

Senate Bill 274

By: Senator Seay of the 34th

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated,  
2 relating to revenue bonds, so as to specifically provide for the issuance of obligations in  
3 anticipation of the issuance of revenue bonds and to specify the validation procedures  
4 therefor; to change certain provisions regarding permissible contracts; to change certain  
5 provisions regarding issuance, covenants, and validation of revenue bonds; to provide an  
6 effective date; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to  
10 revenue bonds, is amended in subsection (a) of Code Section 36-82-62, relating to powers  
11 with respect to revenue bonds generally, by striking "and" at the end of paragraph (5) and by  
12 striking paragraph (6) and inserting in its place new paragraphs (6) and 7 to read as follows:

13 "(6) To make all contracts, execute other instruments, and do all things necessary or  
14 convenient in the exercise of the powers granted in this article, or in the performance of  
15 its covenants or duties, or in order to secure the payment of its bonds, provided that no  
16 encumbrance mortgage or other pledge of property of the governmental body shall be  
17 created thereby, that no property of the governmental body shall be liable to be forfeited  
18 or taken in payment of such bonds, and that no debt on the credit of the governmental  
19 body shall be thereby incurred in any manner for any purpose. In furtherance of the  
20 powers set forth in this paragraph, a governing body shall have the power to enter into  
21 contracts, whether or not such contracts are related to particular bonds, notes, or other  
22 obligations, with respect to interest rate caps, interest rate floors, interest rate locks,  
23 interest rate collars, rate of return guarantees or assurances or similar hedge agreements,  
24 or options, puts, or calls, to manage payment, rate, spread, or similar exposures; contracts  
25 to exchange cash flows for a series of payments; and contracts providing for payment or  
26 receipt of funds on levels of, or changes in, interest rates, stock market, or other indices;

1 to pledge investment securities purchased with revenues of the undertaking to the  
 2 payment and performance of the governmental body's obligations under any such  
 3 contract and to acquire securities or an interest therein as security for the obligations to  
 4 the governmental body under such contracts, provided that a governmental body's  
 5 obligations with respect to such contracts shall be payable solely from revenue received  
 6 or derived from an undertaking; and

7 (7) To provide for the issuance of notes, commercial paper, or other obligations in  
 8 anticipation of the issuance of revenue bonds, which notes, commercial paper, or other  
 9 obligations may be issued at such time or times, may be outstanding in principal amounts  
 10 that are not in the aggregate at any time in excess of the authorized principal amount of  
 11 the related revenue bonds, and shall mature not later than the final maturity date of the  
 12 revenue bonds in anticipation of which they are issued. Such notes, commercial paper,  
 13 or other obligations constitute revenue bonds for all purposes of this article including,  
 14 without limitation, Code Section 36-82-78."

## 15 SECTION 2.

16 Said article is further amended by striking Code Section 36-82-64, relating to the issuance  
 17 of revenue bonds generally, and inserting in lieu thereof the following:

18 "36-82-64.

19 Revenue bonds may be issued under this article in one or more series; may be designated  
 20 as bonds, notes, commercial paper, or other form of obligations; may bear such date or  
 21 dates; may mature at such time or times, not exceeding 40 years from their respective  
 22 dates; may bear interest at such rate or rates not exceeding 9 percent per annum, payable  
 23 at such time or times; may be payable in such medium of payment at such place or places;  
 24 may be in such denomination or denominations; may be in such form, either coupon or  
 25 registered; may carry such registration, conversion, and exchangeability privileges; may  
 26 be subject to such terms of redemption, with or without premium; may be declared or  
 27 become due before the maturity date thereof; may be executed in such manner; and may  
 28 contain such terms, covenants, assignments, and conditions as the resolution or resolutions  
 29 authorizing the issuance of such bonds may provide. If the resolution authorizing the  
 30 issuance of revenue bonds also authorizes the issuance of notes, commercial paper, or other  
 31 obligations in anticipation of the issuance of revenue bonds, such obligations may be  
 32 issued, repaid, and reissued without limit under the authority of the original resolution,  
 33 provided that the maximum aggregate principal amount outstanding at any time and the  
 34 maximum annual principal and interest payment shall not exceed the maximums specified  
 35 in the original resolution and in the petition of the district attorney or Attorney General  
 36 provided for in Code Section 36-82-75. All bonds issued under this article bearing the

1 signature of officers in office on the date of the signing thereof shall be valid and binding,  
 2 notwithstanding that before delivery thereof and payment therefor such officers whose  
 3 signatures appear thereon shall have ceased to be officers of the governmental body issuing  
 4 the bonds. Pending the preparation of the definitive bonds, interim receipts, in such form  
 5 and with such provisions as the governing body may determine, may be issued to the  
 6 purchaser or purchasers of bonds to be issued under this article. Such bonds and interim  
 7 receipts shall be negotiable for all purposes. Such bonds shall be and are declared to be  
 8 nontaxable for any and all purposes."

9 **SECTION 3.**

10 Said article is further amended by striking paragraph (7) of subsection (a) of Code Section  
 11 36-82-65, relating to covenants in resolutions authorizing the issuance of bonds, and inserting  
 12 in lieu thereof the following:

13 "(7) The issuance of other or additional bonds or instruments payable from or a charge  
 14 against the revenue of the undertaking, including notes, commercial paper, or other  
 15 obligations to be issued in anticipation of the issuance of bonds authorized in a  
 16 resolution;"

17 **SECTION 4.**

18 Said article is further amended by striking Code Section 36-82-75, relating to validation of  
 19 revenue bonds, and inserting in lieu thereof the following:

20 "36-82-75.

21 Within 20 days from the date of service of the notice provided for in Code Section  
 22 36-82-74, the district attorney or the Attorney General shall prepare and file, in the office  
 23 of the clerk of the superior court of the county issuing the bonds or of the county in which  
 24 the governmental body is located, a petition directed to the superior court of such county  
 25 in the name of the state and against the governmental body desiring to issue the revenue  
 26 bonds. The petition shall set forth service of the notice, the name of the governmental body  
 27 seeking to issue the bonds, the amount of bonds to be issued, for what purpose the bonds  
 28 are to be issued, what interest they are to bear, how much principal and interest is to be  
 29 paid annually, when the bonds are to be paid in full, and the security to be pledged to the  
 30 payment of the bonds; provided, however, the petition may provide for a maximum interest  
 31 rate and a maximum annual principal and interest payment. If the resolution authorizing  
 32 the issuance of the bonds also authorizes the issuance of notes, commercial paper, or other  
 33 obligations in anticipation of the issuance of the bonds, the petition also shall set forth the  
 34 maximum interest rate and maximum annual principal and interest payment on such  
 35 obligations and the maximum outstanding principal amount of such obligations that may

1 at any time be issued and outstanding. The district attorney or the Attorney General shall  
2 obtain from the judge of the court an order requiring the governmental body by its proper  
3 officers to show cause, at such time and place, either in term or chambers, within 20 days  
4 from the filing of the petition, as the judge may direct, why the bonds, obligations to be  
5 issued in anticipation of bonds, and the security for the payment thereof should not be  
6 confirmed and validated. The petition and order shall be served in the manner now  
7 provided by law for the service of petitions upon counties, governmental bodies, or  
8 political subdivisions. The officers of the governmental body shall make sworn answers  
9 to the petition within the time prescribed."

10 **SECTION 5.**

11 This Act shall become effective upon its approval by the Governor or upon its becoming law  
12 without such approval.

13 **SECTION 6.**

14 All laws and parts of laws in conflict with this Act are repealed.