Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017

HOUSE BILL NO. 1385
(Representative Klemin)

AN ACT to create and enact section 40-57-19.2 of the North Dakota Century Code, relating to municipal refunding bonds.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 40-57-19.2 of the North Dakota Century Code is created and enacted as follows:

40-57-19.2. Refunding bonds.

1. Any municipality may provide for the issuance of refunding bonds to refund, in whole or in part, bonds previously issued by the municipality under the authority of this chapter for any of the following purposes:

   a. To extend the maturities of the outstanding bonds.

   b. To consolidate or restructure or reduce the debt service of the outstanding bonds.

   c. To remove covenants made with respect to the issuance of the outstanding bonds.

2. The principal amount of the refunding bonds may include:

   a. The principal amount of the outstanding bonds to be refunded.

   b. Any interest accrued or to accrue to the earliest or subsequent date of redemption, or maturity of the outstanding bonds to be refunded.

   c. Any redemption premium required to be paid on the outstanding bonds to be refunded.

   d. Any expenses related to the issuance of the refunding bonds.

   e. Any interest on the refunding bonds to be paid with the proceeds of the refunding bonds.

3. 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 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.

_____	_____
Speaker of the House	President of the Senate
_____	_____
Chief Clerk of the House	Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1385.

House Vote:	Yeas 86	Nays 0	Absent 8
Senate Vote:	Yeas 47	Nays 0	Absent 0

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Chief Clerk of the House

Received by the Governor at _____M. on _____, 2017.

Approved at _____M. on _____, 2017.

_____
Governor

Filed in this office this _____day of _____, 2017,

at _____ o'clock _____M.

_____
Secretary of State