

Twenty-First Northern Marianas Commonwealth Legislature

IN THE HOUSE OF REPRESENTATIVES

SESSION, 2019

H. L. B. 21-35

**A LOCAL BILL FOR AN ACT
FOR THE THIRD SENATORIAL DISTRICT**

To establish a Special Improvement District in the Third Senatorial District

**BE IT ENACTED BY THE THIRD SENATORIAL DISTRICT DELEGATION
PURSUANT TO CHAPTER 4, DIVISION 1, TITLE 1
OF THE COMMONWEALTH CODE:**

1 **SECTION 1. PURPOSE.**

2 The Saipan and Northern Islands Legislative Delegation finds that the tourism
3 areas in Garapan should be better and more wholistically managed to provide a better
4 overall cultural and commercial environment for present and future generations of locals
5 and tourists alike. In pursuing this policy, Garapan will be subject to rules and regulations
6 in areas called Special Improvement Districts or SIDs that will both enhance existing
7 features and create new attractions that will be traditional, commercially feasible, and
8 aesthetic pleasing.

9 **SECTION 2. ENACTMENT.** Subject to codification by the CNMI Law
10 Revision Commission, the following is hereby enacted into law:

11 **101. "SPECIAL IMPROVEMENT DISTRICTS**

12 **Articles:**

13 **1. General Provisions**

14 **2. Proceedings**

15 **3. Special Assessment**

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1 **4. Changes in Authorized Supplemental Services, Improvements and**
2 **Special Assessment**

3 **5. Annexation of Territory**

4 **6. Termination of District**

5 **7. Bonds**

6 **Article 1. General Provisions**

7 **Sections:**

8 **1.1 Definitions.**

9 **1.2 Provision of alternate method of financing supplemental services**
10 **and improvements.**

11 **1.3 Superiority over conflicting provision of other ordinance.**

12 **1.4 Limitation on challenges.**

13 **1.5 Types of supplemental services and improvements.**

14 **1.6 Payment of existing special assessments.**

15 **1.7 Advances of funds, work, or property in-kind.**

16 **1.8 Construction of chapter.**

17 **1.9 Validity of proceedings.**

18 **Section 1.1 Definitions.**

19 The following definitions shall apply for the purposes of this chapter.

20 "Assessed value of real property" means the gross value of a parcel of land, as

21 defined below, as assessed by the real property tax office of the Special District,

1 including the assessed value of any improvements thereon.

2 "Bonds" means special improvement district bonds (including refunding
3 bonds) issued pursuant to this chapter.

4 "Bond ordinance" means an ordinance of the council which authorizes
5 bonds.

6 "Special District" means the Special District and County of Honolulu,
7 Hawaii.

8 "Special District clerk" means the Special District clerk of the Special
9 District.

10 "Costs of supplemental improvements" means the following:

11 (1) Cost of acquiring, constructing, installing, improving, or rehabilitating
12 supplemental improvements;

13 (2) Cost of acquiring land or right-of-way for supplemental improvements;

14 (3) Payment of any water, sewer, or other utility connection fee necessary
15 for supplemental improvements;

16 (4) Payment of fees and expenses for planning, architectural, engineering,
17 inspection, legal, financial, or other consultants for supplemental
18 improvements;

19 (5) Reimbursement of an advance of funds for acquiring, constructing,
20 installing, improving, or rehabilitating supplemental improvements;

21 (6) Contribution to a reserve fund for the payment of debt service on

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- 1 bonds issued to finance the costs of supplemental improvements;
- 2 (7) Not more than two years of interest on bonds issued to finance the
- 3 costs of supplemental improvements; or
- 4 (8) Costs of issuance related to the issuance of bonds issued to finance the
- 5 costs of supplemental improvements, including, but not limited to,
- 6 payment of legal fees and expenses (including bond counsel), trustee fees
- 7 and
- 8 expenses, bond insurance premium, letter of credit, or other credit
- 9 enhancement fees and expenses.
- 10 "Costs of supplemental services and improvements" means the following:
- 11 (1) Cost of obtaining the supplemental services and improvements other
- 12 than costs of supplemental improvements financed from the proceeds of
- 13 bonds;
- 14 (2) Payment of any water, sewer, or other utility connection fee necessary
- 15 for supplemental services and improvements;
- 16 (3) Payment of fees and expenses for planning, architectural, engineering,
- 17 inspection, legal, financial, or other consultants for supplemental services
- 18 and improvements; and
- 19 (4) Reimbursement of an advance of funds for the costs of obtaining
- 20 supplemental services and improvements.
- 21 "District" means the same as special improvement district.

1 "District association" means an association established pursuant to Section
2 2.9.

3 "District board" means the board of directors of a district association.

4 "Financing supplemental services and improvements by a district" or
5 "financing supplemental services and improvements"
6 means paying for the costs of supplemental services and improvements
7 through the special assessment levied within a district or
8 paying the costs of supplemental improvements from the proceeds of
9 bonds.

10 "Incidental expenses of a district" means the following:

11 (1) Administrative expense of the Special District associated with the
12 proceedings undertaken pursuant to this chapter or
13 collection of special assessments;

14 (2) Management and administrative costs incurred by the district
15 association; and

16 (3) Any other expense incidental to the creation or operation of a district.

17 "Land" or "parcel of land" means the real property identified by a tax map
18 key parcel number within the district. For
19 purposes of Sections 2.4, 4.7 and 5.6, apartments of a condominium
20 property regime shall be deemed to be one parcel of
21 land.

1 "Landowner" or "owner of land" means the owner to whom the real
2 property tax is assessed as shown on the real property tax assessment list,
3 which may be the fee simple owner and/or the lessee of land, regardless of
4 whether such owner is exempt from the payment of such tax. Each parcel
5 of land shall be deemed to have one fee simple owner and one lessee of
6 land, if any, even if owned by a corporation, partnership, joint tenancy,
7 tenancy by the entirety, tenancy in common, or other group of persons.
8 The real property tax assessed value of such parcel of land shall be
9 counted once for purposes of determining the aggregate value of all land
10 in a district or proposed district as provided in Sections 2.4, 4.7 and 5.6,
11 even if there is a fee simple owner and a lessee of land for a parcel of land.

12 "Ordinance of annexation" means an ordinance which annexes additional
13 land to a district.

14 "Ordinance of consideration" means an ordinance which changes the
15 authorized supplemental services and improvements, the supplemental
16 improvements to be financed, the rate or apportionment of a special
17 assessment, or the boundaries of the district other than an annexation
18 provided in Article 5, or which requires the levy of a new special
19 assessment.

20 "Ordinance terminating the district" means an ordinance which terminates
21 a district at the expiration of the then-occurring five-year term.

1 "Special improvement district" or "district" means a district of land
2 established by the Special District pursuant to this chapter for providing
3 and financing supplemental services and improvements.

4 "Supplemental improvements" means any of the undertakings itemized in
5 Section 1.5(b).

6 "Supplemental services and improvement area" means an area within a
7 district as set forth in Section 2.2(a).

8 "Supplemental services and improvements" means a supplemental service
9 and/or improvement referred to in Section 1.5.

10 **Sec. 1.2 Provision of alternate method of financing supplemental**
11 **services and improvements.**

12 The council may use the provisions of this chapter in addition to, in
13 combination with, or instead of any other law for or related to the creation of
14 improvement districts, the levying, assessment, and collection of special
15 assessments, the financing of supplemental services and improvements, the
16 issuance of bonds, or other matters covered by this chapter.

17 **Sec. 1.3 Superiority over conflicting provision of other ordinance.**

18 When any provision of this chapter conflicts with any other provision or
19 ordinance, the provision of this chapter shall prevail.

20 **Sec. 1.4 Limitation on challenges.**

21 No action or proceeding to object to or question the validity of or enjoin

1 any ordinance, action, or proceeding undertaken pursuant to this chapter
2 (including the liability for or the determination of the amount of any special
3 assessment levied with respect to any property or the levy or assessment thereof)
4 shall be maintained unless begun within 30 days of the effective date of the
5 ordinance, determination, levy, assessment, or other act, as the case may be.

6 **Sec. 1.5 Types of supplemental services and improvements.**

7 A district may be established to provide and finance supplemental services
8 and improvements as follows:

9 (a) A district may be established to provide for and finance additional
10 maintenance, security or other additional services required for the enjoyment and
11 protection of the public and the promotion and enhancement of such district
12 whether or not in conjunction with improvements authorized by this section
13 including:

- 14 (1) Services to enhance the security of persons and property within the
15 district;
- 16 (2) Landscaping services;
- 17 (3) Enhanced sanitation services;
- 18 (4) Services promoting and advertising activities within the district;
- 19 (5) Marketing education for businesses within the district; and
- 20 (6) Decorations and lighting for seasonal and holiday purposes.

21 (b) A district may be established to provide and finance, to the extent

1 permitted by law, supplemental improvements located on or within the
2 Special District or the district which will restore or promote business
3 activity in the district, including:

- 4 (1) Construction and installation of landscaping, planting and park areas;
- 5 (2) Construction of lighting facilities;
- 6 (3) Construction of physically aesthetic and decorative safety fixtures,
7 equipment and facilities;
- 8 (4) Construction of improvements to enhance security of persons and
9 property within the district;
- 10 (5) Construction of pedestrian overpasses and underpasses and
11 connections between buildings;
- 12 (6) Closing, opening, widening or narrowing of existing streets;
- 13 (7) Construction of ramps, sidewalks, plazas, and pedestrian malls;
- 14 (8) Rehabilitation or removal of existing structures as required;
- 15 (9) Removal and relocation of utilities and utility vaults as required;
- 16 (10) Construction of parking lot and parking garage facilities;
- 17 (11) Construction of fixtures, equipment, facilities and appurtenances as
18 may enhance the movement, convenience and enjoyment of the public and be of
19 economic benefit to district properties such as: bus stop shelters; benches and
20 street furniture; booths, kiosks, display cases and exhibits; signs; receptacles;
21 canopies; pedestrian shelters and fountains; and

1 (12) Construction of shoreline improvement, restoration, and protection
2 projects.

3 (c) A district may be established to provide for the operation,
4 maintenance, removal and replacement of any supplemental service or
5 improvement.

6 (d) Any supplemental service or improvement undertaken by a district
7 shall conform with all applicable laws, rules and regulations.

8 (e) It is the intent of the council that the level of services being provided
9 by the Special District in a district as of the effective date of the ordinance
10 establishing such district not be affected by that ordinance or the levying of the
11 special assessments. The ordinance establishing such district shall describe such
12 level of services.

13 **Sec. 1.6 Payment of existing special assessments.**

14 A district may pay in full all amounts necessary to eliminate or reduce any special
15 assessment liens.

16 **Sec. 1.7 Advances of funds, work, or property in-kind.**

17 After the formation of a district, the district board may accept advances of
18 funds, work, or property in-kind from any source. The district board may enter
19 into an agreement with the person or entity advancing the funds, work, or
20 property in-kind to repay all or a portion of the funds advanced or to reimburse
21 the person or entity for the value or cost, whichever is less, of the work or

1 property in-kind, as determined by the district board, with or without interest;
 2 provided that the proposal to repay the funds or reimburse the value or cost of the
 3 work or property in kind is included in the ordinance of formation for the district.
 4 Any such agreement shall not constitute a debt or liability of the Special District
 5 or be payable from sources other than the proceeds of the special assessments
 6 levied pursuant to this chapter.

7 **Sec. 1.8 Construction of chapter.**

8 This chapter shall be liberally construed in order to effectuate its purposes.
 9 No error, irregularity, or informality and no neglect or omission of any officer in
 10 any procedure taken under this chapter which does not directly affect the
 11 jurisdiction of the Special District to create a district for the provision of
 12 supplemental services and improvements shall void or invalidate such proceeding
 13 or any levy for the costs of such services or improvements.

14 **Sec. 1.9 Validity of proceedings.**

15 The failure of any person to receive a notice, ordinance, order, or other
 16 matter shall not affect in any way whatsoever the validity of any proceedings
 17 taken under this chapter or prevent the council from proceeding with any hearing
 18 so noticed or other action.

19 **Article 2. Proceedings**

20 **2.1 Institution of proceedings.**

21 **2.2 Ordinance establishing the district.**

1 **2.3 Mailed notice of hearing.**

2 **2.4 Protest by more than 51 percent.**

3 **2.5 District boundaries.**

4 **2.6 District term.**

5 **2.7 Financing of supplemental services and improvements—Payment**
6 **of debt service on any bonds issued to**
7 **finance improvements—Payment of incidental expenses identified in**
8 **ordinance establishing the district.**

9 **2.8 Designation of supplemental service and improvement area.**

10 **2.9 District association.**

11 **2.10 Financial records.**

12 **Sec. 2.1 Institution of proceedings.**

13 (a) Proceedings for the establishment of a district may be instituted by the
14 council on its own initiative or shall be instituted by the council at the request of
15 the Mayor.

16 (b) Proceedings for the establishment of a district shall be instituted by the
17 council after receipt by the Special District clerk of a petition
18 requesting the institution of the proceedings signed by landowners owning
19 lands within the proposed district that have a
20 real property tax assessed value of at least 25 percent of the total real
21 property tax assessed value of all land in the proposed

1 district.

2 **Sec. 2.2 Ordinance establishing the district.**

3 (a) If the council determines to establish a district, it shall do so by
4 ordinance. The ordinance establishing the district shall at least do all of the
5 following:

6 (1) State that a district is established under the terms of this chapter.

7 (2) State the name of the district in substantially the following form:

8 "Special District and Saipan Business

9 Improvement District No. ____." One or more additional descriptive
10 words may be used in the name of the district to indicate its geographic area.

11 (3) State that the initial term of the proposed district is for five years,
12 which is automatically renewed unless an ordinance of termination is adopted in
13 which case operations of the district shall cease although the term shall not expire
14 until all debt service on bonds and incidental expenses and supplemental services
15 expenses related thereto are fully paid or irrevocable provision for such payment
16 has been made.

17 (4) List the parcels of land to be assessed within the district identified by
18 tax key number.

19 (5) State the general boundaries of the district and/or provide a map
20 generally showing the same. Should any discrepancy exist between the map and
21 the description of the boundaries of the district, the map shall control.

1 (6) State the supplemental services and improvements to be provided and
2 financed by the district and the total annual amount proposed to be expended for
3 the supplemental services and improvements in the first operating year. If the
4 incurring of incidental expenses is proposed, the ordinance shall identify the
5 estimated expenses.

6 (7) Specify the principal amount of bonds to be issued, if any, to finance
7 supplemental improvements in the district.

8 (8) State the incidental expenses to be paid from the special assessment.

9 (9) If a service area within the district is proposed to be established, state
10 and describe the boundaries of the proposed service area, the name proposed for
11 the service area, the supplemental services and improvements proposed to be
12 financed by the district for the service area, and to what extent it is proposed that
13 the district special assessments will be used in the service area for purposes of
14 financing such services and improvements.

15 (10) State the rate and method of apportionment pursuant to which the first
16 year's special assessment is to be levied.

17 (11) Prescribe the procedures for approval by the appropriate agency of
18 the Special District for the design, plans and specifications of any supplemental
19 improvements to be undertaken in a district.

20 (12) Include any other information required this Act.

21 (b) When the ordinance establishing the district is passed on third reading,

1 the council shall determine whether all proceedings were valid and in conformity
2 with the requirements of this chapter. If the council so determines, it shall make a
3 finding to that effect. The finding shall be final and conclusive.

4 **Sec. 2.3 Mailed notice of hearing.**

5 (a) The council shall fix the time and place for a hearing on the proposed
6 ordinance establishing the district. The date of the
7 hearing shall not be less than 30 or more than 90 days from the date of
8 introduction of the proposed ordinance.

9 (b) In addition to the public notice given pursuant to applicable law, the
10 Special District clerk shall also send by first-class mail notice of
11 the council public hearing to each owner of land proposed to be included
12 and assessed in the proposed district. The notice
13 shall be sent to the same address to which the real property tax assessment
14 notice is sent. When more than one person is
15 listed as fee owner or as lessee, one notice sent to one fee owner and to
16 one lessee, as applicable, shall be sufficient for this
17 subsection. The notice shall be mailed at least 15 days before the council
18 public hearing and shall contain the following
19 information:

20 (1) A summary of the ordinance establishing the district and the fact that
21 the ordinance and the district plan are on

1 file in the Special District clerk's office for public inspection;

2 (2) The time and place of the first public hearing on the establishment of
3 the district;

4 (3) A statement that, at the hearing, the testimony of all interested persons
5 and landowners for or against the
6 establishment of the district, the extent of the district, and the levy of a
7 special assessment will be heard; and

8 (4) A summary of the protest procedure and the form of any protests.

9 (c) Failure to give notice to any owner or failure of any owner to receive
10 such notice shall not affect the validity or

11 effectiveness of the hearing or any other proceedings taken under this
12 chapter or any special assessment levied under this

13 chapter if the council determines that a reasonable effort was made to give
14 such notice. The council's determination shall

15 be final and conclusive.

16 (d) The hearing may be continued from time to time, but shall be
17 completed within 30 days; except that, if the council finds

18 that the complexity of the proposed changes or the need for public
19 participation requires additional time, the hearing may

20 be continued from time to time for a period not to exceed 90 days from the
21 date of the original hearing. At the conclusion

1 of the hearing, the council, after considering all protests and such other
2 relevant factors (such as the general plan or
3 development plan) as it deems appropriate, may approve the ordinance
4 establishing the district.

5 **Sec. 2.4 Protest by more than 51 percent.**

6 (a) Protests against the proposed ordinance establishing the district may be
7 made in writing by landowners and if made shall be in such form as may be
8 prescribed by the Special District clerk. All written protests shall be filed with the
9 Special District clerk before or at the hearing. The council may waive any
10 irregularities in the form or content of any written protest. Written protests may be
11 withdrawn in writing by the owner who protested at any time before the
12 conclusion of the hearing.

13 (b) If the landowners owning lands proposed to be assessed within the
14 district that have a real property tax assessed value of more than 51 percent of the
15 total real property tax assessed value of all land proposed to be assessed in the
16 district or if more than 51 percent of the owners of land proposed to be assessed in
17 the district file written protests with the council before or at the public hearing
18 against the proposed ordinance establishing the district and if protests are not
19 withdrawn so as to reduce the amount of the protests to 51 percent or less, the
20 proceedings to create the specified district shall cease. No proceedings to create
21 the district shall again be undertaken for a period of 90 days from the date on



1 which proceedings cease.

2 Council may continue the public hearing or recess the meeting to provide
3 the Special District clerk time to count the protests and any withdrawals.

4 (c) For the purpose of determining whether 51 percent of the owners of
5 land have filed protests, the owner of each apartment in a condominium property
6 regime that is specially assessed or proposed to be specially assessed shall have a
7 vote equal to the following fraction: 1/the number of apartments in the
8 condominium property regime which are, or are proposed to be, specially
9 assessed.

10 (d) For the purpose of a protest regarding a parcel of land for which a fee
11 owner and lessee appear on the real property assessment list, a protest by the fee
12 owner, the lessee, or both, shall be counted as a protest for that parcel of land.

13 **Sec. 2.5 District boundaries.**

14 (a) A special improvement district may include areas of land that are not
15 contiguous.

16 (b) Land may be included in more than one special improvement district.

17 **Sec. 2.6 District term.**

18 The initial term of a district shall be for five (5) years unless earlier
19 terminated under Article 6. The term shall automatically renew for additional
20 five-year terms unless an ordinance terminating the district is adopted, in which
21 case the operations of the district shall cease except for payment, or providing

1 irrevocably for payment, of all debt service on bonds, supplemental services
2 expenses and incidental expenses related thereto.

3 **Sec. 2.7 Financing of supplemental services and**
4 **improvements—Payment of debt service on any bonds issued to finance**
5 **improvements—Payment of incidental expenses identified in ordinance**
6 **establishing the district.**

7 (a) Only the expenses of supplemental services and improvements
8 identified in the ordinance establishing a district may be
9 paid from the special assessments levied within a district.

10 (b) Only the debt service on any bonds issued to finance costs of
11 supplemental improvements within the district and identified
12 in the ordinance establishing the district may be paid from the special
13 assessments levied within a district.

14 (c) Only the incidental expenses identified in the ordinance establishing
15 the district may be paid from the special assessments
16 levied within a district.

17 **Sec. 2.8 Designation of supplemental service and improvement area.**

18 For the purpose of financing specified supplemental services and
19 improvements, the council may designate a portion of a special improvement
20 district as a supplemental service and improvement area. The designation shall be
21 made in the ordinance establishing the district or an amendment thereto. A

1 specified supplemental service and improvement area shall be known as "Service
2 Area No. _____ of Special District and Saipan Business Improvement District
3 No. _____." After the designation of a service area, all proceedings to levy
4 special assessments for the financing of the specified supplemental services and
5 improvements shall apply only to the service area, except to the extent otherwise
6 provided in the ordinance establishing the district.

7 **Sec. 2.9 District association.**

8 (a) There shall be a district association for each special improvement
9 district established pursuant to the provisions of this chapter. The district
10 association shall be a nonprofit corporation and shall have one or more classes of
11 membership, voting

12 or nonvoting. The purpose of the association shall be the carrying out such
13 activities as may be prescribed in the district plan. The articles of incorporation or
14 bylaws of such association shall provide for voting representation of fee simple
15 owners and lessees of land within the district and may provide that the votes of
16 members who are owners of land be weighted in proportion to the special
17 assessment levied or to be levied against the parcels of land within the district and
18 that members whose properties are exempt from the special assessment are
19 nonvoting members.

20 (b) The district board shall be composed of representatives of fee simple
21 owners, lessees of land, and tenants of commercial space within the district;

1 provided, however, that not less than a majority of the district board members
2 shall represent fee simple owners and lessees of land; and provided further that
3 tenants of commercial space within the district shall also be represented on the
4 district board. The district board shall also include the following, all of whom
5 shall serve as the incorporators of the association pursuant to the CNMI
6 Corporation Act:

7 (1) The director of the department of facilities maintenance or the
8 director's designated representative, who shall be a nonvoting member;

9 (2) The director of the department of budget and fiscal services or the
10 director's designated representative, who shall be a nonvoting member;

11 (3) The mayor or the mayor's designee, who shall be a voting member;
12 and

13 (4) The Municipal Council member of the precinct within which the
14 majority of the land area within which the Special Improvement District is located
15 or the Municipal Council member's designated representative, who shall be a
16 voting member.

17 The district association may be incorporated prior to the effective date of
18 any district established pursuant to this chapter.

19 (c) In addition to such other powers as are conferred to it by law or this
20 chapter, the district board shall have the power to carry out the activities
21 prescribed in the district plan, including but not limited to:



1 (1) Determining the scope and specifications for the performance
2 standards;

3 (2) Letting contracts for the supplemental services or for the management
4 of operations of the district;

5 (3) Entering into contracts for the development of plans, design,
6 construction and/or renovation of supplemental improvements; and

7 (4) Adopting the annual budget for the district.

8 **Sec. 2.10 Financial records.**

9 The district board shall maintain financial records regarding the operation
10 of the district and the contracts for supplemental services and improvements. The
11 district board shall make such financial records available to the public during
12 regular business hours upon reasonable notice to the district board. If required by
13 the ordinance establishing the district, such financial records shall be audited by a
14 certified public accountant and the audit report made available to the council and
15 the public.

16 **Article 3. Special Assessment**

17 **3.1 Special assessment apportionment.**

18 **3.2 Special assessment levy.**

19 **3.3 Exemptions.**

20 **3.4 Special assessment payment and collection.**

21 **3.5 Special assessment lien.**

1 **3.6 Special assessment notice to owners of land.**

2 **3.7 Special assessment notice to prospective buyer or lessee of**
3 **parcel of land.**

4 **3.8 Special assessment obligation for parcel of land acquired by**
5 **Special District.**

6 **Sec. 3.1 Special assessment apportionment.**

7 A special assessment levied pursuant to this chapter may be based on
8 benefit received by a parcel of land, the cost of making a supplemental service
9 available to a parcel of land, the cost of supplemental services and improvements
10 benefitting a parcel of land, the stage or type of development or use of a parcel of
11 land, the happening of one or more specified events related to the development or
12 improvement of all or certain parcels of land, or any other reasonable basis or
13 formula as determined by the council.

14 Any determination of the reasonableness of any special assessment or the
15 rate or method of the apportionment thereof by the council in the ordinance
16 establishing the district shall be final and conclusive.

17 **Sec. 3.2 Special assessment levy.**

18 (a) During the first special assessment year, special assessments shall be
19 levied and apportioned pursuant to the rate and method specified in the ordinance
20 establishing the district. Prior to the commencement of the second and each
21 subsequent special assessment year, the district board shall prepare and submit a

1 report to the council that shall include the anticipated surplus or deficit from the
2 preceding special assessment year as well as any proposed new rate or method of
3 special assessment for the next special assessment year. The report shall be due by
4 the date set in the ordinance establishing the district or, if the ordinance does not
5 include such a date, the 30th day preceding the commencement of the next special
6 assessment year.

7 (1) If the proposed special assessment for a special assessment year does
8 not exceed 110 percent of the preceding special assessment year's total annual
9 special assessment, the new rate based upon the method of special assessment
10 specified in the ordinance establishing the district shall take effect upon the new
11 special assessment year.

12 (2) If the proposed special assessment for a special assessment year
13 exceeds 110 percent of the preceding special assessment year's total annual
14 special assessment, the district board may recommend to the council a change to
15 the rate or method of apportionment of an existing special assessment for a
16 district and the recommendation shall be accompanied by a justification and
17 proposed ordinance of consideration.

18 (3) The council shall review and may approve the ordinance of
19 consideration in accordance with this article.

20 (b) The district board shall have the power to:

21 (1) Determine the annual amount due from each landowner subject to the



1 special assessment; and

2 (2) Make an adjustment to the annual amount due when required by the
3 special assessment base or formula in the applicable ordinance establishing the
4 district.

5 (c) An owner of land who was not entitled to protest a proposed ordinance
6 under Sections 2.4, 4.7, or 5.6 shall not be subject to a special assessment levied
7 on that owner's land pursuant to such ordinance.

8 (d) Special assessments shall be levied only as long as needed to pay costs
9 of supplemental services and improvements, debt service and incidental expenses.

10 **Sec. 3.3 Exemptions.**

11 The properties owned by the United States except for property and leases
12 of government property subject to real property taxation under CNMI law, shall be
13 exempt from any special assessment. The properties owned by the CNMI
14 Department of Public Lands and the Special District, may be exempt from any
15 special assessment. No other properties or entities within a district shall be
16 exempt from the special assessment unless expressly exempted in the ordinance
17 establishing the district.

18 **Sec. 3.4 Special assessment payment and collection.**

19 (a) The director of budget and fiscal services shall collect the special
20 assessment for a district on a basis to be agreed upon by the Special District,
21 through its director of budget and fiscal services, and the district board. The

1 director of budget and fiscal services shall deposit all moneys so collected in an
2 account for the district in the general trust fund unless another Special District
3 fund is identified as the depository in the ordinance establishing the district.

4 (b) All special assessments levied shall be due and payable according to
5 terms established by the district board.

6 (c) Failure to pay the amount assessed when due shall thereafter bear
7 penalty and interest at rates and terms determined by the district board. Any
8 penalties and interest collected shall be deposited in that district's fund.

9 (d) The director of budget and fiscal services may deduct from special
10 assessments collected the administrative expenses directly incurred in collection.

11 (e) Special assessments collected shall be transmitted to the district within
12 15 days after the date that they are due and payable to the Special District.

13 (f) By a date set in the ordinance establishing the district or written
14 agreement between the district board and Special District, the director of budget
15 and fiscal services shall prepare and submit a report to the district board
16 summarizing the special assessments collected or that remain unpaid by parcel of
17 land and landowner, the amount of interest and penalties collected, the amount of
18 moneys paid out for district purposes, and the amount of administrative expenses
19 directly incurred in the collection of special assessments which were deducted
20 from the amounts collected.

21 **Sec. 3.5 Special assessment lien.**

1 (a) The special assessment levied on a parcel of land and the applicable
2 penalty, interest and costs of collection shall be a lien against the land and
3 improvements of the parcel of land. The lien shall attach from the effective date
4 of the ordinance establishing a district and levying the special assessment on the
5 parcel of land and shall be extinguished when the special assessment and any
6 applicable penalty, interest and costs of collection are fully paid or terminated.

7 (b) The lien of the special assessment shall have priority over all other
8 liens, except the lien of general real property taxes and shall be on a parity with
9 the lien of assessments levied under CNMI law. All liens of special assessments
10 made pursuant to this chapter shall be on a parity as to each other without regard
11 to when made or for what purpose.

12 (c) If any special assessment is not paid when due, the department of
13 budget and fiscal services may, after not less than two months of delinquency,
14 foreclose the lien of special assessment in order to collect the delinquent amount
15 and any penalty, interest, and costs, in the same manner as the foreclosure of the
16 lien of real property taxes.

17 (d) In any event, the department of budget and fiscal services shall
18 foreclose the lien before the end of the sixth year of a delinquency.

19 **Sec. 3.6 Special assessment notice to owners of land.**

20 For the first special assessment year of a district, notices of the special
21 assessments shall be sent to all assessed landowners at the address shown on the

1 real property tax assessment list. The notice shall be sent by the date set in the
2 ordinance establishing the district or, if the ordinance does not include such a
3 date, by the date agreed to by the district board and Special District. Each notice
4 shall set forth the amount of the special assessment levied, the rate and method of
5 apportionment of the special assessment, and the date when the special
6 assessment is due. Failure to give or receive such notice to or by any landowner
7 shall not affect the validity of the special assessment nor entitle the landowner to
8 an extension of time within which to pay the special assessment.

9 After the first special assessment year, notice of special assessments may
10 be sent annually to the assessed landowners; provided, however, that the date of
11 such annual notice may be adjusted by the Special District in accordance with the
12 ordinance establishing the district. The notices of special assessment for the first
13 year and any subsequent year shall be sent by the director of budget and fiscal
14 services or by the district association on behalf of the director if so agreed to by
15 the director and district board.

16 **Sec. 3.7 Special assessment notice to prospective buyer or lessee of**
17 **parcel of land.**

18 Before entering into an agreement to sell or lease a parcel of land subject
19 to a special assessment levy and lien, the landowner shall notify the prospective
20 buyer or lessee of the existence of the levy and lien in writing. Failure to give or
21 receive such notice to or by any landowner shall not affect the validity of the

1 special assessment nor entitle the landowner to an extension of time within which
2 to pay the special assessment.

3 **Sec. 3.8 Special assessment obligation for parcel of land acquired by**
4 **Special District.**

5 If a parcel of land subject to a special assessment is acquired by the
6 Special District by foreclosure or gift or devise, the parcel of land shall be sold as
7 soon as practicable, and the purchaser of the parcel of land shall take title subject
8 to the lien of the special assessment and shall be required to pay the special
9 assessments then due as part of the purchase price and the special assessments
10 becoming due from and after the sale date.

11
12

13 **Article 4. Changes in Authorized Supplemental Services,**
14 **Improvements and Special Assessment**

15 **4.1 Authorization to change supplemental service and**
16 **improvements or special assessment.**

17 **4.2 Ordinance of consideration.**

18 **4.3 Request for changes.**

19 **4.4 Contents of proposed ordinance of consideration.**

20 **4.5 Notice of hearing on proposed ordinance of consideration.**

21 **4.6 Protests against the proposed ordinance of consideration.**

1 **4.7 Protest by more than 51 percent.**

2 **4.8 Duration of hearing—Determination.**

3 **4.9 Filing of notice.**

4 **Sec. 4.1 Authorization to change supplemental service and**
5 **improvements or special assessment.**

6 (a) Upon request of the district board, the council may change the
7 authorized supplemental services and improvements, the supplemental services
8 and improvements to be financed, the rate or method of apportionment of a
9 special assessment, or the boundaries of the district other than an annexation
10 provided in Article 5, or the council may require the levy of a new special
11 assessment. Such change or new levy shall be accomplished in accordance with
12 this article.

13 (b) Any other amendments to the ordinance establishing the district not
14 specifically controlled by this chapter may be accomplished by ordinance but
15 need not comply with the provisions of this article, or Article 5 or Article 6 of this
16 chapter.

17 **Sec. 4.2 Ordinance of consideration.**

18 (a) If the council determines that the public convenience and necessity
19 require a change permitted under Section 4.1(a) or require the levy of a new
20 special assessment, the council may approve an ordinance of consideration to do
21 so. The council shall commence proceedings only upon receipt of a request from

1 the board directors.

2 (b) An ordinance of consideration for a district shall be an amendment of
3 the ordinance establishing the district. The ordinance of consideration shall
4 contain the pertinent information required by Section 4.4.

5 **Sec. 4.3 Request for changes.**

6 The council may commence proceedings to approve an ordinance of
7 consideration if receiving a request from the district board requesting a change
8 permitted under Section 4.1(a) or the levy of a new special assessment.

9 **Sec. 4.4 Contents of proposed ordinance of consideration.**

10 A proposed ordinance of consideration shall do all of the following:

11 (1) State the name of the district;

12 (2) Describe the boundaries of the district;

13 (3) Specify the proposed change to the supplemental services or
14 improvements, the supplemental services or

15 improvements to be financed or the boundaries;

16 (4) Specify whether the issuance and sale of bonds to finance any
17 supplemental improvements is required;

18 (5) Specify any proposed new special assessment which will be levied to
19 finance new or existing supplemental services and improvements or payment of
20 debt service for supplemental improvements; and

21 (6) Specify any proposed change to the rate or method of apportionment of

1 an existing special assessment.

2 **Sec. 4.5 Notice of hearing on proposed ordinance of consideration.**

3 (a) The council shall fix the time and place for a hearing on the proposed
 4 ordinance of consideration. The date of the hearing shall not be less than 30 or
 5 more than 90 days from the date of introduction of the proposed ordinance.

6 (b) The Special District clerk shall publish notice of the hearing in the same
 7 manner as required under Section 2.3 for notice of a
 8 hearing to owners of land within a proposed district. In addition, the Special
 9 District clerk shall mail the notice to each owner of land
 10 assessed or proposed to be assessed in the district at least 15 days before the
 11 hearing in the manner described in Section
 12 2.3.

13 (c) The notice shall contain all of the following information:

14 (1) A summary of the proposed ordinance and a statement that the proposed
 15 ordinance is on file in the Special District clerk's
 16 office for public inspection (alternatively, the notice may contain the full text of
 17 the proposed ordinance);

18 (2) The time and place of the hearing;

19 (3) A statement that, at the hearing, the testimony of all interested persons and
 20 landowners for or against the
 21 proposed changes will be heard; and

1 (4) A summary of the protest procedure and the form of any protest, including the
2 respective rights of an owner and
3 the effect of protests made against the proposed changes.

4 **Sec. 4.6 Protests against the proposed ordinance of consideration.**

5 Protests against the proposed ordinance of consideration may be made in writing
6 by landowners and if made shall be in such form as may be prescribed by the
7 Special District clerk. All written protests shall be filed with the Special District
8 clerk before or at the hearing. The council may waive any irregularities in the
9 form or content of any written protest. Written protests may be withdrawn in
10 writing by the owner who protested at any time before the conclusion of the
11 hearing.

12 **Sec. 4.7 Protest by more than 51 percent.**

13 If the landowners owning lands which are assessed or proposed to be
14 assessed within the district that have a real property tax assessed value of more
15 than 51 percent of the total real property tax assessed value of all land assessed or
16 proposed to be assessed in the district or if more than 51 percent of the owners of
17 land assessed or proposed to be assessed in the district file written protests with
18 the council before or at the public hearing against the proposed ordinance of
19 consideration and if protests are not withdrawn so as to reduce the amount of the
20 protests to 51 percent or less, the ordinance of consideration shall not be
21 approved. No proceedings to include the provision in another ordinance of



1 consideration shall again be undertaken for a period of 90 days from the close of
2 the hearing. Section 2.4(c) and (d) shall apply to protests under this section.

3 **Sec. 4.8 Duration of hearing—Determination.**

4 The hearing may be continued from time to time, but shall be completed
5 within 30 days; except that, if the council finds that the complexity of the
6 proposed changes or the need for public participation requires additional time, the
7 hearing may be continued from time to time for a period not to exceed 90 days
8 from the date of the original hearing. At the conclusion of the hearing, the
9 council, after considering all protests and such other relevant factors (such as the
10 general plan or development plan) as it deems appropriate, may approve the
11 ordinance of consideration.

12 **Sec. 4.9 Filing of notice.**

13 After the effective date of an ordinance of consideration, the director of
14 budget and fiscal services shall provide notice of
15 any change in the district or the special assessment or levy in the manner specified
16 under Section 3.6.

17 **Article 5. Annexation of Territory**

18 **5.1 Authorization to annex—Contiguity not required.**

19 **5.2 Ordinance of annexation.**

20 **5.3 Contents of proposed ordinance of annexation.**

21 **5.4 Notice of hearing on proposed ordinance of annexation.**

1 **5.5 Protests against proposed ordinance of annexation.**

2 **5.6 Protest by more than 51 percent.**

3 **5.7 Duration of hearing—Determination.**

4 **5.8 Filing of notice.**

5

6 **Sec. 5.1 Authorization to annex—Contiguity not required.**

7 The council may annex an area of land to an existing district in accordance
8 with this article. The annexed land need not be contiguous to the existing district.

9 **Sec. 5.2 Ordinance of annexation.**

10 Upon request of the district board, if the council determines that the public
11 convenience and necessity require the addition of land to an existing district, the
12 council may approve an ordinance of annexation adding the land. The ordinance
13 of annexation adding land to an existing district shall be deemed an amendment of
14 the ordinance of formation for that district.

15 **Sec. 5.3 Contents of proposed ordinance of annexation.**

16 (a) A proposed ordinance of annexation shall do all of the following:

17 (1) State the name and term of the existing district;

18 (2) Describe the boundaries of the existing district and the area proposed
19 to be annexed;

20 (3) Identify the supplemental services and improvements provided and
21 financed by the existing district, the

1 supplemental services and improvements to be provided and financed by
 2 the area proposed to be annexed, and
 3 the supplemental services and improvements to be provided and financed
 4 in common by both;

5 (4) Specify the proposed new special assessment which will be levied
 6 within the area proposed to be annexed; and

7 (5) Specify any proposed change to the special assessment within the
 8 existing district as a result of the proposed
 9 annexation.

10 (b) The special assessment rate in the existing district shall not be
 11 increased as a result of annexation proceedings pursuant to
 12 this article.

13 **Sec. 5.4 Notice of hearing on proposed ordinance of annexation.**

14 (a) The council shall fix the time and place for a hearing on the proposed
 15 ordinance of annexation. The date of the hearing
 16 shall not be less than 30 or more than 90 days from the date of
 17 introduction of the proposed ordinance.

18 (b) The Special District clerk shall publish notice of the hearing in the
 19 same manner as required under Section 2.3 for notice of a
 20 hearing to owners of land within a proposed district. In addition, the
 21 Special District clerk shall mail the notice to each owner of land

1 assessed or proposed to be assessed in the existing district and area

2 proposed to be annexed. The notice shall be mailed at

3 least 15 days before the hearing in the manner described in Section 2.3.

4 (c) The notice shall contain all of the following information:

5 (1) A summary of the proposed ordinance and a statement that the

6 proposed ordinance is on file in the Special District clerk's

7 office for public inspection (alternatively, the notice may contain the full

8 text of the proposed ordinance);

9 (2) The time and place of the hearing;

10 (3) A statement that, at the hearing, the testimony of all interested persons

11 and landowners for or against the proposed annexation will be heard; and

12 (4) A summary of the protest procedure and the form of any protests,

13 including the rights of an owner of land and the effect of protests made against the

14 proposed annexation.

15 **Sec. 5.5 Protests against proposed ordinance of annexation.**

16 Protests against the proposed ordinance of annexation may be made in

17 writing by landowners of land in the existing district or by landowners of land in

18 the area proposed to be annexed and, if made, shall be in such form as may be

19 prescribed by the Special District clerk.

20 All written protests shall be filed with the Special District clerk before or

21 at the hearing. The council may waive any irregularities in the form or content of



1 any written protest. Written protests may be withdrawn in writing by the owner
2 who protested at any time before the conclusion of the hearing.

3 **Sec. 5.6 Protest by more than 51 percent.**

4 (a) If either:

5 (1) The landowners owning lands which are specially assessed in the
6 existing district that have a real property tax assessed value of more than 51
7 percent of the total real property tax assessed value of land specially assessed in
8 the existing district, or

9 (2) The landowners owning lands which are proposed to be annexed and
10 specially assessed that have a real property tax assessed value of more than 51
11 percent of the total real property tax assessed value of land
12 proposed to be annexed and specially assessed, or

13 (3) More than 51 percent of the owners of lands which are specially
14 assessed in the existing district, or

15 (4) More than 51 percent of the owners of land which are proposed to be
16 annexed and specially assessed, file written protests with the council before or at
17 the public hearing against the proposed annexation and if protests are not
18 withdrawn so as to reduce the amount of the protests to 51 percent or less, the
19 annexation proceedings shall cease. Section 2.4(c) and (d) shall apply to protests
20 under this section.

21 (b) If the annexation proceedings cease pursuant to Section 5.6(a) above,

1 no proceedings to annex the land shall be undertaken for a period of 90 days from
2 the close of the hearing.

3 **Sec. 5.7 Duration of hearing—Determination.**

4 The hearing may be continued from time to time, but shall be completed
5 within 30 days; except that, if the council finds that the complexity of the
6 proposed annexation or the need for public participation requires additional time,
7 the hearing may be continued from time to time for a period not to exceed 90 days
8 from the date of the original hearing. At the conclusion of the hearing,
9 the council, after considering all protests and such other relevant factors (such as
10 the general plan or development plan) as it deems appropriate, may approve or
11 disapprove the ordinance of annexation (in the form in which it was introduced or
12 with such changes as determined by the council and permitted by this part).
13 Thereafter, the Special District may levy the special assessment on the annexed
14 land.

15 **Sec. 5.8 Filing of notice.**

16 After the effective date of an ordinance of annexation, the director of the
17 department of budget and fiscal services shall provide notice of any special
18 assessment change or levy in the manner specified under Section 3.6.

19 **Article 6. Termination of District**

20 **Sec. 6.1 Authorization to terminate the district.**

21 **Sec. 6.2 Ordinance terminating the district.**



1 **Sec. 6.3 Contents of proposed ordinance terminating the district.**

2 **Sec. 6.4 Notice of hearing on proposed ordinance terminating the**
3 **district.**

4 **Sec. 6.1 Authorization to terminate the district.**

5 (a) The council may terminate a district at any time for cause due to the
6 wilful misconduct or gross negligence on the part of the district board. The
7 council shall initiate proceedings to terminate the district for cause by a resolution
8 and shall terminate the district by an ordinance.

9 (b) The council, on its own initiative, may terminate a district at the
10 expiration of the then-occurring five-year term in accordance with this article. The
11 council shall initiate proceedings to terminate a district at the expiration of the
12 thenoccurring five-year term by a resolution and shall terminate the district by an
13 ordinance.

14 (c) The council may terminate a district at any time upon request from the
15 district board. A termination shall be accomplished in accordance with this article.

16 (d) Except as set forth herein, the council may not initiate proceedings to
17 terminate a district.

18 **Sec. 6.2 Ordinance terminating the district.**

19 (a) Upon its own initiative or receipt of the request from the district board,
20 both as set forth in Section 6.1, if the council determines that the public
21 convenience and necessity will be promoted by terminating a district, the council

1 may approve an ordinance terminating the district.

2 (b) The council shall not approve an ordinance terminating a district:

3 (1) Unless provisions are included to assure the payment of all outstanding
4 debt service on any bonds issued to finance improvements within the district from
5 the special assessments or accumulated reserves of the district or as council
6 otherwise deems necessary; and

7 (2) Unless provisions are included to assure the payment of all outstanding
8 incidental expenses and supplemental services expenses accrued for the district
9 from the special assessments or accumulated reserves of the district or as council
10 otherwise deems necessary.

11 **Sec. 6.3 Contents of proposed ordinance terminating the district.**

12 A proposed ordinance terminating the district shall do all of the following:

13 (1) State the name of the district;

14 (2) Describe the boundaries of the district;

15 (3) Identify the proposed termination date of the district;

16 (4) Give a narrative justification for the proposed termination;

17 (5) With respect to bonds issued to finance improvements for the district:

18 (A) Guarantee the payment of the bonds before the termination of the
19 district; or

20 (B) Establish a method by which the bonds will be paid after the
21 termination of the district; and

1 (6) With respect to incidental expenses accrued for the district:

2 (A) Guarantee the payment of the incidental expenses before the
3 termination of the district; or

4 (B) Establish a method by which incidental expenses, if any, will be paid
5 after the termination of the district; and

6 (7) With respect to supplemental services expenses accrued for the district:

7 (A) Guarantee the payment of the supplemental services expenses before
8 the termination of the district; or

9 (B) Establish a method by which supplemental services expenses, if any,
10 will be paid after the termination of the district.

11 **Sec. 6.4 Notice of hearing on proposed ordinance terminating the**
12 **district.**

13 The council shall fix the time and place for a hearing on the proposed
14 ordinance terminating the district. The date of the hearing shall not be less than 30
15 or more than 90 days from the date of introduction of the proposed ordinance.

16 The Special District clerk shall publish notice of the hearing in the same manner
17 as required under Section 2.3 for notice of a hearing to institute proceedings. In
18 addition, the Special District clerk shall mail the notice to each owner of land
19 assessed in the district at least 15 days before the hearing. The notice shall contain
20 all of the following information:

21 (1) A summary of the proposed ordinance and the fact that the proposed

1 ordinance is on file in the Special District clerk's office
2 for public inspection (alternatively, the notice may contain the full text of
3 the proposed ordinance);
4 (2) The time and place of the hearing; and
5 (3) A statement that, at the hearing, the testimony of all interested persons
6 and landowners for or against the
7 proposed termination will be heard.

8 **Article 7. Bonds**

- 9 **7.1 Bond ordinance.**
10 **7.2 Costs includable in bond principal.**
11 **7.3 Minimum value-to-lien ratio.**
12 **7.4 Covenant to pursue foreclosure action to collect delinquent special**
13 **assessments.**
14 **7.5 Signing of bonds.**
15 **7.6 Manner of sale.**
16 **7.7 Bond fund.**
17 **7.8 Refunding bonds.**
18 **7.9 Prohibition on issuance of general obligation bonds secured by**
19 **general credit.**
20 **7.10 Debt limit calculation.**
21 **Sec. 7.1 Bond ordinance.**



-
- 1 (a) Whenever the council deems it necessary or appropriate that special
2 improvement district bonds be issued to finance the cost of supplemental
3 improvements or to reimburse the cost thereof previously paid, the council may
4 authorize the issuance of bonds. The issuance shall be authorized by a bond
5 ordinance approved with or after the approval of the ordinance establishing the
6 district and levying the special assessment to finance the costs of supplemental
7 improvements. The bond ordinance shall provide for the following:
- 8 (1) The issuance of the bonds in one or more series;
 - 9 (2) The date the bonds shall bear;
 - 10 (3) The maturity date or dates of the bonds, which shall not be more than
11 30 years after the issuance date of the bonds;
 - 12 (4) The rate or maximum rate of interest on the bonds, which shall not
13 exceed the maximum rate permitted by law and which may be fixed or variable
14 and simple or compound;
 - 15 (5) The time or times at which interest shall be payable;
 - 16 (6) The denomination of the bonds;
 - 17 (7) The form of the bonds;
 - 18 (8) The conversion or registration privileges carried by the bonds;
 - 19 (9) The rank or priority of the bonds;
 - 20 (10) The manner of execution of the bonds;
 - 21 (11) The medium of payment of the bonds;

-
- 1 (12) The place or places of payment;
- 2 (13) The terms of redemption and the redemption price or prices to which
- 3 the bonds are subject;
- 4 (14) The pledge or assignment of all or part of the special assessments
- 5 collected from the district thereof, the liens securing such special assessments, or
- 6 any other funds which are intended by the council to secure payment of the bonds.
- 7 The pledge shall be superior to all other claims on the special assessments (except
- 8 to the extent otherwise provided in this chapter and the bond ordinance);
- 9 (15) The establishment and handling of a separate special fund or funds to
- 10 pay or secure the bonds or to pay for the costs of supplemental improvements or
- 11 incidental expenses;
- 12 (16) The obligations in which may be invested the proceeds of the bonds
- 13 and any other funds (including special assessments) pledged to secure payment of
- 14 the bonds; and
- 15 (17) Any other provisions for the issuance, payment, security, credit
- 16 enhancement, handling of funds, default, remedy, or other matter related to the
- 17 bonds which the council deems appropriate.
- 18 (b) The bond ordinance may provide that any or all of the terms listed in
- 19 this section or elsewhere in this article may be determined and fixed by the
- 20 director of budget and fiscal services at or prior to the delivery of the bonds or in
- 21 an indenture, trust agreement, or fiscal agent agreement between the Special

1 District and a corporate trustee or fiscal agent located within or without the
2 Commonwealth.

3 **Sec. 7.2 Costs includable in bond principal.**

4 The principal amount of bonds authorized to be issued may include all
5 costs and estimated costs of supplemental improvements and related expenses.

6 **Sec. 7.3 Minimum value-to-lien ratio.**

7 The principal amount of bonds authorized to be issued for a district shall
8 not exceed one-third of the value of the real property upon which a special
9 assessment is levied for payment of the debt service on the bonds. The "value of
10 the real property" shall be the fair market value of the land, the improvements
11 thereon and the improvements, within the meaning of Section 1.5, to be
12 constructed within the district, as shown by the real property tax assessed values
13 of the subject property.

14 **Sec. 7.4 Covenant to pursue foreclosure action to collect delinquent**
15 **special assessments.**

16 The director of budget and fiscal services may covenant, for the benefit of
17 bond owners, to commence and diligently pursue to completion any foreclosure
18 action regarding delinquent special assessments. The covenant may specify a
19 deadline for commencement of the foreclosure action and any other terms and
20 conditions the director of budget and fiscal services determines reasonable
21 regarding the foreclosure action.

1 **Sec. 7.5 Signing of bonds.**

2 Unless otherwise specified in the bond ordinance, the bonds shall be
3 signed by the mayor and countersigned by the director of budget and fiscal
4 services or the director's deputy. Signatures on the bonds may be manual or
5 facsimile. If any officer whose signature appears on the bonds vacates the office
6 before the delivery of the bonds, the signature shall be as effective as if the officer
7 had remained in office.

8 **Sec. 7.6 Manner of sale.**

9 The director of budget and fiscal services may sell bonds at public or
10 private sale at the times, for the price or prices, and in the manner the council
11 determines to be appropriate and in the public interest (such determination being
12 final and conclusive).

13 **Sec. 7.7 Bond fund.**

14 All of the collections for payment of principal of and interest on bonds and
15 related expenses shall be paid into a district bond or reserve fund and shall be
16 used solely for the payment of the principal of and interest on the outstanding
17 bonds of the district and related expenses, all as provided in the bond ordinance.

18 **Sec. 7.8 Refunding bonds.**

19 (a) The council may authorize the issuance of bonds to refund any or all of
20 the district bonds outstanding that have been issued
21 pursuant to this article. The refunding bonds shall be authorized by a bond

1 ordinance.

2 (b) Refunding bonds shall not be issued if the total net interest cost to
3 maturity on the refunding bonds plus the principal amount of the refunding bonds
4 exceeds the total net interest cost to maturity on the bonds to be refunded plus the
5 principal amount of the bonds to be refunded. Subject to such limitations, the
6 principal amount of the refunding bonds may be more than, less than, or the same
7 as the principal amount of the bonds to be refunded. The principal amount of such
8 refunding bonds shall not count against any maximum amount of bonds
9 authorized in the original bond ordinance.

10 (c) The designated costs of issuing refunding bonds shall be paid from
11 proceeds of the refunding bonds, interest earned on such proceeds, or special
12 assessments from the district. However, any interest or special assessments paid
13 for the designated costs shall be added to the total net interest costs to maturity on
14 the refunding bonds in determining whether the issuance of the refunding bonds
15 complies with subsection (b).

16 "Designated costs of issuing the refunding bonds" means any of the
17 following costs and expenses designated by the council in the bond ordinance
18 authorizing the issuance of the refunding bonds:

19 (1) All expenses incident to the calling, retiring, or paying of the bonds to
20 be refunded and incident to the issuance of refunding bonds, including the charges
21 of any agent in connection with the issuance of the refunding bonds or the

1 redemption or retirement of the bonds to be refunded;

2 (2) The interest upon the refunding bonds from the date of sale of the
3 refunding bonds to the date of payment of the bonds to be refunded or the date
4 upon which the bonds to be refunded will be paid pursuant to call or agreement
5 with the holders of the bonds;

6 (3) Any premium necessary in the calling or retiring of the bonds to be
7 refunded;

8 (4) Any insurance premium or fee payable to the issuer of a bond
9 insurance policy or letter of credit insuring all or part of the principal and/or
10 interest due on the refunding bonds; and

11 (5) Any other incidental expense related to the issuance or carrying of the
12 refunding bonds or the redemption or refunding of the bonds to be refunded.

13 (d) The saving achieved through the issuance of refunding bonds shall be
14 used by the council to reduce the special assessment levied in the district.

15 At the time the council authorizes the issuance of refunding bonds, the
16 council also shall reduce the special assessments levied in the district. The
17 reduction shall be made through an ordinance of consideration pursuant to Article
18 4.

19 **Sec. 7.9 Prohibition on issuance of general obligation bonds secured**
20 **by general credit.**

21 No general obligation bonds secured by the Special District's general

1 credit shall be issued to finance the costs of improvements identified in an
2 ordinance establishing a district or pay for the incidental expenses of a district.

3 **Sec. 7.10 Debt limit calculation.**

4 Bonds issued under this article, when the only security is the special
5 assessments levy or lien in a district, shall be excluded from any determination of
6 the power of the Special District to issue general obligation bonds or funded debt
7 for purposes of the state constitution.

8 **SECTION 3. REGULATIONS.** In addition to the rules and regulations set
9 forth herein, the Department is hereby authorized to promulgate any additional rules and
10 regulations necessary to implement the provisions of this Act.”

11 **SECTION 4. SEVERABILITY.**

12 If any provision of this Act or the application of any such provision to any
13 person or circumstance should be held invalid by a court of competent
14 jurisdiction, the remainder of this Act or the application of its provisions to
15 persons or circumstances other than those to which it is held invalid shall not be
16 affected thereby.

17 **SECTION 5. SAVINGS CLAUSE.**

18 This Act and any repealer contained herein shall not be construed as
19 affecting any existing right acquired under contract or acquired under statutes
20 repealed or under any rule, regulation or order adopted under the statutes.
21 Repealers contained in this Act shall not affect any proceeding instituted under or
22 pursuant to prior law. The enactment of the Act shall not have the effect of

1 terminating, or in any way modifying, any liability, civil or criminal, which shall
2 already be in existence on the date this Act becomes effective.

3 **SECTION 6. EFFECTIVE DATE.**

4 This Act shall take effect upon its approval by the Governor or its
5 becoming law without such approval.

6 **SECTION 6. SUNSET CLAUSE.**

7 This Act shall terminate or no longer be of any legal force or effect five
8 years after its approval by the Governor or its becoming law without such
9 approval.

10

Prefiled: 10/28/19

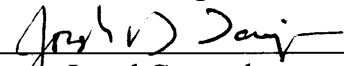
Date: 10/28/19

Introduced by:



Rep.

Reviewed for Legal Sufficiency by:


House Legal Counsel

