§1052. Authorized to receive government aid, borrow money and issue bonds and notes

A standard district is authorized to receive government aid, borrow money and issue bonds and notes in accordance with this section. [PL 2013, c. 555, §6 (NEW).]

1. Authorization of bonds. A standard district may provide by resolution of its board of trustees, without district vote, for the borrowing of money and the issuance from time to time of bonds for any of its corporate purposes, including, but not limited to:

A. Paying and refunding its indebtedness; [PL 2013, c. 555, §6 (NEW).]

B. Paying any necessary expenses and liabilities incurred under this chapter, including organizational and other necessary expenses and liabilities, whether incurred by the standard district or any municipality within the standard district or any person residing in unorganized territory encompassed by the standard district. The standard district may reimburse any municipality within the standard district or any person residing in unorganized territory encompassed by the standard district for any expenses incurred or paid by the municipality or person; [PL 2013, c. 555, §6 (NEW).]

C. Paying costs directly or indirectly associated with acquiring properties, paying damages, laying sewers, drains and conduits, constructing, maintaining and operating sewage and treatment plants or systems and making renewals, additions, extensions and improvements to the same and to cover interest payments during the period of construction and for any period after construction as the trustees may determine; [PL 2013, c. 555, §6 (NEW).]

D. Providing reserves for debt service, repairs and replacements or other capital or current expenses as may be required by a trust agreement or resolution securing bonds; and [PL 2013, c. 555, §6 (NEW).]

E. Any combination of these purposes. [PL 2013, c. 555, §6 (NEW).]

Bonds may be issued under this section as general obligations of the standard district or as special obligations payable solely from particular funds. The principal of, premium, if any, and interest on all bonds are payable solely from the funds provided for that purpose from revenues. For purposes of this section, "revenues" means and includes the proceeds of bonds, all revenues, rates, fees, entrance charges, assessments, rents and other receipts derived by the standard district from the operation of its sewer system and other properties, including, but not limited to, investment earnings and the proceeds of insurance, condemnation, sale or other disposition of properties. All bonds issued by a standard district under this section are legal obligations of the standard district, and a standard district whose charter includes this section is declared to be a quasi-municipal corporation within the meaning of Title 30-A, section 5701. Bonds may be issued under this section without obtaining the consent of any commission, board, bureau or agency of the State or of any municipality encompassed by the district and without any other proceedings or the happening of other conditions other than those proceedings or conditions that are specifically required by the standard district's charter or other applicable law. Bonds issued under this section do not constitute a debt or liability of the State or of any municipality encompassed by the standard district or a pledge of the faith and credit of the State or any such municipality, but the bonds are payable solely from the funds provided for that purpose, and a statement to that effect must be recited on the face of the bonds.
[PL 2013, c. 555, §6 (NEW).]

2. Notes. A standard district may provide by resolution of its trustees, without district vote, for the issuance from time to time of notes in anticipation of bonds authorized under this section and of notes in anticipation of the revenues to be collected or received in any year or in anticipation of the receipt of federal or state grants or other aid. The issue of these notes is governed by the applicable provisions of this chapter relating to the issue of bonds, except that notes in anticipation of revenue must mature no later than one year from their respective dates and notes issued in anticipation of federal or state grants or other aid and renewals of grants or aids must mature no later than the expected date of receipt of those grants or aid. Notes in anticipation of revenue issued to mature less than one year from their dates may be renewed from time to time by the issue of other notes, except that the period from the date of an original note to the maturity of any note issued to renew or pay the original note or the interest on a note may not exceed one year.

A standard district is authorized and empowered to enter into agreements with the State or the United States, or any agency of either, or any municipality, corporation, commission or board authorized to grant or loan money to or otherwise assist in the financing of projects of the type that that district is authorized to carry out and to accept grants and borrow money from any government, agency, municipality, corporation, commission or board as may be necessary or desirable to accomplish the purposes of the standard district.

[PL 2013, c. 555, §6 (NEW).]

3. Maturity; interest; form; temporary bonds. The bonds issued under this section must be dated, must mature at such time or times not exceeding 40 years from their date or dates and must bear interest at such rate or rates as may be determined by the trustees, and may be made redeemable before maturity, at the option of the standard district, at the price or prices and under the terms and conditions as fixed by the trustees prior to the issuance of the bonds. The trustees shall determine the form of the bonds, including any interest coupons to be attached to the bonds, and the manner of execution of the bonds and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company inside or outside the State. Bonds must be executed in the name of the standard district by the manual or facsimile signature of the officer or officers as authorized in the resolution to execute the bonds, but at least one signature on each bond must be a manual signature. Coupons, if any, attached to the bonds must be executed with the facsimile signature of the officer or officers of the standard district designated in the resolution. In case any officer, whose signature or a facsimile of whose signature appears on any bonds or coupons, ceases to be such officer before the delivery of the bonds, the signature or its facsimile is valid and sufficient for all purposes as if the officer had remained in office until the delivery.

Notwithstanding any of the other provisions of this chapter or any recitals in any bonds issued under this section, all bonds issued under this section are negotiable instruments under the laws of this State. The bonds may be issued in coupon or registered form, or both, as the trustees may determine, and provision may be made for the registration of any coupon bonds as to principal alone and as to both principal and interest and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The trustees may sell bonds, either at public or private sale and for the price as they determine to be for the best interests of the standard district. The proceeds of the bonds of each issue must be used solely for the purpose for which those bonds have been authorized and must be disbursed in the manner and under the restrictions, if any, that the trustees provide, in the resolution authorizing the issuance of the bonds or in the trust agreement securing the bonds. The resolution providing for the issuance of bonds and any trust agreement securing the bonds may contain limitations upon the issuance of additional bonds as the trustees determine proper, and these additional bonds must be issued under such restrictions and limitations prescribed by that resolution or trust agreement. Prior to the preparation of definitive bonds, the trustees may, under the same restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when those bonds are executed and are available for delivery. The trustees may provide for the replacement of any bond that is mutilated, destroyed or lost.

[PL 2013, c. 555, §6 (NEW).]

4. Pledges and covenants; trust agreement. In the discretion of the trustees of a standard district, each or any issue of bonds may be secured by a trust agreement by and between the standard district and a corporate trustee, which may be any trust company located within or outside the State.

A. The resolution authorizing the issuance of the bonds or the trust agreement may pledge or assign, in whole or in part, the revenues and other money held or to be received by the standard district and any accounts and contract or other rights to receive the revenues of the money, whether then existing or coming into existence and whether then held or acquired by the standard district, and the proceeds of the revenues or the money, but may not convey or mortgage the sewer system or any other properties of the standard district. The resolution may also contain provisions for protecting and enforcing the rights and remedies of the bondholders that are reasonable and proper and not in violation of law, including, but not limited to, covenants setting forth the duties of the standard district and the trustees in relation to the acquisition, construction, reconstruction, improvement, repair, maintenance, operation and insurance of its sewer system or any of its other properties, the fixing and revising of rates, fees and charges, the application of the proceeds of bonds, the custody, safeguarding and application of revenues, defining defaults and providing for remedies in the event of defaults that may include the acceleration of maturities, the establishment of reserves and the making and amending of contracts. The resolution or trust agreement may set forth the rights and remedies of the bondholders and of the trustee, if any, and may restrict the individual right of action by bondholders as is customary in trust agreements or trust indentures securing bonds or debentures of corporations. In addition, the resolution or trust agreement may contain such other provisions as the trustees determine reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the resolution or trust agreement may be treated as a part of the cost of operation. The pledge by any resolution or trust agreement is valid and binding and is deemed continuously perfected for the purposes of the Uniform Commercial Code from the time when the pledge is made. All revenues, money, rights and proceeds so pledged and received by the standard district are immediately subject to the lien of the pledge without any physical delivery or segregation of the revenues and proceeds or further action under the Uniform Commercial Code or otherwise, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the standard district irrespective of whether those parties have notice of the lien. [PL 2013, c. 555, §6 (NEW).]

B. The resolution authorizing the issuance of bonds under this section or any trust agreement securing those bonds may provide that all or a sufficient amount of revenues, after providing for the payment of the cost of repair, maintenance and operation and reserves as may be provided in the resolution or trust agreement, must be set aside at regular intervals as provided in the resolution or trust agreement and deposited in a fund for the payment of the interest on and the principal of bonds issued under this section as the interest and principle become due and for the redemption price or purchase price of bonds retired by call or purchase. The use and disposition of money of the fund are subject to any regulations provided in the resolution authorizing the issuance of the bonds or in the trust agreement securing the bonds and, except as may otherwise be provided in the resolution or trust agreement, the fund must be a fund for the benefit of all bonds without distinction or priority of one over another. [PL 2013, c. 555, §6 (NEW).]

[PL 2013, c. 555, §6 (NEW).]

5. Trust funds. Notwithstanding any other law, all funds received pursuant to the authority of a standard district's charter are trust funds, to be held and applied solely as provided in the charter of the standard district. The resolution authorizing the issuance of bonds or the trust agreement securing the bonds must provide that any officer to whom, or bank, trust company or other fiscal agent to which, the funds are paid must act as trustee of the funds and must hold and apply the funds for the purposes of the standard district in accordance with its charter, subject to any regulations as may be provided in the resolution or trust agreement or as may be required by the charter of the standard district.

[PL 2013, c. 555, §6 (NEW).]

6. Remedies. A holder of bonds issued under this section or of any of the coupons appertaining to the bonds, and the trustee under a trust agreement, except to the extent the rights given may be restricted by the resolution authorizing the issuance of those bonds or trust agreement, may, either at law or in equity, by suit, action, mandamus or other proceeding, including proceedings for the appointment of a receiver to take possession and control of the properties of the standard district, protect and enforce all rights under the laws of the State, including this section, or under the resolution or trust agreement. A holder of bonds issued under this section or of any of the coupons appertaining to the bonds and the trustee under a trust agreement may enforce and compel the performance of all duties required by the standard district charter or by the resolution or trust agreement to be performed by the standard district or by any officer of the standard district, including the fixing, charging and collecting of rates, fees and charges for the use of or for the services and facilities furnished by the standard district.

[PL 2013, c. 555, §6 (NEW).]

7. Refunding bonds. A standard district by resolution of its board of trustees, without district vote, may issue refunding bonds for the purpose of paying any of its bonds at maturity or upon acceleration or redemption. The refunding bonds may be issued at a time prior to the maturity or redemption of the refunded bonds that the board of trustees determines to be in the public interest. The refunding bonds may be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium, any interest accrued or to accrue to the date of payment of the bonds, the expenses of issue of the refunding bonds, the expenses of redeeming the bonds being refunded and any reserves for debt service or other capital or current expenses from the proceeds of the refunding bonds that may be required by a trust agreement or resolution securing bonds. The issue of refunding bonds, the maturities and other details of those bonds, the security for those bonds, the rights of the holders and the rights, duties and obligations of the standard district in respect to those bonds are governed by the applicable provisions of the standard district charter relating to the issue of bonds other than refunding bonds.

[PL 2013, c. 555, §6 (NEW).]

8. Tax exemption. All bonds, notes or other evidences of indebtedness issued under the standard district's charter and the transfer of and the income from those bonds, notes or other evidences of indebtedness, including any profit made on the sale, are exempt from taxation in the State.

[PL 2013, c. 555, §6 (NEW).]

9. Bonds declared legal investments. Bonds and notes issued by a standard district under this section are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, trust companies, banks, bankers, banking associations, savings banks and savings associations, including savings and loan associations, credit unions, building and loan associations, investment companies, executors, administrators, trustees and other fiduciaries, pension, profit-sharing, retirement funds and other persons carrying on a banking business, and all other persons authorized to invest in bonds or other obligations of the State may properly and legally invest funds, including capital in their control or belonging to them. The bonds and notes are securities that may properly and legally be deposited with and received by any state, municipal or public officer, or any agency or political subdivision of the State, for any purpose for which the deposit of bonds or other obligations of the State is authorized by law.

[PL 2013, c. 555, §6 (NEW).]

SECTION HISTORY

PL 2013, c. 555, §6 (NEW).