

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 2026

5 By: Representatives Sabin, Beck, J. Williams, Leding, D. Whitaker, Tucker
6 By: Senator L. Eads
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE PROPERTY ASSESSED CLEAN ENERGY
10 ACT; AND FOR OTHER PURPOSES.
11
12

Subtitle

13 TO AMEND THE PROPERTY ASSESSED CLEAN
14 ENERGY ACT.
15
16
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 SECTION 1. Arkansas Code §§ 8-15-102 and 8-15-103 are amended to read
21 as follows:

22 8-15-102. Definitions.

23 As used in this chapter:

24 (1) ~~(A) "Bond" means a revenue bond or note issued under this~~
25 ~~chapter.~~

26 ~~(B) "Bond" includes any other financial obligation~~
27 ~~authorized by this chapter, the laws of this state, or the Arkansas~~
28 ~~Constitution; "Assessment" means an annually recurring amount identified~~
29 within an assessment obligation that may be pledged as cash flow and
30 collateral in support of repayment of a district's financial obligation;

31 (2) "Assessment contract" means a written agreement between a
32 district and an owner relating to a PACE improvement on or benefitting an
33 owner's property, under which an assessment is charged to repay an assessment
34 obligation between a district and an owner as part of a PACE program;

35 (3) "Assessment obligation" means an assessment and other
36 indebtedness and obligations, including without limitation any



1 reimbursements, penalties, interest, or other charges, to be paid to a
2 district by an owner under an assessment contract;

3 ~~(2)~~ (4) "District" means a property assessed energy improvement
4 district established ~~in this state by law~~ under this chapter subject to the
5 general improvement district law contained in Title 14, Subtitle 5, of the
6 Arkansas Code, to the extent a conflict does not exist with this chapter, for
7 the express purpose of managing the PACE program;

8 (5) "Financial obligation" means a bond, note, lease purchase
9 agreement, certificate of participation, or other financial evidence of
10 indebtedness authorized by this chapter, the laws of this state, or the
11 Arkansas Constitution;

12 ~~(3)~~ (6) "Governmental entity" means a municipality, county,
13 combination of cities or counties, or both, or statewide district;

14 (7) "Lending entity" means an individual, partnership,
15 association, corporation, or other legal entity not prohibited by Arkansas
16 law or federal law from lending money, either without security or upon the
17 security the lending entity may require;

18 ~~(4)~~ (8) "Owner" means an individual, partnership, association,
19 corporation, or other legal entity, ~~that is~~ recognized by law, ~~and has with~~
20 title or interest in any real property on which a PACE project is located or
21 that benefits from a PACE project;

22 (9) "PACE improvement" means any combination of energy
23 efficiency improvements, water conservation improvements, or renewable energy
24 projects that is district-approved to become a PACE project and is located on
25 or benefits an owner's real property;

26 ~~(5)~~ (10) "PACE program" means a property assessed clean energy
27 program under which a real property owner can finance an energy efficiency
28 improvement, a renewable energy project, and a water conservation improvement
29 on the real property under this chapter by which an owner may finance or
30 refinance a PACE project through financial obligations, the repayment of
31 which are secured and collateralized by assessments; and

32 (11) "PACE project" means district-approved PACE improvements
33 located on residential, commercial, industrial, or agricultural real property
34 that, at the request of the owner, are financed or refinanced through a
35 financial obligation rendered by a lending entity, the repayment of which is
36 secured and collateralized by assessments; and

1 ~~(6)~~ (12) "Person" means an individual, partnership, association,
2 corporation, or other legal entity recognized by law as having the power to
3 contract.

4
5 8-15-103. Legislative findings.

6 The General Assembly finds that:

7 (1) It is in the best interests of the state to authorize
8 districts that make available to citizens one (1) or more financing programs,
9 including without limitation a PACE program, to fund ~~energy efficieney~~
10 ~~improvements, renewable energy projects, and water conservation improvements~~
11 ~~on residential, commercial, industrial, and other real properties at the~~
12 ~~request of the owner~~ PACE projects;

13 (2) The PACE programs described in subdivision (1) of this
14 section will benefit the citizens of this state by:

15 (A) Decreasing the cost of providing funds to
16 participating citizens and lowering the aggregate issuance and servicing
17 costs of ~~loans~~ financial obligations; and

18 (B) Making funds available to rural communities throughout
19 the state that might not otherwise create and finance the ~~programs~~ PACE
20 projects described in subdivision (1) of this section; and

21 (3) The ~~programs~~ PACE projects described in subdivision (1) of
22 this section will further the public purpose of:

23 (A) Creating jobs and stimulating the state's economy;

24 (B) Generating significant economic development through
25 the investment of the proceeds of loans in local communities, including
26 increased sales tax revenue;

27 (C) Protecting participating citizens from the financial
28 impact of the rising cost of electricity produced from nonrenewable fuels;

29 (D) Providing positive cash flow in which the costs of the
30 PACE improvements are lower than the energy savings on an average monthly
31 basis;

32 (E) Providing the citizens of this state with informed
33 choices and additional options for financing PACE improvements that may not
34 otherwise be available;

35 (F) Increasing the value of the improved real property for
36 participating citizens;

1 (G) Improving the state's air quality and conserving
2 natural resources, including water;

3 (H) Attracting manufacturing facilities and related jobs
4 to the state; and

5 (I) Promoting energy independence and security for the
6 state and the nation.

7
8 SECTION 2. Arkansas Code § 8-15-105, concerning the authority to
9 create a district under the Property Assessed Clean Energy Act, is amended to
10 add an additional subsection to read as follows:

11 (d)(1) Before the enactment of an ordinance under this section, a
12 public hearing shall be held at which interested persons may object to or
13 inquire about the proposed PACE program or any of the PACE program's
14 particulars.

15 (2) Before a public hearing is held under subdivision (d)(1) of
16 this section, notice of the public hearing shall be advertised at least one
17 (1) time per week for two (2) consecutive weeks in a newspaper of general
18 circulation in the proposed district.

19
20 SECTION 3. Arkansas Code § 8-15-107(a), concerning the board of
21 directors of a property assessed energy improvement district, is amended to
22 read as follows:

23 (a) A district created under this chapter shall be ~~operated~~:

24 (1) A body politic and corporate with all powers necessary or
25 convenient to carry out and effectuate this chapter, including without
26 limitation the power to contract and be contracted with and sue and be sued;
27 and

28 (2) Operated and controlled by a board of directors.

29
30 SECTION 4. Arkansas Code § 8-15-111 is amended to read as follows:

31 8-15-111. District boards of directors – Powers and duties.

32 (a) The board of directors of a district may:

33 (1) Issue ~~revenue~~ bonds on behalf of the district;

34 (2) Make and adopt all necessary and appropriate bylaws for its
35 organization and operation;

36 (3) Elect officers and employ personnel necessary for its

1 operation;

2 (4) Operate, maintain, expand, and fund a PACE project;

3 (5) Apply for, receive, and spend grants for any purpose under
4 this chapter;

5 (6) Enter into, modify, and terminate agreements and contracts
6 on behalf of the district, including without limitation assessment contracts,
7 and take all actions necessary and appropriate to perform a district's
8 obligations under an agreement or contract on behalf of the district;

9 (7) Receive property or funds by gift or donation for the
10 finance and support of the district;

11 (8) Reimburse a governmental entity for expenses incurred in
12 performing a service for the district;

13 (9) Assign assessments, contracts, and other assessment
14 obligations to a private lending institution entity in connection with the
15 issuance of any bond or otherwise;

16 (10) Create, maintain, supplement, modify, and operate PACE
17 programs;

18 (11) Sue and be sued;

19 (12) Under a PACE project:

20 (A) Charge and collect assessments and other assessment
21 obligations under assessment contracts with owners; and

22 (B) Record the assessment contracts, which creates the
23 assessment and other assessment obligations to evidence a lien on the
24 property subject to the assessment contract and secures payment and
25 performance in full of the assessment obligations under the assessment
26 contract, so long as any of the assessment obligations remain payable under
27 the assessment contracts; and

28 ~~(10)~~ (13) Do all things necessary or appropriate to carry out the
29 powers expressly granted or duties expressly imposed under this chapter.

30 (b) The board of directors shall either:

31 (1) Allow a commission of:

32 (A) One and five-tenths percent (1.5%) for the extension
33 of district assessments for each assessment contract by the county assessor
34 or county clerk;

35 (B) One and five-tenths percent (1.5%) for the collection
36 of district assessments for each assessment contract by the county collector;

1 and

2 (C) One-eighth percent (0.125%) for services of a county
3 treasurer in disbursing the moneys collected for district assessments; ~~and or~~

4 (2) Adopt ~~rules~~ a contractual fee arrangement consistent with
5 ~~this chapter or with other legislation that in its~~ the board of directors'
6 ~~judgment may be~~ is necessary for the proper enforcement of this chapter,
7 including without limitation negotiating commissions lower than the
8 commission stated in subdivision (b)(1) of this section for services rendered
9 by a private entity that is assigned the authority to collect assessments and
10 disbursing the moneys collected.

11
12 SECTION 5. Arkansas Code §§ 8-15-112 - 8-15-116 are amended to read as
13 follows:

14 8-15-112. Reporting requirement - Collection of assessments.

15 (a)(1)(A) By March 1 of each year or upon the creation of a district
16 that uses or intends to use the county collector for collection of district
17 ~~assessments~~ assessment obligations, a district shall file an annual report
18 with the county clerk in any county in which a portion of the district is
19 located.

20 (B) The annual report required under this section shall be
21 available for inspection and copying by assessed landowners in the district.

22 (C) The county clerk shall not charge any costs or fees
23 for filing the annual report required under this section.

24 (D) The district shall deliver a filed copy of the annual
25 report required under this section to the county collector within five (5)
26 days of filing.

27 (2) The annual report required under this section shall contain
28 the following information as of December 31 of the current calendar year:

29 (A) A list of contracts, identity of the parties to the
30 contracts, and obligations of the district, including without limitation all
31 assessment contracts on which assessments or other assessment obligations
32 remain unpaid;

33 (B) Any indebtedness of the district, other than
34 assessment contracts, including bonded indebtedness, and the reason for the
35 indebtedness, including the following:

36 (i) The stated payout or maturity date of the

1 indebtedness, if any; and

2 (ii) The total existing delinquent assessments and
3 the party responsible for the collection;

4 (C) Identification of each member of the board of
5 directors of the district and each member's contact information;

6 (D) The date, time, and location for any scheduled meeting
7 of the district for the following year;

8 (E) The contact information for the district assessor;

9 (F) Information concerning to whom the county treasurer is
10 to pay district ~~assessments~~ assessment obligations collected by the county
11 collector;

12 (G) An explanation of the applicable statutory penalties,
13 interest, and costs included in assessment obligations;

14 (H) The method used to compute district ~~assessments~~
15 assessment obligations; and

16 (I) A statement itemizing the income and expenditures of
17 the district, including a statement of fund and account activity for the
18 district.

19 (b)(1) A district that does not comply with subsection (a) of this
20 section commits a violation punishable by a fine of not less than one hundred
21 dollars (\$100) nor more than one thousand dollars (\$1,000) for each offense.

22 (2) A fine recovered under subdivision (b)(1) of this section
23 shall be deposited into the county clerk's cost fund.

24 (c)(1) On or before December 31, a district shall file its list of
25 ~~special~~ assessments and the assessment obligations due for the following
26 calendar year with the county clerk.

27 (2)(A) After filing the list of ~~special~~ assessments and
28 assessment obligations under subdivision (c)(1) of this section, the district
29 shall deliver a copy of the filed list of ~~special~~ assessments and assessment
30 obligations to the preparer of the tax books.

31 (B) If the county collector is not the designated preparer
32 of the tax books, the district shall deliver a copy of the filed list of
33 ~~special~~ assessments and assessment obligations to the county collector.

34 (3) The list of ~~special~~ assessments and assessment obligations
35 required under subdivision (c)(1) of this section shall contain:

36 (A) ~~A list of each~~ Each parcel with an subject to unpaid

1 assessment levied obligations against it within the district; and

2 (B) The contact information for the district assessor.

3 (4) The list of ~~special~~ assessments and assessment obligations
4 required under subdivision (c)(1) of this section shall not include
5 assessments on parcels that otherwise would not appear on the tax books for
6 the following year.

7 (5) After the December 31 deadline to file the list of ~~special~~
8 assessments and assessment obligations required under subdivision (c)(1) of
9 this section, the county collector may reject an assessment submitted by the
10 district for inclusion in the list of ~~special~~ assessments and assessment
11 obligations.

12 (d)(1) ~~After Unless privately collected under § 8-15-111, after the~~
13 district files the list of ~~special~~ assessments and assessment obligations
14 required under ~~subsection (e) subdivision (c)(1)~~ of this section, the county
15 collector shall collect ~~the assessments~~ assessment obligations at the same
16 time the county collector collects the other taxes on the property subject
17 properties.

18 (2) The county collector shall pay the funds collected under
19 subdivision (d)(1) of this section to the county treasurer at the same time
20 that the county collector pays all other taxes to the county treasurer.

21 (3) The county treasurer shall distribute the funds received
22 under subdivision (d)(2) of this section to the district in the same manner
23 as he or she distributes funds to other tax entities.

24 (e) Except as provided in § 8-15-111, the county shall not charge a
25 fee, expense, or other charge to the district for performing the county's
26 obligations under this section.

27
28 8-15-113. Financing projects.

29 ~~(a) A district may establish a PACE program to provide loans for the~~
30 ~~initial acquisition and installation of energy efficiency improvements,~~
31 ~~renewable energy projects, and water conservation improvements with~~
32 ~~consenting real property owners of existing real property and new~~
33 ~~construction.~~

34 ~~(b)(1) The (a)(1) A district may authorize approve by resolution the~~
35 ~~issuance of bonds or the execution of a contract with a governmental entity~~
36 ~~or a private entity to provide the loans under subsection (a) of this section~~

1 terms and conditions contractually agreed upon by a lending entity,
2 consenting owner, and district for a financial obligation by the lending
3 entity and the owner's execution of an assignable assessment contract and
4 assessment obligation to fund the costs, expenses, and reimbursements
5 associated with the initial acquisition, construction, and installation of
6 PACE improvements on existing real property or new construction.

7 (2) The A resolution under subdivision (a)(1) of this section
8 shall include without limitation the following:

9 (A) ~~The type of renewable energy project, water~~
10 ~~conservation improvement, or energy efficiency improvement~~ A description of
11 the PACE improvements for which the loan financial obligations may be
12 offered; and

13 (B) ~~The proposed arrangement for the loan program by which~~
14 financial obligations issued to fund a PACE project shall be repaid,
15 including without limitation:

16 (i) A statement concerning the financial obligation
17 source of funding that will be used to pay for work performed under the loan
18 contract a PACE project entered into under an assessment contract for
19 repayment of the principal and interest on financial obligations, including
20 any applicable terms and conditions of the assessment obligation;

21 (ii) The interest rate and time period during which
22 contracting real property owners would repay the loan repayment of the
23 financial obligation would occur; and

24 (iii) The method of apportioning all or any portion
25 of the costs incidental to the financing, administration, and collection of
26 the arrangement among the consenting real property owners and the
27 governmental entity that has the authority to collect assessments; and

28 (iv) The form of the assessment contract, specifying
29 the terms and conditions of the assessment obligations of the owners'
30 proposed assessment obligations, to be agreed to by the district.

31 ~~(C) A minimum and maximum aggregate dollar amount that may~~
32 ~~be financed per property;~~

33 ~~(D)(i) A method for prioritizing requests from real~~
34 ~~property owners for financing if the requests appear likely to exceed the~~
35 ~~authorization amount of the loan program.~~

36 ~~(ii) Priority shall be given to those requests from~~

1 ~~real property owners that meet the eligibility requirements on a first come,~~
 2 ~~first served basis;~~

3 ~~(E) Identification of a local official authorized to enter~~
 4 ~~into loan contracts on behalf of the district; and~~

5 ~~(F) A draft contract specifying the terms and conditions~~
 6 ~~proposed by the district.~~

7 ~~(e)(1) (b) The district may combine the loan payment~~ include the
 8 assessment obligations required by the ~~loan contract~~ assessment contracts
 9 with the billing for the real property tax assessment for the real property
 10 where the ~~renewable energy project, water conservation improvement, or the~~
 11 ~~energy efficiency improvement is installed~~ benefitting from the PACE project
 12 or upon which the PACE project is located, as provided in § 8-15-112.

13 ~~(2) The district may establish the order in which a loan payment~~
 14 ~~will be applied to the different charges.~~

15 ~~(3) The district may not combine the billing for a loan payment~~
 16 ~~required by a contract authorized under this section with a billing of~~
 17 ~~another county or political subdivision unless the county or political~~
 18 ~~subdivision has given its consent by a resolution or ordinance.~~

19 ~~(d) (c)(1)(A) The district shall offer private lending institutions~~
 20 ~~the opportunity to participate in local loan programs established under this~~
 21 ~~section.~~ An assessment contract under this chapter may include provisions
 22 for the payment of penalties and interest for delinquent assessment
 23 obligations and the payment of fees, costs, and expenses for the collection
 24 of any delinquent assessment obligations, including without limitation the
 25 delinquent penalties provided under § 14-90-909.

26 (B) Assessment obligations, including without limitation
 27 penalties and interest on delinquent assessment obligations, and the fees,
 28 costs, and expenses for the collection of delinquent assessment obligations,
 29 shall be secured and collateralized by a foreclosable lien that:

30 (i) Is created upon the filing of the underlying
 31 assessment contract;

32 (ii) Is charged against the real property upon which
 33 the PACE project, subject to an assessment contract, is located or the real
 34 property that is otherwise benefited by the PACE project;

35 (iii) Shall remain until the assessment obligations
 36 are paid; and

1 (iv) Is entitled to preference and priority over all
2 prior and subsequent mortgages, judgments, executions, encumbrances, or
3 liens, whenever created, except liens for general ad valorem real property
4 taxes, upon recording of the assessment contract describing the secured
5 assessment obligations in the county recorder's office of the county in which
6 an owner's real estate that is subject to an assessment contract is located.

7 ~~(e)(1)(A) In order to secure a loan authorized under this section, the~~
8 ~~district may place a lien equal in value to the loan against any real~~
9 ~~property where the renewable energy project, water conservation improvement,~~
10 ~~or the energy efficiency improvement is installed.~~

11 ~~(B) The lien shall attach to the real property when it is~~
12 ~~filed in the county recorder's office for record.~~

13 ~~(2)(A)(i) The priority of the lien created under this chapter is~~
14 ~~determined based on the date of filing of the lien.~~

15 ~~(ii) Except as provided in subdivision~~
16 ~~(e)(2)(A)(iii) of this section, the priority of the lien shall be determined~~
17 ~~in the same manner as the priority for other real property tax and assessment~~
18 ~~liens.~~

19 ~~(iii) A lien created under this chapter shall be~~
20 ~~subordinate to any real or personal property tax liens.~~

21 ~~(iv) A district shall discharge the lien created~~
22 ~~under this chapter upon full payment of the lien.~~

23 ~~(B) If (C) So long as the underlying assessment~~
24 ~~obligations remain unpaid, the lien created under subdivision (c)(1)(B) of~~
25 ~~this section runs with the real property, and if the real property is sold,~~
26 ~~the lien shall stay remain attached to the real property, and the loan~~
27 ~~assessment obligations created under the assessment obligation provided for~~
28 ~~in this chapter will shall be owed by the new real property owner.~~

29 ~~(C) (D) If the real property subject to an assessment~~
30 ~~contract enters into default or foreclosure:~~

31 ~~(i) Payment of the assessment obligations created by~~
32 ~~the assessment contract shall not be sought from a member of the district who~~
33 ~~does not own the real property subject to the assessment contract that~~
34 ~~entered into default or foreclosure;~~

35 ~~(ii) The portion of the assessment obligations not~~
36 ~~yet due survives foreclosure of the lien provided in this subchapter and is~~

1 not eliminated by foreclosure of a property tax lien;

2 (iii) Repayment of the ~~assessment~~ assessments and
 3 other assessment obligations not due upon default or foreclosure shall not be
 4 accelerated automatically; and

5 (iii) (iv) The balance of the assessment obligation
 6 shall be repaid according to the terms of the agreed-upon schedule and other
 7 provisions of the assessment contract; and

8 (v) Except as otherwise expressly provided in this
 9 chapter, the district may elect to enforce its lien for delinquent assessment
 10 obligations under this section in the same manner as delinquent assessments
 11 and installments of assessments are collected under § 14-90-101 et seq.

12 (3) (2) The district may bundle or package ~~the loans~~ its
 13 assessment obligations for transfer to private lenders in a manner that would
 14 allow the liens to remain in full force to secure the ~~loans~~ assessment
 15 obligations.

16 ~~(f)(1) Before the enactment of an ordinance under this section, a~~
 17 ~~public hearing shall be held at which interested persons may object to or~~
 18 ~~inquire about the proposed loan program or any of its particulars.~~

19 ~~(2) The public hearing shall be advertised one (1) time per week~~
 20 ~~for two (2) consecutive weeks in a newspaper of general circulation in the~~
 21 ~~district.~~

22
 23 8-15-114. Program guidelines.

24 The board of directors of a district, together with any third-party
 25 administrator it may select, shall determine:

26 (1) The guidelines of the PACE program, including without
 27 limitation that:

28 (A) The base energy performance evaluation shall be
 29 completed by a certified and qualified energy evaluation professional to
 30 determine existing energy use and options for improved energy efficiency;

31 (B) The approved PACE improvements shall create a positive
 32 cash flow;

33 (C) Work shall be performed by qualified and certified
 34 contractors in the field of energy efficiency and methods of renewable energy
 35 installation;

36 (D) Performance testing and verification shall be

1 performed by a qualified professional after the work is completed;

2 (E) Adequate consumer protections ~~are~~ shall be in place;

3 and

4 (F) The applicable underwriting standards for the
5 participants in the PACE program ~~are~~ shall be established;

6 (G) A minimum and maximum aggregate dollar amount that may
7 be financed for each PACE project shall be established;

8 (H)(i) A method shall be established for prioritizing PACE
9 program requests if the requests appear likely to exceed the amount
10 authorized for the PACE program.

11 (ii) Priority shall be given to PACE program
12 requests that meet the eligibility requirements on a first-come, first-served
13 basis;

14 (I) A district official authorized to enter into
15 assessment contracts on behalf of the district shall be identified; and

16 (J) The district shall offer lending entities the
17 opportunity to finance PACE projects under this chapter;

18 (2) The qualifications of the vendors performing installations
19 under this chapter;

20 (3) The mechanisms by which the district ~~will~~ shall remit ~~the~~
21 ~~received special assessment obligation~~ payments and any cost reimbursement;
22 and

23 (4) Any other matters necessary to implement and administer the
24 PACE program.

25
26 8-15-115. Payment by ~~special assessments~~ assessment obligations.

27 The credit and taxing power of the State of Arkansas shall not be
28 pledged for the debt evidenced by the ~~bonds~~ financial obligations of any
29 district, which are payable solely from the revenues received by the
30 districts from the ~~special assessments on the participants' assessment~~
31 obligations on owners' real property and other funds provided to secure the
32 payment of financial obligations under this chapter.

33
34 8-15-116. ~~Bonds~~ Financial obligations.

35 (a) A district may:

36 (1) Issue financial obligations, including bonds, notes,

1 certificates of participation, and other evidence of indebtedness, to provide
 2 the PACE program loans projects as authorized by this chapter; and

3 (2) Create a debt reserve fund of legally available moneys from
 4 nonstate sources as partial security for the bonds.

5 (b) ~~Bonds~~ Financial obligations issued under this chapter and income
 6 from ~~the any~~ bonds, including any profit made on the sale or transfer of the
 7 bonds, are exempt from taxation in this state.

8 (c) ~~Bonds~~ Financial obligations issued under this chapter shall:

9 (1)(A) ~~Be authorized by a~~ As stated in the resolution of the
 10 board of directors of a district authorizing the issuance of the financial
 11 obligations:

12 (i) Bear interest at the rate or rates determined by
 13 the board of directors;

14 (ii) Mature at the time or times determined by the
 15 board of directors;

16 (iii) Be payable as to principal, any premium, and
 17 interest at the places within or without the state and in the form, whether
 18 bearer or registered, determined by the board of directors;

19 (iv) Be subject to any exchange privileges; and

20 (v) Have such other details as may be stated in the
 21 resolution.

22 (B) ~~The authorizing bond resolution may contain any terms,~~
 23 ~~covenants, and conditions that the board of directors deems to be reasonable~~
 24 ~~and desirable~~ resolution of the board of directors authorizing the issuance
 25 of financial obligations may provide for the execution and delivery of:

26 (i) A trust indenture or like instrument by the
 27 board of directors of a district securing the financial obligations; and

28 (ii) Other writings pertaining to the financial
 29 obligations; and

30 (2) Have all of the qualities of and ~~shall~~ be deemed to be
 31 negotiable instruments under the laws of the State of Arkansas.

32 (d) Financial obligations may be executed by the manual or facsimile
 33 signatures of the members of the board of directors of a district.

34
 35 SECTION 6. Arkansas Code § 8-15-118 is amended to read as follows:
 36 8-15-118. Revolving fund.

1 (a) A district may maintain a revolving fund to be held in trust by a
2 banking institution chosen by the board of directors of the district separate
3 from any other funds and administered by the board of directors of the
4 district.

5 (b) A district may transfer into its revolving fund money from any
6 permissible source, including:

7 (1) Bond revenues;

8 (2) Investment earnings;

9 (3) Contributions; and

10 ~~(3)~~ (4) Loans and leases, including without limitation payments
11 and prepayments of principal, interest, and rental payments.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36