

§1064. Issuance of revenue obligation securities

1. Notice of intent to issue bonds; actions to contest validity. The municipal officers of any municipality are authorized to provide by resolution, at one time or from time to time, for the issuance of revenue obligation securities of the municipality for the purposes authorized in this subchapter. No revenue obligation securities of the municipality may be authorized and issued until:

- A. A certificate of approval, as provided in section 1063, is received; [PL 1981, c. 476, §2 (NEW).]
- B. A resolution is adopted by vote of the municipal officers; and [PL 1981, c. 476, §2 (NEW).]
- C. A notice of the intent of the municipality to issue the securities is published at least once in the state newspaper and in a newspaper of general circulation in the municipality:
 - (1) No later than 14 full days after the date on which the resolution is adopted;
 - (2) Describing the general purpose or purposes for which the securities are to be issued;
 - (3) Stating the maximum principal amount of the proposed securities;
 - (4) Setting forth or summarizing the text of the certificate of approval; and
 - (5) Including a statement as to the time within which any action or proceeding to set aside the resolution or otherwise obtain relief on the grounds of its invalidity or that of the certificate of approval must be commenced. [PL 1981, c. 476, §2 (NEW).]

Any action or proceeding in any court to set aside a resolution or certificate of approval or to obtain relief upon the grounds that the resolution or certificate of approval was improperly adopted, was adopted for unauthorized purposes or is otherwise invalid for any reason, must be started within 30 days after the date of the publication. After the expiration of the period of limitation, no right of action or defense founded upon the invalidity of the resolution or approval or any provision shall be started or asserted nor shall the validity of the resolution or approval or provision be open to question in any court upon any grounds.

[PL 1981, c. 476, §2 (NEW).]

2. Maturity; interest. The securities of each issue of revenue obligation securities shall be dated, shall mature at a time or times not exceeding 25 years from their date or dates and shall bear interest at a rate or rates determined by the option of the municipal officers. The securities may be made redeemable before maturity at a price or prices and under terms and conditions fixed prior to their issue. In determining an interest rate, the municipal officers shall specify a rate which shall be the maximum rate for the particular revenue obligation security issue related to a single project, which rate may be a variable rate measured as a percentage of or otherwise in relation to a prime rate or other measuring standard.

- A. [PL 1985, c. 714, §36 (RP).]
 - B. [PL 1985, c. 714, §36 (RP).]
 - C. [PL 1985, c. 344, §85 (RP).]
 - D. [PL 1985, c. 714, §36 (RP).]
- [PL 1985, c. 714, §36 (RPR).]

3. Form. The municipal officers shall determine the form of the securities, including any attached interest coupons, the manner of execution of the securities, the denomination or denominations of the securities. Revenue obligation securities shall be executed in the name of the municipality by the manual or facsimile signature of the municipal officer or officers authorized in the resolution, but at least one signature on each security shall be a manual signature. Any attached coupons shall be executed with the facsimile signature of the designated official. Signatures and facsimiles of signatures on

securities and coupons will be valid for all purposes, even if the designated official ceases to hold office before delivery of the securities. The securities may be issued in coupon or registered form, or both. Provision may be made for the registration of any coupon securities as to principal alone and as to both principal and interest, and for the reconversion into coupon securities of any securities registered as to both principal and interest.

[PL 1981, c. 476, §2 (NEW).]

4. Sale. The municipal officers may sell the securities at a private or public sale, in a manner and at a price they determine, but no sale may be made at a price so low as to require the payment of interest on the money received at more than the interest approved by the authority.

The municipal officers shall not sell the securities to any firm, partnership, corporation, water company or association, including an affiliate or subsidiary, which is a party to any contract pertaining to the financial project or which is to rent, purchase, lease or otherwise occupy premises constituting part of the project. The municipal officers may sell the securities to a seller of the project if the project is to be used and operated by a 3rd party.

[PL 1981, c. 476, §2 (NEW).]

5. Use of proceeds; disbursements; deficits. Proceeds of each issue shall be used solely for the authorized purposes and shall be disbursed as provided in the authorizing resolution or in the securing trust agreement. If the proceeds shall be less than the cost of the project, by error in the estimate or otherwise, additional securities may be issued in a like manner to provide the amount of the deficit and, unless otherwise provided in the authorizing resolution or the securing trust agreement, the additional securities are deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the securities first issued for the same purpose, provided the aggregate principal amount of revenue obligation securities of a municipality may not exceed the amount approved by the resolution of the municipal officers. The municipality may place limits or restrictions on the issuance of additional revenue obligation securities through the authorizing resolution or any securing trust agreement. The municipality may provide for the replacement of mutilated, destroyed or lost securities. Revenue obligation securities may be issued under this chapter without obtaining the consent of any department, division, commission, board, bureau or agency of the State and without any other proceedings, or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this chapter. Notwithstanding any of the other provisions of this subchapter or any recitals in any securities issued under this subchapter, all such securities are deemed to be negotiable instruments issued under the laws of this State.

[PL 1985, c. 344, §86 (AMD).]

6. Credit not pledged. Securities issued under this subchapter shall not constitute any debt or liability of the State, its political subdivisions or any municipality; shall not constitute a pledge of the faith and credit of the State, its political subdivisions or any municipality; shall be payable solely from the revenues of the project or projects for which they are issued; and shall contain on their face a statement to that effect. The securities issued under this subchapter shall not directly or indirectly or contingently obligate the State, its political subdivisions or any municipality to levy or to pledge any form of taxation whatever or to make any appropriation for their payment. The prohibitions or limitations of this subsection shall not be construed to restrict any rights or obligations of a municipality arising under Title 38, section 1304-B.

[PL 1985, c. 593, §5 (AMD).]

7. Anticipatory borrowing. In anticipation of the sale of securities under this subchapter, the municipal officers may issue temporary notes and renewal notes, the total face amount of which does not exceed at any one time outstanding the authorized amount of the securities. The period of such anticipatory borrowing shall not exceed one year, and the time within which the securities are to become due shall not be extended by the anticipatory borrowing beyond the time fixed in the authorizing resolution or, if no term is specified, beyond the term permitted by law.

[PL 1981, c. 476, §2 (NEW).]

8. Conclusive authorization. All revenue obligation securities of the municipality shall be conclusively presumed to be fully authorized and issued under the laws of the State, and any person or governmental unit shall be estopped from questioning their authorization, sale, issuance, execution or delivery by the municipality.

[PL 1985, c. 344, §87 (NEW).]

SECTION HISTORY

PL 1981, c. 476, §2 (NEW). PL 1985, c. 344, §§85-87 (AMD). PL 1985, c. 593, §5 (AMD). PL 1985, c. 714, §36 (AMD).

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