

**DRAFT LEGISLATION
CAGRD REVENUE BONDING
8-27-08**

48-3712. Powers and duties of the board

A. The board shall:

1. Manage and conduct the affairs and business of the district.
2. Make and execute all necessary contracts and other instruments which shall be signed by the president or, in the president's absence, by another member of the board designated for that purpose, and attested by the secretary.
3. Establish bylaws and rules for the governing of the board and for the functions of the district.
4. Perform all acts necessary to carry out the purposes of this chapter.
5. Except as provided in subsection C of this section and in sections 48-3713.03, 48-3715.01, 48-3715.03, 48-3715.05, 48-3772 and 48-3773, require that all funds received on behalf of the district shall be deposited, pursuant to sections 35-146 and 35-147, in a special fund established by the state to be expended at the direction of the board to effectuate the provisions and purposes of this chapter. On notice from the board, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.
6. Adopt an ordinance or ordinances to establish a revenue bonding program that pledges to bond repayment any monies received or to be received by the district from any source except ad valorem tax revenues, ~~replenishment assessment revenues and replenishment tax generated under article 4 of this chapter.~~
7. Employ such agents, engineers, attorneys and employees not readily available from existing state agencies.

B. The board may:

1. Accept grants, gifts or donations of money or other property from any source which may be expended for any purpose consistent with the provisions of this chapter.
2. Establish a revolving fund for the purpose of defraying the costs and expenses of the district.

48-3751. Ordinances; revenue bonds

A. An ordinance adopted pursuant to section 48-3712 shall set forth a plan for the district to borrow money and issue its negotiable revenue bonds. The ordinance may determine the maximum amount of bonds, the maximum rate of interest and the time of payment of the bonds.

B. The principal of and interest and premiums, if any, on bonds are payable solely from revenues of the district as may be pledged by the district including monies received from the sales of services or from contracts of every nature. ~~A bond shall not be issued and interest shall not be paid pursuant to this section if taxes or assessments on or against the real property or other property may be levied.~~ AD VALOREM

PROPERTY TAXES SHALL NOT BE PLEDGED TO, LEVIED FOR OR USED TO PAY PRINCIPAL, INTEREST OR PREMIUMS ON ANY BONDS ISSUED UNDER THIS ARTICLE. Payment is not enforceable out of any monies other than the revenues pledged to the payment. No referendum or election is required for the issuance of bonds authorized in this article.

C. Bonds may bear interest at rates that may fluctuate below a maximum interest rate established in the ordinance. The board may designate a remarketing agent to set and reset interest rates in accordance with the ordinance or any authorizing resolution or trust indenture adopted or entered into by the district in accordance with the ordinance. The district may contract for and purchase credit enhancement in the form of letters of credit, surety bonds, bond insurance policies, bond purchase agreements and other contractual arrangements providing either credit for the bonds, liquidity to the bondholders or credit facilities obtained in lieu of reserves.

D. Subject to the limitations of this article, the district may do all things, enter into all contracts and dispose of bond proceeds in the manner deemed necessary by the board to effectuate the purpose for which the bonds are issued and secure payment of the principal and interest on the bonds.

48-3762. Limitation on amount, rates, fees and charges

A. The district shall not issue any bonds under the provisions of this article that will cause the aggregate principal amount of bonds issued and outstanding under this article to exceed ~~two hundred fifty~~ FIVE HUNDRED million dollars.

B. Bonds issued before September 21, 1991 are excluded for the purposes of determining the aggregate principal amount.

C. Notwithstanding any other law, the district may establish and collect a fee for water for bonding purposes in lieu of or in addition to any rate or charge made pursuant to law or by contract.

48-3772. Duties and powers of district regarding replenishment

A. The district shall:

1. Establish annually the costs and expenses to replenish groundwater pursuant to this article with respect to all parcels of member lands and all member service areas located in each active management area, including capital expenses, DEBT SERVICE EXPENSES, the operation, maintenance, replacement and administrative costs and expenses of the district, replenishment reserve costs and expenses as provided in subsection E of this section and reasonable reserves. Separate calculations of costs and expenses shall be made for each active management area in which member lands or member service areas are located and for each membership category. Costs and expenses attributed by the district to contract replenishment obligations shall not be included in these calculations.

2. Provide for the payment of all costs and expenses to replenish groundwater pursuant to this chapter and the payment of operation, maintenance, replacement and administrative costs and expenses AND DEBT SERVICE EXPENSES of the district.

3. Levy an annual replenishment assessment against each parcel of member land pursuant to § 48-3778 and an annual replenishment tax against each municipal provider

that has a member service area pursuant to § 48-3781 to pay the district's costs and expenses as established pursuant to paragraph 1 of this subsection.

4. Levy a contract replenishment tax against municipal providers that are parties to contracts authorized under subsection B, paragraph 9 of this section to pay the district's costs and expenses to replenish groundwater based on contract replenishment obligations.

5. Establish and maintain reserve accounts in amounts as may be deemed necessary to perform the district's obligations under this article.

6. Fulfill all obligations under resolutions adopted pursuant to subsection B, paragraph 10 of this section.

7. Levy an activation fee as follows:

(a) For subdivisions within member lands and member service areas that are enrolled before may 6, 2004 and that had not been issued a public report before the effective date of this amendment to this section, the district shall levy a one-time activation fee against each housing unit to be constructed within the subdivision.

(b) For subdivisions within member lands and member service areas that are enrolled on or after may 6, 2004, the district shall levy a one-time activation fee against each housing unit to be constructed within the subdivision.

(c) The activation fee shall be paid to the district before issuance of a public report for each real estate subdivision identified in subdivision (a) or (b) of this paragraph, as provided in § 45-576, subsection c.

(d) The activation fee shall be established annually by the district. Revenues from the activation fee together with revenues from other sources that are legally available to the district for those uses shall be used by the district to acquire water rights and develop infrastructure necessary for the district to perform its replenishment obligations.

8. FOR ANY YEAR, SET ALL OF ITS RATES AND CHARGES ASSOCIATED WITH THE ACQUISITION OF WATER RIGHTS AND DEVELOPMENT OF INFRASTRUCTURE NECESSARY FOR THE DISTRICT TO PERFORM ITS REPLENISHMENT OBLIGATIONS, OTHER THAN THE MEMBERSHIP FEE ESTABLISHED PURSUANT TO SECTION 48-3784, SO THAT THE TOTAL PROJECTED REVENUES FROM REVENUE SOURCES OTHER THAN THE MEMBERSHIP FEE, THAT ARE LEGALLY AVAILABLE TO THE DISTRICT IN THAT YEAR TO PAY COSTS ASSOCIATED WITH THE ACQUISITION OF WATER RIGHTS AND DEVELOPMENT OF INFRASTRUCTURE NECESSARY FOR THE DISTRICT TO PERFORM ITS REPLENISHMENT OBLIGATIONS, SHALL BE EXPECTED TO BE AT LEAST TWICE THE TOTAL PROJECTED REVENUES FROM THE MEMBERSHIP FEE IN THAT YEAR.

B. The district may:

1. Acquire, develop, construct, operate, maintain, replace and acquire permits for water storage, storage facilities and recovery wells for replenishment purposes.

2. Acquire, transport, hold, exchange, own, lease, store or replenish water, except groundwater withdrawn from an active management area, subject to the provisions of title 45, for the benefit of member lands and member service areas.

3. Acquire, hold, exchange, own, lease, retire or dispose of water rights for the benefit of member lands and member service areas.

4. Require municipal providers to provide such information, in such form and within the time limits prescribed by the district, as may be necessary to carry out the purpose of this chapter.

5. Levy and collect assessments, fees, charges, taxes and other revenues as are provided in this chapter for the financing of replenishment activities.

6. Contract for or perform feasibility studies of water storage, storage facilities and recovery wells for replenishment purposes.

7. Acquire real and personal property for water storage, storage facilities and recovery wells for replenishment purposes by purchase, lease, donation, dedication, exchange or other lawful means.

8. Use any facilities and any excess storage capacity of any state demonstration projects undertaken pursuant to title 45, chapter 3.1 for water storage for replenishment purposes.

9. Subject to subsection G of this section, contract with any municipal provider having a member service area to replenish groundwater on behalf of the municipal provider and with respect to the member service area in an amount in excess of the sum of the service area replenishment obligations applicable to the member service area for all years in which the district has not completed the replenishment of the groundwater replenishment obligation for the member service area.

10. Adopt resolutions granting water availability status to a member service area of a city, town or private water company and committing to replenish a specified average annual volume of water in a location where the city, town or private water company may physically access the water for service to its customers, if all of the following apply:

(a) The district has reviewed its requirements for transportation of central Arizona project water, its contracts, subcontracts, letter agreements, excess water contracts, and other contractual obligations and its member service area and member land requirements and has determined that the district can meet those obligations and that capacity remains in the central Arizona project to meet the obligations undertaken through the resolution.

(b) The resolution acknowledges that the commitment to replenish the specified average annual volume of water in the location cited in the resolution shall be a permanent obligation of the district, unless one of the following applies:

(i) A permanent substitute supply of water is found for the city, town or private water company and the substitution is approved by the director of water resources, thus terminating the water availability status of the member service area.

(ii) The requirements of § 45-576.07, subsection A are not met, and thus the director of water resources does not issue an order granting or maintaining the city, town or private water company as having an assured water supply based in whole or in part on § 45-576.07. If no order is issued within two years of the district adopting the resolution, the resolution may be repealed, and the district shall be relieved of all obligations under the resolution.

(c) The average annual volume of water specified in the resolution, when added to the average annual volume of water specified in all other resolutions adopted pursuant to this paragraph, does not exceed twenty thousand acre-feet.

(d) The district has entered into an agreement with the city, town or private water company under which the city, town or private water company will hold for the district's future use, and provide to the district when needed, sufficient water to meet the obligations undertaken by the district through the resolution.

(e) The district determines that the obligations undertaken by the district through the resolution will not increase annual replenishment assessment rates or costs to central Arizona project contract and subcontract holders and its member service areas and member lands.

(f) The director of water resources has found, pursuant to § 45-576.07, subsection H, that the district has the capability to grant water availability status to member service areas.

11. Provide in resolutions adopted pursuant to paragraph 10 of this subsection that the district may fulfill its obligations under the resolution in any year by directly delivering to the city, town or private water company the water that otherwise would have been replenished pursuant to the resolution, if all of the following apply:

(a) The district has reviewed its requirements for transportation of central Arizona project water, its contracts, subcontracts, letter agreements, excess water contracts, and other contractual obligations, its member service area and member land requirements and has determined that the district can meet those obligations and that capacity remains in the central Arizona project to make direct deliveries pursuant to this paragraph.

(b) The district determines that the delivery will not increase annual replenishment assessment rates or costs to central Arizona project contract and subcontract holders, its member service area and member lands.

12. Enter into agreements with a city, town or private water company that will have water made available to it through a resolution adopted pursuant to paragraph 10 of this subsection and under which the city, town or private water company compensates the district for the costs and fair value of the water supply provided by the district.

13. ISSUE REVENUE BONDS PURSUANT TO ARTICLE 3 OF THIS CHAPTER TO FUND COSTS AND EXPENSES OF THE DISTRICT FOR THE ACQUISITION OF WATER RIGHTS AND THE DEVELOPMENT OF INFRASTRUCTURE NECESSARY FOR THE DISTRICT TO PERFORM ITS REPLENISHMENT OBLIGATIONS. THE PRINCIPAL OF, INTEREST AND PREMIUMS, IF ANY, ON REVENUE BONDS ISSUED PURSUANT TO ARTICLE 3 OF THIS CHAPTER TO ACQUIRE WATER RIGHTS AND DEVELOP INFRASTRUCTURE NECESSARY FOR THE DISTRICT TO PERFORM ITS REPLENISHMENT OBLIGATIONS SHALL NOT BE PAYABLE FROM ANY OTHER REVENUES OF THE DISTRICT OTHER THAN REVENUES GENERATED OR COLLECTED PURSUANT TO ARTICLE 4 OF THIS CHAPTER THAT ARE LEGALLY AVAILABLE TO THE DISTRICT FOR SUCH PURPOSES AND REVENUES FROM THE INVESTMENT OF THE PROCEEDS OF SUCH BONDS.

14. EXCEPT AS PROVIDED IN SECTION 48-3780.01, SUBSECTION B, IN ADDITION TO ANY OTHER ASSESSMENTS, FEES, CHARGES, OR TAXES LEVIED AND COLLECTED UNDER THIS CHAPTER, OR UNDER ANY DECLARATION, CONTRACT OR AGREEMENT ENTERED INTO UNDER THIS CHAPTER, CHARGE PURSUANT TO SECTION 48-3784 AGAINST EACH PARCEL OF MEMBER LAND AND EACH MUNICIPAL PROVIDER THAT HAS A MEMBER SERVICE AREA, AN ANNUAL FEE FOR MEMBERSHIP WITHOUT REGARD TO ACTUAL CURRENT EXCESS GROUNDWATER USE OR CURRENT REPLENISHMENT OBLIGATION.

C. The functions of the district under subsection B, paragraph 1 of this section may be performed on behalf of the district by other persons under contract with the district.

D. ~~For purposes of determining the annual costs and expenses of the district under subsection A, paragraph 1 of this section, the district shall amortize capital costs and expenses, including interest as determined by the district, over the useful life of the capital improvements, as determined by the district.~~ The capital costs of the facilities of any state demonstration projects used by the district pursuant to subsection B, paragraph 8 of this section shall not be included in the capital costs and expenses ~~amortized~~ ESTABLISHED by the district under ~~this~~ subsection A, PARAGRAPH 1 OF THIS SECTION.

E. The district shall establish and maintain a replenishment reserve as follows:

1. The district shall calculate a reserve target for each of the three active management areas within the district and shall identify the reserve target in the plan of operation prepared pursuant to § 45-576.02. The reserve target for each active management area shall be calculated as follows:

(a) Establish the projected one hundred year replenishment obligation for each active management area. For the purposes of this subdivision, each active management area's projected one hundred year replenishment obligation does not include replenishment obligations under resolutions adopted pursuant to subsection B, paragraph 10 of this section or replenishment obligations for category 2 member lands.

(b) Subtract from the active management area's projected one hundred year replenishment obligation the sum of the following volumes of water derived from sources identified in the plan as water that the district plans to use to meet its replenishment obligations for that active management area:

(i) The annual volume of each nondeclining, long-term municipal and industrial subcontract for central Arizona project water multiplied by one hundred.

(ii) The annual volume of water under leases or contracts that can be made physically and legally available to the district consistent with the rules adopted pursuant to § 45-576, subsection H, multiplied by the number of years, not to exceed one hundred, in which the water is to be made available to the district. The water need not be continuously available to be included in this item. A lease or contract shall not be considered under this item if the water to be made available under the lease or contract is for a term of less than twenty years.

(iii) the total volume of groundwater that the district plans to transport to the active management area during the next one hundred years as allowed by title 45, chapter 2, article 8.1.

(iv) The total volume of all sources of water not identified in items (i), (ii) or (iii) of this subdivision that will not be held by the district under a lease or contract. Volumes to be included under this item must be consistent with the rules adopted by the director pursuant to § 45-576, subsection H.

(c) Multiply the result from subdivision (b) of this paragraph by twenty per cent. The result is the reserve target for the active management area.

2. The reserve target for an active management area may be adjusted by the district, subject to the approval of the director of water resources, based on changes in either of the following:

(a) The active management area's projected one hundred year replenishment obligation.

(b) The volumes of water identified in the plan of operation prepared pursuant to § 45-576.02 as water that the district plans to use to meet its replenishment obligations for that active management area.

3. The district shall include a replenishment reserve charge in the annual replenishment assessment levied against all parcels of category 1 member land as provided in § 48-3774.01 and in the annual replenishment tax levied against all municipal providers that have member service areas as provided in § 48-3780.01. The replenishment reserve charge for each active management area is established annually by the district based on the reserve target for that active management area.

4. The district shall levy a replenishment reserve fee against category 1 member lands pursuant to § 48-3774.01 and against member service areas pursuant to § 48-3780.01. For category 1 member lands the fee is equal to twice the applicable replenishment reserve charge multiplied by the total projected average annual replenishment obligation for the member lands as reported by the director of water resources pursuant to § 45-578, subsection F. For member service areas the fee is equal to twice the applicable replenishment reserve charge multiplied by the excess groundwater increment. With the approval of the district and the director of water resources, long-term storage credits as defined in § 45-802.01 may be assigned to the district's replenishment reserve subaccount in lieu of paying the replenishment reserve fee.

5. The district shall use replenishment reserve charges and replenishment reserve fees collected within each active management area together with all interest earned on the charges and fees to store water in that active management area in advance of groundwater replenishment obligations for the purpose of developing long-term storage credits as defined in § 45-802.01 that shall be credited to the replenishment reserve subaccount for that active management area as provided in § 45-859.01.

6. Beginning on January 1, 2030 or earlier, on approval of the director of water resources pursuant to § 45-859.01, subsection K, the district may transfer credits from a replenishment reserve subaccount to a conservation district account as provided in § 45-859.01 to satisfy its groundwater replenishment obligations.

7. If the district transfers credits from the replenishment reserve subaccount for an active management area pursuant to § 45-859.01, subsection E, the district shall include in the annual replenishment assessment levied against all parcels of category 1 member land in that active management area and, except as provided in § 48-3780.01, subsection B, in the annual replenishment tax levied against all municipal providers that have member service areas in that active management area a reserve replacement component to fund the replacement of the transferred credits. The district shall use all monies from the reserve replacement component collected within an active management area together with all interest earned on the monies to develop long-term storage credits as defined in § 45-802.01 within that active management area to be credited to the replenishment reserve subaccount for that active management area as provided in § 45-859.01.

8. For the purposes of establishing and maintaining the replenishment reserve, the district shall have access to excess central Arizona project water equivalent to but no more than the access the Arizona water banking authority has for the purposes specified in § 45-2401, subsection H, paragraph 2.

F. Groundwater replenished by the district pursuant to a contract to replenish groundwater under subsection B, paragraph 9 of this section shall not be credited to a replenishment reserve subaccount established under § 45-859.01.

G. The district shall not enter into a contract authorized under subsection B, paragraph 9 of this section unless the district has determined that the contract will not adversely affect the district's ability to fulfill its obligations under this chapter. For each contract entered into under subsection B, paragraph 9 of this section, the district shall perform its contract replenishment obligations in the active management area in which the service area of the municipal provider that is the party to the contract is located.

H. If the district replenishes groundwater on behalf of a municipal provider pursuant to a contract to replenish groundwater under subsection B, paragraph 9 of this section, the amount of groundwater so replenished shall be a replenishment credit to the municipal provider that may be applied by the municipal provider on notice to the district to reduce the service area replenishment obligations applicable to the municipal provider.

I. In the Phoenix active management area, the district, to the extent reasonably feasible, shall replenish groundwater in the east portion of the active management area and in the west portion of the active management area in the approximate proportion that the groundwater replenishment obligation attributable in a particular year to member lands and member service areas located in the east portion of the active management area bears to the groundwater replenishment obligation attributable in that year to member lands and member service areas located in the west portion of the active management area. For the purposes of this subsection, the boundary between the east Salt river valley subbasin and the west Salt river valley subbasin is the boundary between the east and west portions of the active management area.

J. The costs and expenses charged by the district to an active management area water district established under chapter 28 of this title for delivery of surplus central Arizona project water to such active management area water district for replenishment purposes shall not exceed the costs and expenses for delivery of such water that are or would be included by the district in the costs and expenses of replenishment for member lands and member service areas within the active management area in which such active management area water district is situated.

48-3780.01. Member service area; replenishment reserve

A. Except as provided in subsection B of this section, municipal providers with service areas that qualify under section 48-3780 shall pay to the district annual replenishment reserve charges and replenishment reserve fees as provided in section 48-3772, subsection E, and as follows:

1. A municipal provider with a member service area that qualified before January 1, 2004 shall pay annual replenishment reserve charges for twenty-five years beginning in 2004.

2. A municipal provider with a member service area that qualifies on or after January 1, 2004 shall:

(a) Pay annual replenishment reserve charges associated with each excess groundwater increment for twenty-three years beginning in the year after the excess groundwater increment is reported.

(b) Pay a replenishment reserve fee each year beginning in the year following qualification.

3. If the assured water supply designation of a municipal provider with a member service area is modified in a manner that increases the district's projected annual replenishment obligation as reported by the director of water resources pursuant to section 45-576, subsection F, the municipal provider shall:

(a) Pay annual replenishment reserve charges associated with each excess groundwater increment for twenty-three years beginning in the year after the excess groundwater increment is reported. Such charges are in addition to any replenishment reserve charges due under paragraphs 1 and 2.

(b) Pay a replenishment reserve fee each year beginning in the year following modification.

B. The district shall not levy MEMBERSHIP FEES, replenishment reserve fees, replenishment reserve charges or a reserve replacement component associated with replenishment activities performed under a resolution adopted pursuant to section 48-3772, subsection B, paragraph 10.

C. The district shall not use credits from a replenishment reserve subaccount established under section 45-859.01 to satisfy its replenishment obligations under a resolution adopted pursuant to section 48-3772, subsection B, paragraph 10.

48-3784. MEMBERSHIP FEE

A. ON OR BEFORE THE THIRD MONDAY OF AUGUST OF EACH YEAR BEGINNING IN 2010 AFTER THE QUALIFICATION OF ANY REAL PROPERTY AS MEMBER LAND AND THE QUALIFICATION OF THE SERVICE AREA OF ANY MUNICIPAL PROVIDER AS MEMBER SERVICE AREA, THE DISTRICT SHALL CHARGE AN ANNUAL MEMBERSHIP FEE ON ALL PARCELS OF MEMBER LANDS AND ON ALL MUNICIPAL PROVIDERS HAVING A MEMBER SERVICE AREA.

B. THE MEMBERSHIP FEE SHALL BE ESTABLISHED ANNUALLY BY THE DISTRICT. REVENUES FROM THE MEMBERSHIP FEE, TOGETHER WITH REVENUES FROM OTHER REVENUE SOURCES THAT ARE LEGALLY AVAILABLE TO THE DISTRICT FOR THOSE USES, SHALL BE USED BY THE DISTRICT SOLELY TO PAY COSTS ASSOCIATED WITH THE ACQUISITION OF WATER RIGHTS AND DEVELOPMENT OF INFRASTRUCTURE NECESSARY FOR THE DISTRICT TO PERFORM ITS REPLENISHMENT OBLIGATIONS, INCLUDING THE PAYMENT OF DEBT SERVICE EXPENSES, AND NECESSARY RESERVES AND COVERAGE REQUIREMENTS, ON BONDS ISSUED FOR REPLENISHMENT PURPOSES.

C. FOR ANY YEAR IN WHICH THE DISTRICT HAS, OR EXPECTS TO HAVE, ANY REVENUE BONDS OUTSTANDING WHICH WERE ISSUED FOR REPLENISHMENT PURPOSES PURSUANT TO SECTION 48-3772, SUBSECTION 13, THE MEMBERSHIP FEE SHALL BE ESTABLISHED IN AN AMOUNT DETERMINED BY THE DISTRICT TO BE SUFFICIENT TO PROVIDE, WITH

OTHER REVENUES LEGALLY AVAILABLE TO THE DISTRICT FOR SUCH PURPOSES, AND TAKING INTO ACCOUNT THE REQUIREMENTS OF SECTION 48-3772(A)(8), FOR THE PAYMENT OF ALL DEBT SERVICE EXPENSES, INCLUDING NECESSARY RESERVES AND COVERAGE REQUIREMENTS WITH RESPECT TO THE BONDS.

D. ONCE THE DISTRICT HAS DETERMINED THE AMOUNT OF REVENUES TO BE RAISED THROUGH THE MEMBERSHIP FEE, THE DISTRICT SHALL ALLOCATE THE AMOUNT TO BE RAISED BETWEEN MEMBER LANDS AND MEMBER SERVICE AREAS PRORATED ON THE BASIS OF THE TOTAL CURRENT AND PROJECTED ANNUAL REPLENISHMENT OBLIGATION OF ALL MEMBER LANDS AS IDENTIFIED IN THE MOST RECENT PLAN OF OPERATION PREPARED PURSUANT TO SECTION 45-576.02 AND THE SUM OF THE PROJECTED MAXIMUM ANNUAL REPLENISHMENT OBLIGATION AS ESTABLISHED IN THE DESIGNATION FOR EACH MEMBER SERVICE AREA.

E. THE AMOUNT ALLOCATED TO MEMBER LANDS IN ANY YEAR, AS CALCULATED PURSUANT TO PARAGRAPH D OF THIS SECTION, SHALL BE PRORATED AMONG ALL PARCELS OF MEMBER LAND BASED ON A UNIFORM FEE PER LOT LEVIED AGAINST THE TOTAL NUMBER OF RESIDENTIAL, COMMERCIAL AND COMMON AREA LOTS INCLUDED, OR INTENDED TO BE INCLUDED, IN EACH PARCEL OF MEMBER LAND IN THAT YEAR. THIS FEE BECOMES A LIEN ON EACH PARCEL OF MEMBER LAND AND SHALL BE CERTIFIED, COLLECTED AND ENFORCED WITH RESPECT TO MEMBER LAND IN THE SAME MANNER AS THE ANNUAL ASSESSMENT PURSUANT TO SECTION 48-3778. HOWEVER, ANY PARCEL OF MEMBER LAND THAT IS INCLUDED IN THE SERVICE AREA OF A MUNICIPAL PROVIDER THAT HAS BEEN DESIGNATED AS HAVING AN ASSURED WATER SUPPLY UNDER SECTION 45-576 SHALL NOT BE SUBJECT TO THE MEMBERSHIP FEE.

F. THE AMOUNT ALLOCATED TO MEMBER SERVICE AREAS IN ANY YEAR, AS CALCULATED PURSUANT TO PARAGRAPH D OF THIS SECTION, SHALL BE PRORATED AMONG ALL ~~SERVICE AREAS QUALIFIED AS MEMBER SERVICE AREAS~~ IN THAT YEAR. ~~THIS PRORATED AMOUNT SHALL BE THE MEMBERSHIP FEE AND SHALL BE CALCULATED~~ BASED ON THE PROJECTED MAXIMUM ANNUAL REPLENISHMENT OBLIGATION AS ESTABLISHED IN THE DESIGNATION FOR EACH MEMBER SERVICE AREA. THIS FEE BECOMES AN OBLIGATION OF EACH MUNICIPAL PROVIDER THAT HAS A MEMBER SERVICE AREA AND SHALL BE STATED, COLLECTED AND ENFORCED WITH RESPECT TO THE MUNICIPAL PROVIDER IN THE SAME MANNER AS THE ANNUAL REPLENISHMENT TAX PURSUANT TO SECTIONS 48-3781 AND 48-3782.

G. ANNUAL MEMBERSHIP FEES COLLECTED BY THE DISTRICT SHALL BE DEPOSITED IN A SPECIAL FUND ESTABLISHED BY THE STATE TO BE EXPENDED BY THE DISTRICT ONLY FOR THE PURPOSES AUTHORIZED BY THIS ARTICLE, INCLUDING THE PAYMENT OF DEBT SERVICE EXPENSES

AND FUNDING OF RESERVES FOR BONDS ISSUED FOR REPLENISHMENT PURPOSES AND THE PAYMENT OF THE COSTS OF ACQUIRING WATER RIGHTS AND DEVELOPMENT OF INFRASTRUCTURE NECESSARY FOR THE DISTRICT TO PERFORM ITS REPLENISHMENT OBLIGATIONS.

H. AMOUNTS COLLECTED MAY BE TRANSFERRED TO A BANK OR TRUST COMPANY TO BE HELD IN TRUST AND EXPENDED WITH RESPECT TO BONDS ISSUED FOR REPLENISHMENT PURPOSES.

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