.

29 C. BONDS ISSUED UNDER THIS ARTICLE:

30 1. ARE SECURITIES IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE
31 AND OF MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE, ALL
32 COMPANIES, ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS,
33 ALL FINANCIAL INSTITUTIONS, INVESTMENT COMPANIES AND OTHER PERSONS CARRYING
34 ON A BANKING BUSINESS, ALL FIDUCIARIES AND ALL OTHER PERSONS WHO ARE
35 AUTHORIZED TO INVEST IN GOVERNMENT OBLIGATIONS MAY PROPERLY AND LEGALLY
36 INVEST.

37 2. ARE SECURITIES THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES
38 OF THIS STATE AND MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR
39 PURPOSES THAT REQUIRE THE DEPOSIT OF GOVERNMENT BONDS OR OBLIGATIONS.

40 45-2957. Effect of changing circumstances on bonds; agreement
41 of state

42 A. BONDS ISSUED UNDER THIS ARTICLE REMAIN VALID AND BINDING
43 OBLIGATIONS OF THE AUTHORITY NOTWITHSTANDING THAT BEFORE THE DELIVERY OF THE
44 BONDS ANY PERSON WHOSE SIGNATURE APPEARS ON THE BONDS CEASES TO BE AN OFFICER
45 OF THE AUTHORITY.

1 B. AN AMENDMENT OF ANY PROVISION IN THIS CHAPTER DOES NOT DIMINISH OR
2 IMPAIR THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE OR THE REMEDIES AND
3 RIGHTS OF BONDHOLDERS.

4 C. THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS
5 AUTHORIZED BY THIS ARTICLE THAT THIS STATE WILL NOT LIMIT, ALTER OR IMPAIR
6 THE RIGHTS VESTED IN THE AUTHORITY TO RECEIVE THE MONIES NECESSARY TO FULFILL
7 THE TERMS OF ANY AGREEMENTS MADE WITH THE HOLDERS OF THE BONDS, OR IN ANY WAY
8 IMPAIR THE RIGHTS AND REMEDIES OF THE BONDHOLDERS, UNTIL ALL BONDS ISSUED
9 UNDER THIS ARTICLE, TOGETHER WITH INTEREST ON THE BONDS, INTEREST ON ANY
10 UNPAID INSTALLMENTS OF PRINCIPAL OR INTEREST AND ALL COSTS AND EXPENSES IN
11 CONNECTION WITH ANY ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS,
12 ARE FULLY MET AND DISCHARGED. THE BOARD, AS AGENT FOR THIS STATE, MAY
13 INCLUDE THIS PLEDGE AND UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES
14 AUTHORIZING AND SECURING ITS BONDS.

15 45-2958. Validity of bonds; legal opinion

16 A. THIS ARTICLE CONSTITUTES FULL AUTHORITY FOR AUTHORIZING AND ISSUING
17 BONDS WITHOUT REFERENCE TO ANY OTHER LAW OF THIS STATE. NO OTHER LAW WITH
18 REGARD TO AUTHORIZING OR ISSUING OBLIGATIONS OR THAT IN ANY WAY IMPEDES OR
19 RESTRICTS PERFORMING THE ACTS AUTHORIZED BY THIS ARTICLE MAY BE CONSTRUED TO
20 APPLY TO ANY PROCEEDINGS TAKEN OR ACTS DONE PURSUANT TO THIS ARTICLE.

21 B. THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE DOES NOT DEPEND ON
22 AND IS NOT AFFECTED BY THE LEGALITY OF ANY PROCEEDING RELATING TO THE
23 ACQUISITION, CONSTRUCTION, IMPROVEMENT, OPERATION OR MAINTENANCE OF A WATER
24 PROJECT FOR WHICH THE BONDS ARE ISSUED.

25 C. THE BOARD MAY SUBMIT ANY BONDS TO BE ISSUED UNDER THIS ARTICLE TO
26 LEGAL COUNSEL AFTER ALL PROCEEDINGS FOR AUTHORIZING THE BONDS HAVE BEEN
27 COMPLETED. ON SUBMISSION THE COUNSEL SHALL EXAMINE AND PASS ON THE VALIDITY
28 OF THE BONDS AND THE REGULARITY OF THE PROCEEDINGS. IF THE PROCEEDINGS
29 COMPLY WITH THIS ARTICLE, AND IF THE BONDS WHEN DELIVERED AND PAID FOR WILL
30 CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE AUTHORITY, THE COUNSEL SHALL
31 CERTIFY ON THE BACK OF EACH BOND, IN SUBSTANCE, THAT IT IS ISSUED ACCORDING
32 TO THE CONSTITUTION AND LAWS OF THIS STATE AND THAT THE INTEREST ON THE BONDS
33 WILL BE EXEMPT FROM STATE TAXES AS PROVIDED BY LAW.

34 D. THE BONDS SHALL RECITE THAT THEY ARE REGULARLY ISSUED PURSUANT TO
35 THIS ARTICLE. THAT RECITAL, TOGETHER WITH THE LEGAL OPINION UNDER SUBSECTION
36 C, CONSTITUTES PRIMA FACIE EVIDENCE OF THE LEGALITY AND VALIDITY OF THE
37 BONDS. FROM AND AFTER THE SALE AND DELIVERY OF THE BONDS, THEY ARE
38 INCONTESTABLE BY THIS STATE OR THE DISTRICT.

39 Sec. 2. Section 48-6415, Arizona Revised Statutes, is amended to read:

40 48-6415. District and municipal water delivery systems in
41 district eligible to receive financial assistance
42 from water supply development revolving trust fund

43 The district is deemed to be a water provider for the purposes of title
44 49, chapter 8. The district and municipal water delivery systems serving
45 water in the district are eligible to apply for and receive financial

1 assistance from monies in the water supply development revolving TRUST fund
2 established under section 49-1271 notwithstanding section 49-1273,
3 subsection C.

4 Sec. 3. Section 49-1201, Arizona Revised Statutes, is amended to read:
5 49-1201. Definitions

6 In this chapter, unless the context otherwise requires:

7 1. "Authority" means the water infrastructure finance authority of
8 Arizona.

9 2. "Board" means the board of directors of the authority.

10 3. "Bonds of a political subdivision" means bonds issued by a
11 political subdivision as authorized by law.

12 4. "Clean water act" means the federal water pollution control act
13 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water
14 quality act of 1987 (P.L. 100-4; 101 Stat. 7).

15 5. "Committee" means the water supply development fund committee
16 established by section 49-1202, subsection B.

17 6. "Drinking water facility" means a community water system or a
18 nonprofit noncommunity water system as defined in the safe drinking water act
19 (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110
20 Stat. 1613) that is located in this state. For purposes of this ~~article~~
21 ~~CHAPTER~~, drinking water facility does not include water systems owned by
22 federal agencies.

23 7. "Financial assistance loan repayment agreement" means an agreement
24 to repay a loan provided to design, construct, acquire, rehabilitate or
25 improve water or wastewater infrastructure, related property and
26 appurtenances or a loan provided to finance a water supply development
27 project.

28 8. "Indian tribe" means any Indian tribe, band, group or community
29 that is recognized by the United States secretary of the interior and that
30 exercises governmental authority within the limits of any Indian reservation
31 under the jurisdiction of the United States government, notwithstanding the
32 issuance of any patent and including rights-of-way running through the
33 reservation.

34 9. "Nonpoint source project" means a project designed to implement a
35 certified water quality management plan.

36 10. "Political subdivision" means a county, city, town or special
37 taxing district authorized by law to construct wastewater treatment
38 facilities, drinking water facilities or nonpoint source projects, **AND**
39 **INCLUDES A REGIONAL WATER AUGMENTATION AUTHORITY.**

40 **11. "REGIONAL WATER AUGMENTATION AUTHORITY" MEANS AN AUTHORITY**
41 **ESTABLISHED PURSUANT TO TITLE 45, CHAPTER 17.**

42 ~~11.~~ 12. "Safe drinking water act" means the federal safe drinking
43 water act (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393;
44 P.L. 104-182; 110 Stat. 1613), as amended in 1996.

1 ~~12-~~ 13. "Technical assistance loan repayment agreement" means either
2 of the following:

3 (a) An agreement to repay a loan provided to develop, plan and design
4 water or wastewater infrastructure, related property and appurtenances. The
5 agreement shall be for a term of not more than three years and the maximum
6 amount that may be borrowed is limited to not more than five hundred thousand
7 dollars.

8 (b) An agreement to repay a loan provided to develop, plan or design a
9 water supply development project.

10 ~~13-~~ 14. "Wastewater treatment facility" means a treatment works, as
11 defined in section 212 of the clean water act, that is located in this state
12 and that is designed to hold, cleanse or purify or to prevent the discharge
13 of untreated or inadequately treated sewage or other polluted waters for
14 purposes of complying with the clean water act.

15 ~~14-~~ 15. "Water provider" means any of the following:

16 (a) A municipal water delivery system as defined in section 42-5301,
17 paragraphs 1 and 3.

18 (b) A municipal water delivery system as defined in section 42-5301,
19 paragraph 2, which has entered into a partnership with a city, town or county
20 for a water supply augmentation plan.

21 (c) A county water augmentation authority established under title 45,
22 chapter 11.

23 (d) A county water authority established under title 45, chapter 13.

24 (e) An Indian tribe.

25 (f) A community facilities district as established by title 48,
26 chapter 4.

27 ~~15-~~ 16. "Water supply development" means either of the following:

28 (a) The acquisition of water or rights to or contracts for water to
29 augment the water supply of a water provider, **INCLUDING ANY ENVIRONMENTAL OR
30 OTHER REVIEWS, PERMITS OR PLANS REASONABLY NECESSARY FOR THAT ACQUISITION.**

31 (b) The development of facilities, **INCLUDING ANY ENVIRONMENTAL OR
32 OTHER REVIEWS, PERMITS OR PLANS REASONABLY NECESSARY FOR THOSE FACILITIES,**
33 for any of the following purposes:

34 (i) Conveyance, storage or recovery of water.

35 (ii) Reclamation and reuse of water.

36 (iii) Replenishment of groundwater.

37 Sec. 4. Section 49-1202, Arizona Revised Statutes, is amended to read:

38 ~~49-1202.~~ Water infrastructure finance authority of Arizona;
39 board; water supply development fund committee;
40 violation; classification

41 A. The water infrastructure finance authority of Arizona is
42 established. A board of directors shall govern the authority. The board of
43 directors consists of:

44 1. The director of environmental quality, or the director's
45 representative, who serves as chairman.

- 1 2. The chief executive officer of the Arizona commerce authority or
2 the chief executive officer's representative.
- 3 3. The state treasurer or the treasurer's representative.
- 4 4. One member who is appointed by the governor to represent
5 municipalities with populations of fifty thousand persons or more.
- 6 5. One member who is appointed by the governor to represent
7 municipalities with populations of less than fifty thousand persons from a
8 county with a population of less than five hundred thousand persons.
- 9 6. One member who is appointed by the governor to represent counties
10 with populations of five hundred thousand persons or more.
- 11 7. One member who is appointed by the governor to represent sanitary
12 districts in counties with populations of less than five hundred thousand
13 persons.
- 14 8. The director of water resources or the director's representative.
- 15 9. The chairman of the Arizona corporation commission or the
16 chairman's representative.
- 17 10. One member who is appointed by the governor from a public water
18 system that serves five hundred persons or more.
- 19 11. One member who is appointed by the governor from a public water
20 system that serves fewer than five hundred persons.
- 21 12. One member who is appointed by the governor to represent Indian
22 tribes.
- 23 B. The water supply development fund committee of the authority is
24 established. The committee consists of:
 - 25 1. The director of water resources, or the director's representative,
26 who serves as chairperson of the committee.
 - 27 2. The director of environmental quality, or the director's
28 representative, who serves as vice-chairperson of the committee.
 - 29 3. The chairman of the ARIZONA corporation commission or the
30 chairman's representative.
 - 31 4. The state treasurer or the treasurer's representative.
 - 32 5. One member who is appointed by the governor to represent
33 municipalities with populations of fifty thousand persons or more but less
34 than one hundred thousand persons.
 - 35 6. One member who is appointed by the governor to represent
36 municipalities with populations of less than fifty thousand persons from a
37 county with a population of less than five hundred thousand persons.
 - 38 7. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
39 MUNICIPALITIES WITH POPULATIONS OF MORE THAN ONE HUNDRED THOUSAND PERSONS IN
40 A COUNTY WITH A POPULATION OF EIGHT HUNDRED THOUSAND PERSONS OR MORE AND LESS
41 THAN ONE MILLION FIVE HUNDRED THOUSAND PERSONS.
 - 42 ~~7.~~ 8. One member who is appointed by the governor to represent
43 counties with populations of less than eight hundred thousand persons.

1 ~~8-~~ 9. One member who is appointed by the governor to represent
2 counties with populations of eight hundred thousand persons or more but less
3 than one million five hundred thousand persons.

4 ~~9-~~ 10. One member who is appointed by the governor to represent
5 counties with populations of one million five hundred thousand persons or
6 more.

7 ~~10-~~ 11. One member who is appointed by the governor to represent
8 cities with populations of more than one hundred thousand persons in counties
9 with populations of more than one million persons.

10 ~~11-~~ 12. One member who is appointed by the governor from a public
11 service corporation that serves one thousand eight hundred fifty persons or
12 more.

13 ~~12-~~ 13. One member who is appointed by the governor from a public
14 water system that serves fewer than one thousand eight hundred fifty persons.

15 ~~13-~~ 14. One member who is appointed by the governor to represent
16 Indian tribes.

17 C. Members of the board and the committee who are appointed by the
18 governor serve at the governor's pleasure and serve staggered five year
19 terms. Members of the board and the committee are not eligible to receive
20 compensation for their services but are eligible for reimbursement for travel
21 and other expenses pursuant to title 38, chapter 4, article 2. Members of
22 the board and the committee are public officers for purposes of title 38, and
23 the authority and the committee are public bodies for purposes of title 38,
24 chapter 3, article 3.1.

25 D. Members of the board shall not have any direct or indirect personal
26 financial interest in any clean water or drinking water project financed
27 under this article. Members of the committee shall not have any direct or
28 indirect personal financial interest in any water supply development project
29 financed under this article. For the purposes of this subsection, a member
30 of the board or the committee who is a full-time employee of a participant in
31 or applicant for a loan does not have a direct or indirect personal financial
32 interest in a project. A violation of this subsection is a class 1
33 misdemeanor.

34 E. The department of environmental quality shall provide clerical
35 support and office and meeting space to the board.

36 F. The department of water resources shall provide technical
37 assistance to the committee as requested by the committee.

38 Sec. 5. Section 49-1203, Arizona Revised Statutes, is amended to read:
39 49-1203. Powers and duties of authority; definition

40 A. The authority is a corporate and politic body and shall have an
41 official seal that shall be judicially noticed. The authority may sue and be
42 sued, contract and acquire, hold, operate and dispose of property.

43 B. The authority, through its board, may:

44 1. Issue negotiable water quality bonds pursuant to section 49-1261
45 for the following purposes:

- 1 (a) To generate the state match required by the clean water act for
2 the clean water revolving fund and to generate the match required by the safe
3 drinking water act for the drinking water revolving fund.
- 4 (b) To provide financial assistance to political subdivisions, Indian
5 tribes and eligible drinking water facilities for constructing, acquiring or
6 improving wastewater treatment facilities, drinking water facilities,
7 nonpoint source projects and other related water quality facilities and
8 projects.
- 9 2. Issue water supply development bonds for the purpose of providing
10 financial assistance to water providers for water supply development purposes
11 pursuant to sections 49-1274 and 49-1275.
- 12 3. Provide financial assistance to political subdivisions and Indian
13 tribes from monies in the clean water revolving fund to finance wastewater
14 treatment projects.
- 15 4. Provide financial assistance to drinking water facilities from
16 monies in the drinking water revolving fund to finance these facilities.
- 17 5. Provide financial assistance to water providers from monies in the
18 water supply development revolving TRUST fund to finance water supply
19 development.
- 20 6. Guarantee debt obligations of, and provide linked deposit
21 guarantees through third party lenders to:
- 22 (a) Political subdivisions that are issued to finance wastewater
23 treatment projects.
- 24 (b) Drinking water facilities that are issued to finance these
25 facilities.
- 26 (c) Water providers that are issued to finance water supply
27 development projects.
- 28 7. Provide linked deposit guarantees through third party lenders to
29 political subdivisions, drinking water facilities and water providers.
- 30 8. Apply for, accept and administer grants and other financial
31 assistance from the United States government and from other public and
32 private sources.
- 33 9. Enter into capitalization grant agreements with the United States
34 environmental protection agency.
- 35 10. Adopt rules pursuant to title 41, chapter 6 governing the
36 application for and awarding of wastewater treatment facility, drinking water
37 facility and nonpoint source project financial assistance under this chapter,
38 the administration of the clean water revolving fund and the drinking water
39 revolving fund and the issuance of water quality bonds.
- 40 11. Subject to title 41, chapter 4, article 4, hire a director and
41 staff for the authority.
- 42 12. Contract for the services of outside advisors, attorneys,
43 consultants and aides reasonably necessary or desirable to allow the
44 authority to adequately perform its duties.

1 13. Contract and incur obligations as reasonably necessary or desirable
2 within the general scope of authority activities and operations to allow the
3 authority to adequately perform its duties.

4 14. Assess financial assistance origination fees and annual fees to
5 cover the reasonable costs of administering the authority and the monies
6 administered by the authority. Any fees collected pursuant to this paragraph
7 constitute governmental revenue and may be used for any purpose consistent
8 with the mission and objectives of the authority.

9 15. Perform any function of a fund manager under the CERCLA Brownfields
10 cleanup revolving loan fund program as requested by the department. The
11 board shall perform any action authorized under this article on behalf of the
12 Brownfields cleanup revolving loan fund program established pursuant to
13 chapter 2, article 1.1 of this title at the request of the department. In
14 order to perform these functions, the board shall enter into a written
15 agreement with the department.

16 16. Provide grants, staff assistance or technical assistance in the
17 form of loan repayment agreements and other professional assistance to
18 political subdivisions, any county with a population of less than five
19 hundred thousand persons, Indian tribes and community water systems in
20 connection with the development or financing of wastewater, drinking water,
21 water reclamation or related water infrastructure. Assistance provided under
22 a technical assistance loan repayment agreement shall be in a form and under
23 terms determined by the authority and shall be repaid not more than three
24 years after the date that the monies are advanced to the applicant. The
25 provision of technical assistance by the authority does not create any
26 liability for the authority or this state regarding the design, construction
27 or operation of any infrastructure project.

28 17. Provide grants, staff assistance or technical assistance in the
29 form of loan repayment agreements and other professional assistance to water
30 providers in connection with the planning or design of water supply
31 development projects as determined by the committee pursuant to section
32 49-1274. A single grant shall not exceed one hundred thousand dollars.
33 Assistance provided under a technical assistance loan repayment agreement
34 shall be in a form and under terms determined by the committee and shall be
35 repaid not more than three years after the date that the monies are advanced
36 to the applicant. The provision of technical assistance by the authority or
37 the committee does not create any liability for the authority, the committee
38 or this state regarding the design, construction or operation of any water
39 supply development project.

40 C. The authority, in consultation with the committee, may:

41 1. Adopt rules pursuant to title 41, chapter 6 governing the
42 application for and awarding of water supply development fund project
43 financial assistance under this chapter and the administration of the water
44 supply development revolving TRUST fund.

1 B. THE EXECUTIVE DIRECTOR OF THE AUTHORITY SHALL ADMINISTER THE TRUST
2 FUND AS TRUSTEE. THE STATE TREASURER SHALL ACCEPT, SEPARATELY ACCOUNT FOR
3 AND HOLD IN TRUST ANY MONIES DEPOSITED IN THE STATE TREASURY, WHICH ARE
4 CONSIDERED TO BE TRUST MONIES AS DEFINED IN SECTION 35-310 AND WHICH SHALL
5 NOT BE COMMINGLED WITH ANY OTHER MONIES IN THE STATE TREASURY EXCEPT FOR
6 INVESTMENT PURPOSES. ON NOTICE FROM THE EXECUTIVE DIRECTOR, THE STATE
7 TREASURER SHALL INVEST AND DIVEST ANY TRUST FUND MONIES DEPOSITED IN THE
8 STATE TREASURY AS PROVIDED BY SECTIONS 35-313 AND 35-314-03, AND MONIES
9 EARNED FROM INVESTMENT SHALL BE CREDITED TO THE TRUST FUND.

10 C. THE BENEFICIARIES OF THE TRUST ARE THE PROGRAMS ESTABLISHED BY THIS
11 ARTICLE AND BY TITLE 45, CHAPTER 17. THE TRUST FUND SHALL BE USED SOLELY FOR
12 THE PURPOSES OF THIS ARTICLE AND TITLE 45, CHAPTER 17 ON THE ORDER OF THE
13 EXECUTIVE DIRECTOR.

14 D. SURPLUS MONIES, INCLUDING ANY UNEXPENDED AND UNENCUMBERED BALANCE
15 AT THE END OF THE FISCAL YEAR, DO NOT REVERT TO THE STATE GENERAL FUND.

16 ~~C.~~ E. The legislature finds that many ~~water providers~~ ENTITIES THAT
17 PROVIDE WATER in this state, particularly in rural areas, lack access to
18 sufficient water supplies to meet their long-term water demands and need
19 financial assistance to construct water supply projects and obtain additional
20 water supplies. It is the intent of the legislature that the water supply
21 development revolving TRUST fund established by this section be used to
22 provide financial assistance to ~~these water providers~~ ELIGIBLE ENTITIES
23 under the terms set forth in this article.

24 Sec. 7. Repeal

25 Section 49-1272, Arizona Revised Statutes, is repealed.

26 Sec. 8. Section 49-1273, Arizona Revised Statutes, is amended to read:

27 49-1273. Water supply development revolving trust fund:
28 purposes; limitation

29 A. Monies in the water supply development revolving TRUST fund may be
30 used for the following purposes:

31 1. Making water supply development loans to water providers AND
32 REGIONAL WATER AUGMENTATION AUTHORITIES in this state under section 49-1274
33 for water supply development purposes.

34 2. Making loans or grants to water providers AND REGIONAL WATER
35 AUGMENTATION AUTHORITIES for the planning or design of water supply
36 development projects. A single grant shall not exceed one hundred thousand
37 dollars.

38 3. Purchasing or refinancing debt obligations of water providers AND
39 REGIONAL WATER AUGMENTATION AUTHORITIES at or below market rate if the debt
40 obligation was issued for a water supply development purpose.

41 4. Providing financial assistance to water providers AND REGIONAL
42 WATER AUGMENTATION AUTHORITIES with bonding authority to purchase insurance
43 for local bond obligations incurred by them for water supply development
44 purposes.

1 5. Paying the costs to administer the fund.

2 6. Providing linked deposit guarantees through third party lenders by
3 depositing monies with the lender on the condition that the lender make a
4 loan on terms approved by the committee, at a rate of return on the deposit
5 approved by the committee and the state treasurer and by giving the lender
6 recourse against the deposit of loan repayments that are not made when due.

7 B. If the monies pledged to secure water supply development bonds
8 issued pursuant to section 49-1278 become insufficient to pay the principal
9 and interest on the water supply development bonds guaranteed by the water
10 supply development revolving TRUST fund, the authority shall direct the state
11 treasurer to liquidate securities in the fund as may be necessary and shall
12 apply those proceeds to make current all payments then due on the bonds. The
13 state treasurer shall immediately notify the attorney general and auditor
14 general of the insufficiency. The auditor general shall audit the
15 circumstances surrounding the depletion of the fund and report the findings
16 to the attorney general. The attorney general shall conduct an investigation
17 and report those findings to the governor and the legislature.

18 C. EXCEPT AS PROVIDED IN SECTION 45-2925, monies in the water supply
19 development revolving TRUST fund shall not be used to provide financial
20 assistance to a water provider, other than an Indian tribe, unless one of the
21 following applies:

22 1. The board of supervisors of the county in which the water provider
23 is located has adopted the provision authorized by section 11-823,
24 subsection A.

25 2. The water provider is located in a city or town and the legislative
26 body of the city or town has enacted the ordinance authorized by section
27 9-463.01, subsection 0.

28 3. The water provider is located in an active management area
29 established pursuant to title 45, chapter 2, article 2.

30 Sec. 9. Section 49-1274, Arizona Revised Statutes, is amended to read:
31 49-1274. Water supply development revolving trust fund
32 financial assistance; procedures

33 A. In compliance with any applicable requirements, a water provider OR
34 A REGIONAL WATER AUGMENTATION AUTHORITY may apply to the authority for and
35 accept and incur indebtedness as a result of a loan or any other financial
36 assistance pursuant to section 49-1273 from the water supply development
37 revolving TRUST fund for water supply development purposes. In compliance
38 with any applicable requirements, a water provider OR A REGIONAL WATER
39 AUGMENTATION AUTHORITY may also apply to the authority for and accept grants,
40 staff assistance or technical assistance for the planning or design of a
41 water supply development project. A water provider that applies for and
42 accepts a loan or other financial assistance under this article is not
43 precluded from applying for and accepting a loan or other financial
44 assistance under article 2 of this chapter or under any other law.

- 1 B. The authority, in consultation with the committee, shall:
- 2 1. Prescribe a simplified form and procedure to apply for and approve
- 3 assistance.
- 4 2. Establish by rule criteria by which assistance will be awarded,
- 5 including requirements for local participation in project costs, if deemed
- 6 advisable. The criteria shall include:
- 7 (a) A determination of the ability of the applicant to repay a loan
- 8 according to the terms and conditions established by this section. At the
- 9 option of the committee, the existence of a current investment grade rating
- 10 on existing debt of the applicant that is secured by the same revenues to be
- 11 pledged to secure repayment under the loan repayment agreement constitutes
- 12 evidence regarding ability to repay a loan.
- 13 (b) A determination of the applicant's legal capability to enter into
- 14 a loan repayment agreement.
- 15 (c) A determination of the applicant's financial ability to construct,
- 16 operate and maintain the project if it receives the financial assistance.
- 17 (d) A determination of the applicant's ability to manage the project.
- 18 (e) A determination of the applicant's ability to meet any applicable
- 19 environmental requirements imposed by federal or state agencies.
- 20 (f) A determination of the applicant's ability to acquire any
- 21 necessary regulatory permits.
- 22 (g) FOR PROJECTS INVOLVING A REGIONAL WATER AUGMENTATION AUTHORITY, A
- 23 DETERMINATION OF THE APPLICANT'S ABILITY TO COMPLY WITH SECTION 45-2925.
- 24 3. Determine the order and priority of projects assisted under this
- 25 section based on the merits of the application with respect to water supply
- 26 development issues, including the following:
- 27 (a) Existing, near-term and long-term water demands of the water
- 28 provider OR REGIONAL WATER AUGMENTATION AUTHORITY compared to the existing
- 29 water supplies of the water provider OR REGIONAL WATER AUGMENTATION
- 30 AUTHORITY.
- 31 (b) Existing and planned conservation and water management programs of
- 32 the water provider OR REGIONAL WATER AUGMENTATION AUTHORITY.
- 33 (c) Benefits of the project.
- 34 (d) The sustainability of the water supply to be developed through the
- 35 project.
- 36 (e) The water provider's OR REGIONAL WATER AUGMENTATION AUTHORITY'S
- 37 need for financial assistance.
- 38 (f) The cost-effectiveness of the project.
- 39 C. The committee shall review on its merits each application received
- 40 and shall inform the applicant of the committee's determination within ninety
- 41 days after receipt of a complete and correct application. If the application
- 42 is not approved, the committee shall notify the applicant, stating the
- 43 reasons. If the application is approved, the committee may condition the
- 44 approval on assurances the committee deems necessary to ensure that the

1 financial assistance will be used according to law and the terms of the
2 application.

3 D. On approval of an application under this section by the committee,
4 the authority shall use monies in the water supply development revolving
5 TRUST fund to finance the project.

6 Sec. 10. Section 49-1275, Arizona Revised Statutes, is amended to
7 read:

8 49-1275. Water supply development revolving trust fund
9 financial assistance; terms

10 A. A loan from the water supply development revolving TRUST fund shall
11 be evidenced by bonds, if the water provider OR REGIONAL WATER AUGMENTATION
12 AUTHORITY has bonding authority, or by a financial assistance agreement,
13 delivered to and held by the authority.

14 B. A loan under this section shall:

15 1. Be repaid not more than ~~thirty~~ FIFTY years after the date incurred.

16 2. Require that interest payments begin not later than the next date
17 that either principal or interest must be paid by the authority to the
18 holders of any of the authority's bonds that provided funding for the loan.
19 If the loan is for construction of water supply development facilities, the
20 authority may provide that loan interest accruing during construction and one
21 year after completion of the construction be capitalized in the loan.

22 3. Be conditioned on the establishment of a dedicated revenue source
23 for repaying the loan.

24 C. The authority, in consultation with the committee, shall prescribe
25 the rate of interest on loans made under this section, but the rate shall not
26 exceed the prevailing market rate for similar types of loans. The authority,
27 ~~upon~~ ON recommendations from the committee, may adopt rules ~~which~~ THAT
28 provide for flexible interest rates and interest free loans. All financial
29 assistance agreements or bonds of a water provider OR REGIONAL WATER
30 AUGMENTATION AUTHORITY shall clearly specify the amount of principal and
31 interest and any redemption premium that is due on any payment date.

32 D. The approval of a loan is conditioned on a written commitment by
33 the ~~water provider~~ BORROWER to complete all applicable reviews and approvals
34 and to secure all required permits in a timely manner.

35 E. A loan made to a ~~water provider~~ BORROWER under this section may be
36 secured additionally by an irrevocable pledge of any shared state revenues
37 due to the ~~water provider~~ BORROWER for the duration of the loan as prescribed
38 by a resolution of the committee. If the committee requires an irrevocable
39 pledge of the shared state revenues for financial assistance loan repayment
40 agreements, the authority shall enter into an intercreditor agreement with
41 the greater Arizona development authority to define the allocation of shared
42 state revenues in relation to individual borrowers. If a pledge is required
43 and a ~~water provider~~ BORROWER fails to make any payment due to the authority
44 under its loan repayment agreement or bonds, the authority shall certify to
45 the state treasurer and notify the governing body of the defaulting ~~water~~

1 ~~provider~~ BORROWER that the ~~water-provider~~ BORROWER has failed to make the
2 required payment and shall direct a withholding of state shared revenues as
3 prescribed in subsection F of this section. The certificate of default shall
4 be in the form determined by the authority, except that the certificate shall
5 specify the amount required to satisfy the unpaid payment obligation of the
6 ~~water-provider~~ BORROWER.

7 F. On receipt of a certificate of default from the authority, the
8 state treasurer, to the extent not expressly prohibited by law, shall
9 withhold any monies due to the defaulting ~~water-provider~~ BORROWER from the
10 next succeeding distribution of monies pursuant to section 42-5029. In the
11 case of a city or town, the state treasurer shall also withhold from the
12 monies due to the defaulting city or town from the next succeeding
13 distribution of monies pursuant to section 43-206 the amount specified in the
14 certificate of default and shall immediately deposit the monies in the water
15 supply development revolving TRUST fund. The state treasurer shall continue
16 to withhold and deposit monies until the authority certifies to the state
17 treasurer that the default has been cured. The state treasurer shall not
18 withhold any amount that is necessary to make any required deposits then due
19 for the payment of principal and interest on bonds of the ~~water-provider~~
20 BORROWER if so certified by the defaulting ~~water-provider~~ BORROWER to the
21 state treasurer and the authority. The ~~water-provider~~ BORROWER shall not
22 certify deposits as necessary for payment for bonds unless the bonds were
23 issued before the date of the loan repayment agreement and the bonds were
24 secured by a pledge of distribution made pursuant to sections 42-5029 and
25 43-206.

26 Sec. 11. Section 49-1278, Arizona Revised Statutes, is amended to
27 read:

28 49-1278. Water supply development bonds; purpose

29 A. Water supply development bonds may be issued to provide financial
30 assistance under this article and to increase the capitalization of the water
31 supply development revolving TRUST fund to accomplish the purposes stated in
32 section 49-1273. These bonds may be secured by any monies received or to be
33 received in the water supply development revolving TRUST fund. Amounts in
34 the water supply development revolving TRUST fund may be used to cure
35 defaults on loans made from the water supply development revolving TRUST fund
36 to the extent otherwise permitted by law.

37 B. Any pledge made under this article is valid and binding from the
38 time when the pledge is made. The monies pledged and received to be placed
39 in the appropriate fund are immediately subject to the lien of the pledge
40 without any future physical delivery or further act, and any such lien of any
41 pledge is valid or binding against all parties having claims of any kind in
42 tort, contract or otherwise against the board regardless of whether the
43 parties have notice of the lien. The official resolution or trust indenture
44 or any instrument by which this pledge is created, when placed in the board's

1 records, is notice to all concerned of the creation of the pledge, and those
2 instruments need not be recorded in any other place.

3 C. The bonds issued under this section, their transfer and the income
4 they produce are exempt from taxation by this state or by any political
5 subdivision of this state.

6 Sec. 12. Appropriation; water supply development revolving
7 trust fund; purpose; exemption from lapsing

8 A. The sum of \$30,000,000 is appropriated from the state general fund
9 in fiscal year 2013-2014 to the water supply development revolving trust fund
10 established pursuant to section 49-1271, Arizona Revised Statutes, as amended
11 by this act, for the purposes provided in this act.

12 B. The appropriation made in this section is exempt from the
13 provisions of section 35-190, Arizona Revised Statutes, relating to lapsing
14 of appropriations.