

HOUSE BILL 503

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

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AN ACT

RELATING TO GENERAL OBLIGATION BONDS; PROVIDING FOR THE SALE THROUGH NEGOTIATED SALES; PROVIDING FOR THE DESIGNATION OF INTEREST RATES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 6-15-5 NMSA 1978 (being Laws 1929, Chapter 201, Section 3, as amended) is amended to read:

"6-15-5. SALE OF BONDS.--

A. ~~[Before any bonds issued by a municipal corporation are offered for public sale, the corporate authorities issuing the bonds shall designate the maximum net effective interest rate the bonds shall bear, which shall not exceed the maximum permitted by the Public Securities Act. Except as provided in Subsection B or C of this section and in Sections 6-18-6, 6-18-7 and 6-21-9 NMSA 1978]~~ All of the bonds

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1 shall be offered and sold at public sale pursuant to this
2 section or at a negotiated sale on terms determined by the
3 municipal corporation.

4 B. Bonds maturing in less than thirty days may be
5 sold at private sale to the state at the price and upon such
6 terms and conditions as a municipal corporation and the state
7 may determine.

8 C. Notwithstanding any law requiring bonds to be
9 sold at a public sale, the following bonds may be sold at a
10 public or private sale:

11 (1) bonds designated as build America bonds
12 pursuant to Section 1531 of the federal American Recovery and
13 Reinvestment Act of 2009; and

14 (2) qualified school construction bonds issued
15 pursuant to the Qualified School Construction Bonds Act and
16 Section 1521 of the federal American Recovery and Reinvestment
17 Act of 2009.

18 D. Before any bonds issued by a municipal
19 corporation are offered for public sale, the corporate
20 authorities issuing the bonds shall designate the maximum net
21 effective interest rate the bonds shall bear, which shall not
22 exceed the maximum permitted by the Public Securities Act. A
23 notice calling for bids for the purchase of the bonds shall be
24 published once at least one week prior to the date of the sale
25 in a newspaper having local circulation. The notice shall

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1 specify a place and designate a day and hour subsequent to the
2 date of the publication when bids shall be received and
3 publicly opened for the purchase of the bonds. The notice
4 shall specify the maximum net effective interest rate permitted
5 for the bonds and the maximum discount if a discount is allowed
6 by the governing body and shall require bidders to submit a bid
7 specifying the lowest rate of interest and any premium or
8 discount if allowed by the governing body at, above or below
9 par at which the bidder will purchase the bonds. The bonds
10 shall be sold to the responsible bidder making the best bid
11 determined by the municipal corporation as set forth in the
12 notice, subject to the right of the governing body to reject
13 any and all bids and readvertise. All bids shall be sealed or
14 sent by facsimile or other electronic transmission to the
15 municipal corporation as set forth in the notice. Except for
16 the bid of the state or the United States, if one is received
17 prior to acceptance by the governing body of the best bid, the
18 best bidder shall make a deposit of not less than two percent
19 of the principal amount of the bonds, either in the form of a
20 financial security bond or in cash or by cashier's or
21 treasurer's check of, or by certified check drawn on, a solvent
22 commercial bank or trust company in the United States, which
23 deposit shall be returned if the bid is not accepted. The
24 financial surety bond or the long-term debt obligations of the
25 issuer or person guarantying the obligations of the issuer of

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1 the financial surety bond shall be rated in one of the top two
2 rating categories of a nationally recognized rating agency,
3 without regard to any modification of the rating, and the
4 financial surety bond must be issued by an insurance company
5 licensed to issue such a bond in New Mexico. If the successful
6 bidder does not complete the purchase of the bonds within
7 thirty days following the acceptance of the bidder's bid or
8 within ten days after the bonds are made ready and are offered
9 by the municipal corporation for delivery, whichever is later,
10 the amount of the bidder's deposit shall be forfeited to the
11 municipal corporation issuing the bonds, and, in that event,
12 the governing body may accept the bid of the bidder making the
13 next best bid. If all bids are rejected, the governing body
14 may readvertise the bonds for sale in the same manner as for
15 the original advertisement or sell the bonds at private sale to
16 the state or the United States. If there are two or more equal
17 bids and the bids are the best bids received, the governing
18 body shall determine which bid shall be accepted.

19 E. Except as provided in this section, bonds to
20 be issued by a municipal corporation for various purposes may
21 be sold and issued as a single combined issue even though
22 they may have been authorized by separate votes at an
23 election or elections. Bonds authorized by any incorporated
24 city, town or village for the construction or purchase of a
25 system for supplying water, a sanitary sewer system or a

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1 storm sewer system may be combined with each other and sold
2 and issued as a single issue but may not be combined with
3 bonds to be issued for any other purpose that may be subject
4 to the debt limitation of Article 9, Section 13 of the
5 constitution of New Mexico."

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