

CHAPTER 39

FINANCIAL INSTITUTIONS

HOUSE BILL 00-1046

BY REPRESENTATIVES Spence, Scott, Spradley, and Tate;
also SENATOR Teck.

AN ACT

CONCERNING THE CREATION OF ELECTIVE SUPPLEMENTAL PROCEDURES CONCERNING SECURITIES
ISSUED BY PUBLIC ENTITIES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 57 of title 11, Colorado Revised Statutes, is amended BY
THE ADDITION OF A NEW PART to read:

**PART 2
SUPPLEMENTAL PUBLIC SECURITIES ACT**

11-57-201. Short title. THIS PART 2 SHALL BE KNOWN AND MAY BE CITED AS THE
"SUPPLEMENTAL PUBLIC SECURITIES ACT".

11-57-202. Legislative declaration. THE GENERAL ASSEMBLY HEREBY FINDS,
DETERMINES, AND DECLARES THAT, DUE TO THE CHANGES IN THE PUBLIC SECURITIES
MARKET AND RECENT TECHNOLOGICAL DEVELOPMENTS, IT IS IMPORTANT TO PROVIDE
PUBLIC ENTITIES WITH THE OPTION TO ELECT TO APPLY THE PROVISIONS OF THIS PART
2 WHEN ISSUING SECURITIES. THIS PART 2 WILL SERVE A PUBLIC USE AND WILL
PROMOTE THE HEALTH, SAFETY, SECURITY, AND GENERAL WELFARE OF THE PEOPLE
OF THE STATE OF COLORADO. THE GENERAL ASSEMBLY INTENDS FOR THIS PART 2 TO
PROVIDE SUPPLEMENTAL PROCEDURES FOR THE ISSUANCE OF SECURITIES OTHERWISE
AUTHORIZED BY LAW. HOWEVER, NOTHING IN THIS PART 2 AUTHORIZES AN ISSUING
AUTHORITY TO WAIVE AN ELECTION OTHERWISE REQUIRED UNDER SECTION 20 OF
ARTICLE X OR ARTICLE XI OF THE COLORADO CONSTITUTION OR TO HOLD AN
ELECTION INCONSISTENT WITH THE ELECTION REQUIREMENTS IN SECTION 20 OF
ARTICLE X.

11-57-203. Definitions. AS USED IN THIS PART 2, UNLESS THE CONTEXT

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions
from existing statutes and such material not part of act.*

OTHERWISE REQUIRES:

(1) "ACT OF ISSUANCE" MEANS AN ORDINANCE, RESOLUTION, OR DECISION TO ISSUE A SECURITY PURSUANT TO DELEGATED AUTHORITY ADOPTED BY THE ISSUING AUTHORITY OR OFFICER OF A PUBLIC ENTITY FOR THE PURPOSE OF ISSUING A SECURITY.

(2) "ISSUING AUTHORITY" MEANS GOVERNING BODY OF ANY PUBLIC ENTITY IN WHICH THE LAWS OF THIS STATE VEST THE AUTHORITY TO ISSUE SECURITIES THROUGH AN ACT OF ISSUANCE.

(3) "PUBLIC ENTITY" MEANS ANY STATE AGENCY, STATE DEPARTMENT, POLITICAL SUBDIVISION, QUASI-GOVERNMENTAL ENTITY, OR ANY ENTITY THAT IS CREATED BY THE CONSTITUTION OR STATUTE OF THIS STATE THAT IS AUTHORIZED TO ISSUE SECURITIES. SUCH ENTITIES INCLUDE THE FOLLOWING:

(a) THE STATE TREASURER;

(b) ANY STATE EDUCATIONAL INSTITUTION, OR OTHER STATE INSTITUTION, ITS GOVERNING BOARD, OR OTHER ISSUING AUTHORITY OF SUCH INSTITUTION CONSTITUTING A BODY CORPORATE;

(c) ANY COUNTY OR CITY AND COUNTY;

(d) ANY MUNICIPALITY;

(e) ANY SCHOOL DISTRICT;

(f) ANY DISTRICT ORGANIZED OR ACTING PURSUANT TO THE PROVISIONS OF TITLE 32, C.R.S.;

(g) ANY DISTRICT OR AUTHORITY ORGANIZED OR ACTING PURSUANT TO THE PROVISIONS OF TITLE 29, 30, OR 31, C.R.S.;

(h) ANY WATER CONSERVANCY DISTRICT; OR

(i) ANY OTHER POLITICAL SUBDIVISION OR GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OF THIS STATE.

(4) "REVENUES" MEANS ALL OR ANY PORTION OF ANY TAXES, TOLLS, FEES, RATES, CHARGES, ASSESSMENTS, GRANTS, CONTRIBUTIONS, OR OTHER INCOME AND REVENUES RECEIVED BY THE PUBLIC ENTITY.

(5) "SECURITIES" MEANS ANY FINANCIAL CONTRACT, NOTE, WARRANT, BOND, CERTIFICATE, OR DEBENTURE AUTHORIZED TO BE ISSUED BY A PUBLIC ENTITY UNDER OTHER LAWS OF THIS STATE.

11-57-204. Election of applicability. (1) THIS PART 2 IS APPLICABLE TO SECURITIES ISSUED BY ANY PUBLIC ENTITY IF THE ISSUING AUTHORITY OF SUCH PUBLIC ENTITY ELECTS IN AN ACT OF ISSUANCE TO APPLY ALL OR ANY OF THE PROVISIONS OF THIS PART 2 TO THE ISSUANCE OF SUCH SECURITIES. IF A PUBLIC ENTITY ELECTS TO

APPLY A PROVISION OF THIS PART 2 AND SUCH PROVISION CONFLICTS WITH A PROVISION OF ANOTHER STATUTORY LAW, THE PROVISION OF THIS PART 2 SHALL CONTROL. NO PROVISION OF THIS PART 2 SHALL BE INTERPRETED TO MODIFY OR LIMIT THE RIGHTS AND POWERS CONFERRED ON SUCH PUBLIC ENTITY BY ANY OTHER PROVISION OF STATE LAW, UNLESS THE PUBLIC ENTITY ELECTS TO USE SUCH PROVISIONS IN THE ISSUANCE OF ITS SECURITIES. THIS PART 2 SHALL NOT MODIFY OR LIMIT ANY PROVISIONS OF ARTICLES 51 AND 59 OF THIS TITLE.

(2) NOTHING IN THIS PART 2 AUTHORIZES AN ISSUING AUTHORITY TO WAIVE AN ELECTION OTHERWISE REQUIRED UNDER SECTION 20 OF ARTICLE X OR ARTICLE XI OF THE COLORADO CONSTITUTION OR TO HOLD AN ELECTION INCONSISTENT WITH THE ELECTION REQUIREMENTS IN SECTION 20 OF ARTICLE X.

11-57-205. Delegation of authority. (1) THE ISSUING AUTHORITY OF A PUBLIC ENTITY MAY, IN THE ACT OF ISSUANCE, AT ANY TIME, DELEGATE TO ANY MEMBER OF THE ISSUING AUTHORITY, CHIEF EXECUTIVE OFFICER, OR CHIEF FINANCIAL OFFICER OF THE PUBLIC ENTITY THE AUTHORITY TO SIGN A CONTRACT FOR THE PURCHASE OF THE SECURITIES OR TO ACCEPT A BINDING BID FOR THE SECURITIES. SUCH DELEGATION SHALL BE EFFECTIVE FOR SIXTY DAYS AFTER ADOPTION OF THE ACT OF ISSUANCE. IN ADDITION TO ANY DETERMINATIONS THAT MAY BE DELEGATED IN ACCORDANCE WITH OTHER PROVISIONS OF STATE LAW, THE FOLLOWING DETERMINATIONS MAY BE DELEGATED TO SUCH MEMBER OR OFFICER WITHOUT ANY REQUIREMENT THAT THE ISSUING AUTHORITY APPROVE SUCH DETERMINATIONS:

- (a) THE RATE OF INTEREST ON THE SECURITIES;
- (b) THE CONDITIONS ON WHICH AND THE PRICES AT WHICH THE SECURITIES MAY BE REDEEMED BEFORE MATURITY;
- (c) THE EXISTENCE AND AMOUNT OF ANY CAPITALIZED INTEREST OR RESERVE FUNDS;
- (d) THE PRICE AT WHICH THE SECURITIES WILL BE SOLD;
- (e) THE PRINCIPAL AMOUNT AND DENOMINATIONS OF THE SECURITIES;
- (f) THE AMOUNT OF PRINCIPAL MATURING IN ANY PARTICULAR YEAR; AND
- (g) THE DATES ON WHICH PRINCIPAL AND INTEREST SHALL BE PAID.

(2) ALL TERMS OF THE SECURITIES OTHER THAN THE MATTERS DESCRIBED IN SUBSECTION (1) OF THIS SECTION SHALL BE APPROVED BY THE ISSUING AUTHORITY OF THE PUBLIC ENTITY BEFORE THE SECURITIES ARE DELIVERED.

11-57-206. Fixed and variable rates of interest for securities - agreement with third party for interest determinations. THE ACT OF ISSUANCE AUTHORIZING THE ISSUANCE OF ANY SECURITIES OR ANY TRUST INDENTURE OR OTHER INSTRUMENT CREATED BY SUCH ACT OF ISSUANCE MAY FIX A RATE OR RATES OF INTEREST, OR PROVIDE FOR THE DETERMINATION OF THE RATE OR RATES FROM TIME TO TIME, BY A DESIGNATED AGENT ACCORDING TO THE PROCEDURE SPECIFIED IN THAT ACT OF ISSUANCE OR OTHER INSTRUMENT. AN ISSUING AUTHORITY OF A PUBLIC ENTITY MAY

CONTRACT WITH OR SELECT ANY PERSON TO MAKE SUCH DETERMINATIONS.

11-57-207. Denomination, maturity, interest, and negotiability of securities - rate of interest. (1) ANY SECURITIES ISSUED MAY:

(a) MATURE AT SUCH TIME OR TIMES AS DETERMINED BY THE PUBLIC ENTITY OR AS PROVIDED IN SECTION 11-57-205, NOT TO EXCEED FORTY YEARS;

(b) BEAR INTEREST AT A RATE OR RATES PAYABLE OR COMPOUNDABLE AT SUCH INTERVALS AS DETERMINED BY THE PUBLIC ENTITY OR AS PROVIDED IN SECTION 11-57-205; AND

(c) BE MADE PAYABLE IN LAWFUL MONEY OF THE UNITED STATES, AT THE OFFICE OF THE TREASURER OR OTHER APPROPRIATE OFFICER OR EMPLOYEE OF THE PUBLIC ENTITY OR ANY COMMERCIAL BANK OR COMMERCIAL BANKS WITHIN OR WITHOUT THE STATE AS MAY BE AUTHORIZED BY THE PUBLIC ENTITY.

(2) AN ISSUING AUTHORITY OF A PUBLIC ENTITY MAY ENTER INTO AN AGREEMENT WITH A THIRD PARTY FOR AN ASSURANCE OF PAYMENT OF ANY PRINCIPAL, INTEREST, OR PREMIUMS DUE IN CONNECTION WITH ANY SECURITIES ISSUED BY THE ISSUING AUTHORITY. THE OBLIGATION OF THE ISSUING AUTHORITY TO REIMBURSE THAT THIRD PARTY FOR ANY ADVANCES MADE PURSUANT TO THAT AGREEMENT MAY BE PROVIDED IN THAT AGREEMENT, RECITED IN THOSE SECURITIES, OR EVIDENCED BY ANOTHER INSTRUMENT. SUCH OBLIGATION SHALL BE DESIGNATED IN THE ACT OF ISSUANCE AS PASSED BY SUCH ISSUING AUTHORITY THAT AUTHORIZED THE ISSUANCE OF SUCH SECURITIES OR ANY OTHER INSTRUMENT. THE ISSUING AUTHORITY MAY ASSIGN ITS RIGHTS UNDER THAT AGREEMENT.

11-57-208. Pledged revenues received or credited subject to immediate lien - priority and validity of lien. (1) A PUBLIC ENTITY MAY PLEDGE ALL OR ANY PORTION OF ITS REVENUES TO THE PAYMENT OF ITS SECURITIES UNLESS THE USE OF ANY OF SUCH REVENUES IS RESTRICTED BY OTHER LAWS OF THE STATE. IN PLEDGING THE PROCEEDS OF AN AD VALOREM PROPERTY TAX, AN ISSUING AUTHORITY MAY LIMIT THE RATE OF TAXATION OR THE AMOUNT OF TAX DOLLARS THAT IT IS OBLIGATED TO IMPOSE OR COLLECT TO PAY ANY SECURITIES AS SET FORTH IN THE ACT OF ISSUANCE ENACTED BY SUCH BODY.

(2) THE CREATION, PERFECTION, ENFORCEMENT, AND PRIORITY OF A PLEDGE OF REVENUES TO SECURE OR PAY SECURITIES SHALL BE GOVERNED BY THIS SECTION AND THE ACT OF ISSUANCE PASSED BY THE ISSUING AUTHORITY AUTHORIZING SUCH SECURITIES. REVENUES PLEDGED FOR THE PAYMENT OF ANY SECURITIES, AS RECEIVED BY OR OTHERWISE CREDITED TO THE PUBLIC ENTITY, SHALL IMMEDIATELY BE SUBJECT TO THE LIEN OF EACH SUCH PLEDGE WITHOUT ANY PHYSICAL DELIVERY, FILING, OR FURTHER ACT. THE LIEN OF EACH SUCH PLEDGE AND THE OBLIGATION TO PERFORM THE CONTRACTUAL PROVISIONS MADE IN THE ACT OF ISSUANCE OR OTHER INSTRUMENT SHALL HAVE PRIORITY OVER ANY OR ALL OTHER OBLIGATIONS AND LIABILITIES OF THE PUBLIC ENTITY, EXCEPT AS MAY BE OTHERWISE PROVIDED IN THIS PART 2, IN THE ACT OF ISSUANCE, OR IN ANY OTHER INSTRUMENT. HOWEVER, SUCH PLEDGES AND LIENS SHALL BE SUBJECT TO ANY PRIOR PLEDGES AND LIENS. THE LIEN OF EACH SUCH PLEDGE SHALL BE VALID, BINDING, AND ENFORCEABLE AS AGAINST ALL PERSONS HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT, OR OTHERWISE AGAINST

THE PUBLIC ENTITY IRRESPECTIVE OF WHETHER SUCH PERSONS HAVE NOTICE OF SUCH LIENS.

11-57-209. Recourse against public entities officers and agents - acceptance of securities constitutes waiver and release. IF A MEMBER OF THE ISSUING AUTHORITY, OR ANY OFFICER OR AGENT OF THE PUBLIC ENTITY ACTS IN GOOD FAITH, NO CIVIL RECOURSE SHALL BE AVAILABLE AGAINST SUCH MEMBER, OFFICER, OR AGENT FOR PAYMENT OF THE PRINCIPAL, INTEREST OR PRIOR REDEMPTION PREMIUMS. SUCH RECOURSE SHALL NOT BE AVAILABLE EITHER DIRECTLY OR INDIRECTLY THROUGH THE ISSUING AUTHORITY OR THE PUBLIC ENTITY, OR OTHERWISE, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE, RULE OF LAW, ENFORCEMENT OF PENALTY, OR OTHERWISE. BY THE ACCEPTANCE OF THE SECURITIES AND AS A PART OF THE CONSIDERATION OF THEIR SALE OR PURCHASE, ANY PERSON PURCHASING OR SELLING SUCH PUBLIC SECURITY SPECIFICALLY WAIVES ANY SUCH RECOURSE.

11-57-210. Recital in securities conclusive evidence of validity and regularity of issuance. AN ACT OF ISSUANCE PROVIDING FOR THE ISSUANCE OF PUBLIC SECURITIES OR AN INDENTURE MAY PROVIDE THAT THE SECURITIES SHALL CONTAIN A RECITAL THAT THEY ARE ISSUED PURSUANT TO THE SUPPLEMENTAL PUBLIC SECURITIES ACT. SUCH RECITAL SHALL BE CONCLUSIVE EVIDENCE OF THE VALIDITY AND THE REGULARITY OF THE ISSUANCE OF SUCH PUBLIC SECURITIES AFTER THEIR DELIVERY FOR VALUE.

11-57-211. Meetings aided by telecommunications devices. THE ACT OF ISSUANCE AUTHORIZING THE ISSUANCE OF SECURITIES MAY BE ADOPTED BY THE ISSUING AUTHORITY AT A MEETING WHERE ONE OR MORE MEMBERS OF THE ISSUING AUTHORITY MAY PARTICIPATE IN SUCH MEETING AND MAY VOTE ON SUCH ACT OF ISSUANCE THROUGH THE USE OF TELECOMMUNICATIONS DEVICES. SUCH PARTICIPATION MAY INCLUDE BUT NOT LIMITED TO THE USE OF A CONFERENCE TELEPHONE OR SIMILAR COMMUNICATIONS EQUIPMENT. SUCH PARTICIPATION THROUGH TELECOMMUNICATIONS DEVICES SHALL CONSTITUTE PRESENCE IN PERSON AT SUCH MEETING. HOWEVER, ALL SUCH PUBLIC MEETINGS SHALL HAVE AT LEAST ONE PERSON PHYSICALLY PRESENT AT THE DESIGNATED MEETING AREA TO ENSURE THAT THE PUBLIC MEETING IS IN FACT ACCESSIBLE TO THE PUBLIC.

11-57-212. Limitation of actions. NO LEGAL OR EQUITABLE ACTION BROUGHT WITH RESPECT TO ANY LEGISLATIVE ACTS OR PROCEEDINGS IN CONNECTION WITH THE AUTHORIZATION OR ISSUANCE OF SECURITIES BY A PUBLIC ENTITY SHALL BE COMMENCED MORE THAN THIRTY DAYS AFTER THE ISSUANCE OR AUTHORIZATION OF SUCH SECURITIES, WHICHEVER OCCURS LATER.

11-57-213. Confirmation of actions and powers. (1) IN ITS DISCRETION, THE PUBLIC ENTITY MAY FILE A PETITION PRIOR TO THE ISSUANCE OF SECURITIES UNDER THE SUPPLEMENTAL PUBLIC SECURITIES ACT IN THE DISTRICT COURT IN ANY COUNTY IN WHICH THE PUBLIC ENTITY OR A PORTION THEREOF IS LOCATED FOR A JUDICIAL EXAMINATION AND DETERMINATION OF ANY POWER CONFERRED, ANY SECURITIES ISSUED BY THE PUBLIC ENTITY OR AUTHORIZED TO BE ISSUED BY THE PUBLIC ENTITY, ANY TAXES, ASSESSMENTS, FEES, OR CHARGES LEVIED OR OTHERWISE MADE BY THE PUBLIC ENTITY OR CONTRACTED TO BE LEVIED BY THE PUBLIC ENTITY OR OTHERWISE MADE BY THE PUBLIC ENTITY, OR OF ANY OTHER ACT, PROCEEDING, OR CONTRACT OF THE PUBLIC ENTITY WHETHER OR NOT SUCH ACT, PROCEEDING, OR CONTRACT HAS

BEEN TAKEN OR EXECUTED, INCLUDING PROPOSED CONTRACTS FOR ANY IMPROVEMENT, PROPOSED SECURITIES OF THE PUBLIC ENTITY TO DEFRAY IN WHOLE OR IN PART THE COST OF THE PROJECT OR ANY REFUNDING, THE PROPOSED ACQUISITION, IMPROVEMENT, EQUIPMENT, MAINTENANCE, OPERATION, OR DISPOSAL OF ANY PROPERTY PERTAINING THERETO, OR ANY COMBINATION THEREOF.

(2) A PETITION FILED UNDER SUBSECTION (1) OF THIS SECTION SHALL SET FORTH THE FACTS UPON WHICH THE VALIDITY OF SUCH POWER, SECURITY, TAX, ASSESSMENT, FEE, CHARGE, ACT, PROCEEDING, OR CONTRACT IS FOUNDED. THE PRESIDING OFFICER OF THE PUBLIC ENTITY SHALL VERIFY THE PETITION BEFORE IT IS FILED WITH THE PUBLIC ENTITY COURT BY SIGNING SAID PETITION.

(3) ANY ACTION FILED UNDER THIS SECTION SHALL BE IN THE NATURE OF A PROCEEDING IN REM. THE DISTRICT COURT SHALL HAVE JURISDICTION OVER ALL PARTIES INTERESTED IN THE PROCEEDING UPON THE PUBLICATION AND POSTING OF A NOTICE IN ACCORDANCE WITH THIS SECTION.

(4) THE CLERK OF THE DISTRICT COURT IN WHICH A PETITION IS FILED SHALL PROVIDE NOTICE OF SUCH FILING. THE NOTICE SHALL INCLUDE A BRIEF OUTLINE OF THE CONTENTS OF THE PETITION; THE TIME, DATE, AND LOCATION OF THE HEARING; AND THE LOCATION WHERE A COMPLETE COPY OF ANY DOCUMENTS AT ISSUE IN THE PETITION MAY BE EXAMINED. THE CLERK SHALL SERVE THE NOTICE BY:

(a) PUBLISHING THE NOTICE AT LEAST ONCE A WEEK FOR FIVE CONSECUTIVE WEEKS BY FIVE WEEKLY INSERTIONS IN A NEWSPAPER OF GENERAL CIRCULATION IN THE MUNICIPALITIES AND COUNTIES IN WHICH THE PUBLIC ENTITY IS LOCATED; AND

(b) POSTING THE NOTICE IN THE OFFICE OF THE PUBLIC ENTITY AT LEAST THIRTY DAYS PRIOR TO THE DATE OF THE HEARING ON THE PETITION.

(5) ANY RESIDENT IN THE PUBLIC ENTITY OR OWNER OF REAL PROPERTY WITHIN THE BOUNDARIES OF THE PUBLIC ENTITY MAY APPEAR AT THE HEARING BY EITHER FILING A MOTION TO DISMISS OR AN ANSWER TO THE PETITION ON OR BEFORE THE HEARING DATE OR WITHIN SUCH TIME AS THE COURT MAY ALLOW. THE PETITION SHALL BE TAKEN AS CONFESSED BY ALL PERSONS WHO FAIL TO APPEAR.

(6) THE PETITION AND NOTICE SHALL BE SUFFICIENT TO GIVE THE DISTRICT COURT JURISDICTION, AND, UPON HEARING, THE DISTRICT COURT SHALL EXAMINE AND DETERMINE ALL MATTERS AFFECTING THE QUESTION SUBMITTED, SHALL MAKE SUCH FINDINGS WITH REFERENCE THERETO, AND SHALL RENDER SUCH JUDGMENT AND DECREE THEREON AS THE CASE WARRANTS.

(7) UNLESS OTHERWISE SPECIFIED IN THIS SECTION, THE COLORADO RULES OF CIVIL PROCEDURE SHALL GOVERN ANY ACTIONS FILED UNDER THIS SECTION IN MATTERS OF PLEADING AND PRACTICE.

(8) COSTS MAY BE DIVIDED OR APPORTIONED AMONG ANY CONTESTING PARTIES IN THE DISCRETION OF THE DISTRICT COURT.

(9) REVIEW OF THE JUDGMENT OF THE DISTRICT COURT MAY BE AVAILABLE AS IN OTHER SIMILAR CASES; EXCEPT THAT SUCH REVIEW SHALL BE APPLIED FOR WITHIN

THIRTY DAYS AFTER THE TIME OF THE RENDITION OF SUCH JUDGMENT OR WITHIN SUCH ADDITIONAL TIME AS MAY BE ALLOWED BY THE DISTRICT COURT WITHIN THIRTY DAYS.

(10) THE DISTRICT COURT SHALL DISREGARD ANY ERROR, IRREGULARITY, OR OMISSION THAT DOES NOT AFFECT THE SUBSTANTIAL RIGHTS OF THE PARTIES.

(11) ALL CASES IN WHICH THERE MAY ARISE A QUESTION OF VALIDITY OF ANY MATTER PROVIDED FOR UNDER THIS SECTION SHALL BE ADVANCED AS A MATTER OF IMMEDIATE PUBLIC INTEREST AND CONCERN AND SHALL BE HEARD AT THE EARLIEST PRACTICABLE MOMENT.

(12) NOTHING IN THIS SECTION APPLIES TO ANY CONDEMNATION OF PROPERTY.

11-57-214. Investments. A PUBLIC ENTITY MAY INVEST PROCEEDS OF ANY SECURITIES AND REVENUES PLEDGED TO THE PAYMENT OF ANY SECURITIES IN ANY GUARANTEED INVESTMENT CONTRACT, GUARANTEED INTEREST CONTRACT, ANNUITY CONTRACT, FORWARD DELIVERY CONTRACT, OR FUNDING AGREEMENT ISSUED BY AN ENTITY. THE LONG TERM DEBT OBLIGATIONS OF SUCH ENTITY SHALL BE RATED IN ONE OF THE TWO HIGHEST RATING CATEGORIES BY ONE OR MORE NATIONALLY RECOGNIZED ORGANIZATIONS THAT REGULARLY RATE SUCH OBLIGATIONS. INCOME RECEIVED FROM ANY LEGAL INVESTMENT MAY BE DEPOSITED BY THE PUBLIC ENTITY IN ANY FUND OR ACCOUNT THAT THE PUBLIC ENTITY MAINTAINS.

SECTION 2. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: March 16, 2000