

SENATE BILL NO. 189

BY SENATOR JENKINS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

1 AN ACT

2 To enact Part VIII of Chapter 3 of Title 40 of the Louisiana Revised Statutes of 1950, to be
3 comprised of R.S. 40:599.1 through 599.32, relative to the creation of the State Land
4 Banking Authority Act; to provide relative to land banking; to provide relative to the
5 purpose; to provide relative to definitions; to provide relative to the establishment
6 of Land Banks by political subdivisions; to provide relative to the board of directors;
7 to provide relative to powers of the land bank authority; to provide relative to
8 property; to provide relative to the hiring of staff and consultants; to provide relative
9 to the appointment of receivers; to provide relative to internal administration; to
10 provide for immunity; to provide relative to property rights; to provide relative to
11 inventory and classification; to provide relative to tax liens; to provide relative to
12 money and proceeds; to provide for taxes; to provide for civil actions; to provide
13 relative to public property; to provide relative to annual reports; to provide relative
14 to bonds; to provide relative to trusts; to provide relative to securities; to provide
15 relative to conveyance of title and release of collateral; to provide relative to
16 enforcement of rights and duties; and to provide for related matters.

17 Be it enacted by the Legislature of Louisiana:

18 Section 1. Part VIII of Chapter 3 of Title 40 of the Louisiana Revised Statutes of
19 1950, comprised of R.S. 40:599.1 through 599.32, is hereby enacted to read as follows:

20 **PART VIII. STATE LAND BANKING AUTHORITY ACT**

21 **§599.1. Declaration of purpose**

22 **The legislature hereby finds and declares the following:**

23 **(1) There exists in many cities of the state economically and physically**
24 **depressed areas which, among other things, suffer from high unemployment,**
25 **substandard and deteriorated structures, vacant and partially used lots, high**
26 **crime rates, and other blighting influences and undesirable conditions.**

27 **(2) Since the economic and physical ills and problems of depressed areas**

1 typically necessitate the infusion of tax-supported services, improvements, and
2 assistance to relieve and remedy, it is a matter of public policy and concern that
3 corrective measures be taken.

4 §599.2. Definitions

5 The following terms, whenever used or referred to in this Part, have the
6 following respective meanings, unless a different meaning clearly appears from
7 the context:

8 (1) "Authority" means a quasi-public nonprofit entity created by one or
9 more local governments under this Part.

10 (2) "Board" means the board of directors of an authority.

11 (3) "Bond" means a bond issued by an authority under this Part.
12 "Bond" shall include a bond, a refunding bond, a note, and any other
13 obligation.

14 (4) "Cost" means:

15 (a) Purchase price of property.

16 (b) Cost of any improvements made to property.

17 (c) Amount to be paid to discharge each obligation necessary or desirable
18 to vest title to any part of the property in an authority or other owner.

19 (d) Amount to be paid to discharge each obligation necessary or
20 desirable to vest title to any party of property in an authority or other owner.

21 (e) Cost of any property, right, easement, franchise, or permit associated
22 with a project.

23 (f) Cost of labor, machinery, and equipment necessary to implement a
24 project.

25 (g) Financing charges.

26 (h) Interest and reserves for principal and interest and for
27 improvements.

28 (i) Cost of revenue and cost estimates, engineering and legal services,
29 plans, specifications, studies, surveys, and other expenses necessary or incident
30 to determining the feasibility or practicability of a project.

1 (j) Administrative expenses.

2 (k) Other expenses as necessary or incident to:

3 (i) Financing a project.

4 (ii) Acquiring and improving a project.

5 (iii) Placing a project in operation, including reasonable provisions for
6 working capital.

7 (iv) Operating and maintaining a project.

8 (5) "Local government" means a municipality or a parish.

9 (6) "Project" means any organized plan carried out by an authority in
10 relation to:

11 (a) Acquiring and rehabilitating abandoned and dilapidated properties.

12 (b) Marketing and leasing, selling, or otherwise transferring the
13 rehabilitated properties.

14 (7) "Project" includes:

15 (a) Acquiring land or an interest in land.

16 (b) Acquiring structures, equipment, and furnishings located on a
17 property.

18 (c) Acquiring property that is functionally related and subordinate to a
19 project.

20 (d) Obtaining or contracting for any services necessary for the
21 rehabilitation of a property.

22 (8) "Revenue" means the income, revenue, and other money an authority
23 receives from or in connection with a project and all other income of an
24 authority. Revenue includes grants, rentals, rates, fees, and charges.

25 (9) "Tax sale property" means property or an interest in property sold
26 by the tax collector of the parish or for which interest has been adjudicated by
27 a local government.

28 (10) "Trust agreement" means an agreement entered into by an
29 authority to secure a bond. Trust agreement includes a bond contract, bond
30 resolution, or other contract with or for the benefit of a bondholder.

1 §599.3. General

2 A. The provisions of this Part shall be liberally construed to accomplish
3 its purposes.

4 B. The powers granted to and under this Part are supplemental to
5 powers granted to an authority under any other law.

6 C. The provisions of this Part does not authorize an authority to:

7 (1) Exercise the power of eminent domain.

8 (2) Impose any tax or special assessment.

9 §599.4. Establishment

10 A. The governing body of a local government may establish a land bank
11 authority in accordance with this Part, which shall be subject to the provisions
12 of the Nonprofit Corporation Law, R.S. 12:201 et seq.

13 B. Two or more local governments may elect to enter into an
14 intergovernmental cooperation agreement to create a single land bank to act on
15 behalf of the local governments.

16 C. An ordinance adopted under this Section:

17 (1) Is administrative in nature.

18 (2) Is not subject to referendum.

19 (3) In a parish that has a publicly elected parish executive or in a
20 municipality that has a publicly elected chief executive or mayor, is subject to
21 approval by the parish executive, chief executive, or mayor.

22 D. An ordinance adopted under the provisions of this Part shall include
23 all of the following:

24 (1) The name of the authority, which shall be "Land Bank Authority of
25 (name of the incorporating local government)".

26 (2) The authority is formed under this Part.

27 (3) The names, addresses, and terms of office of the initial members of
28 the board.

29 (4) The address of the principal office of the authority.

30 (5) The purposes for which the authority is formed.

1 (6) The powers of the authority, subject to the limitations of this Part.

2 E.(1)(a) The chief executive or mayor of the incorporating local
3 government, or any other official designated in the ordinance establishing an
4 authority, shall execute and file the articles of incorporation in accordance with
5 the provisions of the Nonprofit Corporation Law, R.S. 12:201 et seq., and pay
6 applicable filing fees in accordance with R.S. 49:222, to the secretary of state.

7 (b) An entity incorporated pursuant to this Part shall not be subject to
8 the restrictions in R.S. 12:204(A).

9 (2) When the articles of incorporation are filed in accordance with the
10 requirements of this Section, the authority becomes a body politic and corporate
11 and an instrumentality of the incorporating local government.

12 (3) Filing of the articles of incorporation with the secretary of state is
13 conclusive evidence of the formation of the authority.

14 F.(1) By ordinance, the governing authority of the incorporating local
15 government may seek to amend the articles of incorporation of an authority.

16 (2) The proposed articles of amendment, passed by ordinance, may
17 contain any provision that lawfully may be contained in articles of
18 incorporation at the time of the amendment.

19 (3) The governing authority shall take all steps to file the articles of
20 amendment with the secretary of state.

21 (4) The articles of amendment are effective as of the time the articles of
22 amendment are filed with the secretary of state in accordance with the
23 provisions of the Nonprofit Corporation Law, R.S. 12:201 et seq.

24 G. Subject to this Part and any limitations imposed by law on the
25 impairment of contracts, the incorporating local government, in its sole
26 discretion, by ordinance may:

27 (1) Set or change the structure, organization, procedures, programs, or
28 activities of an authority.

29 (2) Terminate the authority.

30 (3) If one or more local governments engaged in an intergovernmental

1 cooperation agreement decide not to terminate the authority, the authority may
2 continue to operate if:

3 (a) The name of the authority is revised to remove the local government
4 that has decided to terminate its participation in the authority by withdrawal.

5 (b) The withdrawing local government designates all property to remain
6 with the authority.

7 (i) On demand of a withdrawing local government that is a municipality,
8 all property located wholly within the municipality shall be transferred to the
9 municipality.

10 (ii) On demand of a withdrawing local government that is a parish, all
11 property located wholly within the parish and outside any municipality
12 participating in the intergovernmental cooperation agreement shall be
13 transferred to the parish.

14 (iii) All obligations of the authority to the withdrawing local government
15 and of the withdrawing local government to the authority are assumed by the
16 withdrawing local government.

17 (4) Notwithstanding the provisions of this Section, an entity incorporated
18 pursuant to this Part shall be required to follow the provisions of the Nonprofit
19 Corporation Law, R.S. 12:201 et seq., when amending its articles of
20 incorporation and articles of amendment or electing to terminate its operations.

21 H. On termination of the authority:

22 (1) Title to all property of the authority shall be transferred to and shall
23 vest in the incorporating local government.

24 (2) All obligations of the authority shall be transferred to and assumed
25 by the incorporating local government.

26 §599.5. Board of directors

27 An ordinance that creates an authority shall establish a board to govern
28 the authority and shall include provisions for:

29 (1) Appointment of procedures.

30 (2) Powers of the board.

1 (3) Removal procedures.

2 (4) Term lengths.

3 (5) The election of a chair.

4 §599.6. Powers

5 A. Except as limited by the authority's articles of incorporation, an
6 authority has all the powers specified in this Part.

7 B. An authority may:

8 (1) Adopt, amend, and repeal bylaws for the conduct of business of the
9 authority.

10 (2) Sue and be sued.

11 (3) Maintain an office at a place the authority designates.

12 (4) Borrow money.

13 (5) Issue bonds and other obligations for any corporate purpose in
14 accordance with this Subtitle or an ordinance adopted under this Subtitle.

15 (6) Invest money of the authority in instruments, obligations, securities,
16 or property.

17 (7) Enter into contracts and execute the instruments or agreements
18 necessary or convenient to carry out this part or an ordinance adopted under
19 this Part to accomplish the purposes of the authority.

20 (8) Solicit and accept gifts, grants, loans, or other assistance in any form
21 from any public or private source, subject to this Subtitle or any ordinance
22 adopted under this Part.

23 (9) Participate in a program of the federal government, the state, a
24 political subdivision of the State, or an intergovernmental entity created under
25 state law.

26 (10) Contract for goods and services.

27 (11) Study, develop, and prepare reports or plans to assist in the
28 authority's exercise of powers and to monitor and evaluate the authority's
29 progress.

30 (12) Contract with public or private entities for services necessary to

1 manage and operate the authority.

2 (13) Provide acquisition, management, and sale services to a local
3 government for property owned by the local government.

4 (14) Create, own, control, or be a member of a corporation, limited
5 liability company, partnership, or other person, whether operated for profit or
6 not for profit, for the purposes of development property in order to maximize
7 marketability.

8 (15) Exercise a power usually possessed by a private corporation in
9 performing similar functions, unless to do so would conflict with state law.

10 (16) Insure against losses in connection with the real property, assets, or
11 activity of the authority.

12 (17) Design, develop, construct, demolish, rehabilitate, renovate, relocate,
13 and otherwise improve real property or interest in real property.

14 (18) Raise revenue by a legal means required to make the operations and
15 activities of the authority self-sustaining.

16 (19) Do all things necessary or convenient to carry out the powers
17 expressly granted by this Subtitle or by an ordinance adopted under this Part.

18 C. An authority may delegate to a member or officer a power granted to
19 the authority by this Part, including the power to execute a bond, obligation,
20 certificate, deed, lease, mortgage agreement, or other document or instrument.

21 §599.7. Property

22 A. An authority may:

23 (1) Acquire real property or rights or interests in real property, directly
24 or through a person or governmental entity, by gift, devise, transfer, exchange,
25 foreclosure, purchase, or otherwise on terms and conditions and in a manner
26 the authority considers proper.

27 (2) Own property in the authority's name, including tax-foreclosed
28 property and adjudicated property without clear title.

29 (3) Sell, lease as lessor, transfer, and dispose of the authority's interest
30 in property.

1 (4) Procure insurance against loss in connection with the property,
2 assets, or activities of the authority.

3 (5) Execute deeds, mortgages, contracts, leases, purchases, or other
4 agreements regarding the property of the authority.

5 B. Property purchased, owned, or sold under this Part may not be
6 located outside the jurisdiction of the local government in which the authority
7 is located.

8 C.(1) An authority may quiet title or foreclose on a property in which it
9 holds an interest by:

10 (a) Conducting an examination of title to determine the identity of any
11 person possessing a claim or interest in the property.

12 (b) Filing a complaint to quiet title.

13 (2) An authority may join a single complaint to quiet title or foreclose on
14 one or more parcels of real property.

15 §599.8. Staff and consultants

16 An authority may employ staff and retain consultants; and set their
17 compensation.

18 §599.9. Appointment of a receiver

19 The court may appoint an authority to serve as a receiver in a
20 receivership proceeding filed by a local government.

21 §599.10. Internal administration

22 A. An authority shall:

23 (1) Adopt a code of ethics for the authority's directors, officers, and
24 employees.

25 (2) Establish policies and procedures requiring:

26 (a) The disclosure of relationships that may create a conflict of interest.

27 (b) Any member of the board with a direct or indirect interest in a
28 matter before the authority to disclose the member's interest to the board
29 before the board takes any action on the matter.

30 (3) Comply with the Open Meetings Law.

1 B. Except as otherwise provided in this Part or the ordinance
2 establishing an authority, the procedures of the incorporating local government
3 control any matter relating to the internal administration of an authority.

4 §599.11. Immunity

5 An authority may have the same immunities as the local government that
6 creates the authority.

7 §599.12. Property rights

8 A. With respect to property held or owned by the authority, the
9 authority may:

10 (1) Grant or acquire a license, an easement, or an option.

11 (2) Set, charge, and collect rents, fees, and charges for use of the
12 property.

13 (3) Pay taxes or special assessments due.

14 (4) Take any action, provide any notice, or institute any proceeding
15 required to clear or quiet title in order to establish ownership by and vest title
16 to property in the authority.

17 (5) Abate violations of the local and state buildings, fire, health, and
18 related codes.

19 (6) Hold, manage, maintain, operate, repair, lease as lessor, secure, and
20 prevent the waste or deterioration of, or demolish the property and take all
21 other actions necessary to preserve the value of the property.

22 B. An authority shall be made a party to, and shall defend any action or
23 proceeding concerning, claims against property held by the authority.

24 §599.13. Inventory and classification

25 A. Property held by an authority shall be inventoried and classified
26 according to title status and suitability for use.

27 B. A clerk of the court may not charge a fee to record a document
28 evidencing the transfer under this Part of property to the authority by the state
29 or a local government.

30 §599.14. Outstanding tax liens

1 A.(1) After an unsuccessful attempt by the local government to collect an
2 outstanding lien at tax sale and subject to the approval of governing body, or
3 tax collector of the jurisdiction where the property is located, an authority may
4 accept from a person with an interest in tax delinquent property, or tax sale
5 property a deed or assignment conveying that person's interest in the property
6 instead of:

7 (a) The foreclosure or sale of the property for delinquent taxes, penalties,
8 and interest.

9 (b) Delinquent taxes imposed by a local taxing jurisdiction.

10 (2)(a) After an unsuccessful attempt by the local government to collect
11 outstanding liens that are delinquent and at the discretion of the governing body
12 of the jurisdiction, or the tax collector where the property is located, an
13 authority may accept from the local government with an interest in a tax
14 delinquent property, or tax sale property its interest in the tax liens in the
15 property.

16 (b) The authority may:

17 (i) Collect on liens or taxes collected under Subparagraph (A)(1)(a) of
18 this Paragraph and retain all payment of taxes, liens, penalties, or any interest
19 on the liens or taxes.

20 (ii) Foreclose on, enter into a deed in lieu of foreclosure, or sell the
21 property for the liens or taxes and retain all payment of taxes, penalties, or
22 interest on the liens or taxes and the costs of selling the property and, if any
23 other net proceeds remain from the sale, return any net proceeds to the tax
24 collector for distribution on a pro rata basis to the appropriate taxing units in
25 a ration equal to the delinquent taxes, penalties, and interest owed on the
26 property.

27 B. Conveyance of property by deed instead of foreclosure or transfer of
28 a lien or tax on property under this Section may not affect or impair any other
29 lien against the property or any existing recorded or unrecorded interest in the
30 property, including any:

1 (1) Easement of right-of-way.

2 (2) Future installment of a special assessment.

3 (3) Lien recorded by the state.

4 (4) Private deed restriction.

5 (5) Security interest or mortgage.

6 (6) Tax lien of another taxing jurisdiction that does not consent to a
7 release of its lien.

8 C. A tax lien against property held by or under the control of an
9 authority may be released or abated at any time by:

10 (1) A local government with respect to a lien held by the local
11 government.

12 (2) The governing body of any taxing jurisdiction other than the state,
13 parish, or municipality with respect to a lien held by the taxing jurisdiction.

14 (3) The comptroller with respect to a state tax lien.

15 §599.15. Money and proceeds

16 A. Except as provided in Subsections C and D of this Section, money
17 received by an authority as payment of taxes, penalties, or interest, or from the
18 redemption or sale of property subject to a tax lien of any taxing unit, shall be
19 returned to the tax collector in the jurisdiction where the property is located for
20 distribution on a pro rata basis to the appropriate taxing units in an amount
21 equal to delinquent taxes, penalties, and interest owed on the property.

22 B. Proceeds received by an authority may be retained by the authority
23 for the purposes of this Part, unless otherwise designated by:

24 (1) An agreement of the authority.

25 (2) The provisions of a deed.

26 (3) This Subtitle.

27 (4) Any other law.

28 C. Money received by an authority as payment of taxes, penalties, or
29 interest, or from the redemption or sale of property subject to a tax lien of any
30 taxing unit may be retained by an authority under a written agreement with a

1 local government or a law enacted by the legislative body of a local government.

2 D.(1) To facilitate a transfer of real property to an authority, the
3 governing body for the jurisdiction where the real property is located may
4 release any liens for unpaid real property taxes or other charges and
5 assessments imposed by the governing body to which the property would be
6 otherwise subject, if:

7 (a) The total amount of liens for unpaid real property taxes, charges, and
8 assessments imposed with respect to the property exceeds the lesser of the total
9 value of the land and any improvement on the land as last determined by the tax
10 assessor of the governing body or as determined by an appraisal report
11 prepared, not more than six months before the request for the release of the
12 lien, by a real estate appraiser who is licensed.

13 (b) The tax collector for the local government has sold real property at
14 a tax sale, but the tax sale certificate has become void.

15 (2) The code of enforcement office, housing, department, or equivalent
16 department or agency of the local government of the jurisdiction where the tax
17 lien is held certifies that the property:

18 (a) Is a vacant lot.

19 (b) Has a building or structure that is:

20 (i) Vacant.

21 (ii) Unsafe or unfit for habitation.

22 (3) The authority finds that a transfer under this Section is necessary:

23 (a) To eliminate a blighting influence.

24 (b) To prevent the tax abandonment of a property.

25 E. The release of a lien for real property taxes, charges, or assessments
26 as authorized under Paragraph (1) of this Subsection does not abate the
27 transferor's liability for the remaining amount of the tax debt.

28 F. The governing body of a jurisdiction may set additional standards and
29 requirements for approval of the release of liens under this Section.

30 §599.16. State and local taxes

1 A. An authority is exempt from any state or local tax or assessment on
2 the authority's properties or activities or on any revenue from the properties or
3 activities.

4 B. Except as provided in Subsection D of this Section, property that an
5 authority sells or leases to a private entity is subject to state and local property
6 taxes from the time of the sale or lease.

7 C. The principal of an interest on bonds, the transfer of bonds, and any
8 income derived from the bonds, including profits made on their sale or transfer,
9 are exempt from all state and local taxes.

10 D. Sale or lease to a nonprofit organization is exempt from state and
11 local property taxes from the time of sale or lease, if:

12 (1) The nonprofit organization has entered into an agreement with an
13 authority to redevelop the property.

14 (2) The agreement is in force and effect and not defaulted on within the
15 application period.

16 §599.17. Civil Action

17 A. An authority may bring a civil action to prevent, restrain, or enjoin
18 unlawful removal of any property from real property held by the authority.

19 B.(1) An authority shall be made a party to any action to set aside:

20 (a) Title to property the authority holds.

21 (b) The sale of property by the authority.

22 (2) A hearing in an action under this Subsection may not be held until
23 the authority is served.

24 §599.18. Public Property

25 A. Property of an authority is public property devoted to an essential
26 public and governmental function and purpose.

27 B. Income of an authority is received for a public and governmental
28 purpose.

29 §599.19. Local laws

30 An authority is subject to any local:

1 (1) Land use controls.

2 (2) Permitting processes for construction, demolition, or repair of a
3 property.

4 (3) Zoning laws.

5 §599.20. Report

6 An authority shall report annually on the activities of the authority to the
7 local government where the authority is located.

8 §599.21. Bonds

9 A.(1) An authority may:

10 (a) Issue bonds to pay the cost of acquiring or improving property.

11 (b) Fund or refund the bonds.

12 (c) Purchase bonds with any funds available.

13 (d) Hold, pledge, cancel, or resell bonds.

14 (2) By resolution, an authority may authorize the chair, one of the
15 authority's members, or a committee of the members to determine or provide
16 for any matter relating to bonds that the authority considers appropriate,
17 including:

18 (a) Specifying, determining, requiring, and approving matters,
19 documents, and procedures that relate to the authorization, sale, security,
20 issuance, delivery, and payment of and for the bonds.

21 (b) Creating security for the bonds.

22 (c) Providing for the administration of bond issues.

23 (3) The power granted in Paragraph (2) of this Subsection is in addition
24 to powers conferred on the authority by this Part and does not limit any power
25 of the authority under this Part.

26 (4) Within the limits that the authority sets, the authority may authorize
27 the executive director to take any of the actions described in Paragraph (2) of
28 this Subsection.

29 B. An authority may issue the bonds at one time or in one or more series.

30 C. For each issue of an authority's bonds, the authority shall pass a

1 resolution that:

2 (1) Specifies and describes the project for which the proceeds of the bond
3 issuance are intended.

4 (2) Generally describes the public purpose and the financing transaction
5 to be accomplished.

6 (3) Specifies the maximum principal amount of the bonds that may be
7 issued by the authority.

8 (4) Imposes any terms or conditions on the issuance and sale of the bonds
9 that the authority considers appropriate.

10 D. Subject to any provision for their registration, bonds are negotiable
11 instruments for all purposes regardless of whether they are payable from a
12 special fund.

13 E.(1) The bonds may be serial bonds, term bonds, or both.

14 (2) Subject to any delegation under Paragraph (A)(3) of this Section, the
15 resolution authorizing bonds may provide:

16 (a) The dates of the bonds.

17 (b) The maturity dates of the bonds.

18 (c) The interest rates on the bonds.

19 (d) The time at which the bonds will be payable.

20 (e) The denominations of the bonds.

21 (f) Whether the bonds will be in coupon or registered form.

22 (g) Any registration privileges of the bonds.

23 (h) The manner of execution of the bonds.

24 (i) The place at which the bonds will be payable.

25 (j) Any terms of redemption of the bonds.

26 (3) The bonds shall mature within a period not to exceed fifty years after
27 the date of issue.

28 (4) The bonds shall be payable in United States currency.

29 F. An authority shall sell the bonds at competitive or negotiated sale in
30 a manner and for a price the authority determines to be in the authority's best

1 interest.

2 G. An officer's signature or facsimile on a bond remains valid if the
3 officer leaves office before the bond is delivered.

4 H. Pending preparation of the definitive bonds, an authority may issue
5 interim receipts or certificates that will be exchanged for definitive bonds.

6 I. A trust agreement authorizing bonds may contain provisions that are
7 part of the contract with bondholders, including:

8 (1) The rates, rentals, fees, and other charges, the amounts to be raised
9 in each year, and the use and disposition of the revenues.

10 (2) The setting aside of reserves and sinking funds and their disposition.

11 (3) Limits on the right of the authority or the authority's agents to
12 restrict and regulate the use of a project.

13 (4) Limits on the purpose to which the proceeds of the sale of bonds may
14 be applied.

15 (5) Limits on issuing additional bonds and refunding bonds and the
16 terms under which additional bonds may be issued and secured.

17 (6) The procedure to amend or abrogate the terms of a contract with
18 bondholders and the requirements for consent.

19 (7) Limits on the amount of project revenues to be expended for
20 operating, administrative, or other expenses of the authority.

21 (8) The acts or omissions that constitute default by the authority and the
22 rights and remedies of the bondholders in a default.

23 (9) The conveyance or mortgaging of a project and its site to secure the
24 bondholders.

25 (10) Creation and disposition of a collateral fund to secure the
26 bondholders.

27 (11) Pledging the following to secure payment of bonds, subject to any
28 existing agreements with bondholders:

29 (a) The full faith and credit of an authority.

30 (b) Revenues of a project.

1 (c) A revenue-producing contract the authority has made with a person
2 or public entity.

3 (d) The proceeds of the sale of bonds.

4 J. The members of an authority and a person executing the bonds may
5 not be held liable personally on the bonds.

6 §599.22. Trust agreement

7 A. The corporate trustee under a trust agreement may be a trust
8 company or bank that has the powers of a trust company in or outside of the
9 state.

10 B. An expense incurred out of the trust agreement or a resolution may
11 be treated as part of the cost of the operation of a project.

12 §599.23. Conclusive and binding determination of authority

13 Notwithstanding any other provision of this Part, in a proceeding
14 involving the validity or enforceability of a bond or the security for a bond, the
15 determination of an authority under this Part is conclusive and binding.

16 §599.24. Securities

17 Bonds are securities:

18 (1) That may be deposited with and received by a unit of the state or a
19 political subdivision of the state for any purpose for which the deposit of bonds
20 or obligations of the state is authorized by law.

21 (2) In which any of the following persons or entities may legally and
22 properly invest money, including capital that the person or entity owns or
23 controls:

24 (a) An officer or a unit of the state or a political subdivision of the state.

25 (b) A bank, a trust company, a savings and loan association, an
26 investment company, or any other person conducting a banking business.

27 (c) An insurance company, an insurance association, or any other person
28 conducting an insurance business.

29 (d) A personal representative, a guardian, a trustee, or any other
30 fiduciary.

1 (e) Any other person.

2 §599.25. Liability; full faith and credit

3 A. A bond is not:

4 (1) A debt or liability of the state or a political subdivision of the state.

5 (2) A pledge of the full faith and credit of the state or a political
6 subdivision of the state.

7 B. Each bond shall state on its face that neither the state nor a political
8 subdivision of the state is obliged to pay the principal of or interest on the bond
9 except from revenues pledged to the payment of the bond.

10 C. The issuance of bonds does not directly, indirectly, or contingently
11 obligate the state or any political subdivision:

12 (1) To impose or pledge a tax to pay the bonds.

13 (2) To appropriate money to pay the bonds.

14 D. The provisions of this Section do not prohibit an authority from
15 pledging its full faith and credit in connection with the issuance of bonds.

16 §599.26. Rates, rents, and fees

17 A. An authority may:

18 (1) Impose rates, rents, fees, and charges related to a project and for the
19 services related to a project.

20 (2) Contract with any person or governmental entity to exercise its
21 authority under this Section.

22 B. The rates, rents, fees, and charges established by an authority under
23 this Section shall be imposed and adjusted so that the aggregate amount of the
24 rates, rents, fees, and charges from the project, when added to other available
25 money, is sufficient to:

26 (1) Pay for the expense for the project.

27 (2) Pay the principal of and the interest on the bonds that the authority
28 issued for the project as they become due and payable.

29 (3) Create and maintain reserves required or provided for in a trust
30 agreement.

1 C. The rates, rents, fees, and charges established by an authority under
2 this Section are not subject to supervision or regulation by any unit of the state.

3 §599.27. Pledge of Revenue

4 A.(1) Any pledge of revenues and other money under this Part is valid
5 and binding from the time the pledge is made.

6 (2)(a) The revenue or money that an authority pledges and receives is
7 subject immediately to the lien of the pledge.

8 (b) Neither physical delivery of the revenue or money nor any other act
9 is required to validate the lien.

10 (3) The lien of the pledge is valid and binding against each party with a
11 claim against the authority in tort, contract, or otherwise, regardless of whether
12 the party has notice of the lien.

13 B. The trust agreement and any other agreement or lease creating a
14 pledge under this Section need not be filed or recorded, except in the records of
15 the authority.

16 §599.28. Trust funds

17 A. Proceeds from the sale of bonds and other revenues received under
18 this Part are trust funds to be held and applied solely as provided in this
19 Subtitle.

20 B.(1) Each officer, bank, or trust company that receives trust money
21 from the authority under this Part shall act as trustee of the money and shall
22 hold and apply the money for the purposes specified under this Part.

23 (2) The officer, bank, or trust company holding money is subject to:

24 (a) Any regulation adopted under this Subtitle.

25 (b) The resolution authorizing the issuance of bonds or the trust
26 agreement.

27 §599.29. Refunding bonds

28 A.(1) An authority may issue bonds to refund outstanding bonds of the
29 authority, including paying:

30 (a) Any redemption premium.

1 **(b) Interest accrued or to accrue to the date of redemption, purchase, or**
2 **maturity of the bonds.**

3 **(c) Any part of the cost of acquiring or improving property as part of a**
4 **project.**

5 **(2) Refunding bonds may be issued for any corporate purpose, including:**

6 **(a) Realizing savings in the effective costs of debt service, directly or**
7 **through a debt restructuring.**

8 **(b) Alleviating a potential or actual default.**

9 **B. Refunding bonds issued under this Section shall be issued in the same**
10 **manner and are subject to this Part to the same extent as any other bond.**

11 **C. An authority may issue refunding bonds in one or more series in an**
12 **amount greater than the amount of the bonds to be refunded.**

13 **§599.30. Bond anticipation notes**

14 **A. An authority may issue negotiable bond anticipation notes in**
15 **anticipation of the sale of bonds for any corporate purpose.**

16 **B. Bond anticipation notes issued under this Section shall be issued in the**
17 **same manner as bonds.**

18 **C. Bond anticipation notes issued under this Section and the resolution**
19 **authorizing them may contain any provision, condition, or limitation that may**
20 **be included in a trust agreement.**

21 **D. An authority may issue bond anticipation notes to pay any other**
22 **anticipation notes.**

23 **E. Bond anticipation notes shall be paid from:**

24 **(1) Money available and not otherwise pledged.**

25 **(2) Revenues of the authority.**

26 **(3) The proceeds of the sale of the bonds in anticipation of which the**
27 **notes were issued.**

28 **§599.31. Conveyance of title and release of collateral**

29 **A. An authority shall convey title to property relating to a project and**
30 **release collateral in accordance with this Section when:**

1 (1)(a) The principal of an interest on bonds issued to finance or refinance
 2 the project, including any refunding bonds, have been fully paid and retired.

3 (b) Adequate provision has been made to fully pay and retire the bonds.

4 (2) All other conditions of trust agreement have been satisfied.

5 (3) The lien of the trust agreement has been released.

6 B. On satisfaction of the conditions under Subsection A of this Section,
 7 an authority promptly shall execute any deed, conveyance, release, or document
 8 and take any other action necessary to convey title to the property and release
 9 collateral free of any lien or encumbrance created through the authority.

10 §599.32. Enforcement of rights and duties

11 A. A bondholder, a holder of any coupons attached to bonds, or a trustee
 12 under a trust agreement securing the bonds may sue:

13 (1) To protect and enforce rights under state law or a trust agreement.

14 (2) To enforce and compel the performance of duties by an authority or
 15 its officer, employee, or agent that this Subtitle or a trust agreement requires,
 16 including imposing rates, rents, fees, and charges that the trust agreement
 17 requires to be imposed.

18 B. The rights under this Section are subject to any trust agreement.

 PRESIDENT OF THE SENATE

 SPEAKER OF THE HOUSE OF REPRESENTATIVES

 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____