

By the Committees on Communications, Energy, and Public Utilities; and Finance and Tax; and Senators Legg and Simpson

579-04014-16

2016324c2

1                   A bill to be entitled  
2           An act relating to utility projects; providing a short  
3           title; defining terms; authorizing certain local  
4           governmental entities to finance the costs of a  
5           utility project by issuing utility cost containment  
6           bonds upon application by a local agency; specifying  
7           application requirements; requiring a successor entity  
8           of a local agency to assume and perform the  
9           obligations of the local agency with respect to the  
10          financing of a utility project; providing procedures  
11          for local agencies to use when applying to finance a  
12          utility project using utility cost containment bonds;  
13          authorizing an authority to issue utility cost  
14          containment bonds for specified purposes related to  
15          utility projects; authorizing an authority to form  
16          alternate entities to finance utility projects;  
17          requiring the governing body of the authority to adopt  
18          a financing resolution and impose a utility project  
19          charge on customers of a publicly owned utility as a  
20          condition of utility project financing; specifying  
21          required and optional provisions of the financing  
22          resolution; specifying powers of the authority;  
23          requiring the local agency or its publicly owned  
24          utility to assist the authority in the establishment  
25          or adjustment of the utility project charge; requiring  
26          that customers of the public utility specified in the  
27          financing resolution pay the utility project charge;  
28          providing for adjustment of the utility project  
29          charge; establishing ownership of the revenues of the  
30          utility project charge; requiring the local agency or  
31          its publicly owned utility to collect the utility

579-04014-16

2016324c2

32 project charge; conditioning a customer's receipt of  
33 public utility services on payment of the utility  
34 project charge; authorizing a local agency or its  
35 publicly owned utility to use available remedies to  
36 enforce collection of the utility project charge;  
37 providing that the pledge of the utility project  
38 charge to secure payment of bonds issued to finance  
39 the utility project is irrevocable and cannot be  
40 reduced or impaired except under certain conditions;  
41 providing that a utility project charge constitutes  
42 utility project property; providing that utility  
43 project property is subject to a lien to secure  
44 payment of costs relating to utility cost containment  
45 bonds; establishing payment priorities for the use of  
46 revenues of the utility project property; providing  
47 for the issuance and validation of utility cost  
48 containment bonds; securing the payment of utility  
49 cost containment bonds and related costs; providing  
50 that utility cost containment bonds do not obligate  
51 the state or any political subdivision and are not  
52 backed by their full faith and credit and taxing  
53 power; requiring that certain disclosures be printed  
54 on utility cost containment bonds; providing that  
55 financing costs related to utility cost containment  
56 bonds are an obligation of the authority only;  
57 providing limitations on the state's ability to alter  
58 financing costs or utility project property under  
59 certain circumstances; prohibiting an authority with  
60 outstanding payment obligations on utility cost

579-04014-16

2016324c2

61 containment bonds from becoming a debtor under certain  
62 federal or state laws; providing for construction;  
63 endowing public entities with certain powers;  
64 providing an effective date.

65  
66 Be It Enacted by the Legislature of the State of Florida:

67  
68 Section 1. Utility Cost Containment Bond Act.—

69 (1) SHORT TITLE.—This section may be cited as the “Utility  
70 Cost Containment Bond Act.”

71 (2) DEFINITIONS.—As used in this section, the term:

72 (a) “Authority” means an entity created under s.  
73 163.01(7)(g), Florida Statutes, or a separate legal entity  
74 created by one or more local agencies. The term includes any  
75 successor to the powers and functions of such an entity.

76 (b) “Cost,” as applied to a utility project or a portion of  
77 a utility project financed under this section, means:

78 1. Any part of the expense of constructing, renovating, or  
79 acquiring lands, structures, real or personal property, rights,  
80 rights-of-way, franchises, easements, and interests acquired or  
81 used for a utility project;

82 2. The expense of demolishing or removing any buildings or  
83 structures on acquired land, including the expense of acquiring  
84 any lands to which the buildings or structures may be moved, and  
85 the cost of all machinery and equipment used for the demolition  
86 or removal;

87 3. Finance charges;

88 4. Interest, as determined by the authority;

89 5. Provisions for working capital and debt service

579-04014-16

2016324c2

90 reserves;

91 6. Expenses for extensions, enlargements, additions,  
92 replacements, renovations, and improvements;

93 7. Expenses for architectural, engineering, financial,  
94 accounting, and legal services, plans, specifications,  
95 estimates, and administration; or

96 8. Any other expenses necessary or incidental to  
97 determining the feasibility of constructing a utility project or  
98 incidental to the construction, acquisition, or financing of a  
99 utility project.

100 (c) "Customer" means a person receiving water or wastewater  
101 service from a publicly owned utility.

102 (d) "Finance" or "financing" includes refinancing.

103 (e) "Financing cost" means:

104 1. Interest and redemption premiums that are payable on  
105 utility cost containment bonds;

106 2. The cost of retiring the principal of utility cost  
107 containment bonds, whether at maturity, including acceleration  
108 of maturity upon an event of default, or upon redemption,  
109 including sinking fund redemption;

110 3. The cost related to issuing or servicing utility cost  
111 containment bonds, including any payment under an interest rate  
112 swap agreement and any type of fee;

113 4. A payment or expense associated with a bond insurance  
114 policy; financial guaranty; contract, agreement, or other credit  
115 or liquidity enhancement for bonds; or contract, agreement, or  
116 other financial agreement entered into in connection with  
117 utility cost containment bonds;

118 5. Any coverage charges; or

579-04014-16

2016324c2

119 6. The funding of one or more reserve accounts relating to  
120 utility cost containment bonds.

121 (f) "Financing resolution" means a resolution adopted by  
122 the governing body of an authority that provides for the  
123 financing or refinancing of a utility project with utility cost  
124 containment bonds and that imposes a utility project charge in  
125 connection with the utility cost containment bonds in accordance  
126 with subsection (4). A financing resolution may be separate from  
127 a resolution authorizing the issuance of the bonds.

128 (g) "Governing body" means the body that governs a local  
129 agency.

130 (h) "Local agency" means a member of the authority, or an  
131 agency or subdivision of that member, which is sponsoring or  
132 refinancing a utility project, or any municipality, county,  
133 authority, special district, public corporation, regional water  
134 authority, or other governmental entity of the state that is  
135 sponsoring or refinancing a utility project.

136 (i) "Public utility services" means water or wastewater  
137 services provided by a publicly owned utility. The term does not  
138 include communications services, as defined in s. 202.11,  
139 Florida Statutes, Internet access services, or information  
140 services.

141 (j) "Publicly owned utility" means a utility providing  
142 retail or wholesale water or wastewater services which is owned  
143 and operated by a local agency. The term includes any successor  
144 to the powers and functions of such a utility.

145 (k) "Revenue" means income and receipts of the authority  
146 related to the financing of utility projects and issuance of  
147 utility cost containment bonds, including any of the following:

579-04014-16

2016324c2

- 148       1. Bond purchase agreements;  
149       2. Bonds acquired by the authority;  
150       3. Installment sales agreements and other revenue-producing  
151 agreements entered into by the authority;  
152       4. Utility projects financed or refinanced by the  
153 authority;  
154       5. Grants and other sources of income;  
155       6. Moneys paid by a local agency;  
156       7. Interlocal agreements with a local agency, including all  
157 service agreements; or  
158       8. Interest or other income from any investment of money in  
159 any fund or account established for the payment of principal,  
160 interest, or premiums on utility cost containment bonds, or the  
161 deposit of proceeds of utility cost containment bonds.  
162       (l) "Utility cost containment bonds" means bonds, notes,  
163 commercial paper, variable rate securities, and any other  
164 evidence of indebtedness issued by an authority the proceeds of  
165 which are used directly or indirectly to pay or reimburse a  
166 local agency or its publicly owned utility for the costs of a  
167 utility project and which are secured by a pledge of, and are  
168 payable from, utility project property.  
169       (m) "Utility project" means the acquisition, construction,  
170 installation, retrofitting, rebuilding, or other addition to or  
171 improvement of any equipment, device, structure, process,  
172 facility, technology, rights, or property located within or  
173 outside this state which is used in connection with the  
174 operations of a publicly owned utility.  
175       (n) "Utility project charge" means a charge levied on  
176 customers of a publicly owned utility to pay the financing costs

579-04014-16

2016324c2

177 of utility cost containment bonds issued under subsection (4).  
178 The term includes any adjustments to the utility project charge  
179 made under subsection (5).

180 (o) "Utility project property" means the property right  
181 created pursuant to subsection (6). The term does not include  
182 any interest in a customer's real or personal property but  
183 includes the right, title, and interest of an authority in any  
184 of the following:

185 1. The financing resolution, the utility project charge,  
186 and any adjustment to the utility project charge established in  
187 accordance with subsection (5);

188 2. The financing costs of the utility cost containment  
189 bonds and all revenues, and all collections, claims, payments,  
190 moneys, or proceeds for, or arising from, the utility project  
191 charge; or

192 3. All rights to obtain adjustments to the utility project  
193 charge pursuant to subsection (5).

194 (3) UTILITY PROJECTS.—

195 (a) A local agency that owns and operates a publicly owned  
196 utility may apply to an authority to finance the costs of a  
197 utility project using the proceeds of utility cost containment  
198 bonds. In its application to the authority, the local agency  
199 shall specify the utility project to be financed by the utility  
200 cost containment bonds and the maximum principal amount, the  
201 maximum interest rate, and the maximum stated terms of the  
202 utility cost containment bonds.

203 (b) A local agency may not apply to an authority for the  
204 financing of a utility project under this section unless the  
205 governing body has determined, in a duly noticed public meeting,

579-04014-16

2016324c2

206 all of the following:

207 1. The project to be financed is a utility project.

208 2. The local agency will finance costs of the utility  
209 project, and the costs associated with the financing will be  
210 paid from utility project property, including the utility  
211 project charge for the utility cost containment bonds.

212 3. Based on the best information available to the governing  
213 body, the rates charged to the local agency's retail customers  
214 by the publicly owned utility, including the utility project  
215 charge resulting from the financing of the utility project with  
216 utility cost containment bonds, are expected to be lower than  
217 the rates that would be charged if the project were financed  
218 with bonds payable from revenues of the publicly owned utility.

219 (c) A determination by the governing body that a project to  
220 be financed with utility cost containment bonds is a utility  
221 project is final and conclusive, and the utility cost  
222 containment bonds issued to finance the utility project and the  
223 utility project charge are valid and enforceable as set forth in  
224 the financing resolution and the documents relating to the  
225 utility cost containment bonds.

226 (d) If a local agency that has outstanding utility cost  
227 containment bonds ceases to operate a water or wastewater  
228 utility, directly or through its publicly owned utility,  
229 references in this section to the local agency or to its  
230 publicly owned utility must be to the successor entity. The  
231 successor entity shall assume and perform all obligations of the  
232 local agency and its publicly owned utility required by this  
233 section and shall assume the servicing agreement required under  
234 subsection (4) while the utility cost containment bonds remain



579-04014-16

2016324c2

235 outstanding.

236 (4) FINANCING UTILITY PROJECTS.—

237 (a) An authority may issue utility cost containment bonds  
238 to finance or refinance utility projects; refinance debt of a  
239 local agency incurred in financing or refinancing utility  
240 projects, provided such refinancing results in present value  
241 savings to the local agency; or, with the approval of the local  
242 agency, refinance previously issued utility cost containment  
243 bonds.

244 1. To finance a utility project, the authority may:

245 a. Form a single-purpose limited liability company and  
246 authorize the company to adopt the financing resolution of such  
247 utility project; or

248 b. Create a new single-purpose entity by interlocal  
249 agreement under s. 163.01, Florida Statutes, the membership of  
250 which shall consist of the authority and two or more of its  
251 members or other public agencies.

252 2. A single-purpose limited liability company or a single-  
253 purpose entity may be created by the authority solely for the  
254 purpose of performing the duties and responsibilities of the  
255 authority specified in this section and constitutes an authority  
256 for all purposes of this section. Reference to the authority  
257 includes a company or entity created under this paragraph.

258 (b) The governing body of an authority that is financing  
259 the costs of a utility project shall adopt a financing  
260 resolution and shall impose a utility project charge as  
261 described in subsection (5). All provisions of a financing  
262 resolution adopted pursuant to this section are binding on the  
263 authority.

579-04014-16

2016324c2

264       1. The financing resolution must:

265       a. Provide a brief description of the financial calculation  
266 method the authority will use in determining the utility project  
267 charge. The calculation method must include a periodic  
268 adjustment methodology to be applied at least annually to the  
269 utility project charge. The authority shall establish the  
270 allocation of the utility project charge among classes of  
271 customers of the publicly owned utility. The decision of the  
272 authority is final and conclusive, and the method of calculating  
273 the utility project charge and the periodic adjustment may not  
274 be changed;

275       b. Require each customer in the class or classes of  
276 customers specified in the financing resolution who receives  
277 water or wastewater service through the publicly owned utility  
278 to pay the utility project charge regardless of whether the  
279 customer has an agreement to receive water or wastewater service  
280 from a person other than the publicly owned utility;

281       c. Require that the utility project charge be charged  
282 separately from other charges on the bill of customers of the  
283 publicly owned utility in the class or classes of customers  
284 specified in the financing resolution; and

285       d. Require that the authority enter into a servicing  
286 agreement with the local agency or its publicly owned utility to  
287 collect the utility project charge.

288       2. The authority may require in the financing resolution  
289 that, in the event of a default by the local agency or its  
290 publicly owned utility with respect to revenues from the utility  
291 project property, the authority, upon application by the  
292 beneficiaries of the statutory lien as set forth in subsection

579-04014-16

2016324c2

293 (6), shall order the sequestration and payment to the  
294 beneficiaries of revenues arising from utility project property.  
295 This subparagraph does not limit any other remedies available to  
296 the beneficiaries by reason of default.

297 (c) An authority has all the powers provided in this  
298 section and s. 163.01(7)(g), Florida Statutes.

299 (d) Each authority may work with local agencies that  
300 request assistance to determine the most cost-effective manner  
301 of financing regional water projects. If these entities  
302 determine that the issuance of utility cost containment bonds  
303 will result in lower financing costs for a project, the  
304 authority may cooperate with such local agencies and, if  
305 requested by the local agencies, issue utility cost containment  
306 bonds as provided in this section.

307 (5) UTILITY PROJECT CHARGE.-

308 (a) The authority shall impose a sufficient utility project  
309 charge, based on estimates of water or wastewater service usage,  
310 to ensure timely payment of all financing costs with respect to  
311 utility cost containment bonds. The local agency or its publicly  
312 owned utility shall provide the authority with information  
313 concerning the publicly owned utility which may be required by  
314 the authority in establishing the utility project charge.

315 (b) The utility project charge is a nonbypassable charge to  
316 all present and future customers of the publicly owned utility  
317 in the class or classes of customers specified in the financing  
318 resolution upon its adoption. If the regulatory structure for  
319 the water or wastewater industry changes in a manner that  
320 authorizes a customer to choose to take service from an  
321 alternative supplier and the customer chooses an alternative

579-04014-16

2016324c2

322 supplier, the customer remains liable for paying the utility  
323 project charge if the customer continues to receive any service  
324 from the publicly owned utility for the transmission,  
325 distribution, processing, delivery, or metering of the  
326 underlying water or wastewater service.

327 (c) The authority shall determine at least annually and at  
328 such additional intervals as provided in the financing  
329 resolution and documents related to the applicable utility cost  
330 containment bonds whether adjustments to the utility project  
331 charge are required. The authority shall use the adjustment to  
332 correct for any overcollection or undercollection of financing  
333 costs from the utility project charge or to make any other  
334 adjustment necessary to ensure the timely payment of the  
335 financing costs of the utility cost containment bonds, including  
336 adjustment of the utility project charge to pay any debt service  
337 coverage requirement for the utility cost containment bonds. The  
338 local agency or its publicly owned utility shall provide the  
339 authority with information concerning the publicly owned utility  
340 which may be required by the authority in adjusting the utility  
341 project charge.

342 1. If the authority determines that an adjustment to the  
343 utility project charge is required, the adjustment must be made  
344 using the methodology specified in the financing resolution.

345 2. The adjustment may not impose the utility project charge  
346 on a class of customers which was not subject to the utility  
347 project charge pursuant to the financing resolution imposing the  
348 utility project charge.

349 (d) Revenues from a utility project charge are special  
350 revenues of the authority and do not constitute revenue of the

579-04014-16

2016324c2

351 local agency or its publicly owned utility for any purpose,  
352 including any dedication, commitment, or pledge of revenue,  
353 receipts, or other income that the local agency or its publicly  
354 owned utility has made or will make for the security of any of  
355 its obligations.

356 (e) The local agency or its publicly owned utility shall  
357 act as a servicing agent for collecting the utility project  
358 charge throughout the duration of the servicing agreement  
359 required by the financing resolution. The local agency or its  
360 publicly owned utility shall hold the money collected in trust  
361 for the exclusive benefit of the persons entitled to have the  
362 financing costs paid from the utility project charge, and the  
363 money does not lose its designation as revenues of the authority  
364 by virtue of possession by the local agency or its publicly  
365 owned utility.

366 (f) The customer must make timely and complete payment of  
367 all utility project charges as a condition of receiving water or  
368 wastewater service from the publicly owned utility. The local  
369 agency or its publicly owned utility may use its established  
370 collection policies and remedies provided under law to enforce  
371 collection of the utility project charge. A customer liable for  
372 a utility project charge may not withhold payment, in whole or  
373 in part, thereof.

374 (g) The pledge of a utility project charge to secure  
375 payment of utility cost containment bonds is irrevocable, and  
376 the state, or any other entity, may not reduce, impair, or  
377 otherwise adjust the utility project charge, except that the  
378 authority shall implement the periodic adjustments to the  
379 utility project charge as provided under this subsection.

579-04014-16

2016324c2

380 (6) UTILITY PROJECT PROPERTY.—

381 (a) A utility project charge constitutes utility project  
382 property on the effective date of the financing resolution  
383 authorizing such utility project charge. Utility project  
384 property constitutes property, including contracts for securing  
385 utility cost containment bonds, regardless of whether the  
386 revenues and proceeds arising with respect to the utility  
387 project property have accrued. Utility project property shall  
388 continuously exist as property for all purposes with all of the  
389 rights and privileges of this section through the end of the  
390 period provided in the financing resolution or until all  
391 financing costs with respect to the related utility cost  
392 containment bonds are paid in full, whichever occurs first.

393 (b) Upon the effective date of the financing resolution,  
394 the utility project property is subject to a first-priority  
395 statutory lien to secure the payment of the utility cost  
396 containment bonds.

397 1. The lien secures the payment of all financing costs then  
398 existing or subsequently arising to the holders of the utility  
399 cost containment bonds, the trustees or representatives of the  
400 holders of the utility cost containment bonds, and any other  
401 entity specified in the financing resolution or the documents  
402 relating to the utility cost containment bonds.

403 2. The lien attaches to the utility project property  
404 regardless of the current ownership of the utility project  
405 property, including any local agency or its publicly owned  
406 utility, the authority, or any other person.

407 3. Upon the effective date of the financing resolution, the  
408 lien is valid and enforceable against the owner of the utility

579-04014-16

2016324c2

409 project property and all third parties, and additional public  
410 notice is not required.

411 4. The lien is a continuously perfected lien on all  
412 revenues and proceeds generated from the utility project  
413 property regardless of whether the revenues or proceeds have  
414 accrued.

415 (c) All revenues with respect to utility project property  
416 related to utility cost containment bonds, including payments of  
417 the utility project charge, shall be applied first to the  
418 payment of the financing costs of the utility cost containment  
419 bonds then due, including the funding of reserves for the  
420 utility cost containment bonds. Any excess revenues shall be  
421 applied as determined by the authority for the benefit of the  
422 utility for which the utility cost containment bonds were  
423 issued.

424 (7) UTILITY COST CONTAINMENT BONDS.—

425 (a) Utility cost containment bonds shall be issued within  
426 the parameters of the financing provided by the authority  
427 pursuant to this section. The proceeds of the utility cost  
428 containment bonds made available to the local agency or its  
429 publicly owned utility shall be used for the utility project  
430 identified in the application for financing of the utility  
431 project or used to refinance indebtedness of the local agency  
432 which financed or refinanced utility projects.

433 (b) Utility cost containment bonds shall be issued as set  
434 forth in this section and s. 163.01(7)(g)8., Florida Statutes,  
435 and may be validated pursuant to s. 163.01(7)(g)9., Florida  
436 Statutes.

437 (c) The authority shall pledge the utility project property

579-04014-16

2016324c2

438 as security for the payment of the utility cost containment  
439 bonds. All rights of an authority with respect to utility  
440 project property pledged as security for the payment of utility  
441 cost containment bonds shall be for the benefit of, and  
442 enforceable by, the beneficiaries of the pledge to the extent  
443 provided in the financing documents relating to the utility cost  
444 containment bonds.

445 1. If utility project property is pledged as security for  
446 the payment of utility cost containment bonds, the local agency  
447 or its publicly owned utility shall enter into a contract with  
448 the authority which requires, at a minimum, that the publicly  
449 owned utility:

450 a. Continue to operate its publicly owned utility,  
451 including the utility project that is being financed or  
452 refinanced;

453 b. Collect the utility project charge from customers for  
454 the benefit and account of the authority and the beneficiaries  
455 of the pledge of the utility project charge; and

456 c. Separately account for and remit revenue from the  
457 utility project charge to, or for the account of, the authority.

458 2. The pledge of a utility project charge to secure payment  
459 of utility cost containment bonds is irrevocable, and the state  
460 or any other entity may not reduce, impair, or otherwise adjust  
461 the utility project charge, except that the authority shall  
462 implement periodic adjustments to the utility project charge as  
463 provided under subsection (5).

464 (d) Utility cost containment bonds shall be nonrecourse to  
465 the credit or any assets of the local agency or the publicly  
466 owned utility but are payable from, and secured by a pledge of



579-04014-16

2016324c2

467 the utility project property relating to the utility cost  
468 containment bonds and any additional security or credit  
469 enhancement specified in the documents relating to the utility  
470 cost containment bonds. If, pursuant to subsection (4), the  
471 authority is financing the project through a single-purpose  
472 limited liability company, the utility cost containment bonds  
473 shall be payable from, and secured by, a pledge of amounts paid  
474 by the company to the authority from the applicable utility  
475 project property. This paragraph is the exclusive method of  
476 perfecting a pledge of utility project property by the company  
477 securing the payment of financing costs under any agreement of  
478 the company in connection with the issuance of utility cost  
479 containment bonds.

480 (e) The issuance of utility cost containment bonds does not  
481 obligate the state or any political subdivision thereof to levy  
482 or to pledge any form of taxation to pay the utility cost  
483 containment bonds or to make any appropriation for their  
484 payment. Each utility cost containment bond must contain on its  
485 face a statement in substantially the following form:

486  
487 "Neither the full faith and credit nor the taxing power of the  
488 State of Florida or any political subdivision thereof is pledged  
489 to the payment of the principal of, or interest on, this bond."

490  
491 (f) Notwithstanding any other law or this section, a  
492 financing resolution or other resolution of the authority, or  
493 documents relating to utility cost containment bonds, the  
494 authority may not rescind, alter, or amend any resolution or  
495 document that pledges utility cost charges for payment of

579-04014-16

2016324c2

496 utility cost containment bonds.

497 (g) Subject to the terms of any pledge document created  
498 under this section, the validity and relative priority of a  
499 pledge is not defeated or adversely affected by the commingling  
500 of revenues generated by the utility project property with other  
501 funds of the local agency or the publicly owned utility  
502 collecting a utility project charge on behalf of an authority.

503 (h) Financing costs in connection with utility cost  
504 containment bonds are a special obligation of the authority and  
505 do not constitute a liability of the state or any political  
506 subdivision thereof. Financing costs are not a pledge of the  
507 full faith and credit of the state or any political subdivision  
508 thereof, including the authority, but are payable solely from  
509 the funds identified in the documents relating to the utility  
510 cost containment bonds. This paragraph does not preclude  
511 guarantees or credit enhancements in connection with utility  
512 cost containment bonds.

513 (i) Except as otherwise provided in this section with  
514 respect to adjustments to a utility project charge, the recovery  
515 of the financing costs for the utility cost containment bonds  
516 from the utility project charge is irrevocable, and the  
517 authority does not have the power, by rescinding, altering, or  
518 amending the applicable financing resolution, to revalue or  
519 revise for ratemaking purposes the financing costs of utility  
520 cost containment bonds; to determine that the financing costs  
521 for the related utility cost containment bonds or the utility  
522 project charge is unjust or unreasonable; or to in any way,  
523 either directly or indirectly, reduce or impair the value of  
524 utility project property that includes the utility project

579-04014-16

2016324c2

525 charge. The amount of revenues arising with respect to the  
526 financing costs for the related utility cost containment bonds  
527 or the utility project charge is not subject to reduction,  
528 impairment, postponement, or termination for any reason until  
529 all financing costs to be paid from the utility project charge  
530 are fully met and discharged.

531 (j) Except as provided in subsection (5) with respect to  
532 adjustments to a utility project charge, the state pledges and  
533 agrees with the owners of utility cost containment bonds that  
534 the state may not limit or alter the financing costs or the  
535 utility project property, including the utility project charge,  
536 relating to the utility cost containment bonds, or any rights  
537 related to the utility project property, until all financing  
538 costs with respect to the utility cost containment bonds are  
539 fully met and discharged. This paragraph does not preclude  
540 limitation or alteration if adequate provision is made by law to  
541 protect the owners. The authority may include the state's pledge  
542 in the governing documents for utility cost containment bonds.

543 (8) LIMITATION ON DEBT RELIEF.—Notwithstanding any other  
544 law, an authority that issued utility cost containment bonds may  
545 not, and a governmental officer or organization may not  
546 authorize the authority to, become a debtor under the United  
547 States Bankruptcy Code or become the subject of any similar case  
548 or proceeding under any other state or federal law if any  
549 payment obligation from utility project property remains with  
550 respect to the utility cost containment bonds.

551 (9) CONSTRUCTION.—This section and all grants of power and  
552 authority in this section shall be liberally construed to  
553 effectuate their purposes. All incidental powers necessary to

579-04014-16

2016324c2

554 carry this section into effect are expressly granted to, and  
555 conferred upon, public entities.

556 Section 2. This act shall take effect July 1, 2016.