

SENATE BILL NO.

Introduced by

Senator Wardner

1 A BILL for an Act to amend and reenact section 17-05-08 of the North Dakota Century Code,
2 relating to replenishing a reserve fund for a portion of bonds issued by the transmission
3 authority.

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

5 **SECTION 1. AMENDMENT.** Section 17-05-08 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **17-05-08. Evidences of indebtedness.**

- 8 1. Evidences of indebtedness of the authority must be authorized by resolution of the
9 industrial commission and may be issued in one or more series and must bear
10 such date or dates, mature at such time or times, bear interest at such rate or rates
11 of interest per year, be in such denomination or denominations, be in such form,
12 either coupon or registered, carry such conversion or registration privileges, have
13 such rank or priority, be executed in such manner, be payable from such sources
14 in such medium of payment at such place or places within or without the state, and
15 be subject to such terms of redemption, with or without premium, as such
16 resolution or resolutions may provide. Evidences of indebtedness of the authority
17 are to mature not more than forty years from the date of issue. Evidences of
18 indebtedness of the authority may be sold at such time or times and at such price
19 or prices as the authority determines.
- 20 2. Evidences of indebtedness and grants, loans, or other forms of financial assistance
21 issued by the authority are payable solely from:
- 22 a. Revenues that may be received by the authority from transmission facilities,
23 services, or activities funded under this chapter with the proceeds of the
24 authority's evidences of indebtedness, subject only to prior payment of the

- 1 reasonable and necessary expenses of operating and maintaining such
2 transmission facilities except depreciation.
- 3 b. Amounts received by the authority under loans authorized under this chapter.
4 c. Revenues received by the authority under this chapter from any source other
5 than general tax revenues.
- 6 3. The evidences of indebtedness are not subject to taxation by the state or any of its
7 political subdivisions and do not constitute a debt of the state of North Dakota
8 within the meaning of any statutory or constitutional provision and must contain a
9 statement to that effect on their face.
- 10 4. The authority may establish and maintain a reserve fund for evidences of
11 indebtedness issued under this chapter. There must be deposited in the reserve
12 fund:
- 13 a. All moneys appropriated by the legislative assembly to the authority for the
14 purpose of the reserve fund.
- 15 b. All proceeds of evidences of indebtedness issued under this chapter required
16 to be deposited in the reserve fund by the terms of any contract between the
17 authority and the holders of its evidences of indebtedness or any resolution of
18 the authority.
- 19 c. Any lawfully available moneys of the authority which it may determine to
20 deposit in the reserve fund.
- 21 d. Any moneys from any other source made available to the authority for deposit
22 in the reserve fund or any contractual right to the receipt of moneys by the
23 authority for the purpose of the fund, including a letter of credit, surety bond,
24 or similar instrument.
- 25 5. The authority must include in its biennial request to the office of the budget the
26 amount, if any, necessary to restore any reserve fund established under this
27 section to an amount equal to the amount required to be deposited in the fund by
28 the terms of any contract or resolution approved by the commission.
- 29 6. The commission may approve a resolution or resolutions for the issuance of
30 bonds, as provided in this section, which states in substance that this subsection is
31 applicable to any required debt service reserve for bonds issued under that

1 resolution or resolutions in an aggregate amount no to exceed two hundred forty
2 million dollars plus costs of issuance, credit enhancement, and any reserve funds
3 required by agreements with or for the benefit of holders of the evidences of
4 indebtedness for the purposes for which the authority is created under this chapter,
5 provided that the amount of any refinancing shall not be counted toward such two
6 hundred forty million dollar limitation to the extent it does not exceed the
7 outstanding amount of the obligations being refinanced. No more than thirty
8 percent of the total project costs for any single transmission facilities project may
9 be financed by bonds issued under this section which are supported by the debt
10 service reserve fund approved by the commission under this subsection. In order
11 to assure the maintenance of the required debt service reserve fund approved by
12 the commission under this subsection, there shall be appropriated by the legislative
13 assembly and paid to the authority for deposit in the reserve fund such sum, if any,
14 as shall be certified by the commission as necessary to restore the reserve fund to
15 an amount equal to the required debt service reserve fund approved by the
16 commission.

17 7. Any pledge of revenue made by the industrial commission as security for the
18 authority's evidences of indebtedness is valid and binding from time to time when
19 the pledge is made. The revenues or other moneys so pledged and thereafter
20 received by the authority are immediately subject to the lien of any such pledge
21 without any physical delivery thereof or further act, and the lien of any such pledge
22 is valid and binding as against all parties having claims of any kind in tort, contract
23 or otherwise against the authority, regardless of whether such parties have notice
24 thereof. Neither the resolution nor any other instrument by which a pledge is
25 created need be filed or recorded, except in the records of the authority.

26 ~~7.~~ 8. The authority is authorized and empowered to obtain from any entity of the state,
27 any department or agency of the United States of America, or any
28 nongovernmental insurer any insurance, guaranty, or liquidity facility, or from a
29 financial institution a letter of credit to the extent such insurance, guaranty, liquidity
30 facility, or letter of credit now or hereafter available, as to, or for, the payment or
31 repayment of, interest or principal, or both, or any part thereof, on any evidences of

1 indebtedness issued by the authority pursuant to this chapter, and to enter into any
2 agreement or contract with respect to any such insurance, guaranty, letter of credit,
3 or liquidity facility, and pay any required fee, unless the same would impair or
4 interfere with the ability of the authority to fulfill the terms of any agreement made
5 with the holders of its evidences of indebtedness.

6 ~~8.~~ 9. After issuance, all evidences of indebtedness of the authority are conclusively
7 presumed to be fully authorized and issued under the laws of the state, and any
8 person or governmental unit is stopped from questioning their authorization, sale,
9 issuance, execution, or delivery by the authority.

10 ~~9.~~ 10. When the authority has issued evidences of indebtedness and pledged the
11 revenues of the transmission facilities for the payment thereof as herein provided,
12 the authority shall operate and maintain the transmission facilities and shall impose
13 and collect fees and charges for the services furnished by the transmission
14 facilities, including those furnished to the authority itself, in the amounts and at the
15 rates as are fully sufficient at all times to:

- 16 a. Pay the expenses of operating and maintaining the transmission facilities;
17 b. Provide a debt service fund sufficient to assure the prompt payment of
18 principal and interest on the evidences of indebtedness at maturity; and
19 c. Provide a reasonable fund for contingencies as may be required by the
20 resolution authorizing the evidences of indebtedness.