

House BILL NO. 420

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INTRODUCED BY Quirk

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO THE ISSUANCE AND REPAYMENT OF BONDS BY LOCAL GOVERNMENTS AND SCHOOL DISTRICTS; AMENDING SECTIONS 7-6-204, 7-6-1103, 7-7-109, 7-7-2210, 7-7-2238, 7-7-2251, 7-7-2252, 7-7-2254, 7-7-2255, 7-7-2256, 7-7-2257, 7-7-2259, 7-7-2262, 7-7-2268, 7-7-2269, 7-7-2301, 7-7-2302, 7-7-2304, 7-7-2407, 7-7-2501, 7-7-4209, 7-7-4236, 7-7-4254, 7-7-4255, 7-7-4257, 7-7-4259, 7-7-4262, 7-7-4268, 7-7-4269, 7-7-4301, 7-7-4302, 7-7-4304, 7-7-4422, 7-7-4424, 7-7-4428, 7-7-4432, 7-7-4433, 7-7-4434, 7-12-2174, 7-12-4206, 7-15-4322, 20-9-408, 20-9-412, 20-9-427, 20-9-429, 20-9-430, 20-9-431, 20-9-432, 20-9-433, 20-9-434, 20-15-404, AND 90-5-103, MCA; REPEALING SECTIONS 7-7-2267, 7-7-2275, 7-7-4267, AND 20-9-409, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-204, MCA, is amended to read:

"7-6-204. Crediting of interest. (1) Unless otherwise provided, interest paid and collected on deposits or investments must be credited to the general fund of the county, city, or town to whose credit the funds are deposited.

(2) Interest paid and collected on the deposits or investments of the funds of a volunteer fire district or department organized in an unincorporated area under Title 7, chapter 33, part 21 or 23, must be credited to the account of that fire district or department.

(3) Interest paid and collected on the deposits or investments of the county road fund or county bridge fund may be credited to the county road fund or county bridge fund.

(4) Interest paid and collected on the deposits or investments of a local board of health, as provided for in 50-2-108 through 50-2-114, may be credited to the account of the local board of health."

Section 2. Section 7-6-1103, MCA, is amended to read:

"7-6-1103. Issuance and sale of short-term obligations -- procedure. (1) The issuance of

1 short-term obligations must be authorized by an ordinance of the governing body that fixes the maximum
 2 amount of the obligations to be issued or, if applicable, the maximum amount ~~which that~~ may be
 3 outstanding at any time, the maximum term and interest rate or rates to be borne ~~thereby~~ by the
 4 obligations, the manner of sale, the maximum price, the form including bearer or registered as provided in
 5 Title 17, chapter 5, part 11, the terms, the conditions, and the covenants of the obligations. Short-term
 6 obligations issued under this section ~~shall~~ must bear ~~such~~ fixed or variable rate or rates of interest ~~as~~ that
 7 the governing body considers to be in the best interests of the local government. Variable rates of interest
 8 may be fixed in relationship to ~~such~~ the standard or index ~~as~~ that the governing body designates.

9 (2) The governing body may sell the short-term obligations at par or at a discount:

- 10 (a) at private negotiated sale to the board of investments as provided in Title 17, chapter 5, part
 11 16; or
 12 (b) at public sale to any other person. Any public sale must be noticed as provided in 7-7-4434(2)."
 13

14 **Section 3.** Section 7-7-109, MCA, is amended to read:

15 **"7-7-109. Definitions -- sale Sale of notes in anticipation of federal or state revenue or issuance**
 16 **of bonds.** (1) As used in this section, the following definitions apply:

17 (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all
 18 instruments or obligations evidencing or representing indebtedness, or evidencing or representing the
 19 borrowing of money, or evidencing or representing a charge, lien, or encumbrance on specific ~~revenues~~
 20 revenue, special assessments, income, or property of a political subdivision, including all instruments or
 21 obligations payable from a special fund.

22 ~~(b) "Political subdivision" means a county, city, town, school district, irrigation district, rural special~~
 23 ~~improvement district, special improvement district, county water or sewer district, or any other political~~
 24 ~~subdivision of the state, but does not include the state or any board, agency, or commission of the state.~~

25 ~~(b)~~ (b) "Governing body" means the board, council, commission, or other body charged with the
 26 general control of the issuance of bonds of a political subdivision.

27 (c) (i) "Political subdivision" means a county, city, town, school district, irrigation district, rural
 28 special improvement district, special improvement district, county water or sewer district, or any other
 29 political subdivision of the state.

30 (ii) The term does not include the state or any board, agency, or commission of the state.

1 (2) When all conditions exist precedent to the offering for sale of bonds of a political subdivision
 2 in any amount and for any purpose authorized by law and the political subdivision has applied for and
 3 received a commitment for a grant or loan of state or federal funds or has received a commitment from a
 4 person or entity to purchase bonds to aid in payment of costs incurred or to be incurred for the authorized
 5 purpose, its governing body may by resolution issue and sell notes in anticipation of the receipt of the
 6 grant, ~~or loan,~~ or bonds in an amount not exceeding the total amount of bonds authorized and maturing
 7 within not more than 3 years from the date on which such the notes are issued. The outstanding term of
 8 the notes issued under this section may not reduce the term of the bonds otherwise permitted by law.
 9 Before the notes are issued, the political subdivision must receive a written commitment for a grant, loan,
 10 or bond purchase in an amount that is not less than the principal amount of the notes and shall by
 11 resolution agree to fulfill any conditions of the commitment.

12 (3) The proceeds of the grant, ~~or loan,~~ or bonds, when received, ~~shall~~ must be credited to the debt
 13 service fund for the notes as may be needed for their payment, with interest, when due.

14 (4) Any amount of the notes ~~which that~~ cannot be paid at maturity from the proceeds of the grant,
 15 ~~or loan,~~ or bond sale or from any other funds appropriated by the governing body for the purpose shall must
 16 be paid from the proceeds of bonds to be issued and sold before the maturity date, or if sufficient funds
 17 are not available for payment in full of the notes at maturity, ~~these bondholders may, in exchange,~~ the
 18 holders of the notes have the right to require the issuance of long-term bonds in exchange for the notes,
 19 with the bonds maturing as amortization bonds, bearing interest at a rate, and secured over a term as
 20 provided in the resolution authorizing the issuance of the notes. If notes are validly issued under then
 21 applicable law, the political subdivision may issue bonds in a principal amount equal to the outstanding
 22 principal amount of the notes, regardless of any limitation in the then applicable law concerning the
 23 principal amount of the bonds. ~~The bonds so issued are secured and subject to the terms and conditions~~
 24 ~~provided by the law authorizing their issuance. Notes and bonds may be issued as provided in this section~~
 25 ~~regardless of the amount authorized if the amount which may legally be issued is less than the commitment~~
 26 ~~for which the grant or loan is made. Before the notes or bonds are issued, the political subdivision must~~
 27 ~~receive a written commitment for a grant or loan in an amount equal to the remaining estimated costs and~~
 28 ~~must by resolution provide for the fulfillment of the conditions of the commitment."~~

29

30 **Section 4.** Section 7-7-2210, MCA, is amended to read:

1 **"7-7-2210. Amortization bonds.** The term "amortization bonds", as used in this part, is ~~hereby~~
 2 ~~defined as meaning~~ means that form of bond on which a part of the principal is required to be paid each
 3 time that interest becomes due and payable, ~~which~~ The part payment of principal increases with each
 4 following installment in the same amount that the interest payment decreases, so that the combined amount
 5 payable on principal and interest is the same on each interest payment date; ~~provided, however, that~~
 6 However, the payment on the initial interest payment date may be less or greater than the amount of other
 7 payments on the bond, reflecting the payment of interest only or the payment of interest for a period
 8 different from that between other interest payment dates. The final payment may vary in amount from the
 9 other payments to the extent resulting from ~~disregarding fractional cents~~ rounding amounts in the other
 10 payments."

11
 12 **Section 5.** Section 7-7-2238, MCA, is amended to read:

13 **"7-7-2238. Resolution to issue sell bonds.** (1) If a sufficient percentage of the qualified electors
 14 entitled to vote at an election voted on the question and a sufficient percentage of votes were cast in favor
 15 of ~~the~~ issuing of bonds as provided in 7-7-2237, the board of county commissioners shall, ~~at a regular or~~
 16 ~~special meeting held within 30 days after the election,~~ pass and adopt a resolution providing for the
 17 issuance calling for the sale of the bonds.

18 (2) The resolution calling for the sale of the bonds must ~~recite~~ state:

- 19 (a) the purpose for which the bonds are to be issued;
 20 (b) the amount of the bonds to be issued;
 21 (c) the minimum purchase price of the bonds;
 22 ~~(e) the maximum rate of interest the bonds may bear;~~
 23 (d) the date ~~they~~ that the bonds will bear;
 24 (e) the period of time through which ~~they~~ the bonds are payable; ~~and~~
 25 (f) the optional redemption provisions, if any; ~~and~~
 26 (g) a form of notice of the sale of the bonds.

27 (3) ~~The resolution must provide for the manner of the execution of the bonds.~~ The resolution must
 28 ~~provide that, except in a bond issue of citizen bonds, preference must be given to amortization bonds, but~~
 29 ~~it must~~ fix the denomination of serial bonds in case it is found advantageous to issue bonds in that form.
 30 The board may in its discretion provide that the bonds may be issued and sold in two or more series or

1 installments.

2 (4) ~~The resolution must adopt a form of notice of the sale of the bonds. The board of county~~
 3 commissioners may fix the minimum price for the bonds in an amount less than the principal amount of the
 4 bonds, which may not be less than 97% of the principal amount, if the board determines that a sale at that
 5 price is in the best interests of the county."

6

7 **Section 6.** Section 7-7-2251, MCA, is amended to read:

8 **"7-7-2251. Form of notice of sale of bonds.** (1) The notice of sale must state the purpose or
 9 purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose and
 10 must be substantially in the following form:

11

NOTICE OF SALE OF COUNTY BONDS

12 Notice is hereby given by the board of county commissioners of County, state of Montana, that
 13 the board will on the day of, 19, at the hour ofm., at the office of the board in the
 14 courthouse in the (town or city) of in the said county, sell to the highest and best bidder for cash, ~~either~~
 15 amortization or serial general obligation bonds of the county in the principal amount of dollars (\$....) for
 16 the purpose of

17 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the board.~~

18 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
 19 ~~divided into several bonds, as the board may determine at the time of sale, both principal and interest to~~
 20 ~~be payable in semiannual installments during a period of years from the date of issue.~~

21 ~~If serial~~

22 ~~The bonds are will be~~ issued and sold, ~~they will be~~ in the aggregate principal amount of dollars
 23 (\$....) ~~each~~ and will become payable according to the maturity schedule set forth below (set forth maturity
 24 schedule adopted by the board of county commissioners) (If the bonds are to be issued as amortization
 25 bonds, indicate that here.).

26 The bonds, ~~whether amortization or serial bonds,~~ will bear an original issue date of, 19..., and
 27 will bear pay interest at a rate not exceeding% per annum commencing on the day of (month),
 28 19..., and will be payable semiannually on the day of (month) and (month) in each year
 29 thereafter, and will be redeemable in full (here insert the optional provisions, if any, to be recited in the
 30 bonds).

1 time and place fixed in the notice to consider bids for the bonds.

2 (2) The bonds ~~shall~~ may not be sold at ~~not~~ less than ~~par~~ the minimum bid specified for their sale
 3 with accrued interest to date of delivery, and each bidder shall specify ~~the form of bonds to be issued,~~
 4 ~~whether amortization or serial, and the rate of interest and the purchase price at which he the bidder will~~
 5 purchase the bonds. ~~A bid for amortization bonds shall have preference over a bid for serial bonds, all other~~
 6 ~~things being equal. In determining the kind of bonds to be issued, the board shall take into consideration~~
 7 ~~not only the rate of interest demanded on each kind but also all other known elements affecting the~~
 8 ~~interests of the county.~~ The board shall accept the bid ~~which they shall judge~~ that it judges most
 9 advantageous to the county. The board ~~is authorized to~~ may reject any ~~or all~~ bids and ~~to~~ sell the bonds
 10 at private sale if ~~they deem~~ the board considers it for in the best interests of the county; ~~provided,~~
 11 ~~however, that such bonds shall not be sold at less than par with accrued interest to date of delivery.~~

12 (3) ~~Consultants'~~ Consultant fees and ~~attorneys'~~ attorney fees may be paid to any person or
 13 corporation for assisting in the proceedings, ~~in the~~ preparation of the bonds, or ~~in~~ negotiating the sale
 14 ~~thereof~~ of the bonds."

15

16 **Section 9.** Section 7-7-2255, MCA, is amended to read:

17 "**7-7-2255. Form and execution of bonds.** (1) At the time of the sale of the bonds or at a meeting
 18 held ~~thereafter~~ after the sale, the board of county commissioners shall adopt a resolution providing for the
 19 issuance of the bonds, prescribe prescribing the form of the bonds, whether amortization bonds or serial
 20 bonds, and ~~of the coupons to be attached thereto~~ providing the manner of execution of the bonds.

21 (2) Each ~~and every~~ county bond and ~~every~~ each coupon attached ~~thereto~~ to the bond must be
 22 signed by or bear the facsimile signatures of the ~~chairman~~ presiding officer of the board of county
 23 commissioners and the county treasurer and must be attested by the county clerk, provided that one
 24 signature of a county official or the bond registrar must be a manual signature. Each bond ~~shall~~ may have
 25 the county seal or its facsimile affixed thereto imprinted on the bond."

26

27 **Section 10.** Section 7-7-2256, MCA, is amended to read:

28 "**7-7-2256. Printing of bonds.** (1) Except as provided in subsection (2), the county clerk, under the
 29 direction of the board, shall ~~cause~~ have the bonds, ~~with coupons attached thereto, to be printed or~~
 30 lithographed at the expense of the county at lowest commercial rates. The bonds may be typewritten with

1 the purchaser's consent.

2 (2) A purchaser of ~~such~~ the bonds may furnish the ~~same~~ bonds to the county for execution if the
3 ~~same~~ execution is done at ~~his~~ the purchaser's own expense and without expense to the county."

4

5 **Section 11.** Section 7-7-2257, MCA, is amended to read:

6 **"7-7-2257. Registration of bonds.** (1) When ~~duly~~ executed by the officers of the county ~~as herein~~
7 ~~provided~~, the bonds ~~shall~~ must be registered by the county treasurer ~~in a book provided for that purpose~~
8 before being delivered to the purchaser.

9 (2) ~~Such~~ The registration ~~shall~~ must show:

10 ~~(a) the number and amount of each bond;~~

11 ~~(b)(a) the date of issue, date redeemable~~ the maturities of the bonds subject to early redemption
12 and the redemption dates, and the date when the ~~same~~ bonds ~~becomes~~ become due; and

13 ~~(c)(b) the amount of all payments of both principal and interest required to be made on each bond,~~
14 with the dates when the ~~same~~ payments ~~are required to~~ must be paid; and

15 ~~(d) the name and address of the purchaser."~~

16

17 **Section 12.** Section 7-7-2259, MCA, is amended to read:

18 **"7-7-2259. Delivery of bonds.** (1) ~~If the board of investments is the purchaser of the bonds, the~~
19 ~~county treasurer shall forward the registered bonds to the department of commerce. The department shall~~
20 ~~deliver them to the state treasurer, and payment therefor shall be made in the manner provided by law.~~

21 ~~(2) If the bonds are purchased by other investors, the~~ The county treasurer shall deliver the bonds
22 to the purchaser upon receiving full payment ~~therefor~~ for the bonds."

23

24 **Section 13.** Section 7-7-2262, MCA, is amended to read:

25 **"7-7-2262. Payment of principal and interest.** The county treasurer shall pay from the proper
26 sinking and interest fund the interest and principal of each issue or series of outstanding bonds, as ~~such~~
27 the interest and principal become due and at the place where ~~said~~ the bonds are payable, upon ~~the~~
28 presentation and surrender of the coupon ~~or coupons~~ or bond ~~or bonds~~ to be paid. ~~If the bonds are held~~
29 ~~by the state of Montana, then all such payments shall be made at the office of the state treasurer, who~~
30 ~~shall cancel the coupons or bonds and return the same to the county treasurer, together with his receipt."~~

1 **Section 14.** Section 7-7-2268, MCA, is amended to read:

2 **"7-7-2268. Redemption of bonds.** (1) Whenever there is available money in any sinking and interest
3 fund over and above the amount required for payment of principal and interest becoming due on the next
4 interest payment date and sufficient to pay and redeem one or more outstanding bonds, or principal
5 installments in the case of amortization bonds, of the issue or series to which the sinking and interest fund
6 belongs, which bonds are not yet due but are then redeemable or will become redeemable on or before the
7 next interest payment date, the county treasurer shall apply the available money in redemption of as many
8 of the bonds, or principal installments in the case of amortization bonds, as the available money will pay
9 and redeem to a redemption date on or before the next interest payment date, as fixed by the county
10 treasurer.

11 (2) The county treasurer shall give notice, by mail sent at least 30 days before the redemption date,
12 to the holder of the bonds, if ownership of the bonds is registered or is otherwise known to the treasurer,
13 to the registered owners at their addresses as they appear in the bond registration books, ~~or~~ and to any
14 bank or financial institution at which the bonds are payable, ~~by mail sent at least 15 days before the~~
15 ~~redemption date,~~ that the bonds or principal installments will be paid and redeemed on that date. A defect
16 in or failure to give notice may not affect the validity of the proceedings for the redemption of a bond or
17 principal installment not affected by the defect or failure. If the ownership of the bonds is not registered,
18 the county treasurer shall also publish in the official newspaper of the county or other newspaper
19 designated in the resolution authorizing the issuance of the bonds, ~~once, a week for 2 consecutive weeks~~
20 ~~immediately preceding~~ not less than 30 days prior to the interest payment redemption date, a notice that
21 the bonds or principal installments have been called for redemption and will be paid in full on the
22 redemption date. If actual notice of the call has been ~~given through a different means for its redemption~~
23 received, the holder of a bond may waive published or mailed notice.

24 (3) If the bonds or principal installments are payable at ~~some~~ a bank or financial institution, the
25 county treasurer shall remit to the bank or financial institution, before the redemption date, an amount
26 sufficient to pay and redeem the bonds or principal installments with interest accrued on the bonds or
27 principal installments. If the bonds are not presented for payment and redemption on the redemption date,
28 interest ceases on that date if the funds for payment and redemption have been deposited in a bank or
29 financial institution."

30

1 **Section 15.** Section 7-7-2269, MCA, is amended to read:

2 **"7-7-2269. Order of redemption of bonds.** All bonds or principal installments of amortization bonds
3 to be redeemed under the provisions of ~~7-7-2267 or~~ 7-7-2268 may be paid and redeemed in the order that
4 the county treasurer selects, consistent with the provisions of the resolution authorizing the issuance of
5 the bonds."

6
7 **Section 16.** Section 7-7-2301, MCA, is amended to read:

8 **"7-7-2301. Authority to issue refunding general obligation bonds.** (1) The board of county
9 commissioners of ~~every each~~ county of the state ~~is hereby vested with the power and authority to~~ may
10 issue, negotiate, and sell coupon bonds on the credit of the county, as ~~more specifically~~ provided in ~~this~~
11 ~~part and~~ part 22 and this part, for the purpose of refunding, paying, and redeeming optional, redeemable,
12 or maturing bonds when:

13 (a) there are not sufficient funds available to pay ~~such the~~ bonds or there is a reduction in debt
14 service as a result of issuing refunding bonds pursuant to 7-7-2304; and

15 (b) it is ~~deemed~~ considered in the best interests of the county to refund ~~such the~~ bonds.

16 (2) (a) The board ~~shall have~~ has the ~~power and~~ authority to negotiate with the holders of the bonds
17 of ~~said the~~ county for an agreement or agreements whereby ~~said the~~ bondholders agree to accept less than
18 the full amount of ~~such the~~ bonds and the accrued unpaid interest ~~thereon on the bonds in~~ as full payment
19 and satisfaction ~~thereof of the bonds~~, to enter into ~~such the~~ agreement or agreements, and to issue
20 refunding bonds for the amount agreed upon whenever:

21 (i) the total indebtedness of a county exceeds 5% of the value of the taxable property ~~therein in~~
22 the county; and

23 (ii) the board of county commissioners of ~~said the~~ county ~~finds and~~ determines that the county is
24 unable to pay and discharge ~~such the~~ indebtedness in full.

25 (b) These bonds may be issued in more than one series if the circumstances ~~so~~ require, and each
26 series may be either amortization bonds or serial bonds. The plan agreed upon between the board and the
27 bondholders ~~shall~~ must be embodied in full in the resolution providing for the issue of ~~such the~~ bonds."

28
29 **Section 17.** Section 7-7-2302, MCA, is amended to read:

30 **"7-7-2302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-2203 through

1 7-7-2207, 7-7-2209 through 7-7-2211, 7-7-2222, 7-7-2255 through 7-7-2266, 7-7-2268 through
 2 7-7-2270, and 7-7-2272 through 7-7-2274 apply to refunding bonds issued under this part; however, the
 3 board of county commissioners may at its option sell bonds issued under this part at a private negotiated
 4 sale or at a public sale conducted pursuant to the provisions of 7-7-2251, 7-7-2252, and 7-7-2254.

5 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded
 6 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
 7 for the purposes of 7-7-2211."

8
 9 **Section 18.** Section 7-7-2304, MCA, is amended to read:

10 **"7-7-2304. Interest rate on refunding general obligation bonds.** (1) Except as provided in
 11 subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at
 12 least 1/2 of 1% less than the outstanding bonds ~~which~~ that are to be refunded.

13 (2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance
 14 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt
 15 service cost to the county.

16 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
 17 outstanding bonds if there is a reduction of total debt service cost to the county."

18
 19 **Section 19.** Section 7-7-2407, MCA, is amended to read:

20 **"7-7-2407. Restriction on use of loan proceeds.** All money borrowed by or on behalf of any county
 21 must be used only for the purpose specified in the by law authorizing the loan."

22
 23 **Section 20.** Section 7-7-4209, MCA, is amended to read:

24 **"7-7-4209. Amortization bonds.** The term "amortization bonds", as used in this part, ~~is hereby~~
 25 ~~defined as meaning~~ means that form of bond on which a part of the principal is required to be paid each
 26 time that interest becomes due and payable, ~~which~~ The part payment of principal increases with each
 27 following installment in the same amount that the interest payment decreases, so that the combined amount
 28 payable on both principal and interest is the same on each interest payment date, ~~provided, however~~
 29 However, that the payment on the initial payment date may be less or greater than the amount of other
 30 payments on the bond, reflecting the payment of interest only or the payment of interest for a period

1 different from that between other interest payment dates. The final payment may vary in amount from the
 2 other payments to the extent resulting from ~~disregarding fractional cents~~ rounding amounts in the other
 3 payments."

4
 5 **Section 21.** Section 7-7-4236, MCA, is amended to read:

6 **"7-7-4236. Resolution to ~~issue~~ sell bonds.** (1) ~~If a sufficient percentage of the qualified electors~~
 7 ~~of the city or town entitled to vote on the question of issuing bonds voted thereon and a sufficient~~
 8 ~~percentage of the votes were cast in favor of the issuing of the bonds~~ has been approved as provided in
 9 7-7-4235, the city or town council shall, ~~at a regular or special meeting held within 30 days thereafter,~~ pass
 10 a resolution ~~providing for the issuance~~ calling for the sale of the bonds.

11 (2) The resolution ~~shall recite~~ calling for the sale of the bonds must state:

12 (a) the purpose for which the bonds are to be issued;

13 (b) the amount ~~thereof~~ of the bonds to be issued;

14 (c) ~~the maximum rate of interest the bonds may bear~~ the minimum purchase price of the bonds;

15 (d) the date ~~they shall~~ that the bonds will bear;

16 (e) the period of time through which ~~they~~ the bonds are payable; ~~and~~

17 (f) the optional redemption provisions, if any;

18 ~~(g)~~ (g) that ~~any~~ a bond may be redeemed in full, at the option of the city or town, on any interest
 19 payment date after expiration of one-half of the term for which the bond was issued; ~~and~~

20 (h) a form of notice of the sale of the bonds.

21 (3) The resolution ~~shall provide for the manner of execution of the bonds. It shall~~ must provide that,
 22 except in a bond issue of citizen bonds, ~~preference shall be given amortization bonds but shall~~ fix the
 23 denomination of serial bonds in case it ~~shall be~~ is found advantageous to issue bonds in that form. The
 24 council may in its discretion provide that ~~such~~ the bonds may be issued and sold in two or more series or
 25 installments.

26 (4) ~~The resolution shall adopt a form of notice of the sale of the bonds. The city or town council~~
 27 may fix the minimum price for the bonds in an amount not less than 97% of the face value if the city or
 28 town council determines that the sale is in the best interests of the city or town."

29
 30 **Section 22.** Section 7-7-4254, MCA, is amended to read:

1 **"7-7-4254. Procedure for sale of bonds.** (1) The city or town council shall meet at the time and
2 place fixed in the notice to consider bids for the bonds.

3 (2) The bonds ~~shall~~ may not be sold at ~~not~~ less than ~~par~~ the minimum bid specified for their sale
4 with accrued interest to date of delivery, and each bidder shall specify ~~the form of bonds to be issued,~~
5 ~~whether amortization or serial,~~ and the rate of interest and the purchase price at which ~~he~~ the bidder will
6 purchase the bonds. ~~A bid for amortization bonds shall have preference over a bid for serial bonds, all other~~
7 ~~things being equal. In determining the kind of bonds to be issued, the council shall take into consideration~~
8 ~~not only the rate of interest demanded on each kind but also all other known elements affecting the~~
9 ~~interests of the city or town.~~ The council shall accept the bid that it considers judges most advantageous
10 to the city or town. The council may reject any and ~~all bids~~ and sell the bonds at private sale if ~~this is~~
11 ~~considered to be~~ the council considers it in the best interests of the city or town; ~~provided, however, that~~
12 ~~the bonds may not be sold at less than par with accrued interest to date of delivery.~~

13 (3) ~~Consultants'~~ Consultant fees and ~~attorneys'~~ attorney fees may be paid to any person or
14 corporation for assisting in the proceedings, in the preparation of the bonds, or in negotiating the sale
15 ~~thereof~~ of the bonds."

16

17 **Section 23.** Section 7-7-4255, MCA, is amended to read:

18 **"7-7-4255. Form and execution of bonds.** (1) At the time of the sale of the bonds or at a meeting
19 held ~~thereafter~~ after the sale, the city or town council shall ~~prescribe~~ adopt a resolution providing for the
20 issuance of the bonds, prescribing the form of the bonds, whether amortization or serial bonds, and ~~of the~~
21 ~~coupons to be attached thereto~~ providing the manner of execution of the bonds.

22 (2) Each ~~and every~~ bond and ~~every~~ each coupon attached ~~thereto~~ to a bond must be signed by or
23 bear the facsimile signatures of the mayor and the treasurer of the city or town ~~and by the treasurer thereof~~
24 and must be attested by the city or town clerk, provided that one signature of a city or town official or the
25 bond registrar must be a manual signature. Each bond ~~shall~~ may have the city or town seal ~~affixed thereto~~
26 or its facsimile imprinted on the bond."

27

28 **Section 24.** Section 7-7-4257, MCA, is amended to read:

29 **"7-7-4257. Registration of bonds.** (1) When ~~duly~~ executed by the officers of the city or town as
30 ~~herein provided~~, the bonds ~~shall~~ must be registered by the city treasurer or town clerk ~~in a book provided~~

1 ~~for that purpose~~ before being delivered to the purchaser.

2 (2) ~~Such~~ The registration shall must show:

3 ~~(a) the number and amount of each bond;~~

4 ~~(b)(a) the date of issue, date redeemable, the maturities of the bonds subject to early redemption,~~
5 the redemption dates, and ~~date~~ the dates when the ~~same~~ principal and interest on the bonds will become
6 due; and

7 ~~(e)(b) the amount of all payments of both principal and interest required to be made on each bond,~~
8 with the dates when the ~~same payments are required to~~ must be made; and

9 ~~(d) the name and address of the purchaser."~~

10
11 **Section 25.** Section 7-7-4259, MCA, is amended to read:

12 **"7-7-4259. Delivery of bonds.** ~~(1) If the board of investments is the purchaser of the bonds, the~~
13 ~~city treasurer or town clerk shall forward the registered bonds to the department of commerce. The~~
14 ~~department shall deliver them to the state treasurer, and payment therefor shall be made in the manner~~
15 ~~provided by law.~~

16 ~~(2) If the bonds are purchased by other investors, the~~ The city treasurer or town clerk shall deliver
17 the bonds to the purchaser upon receiving full payment ~~therefor~~ for the bonds."

18
19 **Section 26.** Section 7-7-4262, MCA, is amended to read:

20 **"7-7-4262. Payment of principal and interest.** The city treasurer or town clerk shall pay from the
21 proper sinking and interest fund the interest and principal of each issue or series of outstanding bonds, as
22 ~~such~~ the interest and principal become due and at the place where ~~such~~ the bonds are payable, upon
23 presentation and surrender of the coupon ~~or coupons~~ or bond ~~or bonds~~ to be paid. ~~If the bonds are held~~
24 ~~by the state, then all such payments shall be made at the office of the state treasurer, who shall cancel the~~
25 ~~coupons or bonds and return the same to the city treasurer or town clerk, together with his receipt~~
26 ~~therefor."~~

27
28 **Section 27.** Section 7-7-4268, MCA, is amended to read:

29 **"7-7-4268. Redemption of bonds.** (1) Whenever there is available money in any sinking and interest
30 fund over and above the amount required for payment of principal and interest becoming due on the next

1 interest payment date and sufficient to pay and redeem one or more of the outstanding bonds of the issue
 2 or series to which the sinking and interest fund belongs, which bonds are not yet due but are then
 3 redeemable or will become redeemable on or before the next interest payment date, the city treasurer or
 4 town clerk shall apply the available money in redemption of as many of the bonds as the available money
 5 will pay and redeem to a redemption date on or before the next interest payment date, as fixed by the city
 6 treasurer or town clerk.

7 (2) The city treasurer or town clerk shall ~~give notice to~~ notify the holder of the bond or bonds, if
 8 ownership of the bonds is registered or is otherwise known to the treasurer, ~~to~~ the registered owners at
 9 their addresses as they appear in the bond registration books, ~~or to~~ and any bank or financial institution at
 10 which the bonds are payable, by mail sent at least ~~45~~ 30 days before the redemption date, that bonds will
 11 be redeemed and paid on that date. A defect in or failure to give notice may not affect the validity of the
 12 proceedings for the redemption of a bond or principal installment not affected by the defect or failure. If
 13 the ownership of the bonds is not registered, the city treasurer or town clerk shall also publish in a
 14 newspaper of general circulation printed and published in the city or town and, if there is none, then in a
 15 newspaper of general circulation in the city or town printed and published in the county in which the city
 16 or town is situated a notice that the bond or bonds have been called for redemption and will be paid in full
 17 on the redemption date. The notice must be published once, ~~a week for 2 successive weeks immediately~~
 18 ~~preceding~~ not less than 30 days prior to the interest payment redemption date. If actual notice of the call
 19 has been ~~given through a different means for its redemption~~ received, the holder of a bond may waive
 20 published or mailed notice.

21 (3) If the bonds are payable at a bank or financial institution, the city treasurer or town clerk shall
 22 remit to the bank or financial institution, before the redemption date, an amount sufficient to pay and
 23 redeem the bonds. If the bonds are not presented for redemption and payment on the redemption date,
 24 interest ceases on that date if the funds have been deposited in the bank or financial institution."

25
 26 **Section 28.** Section 7-7-4269, MCA, is amended to read:
 27 **"7-7-4269. Order of redemption of bonds.** All bonds to be redeemed under the provisions of
 28 ~~7-7-4267~~ ~~or 7-7-4268~~ may be redeemed in the order that the city treasurer or city clerk selects, consistent
 29 with the provisions of the resolution authorizing the issuance of the bonds."
 30

1 **Section 29.** Section 7-7-4301, MCA, is amended to read:

2 **"7-7-4301. Authorization to issue refunding general obligation bonds.** The city or town council has
3 ~~power to~~ may contract an indebtedness on behalf of a city or town, upon the credit ~~thereof~~ of the city or
4 town, by issuing bonds for the funding of outstanding warrants and maturing bonds when there are not
5 sufficient funds available to pay the outstanding warrants or maturing bonds or when there is a reduction
6 in debt service as a result of refunding pursuant to 7-7-4304."

7

8 **Section 30.** Section 7-7-4302, MCA, is amended to read:

9 **"7-7-4302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-4201 through
10 7-7-4206, 7-7-4208 through 7-7-4210, 7-7-4255 through 7-7-4266, 7-7-4268 through 7-7-4270, and
11 7-7-4272 through 7-7-4274 apply to refunding bonds issued under this part; however, the city or town
12 council may at its option sell bonds issued under this part at a private negotiated sale or at a public sale
13 conducted pursuant to the provisions of 7-7-4251, 7-7-4252, and 7-7-4254.

14 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded
15 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
16 for the purposes of 7-7-4210."

17

18 **Section 31.** Section 7-7-4304, MCA, is amended to read:

19 **"7-7-4304. Interest rate on refunding general obligation bonds.** (1) Except as provided in
20 subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at
21 least 1/2 of 1% less than the interest rate of the outstanding bonds to be refunded.

22 (2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance
23 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt
24 service cost to the city or town.

25 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
26 outstanding bonds if there is a reduction of total debt service cost to the county."

27

28 **Section 32.** Section 7-7-4422, MCA, is amended to read:

29 **"7-7-4422. Determination of cost.** The governing body of ~~the~~ a municipality, in determining cost
30 for purposes of 7-7-4421, may include:

1 (1) all costs and estimated costs of the issuance of ~~said~~ revenue bonds, including a permissible
2 underwriter's discount, if any;

3 (2) all engineering, inspection, fiscal, and legal expenses; and

4 (3) interest ~~which it is~~ estimated will to accrue during the construction period and for 6 months
5 ~~thereafter~~ after construction on money borrowed or ~~which~~ on money that it is estimated will be borrowed
6 pursuant to this part."

7
8 **Section 33.** Section 7-7-4424, MCA, is amended to read:

9 "**7-7-4424. Undertakings to be self-supporting.** (1) The governing body of a municipality issuing
10 bonds pursuant to this part shall prescribe and collect reasonable rates, fees, or charges for the services,
11 facilities, and commodities of ~~such the~~ the undertaking and shall revise ~~such the~~ the rates, fees, or charges from
12 time to time whenever necessary so that ~~such the~~ the undertaking ~~shall be and always remain~~ is and remains
13 self-supporting. The property taxes specifically authorized to be levied for the general purpose served by
14 an undertaking or resort taxes approved, levied, and appropriated to an undertaking in compliance with
15 7-6-4461 through 7-6-4469 constitute revenue of the undertaking and may not result in an undertaking
16 being considered not self-supporting.

17 (2) The rates, fees, or charges prescribed, along with any appropriated property or resort tax
18 collections, shall must be such as will produce revenue at least sufficient to:

19 (a) pay when due all bonds and interest ~~thereon~~ on the bonds, for the payment of which ~~such the~~ the
20 ~~revenue is or shall have~~ has been pledged, charged, or otherwise encumbered, including reserves ~~therefor~~
21 for the bonds; and

22 (b) provide for all expenses of operation and maintenance of ~~such the~~ the undertaking, including
23 reserves ~~therefor.~~"

24
25 **Section 34.** Section 7-7-4428, MCA, is amended to read:

26 "**7-7-4428. Covenants in resolution authorizing issuance of bonds.** Any resolution or resolutions
27 authorizing the issuance of bonds under this part may contain covenants as to:

28 (1) the purpose or purposes to which the proceeds of sale of ~~said the~~ the bonds may be applied and
29 ~~the use and disposition thereof~~ of the proceeds;

30 (2) the use and disposition of the revenue of the undertaking for which ~~said the~~ the bonds are to be

1 issued, including the creation and maintenance of reserves and including the pledge or appropriation of all
 2 or a portion of the property and resort tax revenue referred to in 7-7-4424;

3 (3) the transfer, from the general fund of the municipality to the account or accounts of the
 4 undertaking, of an amount equal to the cost of furnishing ~~such~~ the municipality or any of its departments,
 5 boards, or agencies with the services, facilities, ~~and/or or~~ or commodities of ~~said~~ the undertaking;

6 (4) the issuance of other or additional bonds payable from the revenue of ~~said~~ the undertaking;

7 (5) the operation and maintenance of ~~such~~ the undertaking;

8 (6) the insurance to be carried ~~thereon~~ on the undertaking and the use and disposition of insurance
 9 money;

10 (7) books of account and the inspection and audit ~~thereof~~ of the books; and

11 (8) the terms and conditions upon which the holders or trustees of ~~said~~ the bonds or any proportion
 12 of ~~them or any trustee therefor~~ the bonds shall be are entitled to the appointment of a receiver by the
 13 district court, ~~which court shall have~~ having jurisdiction, ~~in such proceedings and which~~ The receiver may;

14 (a) enter and take possession of ~~said~~ the undertaking;

15 (b) operate and maintain the ~~same~~ undertaking;

16 (c) prescribe rates, fees, or charges, subject to the approval of the public service commission of
 17 ~~Montana~~; and

18 (d) collect, receive, and apply all revenue thereafter arising ~~therefrom~~ from the undertaking in the
 19 same manner as the municipality itself might do."

20
 21 **Section 35.** Section 7-7-4432, MCA, is amended to read:

22 "**7-7-4432. Details relating to revenue bonds.** (1) Bonds authorized to be issued under this part;
 23 shall

24 (a) must bear interest at ~~such~~ a rate or rates not exceeding the limitation of 17-5-102, ~~payable~~
 25 ~~semiannually~~;

26 (b) may be issued in one or more series;

27 (c) may bear ~~such~~ a date or dates;

28 (d) may mature at ~~such~~ a time or times not exceeding 40 years from their respective dates of issue;

29 (e) may be payable in ~~such~~ a place or places;

30 (f) may carry ~~such~~ registration privileges;

1 (g) may be subject to ~~such~~ terms of redemption;
 2 (h) may be executed ~~in such manner~~;
 3 (i) may contain ~~such~~ terms, covenants, and conditions; and
 4 (j) may be in ~~such form, either~~ coupon or registered form, as ~~such~~ provided by the initial resolution
 5 or subsequent resolutions ~~may provide~~.

6 (2) The governing body may fix the minimum price for the bonds in an amount less than the
 7 principal amount of the bonds but not less than 97% of the principal amount if it determines that a sale at
 8 that price is in the best interests of the undertaking."

9
 10 **Section 36.** Section 7-7-4433, MCA, is amended to read:

11 "**7-7-4433. Sale of bonds.** (1) Bonds authorized to be issued under this part ~~shall~~ must be sold
 12 at ~~not less than par~~ a price not less than that prescribed by the governing body, plus interest to the date
 13 of delivery of the bonds.

14 (2) (a) ~~Said~~ The bonds may be sold at private sale to the United States or the state of Montana or
 15 any agency, instrumentality, or corporation ~~thereof~~ of the United States or the state.

16 (b) Unless sold to the United States or the state of Montana or an agency, instrumentality, or
 17 corporation ~~thereof~~ of the United States or the state, ~~said~~ the bonds ~~shall~~ must be sold at public sale after
 18 notice of ~~such~~ the sale."

19
 20 **Section 37.** Section 7-7-4434, MCA, is amended to read:

21 "**7-7-4434. Notice of sale of bonds.** ~~(1) Except as provided in subsection (2), the~~ The notice of
 22 sale of bonds required by 7-7-4433(2)(b) ~~shall~~ must be published once at least 5 days prior to ~~such~~ the
 23 sale:

24 ~~(a) in a newspaper circulating in the municipality; of general circulation in the state, and the~~
 25 governing body may publish the notice or summary of the notice

26 ~~(b) in a financial newspaper published in the city of New York, New York, or the city of Chicago,~~
 27 Illinois, or the city of San Francisco, California.

28 ~~(2) In the event the bond issue is in an amount of less than \$150,000, the bond issue shall be~~
 29 advertised at least 5 days prior to such sale:

30 ~~(a) in daily newspapers circulating in Montana cities of 10,000 population or over, in lieu of~~

1 advertising in a financial newspaper in New York, Chicago, or San Francisco; and

2 ~~(b) also in a newspaper as specified in part 24 of chapter 5 if that newspaper is different from the~~
 3 ~~daily newspapers circulating in Montana cities of 10,000 population or over."~~

4
 5 **Section 38.** Section 7-12-2174, MCA, is amended to read:

6 **"7-12-2174. Redemption of bonds and warrants.** (1) The county treasurer shall first pay out of
 7 the proper special improvement district fund, on each interest payment date, the interest on all outstanding
 8 warrants or bonds on presentation of the coupons belonging ~~thereto~~ to the warrants or bonds or otherwise
 9 then payable and the principal, if any, then payable on the warrants or bonds. Any funds remaining in the
 10 fund ~~shall~~ must be applied to the redemption of the warrants or bonds in the order of their registration as
 11 provided in subsection (2) specified in the resolution authorizing the issuance of the bonds.

12 (2) Special improvement district warrants or bonds ~~shall~~ must be redeemed on any interest payment
 13 date from the proceeds of the bonds or warrants remaining after payment of all costs of the improvements,
 14 as provided in 7-12-2173, or from the prepayment of assessments levied in the district. Special
 15 improvement district bonds or warrants ~~are~~ may otherwise be subject to redemption and prepayment ~~at the~~
 16 option of the county as provided in the resolution on any interest payment date.

17 (3) The date of redemption ~~shall~~ must be fixed by the county treasurer and ~~shall~~ may not be less
 18 than ~~40~~ 30 days after the date of publication or of mailing of the notice. The county treasurer shall give
 19 written notice to the holders of the warrants or bonds to be redeemed, if their addresses are known, of the
 20 number of warrants or bonds to be redeemed and the date on which payment will be made. If the
 21 addresses of the holders of all bonds or warrants to be redeemed are not known, the county treasurer shall
 22 publish notice of redemption once in a newspaper ~~published in~~ of general circulation in the county. On the
 23 date fixed for redemption, interest ~~shall~~ must cease."

24
 25 **Section 39.** Section 7-12-4206, MCA, is amended to read:

26 **"7-12-4206. Redemption of bonds and warrants.** (1) Special improvement district warrants or
 27 bonds ~~shall~~ must be redeemed on any interest payment date from the proceeds of the bonds or warrants
 28 remaining after payment of all costs of the improvements, as provided in 7-12-4205, or from the
 29 prepayment of assessments levied in the district. Special improvement district bonds or warrants ~~are~~ may
 30 be otherwise subject to redemption and prepayment at the option of the city, ~~in order of registration, on~~

1 ~~any interest payment date~~ as provided in the resolution authorizing the issuance of the bonds.

2 (2) The date of redemption ~~shall~~ must be fixed by the treasurer and may not be less than ~~40~~ 30
3 days after the date of publication or mailing of the notice, and on the date ~~so~~ fixed, interest ceases. The
4 treasurer shall give written notice to the holders of the warrants or bonds to be redeemed, if their addresses
5 are known, of the number of warrants or bonds to be redeemed and the date on which payment will be
6 made. If the addresses of the holders of all bonds or warrants to be redeemed are not known, the treasurer
7 shall publish notice of redemption once in a newspaper published in the city."

8

9 **Section 40.** Section 7-15-4322, MCA, is amended to read:

10 **"7-15-4322. Details relating to urban renewal bonds.** (1) Bonds issued under 7-15-4301 may be
11 issued in one or more series and ~~shall~~ must bear ~~such a~~ such a date or dates, be payable upon demand or mature
12 at ~~such a~~ such a time or times, bear interest as provided in 17-5-102, be in ~~such~~ such denomination or denominations,
13 be in ~~such~~ such form (either coupon or registered), carry ~~such~~ such conversion or registration privileges, have ~~such~~
14 rank or priority, be executed in ~~such a~~ such a manner, be payable in ~~such a~~ such a medium of payment at ~~such a~~ such a place
15 or places, be subject to ~~such~~ such terms of redemption (with or without premium), be secured in ~~such a~~ such a manner,
16 and have ~~such~~ such other characteristics as may be provided by the resolution, ordinance, or trust indenture or
17 a mortgage authorized pursuant thereto to the resolution, ordinance, or trust indenture.

18 (2) (a) The bonds may be sold at not less than ~~98%~~ 97% of par, at public or private sale, or may
19 be exchanged for other bonds on the basis of par.

20 (b) The bonds may be sold to the federal government at private sale at not less than par, and if less
21 than all of the authorized principal amount of the bonds is sold to the federal government, the balance may
22 be sold, at public or private sale, at not less than ~~98%~~ 97% of par at an interest cost to the municipality
23 of not to exceed the interest cost ~~to the municipality~~ of the portion of the bonds sold to the federal
24 government."

25

26 **Section 41.** Section 20-9-408, MCA, is amended to read:

27 **"20-9-408. Definition of forms of bonds.** As used in this ~~title, part~~ part ~~unless the context clearly~~
28 ~~indicates otherwise:~~

29 (1) "amortization ~~bonds~~ bond" means ~~the~~ that form of ~~bonds~~ bond on which a part of the principal
30 must is required to be paid each time that interest becomes due and payable. The part payment of principal

1 increases ~~at~~ with each following installment in the same amount that the interest payment decreases, so
 2 that the ~~The combined interest and principal due on each due date remains the same until the bonds are~~
 3 ~~paid~~ amount payable on principal and interest is the same on each payment date. However, the payment
 4 on the initial interest payment date may be less or greater than the amount of other payments on the bond,
 5 reflecting the payment of interest only or the payment of interest for a period different from that between
 6 other interest payment dates. The final payment may vary from prior payments in the amount ~~resulting from~~
 7 ~~disregarding fractional cents in~~ as a result of rounding prior payments.

8 (2) "serial bonds" means a bond issue payable in annual installments commencing not more than
 9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
 10 amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds
 11 maturing in the immediately preceding installment."

12
 13 **Section 42.** Section 20-9-412, MCA, is amended to read:

14 **"20-9-412. Issuance of refunding bonds without an election.** (1) Bonds of a school district issued
 15 for the purpose of providing the money needed to redeem outstanding bonds may be issued without
 16 submitting the proposition to the electorate at an election. In order to issue refunding bonds, the trustees,
 17 at a regular meeting or a special meeting, shall adopt a resolution setting forth:

- 18 (a) the facts regarding the outstanding bonds that are to be redeemed;
 19 (b) the reasons for issuing new bonds; and
 20 (c) the term and details of the new bond issue.

21 (2) After the adoption of the resolution, the trustees shall:

- 22 (a) sell the bonds at a private negotiated sale; or
 23 (b) at their option, give notice of the sale of the new bonds in the same manner that notice is
 24 required to be given for the sale of bonds authorized at a school election and sell the new bonds in open
 25 competitive bidding, by written bids or by sealed bids.

26 (3) Except for bonds refunded by a school district under the provisions of Title 17, chapter 5, part
 27 16, including any variable rate finance program so authorized, bonds may not be refunded by the issuance
 28 of new bonds unless the rate of interest offered on the new bonds is at least 1/2 of 1% ~~per annum~~ a year
 29 less than the rate of interest in the bonds to be refunded or redeemed.

30 (4) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded

1 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
 2 for the purposes of 20-9-408.

3 (5) Refunding bonds may be issued in a principal amount greater than the principal amount of the
 4 outstanding bonds if there is a reduction of total debt service cost to the district.

5 ~~(4)~~(6) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds
 6 in advance of the date on which the bonds mature or are subject to redemption, provided the proceeds of
 7 the refunding bonds, less any accrued interest or premium received upon the sale of the bonds, are
 8 deposited with other funds appropriated to the payment of the outstanding bonds in escrow with a suitable
 9 banking institution in or out of the state. Funds deposited must be invested in securities that are general
 10 obligations of the United States or the principal and interest of which are guaranteed by the United States
 11 and that mature or are callable at the option of the holder on the dates and bear interest at the rates and
 12 payable on the dates required to provide funds sufficient, with any cash retained in the escrow account,
 13 to pay when due the interest to accrue on each refunded bond to its maturity or redemption date, if called
 14 for redemption, ~~and~~ to pay the principal of the bond at maturity or upon the redemption date, and to pay
 15 any redemption premium. The escrow account must be irrevocably appropriated to the payment of the
 16 principal of and interest and redemption premium, if any, on the refunded bonds. Funds to the credit of
 17 the debt service fund for the payment of the refunded bonds and not required for the payment of principal
 18 of or interest on the bonds due prior to issuance of the refunding bonds may be appropriated by the district
 19 to the escrow account. The school district may pay the reasonable costs and expenses of printing the
 20 refunding bonds and of establishing and maintaining the escrow account. Bonds refunded pursuant to this
 21 part are not to be considered outstanding for purposes of 20-9-406 or any other debt limitation."
 22

23 **Section 43.** Section 20-9-427, MCA, is amended to read:

24 "20-9-427. **Notice of bond election by separate purpose.** (1) ~~Any~~ A school district bond election
 25 ~~shall~~ must be conducted in accordance with the school election provisions of this title, except that the
 26 election notice ~~required therein shall~~ must be in substantially the following form:

27 NOTICE OF SCHOOL DISTRICT BOND ELECTION

28 Notice is hereby given by the trustees of School District No. of County, state of Montana,
 29 that pursuant to a certain resolution ~~duly~~ adopted at a meeting of the board of trustees of ~~said~~ the school
 30 district held on the day of, ~~A.D., 19....~~, an election of the registered electors of School District No.

1 of County, state of Montana, will be held on the day of, ~~A.D., 19....~~, at for the purpose
 2 of voting upon the question of whether or not the trustees ~~shall be authorized to~~ may issue and sell bonds
 3 of ~~said~~ the school district in the amount of dollars (\$....), bearing interest at a rate not more than
 4 percent (....%) ~~per annum a year~~, payable semiannually, for the purpose of (here state purpose). ~~The~~
 5 ~~bonds to be issued will be either amortization or serial bonds, and amortization bonds will be the first choice~~
 6 ~~of the board of trustees. The bonds to be issued, whether amortization or serial bonds,~~ will be payable in
 7 installments over a period not exceeding (state number) years.

8 The polls will be open from o'clockm. and until o'clockm. of the ~~said~~ election day.

9 Dated and posted this day of, ~~A.D., 19....~~

10
 11 Chairman Presiding officer, School District No.
 12 of County
 13 Address

14 (2) If the bonds proposed to be issued are for more than one purpose, then each purpose ~~shall~~
 15 must be separately stated in the notice, together with the proposed amount of bonds ~~therefor~~ for each
 16 purpose."

17
 18 **Section 44.** Section 20-9-429, MCA, is amended to read:

19 **"20-9-429. Trustees' resolution to issue school district bonds.** ~~Within 60 days~~ Anytime after the
 20 date of the election certificate ~~or as soon thereafter as is practical in the judgment of the trustees,~~ the
 21 trustees shall adopt a resolution ~~providing for the issuance~~ calling for the sale of bonds of the school
 22 district. ~~Such~~ The resolution ~~also shall~~ must specify:

- 23 (1) the number of series or installments in which the bonds are to be issued;
- 24 (2) the amount of bonds to be issued;
- 25 (3) the ~~maximum rate of interest~~ minimum purchase price of the bonds;
- 26 (4) the purpose or purposes of the issue;
- 27 (5) the date that the issue will bear;
- 28 (6) the period of time through which the issue will be paid;
- 29 (7) the manner of execution of the bonds;
- 30 (8) ~~that amortization bonds will be preferred but also~~ whether bids will be accepted for either serial

1 or amortization bonds and, if so, fix the denomination of serial or amortization bonds; and

2 (9) the date and time that the sale of the bonds shall must be conducted; and

3 (10) the minimum price fixed by the board of trustees for the bonds, which may not be less than
 4 97% of the principal amount of the bonds if the board determines that the sale is in the best interests of
 5 the district."

6
 7 **Section 45.** Section 20-9-430, MCA, is amended to read:

8 **"20-9-430. Notice of sale of school district bonds.** The trustees shall ~~cause the~~ give notice of the
 9 sale of ~~the school district bonds to be given.~~ The notice shall must state the purpose for which the bonds
 10 are to be issued and the amount proposed to be issued and shall must be substantially in the following
 11 form:

12 **NOTICE OF SALE OF SCHOOL DISTRICT BONDS**

13 Notice is hereby given by the trustees of School District No. of County, state of Montana,
 14 that the trustees will on the day of, ~~19...~~, at the hour of o'clockm. at, in the school
 15 district, sell to the highest and best bidder for cash either ~~amortization or serial~~ general obligation bonds
 16 of the school district in the total amount of dollars (\$....), for the purpose of

17 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the~~
 18 ~~trustees.~~

19 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
 20 ~~divided into several bonds, as the trustees may determine upon at the time of sale, both principal and~~
 21 ~~interest to be payable in semiannual installments during a period of years from the date of issue.~~

22 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of
 23 dollars (\$....) each and will become payable according to the maturity schedule set forth below (set forth
 24 maturity schedule adopted by the school district).

25 (If the bonds are to be issued as amortization bonds, indicate that here.) The bonds, ~~whether~~
 26 ~~amortization or serial bonds,~~ will bear an original issue date of, ~~19...~~, and will bear pay interest at a rate
 27 ~~not exceeding% per annum~~ commencing on the day of (month), ~~19...~~, and will be payable
 28 semiannually on the day of (month) and (month) in each year thereafter, and will be redeemable
 29 in full. (Here insert optional provisions, if any, to be recited on the bonds.)

30 The bonds will be sold for not less than ~~their par value~~ \$ _____, with accrued interest on the principal

1 amount of the bonds to the date of their delivery, and all bidders ~~must~~ shall state the lowest rate of interest
 2 at which they will purchase the bonds at ~~per the price specified for the bonds~~. ~~The bonds shall be sold in~~
 3 ~~open competition bidding, by written bids, or by sealed bids~~. The trustees reserve the right to reject any
 4 and ~~all bids~~ and to sell the bonds at private sale.

5 All bids ~~other than by or on behalf of the state board of land commissioners~~ must be accompanied
 6 by ~~money, a certified check, cashier's check, bank money order, or bank draft drawn and issued by a~~
 7 ~~national banking association located in Montana or by any banking corporation incorporated under the laws~~
 8 ~~of Montana~~, (insert appropriate bid security as permitted by 18-1-202) in the sum of dollars (\$....)
 9 payable to the order of the district, which will be forfeited by the successful bidder in the event that ~~he~~ the
 10 bidder shall refuse ~~refuses~~ to purchase the bonds.

11 All bids should be addressed to the undersigned district.

12
 13 Chairman Presiding officer, School District No.
 14 of County
 15 Address:

16 ATTEST:

17 Subscribed and sworn to before me this day of, 19...; Notary Public for the
 18 State Residing at, Montana. My ~~Commission~~ commission expires"

20 **Section 46.** Section 20-9-431, MCA, is amended to read:

21 "**20-9-431. Publication of notice of sale of school district bonds.** ~~(1)~~ The trustees shall ~~cause a~~
 22 ~~copy of~~ publish the notice of sale of the bonds ~~to be published~~, as provided in 17-5-106, in ~~a newspaper~~
 23 one or more newspapers as determined by the trustees.

24 ~~(2) If the bond issue to be sold is \$10,000 or more, the trustees may cause a brief notice to be~~
 25 ~~published in some newspaper in the city of New York."~~

27 **Section 47.** Section 20-9-432, MCA, is amended to read:

28 "**20-9-432. Sale of school district bonds.** (1) The trustees shall meet at the time and place fixed
 29 in the notice to consider bids on the bond issue. The bonds ~~shall~~ must be sold at not less than ~~per the~~
 30 minimum bid specified for bonds with accrued interest to date of delivery, and each bidder shall specify the

1 form of bonds to be issued, ~~whether amortization or serial, and the rate of interest and purchase price at~~
 2 which ~~he~~ the bidder will purchase the bonds. ~~A bid for amortization bonds shall have the preference over~~
 3 ~~a bid for serial bonds, all other things being equal; and in considering bids on these classes of bonds, the~~
 4 ~~trustees shall take into consideration not only the rate of interest demanded on each kind but also every~~
 5 ~~other known element affecting the total cost of the bonds to the district when paid in full. The trustees shall~~
 6 accept the bid ~~which~~ that they shall judge most advantageous to the school district. ~~Consultants'~~
 7 Consultant fees and attorney fees may be paid to any person or corporation for assisting in the proceedings,
 8 ~~or~~ in the preparation of the bonds,
 9 ~~or~~ in negotiating the sale. The trustees are authorized to reject any ~~or~~
 10 ~~all~~ bids and to sell the bonds at private sale if they ~~deem~~ consider it ~~for~~ in the best interests of the school
 11 district, except that ~~such~~ the bonds ~~shall~~ may not be sold at less than ~~par~~ the minimum sale price with
 12 accrued interest to date of delivery.

12 (2) The trustees may cooperate and combine with other school districts within the same county
 13 for the purpose of preparing and negotiating ~~for~~ the sale of bond issues if, in the opinion of the trustees,
 14 ~~such~~ the cooperation or combination will facilitate the sale of school district bonds under more
 15 advantageous terms or with lower interest rates. ~~Provided, however~~ However, ~~that~~ bond issues prepared
 16 or negotiated for sale under this section ~~shall~~ may not be combined for any other purpose but ~~shall~~ must
 17 be entered separately on the books of the county treasurer and ~~shall~~ must be otherwise treated as separate
 18 bond issues."

19

20 **Section 48.** Section 20-9-433, MCA, is amended to read:

21 **"20-9-433. Form and printing execution of school district bonds.** (1) ~~It is not necessary for the~~
 22 ~~trustees to prescribe the detailed form of the bonds to be issued, but the bonds must conform to all legal~~
 23 ~~requirements for their payment whether they are issued as amortization or serial bonds. The bonds and~~
 24 ~~coupons shall be issued in the name of the school district and shall be executed by the chairman of the~~
 25 ~~trustees and the school district clerk in accordance with 2-16-114. If the bonds are purchased by the board~~
 26 ~~of investments, all payments of principal or interest shall be made at the office of the state treasurer. At~~
 27 ~~the time of the sale of the bonds or at a meeting held after the sale, the trustees shall adopt a resolution~~
 28 ~~providing for the issuance of the bonds, prescribing the form of the bonds, whether amortization or serial~~
 29 ~~bonds, and prescribing the manner of execution of the bonds.~~

30 (2) ~~The trustees shall cause the bonds, with the attached coupons, to be printed at the expense~~

1 ~~of the school district at the lowest commercial rates. Each bond and coupon attached to a bond must be~~
 2 ~~signed by or bear the facsimile signatures of the presiding officer of the trustees and the school district~~
 3 ~~clerk, provided that one signature of a school official or the bond registrar must be a manual signature."~~

4
 5 **Section 49.** Section 20-9-434, MCA, is amended to read:

6 **"20-9-434. Registration of school district bonds by county treasurer and copy for preservation. (1)**

7 When the school district bonds have been ~~duly~~ executed by the ~~chairman~~ presiding officer of the trustees
 8 and the school district clerk, ~~all such~~ the bonds shall ~~must~~ be registered by the county treasurer in ~~his~~ the
 9 treasurer's bond registration book before ~~such~~ the bonds are delivered to the purchaser. The bond
 10 registration ~~shall~~ must show:

11 ~~(a) the number and amount of each bond;~~

12 ~~(b)~~(a) the date of issue;

13 ~~(c)~~(b) the redeemable date of each bond; and

14 ~~(d) the name of the purchaser; and~~

15 ~~(e)~~(c) the amount and due date of all payments required on the bonds.

16 (2) The trustees shall provide the county treasurer with an unsigned and canceled printed specimen
 17 copy of each issue of school district bonds for preservation in the office of the county treasurer."

18
 19 **Section 50.** Section 20-15-404, MCA, is amended to read:

20 **"20-15-404. Trustees to adhere to certain other laws.** Unless the context clearly indicates
 21 otherwise, the trustees of a community college district shall adhere to:

22 (1) the teachers' retirement provisions of Title 19, chapter 20;

23 (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;

24 (3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624,
 25 20-6-631, and 20-6-633 through 20-6-636;

26 (4) the adult education provisions of 20-7-701 through 20-7-713;

27 (5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208,
 28 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-512;

29 (6) the school bond provisions of 20-9-401 through 20-9-408, 20-9-410 through 20-9-412,
 30 20-9-421 through 20-9-446, 20-9-451 through 20-9-456, and 20-9-461 through 20-9-465;

1 (7) the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and
2 20-9-511;

3 (8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

4 (9) the school elections provisions of Title 20, chapter 20;

5 (10) the students' rights provisions of 20-25-511 through 20-25-516; and

6 (11) the health provisions of 50-1-206."
7

8 **Section 51.** Section 90-5-103, MCA, is amended to read:

9 **"90-5-103. Limited obligation bonds -- form and contents -- sale -- negotiability -- filing.** (1) All
10 bonds issued by a municipality or county under the authority of this part ~~shall~~ must be limited obligations
11 of the municipality or county. Bonds and interest coupons issued under the authority of this part ~~shall~~ may
12 not constitute or give rise to a pecuniary liability of the municipality or county or a charge against its
13 general credit or taxing powers. ~~Such~~ This limitation ~~shall~~ must be plainly stated upon the face of each of
14 ~~such~~ the bonds.

15 (2) The bonds referred to in subsection (1) ~~of this section~~ may be executed and delivered at any
16 time and from time to time, be in ~~such~~ form and denominations, be of ~~such~~ tenor, be in registered or bearer
17 form either as to principal or interest, or both, be payable in ~~such~~ installments and at ~~such~~ a time or times
18 not exceeding ~~30~~ 40 years from ~~their~~ the bonds date, be payable at ~~such~~ a place or places, bear interest
19 at ~~such~~ a rate or rates, ~~payable at such place or places, and be~~ evidenced in ~~such~~ a manner, be redeemable
20 prior to maturity, with or without premium, and contain ~~such~~ provisions not inconsistent ~~herewith~~ with this
21 part as ~~shall be deemed for~~ considered in the best interest of the municipality or county and provided for
22 in the proceedings of the governing body ~~whereunder~~ under whose authority the bonds ~~shall~~ must be
23 authorized to be issued.

24 (3) Any bonds issued under the authority of this part may be sold at public or private sale in ~~such~~
25 a manner, at ~~such~~ a time or times, and at ~~such~~ a price above or below par as may be agreed upon by the
26 lessee of the project or the borrower of the funds. The municipality or county may pay all expenses,
27 premiums, and commissions ~~which~~ that the governing body may ~~deem~~ consider necessary or advantageous
28 in connection with the authorization, sale, and issuance ~~thereof~~ of the bonds from the proceeds of the sale
29 of ~~said~~ the bonds or from the ~~revenues~~ revenue of the projects.

30 (4) All bonds issued under the authority of this part and all interest coupons applicable ~~thereto~~ shall

1 to the bonds must be construed to be negotiable instruments despite the fact that they are payable solely
2 from a specified source.

3 (5) All bonds issued under the authority of this part must be filed with the securities commissioner
4 within 10 days of the date of their issue. The filing must include the name of the issuing authority, the
5 name and address of the person or entity on whose behalf the bonds are issued, the amount of the bond
6 issue, the date of the bond issue, and any other information that the securities commissioner may request.
7 Failure to comply with this section does not affect the validity of the bond issue."

8

9 **Section 52.** Section 7-7-2501, MCA, is amended to read:

10 **"7-7-2501. Authority to issue revenue bonds -- refunding revenue bonds.** (1) A county may issue
11 county revenue bonds in the same manner and with the same effect as provided in chapter 7, part 44, of
12 this title for issuance of municipal revenue bonds. County revenue bonds may be issued to finance any
13 project or activity enumerated in chapter 16, part 21, ~~or chapter 34, part 22 or 23,~~ of this title or in Title
14 75, chapter 10, part 1. ~~Revenues~~ Revenue from the project for which the bonds are issued ~~are~~ is the only
15 ~~revenues~~ revenue upon which a lien under the provisions of 7-7-4431 ~~shall~~ may apply. ~~No~~ A lien ~~shall~~ may
16 not attach to other ~~revenues~~ revenue or other property within the county.

17 (2) A county may refund revenue bonds issued under the authority provided in subsection (1) by
18 the method provided in either part 45 or part 46 of chapter 7.

19 (3) In construing, for purposes of this section, the provisions of parts 44, 45, or 46 of chapter 7,
20 "municipal" is considered to refer to the county and "governing body" is considered to refer to the board
21 of county commissioners whenever the board of county commissioners is acting pursuant to subsection
22 (1)."

23

24 **NEW SECTION. Section 53. Repealer.** Sections 7-7-2267, 7-7-2275, 7-7-4267, and 20-9-409,
25 MCA, are repealed.

26

27 **NEW SECTION. Section 54. Applicability.** [This act] applies to bonds issued under the provisions
28 of [this act] after [the effective date of this act].

29

30 **NEW SECTION. Section 55. Effective date.** [This act] is effective on passage and approval.

-END-

- 30 -

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0420, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising laws relating to the issuance and repayment of bonds by local government entities.

ASSUMPTIONS:

1. Local governmental agencies will continue to issue bonds as they have in the past.
2. Bonds issued in the future will be issued under the revised laws embodied in this bill.
3. This legislation does not alter the school district bonding limits or the formula for allocating state reimbursements for school facilities. The bill has no impact on state payments to local school districts.

FISCAL IMPACT:

There is no determinable impact on the expenditures or revenues of local government entities that will issue bonds under the revised provisions of this bill.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This legislation will not impact local government revenues or expenditures, but may facilitate the issuance of bonds by local governments.

David Lewis 2-10-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

David Ewer
DAVID EWER, PRIMARY SPONSOR DATE
Fiscal Note for HB0420, as introduced

HB 420

APPROVED BY COM ON
APPROPRIATIONS

House BILL NO. 420

INTRODUCED BY

Enoch

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO THE ISSUANCE AND REPAYMENT OF BONDS BY LOCAL GOVERNMENTS AND SCHOOL DISTRICTS; AMENDING SECTIONS 7-6-204, 7-6-1103, 7-7-109, 7-7-2210, 7-7-2238, 7-7-2251, 7-7-2252, 7-7-2254, 7-7-2255, 7-7-2256, 7-7-2257, 7-7-2259, 7-7-2262, 7-7-2268, 7-7-2269, 7-7-2301, 7-7-2302, 7-7-2304, 7-7-2407, 7-7-2501, 7-7-4209, 7-7-4236, 7-7-4254, 7-7-4255, 7-7-4257, 7-7-4259, 7-7-4262, 7-7-4268, 7-7-4269, 7-7-4301, 7-7-4302, 7-7-4304, 7-7-4422, 7-7-4424, 7-7-4428, 7-7-4432, 7-7-4433, 7-7-4434, 7-12-2174, 7-12-4206, 7-15-4322, 20-9-408, 20-9-412, 20-9-427, 20-9-429, 20-9-430, 20-9-431, 20-9-432, 20-9-433, 20-9-434, 20-15-404, AND 90-5-103, MCA; REPEALING SECTIONS 7-7-2267, 7-7-2275, 7-7-4267, AND 20-9-409, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-204, MCA, is amended to read:

"7-6-204. Crediting of interest. (1) Unless otherwise provided, interest paid and collected on deposits or investments must be credited to the general fund of the county, city, or town to whose credit the funds are deposited.

(2) Interest paid and collected on the deposits or investments of the funds of a volunteer fire district or department organized in an unincorporated area under Title 7, chapter 33, part 21 or 23, must be credited to the account of that fire district or department.

(3) Interest paid and collected on the deposits or investments of the county road fund or county bridge fund may be credited to the county road fund or county bridge fund.

(4) Interest paid and collected on the deposits or investments of a local board of health, as provided for in 50-2-108 through 50-2-114, may be credited to the account of the local board of health."

Section 2. Section 7-6-1103, MCA, is amended to read:

"7-6-1103. Issuance and sale of short-term obligations -- procedure. (1) The issuance of

1 short-term obligations must be authorized by an ordinance of the governing body that fixes the maximum
 2 amount of the obligations to be issued or, if applicable, the maximum amount ~~which that~~ may be
 3 outstanding at any time, the maximum term and interest rate or rates to be borne ~~thereby~~ by the
 4 obligations, the manner of sale, the maximum price, the form including bearer or registered as provided in
 5 Title 17, chapter 5, part 11, the terms, the conditions, and the covenants of the obligations. Short-term
 6 obligations issued under this section ~~shall~~ must bear ~~such~~ fixed or variable rate or rates of interest ~~as that~~
 7 the governing body considers to be in the best interests of the local government. Variable rates of interest
 8 may be fixed in relationship to ~~such~~ the standard or index ~~as that~~ the governing body designates.

9 (2) The governing body may sell the short-term obligations at par or at a discount:

10 (a) at private negotiated sale to the board of investments as provided in Title 17, chapter 5, part
 11 16; or

12 (b) at public sale to any other person. Any public sale must be noticed as provided in 7-7-4434(2)."
 13

14 **Section 3.** Section 7-7-109, MCA, is amended to read:

15 **"7-7-109. Definitions -- sale Sale of notes in anticipation of federal or state revenue or issuance**
 16 **of bonds.** (1) As used in this section, the following definitions apply:

17 (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all
 18 instruments or obligations evidencing or representing indebtedness, or evidencing or representing the
 19 borrowing of money, or evidencing or representing a charge, lien, or encumbrance on specific ~~revenues~~
 20 revenue, special assessments, income, or property of a political subdivision, including all instruments or
 21 obligations payable from a special fund.

22 ~~(b) "Political subdivision" means a county, city, town, school district, irrigation district, rural special~~
 23 ~~improvement district, special improvement district, county water or sewer district, or any other political~~
 24 ~~subdivision of the state, but does not include the state or any board, agency, or commission of the state.~~

25 ~~(c)~~(b) "Governing body" means the board, council, commission, or other body charged with the
 26 general control of the issuance of bonds of a political subdivision.

27 (c) (i) "Political subdivision" means a county, city, town, school district, irrigation district, rural
 28 special improvement district, special improvement district, county water or sewer district, or any other
 29 political subdivision of the state.

30 (ii) The term does not include the state or any board, agency, or commission of the state.

1 (2) When all conditions exist precedent to the offering for sale of bonds of a political subdivision
 2 in any amount and for any purpose authorized by law and the political subdivision has applied for and
 3 received a commitment for a grant or loan of state or federal funds or has received a commitment from a
 4 person or entity to purchase bonds to aid in payment of costs incurred or to be incurred for the authorized
 5 purpose, its governing body may by resolution issue and sell notes in anticipation of the receipt of the
 6 grant, or loan, or bonds in an amount not exceeding the total amount of bonds authorized and maturing
 7 within not more than 3 years from the date on which such the notes are issued. The outstanding term of
 8 the notes issued under this section may not reduce the term of the bonds otherwise permitted by law.
 9 Before the notes are issued, the political subdivision must receive a written commitment for a grant, loan,
 10 or bond purchase in an amount that is not less than the principal amount of the notes and shall by
 11 resolution agree to fulfill any conditions of the commitment.

12 (3) The proceeds of the grant, or loan, or bonds, when received, ~~shall~~ must be credited to the debt
 13 service fund for the notes as may be needed for their payment, with interest, when due.

14 (4) Any amount of the notes ~~which that~~ cannot be paid at maturity from the proceeds of the grant,
 15 ~~or loan, or bond sale~~ or from any other funds appropriated by the governing body for the purpose ~~shall~~ must
 16 be paid from the proceeds of bonds to be issued and sold before the maturity date, or if sufficient funds
 17 are not available for payment in full of the notes at maturity, ~~these bondholders may, in exchange, the~~
 18 holders of the notes have the right to require the issuance of long-term bonds in exchange for the notes,
 19 with the bonds maturing as amortization bonds, bearing interest at a rate, and secured over a term as
 20 provided in the resolution authorizing the issuance of the notes. If notes are validly issued under then
 21 applicable law, the political subdivision may issue bonds in a principal amount equal to the outstanding
 22 principal amount of the notes, regardless of any limitation in the then applicable law concerning the
 23 principal amount of the bonds. The bonds so issued are secured and subject to the terms and conditions
 24 provided by the law authorizing their issuance. Notes and bonds may be issued as provided in this section
 25 regardless of the amount authorized if the amount which may legally be issued is less than the commitment
 26 for which the grant or loan is made. Before the notes or bonds are issued, the political subdivision must
 27 receive a written commitment for a grant or loan in an amount equal to the remaining estimated costs and
 28 must by resolution provide for the fulfillment of the conditions of the commitment."

29
 30 Section 4. Section 7-7-2210, MCA, is amended to read:

1 **"7-7-2210. Amortization bonds.** The term "amortization bonds", as used in this part, ~~is hereby~~
 2 ~~defined as meaning~~ means that form of bond on which a part of the principal is required to be paid each
 3 time that interest becomes due and payable; ~~which~~ The part payment of principal increases with each
 4 following installment in the same amount that the interest payment decreases, so that the combined amount
 5 payable on principal and interest is the same on each interest payment date; ~~provided, however, that~~
 6 However, the payment on the initial interest payment date may be less or greater than the amount of other
 7 payments on the bond, reflecting the payment of interest only or the payment of interest for a period
 8 different from that between other interest payment dates. The final payment may vary in amount from the
 9 other payments to the extent resulting from ~~disregarding fractional cents~~ rounding amounts in the other
 10 payments."

11
 12 **Section 5.** Section 7-7-2238, MCA, is amended to read:

13 **"7-7-2238. Resolution to ~~issue~~ sell bonds.** (1) If a sufficient percentage of the qualified electors
 14 entitled to vote at an election voted on the question and a sufficient percentage of votes were cast in favor
 15 of ~~the~~ issuing of bonds as provided in 7-7-2237, the board of county commissioners shall, ~~at a regular or~~
 16 ~~special meeting held within 30 days after the election, pass and~~ adopt a resolution ~~providing for the~~
 17 issuance calling for the sale of the bonds.

18 (2) The resolution calling for the sale of the bonds must ~~recite~~ state:

- 19 (a) the purpose for which the bonds are to be issued;
 20 (b) the amount of the bonds to be issued;
 21 (c) the minimum purchase price of the bonds;
 22 ~~(e) the maximum rate of interest the bonds may bear;~~
 23 (d) the date ~~they~~ that the bonds will bear;
 24 (e) the period of time through which ~~they~~ the bonds are payable; ~~and~~
 25 (f) the optional redemption provisions, if any; and
 26 (g) a form of notice of the sale of the bonds.

27 (3) ~~The resolution must provide for the manner of the execution of the bonds.~~ The resolution must
 28 ~~provide that, except in a bond issue of citizen bonds, preference must be given to amortization bonds, but~~
 29 ~~it must~~ fix the denomination of serial bonds in case it is found advantageous to issue bonds in that form.
 30 The board may in its discretion provide that the bonds may be issued and sold in two or more series or

1 installments.

2 (4) ~~The resolution must adopt a form of notice of the sale of the bonds. The board of county~~
 3 commissioners may fix the minimum price for the bonds in an amount less than the principal amount of the
 4 bonds, which may not be less than 97% of the principal amount, if the board determines that a sale at that
 5 price is in the best interests of the county."

6

7 **Section 6.** Section 7-7-2251, MCA, is amended to read:

8 **"7-7-2251. Form of notice of sale of bonds.** (1) The notice of sale must state the purpose or
 9 purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose and
 10 must be substantially in the following form:

11 **NOTICE OF SALE OF COUNTY BONDS**

12 Notice is hereby given by the board of county commissioners of County, state of Montana, that
 13 the board will on the day of, ~~19~~, at the hour ofm., at the office of the board in the
 14 courthouse in the (town or city) of in the said county, sell to the highest and best bidder for cash, ~~either~~
 15 ~~amortization or serial~~ general obligation bonds of the county in the principal amount of dollars (\$....) for
 16 the purpose of

17 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the board.~~

18 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
 19 ~~divided into several bonds, as the board may determine at the time of sale, both principal and interest to~~
 20 ~~be payable in semiannual installments during a period of years from the date of issue.~~

21 ~~If serial~~

22 ~~The bonds are~~ will be issued and sold, ~~they will be~~ in the aggregate principal amount of dollars
 23 (\$....) ~~each~~ and will become payable according to the maturity schedule set forth below (set forth maturity
 24 schedule adopted by the board of county commissioners) (If the bonds are to be issued as amortization
 25 bonds, indicate that here.).

26 The bonds, ~~whether amortization or serial bonds,~~ will bear an original issue date of, ~~19..~~, and
 27 will ~~bear pay~~ interest ~~at a rate not exceeding% per annum~~ commencing on the day of (month),
 28 ~~19..~~, and will be payable semiannually on the day of (month) and (month) in each year
 29 thereafter, and will be redeemable in full (here insert the optional provisions, if any, to be recited in the
 30 bonds).

1 The bonds will be sold for not less than ~~their par value \$ _____~~, with accrued interest on the principal
 2 amount of the bonds to date of delivery, and all bidders ~~must shall~~ state the lowest rate or rates of interest
 3 at which they will purchase the bonds at ~~par the purchase price specified for the bonds.~~ (An interest rate
 4 may not exceed _____ % a year.) The board reserves the right to reject any and all bids and to sell the bonds
 5 at private sale.

6 All bids ~~other than by or on behalf of the board of investments of the state of Montana~~ must be
 7 accompanied by ~~a certified check~~ (insert appropriate bid security as permitted by 18-1-202) in the sum of
 8 dollars, (\$....), payable to the order of the clerk, which will be forfeited by the successful bidder in the
 9 event that the bidder fails or refuses to complete the purchase of the bonds in accordance with the terms
 10 of the bid.

11 All bids must be addressed to the board of county commissioners and delivered to the county clerk.

12 ATTEST:

13 (Chairman Presiding officer, Board of County Commissioners)

14 of County, ~~State of~~ Montana

15

16 (Clerk of the Board of County Commissioners)

17 of County, Montana

18 Address, Montana

19 (2) The form of notice required under this section may be modified to accommodate changes
 20 necessary to issue citizen bonds pursuant to 7-7-2212 through 7-7-2215."

22 **Section 7.** Section 7-7-2252, MCA, is amended to read:

23 "**7-7-2252. Publication of notice of sale of bonds.** The board of county commissioners shall ~~cause~~
 24 ~~such~~ publish notice of the bond sale to be published in the official newspaper of the county as provided
 25 in 17-5-106. The board may in its discretion ~~cause such~~ publish the notice or a summary of the notice to
 26 ~~be published in some any financial newspaper newspapers~~ published in the city of New York or in the city
 27 ~~of Chicago or in financial newspapers published in each of said cities."~~

29 **Section 8.** Section 7-7-2254, MCA, is amended to read:

30 "**7-7-2254. Procedure for sale of bonds.** (1) The board of county commissioners shall meet at the

1 time and place fixed in the notice to consider bids for the bonds.

2 (2) The bonds ~~shall~~ may not be sold at ~~not~~ par ~~the minimum bid specified for their sale~~
 3 with accrued interest to date of delivery, and each bidder shall specify ~~the form of bonds to be issued,~~
 4 ~~whether amortization or serial,~~ and the rate of interest and the purchase price at which ~~he~~ the bidder will
 5 purchase the bonds. ~~A bid for amortization bonds shall have preference over a bid for serial bonds, all other~~
 6 ~~things being equal. In determining the kind of bonds to be issued, the board shall take into consideration~~
 7 ~~not only the rate of interest demanded on each kind but also all other known elements affecting the~~
 8 ~~interests of the county.~~ The board shall accept the bid ~~which they shall judge~~ that it judges most
 9 advantageous to the county. The board ~~is authorized to~~ may reject any ~~or all~~ bids and ~~to~~ sell the bonds
 10 at private sale if ~~they deem~~ the board considers it ~~for~~ in the best interests of the county; ~~provided,~~
 11 ~~however, that such bonds shall not be sold at less than par with accrued interest to date of delivery.~~

12 (3) ~~Consultants'~~ Consultant fees and ~~attorneys'~~ attorney fees may be paid to any person or
 13 corporation for assisting in the proceedings, ~~in the preparation of the bonds, or in~~ negotiating the sale
 14 ~~thereof of the bonds."~~

15

16 **Section 9.** Section 7-7-2255, MCA, is amended to read:

17 "**7-7-2255. Form and execution of bonds.** (1) At the time of the sale of the bonds or at a meeting
 18 held ~~thereafter~~ after the sale, the board of county commissioners shall adopt a resolution providing for the
 19 issuance of the bonds, prescribe prescribing the form of the bonds, whether amortization bonds or serial
 20 bonds, and ~~of the coupons to be attached thereto~~ providing the manner of execution of the bonds.

21 (2) Each ~~and every~~ county bond and ~~every~~ each coupon attached ~~thereto~~ to the bond must be
 22 signed by or bear the facsimile signatures of the ~~chairman~~ presiding officer of the board of county
 23 commissioners and the county treasurer and must be attested by the county clerk, provided that one
 24 signature of a county official or the bond registrar must be a manual signature. Each bond ~~shall~~ may have
 25 the county seal or its facsimile affixed thereto imprinted on the bond."

26

27 **Section 10.** Section 7-7-2256, MCA, is amended to read:

28 "**7-7-2256. Printing of bonds.** (1) Except as provided in subsection (2), the county clerk, under the
 29 direction of the board, shall ~~cause~~ have the bonds, ~~with coupons attached thereto,~~ to be printed or
 30 lithographed at the expense of the county at lowest commercial rates. The bonds may be typewritten with

1 the purchaser's consent.

2 (2) A purchaser of ~~such~~ the bonds may furnish the ~~same~~ bonds to the county for execution if the
3 ~~same~~ execution is done at ~~his~~ the purchaser's own expense and without expense to the county."

4

5 **Section 11.** Section 7-7-2257, MCA, is amended to read:

6 "7-7-2257. **Registration of bonds.** (1) When ~~duly~~ executed by the officers of the county ~~as herein~~
7 ~~provided~~, the bonds ~~shall~~ must be registered by the county treasurer ~~in a book provided for that purpose~~
8 before being delivered to the purchaser.

9 (2) ~~Such~~ The registration ~~shall~~ must show:

10 ~~(a) the number and amount of each bond;~~

11 ~~(b)(a) the date of issue, date redeemable~~ the maturities of the bonds subject to early redemption
12 and the redemption dates, and the date when the same bonds becomes become due; and

13 ~~(c)(b) the amount of all payments of both principal and interest required to be made on each bond,~~
14 with the dates when the same payments are required to must be paid; and

15 ~~(d) the name and address of the purchaser."~~

16

17 **Section 12.** Section 7-7-2259, MCA, is amended to read:

18 "7-7-2259. **Delivery of bonds.** ~~(1) If the board of investments is the purchaser of the bonds, the~~
19 ~~county treasurer shall forward the registered bonds to the department of commerce. The department shall~~
20 ~~deliver them to the state treasurer, and payment therefor shall be made in the manner provided by law.~~

21 ~~(2) If the bonds are purchased by other investors, the~~ The county treasurer shall deliver the bonds
22 to the purchaser upon receiving full payment ~~therefor~~ for the bonds."

23

24 **Section 13.** Section 7-7-2262, MCA, is amended to read:

25 "7-7-2262. **Payment of principal and interest.** The county treasurer shall pay from the proper
26 sinking and interest fund the interest and principal of each issue or series of outstanding bonds, as ~~such~~
27 the interest and principal become due and at the place where ~~said~~ the bonds are payable, upon ~~the~~
28 presentation and surrender of the coupon ~~or coupons~~ or bond ~~or bonds~~ to be paid. ~~If the bonds are held~~
29 ~~by the state of Montana, then all such payments shall be made at the office of the state treasurer, who~~
30 ~~shall cancel the coupons or bonds and return the same to the county treasurer, together with his receipt."~~

1 **Section 14.** Section 7-7-2268, MCA, is amended to read:

2 **"7-7-2268. Redemption of bonds.** (1) Whenever there is available money in any sinking and interest
3 fund over and above the amount required for payment of principal and interest becoming due on the next
4 interest payment date and sufficient to pay and redeem one or more outstanding bonds, or principal
5 installments in the case of amortization bonds, of the issue or series to which the sinking and interest fund
6 belongs, which bonds are not yet due but are then redeemable or will become redeemable on or before the
7 next interest payment date, the county treasurer shall apply the available money in redemption of as many
8 of the bonds, or principal installments in the case of amortization bonds, as the available money will pay
9 and redeem to a redemption date on or before the next interest payment date, as fixed by the county
10 treasurer.

11 (2) The county treasurer shall give notice, by mail sent at least 30 days before the redemption date,
12 to the holder of the bonds, if ownership of the bonds is registered or is otherwise known to the treasurer,
13 to the registered owners at their addresses as they appear in the bond registration books, ~~or~~ and to any
14 bank or financial institution at which the bonds are payable, ~~by mail sent at least 15 days before the~~
15 ~~redemption date,~~ that the bonds or principal installments will be paid and redeemed on that date. A defect
16 in or failure to give notice may not affect the validity of the proceedings for the redemption of a bond or
17 principal installment not affected by the defect or failure. If the ownership of the bonds is not registered,
18 the county treasurer shall also publish in the official newspaper of the county or other newspaper
19 designated in the resolution authorizing the issuance of the bonds, ~~once, a week for 2 consecutive weeks~~
20 ~~immediately preceding~~ not less than 30 days prior to the interest payment redemption date, a notice that
21 the bonds or principal installments have been called for redemption and will be paid in full on the
22 redemption date. If actual notice of the call has been ~~given through a different means for its redemption~~
23 received, the holder of a bond may waive published or mailed notice.

24 (3) If the bonds or principal installments are payable at ~~some~~ a bank or financial institution, the
25 county treasurer shall remit to the bank or financial institution, before the redemption date, an amount
26 sufficient to pay and redeem the bonds or principal installments with interest accrued on the bonds or
27 principal installments. If the bonds are not presented for payment and redemption on the redemption date,
28 interest ceases on that date if the funds for payment and redemption have been deposited in a bank or
29 financial institution."

30

1 **Section 15.** Section 7-7-2269, MCA, is amended to read:

2 **"7-7-2269. Order of redemption of bonds.** All bonds or principal installments of amortization bonds
3 to be redeemed under the provisions of ~~7-7-2267~~ or 7-7-2268 may be paid and redeemed in the order that
4 the county treasurer selects, consistent with the provisions of the resolution authorizing the issuance of
5 the bonds."

6
7 **Section 16.** Section 7-7-2301, MCA, is amended to read:

8 **"7-7-2301. Authority to issue refunding general obligation bonds.** (1) The board of county
9 commissioners of ~~every~~ each county of the state ~~is hereby vested with the power and authority to~~ may
10 issue, negotiate, and sell coupon bonds on the credit of the county, as ~~more specifically~~ provided in ~~this~~
11 ~~part and~~ part 22 and this part, for the purpose of refunding, paying, and redeeming optional, redeemable,
12 or maturing bonds when:

13 (a) there are not sufficient funds available to pay ~~such the~~ the bonds or there is a reduction in debt
14 service as a result of issuing refunding bonds pursuant to 7-7-2304; and

15 (b) it is ~~deemed~~ considered in the best interests of the county to refund ~~such the~~ the bonds.

16 (2) (a) The board ~~shall have~~ has the ~~power and~~ authority to negotiate with the holders of the bonds
17 of ~~said the~~ the county for an agreement or agreements whereby ~~said the~~ the bondholders agree to accept less than
18 the full amount of ~~such the~~ the bonds and the accrued unpaid interest ~~thereon on the bonds in~~ as full payment
19 and satisfaction ~~thereof of the bonds~~, to enter into ~~such the~~ the agreement or agreements, and to issue
20 refunding bonds for the amount agreed upon whenever:

21 (i) the total indebtedness of a county exceeds 5% of the value of the taxable property ~~therein in~~ in
22 the county; and

23 (ii) the board of county commissioners of ~~said the~~ the county ~~finds and~~ determines that the county is
24 unable to pay and discharge ~~such the~~ the indebtedness in full.

25 (b) These bonds may be issued in more than one series if the circumstances ~~so~~ require, and each
26 series may be either amortization bonds or serial bonds. The plan agreed upon between the board and the
27 bondholders ~~shall~~ must be embodied in full in the resolution providing for the issue of ~~such the~~ the bonds."

28
29 **Section 17.** Section 7-7-2302, MCA, is amended to read:

30 **"7-7-2302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-2203 through

1 7-7-2207, 7-7-2209 through 7-7-2211, 7-7-2222, 7-7-2255 through 7-7-2266, 7-7-2268 through
 2 7-7-2270, and 7-7-2272 through 7-7-2274 apply to refunding bonds issued under this part; however, the
 3 board of county commissioners may at its option sell bonds issued under this part at a private negotiated
 4 sale or at a public sale conducted pursuant to the provisions of 7-7-2251, 7-7-2252, and 7-7-2254.

5 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded
 6 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
 7 for the purposes of 7-7-2211."

8
 9 **Section 18.** Section 7-7-2304, MCA, is amended to read:

10 **"7-7-2304. Interest rate on refunding general obligation bonds.** (1) Except as provided in
 11 subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at
 12 least 1/2 of 1% less than the outstanding bonds ~~which~~ that are to be refunded.

13 (2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance
 14 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt
 15 service cost to the county.

16 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
 17 outstanding bonds if there is a reduction of total debt service cost to the county."

18
 19 **Section 19.** Section 7-7-2407, MCA, is amended to read:

20 **"7-7-2407. Restriction on use of loan proceeds.** All money borrowed by or on behalf of any county
 21 must be used only for the purpose specified ~~in the~~ by law ~~authorizing the loan."~~

22
 23 **Section 20.** Section 7-7-4209, MCA, is amended to read:

24 **"7-7-4209. Amortization bonds.** The term "amortization bonds", as used in this part, ~~is hereby~~
 25 ~~defined as meaning~~ means that form of bond on which a part of the principal is required to be paid each
 26 time that interest becomes due and payable, ~~which~~ The part payment of principal increases with each
 27 following installment in the same amount that the interest payment decreases, so that the combined amount
 28 payable on both principal and interest is the same on each interest payment date, ~~provided, however~~
 29 However, that the payment on the initial payment date may be less or greater than the amount of other
 30 payments on the bond, reflecting the payment of interest only or the payment of interest for a period

1 different from that between other interest payment dates. The final payment may vary in amount from the
 2 other payments to the extent resulting from ~~disregarding fractional cents~~ rounding amounts in the other
 3 payments."

4
 5 **Section 21.** Section 7-7-4236, MCA, is amended to read:

6 "**7-7-4236. Resolution to issue sell bonds.** (1) ~~If a sufficient percentage of the qualified electors~~
 7 ~~of the city or town entitled to vote on the question of issuing bonds voted thereon and a sufficient~~
 8 ~~percentage of the votes were cast in favor of the issuing of the bonds~~ has been approved as provided in
 9 7-7-4235, the city or town council shall, ~~at a regular or special meeting held within 30 days thereafter,~~ pass
 10 a resolution ~~providing for the issuance~~ calling for the sale of the bonds.

11 (2) The resolution ~~shall recite~~ calling for the sale of the bonds must state:

12 (a) the purpose for which the bonds are to be issued;

13 (b) the amount ~~thereof~~ of the bonds to be issued;

14 (c) ~~the maximum rate of interest the bonds may bear~~ the minimum purchase price of the bonds;

15 (d) the date ~~they shall~~ that the bonds will bear;

16 (e) the period of time through which ~~they~~ the bonds are payable; ~~and~~

17 (f) the optional redemption provisions, if any;

18 ~~(g)~~ (g) that ~~any~~ a bond may be redeemed in full, at the option of the city or town, on any interest
 19 payment date after expiration of one-half of the term for which the bond was issued; and

20 (h) a form of notice of the sale of the bonds.

21 (3) The resolution ~~shall provide for the manner of execution of the bonds. It shall~~ must provide that,
 22 except in a bond issue of citizen bonds, ~~preference shall be given amortization bonds but shall~~ fix the
 23 denomination of serial bonds in case it ~~shall be~~ is found advantageous to issue bonds in that form. The
 24 council may in its discretion provide that ~~such~~ the bonds may be issued and sold in two or more series or
 25 installments.

26 (4) ~~The resolution shall adopt a form of notice of the sale of the bonds.~~ The city or town council
 27 may fix the minimum price for the bonds in an amount not less than 97% of the face value if the city or
 28 town council determines that the sale is in the best interests of the city or town."

29
 30 **Section 22.** Section 7-7-4254, MCA, is amended to read:

1 **"7-7-4254. Procedure for sale of bonds.** (1) The city or town council shall meet at the time and
2 place fixed in the notice to consider bids for the bonds.

3 (2) The bonds ~~shall~~ may not be sold at ~~not~~ less than ~~par~~ the minimum bid specified for their sale
4 with accrued interest to date of delivery, and each bidder shall specify ~~the form of bonds to be issued,~~
5 ~~whether amortization or serial, and~~ the rate of interest and the purchase price at which ~~he~~ the bidder will
6 purchase the bonds. ~~A bid for amortization bonds shall have preference over a bid for serial bonds, all other~~
7 ~~things being equal. In determining the kind of bonds to be issued, the council shall take into consideration~~
8 ~~not only the rate of interest demanded on each kind but also all other known elements affecting the~~
9 ~~interests of the city or town.~~ The council shall accept the bid that it considers judges most advantageous
10 to the city or town. The council may reject any and ~~all bids~~ and sell the bonds at private sale if ~~this is~~
11 ~~considered to be~~ the council considers it in the best interests of the city or town; ~~provided, however, that~~
12 ~~the bonds may not be sold at less than par with accrued interest to date of delivery.~~

13 (3) ~~Consultants'~~ Consultant fees and ~~attorneys'~~ attorney fees may be paid to any person or
14 corporation for assisting in the proceedings, in the preparation of the bonds, or in negotiating the sale
15 thereof of the bonds."

16
17 **Section 23.** Section 7-7-4255, MCA, is amended to read:

18 **"7-7-4255. Form and execution of bonds.** (1) At the time of the sale of the bonds or at a meeting
19 held ~~thereafter~~ after the sale, the city or town council shall ~~prescribe~~ adopt a resolution providing for the
20 issuance of the bonds, prescribing the form of the bonds, whether amortization or serial bonds, and ~~of the~~
21 ~~coupons to be attached thereto~~ providing the manner of execution of the bonds.

22 (2) Each ~~and every~~ bond and ~~every~~ each coupon attached ~~thereto~~ to a bond must be signed by or
23 bear the facsimile signatures of the mayor and the treasurer of the city or town ~~and by the treasurer thereof~~
24 and must be attested by the city or town clerk, provided that one signature of a city or town official or the
25 bond registrar must be a manual signature. Each bond ~~shall~~ may have the city or town seal ~~affixed thereto~~
26 or its facsimile imprinted on the bond."

27
28 **Section 24.** Section 7-7-4257, MCA, is amended to read:

29 **"7-7-4257. Registration of bonds.** (1) When ~~duy~~ executed by the officers of the city or town ~~as~~
30 ~~herein provided~~, the bonds ~~shall~~ must be registered by the city treasurer or town clerk ~~in a book provided~~

1 ~~for that purpose~~ before being delivered to the purchaser.

2 (2) ~~Such~~ The registration ~~shall~~ must show:

3 ~~(a) the number and amount of each bond;~~

4 ~~(b)(a)~~ the date of issue, ~~date redeemable,~~ the maturities of the bonds subject to early redemption,
5 the redemption dates, and ~~date~~ the dates when the ~~same~~ principal and interest on the bonds will become
6 due; and

7 ~~(e)(b)~~ the amount of all payments of both principal and interest required ~~to be made~~ on each bond,
8 with the dates when the ~~same~~ payments are required to must be made; and

9 ~~(d) the name and address of the purchaser."~~

10
11 **Section 25.** Section 7-7-4259, MCA, is amended to read:

12 **"7-7-4259. Delivery of bonds.** ~~(1) If the board of investments is the purchaser of the bonds, the~~
13 ~~city treasurer or town clerk shall forward the registered bonds to the department of commerce. The~~
14 ~~department shall deliver them to the state treasurer, and payment therefor shall be made in the manner~~
15 ~~provided by law.~~

16 ~~(2) If the bonds are purchased by other investors, the~~ The city treasurer or town clerk shall deliver
17 the bonds to the purchaser upon receiving full payment ~~therefor~~ for the bonds."

18
19 **Section 26.** Section 7-7-4262, MCA, is amended to read:

20 **"7-7-4262. Payment of principal and interest.** The city treasurer or town clerk shall pay from the
21 proper sinking and interest fund the interest and principal of each issue or series of outstanding bonds, as
22 ~~such~~ the interest and principal become due and at the place where ~~such~~ the bonds are payable, upon
23 presentation and surrender of the coupon ~~or coupons~~ or bond ~~or bonds~~ to be paid. ~~If the bonds are held~~
24 ~~by the state, then all such payments shall be made at the office of the state treasurer, who shall cancel the~~
25 ~~coupons or bonds and return the same to the city treasurer or town clerk, together with his receipt~~
26 ~~therefor."~~

27
28 **Section 27.** Section 7-7-4268, MCA, is amended to read:

29 **"7-7-4268. Redemption of bonds.** (1) Whenever there is available money in any sinking and interest
30 fund over and above the amount required for payment of principal and interest becoming due on the next

1 interest payment date and sufficient to pay and redeem one or more of the outstanding bonds of the issue
2 or series to which the sinking and interest fund belongs, which bonds are not yet due but are then
3 redeemable or will become redeemable on or before the next interest payment date, the city treasurer or
4 town clerk shall apply the available money in redemption of as many of the bonds as the available money
5 will pay and redeem to a redemption date on or before the next interest payment date, as fixed by the city
6 treasurer or town clerk.

7 (2) The city treasurer or town clerk shall ~~give notice to~~ notify the holder of the bond or bonds, if
8 ownership of the bonds is registered or is otherwise known to the treasurer, ~~to~~ the registered owners at
9 their addresses as they appear in the bond registration books, ~~or to~~ and any bank or financial institution at
10 which the bonds are payable, by mail sent at least ~~45~~ 30 days before the redemption date, that bonds will
11 be redeemed and paid on that date. A defect in or failure to give notice may not affect the validity of the
12 proceedings for the redemption of a bond or principal installment not affected by the defect or failure. If
13 the ownership of the bonds is not registered, the city treasurer or town clerk shall also publish in a
14 newspaper of general circulation printed and published in the city or town and, if there is none, then in a
15 newspaper of general circulation in the city or town printed and published in the county in which the city
16 or town is situated a notice that the bond or bonds have been called for redemption and will be paid in full
17 on the redemption date. The notice must be published once, ~~a week for 2 successive weeks immediately~~
18 ~~preceding~~ not less than 30 days prior to the interest payment redemption date. If actual notice of the call
19 has been ~~given through a different means for its redemption~~ received, the holder of a bond may waive
20 published or mailed notice.

21 (3) If the bonds are payable at a bank or financial institution, the city treasurer or town clerk shall
22 remit to the bank or financial institution, before the redemption date, an amount sufficient to pay and
23 redeem the bonds. If the bonds are not presented for redemption and payment on the redemption date,
24 interest ceases on that date if the funds have been deposited in the bank or financial institution."

25
26 **Section 28.** Section 7-7-4269, MCA, is amended to read:

27 **"7-7-4269. Order of redemption of bonds.** All bonds to be redeemed under the provisions of
28 ~~7-7-4267 or 7-7-4268~~ may be redeemed in the order that the city treasurer or city clerk selects, consistent
29 with the provisions of the resolution authorizing the issuance of the bonds."
30

1 **Section 29.** Section 7-7-4301, MCA, is amended to read:

2 **"7-7-4301. Authorization to issue refunding general obligation bonds.** The city or town council ~~has~~
3 ~~power to~~ may contract an indebtedness on behalf of a city or town, upon the credit ~~thereof~~ of the city or
4 town, by issuing bonds for the funding of outstanding warrants and maturing bonds when there are not
5 sufficient funds available to pay the outstanding warrants or maturing bonds or when there is a reduction
6 in debt service as a result of refunding pursuant to 7-7-4304."

7

8 **Section 30.** Section 7-7-4302, MCA, is amended to read:

9 **"7-7-4302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-4201 through
10 7-7-4206, 7-7-4208 through 7-7-4210, 7-7-4255 through 7-7-4266, 7-7-4268 through 7-7-4270, and
11 7-7-4272 through 7-7-4274 apply to refunding bonds issued under this part; however, the city or town
12 council may at its option sell bonds issued under this part at a private negotiated sale or at a public sale
13 conducted pursuant to the provisions of 7-7-4251, 7-7-4252, and 7-7-4254.

14 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded
15 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
16 for the purposes of 7-7-4210."

17

18 **Section 31.** Section 7-7-4304, MCA, is amended to read:

19 **"7-7-4304. Interest rate on refunding general obligation bonds.** (1) Except as provided in
20 subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at
21 least 1/2 of 1% less than the interest rate of the outstanding bonds to be refunded.

22 (2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance
23 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt
24 service cost to the city or town.

25 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
26 outstanding bonds if there is a reduction of total debt service cost to the county."

27

28 **Section 32.** Section 7-7-4422, MCA, is amended to read:

29 **"7-7-4422. Determination of cost.** The governing body of ~~the~~ a municipality, in determining cost
30 for purposes of 7-7-4421, may include:

1 (1) all costs and estimated costs of the issuance of ~~said~~ revenue bonds, including a permissible
2 underwriter's discount, if any;

3 (2) all engineering, inspection, fiscal, and legal expenses; and

4 (3) interest ~~which it is estimated will to~~ accrue during the construction period and for 6 months
5 ~~thereafter~~ after construction on money borrowed or ~~which on money that~~ it is estimated will be borrowed
6 pursuant to this part."

7
8 **Section 33.** Section 7-7-4424, MCA, is amended to read:

9 "**7-7-4424. Undertakings to be self-supporting.** (1) The governing body of a municipality issuing
10 bonds pursuant to this part shall prescribe and collect reasonable rates, fees, or charges for the services,
11 facilities, and commodities of ~~such the~~ the undertaking and shall revise ~~such the~~ the rates, fees, or charges from
12 time to time whenever necessary so that ~~such the~~ the undertaking ~~shall be and always remain~~ is and remains
13 self-supporting. The property taxes specifically authorized to be levied for the general purpose served by
14 an undertaking or resort taxes approved, levied, and appropriated to an undertaking in compliance with
15 7-6-4461 through 7-6-4469 constitute revenue of the undertaking and may not result in an undertaking
16 being considered not self-supporting.

17 (2) The rates, fees, or charges prescribed, along with any appropriated property or resort tax
18 collections, shall must be such as will produce revenue at least sufficient to:

19 (a) pay when due all bonds and interest ~~thereon~~ on the bonds, ~~for~~ the payment of which ~~such the~~ the
20 revenue is or shall have has been pledged, charged, or otherwise encumbered, including reserves ~~therefor~~
21 for the bonds; and

22 (b) provide for all expenses of operation and maintenance of ~~such the~~ the undertaking, including
23 reserves therefor."

24
25 **Section 34.** Section 7-7-4428, MCA, is amended to read:

26 "**7-7-4428. Covenants in resolution authorizing issuance of bonds.** Any resolution or resolutions
27 authorizing the issuance of bonds under this part may contain covenants as to:

28 (1) the purpose or purposes to which the proceeds of sale of ~~said~~ the bonds may be applied and
29 the use and disposition thereof of the proceeds;

30 (2) the use and disposition of the revenue of the undertaking for which ~~said~~ the bonds are to be

1 issued, including the creation and maintenance of reserves and including the pledge or appropriation of all
 2 or a portion of the property and resort tax revenue referred to in 7-7-4424;

3 (3) the transfer, from the general fund of the municipality to the account or accounts of the
 4 undertaking, of an amount equal to the cost of furnishing ~~such~~ the municipality or any of its departments,
 5 boards, or agencies with the services, facilities, ~~and/or~~ or commodities of ~~said~~ the undertaking;

6 (4) the issuance of other or additional bonds payable from the revenue of ~~said~~ the undertaking;

7 (5) the operation and maintenance of ~~such~~ the undertaking;

8 (6) the insurance to be carried ~~thereon~~ on the undertaking and the use and disposition of insurance
 9 money;

10 (7) books of account and the inspection and audit ~~thereof~~ of the books; and

11 (8) the terms and conditions upon which the holders or trustees of ~~said~~ the bonds or any proportion
 12 of ~~them or any trustee therefor~~ the bonds shall be are entitled to the appointment of a receiver by the
 13 district court, ~~which court shall have~~ having jurisdiction, ~~in such proceedings and which~~ The receiver may;

14 (a) enter and take possession of ~~said~~ the undertaking;

15 (b) operate and maintain the ~~same~~ undertaking;

16 (c) prescribe rates, fees, or charges, subject to the approval of the public service commission of
 17 Montana; and

18 (d) collect, receive, and apply all revenue thereafter arising ~~therefrom~~ from the undertaking in the
 19 same manner as the municipality itself might do."

20
 21 **Section 35.** Section 7-7-4432, MCA, is amended to read:

22 **"7-7-4432. Details relating to revenue bonds.** (1) Bonds authorized to be issued under this part;
 23 shall

24 (a) must bear interest at ~~such~~ a rate or rates not exceeding the limitation of 17-5-102, ~~payable~~
 25 semiannually;

26 (b) may be issued in one or more series;

27 (c) may bear ~~such~~ a date or dates;

28 (d) may mature at ~~such~~ a time or times not exceeding 40 years from their respective dates of issue;

29 (e) may be payable in ~~such~~ a place or places;

30 (f) may carry ~~such~~ registration privileges;

- 1 (g) may be subject to ~~such~~ terms of redemption;
- 2 (h) may be executed ~~in such manner~~;
- 3 (i) may contain ~~such~~ terms, covenants, and conditions; and
- 4 (j) may be in ~~such form, either~~ coupon or registered form, as ~~such~~ provided by the initial resolution
- 5 or subsequent resolutions ~~may provide~~.

6 (2) The governing body may fix the minimum price for the bonds in an amount less than the

7 principal amount of the bonds but not less than 97% of the principal amount if it determines that a sale at

8 that price is in the best interests of the undertaking."

9

10 **Section 36.** Section 7-7-4433, MCA, is amended to read:

11 **"7-7-4433. Sale of bonds.** (1) Bonds authorized to be issued under this part ~~shall~~ must be sold

12 at ~~not less than par~~ a price not less than that prescribed by the governing body, plus interest to the date

13 of delivery of the bonds.

14 (2) (a) ~~Said~~ The bonds may be sold at private sale to the United States or the state of Montana or

15 any agency, instrumentality, or corporation ~~thereof~~ of the United States or the state.

16 (b) Unless sold to the United States or the state of Montana or an agency, instrumentality, or

17 corporation ~~thereof~~ of the United States or the state, said the bonds shall must be sold at public sale after

18 notice of ~~such~~ the sale."

19

20 **Section 37.** Section 7-7-4434, MCA, is amended to read:

21 **"7-7-4434. Notice of sale of bonds.** ~~(1) Except as provided in subsection (2), the~~ The notice of

22 sale of bonds required by 7-7-4433(2)(b) ~~shall~~ must be published once at least 5 days prior to ~~such~~ the

23 sale:

24 ~~(a) in a newspaper circulating in the municipality; of general circulation in the state, and the~~

25 governing body may publish the notice or summary of the notice

26 ~~(b) in a financial newspaper published in the city of New York, New York, or the city of Chicago,~~

27 Illinois, or the city of San Francisco, California.

28 ~~(2) In the event the bond issue is in an amount of less than \$150,000, the bond issue shall be~~

29 advertised at least 5 days prior to such sale:

30 ~~(a) in daily newspapers circulating in Montana cities of 10,000 population or over, in lieu of~~

1 advertising in a financial newspaper in New York, Chicago, or San Francisco; and

2 ~~(b) also in a newspaper as specified in part 24 of chapter 5 if that newspaper is different from the~~
 3 ~~daily newspapers circulating in Montana cities of 10,000 population or over."~~

4
 5 **Section 38.** Section 7-12-2174, MCA, is amended to read:

6 **"7-12-2174. Redemption of bonds and warrants.** (1) The county treasurer shall first pay out of
 7 the proper special improvement district fund, on each interest payment date, the interest on all outstanding
 8 warrants or bonds on presentation of the coupons belonging ~~thereto~~ to the warrants or bonds or otherwise
 9 then payable and the principal, if any, then payable on the warrants or bonds. Any funds remaining in the
 10 fund ~~shall~~ must be applied to the redemption of the warrants or bonds in the order of their registration as
 11 ~~provided in subsection (2)~~ specified in the resolution authorizing the issuance of the bonds.

12 (2) Special improvement district warrants or bonds ~~shall~~ must be redeemed on any interest payment
 13 date from the proceeds of the bonds or warrants remaining after payment of all costs of the improvements,
 14 as provided in 7-12-2173, or from the prepayment of assessments levied in the district. Special
 15 improvement district bonds or warrants ~~are~~ may otherwise be subject to redemption and prepayment at the
 16 ~~option of the county~~ as provided in the resolution on any interest payment date.

17 (3) The date of redemption ~~shall~~ must be fixed by the county treasurer and ~~shall~~ may not be less
 18 than ~~40~~ 30 days after the date of publication or of mailing of the notice. The county treasurer shall give
 19 written notice to the holders of the warrants or bonds to be redeemed, if their addresses are known, of the
 20 number of warrants or bonds to be redeemed and the date on which payment will be made. If the
 21 addresses of the holders of all bonds or warrants to be redeemed are not known, the county treasurer shall
 22 publish notice of redemption once in a newspaper ~~published in~~ of general circulation in the county. On the
 23 date fixed for redemption, interest ~~shall~~ must cease."

24
 25 **Section 39.** Section 7-12-4206, MCA, is amended to read:

26 **"7-12-4206. Redemption of bonds and warrants.** (1) Special improvement district warrants or
 27 bonds ~~shall~~ must be redeemed on any interest payment date from the proceeds of the bonds or warrants
 28 remaining after payment of all costs of the improvements, as provided in 7-12-4205, or from the
 29 prepayment of assessments levied in the district. Special improvement district bonds or warrants ~~are~~ may
 30 be otherwise subject to redemption and prepayment at the option of the city, ~~in order of registration, on~~

1 ~~any interest payment date~~ as provided in the resolution authorizing the issuance of the bonds.

2 (2) The date of redemption ~~shall~~ must be fixed by the treasurer and may not be less than ~~40~~ 30
3 days after the date of publication or mailing of the notice, and on the date ~~so~~ fixed, interest ceases. The
4 treasurer shall give written notice to the holders of the warrants or bonds to be redeemed, if their addresses
5 are known, of the number of warrants or bonds to be redeemed and the date on which payment will be
6 made. If the addresses of the holders of all bonds or warrants to be redeemed are not known, the treasurer
7 shall publish notice of redemption once in a newspaper published in the city."

8
9 **Section 40.** Section 7-15-4322, MCA, is amended to read:

10 **"7-15-4322. Details relating to urban renewal bonds.** (1) Bonds issued under 7-15-4301 may be
11 issued in one or more series and ~~shall~~ must bear ~~such~~ a date or dates, be payable upon demand or mature
12 at ~~such~~ a time or times, bear interest as provided in 17-5-102, be in ~~such~~ denomination or denominations,
13 be in ~~such~~ form (either coupon or registered), carry ~~such~~ conversion or registration privileges, have ~~such~~
14 rank or priority, be executed in ~~such~~ a manner, be payable in ~~such~~ a medium of payment at ~~such~~ a place
15 or places, be subject to ~~such~~ terms of redemption (with or without premium), be secured in ~~such~~ a manner,
16 and have ~~such~~ other characteristics as may be provided by the resolution, ordinance, or trust indenture or
17 a mortgage authorized pursuant thereto to the resolution, ordinance, or trust indenture.

18 (2) (a) The bonds may be sold at not less than ~~98%~~ 97% of par, at public or private sale, or may
19 be exchanged for other bonds on the basis of par.

20 (b) The bonds may be sold to the federal government at private sale at not less than par, and if less
21 than all of the authorized principal amount of the bonds is sold to the federal government, the balance may
22 be sold, at public or private sale, at not less than ~~98%~~ 97% of par at an interest cost to the municipality
23 of not to exceed the interest cost ~~to the municipality~~ of the portion of the bonds sold to the federal
24 government."

25
26 **Section 41.** Section 20-9-408, MCA, is amended to read:

27 **"20-9-408. Definition of forms of bonds.** As used in this title, part ~~unless the context clearly~~
28 ~~indicates otherwise:~~

29 (1) "amortization ~~bonds~~ bond" means ~~the~~ that form of ~~bonds~~ bond on which a part of the principal
30 ~~must~~ is required to be paid each time that interest becomes due and payable. The part payment of principal

1 increases ~~at~~ with each following installment in the same amount that the interest payment decreases, so
 2 that the ~~The combined interest and principal due on each due date remains the same until the bonds are~~
 3 ~~paid~~ amount payable on principal and interest is the same on each payment date. However, the payment
 4 on the initial interest payment date may be less or greater than the amount of other payments on the bond,
 5 reflecting the payment of interest only or the payment of interest for a period different from that between
 6 other interest payment dates. The final payment may vary from prior payments in ~~the amount resulting from~~
 7 ~~disregarding fractional cents in~~ as a result of rounding prior payments.

8 (2) "serial bonds" means a bond issue payable in annual installments commencing not more than
 9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
 10 amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds
 11 maturing in the immediately preceding installment."

12
 13 **Section 42.** Section 20-9-412, MCA, is amended to read:

14 **"20-9-412. Issuance of refunding bonds without an election.** (1) Bonds of a school district, issued
 15 for the purpose of providing the money needed to redeem outstanding bonds may be issued without
 16 submitting the proposition to the electorate at an election. In order to issue refunding bonds, the trustees,
 17 at a regular meeting or a special meeting, shall adopt a resolution setting forth:

18 (a) the facts regarding the outstanding bonds that are to be redeemed;

19 (b) the reasons for issuing new bonds; and

20 (c) the term and details of the new bond issue.

21 (2) After the adoption of the resolution, the trustees shall:

22 (a) sell the bonds at a private negotiated sale; or

23 (b) at their option, give notice of the sale of the new bonds in the same manner that notice is
 24 required to be given for the sale of bonds authorized at a school election and sell the new bonds in open
 25 competitive bidding, by written bids or by sealed bids.

26 (3) Except for bonds refunded by a school district under the provisions of Title 17, chapter 5, part
 27 16, including any variable rate finance program so authorized, bonds may not be refunded by the issuance
 28 of new bonds unless the rate of interest offered on the new bonds is at least 1/2 of 1% ~~per annum~~ a year
 29 less than the rate of interest in the bonds to be refunded or redeemed.

30 (4) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded

1 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
 2 for the purposes of 20-9-408.

3 (5) Refunding bonds may be issued in a principal amount greater than the principal amount of the
 4 outstanding bonds if there is a reduction of total debt service cost to the district.

5 ~~(4)~~(6) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds
 6 in advance of the date on which the bonds mature or are subject to redemption, provided the proceeds of
 7 the refunding bonds, less any accrued interest or premium received upon the sale of the bonds, are
 8 deposited with other funds appropriated to the payment of the outstanding bonds in escrow with a suitable
 9 banking institution in or out of the state. Funds deposited must be invested in securities that are general
 10 obligations of the United States or the principal and interest of which are guaranteed by the United States
 11 and that mature or are callable at the option of the holder on the dates and bear interest at the rates and
 12 payable on the dates required to provide funds sufficient, with any cash retained in the escrow account,
 13 to pay when due the interest to accrue on each refunded bond to its maturity or redemption date, if called
 14 for redemption, ~~and~~ to pay the principal of the bond at maturity or upon the redemption date, and to pay
 15 any redemption premium. The escrow account must be irrevocably appropriated to the payment of the
 16 principal of and interest and redemption premium, if any, on the refunded bonds. Funds to the credit of
 17 the debt service fund for the payment of the refunded bonds and not required for the payment of principal
 18 of or interest on the bonds due prior to issuance of the refunding bonds may be appropriated by the district
 19 to the escrow account. The school district may pay the reasonable costs and expenses of printing the
 20 refunding bonds and of establishing and maintaining the escrow account. Bonds refunded pursuant to this
 21 part are not to be considered outstanding for purposes of 20-9-406 or any other debt limitation."
 22

23 **Section 43.** Section 20-9-427, MCA, is amended to read:

24 **"20-9-427. Notice of bond election by separate purpose.** (1) ~~Any~~ A school district bond election
 25 ~~shall~~ must be conducted in accordance with the school election provisions of this title, except that the
 26 election notice ~~required therein shall~~ must be in substantially the following form:

27 **NOTICE OF SCHOOL DISTRICT BOND ELECTION**

28 Notice is hereby given by the trustees of School District No. of County, state of Montana,
 29 that pursuant to a certain resolution ~~duly~~ adopted at a meeting of the board of trustees of ~~said~~ the school
 30 district held on the day of, ~~A.D., 19....~~, an election of the registered electors of School District No.

1 of County, state of Montana, will be held on the day of, ~~A.D., 19~~...., at for the purpose
 2 of voting upon the question of whether or not the trustees ~~shall be authorized to~~ may issue and sell bonds
 3 of ~~said~~ the school district in the amount of dollars (\$....), bearing interest at a rate not more than
 4 percent (....%) ~~per annum~~ a year, payable semiannually, for the purpose of (here state purpose). ~~The~~
 5 ~~bonds to be issued will be either amortization or serial bonds, and amortization bonds will be the first choice~~
 6 ~~of the board of trustees.~~ The bonds to be issued, ~~whether amortization or serial bonds,~~ will be payable in
 7 installments over a period not exceeding (state number) years.

8 The polls will be open from o'clockm. and until o'clockm. of the ~~said~~ election day.

9 Dated and posted this day of, ~~A.D., 19~~....

10
 11 Chairman Presiding officer, School District No.
 12 of County
 13 Address

14 (2) If the bonds proposed to be issued are for more than one purpose, then each purpose ~~shall~~
 15 must be separately stated in the notice, together with the proposed amount of bonds ~~therefor~~ for each
 16 purpose."

17
 18 **Section 44.** Section 20-9-429, MCA, is amended to read:

19 **"20-9-429. Trustees' resolution to issue school district bonds.** ~~Within 60 days~~ Anytime after the
 20 date of the election certificate ~~or as soon thereafter as is practical in the judgment of the trustees,~~ the
 21 trustees shall adopt a resolution ~~providing for the issuance~~ calling for the sale of bonds of the school
 22 district. ~~Such~~ The resolution ~~also shall~~ must specify:

- 23 (1) the number of series or installments in which the bonds are to be issued;
- 24 (2) the amount of bonds to be issued;
- 25 (3) the ~~maximum rate of interest~~ minimum purchase price of the bonds;
- 26 (4) the purpose or purposes of the issue;
- 27 (5) the date that the issue will bear;
- 28 (6) the period of time through which the issue will be paid;
- 29 (7) the manner of execution of the bonds;
- 30 (8) ~~that amortization bonds will be preferred but also~~ whether bids will be accepted for either serial

1 or amortization bonds and, if so, fix the denomination of serial or amortization bonds; and

2 (9) the date and time that the sale of the bonds shall ~~shall~~ must be conducted; and

3 (10) the minimum price fixed by the board of trustees for the bonds, which may not be less than
4 97% of the principal amount of the bonds if the board determines that the sale is in the best interests of
5 the district."

6
7 **Section 45.** Section 20-9-430, MCA, is amended to read:

8 **"20-9-430. Notice of sale of school district bonds.** The trustees shall ~~cause the~~ give notice of the
9 sale of ~~the~~ school district bonds ~~to be given~~. The notice shall must state the purpose for which the bonds
10 are to be issued and the amount proposed to be issued and shall must be substantially in the following
11 form:

12 **NOTICE OF SALE OF SCHOOL DISTRICT BONDS**

13 Notice is hereby given by the trustees of School District No. of County, state of Montana,
14 that the trustees will on the day of, ~~19~~....., at the hour of o'clockm. at, in the school
15 district, sell to the highest and best bidder for cash either ~~amortization or serial~~ general obligation bonds
16 of the school district in the total amount of dollars (\$....), for the purpose of

17 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the~~
18 ~~trustees.~~

19 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
20 ~~divided into several bonds, as the trustees may determine upon at the time of sale, both principal and~~
21 ~~interest to be payable in semiannual installments during a period of years from the date of issue.~~

22 ~~If serial~~ The bonds are will be issued and sold, they will be in the aggregate principal amount of
23 dollars (\$....) each and will become payable according to the maturity schedule set forth below (set forth
24 maturity schedule adopted by the school district).

25 (If the bonds are to be issued as amortization bonds, indicate that here.) The bonds, ~~whether~~
26 ~~amortization or serial bonds,~~ will bear an original issue date of, ~~19~~....., and will bear pay interest at a rate
27 ~~not exceeding% per annum~~ commencing on the day of (month), ~~19~~....., and will be payable
28 semiannually on the day of (month) and (month) in each year thereafter, and will be redeemable
29 in full. (Here insert optional provisions, if any, to be recited on the bonds.)

30 The bonds will be sold for not less than ~~their par value~~ \$ _____, with accrued interest on the principal

1 amount of the bonds to the date of their delivery, and all bidders ~~must~~ shall state the lowest rate of interest
2 at which they will purchase the bonds at ~~par~~ the price specified for the bonds. ~~The bonds shall be sold in~~
3 ~~open competition bidding, by written bids, or by sealed bids~~. The trustees reserve the right to reject any
4 and ~~all bids~~ and to sell the bonds at private sale.

5 All bids ~~other than by or on behalf of the state board of land commissioners~~ must be accompanied
6 by ~~money, a certified check, cashier's check, bank money order, or bank draft drawn and issued by a~~
7 ~~national banking association located in Montana or by any banking corporation incorporated under the laws~~
8 ~~of Montana~~, (insert appropriate bid security as permitted by 18-1-202) in the sum of dollars (\$....)
9 payable to the order of the district, which will be forfeited by the successful bidder in the event that ~~he~~ the
10 bidder shall refuse refuses to purchase the bonds.

11 All bids should be addressed to the undersigned district.

12
13 Chairman Presiding officer, School District No.
14 of County
15 Address:

16 ATTEST:

17 Subscribed and sworn to before me this day of, ~~19~~.....; Notary Public for the
18 State Residing at, Montana. My ~~Commission~~ commission expires"

20 **Section 46.** Section 20-9-431, MCA, is amended to read:

21 "**20-9-431. Publication of notice of sale of school district bonds.** ~~{1}~~ The trustees shall ~~cause a~~
22 ~~copy of~~ publish the notice of sale of the bonds ~~to be published,~~ as provided in 17-5-106, ~~in a newspaper~~
23 one or more newspapers as determined by the trustees.

24 ~~{2} If the bond issue to be sold is \$10,000 or more, the trustees may cause a brief notice to be~~
25 ~~published in some newspaper in the city of New York."~~

27 **Section 47.** Section 20-9-432, MCA, is amended to read:

28 "**20-9-432. Sale of school district bonds.** (1) The trustees shall meet at the time and place fixed
29 in the notice to consider bids on the bond issue. The bonds ~~shall~~ must be sold at not less than ~~par~~ the
30 minimum bid specified for bonds with accrued interest to date of delivery, and each bidder shall specify the

1 ~~form of bonds to be issued, whether amortization or serial, and the rate of interest and purchase price at~~
 2 ~~which ~~he~~ the bidder will purchase the bonds. A bid for amortization bonds shall have the preference over~~
 3 ~~a bid for serial bonds, all other things being equal; and in considering bids on these classes of bonds, the~~
 4 ~~trustees shall take into consideration not only the rate of interest demanded on each kind but also every~~
 5 ~~other known element affecting the total cost of the bonds to the district when paid in full. The trustees shall~~
 6 ~~accept the bid ~~which~~ that they shall judge most advantageous to the school district. ~~Consultants'~~~~
 7 Consultant fees and attorney fees may be paid to any person or corporation for assisting in the proceedings,
 8 ~~or~~ in the preparation of the bonds, or in negotiating the sale. The trustees are authorized to reject any ~~or~~
 9 ~~all~~ bids and to sell the bonds at private sale if they ~~deem~~ consider it ~~for~~ in the best interests of the school
 10 district, except that ~~such~~ the bonds ~~shall~~ may not be sold at less than ~~per~~ the minimum sale price with
 11 accrued interest to date of delivery.

12 (2) The trustees may cooperate and combine with other school districts within the same county
 13 for the purpose of preparing and negotiating ~~for~~ the sale of bond issues if, in the opinion of the trustees,
 14 ~~such~~ the cooperation or combination will facilitate the sale of school district bonds under more
 15 advantageous terms or with lower interest rates. ~~Provided, however~~ However, that bond issues prepared
 16 or negotiated for sale under this section ~~shall~~ may not be combined for any other purpose but ~~shall~~ must
 17 be entered separately on the books of the county treasurer and ~~shall~~ must be otherwise treated as separate
 18 bond issues."

19
 20 **Section 48.** Section 20-9-433, MCA, is amended to read:

21 **"20-9-433. Form and printing execution of school district bonds.** (1) ~~It is not necessary for the~~
 22 ~~trustees to prescribe the detailed form of the bonds to be issued, but the bonds must conform to all legal~~
 23 ~~requirements for their payment whether they are issued as amortization or serial bonds. The bonds and~~
 24 ~~coupons shall be issued in the name of the school district and shall be executed by the chairman of the~~
 25 ~~trustees and the school district clerk in accordance with 2-16-114. If the bonds are purchased by the board~~
 26 ~~of investments, all payments of principal or interest shall be made at the office of the state treasurer. At~~
 27 the time of the sale of the bonds or at a meeting held after the sale, the trustees shall adopt a resolution
 28 providing for the issuance of the bonds, prescribing the form of the bonds, whether amortization or serial
 29 bonds, and prescribing the manner of execution of the bonds.

30 (2) ~~The trustees shall cause the bonds, with the attached coupons, to be printed at the expense~~

1 ~~of the school district at the lowest commercial rates.~~ Each bond and coupon attached to a bond must be
 2 signed by or bear the facsimile signatures of the presiding officer of the trustees and the school district
 3 clerk, provided that one signature of a school official or the bond registrar must be a manual signature."
 4

5 **Section 49.** Section 20-9-434, MCA, is amended to read:

6 **"20-9-434. Registration of school district bonds by county treasurer and copy for preservation.** (1)

7 When the school district bonds have been ~~duly~~ executed by the ~~chairman~~ presiding officer of the trustees
 8 and the school district clerk, ~~all such~~ the bonds shall must be registered by the county treasurer in ~~his~~ the
 9 treasurer's bond registration book before ~~such~~ the bonds are delivered to the purchaser. The bond
 10 registration ~~shall~~ must show:

11 ~~(a) the number and amount of each bond;~~

12 ~~(b)~~(a) the date of issue;

13 ~~(c)~~(b) the redeemable date of each bond; and

14 ~~(d) the name of the purchaser; and~~

15 ~~(e)~~(c) the amount and due date of all payments required on the bonds.

16 (2) The trustees shall provide the county treasurer with an unsigned and canceled printed specimen
 17 copy of each issue of school district bonds for preservation in the office of the county treasurer."
 18

19 **Section 50.** Section 20-15-404, MCA, is amended to read:

20 **"20-15-404. Trustees to adhere to certain other laws.** Unless the context clearly indicates
 21 otherwise, the trustees of a community college district shall adhere to:

22 (1) the teachers' retirement provisions of Title 19, chapter 20;

23 (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;

24 (3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624,
 25 20-6-631, and 20-6-633 through 20-6-636;

26 (4) the adult education provisions of 20-7-701 through 20-7-713;

27 (5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208,
 28 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-512;

29 (6) the school bond provisions of 20-9-401 through 20-9-408, 20-9-410 through 20-9-412,
 30 20-9-421 through 20-9-446, 20-9-451 through 20-9-456, and 20-9-461 through 20-9-465;

1 (7) the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and
2 20-9-511;

3 (8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

4 (9) the school elections provisions of Title 20, chapter 20;

5 (10) the students' rights provisions of 20-25-511 through 20-25-516; and

6 (11) the health provisions of 50-1-206."

7
8 **Section 51.** Section 90-5-103, MCA, is amended to read:

9 **"90-5-103. Limited obligation bonds -- form and contents -- sale -- negotiability -- filing.** (1) All
10 bonds issued by a municipality or county under the authority of this part ~~shall~~ must be limited obligations
11 of the municipality or county. Bonds and interest coupons issued under the authority of this part ~~shall~~ may
12 not constitute or give rise to a pecuniary liability of the municipality or county or a charge against its
13 general credit or taxing powers. ~~Such~~ This limitation ~~shall~~ must be plainly stated upon the face of each of
14 ~~such~~ the bonds.

15 (2) The bonds referred to in subsection (1) ~~of this section~~ may be executed and delivered at any
16 time and from time to time, be in ~~such~~ form and denominations, be of ~~such~~ tenor, be in registered or bearer
17 form either as to principal or interest, or both, be payable in ~~such~~ installments and at ~~such~~ a time or times
18 not exceeding ~~30~~ 40 years from ~~their~~ the bonds date, be payable at ~~such~~ a place or places, bear interest
19 at ~~such~~ a rate or rates, ~~payable at such place or places, and be~~ evidenced in ~~such~~ a manner, be redeemable
20 prior to maturity, with or without premium, and contain ~~such~~ provisions not inconsistent ~~herewith~~ with this
21 part as ~~shall be deemed for~~ considered in the best interest of the municipality or county and provided for
22 in the proceedings of the governing body ~~whereunder~~ under whose authority the bonds ~~shall~~ must be
23 authorized to be issued.

24 (3) Any bonds issued under the authority of this part may be sold at public or private sale in ~~such~~
25 a manner, at ~~such~~ a time or times, and at ~~such~~ a price above or below par as may be agreed upon by the
26 lessee of the project or the borrower of the funds. The municipality or county may pay all expenses,
27 premiums, and commissions ~~which~~ that the governing body may ~~deem~~ consider necessary or advantageous
28 in connection with the authorization, sale, and issuance ~~thereof~~ of the bonds from the proceeds of the sale
29 of ~~said~~ the bonds or from the ~~revenues~~ revenue of the projects.

30 (4) All bonds issued under the authority of this part and all interest coupons applicable ~~thereto~~ shall

1 to the bonds must be construed to be negotiable instruments despite the fact that they are payable solely
2 from a specified source.

3 (5) All bonds issued under the authority of this part must be filed with the securities commissioner
4 within 10 days of the date of their issue. The filing must include the name of the issuing authority, the
5 name and address of the person or entity on whose behalf the bonds are issued, the amount of the bond
6 issue, the date of the bond issue, and any other information that the securities commissioner may request.
7 Failure to comply with this section does not affect the validity of the bond issue."
8

9 **Section 52.** Section 7-7-2501, MCA, is amended to read:

10 **"7-7-2501. Authority to issue revenue bonds -- refunding revenue bonds.** (1) A county may issue
11 county revenue bonds in the same manner and with the same effect as provided in chapter 7, part 44, of
12 this title for issuance of municipal revenue bonds. County revenue bonds may be issued to finance any
13 project or activity enumerated in chapter 16, part 21, ~~or chapter 34, part 22 or 23,~~ of this title or in Title
14 75, chapter 10, part 1. ~~Revenues~~ Revenue from the project for which the bonds are issued ~~are~~ is the only
15 ~~revenues~~ revenue upon which a lien under the provisions of 7-7-4431 ~~shall~~ may apply. ~~No~~ A lien ~~shall~~ may
16 not attach to other ~~revenues~~ revenue or other property within the county.

17 (2) A county may refund revenue bonds issued under the authority provided in subsection (1) by
18 the method provided in either part 45 or part 46 of chapter 7.

19 (3) In construing, for purposes of this section, the provisions of parts 44, 45, or 46 of chapter 7,
20 "municipal" is considered to refer to the county and "governing body" is considered to refer to the board
21 of county commissioners whenever the board of county commissioners is acting pursuant to subsection
22 (1)."
23

24 **NEW SECTION. Section 53. Repealer.** Sections 7-7-2267, 7-7-2275, 7-7-4267, and 20-9-409,
25 MCA, are repealed.
26

27 **NEW SECTION. Section 54. Applicability.** [This act] applies to bonds issued under the provisions
28 of [this act] after [the effective date of this act].
29

30 **NEW SECTION. Section 55. Effective date.** [This act] is effective on passage and approval.

-END-

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House BILL NO. 420

INTRODUCED BY

Conner

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO THE ISSUANCE AND REPAYMENT OF BONDS BY LOCAL GOVERNMENTS AND SCHOOL DISTRICTS; AMENDING SECTIONS 7-6-204, 7-6-1103, 7-7-109, 7-7-2210, 7-7-2238, 7-7-2251, 7-7-2252, 7-7-2254, 7-7-2255, 7-7-2256, 7-7-2257, 7-7-2259, 7-7-2262, 7-7-2268, 7-7-2269, 7-7-2301, 7-7-2302, 7-7-2304, 7-7-2407, 7-7-2501, 7-7-4209, 7-7-4236, 7-7-4254, 7-7-4255, 7-7-4257, 7-7-4259, 7-7-4262, 7-7-4268, 7-7-4269, 7-7-4301, 7-7-4302, 7-7-4304, 7-7-4422, 7-7-4424, 7-7-4428, 7-7-4432, 7-7-4433, 7-7-4434, 7-12-2174, 7-12-4206, 7-15-4322, 20-9-408, 20-9-412, 20-9-427, 20-9-429, 20-9-430, 20-9-431, 20-9-432, 20-9-433, 20-9-434, 20-15-404, AND 90-5-103, MCA; REPEALING SECTIONS 7-7-2267, 7-7-2275, 7-7-4267, AND 20-9-409, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

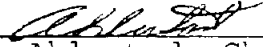
THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE REPRINTED. PLEASE REFER TO SECOND READING COPY (YELLOW) FOR COMPLETE TEXT.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 8, 1995

MR. PRESIDENT:

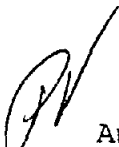
We, your committee on Finance and Claims having had under consideration HB 420 (third reading copy -- blue), respectfully report that HB 420 be amended as follows and as so amended be concurred in.


Signed: 
Senator Gary Aklestad, Chair

That such amendments read:

1. Title, line 6.
Strike: "7-6-204,"
2. Page 1, lines 17 through 27.
Strike: Section 1 in its entirety
Renumber: subsequent sections

-END-


SP Amd. Coord.
Sec. of Senate


Waterman
Senator Carrying Bill

HB 420
SENATE
541339SC.SPV

1 HOUSE BILL NO. 420

2 INTRODUCED BY EWER

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO THE
 5 ISSUANCE AND REPAYMENT OF BONDS BY LOCAL GOVERNMENTS AND SCHOOL DISTRICTS;
 6 AMENDING SECTIONS ~~7-6-204~~, 7-6-1103, 7-7-109, 7-7-2210, 7-7-2238, 7-7-2251, 7-7-2252, 7-7-2254,
 7 7-7-2255, 7-7-2256, 7-7-2257, 7-7-2259, 7-7-2262, 7-7-2268, 7-7-2269, 7-7-2301, 7-7-2302, 7-7-2304,
 8 7-7-2407, 7-7-2501, 7-7-4209, 7-7-4236, 7-7-4254, 7-7-4255, 7-7-4257, 7-7-4259, 7-7-4262, 7-7-4268,
 9 7-7-4269, 7-7-4301, 7-7-4302, 7-7-4304, 7-7-4422, 7-7-4424, 7-7-4428, 7-7-4432, 7-7-4433, 7-7-4434,
 10 7-12-2174, 7-12-4206, 7-15-4322, 20-9-408, 20-9-412, 20-9-427, 20-9-429, 20-9-430, 20-9-431,
 11 20-9-432, 20-9-433, 20-9-434, 20-15-404, AND 90-5-103, MCA; REPEALING SECTIONS 7-7-2267,
 12 7-7-2275, 7-7-4267, AND 20-9-409, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN
 13 APPLICABILITY DATE."

14
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
 17 ~~Section 1. Section 7-6-204, MCA, is amended to read:~~

18 ~~"7-6-204. Crediting of interest. (1) Unless otherwise provided, interest paid and collected on~~
 19 ~~deposits or investments must be credited to the general fund of the county, city, or town to whose credit~~
 20 ~~the funds are deposited.~~

21 ~~(2) Interest paid and collected on the deposits or investments of the funds of a volunteer fire~~
 22 ~~district or department organized in an unincorporated area under Title 7, chapter 33, part 21 or 23, must~~
 23 ~~be credited to the account of that fire district or department.~~

24 ~~(3) Interest paid and collected on the deposits or investments of the county road fund or county~~
 25 ~~bridge fund may be credited to the county road fund or county bridge fund.~~

26 ~~(4) Interest paid and collected on the deposits or investments of a local board of health, as provided~~
 27 ~~for in 50-2-108 through 50-2-114, may be credited to the account of the local board of health."~~

28
 29 Section 1. Section 7-6-1103, MCA, is amended to read:

30 "7-6-1103. Issuance and sale of short-term obligations -- procedure. (1) The issuance of

1 short-term obligations must be authorized by an ordinance of the governing body that fixes the maximum
 2 amount of the obligations to be issued or, if applicable, the maximum amount ~~which~~ that may be
 3 outstanding at any time, the maximum term and interest rate or rates to be borne ~~thereby~~ by the
 4 obligations, the manner of sale, the maximum price, the form including bearer or registered as provided in
 5 Title 17, chapter 5, part 11, the terms, the conditions, and the covenants of the obligations. Short-term
 6 obligations issued under this section ~~shall~~ must bear ~~such~~ fixed or variable rate or rates of interest ~~as~~ that
 7 the governing body considers to be in the best interests of the local government. Variable rates of interest
 8 may be fixed in relationship to ~~such~~ the standard or index ~~as~~ that the governing body designates.

9 (2) The governing body may sell the short-term obligations at par or at a discount:

10 (a) at private negotiated sale to the board of investments as provided in Title 17, chapter 5, part
 11 16; or

12 (b) at public sale to any other person. Any public sale must be noticed as provided in 7-7-4434~~(2)~~."

13
 14 **Section 2.** Section 7-7-109, MCA, is amended to read:

15 **"7-7-109. Definitions -- sale ~~Sale~~ of notes in anticipation of federal or state revenue or issuance**
 16 **of bonds.** (1) As used in this section, the following definitions apply:

17 (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all
 18 instruments or obligations evidencing or representing indebtedness, or evidencing or representing the
 19 borrowing of money, or evidencing or representing a charge, lien, or encumbrance on specific ~~revenues~~
 20 revenue, special assessments, income, or property of a political subdivision, including all instruments or
 21 obligations payable from a special fund.

22 ~~(b) "Political subdivision" means a county, city, town, school district, irrigation district, rural special~~
 23 ~~improvement district, special improvement district, county water or sewer district, or any other political~~
 24 ~~subdivision of the state, but does not include the state or any board, agency, or commission of the state.~~

25 ~~(e)(b)~~ (b) "Governing body" means the board, council, commission, or other body charged with the
 26 general control of the issuance of bonds of a political subdivision.

27 (c) (i) "Political subdivision" means a county, city, town, school district, irrigation district, rural
 28 special improvement district, special improvement district, county water or sewer district, or any other
 29 political subdivision of the state.

30 (ii) The term does not include the state or any board, agency, or commission of the state.

1 (2) When all conditions exist precedent to the offering for sale of bonds of a political subdivision
 2 in any amount and for any purpose authorized by law and the political subdivision has applied for and
 3 received a commitment for a grant or loan of state or federal funds or has received a commitment from a
 4 person or entity to purchase bonds to aid in payment of costs incurred or to be incurred for the authorized
 5 purpose, its governing body may by resolution issue and sell notes in anticipation of the receipt of the
 6 grant, ~~or loan,~~ or bonds in an amount not exceeding the total amount of bonds authorized and maturing
 7 within not more than 3 years from the date on which such the notes are issued. The outstanding term of
 8 the notes issued under this section may not reduce the term of the bonds otherwise permitted by law.
 9 Before the notes are issued, the political subdivision must receive a written commitment for a grant, loan,
 10 or bond purchase in an amount that is not less than the principal amount of the notes and shall by
 11 resolution agree to fulfill any conditions of the commitment.

12 (3) The proceeds of the grant, ~~or loan,~~ or bonds, when received, ~~shall~~ must be credited to the debt
 13 service fund for the notes as may be needed for their payment, with interest, when due.

14 (4) Any amount of the notes ~~which that~~ cannot be paid at maturity from the proceeds of the grant,
 15 ~~or loan,~~ or bond sale or from any other funds appropriated by the governing body for the purpose ~~shall~~ must
 16 be paid from the proceeds of bonds to be issued and sold before the maturity date, or if sufficient funds
 17 are not available for payment in full of the notes at maturity, ~~these bondholders may, in exchange, the~~
 18 holders of the notes have the right to require the issuance of long-term bonds in exchange for the notes,
 19 with the bonds maturing as amortization bonds, bearing interest at a rate, and secured over a term as
 20 provided in the resolution authorizing the issuance of the notes. If notes are validly issued under then
 21 applicable law, the political subdivision may issue bonds in a principal amount equal to the outstanding
 22 principal amount of the notes, regardless of any limitation in the then applicable law concerning the
 23 principal amount of the bonds. The bonds so issued are secured and subject to the terms and conditions
 24 provided by the law authorizing their issuance. Notes and bonds may be issued as provided in this section
 25 regardless of the amount authorized if the amount which may legally be issued is less than the commitment
 26 for which the grant or loan is made. Before the notes or bonds are issued, the political subdivision must
 27 receive a written commitment for a grant or loan in an amount equal to the remaining estimated costs and
 28 must by resolution provide for the fulfillment of the conditions of the commitment."

29

30 **Section 3.** Section 7-7-2210, MCA, is amended to read:

1 **"7-7-2210. Amortization bonds.** The term "amortization bonds", as used in this part, ~~is hereby~~
 2 ~~defined as meaning~~ means that form of bond on which a part of the principal is required to be paid each
 3 time that interest becomes due and payable, ~~which~~ The part payment of principal increases with each
 4 following installment in the same amount that the interest payment decreases, so that the combined amount
 5 payable on principal and interest is the same on each interest payment date; ~~provided, however, that~~
 6 However, the payment on the initial interest payment date may be less or greater than the amount of other
 7 payments on the bond, reflecting the payment of interest only or the payment of interest for a period
 8 different from that between other interest payment dates. The final payment may vary in amount from the
 9 other payments to the extent resulting from disregarding fractional cents rounding amounts in the other
 10 payments."

11
 12 **Section 4.** Section 7-7-2238, MCA, is amended to read:

13 **"7-7-2238. Resolution to issue sell bonds.** (1) If a sufficient percentage of the qualified electors
 14 entitled to vote at an election voted on the question and a sufficient percentage of votes were cast in favor
 15 of ~~the~~ issuing of bonds as provided in 7-7-2237, the board of county commissioners shall, ~~at a regular or~~
 16 ~~special meeting held within 30 days after the election, pass and~~ adopt a resolution providing for the
 17 issuance calling for the sale of the bonds.

18 (2) The resolution calling for the sale of the bonds must ~~recite~~ state:

- 19 (a) the purpose for which the bonds are to be issued;
 20 (b) the amount of the bonds to be issued;
 21 (c) the minimum purchase price of the bonds;
 22 ~~(e) the maximum rate of interest the bonds may bear;~~
 23 (d) the date ~~they~~ that the bonds will bear;
 24 (e) the period of time through which ~~they~~ the bonds are payable; and
 25 (f) the optional redemption provisions, if any; and
 26 (g) a form of notice of the sale of the bonds.

27 (3) ~~The resolution must provide for the manner of the execution of the bonds.~~ The resolution must
 28 ~~provide that, except in a bond issue of citizen bonds, preference must be given to amortization bonds, but~~
 29 ~~it must~~ fix the denomination of serial bonds in case it is found advantageous to issue bonds in that form.
 30 The board may in its discretion provide that the bonds may be issued and sold in two or more series or

1 installments.

2 (4) ~~The resolution must adopt a form of notice of the sale of the bonds.~~ The board of county
3 commissioners may fix the minimum price for the bonds in an amount less than the principal amount of the
4 bonds, which may not be less than 97% of the principal amount, if the board determines that a sale at that
5 price is in the best interests of the county."

6

7 **Section 5.** Section 7-7-2251, MCA, is amended to read:

8 **"7-7-2251. Form of notice of sale of bonds.** (1) The notice of sale must state the purpose or
9 purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose and
10 must be substantially in the following form:

11 **NOTICE OF SALE OF COUNTY BONDS**

12 Notice is hereby given by the board of county commissioners of County, state of Montana, that
13 the board will on the day of, ~~19~~, at the hour ofm., at the office of the board in the
14 courthouse in the (town or city) of in the said county, sell to the highest and best bidder for cash, ~~either~~
15 ~~amortization or serial~~ general obligation bonds of the county in the principal amount of dollars (\$....) for
16 the purpose of

17 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the board.~~

18 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
19 ~~divided into several bonds, as the board may determine at the time of sale, both principal and interest to~~
20 ~~be payable in semiannual installments during a period of years from the date of issue.~~

21 ~~If serial~~ The bonds are will be issued and sold, they will be in the aggregate principal amount of
22 dollars (\$....) each and will become payable according to the maturity schedule set forth below (set forth
23 maturity schedule adopted by the board of county commissioners) (If the bonds are to be issued as
24 amortization bonds, indicate that here.).

25 The bonds, ~~whether amortization or serial bonds,~~ will bear an original issue date of, ~~19~~..., and
26 will bear pay interest at a rate not exceeding% per annum commencing on the day of (month),
27 ~~19~~..., and will be payable semiannually on the day of (month) and (month) in each year
28 thereafter, and will be redeemable in full (here insert the optional provisions, if any, to be recited in the
29 bonds).

30 The bonds will be sold for not less than ~~their par value~~ \$____, with accrued interest on the principal

1 amount of the bonds to date of delivery, and all bidders ~~must~~ shall state the lowest rate or rates of interest
 2 at which they will purchase the bonds at ~~per~~ the purchase price specified for the bonds. (An interest rate
 3 may not exceed _____ % a year.) The board reserves the right to reject any and all bids and to sell the bonds
 4 at private sale.

5 All bids ~~other than by or on behalf of the board of investments of the state of Montana~~ must be
 6 accompanied by a ~~certified check~~ (insert appropriate bid security as permitted by 18-1-202) in the sum of
 7 dollars, (\$....), payable to the order of the clerk, which will be forfeited by the successful bidder in the
 8 event that the bidder fails or refuses to complete the purchase of the bonds in accordance with the terms
 9 of the bid.

10 All bids must be addressed to the board of county commissioners and delivered to the county clerk.

11 ATTEST:

12 (Chairman Presiding officer, Board of County Commissioners)

13 of County, ~~State of~~ Montana

14

15 (Clerk of the Board of County Commissioners)

16 of County, Montana

17 Address, Montana

18 (2) The form of notice required under this section may be modified to accommodate changes
 19 necessary to issue citizen bonds pursuant to 7-7-2212 through 7-7-2215."

21 **Section 6.** Section 7-7-2252, MCA, is amended to read:

22 "**7-7-2252. Publication of notice of sale of bonds.** The board of county commissioners shall ~~cause~~
 23 ~~such~~ publish notice of the bond sale ~~to be published~~ in the official newspaper of the county as provided
 24 in 17-5-106. The board may in its discretion ~~cause such~~ publish the notice or a summary of the notice ~~to~~
 25 ~~be published~~ in some any financial newspaper newspapers published in the city of New York or ~~in the city~~
 26 ~~of Chicago or in financial newspapers published in each of said cities."~~

28 **Section 7.** Section 7-7-2254, MCA, is amended to read:

29 "**7-7-2254. Procedure for sale of bonds.** (1) The board of county commissioners shall meet at the
 30 time and place fixed in the notice to consider bids for the bonds.

1 (2) The bonds ~~shall~~ may not be sold at ~~not~~ less than ~~par~~ the minimum bid specified for their sale
 2 with accrued interest to date of delivery, and each bidder shall specify ~~the form of bonds to be issued,~~
 3 ~~whether amortization or serial,~~ and the rate of interest and the purchase price at which ~~he~~ the bidder will
 4 purchase the bonds. ~~A bid for amortization bonds shall have preference over a bid for serial bonds, all other~~
 5 ~~things being equal. In determining the kind of bonds to be issued, the board shall take into consideration~~
 6 ~~not only the rate of interest demanded on each kind but also all other known elements affecting the~~
 7 ~~interests of the county.~~ The board shall accept the bid ~~which they shall judge~~ that it judges most
 8 advantageous to the county. The board ~~is authorized to~~ may reject any ~~or all~~ bids and ~~to~~ sell the bonds
 9 at private sale if ~~they deem~~ the board considers it for in the best interests of the county; ~~provided,~~
 10 however, that such bonds shall not be sold at less than par with accrued interest to date of delivery.

11 (3) ~~Consultants'~~ Consultant fees and ~~attorneys'~~ attorney fees may be paid to any person or
 12 corporation for assisting in the proceedings, ~~in the~~ preparation of the bonds, or ~~in~~ negotiating the sale
 13 thereof of the bonds."

14
 15 **Section 8.** Section 7-7-2255, MCA, is amended to read:

16 "**7-7-2255. Form and execution of bonds.** (1) At the time of the sale of the bonds or at a meeting
 17 held ~~thereafter~~ after the sale, the board of county commissioners shall adopt a resolution providing for the
 18 issuance of the bonds, prescribe prescribing the form of the bonds, whether amortization bonds or serial
 19 bonds, and ~~of the coupons to be attached thereto~~ providing the manner of execution of the bonds.

20 (2) Each ~~and every~~ county bond and every each coupon attached ~~thereto~~ to the bond must be
 21 signed by or bear the facsimile signatures of the ~~chairman~~ presiding officer of the board of county
 22 commissioners and the county treasurer and must be attested by the county clerk, provided that one
 23 signature of a county official or the bond registrar must be a manual signature. Each bond ~~shall~~ may have
 24 the county seal or its facsimile affixed thereto imprinted on the bond."

25
 26 **Section 9.** Section 7-7-2256, MCA, is amended to read:

27 "**7-7-2256. Printing of bonds.** (1) Except as provided in subsection (2), the county clerk, under the
 28 direction of the board, shall ~~cause~~ have the bonds, ~~with coupons attached thereto,~~ to be printed or
 29 lithographed at the expense of the county at lowest commercial rates. The bonds may be typewritten with
 30 the purchaser's consent.

1 (2) A purchaser of ~~such~~ the bonds may furnish the ~~same~~ bonds to the county for execution if the
 2 ~~same~~ execution is done at ~~his~~ the purchaser's own expense and without expense to the county."

3
 4 **Section 10.** Section 7-7-2257, MCA, is amended to read:

5 **"7-7-2257. Registration of bonds.** (1) When ~~duly~~ executed by the officers of the county ~~as herein~~
 6 ~~provided~~, the bonds shall must be registered by the county treasurer ~~in a book provided for that purpose~~
 7 before being delivered to the purchaser.

8 (2) ~~Such~~ The registration shall must show:

9 ~~(a) the number and amount of each bond;~~

10 ~~(b)(a) the date of issue, date redeemable~~ the maturities of the bonds subject to early redemption
 11 and the redemption dates, and the date when the ~~same~~ bonds ~~becomes~~ become due; and

12 ~~(e)(b) the amount of all payments of both principal and interest required to be made on each bond,~~
 13 with the dates when the ~~same~~ payments ~~are required to~~ must be paid; and

14 ~~(d) the name and address of the purchaser."~~

15
 16 **Section 11.** Section 7-7-2259, MCA, is amended to read:

17 **"7-7-2259. Delivery of bonds.** ~~(1) If the board of investments is the purchaser of the bonds, the~~
 18 ~~county treasurer shall forward the registered bonds to the department of commerce. The department shall~~
 19 ~~deliver them to the state treasurer, and payment therefor shall be made in the manner provided by law.~~

20 ~~(2) If the bonds are purchased by other investors, the~~ The county treasurer shall deliver the bonds
 21 to the purchaser upon receiving full payment ~~therefor~~ for the bonds."

22
 23 **Section 12.** Section 7-7-2262, MCA, is amended to read:

24 **"7-7-2262. Payment of principal and interest.** The county treasurer shall pay from the proper
 25 sinking and interest fund the interest and principal of each issue or series of outstanding bonds, as ~~such~~
 26 the interest and principal become due and at the place where ~~said~~ the bonds are payable, upon the
 27 presentation and surrender of the coupon ~~or coupons~~ or bond ~~or bonds~~ to be paid. ~~If the bonds are held~~
 28 ~~by the state of Montana, then all such payments shall be made at the office of the state treasurer, who~~
 29 ~~shall cancel the coupons or bonds and return the same to the county treasurer, together with his receipt."~~

1 **Section 13.** Section 7-7-2268, MCA, is amended to read:

2 **"7-7-2268. Redemption of bonds.** (1) Whenever there is available money in any sinking and interest
3 fund over and above the amount required for payment of principal and interest becoming due on the next
4 interest payment date and sufficient to pay and redeem one or more outstanding bonds, or principal
5 installments in the case of amortization bonds, of the issue or series to which the sinking and interest fund
6 belongs, which bonds are not yet due but are then redeemable or will become redeemable on or before the
7 next interest payment date, the county treasurer shall apply the available money in redemption of as many
8 of the bonds, or principal installments in the case of amortization bonds, as the available money will pay
9 and redeem to a redemption date on or before the next interest payment date, as fixed by the county
10 treasurer.

11 (2) The county treasurer shall give notice, by mail sent at least 30 days before the redemption date,
12 to the holder of the bonds, if ownership of the bonds is registered or is otherwise known to the treasurer,
13 to the registered owners at their addresses as they appear in the bond registration books, ~~or~~ and to any
14 bank or financial institution at which the bonds are payable, ~~by mail sent at least 15 days before the~~
15 ~~redemption date,~~ that the bonds or principal installments will be paid and redeemed on that date. A defect
16 in or failure to give notice may not affect the validity of the proceedings for the redemption of a bond or
17 principal installment not affected by the defect or failure. If the ownership of the bonds is not registered,
18 the county treasurer shall also publish in the official newspaper of the county or other newspaper
19 designated in the resolution authorizing the issuance of the bonds, ~~once, a week for 2 consecutive weeks~~
20 ~~immediately preceding~~ not less than 30 days prior to the interest payment redemption date, a notice that
21 the bonds or principal installments have been called for redemption and will be paid in full on the
22 redemption date. If actual notice of the call has been ~~given through a different means for its redemption~~
23 received, the holder of a bond may waive published or mailed notice.

24 (3) If the bonds or principal installments are payable at ~~some~~ a bank or financial institution, the
25 county treasurer shall remit to the bank or financial institution, before the redemption date, an amount
26 sufficient to pay and redeem the bonds or principal installments with interest accrued on the bonds or
27 principal installments. If the bonds are not presented for payment and redemption on the redemption date,
28 interest ceases on that date if the funds for payment and redemption have been deposited in a bank or
29 financial institution."

30

1 **Section 14.** Section 7-7-2269, MCA, is amended to read:

2 **"7-7-2269. Order of redemption of bonds.** All bonds or principal installments of amortization bonds
3 to be redeemed under the provisions of ~~7-7-2267 or~~ 7-7-2268 may be paid and redeemed in the order that
4 the county treasurer selects, consistent with the provisions of the resolution authorizing the issuance of
5 the bonds."

6

7 **Section 15.** Section 7-7-2301, MCA, is amended to read:

8 **"7-7-2301. Authority to issue refunding general obligation bonds.** (1) The board of county
9 commissioners of ~~every~~ each county of the state ~~is hereby vested with the power and authority to~~ may
10 issue, negotiate, and sell coupon bonds on the credit of the county, as ~~more specifically~~ provided in ~~this~~
11 ~~part and~~ part 22 and this part, for the purpose of refunding, paying, and redeeming optional, redeemable,
12 or maturing bonds when:

13 (a) there are not sufficient funds available to pay ~~such~~ the bonds or there is a reduction in debt
14 service as a result of issuing refunding bonds pursuant to 7-7-2304; and

15 (b) it is ~~deemed~~ considered in the best interests of the county to refund ~~such~~ the bonds.

16 (2) (a) The board ~~shall have~~ has the ~~power and~~ authority to negotiate with the holders of the bonds
17 of ~~said~~ the county for an agreement or agreements whereby ~~said~~ the bondholders agree to accept less than
18 the full amount of ~~such~~ the bonds and the accrued unpaid interest ~~thereon~~ on the bonds in as full payment
19 and satisfaction ~~thereof~~ of the bonds, to enter into ~~such~~ the agreement or agreements, and to issue
20 refunding bonds for the amount agreed upon whenever:

21 (i) the total indebtedness of a county exceeds 5% of the value of the taxable property ~~therein~~ in
22 the county; and

23 (ii) the board of county commissioners of ~~said~~ the county ~~finds and~~ determines that the county is
24 unable to pay and discharge ~~such~~ the indebtedness in full.

25 (b) These bonds may be issued in more than one series if the circumstances ~~so~~ require, and each
26 series may be either amortization bonds or serial bonds. The plan agreed upon between the board and the
27 bondholders ~~shall~~ must be embodied in full in the resolution providing for the issue of ~~such~~ the bonds."

28

29 **Section 16.** Section 7-7-2302, MCA, is amended to read:

30 **"7-7-2302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-2203 through

1 7-7-2207, 7-7-2209 through 7-7-2211, 7-7-2222, 7-7-2255 through 7-7-2266, 7-7-2268 through
 2 7-7-2270, and 7-7-2272 through 7-7-2274 apply to refunding bonds issued under this part; however, the
 3 board of county commissioners may at its option sell bonds issued under this part at a private negotiated
 4 sale or at a public sale conducted pursuant to the provisions of 7-7-2251, 7-7-2252, and 7-7-2254.

5 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded
 6 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
 7 for the purposes of 7-7-2211."

8
 9 **Section 17.** Section 7-7-2304, MCA, is amended to read:

10 **"7-7-2304. Interest rate on refunding general obligation bonds.** (1) Except as provided in
 11 subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at
 12 least 1/2 of 1% less than the outstanding bonds ~~which~~ that are to be refunded.

13 (2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance
 14 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt
 15 service cost to the county.

16 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
 17 outstanding bonds if there is a reduction of total debt service cost to the county."

18
 19 **Section 18.** Section 7-7-2407, MCA, is amended to read:

20 **"7-7-2407. Restriction on use of loan proceeds.** All money borrowed by or on behalf of any county
 21 must be used only for the purpose specified ~~in the~~ by law ~~authorizing the loan."~~

22
 23 **Section 19.** Section 7-7-4209, MCA, is amended to read:

24 **"7-7-4209. Amortization bonds.** The term "amortization bonds", as used in this part, ~~is hereby~~
 25 ~~defined as meaning~~ means that form of bond on which a part of the principal is required to be paid each
 26 time that interest becomes due and payable, ~~which~~ The part payment of principal increases with each
 27 following installment in the same amount that the interest payment decreases, so that the combined amount
 28 payable on both principal and interest is the same on each interest payment date; ~~provided, however~~
 29 However, that the payment on the initial payment date may be less or greater than the amount of other
 30 payments on the bond, reflecting the payment of interest only or the payment of interest for a period

1 different from that between other interest payment dates. The final payment may vary in amount from the
 2 other payments to the extent resulting from ~~disregarding fractional cents~~ rounding amounts in the other
 3 payments."

4
 5 **Section 20.** Section 7-7-4236, MCA, is amended to read:

6 **"7-7-4236. Resolution to ~~issue~~ sell bonds.** (1) ~~If a sufficient percentage of the qualified electors~~
 7 ~~of the city or town entitled to vote on the question of issuing bonds voted thereon and a sufficient~~
 8 ~~percentage of the votes were cast in favor of the issuing of the bonds~~ has been approved as provided in
 9 7-7-4235, the city or town council shall, ~~at a regular or special meeting held within 30 days thereafter,~~ pass
 10 a resolution ~~providing for the issuance~~ calling for the sale of the bonds.

11 (2) The resolution ~~shall recite~~ calling for the sale of the bonds must state:

12 (a) the purpose for which the bonds are to be issued;

13 (b) the amount ~~thereof~~ of the bonds to be issued;

14 (c) ~~the maximum rate of interest the bonds may bear~~ the minimum purchase price of the bonds;

15 (d) the date ~~they shall~~ that the bonds will bear;

16 (e) the period of time through which ~~they~~ the bonds are payable; ~~and~~

17 (f) the optional redemption provisions, if any;

18 ~~{(g) that any a bond may be redeemed in full, at the option of the city or town, on any interest~~
 19 ~~payment date after expiration of one-half of the term for which the bond was issued-; and~~

20 (h) a form of notice of the sale of the bonds.

21 (3) The resolution ~~shall provide for the manner of execution of the bonds. It shall must provide that,~~
 22 ~~except in a bond issue of citizen bonds, preference shall be given amortization bonds but shall fix the~~
 23 ~~denomination of serial bonds in case it shall be is found advantageous to issue bonds in that form. The~~
 24 ~~council may in its discretion provide that such the bonds may be issued and sold in two or more series or~~
 25 ~~installments.~~

26 (4) ~~The resolution shall adopt a form of notice of the sale of the bonds. The city or town council~~
 27 ~~may fix the minimum price for the bonds in an amount not less than 97% of the face value if the city or~~
 28 ~~town council determines that the sale is in the best interests of the city or town."~~

29
 30 **Section 21.** Section 7-7-4254, MCA, is amended to read:

1 **"7-7-4254. Procedure for sale of bonds.** (1) The city or town council shall meet at the time and
2 place fixed in the notice to consider bids for the bonds.

3 (2) The bonds ~~shall~~ may not be sold at ~~not~~ less than par ~~the minimum bid specified for their sale~~
4 with accrued interest to date of delivery, and each bidder shall specify ~~the form of bonds to be issued,~~
5 ~~whether amortization or serial, and~~ the rate of interest and the purchase price at which ~~he~~ the bidder will
6 purchase the bonds. ~~A bid for amortization bonds shall have preference over a bid for serial bonds, all other~~
7 ~~things being equal. In determining the kind of bonds to be issued, the council shall take into consideration~~
8 ~~not only the rate of interest demanded on each kind but also all other known elements affecting the~~
9 ~~interests of the city or town.~~ The council shall accept the bid that it considers judges most advantageous
10 to the city or town. The council may reject any ~~and all~~ bids and sell the bonds at private sale if ~~this is~~
11 ~~considered to be~~ the council considers it in the best interests of the city or town; ~~provided, however, that~~
12 ~~the bonds may not be sold at less than par with accrued interest to date of delivery.~~

13 (3) ~~Consultants'~~ Consultant fees and ~~attorneys'~~ attorney fees may be paid to any person or
14 corporation for assisting in the proceedings, in the preparation of the bonds, or in negotiating the sale
15 thereof of the bonds."

16

17 **Section 22.** Section 7-7-4255, MCA, is amended to read:

18 **"7-7-4255. Form and execution of bonds.** (1) At the time of the sale of the bonds or at a meeting
19 held ~~thereafter~~ after the sale, the city or town council shall ~~prescribe~~ adopt a resolution providing for the
20 issuance of the bonds, prescribing the form of the bonds, whether amortization or serial bonds, and of the
21 ~~coupons to be attached thereto~~ providing the manner of execution of the bonds.

22 (2) Each ~~and every~~ bond and ~~every~~ each coupon attached ~~thereto~~ to a bond must be signed by or
23 bear the facsimile signatures of the mayor and the treasurer of the city or town ~~and by the treasurer thereof~~
24 and must be attested by the city or town clerk, provided that one signature of a city or town official or the
25 bond registrar must be a manual signature. Each bond ~~shall~~ may have the city or town seal ~~affixed thereto~~
26 or its facsimile imprinted on the bond."

27

28 **Section 23.** Section 7-7-4257, MCA, is amended to read:

29 **"7-7-4257. Registration of bonds.** (1) When ~~duly~~ executed by the officers of the city or town ~~as~~
30 ~~herein provided~~, the bonds ~~shall~~ must be registered by the city treasurer or town clerk ~~in a book provided~~

1 for that purpose before being delivered to the purchaser.

2 (2) ~~Such~~ The registration ~~shall~~ must show:

3 ~~(a) the number and amount of each bond;~~

4 ~~(b)(a) the date of issue, date redeemable,~~ the maturities of the bonds subject to early redemption,
5 the redemption dates, and ~~date~~ the dates when the ~~same~~ principal and interest on the bonds will become
6 due; and

7 ~~(e)(b) the amount of all payments of both principal and interest required to be made on each bond,~~
8 with the dates when the ~~same~~ payments are ~~required to~~ must be made; and

9 ~~(d) the name and address of the purchaser."~~

10
11 **Section 24.** Section 7-7-4259, MCA, is amended to read:

12 "**7-7-4259. Delivery of bonds.** ~~(1) If the board of investments is the purchaser of the bonds, the~~
13 ~~city treasurer or town clerk shall forward the registered bonds to the department of commerce. The~~
14 ~~department shall deliver them to the state treasurer, and payment therefor shall be made in the manner~~
15 ~~provided by law.~~

16 ~~(2) If the bonds are purchased by other investors, the~~ The city treasurer or town clerk shall deliver
17 the bonds to the purchaser upon receiving full payment ~~therefor~~ for the bonds."

18
19 **Section 25.** Section 7-7-4262, MCA, is amended to read:

20 "**7-7-4262. Payment of principal and interest.** The city treasurer or town clerk shall pay from the
21 proper sinking and interest fund the interest and principal of each issue or series of outstanding bonds, as
22 ~~such~~ the interest and principal become due and at the place where ~~such~~ the bonds are payable, upon
23 presentation and surrender of the coupon ~~or coupons~~ or bond ~~or bonds~~ to be paid. ~~If the bonds are held~~
24 ~~by the state, then all such payments shall be made at the office of the state treasurer, who shall cancel the~~
25 ~~coupons or bonds and return the same to the city treasurer or town clerk, together with his receipt~~
26 ~~therefor."~~

27
28 **Section 26.** Section 7-7-4268, MCA, is amended to read:

29 "**7-7-4268. Redemption of bonds.** (1) Whenever there is available money in any sinking and interest
30 fund over and above the amount required for payment of principal and interest becoming due on the next

1 interest payment date and sufficient to pay and redeem one or more of the outstanding bonds of the issue
 2 or series to which the sinking and interest fund belongs, which bonds are not yet due but are then
 3 redeemable or will become redeemable on or before the next interest payment date, the city treasurer or
 4 town clerk shall apply the available money in redemption of as many of the bonds as the available money
 5 will pay and redeem to a redemption date on or before the next interest payment date, as fixed by the city
 6 treasurer or town clerk.

7 (2) The city treasurer or town clerk shall ~~give notice to~~ notify the holder of the bond or bonds, if
 8 ownership of the bonds is registered or is otherwise known to the treasurer, ~~to~~ the registered owners at
 9 their addresses as they appear in the bond registration books, ~~or to~~ and any bank or financial institution at
 10 which the bonds are payable, by mail sent at least ~~45~~ 30 days before the redemption date, that bonds will
 11 be redeemed and paid on that date. A defect in or failure to give notice may not affect the validity of the
 12 proceedings for the redemption of a bond or principal installment not affected by the defect or failure. If
 13 the ownership of the bonds is not registered, the city treasurer or town clerk shall also publish in a
 14 newspaper of general circulation printed and published in the city or town and, if there is none, then in a
 15 newspaper of general circulation in the city or town printed and published in the county in which the city
 16 or town is situated a notice that the bond or bonds have been called for redemption and will be paid in full
 17 on the redemption date. The notice must be published once, ~~a week for 2 successive weeks immediately~~
 18 ~~preceding~~ not less than 30 days prior to the interest payment redemption date. If actual notice of the call
 19 has been ~~given through a different means for its redemption~~ received, the holder of a bond may waive
 20 published or mailed notice.

21 (3) If the bonds are payable at a bank or financial institution, the city treasurer or town clerk shall
 22 remit to the bank or financial institution, before the redemption date, an amount sufficient to pay and
 23 redeem the bonds. If the bonds are not presented for redemption and payment on the redemption date,
 24 interest ceases on that date if the funds have been deposited in the bank or financial institution."

25

26 **Section 27.** Section 7-7-4269, MCA, is amended to read:

27 **"7-7-4269. Order of redemption of bonds.** All bonds to be redeemed under the provisions of
 28 ~~7-7-4267 or 7-7-4268~~ may be redeemed in the order that the city treasurer or city clerk selects, consistent
 29 with the provisions of the resolution authorizing the issuance of the bonds."
 30

1 **Section 28.** Section 7-7-4301, MCA, is amended to read:

2 **"7-7-4301. Authorization to issue refunding general obligation bonds.** The city or town council ~~has~~
3 ~~power to~~ may contract an indebtedness on behalf of a city or town, upon the credit ~~thereof~~ of the city or
4 town, by issuing bonds for the funding of outstanding warrants and maturing bonds when there are not
5 sufficient funds available to pay the outstanding warrants or maturing bonds or when there is a reduction
6 in debt service as a result of refunding pursuant to 7-7-4304."

7
8 **Section 29.** Section 7-7-4302, MCA, is amended to read:

9 **"7-7-4302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-4201 through
10 7-7-4206, 7-7-4208 through 7-7-4210, 7-7-4255 through 7-7-4266, 7-7-4268 through 7-7-4270, and
11 7-7-4272 through 7-7-4274 apply to refunding bonds issued under this part; however, the city or town
12 council may at its option sell bonds issued under this part at a private negotiated sale or at a public sale
13 conducted pursuant to the provisions of 7-7-4251, 7-7-4252, and 7-7-4254.

14 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded
15 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
16 for the purposes of 7-7-4210."

17
18 **Section 30.** Section 7-7-4304, MCA, is amended to read:

19 **"7-7-4304. Interest rate on refunding general obligation bonds.** (1) Except as provided in
20 subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at
21 least 1/2 of 1% less than the interest rate of the outstanding bonds to be refunded.

22 (2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance
23 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt
24 service cost to the city or town.

25 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
26 outstanding bonds if there is a reduction of total debt service cost to the county."

27
28 **Section 31.** Section 7-7-4422, MCA, is amended to read:

29 **"7-7-4422. Determination of cost.** The governing body of ~~the~~ a municipality, in determining cost
30 for purposes of 7-7-4421, may include:

- 1 (1) all costs and estimated costs of the issuance of ~~said~~ revenue bonds, including a permissible
- 2 underwriter's discount, if any;
- 3 (2) all engineering, inspection, fiscal, and legal expenses; and
- 4 (3) interest ~~which it is estimated will~~ to accrue during the construction period and for 6 months
- 5 ~~thereafter~~ after construction on money borrowed or which on money that it is estimated will be borrowed
- 6 pursuant to this part."

7

8 **Section 32.** Section 7-7-4424, MCA, is amended to read:

9 **"7-7-4424. Undertakings to be self-supporting.** (1) The governing body of a municipality issuing

10 bonds pursuant to this part shall prescribe and collect reasonable rates, fees, or charges for the services,

11 facilities, and commodities of ~~such~~ the undertaking and shall revise ~~such~~ the rates, fees, or charges from

12 time to time whenever necessary so that ~~such~~ the undertaking ~~shall be and always remain~~ is and remains

13 self-supporting. The property taxes specifically authorized to be levied for the general purpose served by

14 an undertaking or resort taxes approved, levied, and appropriated to an undertaking in compliance with

15 7-6-4461 through 7-6-4469 constitute revenue of the undertaking and may not result in an undertaking

16 being considered not self-supporting.

17 (2) The rates, fees, or charges prescribed, along with any appropriated property or resort tax

18 collections, shall must be such as will produce revenue at least sufficient to:

19 (a) pay when due all bonds and interest ~~thereon~~ on the bonds, for the payment of which ~~such~~ the

20 revenue ~~is or shall have~~ has been pledged, charged, or otherwise encumbered, including reserves ~~therefor~~

21 for the bonds; and

22 (b) provide for all expenses of operation and maintenance of ~~such~~ the undertaking, including

23 reserves ~~therefor.~~"

24

25 **Section 33.** Section 7-7-4428, MCA, is amended to read:

26 **"7-7-4428. Covenants in resolution authorizing issuance of bonds.** Any resolution or resolutions

27 authorizing the issuance of bonds under this part may contain covenants as to:

28 (1) the purpose or purposes to which the proceeds of sale of ~~said~~ the bonds may be applied and

29 the use ~~and~~ disposition ~~thereof~~ of the proceeds;

30 (2) the use and disposition of the revenue of the undertaking for which ~~said~~ the bonds are to be

1 issued, including the creation and maintenance of reserves and including the pledge or appropriation of all
 2 or a portion of the property and resort tax revenue referred to in 7-7-4424;

3 (3) the transfer, from the general fund of the municipality to the account or accounts of the
 4 undertaking, of an amount equal to the cost of furnishing ~~such~~ the municipality or any of its departments,
 5 boards, or agencies with the services, facilities, ~~and/or~~ or commodities of ~~said~~ the undertaking;

6 (4) the issuance of other or additional bonds payable from the revenue of ~~said~~ the undertaking;

7 (5) the operation and maintenance of ~~such~~ the undertaking;

8 (6) the insurance to be carried ~~thereon~~ on the undertaking and the use and disposition of insurance
 9 money;

10 (7) books of account and the inspection and audit ~~thereof~~ of the books; and

11 (8) the terms and conditions upon which the holders or trustees of ~~said~~ the bonds or any proportion
 12 of ~~them or any trustee therefor~~ the bonds ~~shall be~~ are entitled to the appointment of a receiver by the
 13 district court, ~~which court shall have~~ having jurisdiction, in such proceedings and which The receiver may;

14 (a) enter and take possession of ~~said~~ the undertaking;

15 (b) operate and maintain the ~~same~~ undertaking;

16 (c) prescribe rates, fees, or charges, subject to the approval of the public service commission of
 17 ~~Montana~~; and

18 (d) collect, receive, and apply all revenue thereafter arising ~~therefrom~~ from the undertaking in the
 19 same manner as the municipality itself might do."

20

21 **Section 34.** Section 7-7-4432, MCA, is amended to read:

22 **"7-7-4432. Details relating to revenue bonds. (1)** Bonds authorized to be issued under this part;
 23 shall

24 (a) must bear interest at ~~such~~ a rate or rates not exceeding the limitation of 17-5-102, ~~payable~~
 25 ~~semiannually~~;

26 (b) may be issued in one or more series;

27 (c) may bear ~~such~~ a date or dates;

28 (d) may mature at ~~such~~ a time or times not exceeding 40 years from their respective dates of issue;

29 (e) may be payable in ~~such~~ a place or places;

30 (f) may carry ~~such~~ registration privileges;

1 (g) may be subject to ~~such~~ terms of redemption;

2 (h) may be executed ~~in such manner~~;

3 (i) may contain ~~such~~ terms, covenants, and conditions; and

4 (j) may be in ~~such form, either coupon or registered form~~, as ~~such~~ provided by the initial resolution
5 or subsequent resolutions ~~may provide~~.

6 (2) The governing body may fix the minimum price for the bonds in an amount less than the
7 principal amount of the bonds but not less than 97% of the principal amount if it determines that a sale at
8 that price is in the best interests of the undertaking."

9

10 **Section 35.** Section 7-7-4433, MCA, is amended to read:

11 "**7-7-4433. Sale of bonds.** (1) Bonds authorized to be issued under this part ~~shall~~ must be sold
12 at ~~not less than par~~ a price not less than that prescribed by the governing body, plus interest to the date
13 of delivery of the bonds.

14 (2) (a) ~~Said~~ The bonds may be sold at private sale to the United States or the state of Montana or
15 any agency, instrumentality, or corporation ~~thereof~~ of the United States or the state.

16 (b) Unless sold to the United States or the state of Montana or an agency, instrumentality, or
17 corporation ~~thereof~~ of the United States or the state, ~~said~~ the bonds ~~shall~~ must be sold at public sale after
18 notice of ~~such~~ the sale."

19

20 **Section 36.** Section 7-7-4434, MCA, is amended to read:

21 "**7-7-4434. Notice of sale of bonds.** ~~(1) Except as provided in subsection (2), the~~ The notice of
22 sale of bonds required by 7-7-4433(2)(b) ~~shall~~ must be published once at least 5 days prior to ~~such~~ the
23 sale:

24 ~~(a) in a newspaper circulating in the municipality;~~ of general circulation in the state, and the
25 governing body may publish the notice or summary of the notice

26 ~~(b) in a financial newspaper published in the city of New York, New York, or the city of Chicago,~~
27 Illinois, or the city of San Francisco, California.

28 ~~(2) In the event the bond issue is in an amount of less than \$150,000, the bond issue shall be~~
29 advertised at least 5 days prior to such sale:

30 ~~(a) in daily newspapers circulating in Montana cities of 10,000 population or over, in lieu of~~

1 ~~advertising in a financial newspaper in New York, Chicago, or San Francisco; and~~

2 ~~(b) also in a newspaper as specified in part 24 of chapter 5 if that newspaper is different from the~~
 3 ~~daily newspapers circulating in Montana cities of 10,000 population or over."~~

4
 5 **Section 37.** Section 7-12-2174, MCA, is amended to read:

6 **"7-12-2174. Redemption of bonds and warrants.** (1) The county treasurer shall first pay out of
 7 the proper special improvement district fund, on each interest payment date, the interest on all outstanding
 8 warrants or bonds on presentation of the coupons belonging ~~thereto~~ to the warrants or bonds or otherwise
 9 then payable and the principal, if any, then payable on the warrants or bonds. Any funds remaining in the
 10 fund ~~shall~~ must be applied to the redemption of the warrants or bonds in the order of their registration as
 11 ~~provided in subsection (2)~~ specified in the resolution authorizing the issuance of the bonds.

12 (2) Special improvement district warrants or bonds ~~shall~~ must be redeemed on any interest payment
 13 date from the proceeds of the bonds or warrants remaining after payment of all costs of the improvements,
 14 as provided in 7-12-2173, or from the prepayment of assessments levied in the district. Special
 15 improvement district bonds or warrants ~~are~~ may otherwise be subject to redemption and prepayment ~~at the~~
 16 ~~option of the county~~ as provided in the resolution on any interest payment date.

17 (3) The date of redemption ~~shall~~ must be fixed by the county treasurer and ~~shall~~ may not be less
 18 than ~~40~~ 30 days after the date of publication or of mailing of the notice. The county treasurer shall give
 19 written notice to the holders of the warrants or bonds to be redeemed, if their addresses are known, of the
 20 number of warrants or bonds to be redeemed and the date on which payment will be made. If the
 21 addresses of the holders of all bonds or warrants to be redeemed are not known, the county treasurer shall
 22 publish notice of redemption once in a newspaper ~~published in~~ of general circulation in the county. On the
 23 date fixed for redemption, interest ~~shall~~ must cease."

24
 25 **Section 38.** Section 7-12-4206, MCA, is amended to read:

26 **"7-12-4206. Redemption of bonds and warrants.** (1) Special improvement district warrants or
 27 bonds ~~shall~~ must be redeemed on any interest payment date from the proceeds of the bonds or warrants
 28 remaining after payment of all costs of the improvements, as provided in 7-12-4205, or from the
 29 prepayment of assessments levied in the district. Special improvement district bonds or warrants ~~are~~ may
 30 be otherwise subject to redemption and prepayment at the option of the city, ~~in order of registration, on~~

1 ~~any interest payment date~~ as provided in the resolution authorizing the issuance of the bonds.

2 (2) The date of redemption ~~shall~~ must be fixed by the treasurer and may not be less than ~~40~~ 30
3 days after the date of publication or mailing of the notice, and on the date ~~so~~ fixed, interest ceases. The
4 treasurer shall give written notice to the holders of the warrants or bonds to be redeemed, if their addresses
5 are known, of the number of warrants or bonds to be redeemed and the date on which payment will be
6 made. If the addresses of the holders of all bonds or warrants to be redeemed are not known, the treasurer
7 shall publish notice of redemption once in a newspaper published in the city."

8

9 **Section 39.** Section 7-15-4322, MCA, is amended to read:

10 **"7-15-4322. Details relating to urban renewal bonds.** (1) Bonds issued under 7-15-4301 may be
11 issued in one or more series and ~~shall~~ must bear ~~such a~~ such a date or dates, be payable upon demand or mature
12 at ~~such a~~ such a time or times, bear interest as provided in 17-5-102, be in ~~such~~ denomination or denominations,
13 be in ~~such~~ form (either coupon or registered), carry ~~such~~ conversion or registration privileges, have ~~such~~
14 rank or priority, be executed in ~~such a~~ such a manner, be payable in ~~such a~~ such a medium of payment at ~~such a~~ such a place
15 or places, be subject to ~~such~~ terms of redemption (with or without premium), be secured in ~~such a~~ such a manner,
16 and have ~~such~~ other characteristics as may be provided by the resolution, ordinance, or trust indenture or
17 a mortgage authorized pursuant thereto to the resolution, ordinance, or trust indenture.

18 (2) (a) The bonds may be sold at not less than ~~98%~~ 97% of par, at public or private sale, or may
19 be exchanged for other bonds on the basis of par.

20 (b) The bonds may be sold to the federal government at private sale at not less than par, and if less
21 than all of the authorized principal amount of the bonds is sold to the federal government, the balance may
22 be sold, at public or private sale, at not less than ~~98%~~ 97% of par at an interest cost to the municipality
23 of not to exceed the interest cost ~~to the municipality~~ of the portion of the bonds sold to the federal
24 government."

25

26 **Section 40.** Section 20-9-408, MCA, is amended to read:

27 **"20-9-408. Definition of forms of bonds.** As used in this title, part ~~unless the context clearly~~
28 ~~indicates otherwise:~~

29 (1) "amortization ~~bonds bond~~" means ~~the that~~ that form of ~~bonds bond~~ bonds bond on which a part of the principal
30 must is required to be paid each time that interest becomes due and payable. The part payment of principal

1 increases at with each following installment in the same amount that the interest payment decreases-, so
 2 that the The combined interest and principal due on each due date remains the same until the bonds are
 3 paid amount payable on principal and interest is the same on each payment date. However, the payment
 4 on the initial interest payment date may be less or greater than the amount of other payments on the bond,
 5 reflecting the payment of interest only or the payment of interest for a period different from that between
 6 other interest payment dates. The final payment may vary from prior payments in the amount resulting from
 7 disregarding fractional cents in as a result of rounding prior payments.

8 (2) "serial bonds" means a bond issue payable in annual installments commencing not more than
 9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
 10 amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds
 11 maturing in the immediately preceding installment."

12
 13 **Section 41.** Section 20-9-412, MCA, is amended to read:

14 **"20-9-412. Issuance of refunding bonds without an election.** (1) Bonds of a school district issued
 15 for the purpose of providing the money needed to redeem outstanding bonds may be issued without
 16 submitting the proposition to the electorate at an election. In order to issue refunding bonds, the trustees,
 17 at a regular meeting or a special meeting, shall adopt a resolution setting forth:

- 18 (a) the facts regarding the outstanding bonds that are to be redeemed;
- 19 (b) the reasons for issuing new bonds; and
- 20 (c) the term and details of the new bond issue.

21 (2) After the adoption of the resolution, the trustees shall:

- 22 (a) sell the bonds at a private negotiated sale; or
- 23 (b) at their option, give notice of the sale of the new bonds in the same manner that notice is
 24 required to be given for the sale of bonds authorized at a school election and sell the new bonds in open
 25 competitive bidding, by written bids or by sealed bids.

26 (3) Except for bonds refunded by a school district under the provisions of Title 17, chapter 5, part
 27 16, including any variable rate finance program so authorized, bonds may not be refunded by the issuance
 28 of new bonds unless the rate of interest offered on the new bonds is at least 1/2 of 1% ~~per annum~~ a year
 29 less than the rate of interest in the bonds to be refunded or redeemed.

30 (4) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded

1 portion of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue
 2 for the purposes of 20-9-408.

3 (5) Refunding bonds may be issued in a principal amount greater than the principal amount of the
 4 outstanding bonds if there is a reduction of total debt service cost to the district.

5 ~~(4)~~(6) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds
 6 in advance of the date on which the bonds mature or are subject to redemption, provided the proceeds of
 7 the refunding bonds, less any accrued interest or premium received upon the sale of the bonds, are
 8 deposited with other funds appropriated to the payment of the outstanding bonds in escrow with a suitable
 9 banking institution in or out of the state. Funds deposited must be invested in securities that are general
 10 obligations of the United States or the principal and interest of which are guaranteed by the United States
 11 and that mature or are callable at the option of the holder on the dates and bear interest at the rates and
 12 payable on the dates required to provide funds sufficient, with any cash retained in the escrow account,
 13 to pay when due the interest to accrue on each refunded bond to its maturity or redemption date, if called
 14 for redemption, ~~and~~ to pay the principal of the bond at maturity or upon the redemption date, and to pay
 15 any redemption premium. The escrow account must be irrevocably appropriated to the payment of the
 16 principal of and interest and redemption premium, if any, on the refunded bonds. Funds to the credit of
 17 the debt service fund for the payment of the refunded bonds and not required for the payment of principal
 18 of or interest on the bonds due prior to issuance of the refunding bonds may be appropriated by the district
 19 to the escrow account. The school district may pay the reasonable costs and expenses of printing the
 20 refunding bonds and of establishing and maintaining the escrow account. Bonds refunded pursuant to this
 21 part are not to be considered outstanding for purposes of 20-9-406 or any other debt limitation."
 22

23 **Section 42.** Section 20-9-427, MCA, is amended to read:

24 **"20-9-427. Notice of bond election by separate purpose.** (1) ~~Any~~ A school district bond election
 25 ~~shall~~ must be conducted in accordance with the school election provisions of this title, except that the
 26 election notice ~~required therein shall~~ must be in substantially the following form:

27 NOTICE OF SCHOOL DISTRICT BOND ELECTION

28 Notice is hereby given by the trustees of School District No. of County, state of Montana,
 29 that pursuant to a certain resolution ~~duly~~ adopted at a meeting of the board of trustees of ~~said~~ the school
 30 district held on the day of, ~~A.D., 19~~, an election of the registered electors of School District No.

1 of County, state of Montana, will be held on the day of, ~~A.D., 19~~, at for the purpose
 2 of voting upon the question of whether or not the trustees ~~shall be authorized to~~ may issue and sell bonds
 3 of ~~said~~ the school district in the amount of dollars (\$....), bearing interest at a rate not more than
 4 percent (....%) ~~per annum~~ a year, payable semiannually, for the purpose of (here state purpose). The
 5 ~~bonds to be issued will be either amortization or serial bonds, and amortization bonds will be the first choice~~
 6 ~~of the board of trustees.~~ The bonds to be issued, ~~whether amortization or serial bonds,~~ will be payable in
 7 installments over a period not exceeding (state number) years.

8 The polls will be open from o'clockm. and until o'clockm. of the ~~said~~ election day.
 9 Dated and posted this day of, ~~A.D., 19~~

10
 11 Chairman Presiding officer, School District No.
 12 of County
 13 Address

14 (2) If the bonds proposed to be issued are for more than one purpose, then each purpose shall
 15 must be separately stated in the notice, together with the proposed amount of bonds ~~therefor~~ for each
 16 purpose."

17
 18 **Section 43.** Section 20-9-429, MCA, is amended to read:

19 "**20-9-429. Trustees' resolution to issue school district bonds.** ~~Within 60 days~~ Anytime after the
 20 date of the election certificate ~~or as soon thereafter as is practical in the judgment of the trustees,~~ the
 21 trustees shall adopt a resolution ~~providing for the issuance~~ calling for the sale of bonds of the school
 22 district. ~~Such~~ The resolution ~~also shall~~ must specify:

- 23 (1) the number of series or installments in which the bonds are to be issued;
- 24 (2) the amount of bonds to be issued;
- 25 (3) the ~~maximum rate of interest~~ minimum purchase price of the bonds;
- 26 (4) the purpose or purposes of the issue;
- 27 (5) the date that the issue will bear;
- 28 (6) the period of time through which the issue will be paid;
- 29 (7) the manner of execution of the bonds;
- 30 (8) ~~that amortization bonds will be preferred but also~~ whether bids will be accepted for either serial

1 or amortization bonds and, if so, fix the denomination of serial or amortization bonds; and
 2 (9) the date and time that the sale of the bonds shall must be conducted; and
 3 (10) the minimum price fixed by the board of trustees for the bonds, which may not be less than
 4 97% of the principal amount of the bonds if the board determines that the sale is in the best interests of
 5 the district."

6

7 **Section 44.** Section 20-9-430, MCA, is amended to read:

8 "20-9-430. **Notice of sale of school district bonds.** The trustees shall ~~cause the give~~ notice of the
 9 sale of ~~the school district bonds to be given.~~ The notice shall must state the purpose for which the bonds
 10 are to be issued and the amount proposed to be issued and shall must be substantially in the following
 11 form:

12

NOTICE OF SALE OF SCHOOL DISTRICT BONDS

13 Notice is hereby given by the trustees of School District No. of County, state of Montana,
 14 that the trustees will on the day of, 19, at the hour of o'clockm. at, in the school
 15 district, sell to the highest and best bidder for cash ~~either amortization or serial~~ general obligation bonds
 16 of the school district in the total amount of dollars (\$....), for the purpose of

17 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the~~
 18 ~~trustees.~~

19 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
 20 ~~divided into several bonds, as the trustees may determine upon at the time of sale, both principal and~~
 21 ~~interest to be payable in semiannual installments during a period of years from the date of issue.~~

22 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of
 23 dollars (\$....) each and will become payable according to the maturity schedule set forth below (set forth
 24 maturity schedule adopted by the school district) (If the bonds are to be issued as amortization bonds,
 25 indicate that here.).

26 The bonds, ~~whether amortization or serial bonds,~~ will bear an original issue date of, 19, and
 27 will ~~bear pay~~ interest ~~at a rate not exceeding% per annum~~ commencing on the day of (month),
 28 19, and will be payable semiannually on the day of (month) and (month) in each year
 29 thereafter, and will be redeemable in full. (Here insert optional provisions, if any, to be recited on the
 30 bonds.)

1 The bonds will be sold for not less than ~~their par value~~ \$____, with accrued interest on the principal
 2 amount of the bonds to the date of their delivery, and all bidders ~~must~~ shall state the lowest rate of interest
 3 at which they will purchase the bonds at ~~par~~ the price specified for the bonds. ~~The bonds shall be sold in~~
 4 ~~open competition bidding, by written bids, or by sealed bids.~~ The trustees reserve the right to reject any
 5 ~~and all~~ bids and to sell the bonds at private sale.

6 All bids ~~other than by or on behalf of the state board of land commissioners~~ must be accompanied
 7 by ~~money, a certified check, cashier's check, bank money order, or bank draft drawn and issued by a~~
 8 ~~national banking association located in Montana or by any banking corporation incorporated under the laws~~
 9 ~~of Montana,~~ (insert appropriate bid security as permitted by 18-1-202) in the sum of dollars (\$....)
 10 payable to the order of the district, which will be forfeited by the successful bidder in the event that ~~he~~ the
 11 bidder shall refuse ~~refuses~~ to purchase the bonds.

12 All bids should be addressed to the undersigned district.
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.....
 Chairman Presiding officer, School District No.
 of County
 Address:

17 ATTEST:
 18 Subscribed and sworn to before me this day of, 19 ___; Notary Public for the
 19 State Residing at, Montana. My ~~Commission~~ commission expires"

21 **Section 45.** Section 20-9-431, MCA, is amended to read:
 22 "**20-9-431. Publication of notice of sale of school district bonds.** ~~(1)~~ The trustees shall ~~cause a~~
 23 ~~copy of~~ publish the notice of sale of the bonds ~~to be published,~~ as provided in 17-5-106, ~~in a newspaper~~
 24 one or more newspapers as determined by the trustees.

25 ~~(2) If the bond issue to be sold is \$10,000 or more, the trustees may cause a brief notice to be~~
 26 ~~published in some newspaper in the city of New York."~~

28 **Section 46.** Section 20-9-432, MCA, is amended to read:
 29 "**20-9-432. Sale of school district bonds.** (1) The trustees shall meet at the time and place fixed
 30 in the notice to consider bids on the bond issue. The bonds ~~shall~~ must be sold at not less than ~~par~~ the

1 minimum bid specified for bonds with accrued interest to date of delivery, and each bidder shall specify the
 2 ~~form of bonds to be issued, whether amortization or serial, and the rate of interest and purchase price at~~
 3 which he the bidder will purchase the bonds. ~~A bid for amortization bonds shall have the preference over~~
 4 ~~a bid for serial bonds, all other things being equal; and in considering bids on these classes of bonds, the~~
 5 ~~trustees shall take into consideration not only the rate of interest demanded on each kind but also every~~
 6 ~~other known element affecting the total cost of the bonds to the district when paid in full.~~ The trustees shall
 7 accept the bid ~~which~~ that they shall judge most advantageous to the school district. ~~Consultants'~~
 8 Consultant fees and attorney fees may be paid to any person or corporation for assisting in the proceedings,
 9 or in the preparation of the bonds, or in negotiating the sale. The trustees are authorized to reject any or
 10 all bids and to sell the bonds at private sale if they ~~deem~~ consider it ~~for~~ in the best interests of the school
 11 district, except that ~~such~~ the bonds shall may not be sold at less than ~~or~~ the minimum sale price with
 12 accrued interest to date of delivery.

13 (2) The trustees may cooperate and combine with other school districts within the same county
 14 for the purpose of preparing and negotiating ~~for~~ the sale of bond issues if, in the opinion of the trustees,
 15 ~~such~~ the cooperation or combination will facilitate the sale of school district bonds under more
 16 advantageous terms or with lower interest rates. ~~Provided, however~~ However, that bond issues prepared
 17 or negotiated for sale under this section shall may not be combined for any other purpose but shall must
 18 be entered separately on the books of the county treasurer and shall must be otherwise treated as separate
 19 bond issues."

20

21 **Section 47.** Section 20-9-433, MCA, is amended to read:

22 **"20-9-433. Form and printing execution of school district bonds.** (1) ~~It is not necessary for the~~
 23 ~~trustees to prescribe the detailed form of the bonds to be issued, but the bonds must conform to all legal~~
 24 ~~requirements for their payment whether they are issued as amortization or serial bonds. The bonds and~~
 25 ~~coupons shall be issued in the name of the school district and shall be executed by the chairman of the~~
 26 ~~trustees and the school district clerk in accordance with 2-16-114. If the bonds are purchased by the board~~
 27 ~~of investments, all payments of principal or interest shall be made at the office of the state treasurer. At~~
 28 the time of the sale of the bonds or at a meeting held after the sale, the trustees shall adopt a resolution
 29 providing for the issuance of the bonds, prescribing the form of the bonds, whether amortization or serial
 30 bonds, and prescribing the manner of execution of the bonds.

1 (2) ~~The trustees shall cause the bonds, with the attached coupons, to be printed at the expense~~
 2 ~~of the school district at the lowest commercial rates. Each bond and coupon attached to a bond must be~~
 3 ~~signed by or bear the facsimile signatures of the presiding officer of the trustees and the school district~~
 4 ~~clerk, provided that one signature of a school official or the bond registrar must be a manual signature."~~

5
 6 **Section 48.** Section 20-9-434, MCA, is amended to read:

7 **"20-9-434. Registration of school district bonds by county treasurer and copy for preservation.** (1)

8 When the school district bonds have been ~~duly~~ executed by the ~~chairman~~ presiding officer of the trustees
 9 and the school district clerk, ~~all such~~ the bonds ~~shall~~ must be registered by the county treasurer in ~~his~~ the
 10 treasurer's bond registration book before ~~such~~ the bonds are delivered to the purchaser. The bond
 11 registration ~~shall~~ must show:

12 ~~(a) the number and amount of each bond;~~

13 ~~(b)~~ (a) the date of issue;

14 ~~(c)~~ (b) the redeemable date of each bond; and

15 ~~(d) the name of the purchaser; and~~

16 ~~(e)~~ (c) the amount and due date of all payments required on the bonds.

17 (2) The trustees shall provide the county treasurer with an unsigned and canceled printed specimen
 18 copy of each issue of school district bonds for preservation in the office of the county treasurer."

19
 20 **Section 49.** Section 20-15-404, MCA, is amended to read:

21 **"20-15-404. Trustees to adhere to certain other laws.** Unless the context clearly indicates
 22 otherwise, the trustees of a community college district shall adhere to:

23 (1) the teachers' retirement provisions of Title 19, chapter 20;

24 (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;

25 (3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624,
 26 20-6-631, and 20-6-633 through 20-6-636;

27 (4) the adult education provisions of 20-7-701 through 20-7-713;

28 (5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208,
 29 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-512;

30 (6) the school bond provisions of 20-9-401 through 20-9-408, 20-9-410 through 20-9-412,

1 20-9-421 through 20-9-446, 20-9-451 through 20-9-456, and 20-9-461 through 20-9-465;

2 (7) the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and
3 20-9-511;

4 (8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

5 (9) the school elections provisions of Title 20, chapter 20;

6 (10) the students' rights provisions of 20-25-511 through 20-25-516; and

7 (11) the health provisions of 50-1-206."
8

9 **Section 50.** Section 90-5-103, MCA, is amended to read:

10 **"90-5-103. Limited obligation bonds -- form and contents -- sale -- negotiability -- filing.** (1) All
11 bonds issued by a municipality or county under the authority of this part ~~shall~~ must be limited obligations
12 of the municipality or county. Bonds and interest coupons issued under the authority of this part ~~shall~~ may
13 not constitute or give rise to a pecuniary liability of the municipality or county or a charge against its
14 general credit or taxing powers. ~~Such~~ This limitation ~~shall~~ must be plainly stated upon the face of each of
15 ~~such~~ the bonds.

16 (2) The bonds referred to in subsection (1) ~~of this section~~ may be executed and delivered at any
17 time and from time to time, be in ~~such~~ form and denominations, be of ~~such~~ tenor, be in registered or bearer
18 form either as to principal or interest, or both, be payable in ~~such~~ installments and at ~~such~~ a time or times
19 not exceeding ~~30~~ 40 years from ~~their~~ the bonds date, be payable at ~~such~~ a place or places, bear interest
20 at ~~such~~ a rate or rates, ~~payable at such place or places, and be~~ evidenced in ~~such~~ a manner, be redeemable
21 prior to maturity, with or without premium, and contain ~~such~~ provisions not inconsistent ~~herewith~~ with this
22 part as ~~shall be deemed for~~ considered in the best interest of the municipality or county and provided for
23 in the proceedings of the governing body ~~whereunder~~ under whose authority the bonds ~~shall~~ must be
24 authorized to be issued.

25 (3) Any bonds issued under the authority of this part may be sold at public or private sale in ~~such~~
26 a manner, at ~~such~~ a time or times, and at ~~such~~ a price above or below par as may be agreed upon by the
27 lessee of the project or the borrower of the funds. The municipality or county may pay all expenses,
28 premiums, and commissions ~~which~~ that the governing body may ~~deem~~ consider necessary or advantageous
29 in connection with the authorization, sale, and issuance ~~thereof~~ of the bonds from the proceeds of the sale
30 of ~~said~~ the bonds or from the ~~revenues~~ revenue of the projects.

1 (4) All bonds issued under the authority of this part and all interest coupons applicable ~~thereto shall~~
 2 to the bonds must be construed to be negotiable instruments despite the fact that they are payable solely
 3 from a specified source.

4 (5) All bonds issued under the authority of this part must be filed with the securities commissioner
 5 within 10 days of the date of their issue. The filing must include the name of the issuing authority, the
 6 name and address of the person or entity on whose behalf the bonds are issued, the amount of the bond
 7 issue, the date of the bond issue, and any other information that the securities commissioner may request.
 8 Failure to comply with this section does not affect the validity of the bond issue."
 9

10 **Section 51.** Section 7-7-2501, MCA, is amended to read:

11 **"7-7-2501. Authority to issue revenue bonds -- refunding revenue bonds.** (1) A county may issue
 12 county revenue bonds in the same manner and with the same effect as provided in chapter 7, part 44, of
 13 this title for issuance of municipal revenue bonds. County revenue bonds may be issued to finance any
 14 project or activity enumerated in chapter 16, part 21, ~~or chapter 34, part 22 or 23,~~ of this title or in Title
 15 75, chapter 10, part 1. ~~Revenues~~ Revenue from the project for which the bonds are issued ~~are~~ is the only
 16 ~~revenues~~ revenue upon which a lien under the provisions of 7-7-4431 ~~shall~~ may apply. ~~No~~ A lien ~~shall~~ may
 17 not attach to other ~~revenues~~ revenue or other property within the county.

18 (2) A county may refund revenue bonds issued under the authority provided in subsection (1) by
 19 the method provided in either part 45 or part 46 of chapter 7.

20 (3) In construing, for purposes of this section, the provisions of parts 44, 45, or 46 of chapter 7,
 21 "municipal" is considered to refer to the county and "governing body" is considered to refer to the board
 22 of county commissioners whenever the board of county commissioners is acting pursuant to subsection
 23 (1)."
 24

25 **NEW SECTION. Section 52. Repealer.** Sections 7-7-2267, 7-7-2275, 7-7-4267, and 20-9-409,
 26 MCA, are repealed.
 27

28 **NEW SECTION. Section 53. Applicability.** [This act] applies to bonds issued under the provisions
 29 of [this act] after [the effective date of this act].
 30

1 NEW SECTION. **Section 54. Effective date.** [This act] is effective on passage and approval.

2 -END-