

TITLE 43
IRRIGATION DISTRICTS

CHAPTER 4
BONDS -- ISSUANCE, CONFIRMATION, AND SALE

43-401. PLAN OF CONSTRUCTION -- ISSUANCE OF BONDS -- INDEBTEDNESS -- ELECTION. As soon as practicable after the organization of any such district the board of directors shall, by a resolution entered on its records, formulate a general plan of its proposed operations, in which it shall state what constructed works or other property it proposes to purchase and the cost of purchasing the same; and further what construction work it proposes to do and how it proposes to raise the funds for carrying out said plan. For the purpose of ascertaining the cost of any such construction work, said board shall cause such surveys, examinations and plans to be made as shall demonstrate the practicability of such plan, and furnish the proper basis for an estimate of the cost of carrying out the same. All such surveys, examinations, maps, plans and estimates, shall be made under the direction of a competent irrigation engineer and certified by him. Said board shall then submit a copy of the same to the department of water resources, and within ninety (90) days thereafter the department shall file a report upon the same with said board, which report shall contain such matters as, in the judgment of the department may be desirable.

Upon receiving said report said board of directors shall proceed to determine the amount of money necessary to be raised, and shall immediately thereafter call a special election, at which shall be submitted to the electors of said district possessing the qualifications hereinafter prescribed the question whether or not the bonds of said district, or the right to enter into an obligation with the United States in the manner hereinafter in this title provided, or whether a contractual arrangement with a money-lending institution in the amount as determined, shall be authorized.

Notice of such election must be given by posting notices in three (3) public places in each election precinct in said district at least four (4) weeks before the date of said election, and by publication of the same once a week for four (4) consecutive weeks in a newspaper having general circulation within the district. Notice given by publication in a weekly newspaper shall be published in four (4) consecutive issues thereof, or if in a daily newspaper, at least six (6) days shall elapse between the first and last dates of publication, and in either case, publication shall be completed not less than fifteen (15) days before the election. Such notice must specify the time of holding the election, the qualifications of voters, the amount of bonds proposed to be issued, and, in case such maps and estimates have been made, it shall further state that copies thereof, and in all cases it shall state that said report of the department of water resources, are on file and open to public inspection by the people of the district, at the office of said board and at the office of the department of water resources.

No person who is not a resident holder of title or evidence of title to lands located and subject to assessment within such district, or the wife or husband of such holder of title or evidence of title, shall be entitled to vote at such election. Otherwise said election must be held and the results thereof determined and declared in all respects as nearly as practicable in conformity with the provisions of this title governing the election of directors: provided, that no informalities in conducting such an election

shall invalidate the same if the election shall have been otherwise fairly conducted. At such election the ballots shall contain the words "bonds--yes" or "bonds--no," or other words equivalent thereto. If two-thirds (2/3) of the votes cast are "bonds--yes" the board of directors shall cause bonds in said amount to be issued; if more than one-third (1/3) of the votes cast at any bond election are "bonds--no" the result of such election shall be so declared and entered of record.

And whenever thereafter said board in its judgment deems it for the best interest of the district that the question of the issuance of bonds in said amount, or any other amount, shall be submitted to the electors, it shall so declare of record in its minutes, and may thereupon submit such questions to said electors in the same manner and with like effect as at such previous election.

[(43-401) 1903, p. 150, sec. 15; am. 1907, p. 484, sec. 1, subd. 15; reen. R.C., sec. 2396; am. 1915, ch. 143, sec. 5, p. 304; compiled and reen. C.L., sec. 2396; C.S., sec. 4359; am. 1929, ch. 177, sec. 1, p. 311; I.C.A., sec. 42-401; am. 1959, ch. 223, sec. 1, p. 488; am. 1976, ch. 251, sec. 1, p. 857; am. 2001, ch. 183, sec. 19, p. 628; am. 2006, ch. 124, sec. 2, p. 358; am. 2014, ch. 71, sec. 4, p. 179.]

43-401A. REHABILITATION OF IRRIGATION STRUCTURES. The board of directors may contract for the reconstruction, rehabilitation or replacement of dams, structures or works belonging to the district or to the United States, necessary to the storage, diversion or delivery of water appurtenant to land within the district. The board shall determine the necessity and cost of such proposed improvements, and determine what amount of money needs to be raised and call a special election, at which shall be submitted to electors of the district possessing the qualifications prescribed in section [43-401](#), Idaho Code, the question of whether or not the bonds of said district in the amount as determined, shall be authorized. Such election shall be held in the manner provided in section [43-401](#), Idaho Code, except that no report need be obtained from the department of water resources and the notice of election need not recite anything concerning a report from the department of water resources. If the issuance of bonds is approved at the election, the board may thereafter proceed in conformity with [chapter 4, title 43](#), Idaho Code, in the issuance, confirmation and sale of said bonds. The provisions of chapters 5, 6, 7, 8 and 9, [title 43](#), Idaho Code, shall apply to the said bonds and the work proposed to be done with the funds derived from the sale thereof.

[43-401A, as added by 1973, ch. 181, sec. 1, p. 423.]

43-402. FORM OF BONDS. The bonds authorized by any vote shall be designated as a series and the series shall be numbered consecutively as authorized. The portion of the bonds of a series sold at any time shall be designated as an issue, and each issue shall be numbered in its order. The bonds of each issue shall be numbered consecutively, commencing with those earliest falling due. All bonds shall be negotiable in form and payable in money of the United States.

Interest coupons shall be attached thereto, and all bonds and coupons shall be dated on January 1, or July 1 next following the date of their authorization and they shall bear interest, payable semiannually on the first days of January and July of each year. The principal and interest shall be payable at the place designated therein. Said bonds shall be each of the de-

nomination of not less than \$100 nor more than \$5000, and shall be signed by the president and secretary, and the seal of the board of directors shall be affixed thereto. Coupons attached to each bond shall be signed by the secretary. Said bonds shall express on their face that they were issued by the authority of this title, naming it, and shall also state the number of the issue of which such bonds are a part. The secretary and treasurer shall each keep a record of the bonds sold, their number, the date of sale, the price received, and the name of the purchaser. In case the money raised by the sale of all the bonds be insufficient for the completion of the plans and works adopted, and additional bonds be not voted, it shall be the duty of the board of directors to provide for the completion of said plan by a levy of assessment therefor, in the manner hereinafter provided.

Bonds may be issued with maturities under any one (1) of the following plans:

Plan No. 1, Eleven-Twenty (11-20) Year Bonds. At the expiration of eleven (11) years from each issue, five per cent (5%) of the whole number of bonds of such issue; at the expiration of twelve (12) years, six per cent (6%); at the expiration of thirteen (13) years, seven per cent (7%); at the expiration of fourteen (14) years, eight per cent (8%); at the expiration of fifteen (15) years, nine per cent (9%); at the expiration of sixteen (16) years, ten per cent (10%); at the expiration of seventeen (17) years, eleven per cent (11%); at the expiration of eighteen (18) years, thirteen per cent (13%); at the expiration of nineteen (19) years, fifteen per cent (15%); at the expiration of twenty (20) years, sixteen per cent (16%); provided, that such percentages may be changed sufficiently so that every bond shall be in an amount of \$100 or a multiple thereof, and the above provisions shall not be construed to require any single bond to fall due in partial payments.

Plan No. 2, Amortization Plan. Bonds may be issued on the amortization plan covering a period of forty (40) years or less, at the discretion of the board of directors, with the principal payable in annual or semiannual instalments, so arranged as to maturities that the combined principal and interest payments during the entire period shall be approximately the same each year during the life of the issue.

Plan No. 3, Five-Thirty (5-30) Year Bonds. Bonds may be issued payable in annual instalments over a period of thirty (30) years or less. The board of directors may fix a date, not more than five (5) years from the date of each issue, for the earliest maturity of each issue. Beginning with the date of the earliest maturity of each issue, the principal shall be payable in annual amounts designated by the board of directors over the remaining life of the bonds not to exceed thirty (30) years from the date of issue.

[(43-402) 1903, p. 150, sec. 15a, as added by 1907, p. 484, sec. 1, subd. 15a; reen. R.C., sec. 2397; am. 1915, ch. 143, sec. 6, p. 304; reen. C.L., sec. 2397; C.S., sec. 4360; am. 1925, ch. 64, sec. 1, p. 94; am. 1929, ch. 104, sec. 1, p. 170; I.C.A., sec. 42-402; am. 1966 (2nd E.S.), ch. 8, sec. 1, p. 20; 1970, ch. 133, sec. 9, p. 309.]

43-403. FORM OF BONDS -- STATEMENTS ENHANCING SECURITY OF BONDS. In case the works of any irrigation district shall have been constructed by the reclamation service of the United States of America, or in case the general plan and estimates of the works have been examined by the reclamation service of the United States of America and declared feasible and practicable by such reclamation service and the works and the lands within such district good security for the payment of the interest and principal of the bonds of such

district, such fact shall be stated in said bonds, and in case the sale of such bonds has been approved by the courts, as provided by section [43-406](#)[, Idaho Code], such confirmation and approval may be stated on said bonds by the clerk of the district court, under the seal of said court.

[(43-403) 1915, ch. 137, sec. 1, p. 295; reen. C.L., sec. 2397a; C.S., sec. 4361; I.C.A., sec. 42-403.]

43-404. APPORTIONMENT OF BENEFITS. Whenever the electors shall have authorized an issue of bonds as hereinbefore provided, the board of directors shall examine each tract or legal subdivision of land in said district, and shall determine the benefits which will accrue to each of such tracts or subdivisions from the construction or purchase of such irrigation works; and the cost of such works shall be apportioned or distributed over such tracts or subdivisions of land in proportion to such benefits; and the amount so apportioned or distributed to each of said tracts or subdivisions shall be and remain the basis for fixing the annual assessments levied against such tracts or subdivisions in carrying out the purpose of this chapter.

Such board of directors shall make, or cause to be made, a list of such apportionments or distribution, which list shall contain a complete description of each subdivision or tract of land of such district, with the amount and rate per acre of such apportionment or distribution of cost, and the name of the owner thereof; or they may prepare a map on a convenient scale showing each of said subdivisions or tracts with the rate per acre of such apportionment entered thereon: provided, that where all lands on any map or section of a map are assessed at the same rate, a general statement to that effect shall be sufficient.

Said list or map shall be made in duplicate and one (1) copy of each shall be filed in the office of the department of water resources and one (1) copy shall remain in the office of said board of directors for public inspection.

Whenever thereafter any assessment is made either in lieu of bonds, or any annual assessment for raising the interest on bonds, or any portion of the principal, it shall be spread upon the lands in the same proportion as the assessment of benefits, and the whole amount of the assessment of benefits shall equal the amount of bonds or other obligations authorized at the election last above-mentioned.

[(43-404) 1903, p. 150, sec. 15c, as added by 1907, p. 484, sec. 1, subd. 15c; reen. R.C., sec. 2399; am. 1911, ch. 71, sec. 3, p. 194; am. 1911, ch. 154, sec. 8, p. 461; reen. C.L., sec. 2399; C.S., sec. 4362; I.C.A., sec. 42-404.]

43-404A. CONTRACTS OF PAYMENT FOR REHABILITATION. If the reconstruction, rehabilitation or replacement of dams, structures or works determined necessary in accordance with section [43-401A](#), Idaho Code, involves a dam, structure or works which also provide water storage, diversion or delivery of water to water users or water user organizations for the use of said water on lands not within the boundaries of the district proposing the improvements, the district (hereinafter referred to as constructing district) may contract with such water users or water user organizations for payment by them, over a period of time not to exceed the period of any bonded indebtedness incurred by the constructing district to finance construction of the improvements, of a proportionate share of the cost of such improvements, including design, construction, land acquisition and other related costs, to

include interest on the unpaid balance of said proportionate share of such water users or water user organization at a rate equal to the average rate of interest payable by the constructing district on any bonded indebtedness incurred by it in financing the improvements.

If the water user organization contracting for payment of a proportionate share of the costs of the improvements is an irrigation district (hereinafter referred to as contracting district) organized pursuant to [title 43](#), Idaho Code, the board of directors of such district shall negotiate a proposed contract with the constructing district. Thereafter, the question of entering into the proposed contract shall be submitted to the electors of such contracting district in a manner substantially in conformance with the provisions of section [43-401](#), Idaho Code. If at least two-thirds (2/3) of the electors approve the execution of the contract, the board shall confirm the proceeding as provided in connection with a bond issue, and following confirmation, the board shall execute the contract and thereafter an annual assessment to provide revenue for payment of the obligation and interest thereon shall be levied and collected on lands within the contracting district in the manner provided for assessment for payment of bonds and interest thereon. The provisions of section [43-404](#), Idaho Code, shall be applicable to apportionment of benefits accruing under the terms of said contract.

If the water user organization contracting for payment of a proportionate share of the costs of improvements is an operating company entitled to a lien for maintenance charges under [chapter 22, title 42](#), Idaho Code, it shall annually assess and collect the costs of meeting its obligations under the contract as a toll, assessment or charge under [chapter 22, title 42](#), Idaho Code.

If the water user organization contracting for payment of a proportionate share of the costs of the improvements is a lateral ditch water user association organized and operating under [chapter 13, title 42](#), Idaho Code, the annual cost of meeting the association's obligation under the contract shall be included in the assessment made under section [42-1303](#), Idaho Code, and [chapter 13, title 42](#), Idaho Code, shall apply to the collection and disbursement of said assessment.

[43-404A, as added by 1973, ch. 181, sec. 2, p. 423.]

43-405. APPORTIONMENT OF BENEFITS -- NOTICE AND HEARING -- APPEAL. After the board shall have examined the lands in said district, and before proceeding to make the assessment of benefits and the list and apportionment as provided in the last preceding section, the secretary shall give notice to the owners of said lands that the board will meet at its office on a day to be stated in said notice for the purpose of making such assessment and list and apportionment, and will at such meeting provide a hearing for all parties interested in such proceedings. The secretary shall give such notice by publication in a newspaper published in the county where said office is located in three (3) successive issues if published in a daily newspaper, or by publication in one (1) issue if published in a weekly newspaper, the first of which publications shall be at least fifteen (15) days before the date fixed for said hearing. Additionally, the secretary shall, not less than fifteen (15) days before the date fixed for said hearing, mail notice of the hearing to each owner of such land, if known, or his agent if known, addressed to such person at his post-office address if known, or if unknown, to the post office serving the area wherein his land lies.

At such meeting the board shall proceed to hear all parties interested who may appear, and they shall continue in session from day to day until the assessment is completed. They shall hear all evidence offered, including any maps or surveys which any owners of lands may produce, and they may classify the lands in such way that the assessment when completed shall be just and equitable. Any person interested who shall fail to appear before the board shall not be permitted thereafter to contest said assessment or any part thereof except upon a special application to the court in the proceedings for confirmation of said assessment, showing reasonable excuse for failing to appear before said board of directors. In case any landowner makes objection to said assessment or any part thereof before said board, and said objection is overruled by the said board, and the landowner does not consent to the assessment as finally determined, such objection shall, without further proceedings, be regarded as appealed to the district court and to be heard at the said proceedings to confirm as aforesaid.

[(43-405) 1903, p. 150, sec. 15d, as added by 1907, p. 484, sec. 1, subd. 15d; reen. R.C. & C.L., sec. 2400; C.S., sec. 4363; I.C.A., sec. 42-405; am. 1974, ch. 2, sec. 1, p. 14.]

43-406. CONFIRMATION OF PROCEEDINGS. The board of directors of the irrigation district shall file in the district court of the county in which their office is situated a petition, praying in effect that the proceedings aforesaid may be examined, approved and confirmed by the court. The petition shall state generally that the irrigation district was duly organized and the first board of directors elected, that due and lawful proceedings were taken to issue bonds in an amount to be stated, and that said assessment, list and apportionment were duly made and a copy of said assessment, list and apportionment shall be attached to said petition, and that such bonds or a certain amount of such bonds have been legally sold or exchanged, as the case may be, but the petition need not state other facts showing such proceedings: provided, that after the organization of the district is complete, a petition may be filed for the confirmation of the proceedings so far, or after the authorization of any issue of bonds such petition may be so filed or after the sale or exchange of any issue or any portion of an issue of bonds such petition may be so filed, and where the procedure is by separate petitions for the confirmation of different portions of said proceedings, subsequent proceedings may be in the name of reopening of the same case, but shall not be considered as authorizing any rehearing of the matter theretofore heard and decided.

[(43-406) 1903, p. 150, sec. 16; am. 1907, p. 484, sec. 1, subd. 16; reen. R.C., sec. 2401; am. 1915, ch. 170, sec. 1, p. 391; reen. C.L., sec. 2401; C.S., sec. 4364; I.C.A., sec. 42-406.]

43-407. CONFIRMATION OF PROCEEDINGS -- NOTICE -- RULES OF PROCEDURE. The court or judge shall fix the time for the hearing of said petition, and shall order the clerk of the court to give a notice of the filing of said petition. Such notice shall be given by publication in a newspaper published in the same county in three (3) successive issues if published in a daily newspaper, or by publication in one (1) issue if published in a weekly newspaper, the first of which publications shall be at least fifteen (15) days before the date fixed for said hearing. Additionally, the notice shall, not less than fifteen (15) days before the date fixed for said hearing, be

mailed to each owner of such land, if known, or his agent if known, addressed to such person at his post-office address if known, or if unknown, to the post office serving the area wherein his land lies. The notice shall state the time and place fixed for the hearing of the petition, and the prayer of the petition, and that any person interested in the subject-matter of said petition may, on or before the day fixed for the hearing thereof, demur to or answer said petition. None of the pleadings in said matter need be sworn to. Every material statement of the petition not controverted by answer must be taken as true, and every person or party failing to answer the petition shall be deemed to have admitted all the material allegations of the petition. The rules of pleading and practice provided by the Code of Civil Procedure which are not inconsistent with this title are applicable to the special proceedings herein provided for. A motion for a new trial, and all proceedings in the nature of appeals or rehearing, may be had as in any ordinary suit at law.

[(43-407) 1903, p. 150, sec. 17; am. 1907, p. 484, sec. 1, subd. 17; reen. R.C. & C.L., sec. 2402; C.S., sec. 4365; I.C.A., sec. 42-407; am. 1974, ch. 2, sec. 2, p. 14.]

43-408. CONFIRMATION OF PROCEEDINGS -- HEARING AND ORDER. Upon the hearing of such special proceedings, the court shall examine all of the proceedings set up in the petition, and may ratify, approve and confirm said assessment, list, apportionment and distribution, the court shall hear all objections either filed in said proceedings or brought up from the hearing before the board of directors as aforesaid, and for that purpose any person desiring to be heard upon objections overruled by the board of directors, shall state the substance of said objections and the ruling of the board in his answer. The court shall disregard every error, irregularity or omission which does not affect the substantial rights of any party, and if the court shall find that said assessment, list and apportionment are in any substantial matter erroneous or unjust, the same shall not be returned to said board, but the court shall proceed to correct the same so as to conform to this title and the rights of all parties in the premises, and the final order or decree of the court may approve and confirm such proceedings in part, and disapprove other parts of said proceedings; and in case the proceedings for the organization of the district and the issue of bonds are approved, the court shall correct all the errors in the assessment, apportionment and distribution of costs as above provided, and render a final decree approving and confirming all of the said proceedings. In case of the approval of the organization of the district and the disapproval of the proceedings for issuing bonds, the district shall have the right to institute further proceedings for the issue of bonds de novo. The costs of the special proceedings may be allowed and apportioned among the parties thereto in the discretion of the court.

[(43-408) 1903, p. 150, sec. 19; am. 1907, p. 484, sec. 1, subd. 19; reen. R.C. & C.L., sec. 2403; C.S., sec. 4366; I.C.A., sec. 42-408.]

43-409. SALE OF BONDS -- ASSESSMENTS IN LIEU OF BONDS CANCELED. The board may sell said bonds from time to time, in such quantities as may be necessary and most advantageous, to raise money for the construction of said canals and works, the acquisition of said property and rights, and otherwise to carry out the object and purposes of this title.

Before making any sale the board shall, by resolution, declare its intention to sell a specified amount of the bonds, and if said bonds can then be sold at their face value and accrued interest, they may be sold without advertisement, otherwise said resolution shall state the day and hour and place of such sale, and shall cause such resolutions to be entered on the minutes, and notice of sale to be given by publication thereof at least four (4) weeks in three (3) newspapers published in the state of Idaho, one (1) of which shall be a newspaper published in the county in which the office of the board of directors is situated, if there be a newspaper published in said county, and in other newspapers at their discretion. Said notice shall state that sealed proposals will be received by the board at their office for the purchase of bonds until the day and hour named in the resolution.

At the time appointed the board shall open the proposals and award the purchase of the bonds to the highest responsible bidder, or may reject all bids; but in case no bids are received, or all bids are rejected, at the time stated in the advertisement, it shall not be again necessary to advertise the sale of the same bonds, but they may be sold at any time until canceled: provided, said board shall in no event sell any of the said bonds for less than the par or face value thereof and accrued interest.

If, for any reason, the duly authorized bonds of a district cannot be sold, or if at any time it shall be deemed for the best interests of the district to withdraw from sale all or any portion of an authorized bond issue, the board of directors may, in their discretion, cancel the same and they may levy assessments to the amount of the bonds canceled: provided, that the revenue derived from said assessments must be employed for the same purpose as was contemplated by the bond authorization; but no levy shall be made to pay for work or material, payment for which was contemplated by bonds which have been authorized, until bonds to the amount of said assessment have been canceled. Assessments made in lieu of bonds canceled shall be collected in the manner, and shall have the same force and effect, as assessments levied under any provision of this title: provided, that such assessment shall not, during any one (1) year, exceed ten per cent (10%) of the total bond issue authorized by such district, unless a greater assessment shall be authorized by a majority vote of the qualified electors of the district voting at a general election or a special election called for that purpose, said special election to be held in the manner provided in section [43-321](#)[, Idaho Code].

[(43-409) 1903, p. 150, sec. 21; am. 1907, p. 484, sec. 1, subd. 21; reen. R.C., sec. 2404; am. 1915, ch. 143, sec. 7, p. 304; reen. C.L., sec. 2404; C.S., sec. 4367; I.C.A., sec. 42-409.]

43-410. PAYMENT OF CONTRACTOR WITH BONDS. In lieu of the sale of bonds as provided in section [43-409](#), and the payment for construction work in cash, as provided in section [43-901](#)[, Idaho Code], bonds authorized by the vote of the district for the purpose of acquiring or constructing irrigation works may be issued and delivered by the board of directors directly to the contractor in payment for such construction work.

[(43-410) Part of R.C., sec. 2404a, as added by 1913, ch. 169, sec. 1, p. 541; reen. C.L., sec. 2404a; C.S., sec. 4368; I.C.A., sec. 42-410.]

43-411. PAYMENT OF BONDS AND INTEREST. Said bonds and the interest thereon shall be paid by revenue derived from the assessment upon the land in the district; and all the land in the district shall be and remain liable to

be assessed for such payment: provided, that payment of interest may be made in accordance with the provisions of chapter 5 of this title; and provided also that the board of directors may fix rates of tolls and charges for use of water from the canals and irrigation system of the district, proportionate to the assessment and apportionment of benefits, for the purpose of paying the whole or any part of the principal or interest or both then due or next thereafter to become due. Where a toll is fixed for the payment of bond principal or interest, any portion of such toll remaining unpaid at the time fixed for levying the next annual assessment for payment of bond principal or interest, shall be added to and become part of the assessment against the land delinquent in the payment of such toll. The board in its order fixing or levying such tolls may fix the date or dates on or before which the same must be paid, may make the same payable in advance of the delivery of any water during the year for which the same are fixed, and may make provision for the collection thereof and the keeping of a toll book by the district treasurer.

[(43-411) 1903, p. 150, sec. 22; am. 1907, p. 481, sec. 1, subd. 22; reen. R.C., sec. 2405; am. 1915, ch. 38, sec. 1, p. 119; compiled and reen. C.L., sec. 2405; C.S., sec. 4369; I.C.A., sec. 42-411; am. 1966 (2nd E.S.), ch. 8, sec. 2, p. 20.]

43-412. REDEMPTION OF BONDS. Upon the presentation of the coupons due to the treasurer, he shall pay the same from the bond fund. Whenever, after ten (10) years from the issuance of said bonds, said fund shall amount to the sum of \$10,000, the board of directors may direct the treasurer to pay such an amount of said bonds not due as the money in said fund will redeem, at the lowest value at which they may be offered for liquidation, after advertising for at least four (4) weeks in some newspaper published in the county, and in other newspapers which said board may deem advisable, for sealed proposals for the redemption of said bonds. Said proposals shall be opened by the board in open meeting, at a time to be named in the notice, and the lowest bids for said bonds must be accepted: provided, that no bond shall be redeemed at a rate above par. In case the bids are equal, the lowest numbered bond shall have the preference. In case none of the holders of said bonds shall desire to have the same redeemed, as herein provided for, said money shall be invested by the treasurer under the direction of the board, in United States bonds or the bonds or warrants of the state, or municipal or school bonds, which shall be kept in said bond fund and may be used to redeem said district bonds whenever the holders thereof may desire.

[(43-412) 1903, p. 150, sec. 32; reen. R.C. & C.L., sec. 2406; C.S., sec. 4370; I.C.A., sec. 42-412.]

43-413. SAFETY FUND FOR PAYMENT OF BONDS AND CONTRACT OBLIGATIONS. The board of directors of any irrigation district organized under the laws of this state, may, when in the opinion of the board it will improve the credit of the district, or the marketability of the district bonds, or tend to reduce the rate of interest necessary to be paid thereon, or in any other way be to the benefit of the district, provide by the adoption of a suitable resolution of the board of directors for inserting in the bonds of the district or the district contract of the United States, an agreement to the effect that a safety fund will be provided to insure the payment of the district's obligations under the bonds or contract. Said resolution shall provide that the

safety fund provided for in this section may be funded through either or both of the following methods:

(a) by making all annual levies for payment of the principal or interest of such bonds or the obligation of such contract (until a safety fund of at least ten per cent (10%) of the unpaid bonded indebtedness or contract indebtedness of the district has been created), fifteen per cent (15%) in excess of the amount which would be required to meet such obligations if all district taxes were paid without delinquency,

(b) by depositing in said safety fund from the proceeds of sale of such bonds an amount equal to at least ten per cent (10%) of the original principal amount of the issue of bonds.

Said safety fund shall be used to meet any deficiency which might otherwise occur in the payment of the principal and interest of said bonds or contract obligations as set forth in the resolution providing for the safety fund and said safety fund shall be kept intact by initiating or renewing such fifteen per cent (15%) excess levies whenever such safety fund is reduced below ten per cent (10%) of the unpaid bonded indebtedness or United States contract indebtedness of the district and continuing the same until such safety fund is again brought up to at least ten per cent (10%) of such unpaid bond or contract indebtedness.

Whenever such agreement shall have been inserted in the bonds or contract of any irrigation district, all levies thereafter made in such district shall be made in full compliance with such agreement until such bonds or contracts have been fully paid.

[(43-413) 1923, ch. 84, sec. 1, p. 96; I.C.A., sec. 42-413; am. 1979, ch. 46, sec. 1, p. 135.]

43-414. INTERIM NOTES. In addition to the permanent financing contemplated in this chapter, the board of any district may borrow money and issue interim notes in evidence thereof whenever it is deemed advisable and in the interests of the district to borrow funds temporarily for any of the purposes herein provided in advance of permanent financing. No election shall be required on the issuance of interim notes. The board may, from time to time and pursuant to appropriate resolution, borrow money and issue interim notes to evidence borrowing for the purpose of obtaining funds for any of the purposes authorized in this chapter. Any resolution authorizing the issuance of interim notes shall describe generally the purpose for which such notes are to be issued and shall specify the principal amount, rate of interest and maturity date, which shall be the same for all interim notes and which shall be not to exceed five (5) years from the date of issue of such notes, and such other pertinent terms as may be specified in such resolution. The interim notes shall be issued from time to time by the board as funds are borrowed in the manner the board may determine. Interest on the interim notes may be made payable semiannually, annually or at maturity. The interim notes may be made redeemable prior to maturity at the option of the board in the manner and upon the terms fixed by the resolution authorizing their issuance. Such interim notes shall be sold at such price or prices as may be determined by resolution of the board. All such interim notes and the interest thereon may be secured by a pledge of the proceeds of assessments to be levied and collected by the board pursuant to the provisions of section [43-404](#), Idaho Code, representing the amount of benefits which will accrue to each tract or legal subdivision of land in the district based upon the allocation of the cost of the project for which permanent financing has been authorized to each such

tract or legal subdivision of land, but only when there shall have been held, in said district, an election on the right of the district to issue bonds for said project, which bonds shall have been approved at said election, and which election shall have been called, held and conducted in the manner now or hereafter provided in this chapter. Said interim notes and the interest thereon shall be payable solely from such assessments and from the proceeds to be derived from the sale of any bonds for permanent financing authorized to be issued pursuant to this chapter, provided, however, that none of the provisions of this title requiring the filing of a petition for confirmation of proceedings taken in connection with a bond issue of any district shall apply to interim notes of said district. Contemporaneously, with the issuance of the bonds as provided by this chapter, all interim notes, even though they may not have then matured, shall be paid, both principal and interest and applicable premium, if any, to date of payment, from the funds derived from the sale of bonds authorized hereunder for the permanent financing, and such interim notes shall thereupon be surrendered and canceled.

[43-414, added 1979, ch. 37, sec. 1, p. 57.]