Third Extraordinary Session
Sixty-third General Assembly
STATE OF COLORADO

REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction

LLS NO. 02S-2028.02 Jason Gelender **HOUSE BILL** 02S-1022

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A BILL FOR AN ACT

CONCERNING THE FINANCING OF WATER INFRASTRUCTURE PROJECTS BY THE STATE, AND, IN CONNECTION THEREWITH, AUTHORIZING THE ISSUANCE OF VOTER-APPROVED REVENUE BONDS FOR THE PURPOSE OF FINANCING SUCH PROJECTS AND EXCLUDING REVENUES DERIVED FROM BOND PROCEEDS AND PROJECTS FINANCED BY BONDS FROM STATE FISCAL YEAR SPENDING.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Requires the submission of a ballot question to the registered electors of the state at the 2002 general election seeking their approval to

HOUSE
3rd Reading Unamended
July 10, 2002

HOUSE
2nd Reading Unamended
July 09, 2002

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

allow the Colorado water conservation board (board) to issue up to $10,000,000,000 of water infrastructure revenue bonds (bonds) for the purpose of financing water infrastructure projects that may be approved by the general assembly by bill in the future and to exclude revenues derived from bond proceeds and projects financed by bonds from state fiscal year spending. If the voters of the state approve the ballot question, authorizes the board to recommend, and the general assembly to approve by bill such projects to be financed by a specified maximum amount of bonds.

Sets forth procedures and requirements for issuing bonds. Specifies that the principal and interest on bonds shall be paid solely from:

- Revenues and receipts derived from the sale of water or power or the sale or lease of recreational facilities or opportunities from a water infrastructure project whose construction, development, or improvement was financed in whole or in part by bonds;
- Bond proceeds; and
- Earnings from the investment of bond proceeds.

Further specifies that holders of bonds may not look to any other revenues of the state for payment of the bonds.

Authorizes the board to refund bonds, to engage services required or advantageous in connection with bonds, and to enter into interest rate exchange agreements for bonds. Requires bonds to include specified terms. Requires the board to delegate certain authority needed for the efficient issuance of bonds to the state treasurer and requires the state treasurer to exercise such authority in consultation with the board.

Creates the water infrastructure development fund in the state treasury. Requires unpledged bond proceeds and revenues and receipts derived from the sale of water or power or the sale or lease of recreational facilities or opportunities from a water infrastructure project whose construction, development, or improvement was financed in whole or in part by bonds to be credited to the fund. Requires interest and income earned on the deposit and investment of fund moneys to be credited to the fund and continuously appropriates all moneys in the fund to the board to finance approved water infrastructure projects, to pay any unpledged costs of issuing and administering bonds, and to pay other expenses related to bonds or the financing of approved water infrastructure projects. Specifies that bond proceeds, earnings on bond proceeds, and revenues and receipts derived from the sale of water or power or the sale or lease of recreational facilities or opportunities by the board from water infrastructure projects financed by the bonds and earnings on such revenues and receipts are not to be included in state fiscal year spending.

Grants specified powers to political subdivisions of the state for the purpose of aiding and cooperating in the financing, construction,

operation, and maintenance of approved water infrastructure projects. Specifies that bonds are legal investments and that bonds are tax exempt unless the board waives the exemption. Specifies a 30-day statute of limitations for legal actions questioning the validity of or seeking to enjoin any action taken pursuant to the provisions of the bill. Requires the board to make annual reports to the general assembly regarding bonds and specifies information to be included in such reports.

Specifies that the powers conferred by the bill are in addition and supplemental to, and not in substitution for, and the limitations imposed by the bill do not directly or indirectly modify, limit, or affect, the powers conferred to the board, the state treasurer, the department of natural resources, or the Colorado water resources and power development authority by any other law.

Makes legislative findings and declarations. Defines terms. Makes a conforming amendment. Provides for the repeal of the provisions of the bill if the ballot question to be submitted at the 2002 general election is rejected by the voters.

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

SECTION 1. Article 60 of title 37, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

PART 2

WATER INFRASTRUCTURE REVENUE BONDS

37-60-201. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT COLORADO IS CURRENTLY EXPERIENCING ITS THIRD CONSECUTIVE YEAR OF DROUGHT CONDITIONS AND IS LIKELY TO CONTINUE TO EXPERIENCE CYCLES OF DROUGHT IN THE FUTURE THAT WILL REDUCE THE AMOUNT OF WATER RESOURCES AVAILABLE TO MEET THE NEEDS OF THE STATE'S GROWING POPULATION AND COULD CREATE WATER SHORTAGES.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(a) COLORADO'S EXISTING WATER INFRASTRUCTURE IS INSUFFICIENT TO ENABLE THE STATE TO FULLY EXERCISE ALL OF ITS COMPACT ENTITLEMENTS TO WATER, INCLUDING BUT NOT LIMITED TO PEAK

FLOWS, AND IT IS IN THE BEST INTEREST OF THE PEOPLE OF THE STATE FOR THE STATE TO FURTHER DEVELOP AND IMPROVE THE STATE'S WATER INFRASTRUCTURE SO THAT THE STATE CAN RESERVE AS MUCH OF THE WATER TO WHICH IT IS ENTITLED UNDER COMPACTS AS POSSIBLE AND INCREASE ITS AVAILABLE WATER RESOURCES.

(b) IT IS NECESSARY AND APPROPRIATE TO EXPEDITE THE DEVELOPMENT AND IMPROVEMENT OF COLORADO'S WATER INFRASTRUCTURE BY AUTHORIZING THE BOARD TO ISSUE VOTER-APPROVED WATER INFRASTRUCTURE REVENUE BONDS FOR THE PURPOSE OF FUNDING WATER INFRASTRUCTURE PROJECTS APPROVED BY THE GENERAL ASSEMBLY.

(3) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(a) WATER INFRASTRUCTURE REVENUE BONDS ISSUED PURSUANT TO THIS PART 2 DO NOT CONSTITUTE "A DEBT BY LOAN IN ANY FORM" UNDER SECTION 3 OF ARTICLE XI OF THE STATE CONSTITUTION BECAUSE:

(I) PAYMENTS OF PRINCIPAL, INTEREST, AND OTHER COSTS ON SUCH BONDS SHALL BE MADE SOLELY FROM REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER OR POWER OR THE SALE OR LEASE OF RECREATIONAL FACILITIES OR OPPORTUNITIES BY THE BOARD FROM A WATER INFRASTRUCTURE PROJECT WHOSE CONSTRUCTION, DEVELOPMENT, OR IMPROVEMENT WAS FINANCED IN WHOLE OR IN PART BY THE BONDS, BOND PROCEEDS, AND INTEREST OR INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF SUCH REVENUES AND RECEIPTS AND BOND PROCEEDS; AND

(II) THE OWNERS OR HOLDERS OF BONDS MAY NOT LOOK TO ANY OTHER REVENUES OF THE STATE FOR THE PAYMENT OF THE BONDS.

(b) THE PROCEEDS OF BONDS, REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER OR POWER OR THE SALE OR LEASE OF

RECREATIONAL FACILITIES OR OPPORTUNITIES BY THE BOARD FROM A WATER INFRASTRUCTURE PROJECT WHOSE CONSTRUCTION, DEVELOPMENT, OR IMPROVEMENT WAS FINANCED IN WHOLE OR IN PART BY THE BONDS, AND INTEREST AND INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF SUCH PROCEEDS AND REVENUES AND RECEIPTS ARE NOT INCLUDED IN STATE FISCAL YEAR SPENDING FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24, C.R.S.

37-60-202. Definitions. AS USED IN THIS PART 2, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "APPROVED WATER INFRASTRUCTURE PROJECT" OR "APPROVED PROJECT" MEANS A WATER INFRASTRUCTURE PROJECT THAT HAS BEEN RECOMMENDED BY THE BOARD AND APPROVED BY THE GENERAL ASSEMBLY BY BILL PURSUANT TO SECTION 37-60-203.

(2) "REVENUE BONDS" OR "BONDS" MEANS WATER INFRASTRUCTURE REVENUE BONDS AUTHORIZED BY AND ISSUED IN ACCORDANCE WITH THIS PART 2.

(3) "WATER INFRASTRUCTURE PROJECT" OR "PROJECT" MEANS A PROJECT THAT INVOLVES THE CONSTRUCTION, DEVELOPMENT, OR IMPROVEMENT, INCLUDING REHABILITATION OR ENLARGEMENT, OF A DAM, RESERVOIR, FLOOD CONTROL, OR OTHER WATER FACILITY, EXCLUDING A DOMESTIC WATER TREATMENT OR WASTEWATER TREATMENT AND DISTRIBUTION SYSTEM, TOGETHER WITH RELATED HYDRO-ELECTRICAL OR RECREATIONAL FACILITIES THAT WILL ENHANCE THE ABILITY OF THE STATE TO FULLY EXERCISE ALL OF ITS COMPACT ENTITLEMENTS TO WATER FOR ANY BENEFICIAL USE, AS DEFINED IN SECTION 37-92-103 (4), INCLUDING BUT NOT LIMITED TO PEAK FLOWS, AND REDUCE THE LIKELIHOOD OF WATER SHORTAGES.

37-60-203. Submission of ballot question regarding issuance of water infrastructure revenue bonds - approval of water infrastructure projects. (1) (a) THE SECRETARY OF STATE SHALL SUBMIT A BALLOT QUESTION TO A VOTE OF THE REGISTERED ELECTORS OF THE STATE OF COLORADO AT THE GENERAL ELECTION TO BE HELD IN NOVEMBER 2002 FOR THEIR APPROVAL OR REJECTION. EACH ELECTOR VOTING AT THE ELECTION SHALL CAST A VOTE AS PROVIDED BY LAW EITHER "YES" OR "NO" ON THE PROPOSITION: "SHALL STATE OF COLORADO DEBT BE INCREASED $10,000,000,000 WITH A REPAYMENT COST OF $ ___ FOR THE PURPOSE OF ADDRESSING THE WATER INFRASTRUCTURE NEEDS OF THE STATE THROUGH THE ISSUANCE OF REVENUE BONDS, WITH NO INCREASE IN ANY TAXES AND WITH ANY BONDS ISSUED TO BE REPAID SOLELY WITH REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER OR POWER OR THE SALE OR LEASE OF RECREATIONAL FACILITIES OR OPPORTUNITIES BY THE COLORADO WATER CONSERVATION BOARD FROM WATER INFRASTRUCTURE PROJECTS FINANCED BY THE BONDS, BOND PROCEEDS, AND INTEREST AND INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF SUCH PROCEEDS AND REVENUES AND RECEIPTS, AND SHALL SUCH REVENUES AND RECEIPTS AND SUCH INTEREST AND INCOME CONSTITUTE A VOTER-APPROVED REVENUE CHANGE?"

(b) THE VOTES CAST FOR THE ADOPTION OR REJECTION OF THE QUESTION SUBMITTED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1) SHALL BE CANVASSED AND THE RESULT DETERMINED IN THE MANNER PROVIDED BY LAW FOR THE CANVASSING OF VOTES FOR REPRESENTATIVES IN CONGRESS.

(2) IF THE REGISTERED ELECTORS OF THE STATE VOTING ON THE QUESTION APPROVE THE BALLOT QUESTION SUBMITTED PURSUANT TO

SUBSECTION (1) OF THIS SECTION, THE BOARD SHALL IDENTIFY OPPORTUNITIES FOR STORAGE STATEWIDE AND MAY RECOMMEND TO THE GENERAL ASSEMBLY WATER INFRASTRUCTURE PROJECTS TO BE FUNDED, IN WHOLE OR IN PART, THROUGH THE ISSUANCE OF NO MORE THAN TEN BILLION DOLLARS OF BONDS IN THE AGGREGATE. THE RECOMMENDATION SHALL INCLUDE, AT A MINIMUM:

(a) A DESCRIPTION OF THE RECOMMENDED PROJECTS;

(b) A FEASIBILITY REPORT THAT EVALUATES THE ECONOMIC AND ENGINEERING FEASIBILITY OF THE PROJECTS;

(c) RECOMMENDED COMPLETION SCHEDULES FOR THE PROJECTS; AND

(d) A STATEMENT THAT LISTS THE PROJECTED COST OF EACH PROJECT AND THE AMOUNT OF REVENUE BOND PROCEEDS TO BE EXPENDED ON EACH PROJECT AND IDENTIFIES THE SOURCE AND AMOUNT OF ANY MONEYS OTHER THAN BOND PROCEEDS TO BE EXPENDED ON EACH PROJECT.

(3) THE GENERAL ASSEMBLY MAY APPROVE BY BILL ANY OR ALL OF THE WATER INFRASTRUCTURE PROJECTS RECOMMENDED BY THE BOARD PURSUANT TO SUBSECTION (2) OF THIS SECTION. THE BOARD SHALL ONLY ISSUE REVENUE BONDS FOR THE PURPOSE OF FINANCING APPROVED PROJECTS.

37-60-204. Water infrastructure revenue bonds. (1) SUBJECT TO THE APPROVAL BY THE REGISTERED ELECTORS OF THE STATE VOTING ON THE QUESTION OF THE BALLOT QUESTION SPECIFIED IN SECTION 37-60-203 (1)(a), AND ALL OTHER REQUIREMENTS OF THIS PART 2, THE BOARD, FROM TIME TO TIME, MAY ISSUE VOTER-APPROVED REVENUE BONDS FOR THE PURPOSE OF FINANCING APPROVED WATER INFRASTRUCTURE PROJECTS.

(2) (a) THE PRINCIPAL OF AND INTEREST ON BONDS ISSUED BY THE BOARD AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH BONDS SHALL BE PAYABLE SOLELY FROM:

(I) REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER OR POWER OR THE SALE OR LEASE OF RECREATIONAL FACILITIES OR OPPORTUNITIES BY THE BOARD FROM A WATER INFRASTRUCTURE PROJECT WHOSE CONSTRUCTION, DEVELOPMENT, OR IMPROVEMENT WAS FINANCED IN WHOLE OR IN PART BY BONDS AND INTEREST OR INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF SUCH REVENUES AND RECEIPTS; AND

(II) THE PROCEEDS OF SUCH BONDS AND ANY INTEREST AND INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF SUCH BOND PROCEEDS.

(b) THE OWNERS OR HOLDERS OF BONDS MAY NOT LOOK TO ANY OTHER REVENUES OF THE STATE FOR THE PAYMENT OF THE BONDS.

(3) (a) THE BOARD SHALL ISSUE BONDS PURSUANT TO A RESOLUTION ADOPTED BY THE BOARD OR ANY OTHER INSTRUMENT ISSUED BY THE BOARD.

(b) AS THE BOARD DEEMS APPROPRIATE, THE RESOLUTION OR OTHER INSTRUMENT AUTHORIZING BONDS MAY CONTAIN SUCH PROVISIONS SETTING FORTH THE RIGHTS AND REMEDIES OF THE OWNERS OR HOLDERS OF THE BONDS, MAY CONTAIN SUCH PROVISIONS FOR PROTECTING AND ENFORCING THE RIGHTS AND REMEDIES OF THE OWNERS OR HOLDERS OF THE BONDS AS THE BOARD DEEMS APPROPRIATE, AND MAY CONTAIN SUCH OTHER PROVISIONS THAT THE BOARD DEEMS APPROPRIATE FOR THE SECURITY OF THE OWNERS OR HOLDERS OF THE BONDS. SUCH PROVISIONS MAY INCLUDE, BUT SHALL NOT BE LIMITED TO, PROVISIONS REGARDING LETTERS OF CREDIT, INSURANCE, STANDBY CREDIT AGREEMENTS, OR

OTHER FORMS OF CREDIT ENSURING TIMELY PAYMENT OF THE BONDS, INCLUDING THE REDEMPTION PRICE OR THE PURCHASE PRICE, AND PROVISIONS REGARDING THE REIMBURSEMENT OF PROVIDERS OF SUCH CREDIT OUT OF REVENUES AVAILABLE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS FOR ANY AMOUNTS PAID BY SUCH PROVIDERS WITH RESPECT TO SUCH BONDS.

(4) BONDS MAY BE ISSUED IN SUCH AGGREGATE PRINCIPAL AMOUNT, MAY BE ISSUED IN ONE OR MORE SERIES, MAY BEAR SUCH DATES, MAY BE IN SUCH DENOMINATION OR DENOMINATIONS, MAY MATURE ON ANY DATE OR DATES, MAY MATURE IN SUCH AMOUNT OR AMOUNTS, MAY BE IN SUCH FORM, MAY BE PAYABLE AT SUCH PLACE OR PLACES, MAY BE SUBJECT TO SUCH TERMS OF REDEMPTION WITH OR WITHOUT A PREMIUM, MAY CONTAIN SUCH PROVISIONS AS THE STATE TREASURER, IN CONSULTATION WITH THE BOARD, DEEMS APPROPRIATE REGARDING INSURANCE TO ENSURE THE TIMELY PAYMENT OF THE BONDS, AND MAY CONTAIN SUCH OTHER PROVISIONS NOT INCONSISTENT WITH THE PROVISIONS OF THIS PART 2 AS THE BOARD MAY DETERMINE.

(5) THE RATE OR RATES OF INTEREST BORNE BY THE BONDS MAY BE FIXED, ADJUSTABLE, OR VARIABLE OR ANY COMBINATION THEREOF WITHOUT REGARD TO ANY INTEREST RATE LIMITATION APPEARING IN ANY OTHER LAW OF THIS STATE. IF ANY RATE OR RATES ARE ADJUSTABLE OR VARIABLE, THE STANDARD, INDEX, METHOD, OR FORMULA SHALL BE DETERMINED BY THE STATE TREASURER IN CONSULTATION WITH THE BOARD IN ACCORDANCE WITH SUBSECTION (8) OF THIS SECTION.

(6) BONDS MAY BE SOLD AT PUBLIC OR PRIVATE SALE AND MAY BE SOLD AT, ABOVE, OR BELOW THE PRINCIPAL AMOUNTS THEREOF. THE SALE OF BONDS SHALL NOT BE SUBJECT TO THE "PROCUREMENT CODE",

ARTICLES 101 TO 112 OF TITLE 24, C.R.S.

(7) BONDS SHALL BE SIGNED AND ISSUED UNDER THE SEAL OF THE BOARD IN ACCORDANCE WITH SECTION 37-60-108. PURSUANT TO ARTICLE 55 OF TITLE 11, C.R.S., REQUIRED SIGNATURES MAY BE FACSIMILE SIGNATURES IMPRINTED, ENGRAVED, STAMPED, OR OTHERWISE PLACED ON THE BONDS; EXCEPT THAT, IF ALL OF THE SIGNATURES ON THE BONDS ARE FACSIMILE SIGNATURES, PROVISIONS SHALL BE MADE FOR A MANUAL AUTHENTICATING SIGNATURE ON THE BONDS BY OR ON BEHALF OF A DESIGNATED AUTHENTICATING AGENT.

(8) THE BOARD MAY PAY ALL FEES, EXPENSES, AND COMMISSIONS THAT THE BOARD DEEMS NECESSARY OR ADVANTAGEOUS IN CONNECTION WITH THE SALE OF BONDS. THE BOARD SHALL DELEGATE THE POWER TO FIX THE DATE OF SALE OF BONDS, TO RECEIVE BIDS OR PROPOSALS, TO AWARD AND SELL BONDS, TO FIX INTEREST RATES, TO RETAIN AND TO TAKE ALL OTHER ACTION NECESSARY TO SELL AND DELIVER BONDS TO THE STATE TREASURER, WHO SHALL ACT IN CONSULTATION WITH THE BOARD. THE STATE TREASURER SHALL ALSO BE AUTHORIZED TO ACT ON BEHALF OF AND IN CONSULTATION WITH THE BOARD TO ENGAGE THE SERVICES OF SUCH CONSULTANTS, FINANCIAL ADVISORS, UNDERWRITERS, BOND INSURERS, LETTER OF CREDIT BANKS, RATING AGENCIES, AGENTS, OR OTHER PERSONS WHOSE SERVICES MAY BE REQUIRED OR DEEMED ADVANTAGEOUS BY THE BOARD AND THE STATE TREASURER IN CONNECTION WITH SUCH BONDS. THE STATE TREASURER SHALL CONTRACT FOR SUCH SERVICES IN ACCORDANCE WITH THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, C.R.S.; EXCEPT THAT CONTRACTING FOR SERVICES OF BOND INSURERS, LETTER OF CREDIT BANKS, AND RATING AGENCIES SHALL NOT BE SUBJECT TO THE "PROCUREMENT CODE".

(9) ANY OUTSTANDING BONDS MAY BE REFUNDED BY THE BOARD PURSUANT TO ARTICLE 56 OF TITLE 11, C.R.S. ALL BONDS ARE DECLARED TO BE NEGOTIABLE INSTRUMENTS.

(10) THE BOARD MAY, WITH RESPECT TO BONDS THAT HAVE BEEN ISSUED OR PROPOSED BONDS, ENTER INTO INTEREST RATE EXCHANGE AGREEMENTS IN ACCORDANCE WITH ARTICLE 59.3 OF TITLE 11, C.R.S.

(11) NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART 2 TO THE CONTRARY, THE BOARD SHALL HAVE THE AUTHORITY TO ISSUE BONDS PURSUANT TO THIS PART 2 ONLY IF THE REGISTERED ELECTORS OF THE STATE VOTING ON THE QUESTION APPROVE THE BALLOT QUESTION SUBMITTED PURSUANT TO SECTION 37-60-203 (1) (a) AND ONLY THEN TO THE EXTENT ALLOWED UNDER THE MAXIMUM AMOUNTS OF DEBT AND REPAYMENT COST SO APPROVED.

37-60-205. Bonds as contracts - agreement of state not to limit or alter rights of obligees. (1) ANY REVENUE BONDS ISSUED SHALL CONSTITUTE A CONTRACT BETWEEN THE BOARD AND THE OWNER OR HOLDER THEREOF. THE STATE HEREBY PLEDGES AND AGREES WITH THE HOLDERS OF ANY BONDS ISSUED UNDER THIS PART 2 AND WITH THOSE PARTIES WHO ENTER INTO CONTRACTS WITH THE BOARD PURSUANT TO THIS PART 2 THAT THE STATE WILL NOT LIMIT, ALTER, RESTRICT, OR IMPAIR THE RIGHTS VESTED IN THE BOARD OR THE RIGHTS OR OBLIGATIONS OF ANY PERSON WITH WHICH IT CONTRACTS TO FULFILL THE TERMS OF ANY AGREEMENTS MADE PURSUANT TO THIS PART 2. THE STATE FURTHER AGREES THAT IT WILL NOT IN ANY WAY IMPAIR THE RIGHTS OR REMEDIES OF THE HOLDERS OF ANY BONDS OF THE BOARD UNTIL SUCH BONDS HAVE BEEN PAID OR UNTIL ADEQUATE PROVISION FOR PAYMENT HAS BEEN MADE. THE BOARD MAY INCLUDE THIS PROVISION AND UNDERTAKING FOR THE

STATE IN BONDS.

(2) NEITHER THE MEMBERS OF THE BOARD, STATE TREASURER, THE DIRECTOR OF THE BOARD, NOR ANY PERSON EXECUTING BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

37-60-206. Bond proceeds and revenues and receipts from approved water infrastructure projects - water infrastructure development fund. (1) THE RESOLUTION OR OTHER INSTRUMENT AUTHORIZING THE ISSUANCE OF REVENUE BONDS MAY PLEDGE ALL OR ANY PORTION OF THE PROCEEDS FROM THE ISSUANCE OF THE BONDS TO THE PAYMENT OF THE BONDS AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF THE BONDS.

(2) ALL PROCEEDS FROM THE ISSUANCE OF BONDS THAT ARE NOT PLEDGED FOR THE PAYMENT OF THE BONDS AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF THE BONDS, ANY REVENUES AND RECEIPTS THAT ARE DERIVED FROM THE SALE OF WATER OR POWER BY THE BOARD OR THE SALE OR LEASE OF RECREATIONAL FACILITIES OR OPPORTUNITIES BY THE BOARD FROM WATER INFRASTRUCTURE PROJECTS FINANCED BY THE BONDS, AND ANY PAYMENTS MADE OR REVENUES PLEDGED TO THE BOARD BY ANY POLITICAL SUBDIVISION PURSUANT TO SECTION 37-60-207 SHALL BE CREDITED TO THE WATER INFRASTRUCTURE DEVELOPMENT FUND, WHICH FUND IS HEREBY CREATED IN THE STATE TREASURY. ALL INTEREST AND INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND AND BECOME A PART THEREOF, AND MONEYS REMAINING IN THE FUND AT THE END OF ANY FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE GENERAL FUND OF THE STATE OR TO ANY OTHER FUND.

ALL MONEYS IN THE FUND SHALL BE CONTINUOUSLY APPROPRIATED TO THE BOARD AND SHALL BE USED TO FINANCE APPROVED WATER INFRASTRUCTURE PROJECTS, TO PAY ANY UNPLEDGED COSTS OF ISSUING AND ADMINISTERING BONDS, INCLUDING REIMBURSEMENT OF COSTS INCURRED BY THE TREASURER IN ASSISTING THE BOARD IN ACCORDANCE WITH THIS PART 2, AND TO PAY ANY OTHER EXPENSE OR CHARGE INCURRED IN CONNECTION WITH THE ONGOING OPERATION OR MAINTENANCE OF APPROVED WATER INFRASTRUCTURE PROJECTS OR OTHER ACTIONS OF THE BOARD AUTHORIZED BY THIS PART 2.

(3) PROCEEDS FROM THE ISSUANCE OF BONDS, EARNINGS ON SUCH PROCEEDS, AND REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER OR POWER OR THE SALE OR LEASE OF RECREATIONAL FACILITIES OR OPPORTUNITIES BY THE BOARD FROM WATER INFRASTRUCTURE PROJECTS FINANCED BY THE BONDS AND EARNINGS ON SUCH REVENUES AND RECEIPTS SHALL NOT BE INCLUDED IN STATE FISCAL YEAR SPENDING, AS DEFINED BY SECTION 24-77-102 (17) (a), C.R.S., FOR ANY GIVEN FISCAL YEAR FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24, C.R.S.

37-60-207. Powers of political subdivisions. (1) A POLITICAL SUBDIVISION, FOR THE PURPOSE OF AIDING AND COOPERATING IN THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY APPROVED WATER INFRASTRUCTURE PROJECT, HAS THE POWER:

(a) TO SELL, LEASE, LOAN, DONATE, GRANT, CONVEY, ASSIGN, OR OTHERWISE TRANSFER TO THE BOARD ANY REAL OR PERSONAL PROPERTY OR INTERESTS THEREIN;

(b) TO ENTER INTO AGREEMENTS WITH THE BOARD OR ANY OTHER POLITICAL SUBDIVISION OR ENTITY FOR THE JOINT FINANCING,

CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY APPROVED WATER INFRASTRUCTURE PROJECT. UPON COMPLIANCE WITH APPLICABLE CONSTITUTIONAL OR CHARTER LIMITATIONS, THE POLITICAL SUBDIVISION MAY AGREE TO MAKE PAYMENTS, WITHOUT LIMITATION AS TO THE AMOUNT EXCEPT AS SET FORTH IN THE AGREEMENT, FROM REVENUES RECEIVED IN ONE OR MORE FISCAL YEARS TO THE BOARD, ANY OTHER POLITICAL SUBDIVISION OR ENTITY, OR ANY OTHER PERSON TO DEFRAY THE COSTS OF THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY APPROVED WATER INFRASTRUCTURE PROJECT.

(c) TO TRANSFER OR ASSIGN TO THE BOARD ANY CONTRACTS THAT MAY HAVE BEEN AWARDED BY THE POLITICAL SUBDIVISION FOR CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY APPROVED WATER INFRASTRUCTURE PROJECT.

(2) TO ASSIST IN THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF AN APPROVED WATER INFRASTRUCTURE PROJECT, ANY POLITICAL SUBDIVISION MAY, BY CONTRACT, PLEDGE TO THE BOARD REVENUES FROM ANY LEGALLY AVAILABLE SOURCE.

(3) PURSUANT TO ANY CONTRACT OR AGREEMENT ENTERED INTO AS AUTHORIZED BY THIS SECTION, A POLITICAL SUBDIVISION MAY OBLIGATE ITSELF TO MAKE PAYMENTS IN AN AMOUNT THAT WILL BE SUFFICIENT TO ENABLE THE BOARD OR ANY OTHER POLITICAL SUBDIVISION OR ENTITY THAT IS AIDING AND COOPERATING IN THE FINANCING OF ANY APPROVED WATER INFRASTRUCTURE PROJECT THROUGH THE ISSUANCE OF BONDS OR OTHER FINANCIAL INSTRUMENTS TO MEET ITS EXPENSES INCURRED IN SUCH FINANCING; THE PRINCIPAL AND INTEREST PAYMENTS FOR BONDS OR OTHER FINANCIAL INSTRUMENTS ISSUED; ITS REASONABLE RESERVES FOR DEBT SERVICE, OPERATION AND MAINTENANCE, AND

RENEWALS AND REPLACEMENTS; AND THE REQUIREMENTS OF ANY RATE COVENANT WITH RESPECT TO NOTE SERVICE COVERAGE OR DEBT SERVICE COVERAGE CONTAINED IN ANY RESOLUTION, ORDINANCE, OR OTHER SECURITY INSTRUMENT. A CONTRACT OR AGREEMENT MAY CONTAIN SUCH OTHER TERMS AND CONDITIONS AS A POLITICAL SUBDIVISION MAY DETERMINE, INCLUDING BUT NOT LIMITED TO PROVISIONS WHEREBY THE POLITICAL SUBDIVISION IS OBLIGATED TO PAY FOR THE OUTPUT, CAPACITY, OR USE OF AN APPROVED WATER INFRASTRUCTURE PROJECT IRRESPECTIVE OF WHETHER SUCH OUTPUT, CAPACITY, OR USE IS PRODUCED OR DELIVERED TO THE POLITICAL SUBDIVISION OR WHETHER ANY PROJECT CONTEMPLATED BY ANY SUCH AGREEMENT IS COMPLETED, OPERABLE, OR OPERATING, AND NOTWITHSTANDING SUSPENSION, INTERRUPTION, INTERFERENCE, REDUCTION, OR CURTAILMENT OF THE OUTPUT, USE, OR SERVICE OF THE PROJECT. SUBJECT TO LOCAL CHARTER AND STATE CONSTITUTIONAL LIMITATIONS, A CONTRACT OR AGREEMENT MAY ALSO PROVIDE THAT IF ONE OR MORE OF THE POLITICAL SUBDIVISIONS DEFAULTS IN THE PAYMENT OF ITS OBLIGATIONS UNDER THE CONTRACT OR AGREEMENT, THE REMAINING POLITICAL SUBDIVISIONS THAT ALSO HAVE SIMILAR CONTRACTS OR AGREEMENTS WITH RESPECT TO THE SAME PROJECT SHALL BE REQUIRED TO ACCEPT AND PAY FOR, AND SHALL BE ENTITLED PROPORTIONATELY TO USE OR OTHERWISE DISPOSE OF, THE OUTPUT, CAPACITY, OR USE OF THE PROJECT THAT IS THE SUBJECT OF THE CONTRACT OR AGREEMENT ENTERED INTO BY THE DEFAULTING POLITICAL SUBDIVISION. THE OBLIGATIONS OF A POLITICAL SUBDIVISION UNDER A CONTRACT OR AGREEMENT SHALL EITHER CONSTITUTE SPECIAL OBLIGATIONS OF THE POLITICAL SUBDIVISION, PAYABLE SOLELY FROM THE REVENUES AND OTHER MONEYS DERIVED BY THE POLITICAL SUBDIVISION

FROM THE PROJECT, AND SHALL BE TREATED AS EXPENSES OF OPERATING SUCH FACILITIES OR, IN THE DISCRETION OF THE POLITICAL SUBDIVISION AND SUBJECT TO SATISFACTION OF ANY REQUIREMENTS OF LAW GOVERNING OR LIMITING THE INCURRENCE OF DEBT BY THE POLITICAL SUBDIVISION, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE POLITICAL SUBDIVISION. CONSISTENT WITH THE PROVISIONS OF SECTION 6 (3) OF ARTICLE XI OF THE STATE CONSTITUTION, WHERE A CONTRACT OR AGREEMENT IS ENTERED INTO BY A CITY, COUNTY, CITY AND COUNTY, TOWN, OR SERVICE AUTHORITY AND IS TO CONSTITUTE A GENERAL OBLIGATION OF THE CITY, COUNTY, CITY AND COUNTY, TOWN, OR SERVICE AUTHORITY AND WHERE THE CONTRACT OR AGREEMENT PROVIDES THAT THE CITY, COUNTY, CITY AND COUNTY, TOWN, OR SERVICE AUTHORITY SHALL BE REQUIRED TO ACCEPT AND PAY FOR THE OUTPUT, CAPACITY, OR USE OF THE PROJECT CONTRACTED FOR BY A DEFAULTING POLITICAL SUBDIVISION, THE CONTRACT OR AGREEMENT SHALL NOT BE ENTERED INTO UNLESS THE QUESTION OF INCURRING A GENERAL OBLIGATION FOR SUCH PROJECT HAS BEEN SUBMITTED TO AND APPROVED AT AN ELECTION CONDUCTED BY THE CITY, COUNTY, CITY AND COUNTY, TOWN, OR SERVICE AUTHORITY IN ACCORDANCE WITH APPLICABLE ELECTION LAWS.

37-60-208. Bonds legal investments. ALL BANKS, TRUST COMPANIES, SAVINGS AND LOAN ASSOCIATIONS, INSURANCE COMPANIES, EXECUTORS, ADMINISTRATORS, GUARDIANS, TRUSTEES, AND OTHER FIDUCIARIES MAY LEGALLY INVEST ANY MONEYS WITHIN THEIR CONTROL IN REVENUE BONDS. PUBLIC ENTITIES, AS DEFINED IN SECTION 24-75-601 (1), C.R.S., MAY INVEST PUBLIC FUNDS IN SUCH BONDS ONLY IF THE BONDS SATISFY THE INVESTMENT REQUIREMENTS ESTABLISHED IN PART 6 OF ARTICLE 75 OF TITLE 24, C.R.S.

37-60-209. Exemption from taxation. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE INCOME FROM REVENUE BONDS IS EXEMPT FROM ALL TAXATION AND ASSESSMENTS IN THE STATE. IN THE CERTIFICATE, INDENTURE OF TRUST, OR OTHER INSTRUMENT AUTHORIZING THE ISSUANCE OF SUCH BONDS, THE BOARD MAY WAIVE THE EXEMPTION FROM FEDERAL OR STATE INCOME TAXATION FOR INTEREST ON THE BONDS.

37-60-210. No action maintainable. AN ACTION OR PROCEEDING AT LAW OR IN EQUITY TO REVIEW ANY ACTS OR PROCEEDINGS OR TO QUESTION THE VALIDITY OR ENJOIN THE PERFORMANCE OF ANY ACT OR PROCEEDINGS OR THE ISSUANCE OF ANY REVENUE BONDS OR FOR ANY OTHER RELIEF AGAINST OR FROM ANY ACTS OR PROCEEDINGS DONE UNDER THIS PART 2, WHETHER BASED UPON IRREGULARITIES OR JURISDICTIONAL DEFECTS, SHALL NOT BE MAINTAINED UNLESS COMMENCED WITHIN THIRTY DAYS AFTER THE PERFORMANCE OF THE ACT OR PROCEEDINGS OR THE EFFECTIVE DATE THEREOF, WHICHEVER OCCURS FIRST, AND IS THEREAFTER PERPETUALLY BARRED.

37-60-211. Annual reports. (1) IF THE BOARD ISSUES REVENUE BONDS, THEN NO LATER THAN FEBRUARY 15 OF THE FIRST CALENDAR YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE BOARD FIRST ISSUES BONDS, AND NO LATER THAN FEBRUARY 15 OF EACH YEAR THEREAFTER, THE BOARD SHALL SUBMIT A REPORT TO THE MEMBERS OF THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY, THE MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE OF THE GENERAL ASSEMBLY, THE CHAIR OF THE AGRICULTURE, LIVESTOCK, AND NATURAL RESOURCES COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE CHAIR OF THE AGRICULTURE AND NATURAL RESOURCES COMMITTEE OF THE SENATE THAT INCLUDES, AT A MINIMUM, THE FOLLOWING INFORMATION:

(a) THE TOTAL AMOUNT OF BONDS ISSUED BY THE BOARD IN ACCORDANCE WITH THIS PART 2;

(b) THE APPROVED WATER INFRASTRUCTURE PROJECTS FOR WHICH THE PROCEEDS FROM THE BONDS HAVE BEEN EXPENDED, THE AMOUNT OF NOTE PROCEEDS EXPENDED ON EACH PROJECT, THE STATUS OF EACH PROJECT, AND THE ESTIMATED DATE OF COMPLETION FOR EACH PROJECT NOT YET COMPLETED; AND

(c) THE TOTAL AMOUNT OF PROCEEDS FROM THE ISSUANCE OF BONDS AND REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER OR POWER BY THE BOARD FROM A WATER INFRASTRUCTURE FACILITY WHOSE DEVELOPMENT OR IMPROVEMENT WAS FINANCED IN WHOLE OR IN PART BY BONDS IN EACH STATE FISCAL YEAR AND THE COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF THE BONDS.

37-60-212. Construction of part. THE POWERS CONFERRED BY THIS PART 2 SHALL BE IN ADDITION AND SUPPLEMENTAL TO, AND NOT IN SUBSTITUTION FOR, AND THE LIMITATIONS IMPOSED BY THIS PART 2 SHALL NOT DIRECTLY OR INDIRECTLY MODIFY, LIMIT, OR AFFECT, THE POWERS CONFERRED BY ANY OTHER LAW TO THE BOARD, THE STATE TREASURER, THE DEPARTMENT OF NATURAL RESOURCES, OR THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY CREATED BY SECTION 37-95-104.

37-60-213. Repeal of part. THIS PART 2 IS REPEALED, EFFECTIVE UPON THE REJECTION BY THE REGISTERED ELECTORS OF THE STATE VOTING ON THE QUESTION OF THE BALLOT QUESTION SUBMITTED PURSUANT TO SECTION 37-60-203 (1) (a).

SECTION 2. 37-60-106 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

37-60-106. Duties of the board - repeal. (1) It is the duty of the board to promote the conservation of the waters of the state of Colorado in order to secure the greatest utilization of such waters and the utmost prevention of floods; and in particular, and without limiting the general character of this section, the board has the power and it is its duty:

(s) (I) TO RECOMMEND WATER INFRASTRUCTURE PROJECTS, AS DEFINED IN SECTION 37-60-202 (3), TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH SECTION 37-60-203 AND TO ISSUE WATER INFRASTRUCTURE REVENUE BONDS IN ACCORDANCE WITH THE PROVISIONS OF PART 2 OF THIS ARTICLE.

(II) THIS PARAGRAPH (s) IS REPEALED, EFFECTIVE UPON THE REJECTION BY THE REGISTERED ELECTORS OF THE STATE VOTING ON THE QUESTION OF THE BALLOT QUESTION SUBMITTED PURSUANT TO SECTION 37-60-203 (1) (a).

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.