

REFERENCE TITLE: bond sales; technical correction.

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# **SB 1303**

Introduced by  
Senator Burns

AN ACT

AMENDING SECTION 35-457, ARIZONA REVISED STATUTES; RELATING TO SALE OF STATE BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 35-457, Arizona Revised Statutes, is amended to  
3 read:

4 35-457. Sale of bonds; notice; bids; forfeiture of deposit;  
5 definitions

6 A. Any or all of the bonds may be sold by calling for bids at public  
7 sale or through an on-line bidding process, or bonds may be sold under an  
8 accelerated bidding process as follows:

9 1. If sold under an accelerated bidding process, the bonds shall be  
10 sold at the lowest cost the governing body deems then available after having  
11 received at least three pricing quotations from recognized purchasers of  
12 bonds of the type being sold.

13 2. If sold by public sale before the sale of any bonds the governing  
14 body or board shall meet and enter upon its record an order directing the  
15 sale of the bonds and the date and hour of the sale, and cause a copy of the  
16 order to be published at least once a week for two successive weeks in cities  
17 having a population of fifteen thousand or more persons according to the most  
18 recent federal census, and once a week for four successive weeks in all other  
19 political subdivisions before the sale in one or more designated daily or  
20 weekly newspapers, together with a notice that sealed proposals will be  
21 received for purchase of the bonds on the date and hour named in the order.

22 3. If sold through an on-line bidding process, bids for the bonds that  
23 are entered into the system may be concealed until a specified time or  
24 disclosed in the on-line bidding process, may be subject to improvement in  
25 favor of the ~~municipality~~ **POLITICAL SUBDIVISION** before a specified time and  
26 may be for an entire issue of bonds or specified maturities according to the  
27 manner, terms and notice provisions ordered by the governing body.

28 B. If the bonds are sold by public sale or through an on-line bidding  
29 process, all proposals shall be received on the date and hour or in the  
30 manner stated in the order and the governing body or board shall award the  
31 bonds to the highest and most responsible bidder. All bids shall be  
32 accompanied by a bid guarantee for not less than two per cent of the total  
33 par value of the bonds. The bid guarantee may be in the form of a certified  
34 check or a bond issued by a surety company licensed by the department of  
35 insurance to do business in this state. The governing body or board may  
36 reject any and all bids and return the bid guarantees. If the successful  
37 bidder does not carry out the terms of the proposal to purchase the bonds,  
38 the bid guarantee shall be forfeited as stipulated and liquidated damages.

39 C. Notwithstanding any other provision of this section, bonds may be  
40 sold to natural persons residing in this state by negotiated sale on terms  
41 the governing body deems to be the best then available and may bear interest  
42 payable at such times as shall be determined by the governing body.

- 1           D. The bonds may be sold below, at or above par. If an issue of bonds  
2 is sold below par, the aggregate amount of discount plus interest to be paid  
3 on the bonds must not exceed the amount of interest that would be payable on  
4 the bonds over the maturity schedule prescribed by the governing body at the  
5 maximum rate set out in the resolution calling the election at which the  
6 bonds were voted. The amount of net premium associated with a bond issue may  
7 not exceed the greater of:
- 8           1. Two per cent of the par value of the bond issue.
  - 9           2. One hundred thousand dollars.
- 10           E. Any net premium not used to pay the costs of the bond issue shall  
11 be deposited in a debt service fund and used to pay interest on the bonds.
- 12           F. For purposes of this section:
- 13           1. "Net premium" means the difference between the par amount of the  
14 bond issue and the bond issue price determined pursuant to United States  
15 treasury regulations.
  - 16           2. "On-line bidding process" means a procurement process in which the  
17 governing body receives bids electronically over the internet in a real-time,  
18 competitive bidding event.