Sixty-fifth Legislative Assembly of North Dakota

HOUSE BILL NO. 1385

Introduced by

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<u>3.</u>

bonds.

Representative Klemin

1	A BILL for an Act to create and enact section 40-57-19.2 of the North Dakota Century Code,			
2	relating to municipal refunding bonds.			
3	BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:			
4	SECTION 1. Section 40-57-19.2 of the North Dakota Century Code is created and enacted			
5	as follows:			
6	40-57-19.2. Refunding bonds.			
7	<u>1.</u>	<u>Any</u>	municipality may provide for the issuance of refunding bonds to refund, in whole	
8		or ir	part, bonds previously issued by the municipality under the authority of this	
9		<u>cha</u>	pter for any of the following purposes:	
10		<u>a.</u>	To extend the maturities of the outstanding bonds.	
11		<u>b.</u>	To consolidate or restructure or reduce the debt service of the outstanding bonds.	
12		<u>C.</u>	To remove covenants made with respect to the issuance of the outstanding	
13			bonds.	
14	<u>2.</u>	<u>The</u>	principal amount of the refunding bonds may include:	
15		<u>a.</u>	The principal amount of the outstanding bonds to be refunded.	
16		<u>b.</u>	Any interest accrued or to accrue to the earliest or subsequent date of	
17			redemption, or maturity of the outstanding bonds to be refunded.	
18		<u>C.</u>	Any redemption premium required to be paid on the outstanding bonds to be	
19			refunded.	
20		<u>d.</u>	Any expenses related to the issuance of the refunding bonds.	
21		<u>e.</u>	Any interest on the refunding bonds to be paid with the proceeds of the refunding	

When the refunding bonds are issued and sold by more than six months in advance of

the date or dates determined by the issuer for the redemption or retirement of all of the

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outstanding bonds to be refunded, the proceeds of the refunding bonds, including any			
premium or accrued interest, must be deposited in escrow with a suitable bank or trust			
company. The escrowed proceeds must be invested and reinvested in direct			
obligations of the United States or any agency or instrumentality of the United States,			
in any obligations of which the principal and interest are unconditionally guaranteed by			
the United States, in certificates of deposit or time deposits secured by direct			
obligations of the United States, or by obligations of which the principal and interest			
are unconditionally guaranteed by the United States. Funds other than proceeds of the			
refunding bonds, including moneys on hand in a bond fund or sinking fund maintained			
for the payment of the outstanding bonds to be refunded and not immediately needed			
for the payment of interest or principal due, also may be deposited in the escrow fund			
and invested in the same manner as the proceeds of the refunding bonds. The			
principal of and earnings on the obligations or securities in the escrow fund may be			
used to retire or redeem the outstanding bonds, pay any principal of or interest on the			
refunding bonds, or pay any expenses relating to the retirement or redemption of the			
outstanding bonds or the issuance of the refunding bonds. Any proceeds of the			
refunding bonds or money in the escrow fund not expended as set forth in this section			
may be returned to the industrial or commercial enterprise as an overpayment of			
rentals or purchase price installments.			