

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 6-09.4 of the North Dakota
2 Century Code, relating to evidences of indebtedness and the withholding of state aid to school
3 districts; and to amend and reenact section 6-09.4-18 of the North Dakota Century Code,
4 relating to insurance or guaranties for bonds.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new section to chapter 6-09.4 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Evidences of indebtedness - Authority to withhold school district state aid.**

- 9 1. If the municipal bond bank notifies the office of management and budget that a
10 school district has failed to pay when due the principal or interest on any evidences
11 of indebtedness sold to, or which support any bonds sold by, the bond bank, or that
12 the bond bank has reason to believe a school district will not be able to make a full
13 payment of principal and interest when the payment is due, the office of
14 management and budget shall withhold, upon written notification from the bond
15 bank, any funds that are due or payable to the school district under the provisions
16 of chapter 15-40.1 until the payment of the principal or interest has been made to
17 the bond bank or the trustee, if any, for the bond bank's bondholders, or until the
18 bond bank notifies the office of management and budget that arrangements
19 satisfactory to the bond bank have been made for the payment of the principal and
20 interest then due and owing.
- 21 2. The office of management and budget shall make available any funds withheld
22 under subsection 1 to the municipal bond bank. The bond bank shall apply the
23 funds to payments that the school district is required to make to the bond bank or

1 to any trustee for bondholders on any debt issued by the bond bank for, or on
2 behalf of, the school district.

3 **SECTION 2. AMENDMENT.** Section 6-09.4-18 of the 1997 Supplement to the North
4 Dakota Century Code is amended and reenacted as follows:

5 **6-09.4-18. Insurance or guaranty.** The bond bank is authorized and empowered to
6 obtain from any entity of the state, any department or agency of the United States of America,
7 or any nongovernmental insurer any insurance or, guaranty, or liquidity facility, or from a
8 financial institution a letter of credit to the extent such insurance, guaranty, or letter of credit
9 now or hereafter available, as to, or for, the payment or repayment of, interest or principal, or
10 both, or any part thereof, on any bonds issued by the bond bank, or on any municipal securities
11 purchased or held by the bond bank, pursuant to this chapter; and to enter into any agreement
12 or contract with respect to any such insurance ~~or,~~ guaranty, ~~or~~ letter of credit, or liquidity facility,
13 and pay any required fee, unless the same would impair or interfere with the ability of the bond
14 bank to fulfill the terms of any agreement made with the holders of its bonds.