

BILL NO. 30-_____

THIRTIETH LEGISLATURE OF THE VIRGIN ISLANDS

OF THE UNITED STATES

Regular Session

2013

To authorize (I) an appropriation for the initial payment of a settlement amount of \$13,635,140.00 (the "Settlement Amount") for the settlement with the Internal Revenue Service pursuant to a Closing Agreement by and among the Authority, the Government and the Commissioner of Internal Revenue (the "Closing Agreement") from the General Fund of the Virgin Islands Treasury and (II) the issuance of bonds, notes or other evidences of indebtedness (the "Series 2013 Bonds") of the Government of the Virgin Islands (the "Government") and/or the Virgin Islands Public Finance Authority (the "Authority") to (A) refinance the initial payment of the Settlement Amount, (B) fund any necessary reserves, and (C) pay the costs of issuance of the Series 2013 Bonds; and (II) the Government and the Authority to enter into certain agreements, and pledge, as applicable, either the Matching Fund Revenues (as hereinafter defined) and issue a limited special obligation note (the "Matching Fund Loan Note") to secure repayment of all or a portion of the Series 2013 Bonds ("Matching Fund Revenue Bonds"), or the Gross Receipts Taxes (as hereinafter defined) and issue a general obligation note (the "Gross Receipts Taxes Bonds Loan Note") to secure repayment of all or a portion of the Series 2013 Bonds.

PROPOSED BY: GOVERNOR

WHEREAS, the Authority has entered into an Indenture of Trust, dated as of November 1, 1999, as amended and supplemented (collectively, the "Gross Receipts Taxes Bonds Indenture"), authorized under the Act, pursuant to which the Authority has issued its bonds, including (i) \$299,880,000 Virgin Islands Public Finance Authority Revenue Bonds (Gross Receipts Taxes Loan Note), Series 1999A, issued on November 16, 1999 (the "Series 1999A Bonds"), the proceeds of which were used for long-term working capital to address the Government's cash flow needs; and (ii) \$219,490,000 Virgin Islands Public Finance Authority Revenue Bonds (Gross Receipts Taxes Loan Note), Series 2006, issued on September 28, 2006 (the "Series 2006 Bonds"), a portion of the proceeds of which were used to refund a portion of the Series 1999A Bonds;

WHEREAS, on March 1, 2012, the Internal Revenue Service ("IRS") notified the Authority that it was conducting a random audit in connection with the Series 2006 Bonds and as a result of such audit has recently concluded that a portion of the Series 2006 Bonds that refunded the Series 1999A Bonds should not have been issued, on the basis that the Government

had “surplus” amounts available that should have been used to retire certain of the Series 1999A Bonds that were refunded;

WHEREAS, that portion of the Series 2006 Bonds corresponding to such “surplus” amounts would consequently not have been eligible to have been issued on a tax-exempt basis;

WHEREAS, to ensure that the holders of the Series 2006 Bonds not have their investment income recharacterized as taxable, the Internal Revenue Service has offered a settlement amount of \$13,635,104.00 (the “Settlement Amount”), to be payable upon the acceptance and execution of a closing agreement between the Authority, the Government of the Virgin Islands and the Commissioner of Internal Revenue (the “Closing Agreement”);

WHEREAS, the Authority has entered into an Indenture of Trust, dated as of May 1, 1998, as amended and supplemented (collectively, the “Matching Fund Revenue Indenture”), authorized under the Virgin Islands Revised Organic Act, as amended, 48 U.S.C.A. § 1574 et seq. (West 1987) (the “Revised Organic Act”), Title 29, Chapter 15, of the Virgin Islands Code (the “PFA Act”, and, together with the Revised Organic Act, the “Act”), pursuant to which the Authority previously has issued its bonds;

WHEREAS, to satisfy the terms of the Closing Agreement and payment of the Settlement Amount on or before August 27, 2013, the Government requires an appropriation from the General Fund of the Treasury of the Virgin Islands for the initial payment of the Settlement Amount; and

WHEREAS, in order to (i) refinance the costs of the Settlement Amount initially paid by the Government from the appropriation described above, (ii) any required reserves and (iii) any costs related to the issuance of such bonds, the Authority intends to issue one or more series of Series 2013 Bonds secured under either of the Matching Fund Revenue Indenture (the “Series 2013 Matching Fund Revenue Bonds”) or the Gross Receipts Taxes Bonds Indenture (the “Series 2013 Gross Receipts Taxes Bonds”);

1 *Now, Therefore, Be It Enacted By The Legislature Of The Virgin Islands:*

2 **SECTION 1. Appropriation.** There is hereby appropriated from the General Fund of
3 the Treasury of the Virgin Islands for the Fiscal Year ending September 30, 2013 the sum of
4 \$13,635,104.00 for the initial payment of the Settlement Amount.

5 **SECTION 2. Authorization to Borrow to Finance the Settlement.**

6 (A) (1) Authorization to Borrow on a Limited Obligation Basis or a General
7 Obligation Basis. The Authority is authorized to issue the Series 2013 Bonds to provide funds to
8 (i) refinance all or a portion of the costs of the initial payment of the Settlement Amount in an
9 aggregate principal amount of \$13,635,104.00, (ii) fund any necessary reserves, and (iii) pay the
10 costs of issuance of the Series 2013 Bonds and Series 2013 Project Loan Notes. Such
11 Series 2013 Bonds shall be secured by the Matching Fund Revenues (the “Series 2013 Matching
12 Fund Revenue Bonds”) or the Gross Receipts Taxes (the “Series 2013 Gross Receipts Taxes
13 Bonds”), as determined by the Government and the Authority. As evidence of its obligation to
14 repay the Series 2013 Matching Fund Revenue Bonds, the Government is hereby authorized to

1 issue as its Series 2013 Matching Fund Revenue Loan Notes and execute the 2013 Matching
2 Fund Revenue Loan Agreement (the “Series 2013 Matching Fund Loan Agreement”). As
3 evidence its obligation to repay the Series 2013 Gross Receipts Taxes Bonds, the Government is
4 hereby authorized to issue its Gross Receipts Taxes Bonds Loan Notes and to execute a Gross
5 Receipts Taxes Loan Agreement (the “Series 2013 Gross Receipts Taxes Loan Agreement”).

6 (B)(1) Authorization to Pledge Matching Fund Revenues to Secure Series 2013
7 Matching Fund Revenue Bonds. The Government is hereby authorized to issue all or a portion
8 of the Series 2013 Bonds as Series 2013 Matching Fund Revenue Bonds and to pledge certain
9 federal excise tax revenues (hereinafter referred to as “Matching Fund Revenues”) to be received
10 by the Government free and clear of any liens or security interests (except as provided below)
11 pursuant to Title 29, Section 42 of the Virgin Islands Code, as security for repayment of the
12 Series 2013 Matching Fund Revenue Loan Notes. The Special Escrow Agreement, dated as of
13 May 1, 1998, as supplemented and amended, entered into by and between the Government, the
14 Authority and The Bank of New York Trust Company, N.A., as successor Special Escrow Agent
15 (the “Special Escrow Agent”), (collectively, the “Special Escrow Agreement”), providing for the
16 deposit and administration of funds for the benefit of the holders of the outstanding Matching
17 Fund Revenue Bonds, the Series 2013 Matching Fund Revenue Bonds, and any Additional
18 Bonds authorized under the Matching Fund Revenue Bond Indenture (“Matching Fund Revenue
19 Additional Bonds”) shall be maintained for so long as any of the Series 2013 Matching Fund
20 Revenue Bonds or any additional loans made with the proceeds of Matching Fund Revenue
21 Additional Bonds issued under a duly authorized supplement to the Matching Fund Revenue
22 Indenture are outstanding.

23 In connection with the issuance of the Series 2013 Matching Fund Revenue Bonds and in
24 furtherance of the pledge of the Matching Fund Revenues authorized herein, the Government and
25 the Authority are hereby authorized to execute one or more agreements or other instruments,
26 pursuant to which (i) all Matching Fund Revenues shall continue to be delivered directly from
27 the United States Department of the Treasury to the Special Escrow Agent for deposit to the
28 Special Escrow Fund, known as the “Matching Fund Revenue Special Escrow Account”, which
29 account shall be maintained in the custody of the Special Escrow Agent and shall be held
30 separate from any other funds and accounts of the Government or such banking institution,
31 (ii) the Government shall pledge and assign to the Authority, which shall in turn assign to the
32 Trustee, on behalf of the holders of the outstanding Matching Fund Revenue Bonds, the
33 Series 2013 Matching Fund Revenue Bonds, and any Matching Fund Revenue Additional Bonds,
34 a lien on and a security interest, in all such amounts deposited into the Matching Fund Revenue
35 Special Escrow Account, (iii) such Special Escrow Agent shall remit, or cause to be remitted,
36 from amounts on deposit in the Matching Fund Revenue Special Escrow Account, (x) *first*, to the
37 Trustee, such amounts as are necessary under the Matching Fund Revenue Indenture and all
38 supplemental indentures thereto or the respective loan agreement, to satisfy the Government’s
39 payment obligations then due, (y) *second*, (a) to the Diageo Special Escrow Agent for delivery to
40 the trustee, each appointed in accordance with the provisions of the Agreement, dated June 17,
41 2008, by and between the Government and Diageo USVI LLC (the “Diageo Agreement”), to the
42 extent available Matching Fund Revenues allocable to the Project (as defined in the Diageo
43 Agreement) are then available, the allocable portion of such Matching Fund Revenues to satisfy
44 (A) the Government’s payment obligations then due under the indenture of trust and loan
45 agreement entered into and (B) the Government’s payment obligations under the Diageo
46 Agreement, (b) to the Cruzan Special Escrow Agent for delivery to the trustee, each appointed in

1 accordance with the provisions of the Agreement, dated October 6, 2009, by and between the
2 Government and Cruzan VIRIL, Ltd. (the “Cruzan Agreement”), to the extent available
3 Matching Fund Revenues allocable to the Project (as defined in the Cruzan Agreement) are then
4 available, the allocable portion of such Matching Fund Revenues to satisfy (A) the Government’s
5 payment obligations then due under the indenture of trust and loan agreement entered into and
6 (B) the Government’s payment obligations under the Cruzan Agreement, and (z) *third*, to the
7 Government for use by the Government for any lawful purpose, and (iv) the Government shall
8 covenant that, in the event the United States government discontinues providing Matching Fund
9 Revenues to the Government and substitutes another source of revenues in lieu thereof, the
10 Government shall use its best efforts to add or substitute such source of revenues (the “Substitute
11 Revenues”) to pledge as security for the repayment for the Series 2013 Matching Fund Revenue
12 Loan Notes, which Substitute Revenues will be deposited into the Matching Fund Revenues
13 Special Escrow Account, be subject to the security interest granted therein and be remitted
14 therefrom in the same manner as authorized in clauses (i), (ii) and (iii) above. Notwithstanding
15 any other law, rule or regulation to the contrary, upon deposit of the Matching Fund Revenues
16 into the Matching Fund Revenue Special Escrow Account, such amounts so deposited shall not
17 be subject to any prior lien or attachment by any creditor of the Government or by any other
18 person or entity other than the lien and security interests authorized by this paragraph (1).

19 (2) Non-Impairment Covenant. In furtherance of the pledge of the Matching Fund
20 Revenues authorized by this Act, the Government is hereby authorized and directed to covenant
21 and agree for the benefit of the holders of the outstanding Matching Fund Revenue Bonds,
22 Series 2013 Matching Fund Revenue Bonds and any Matching Fund Revenue Additional Bonds
23 that, for so long as any related loan notes issued by the Government remain unpaid, the
24 Government shall continue to (i) take all steps necessary to ensure the receipt and continued
25 collection of Matching Fund Revenues and the deposit of Matching Fund Revenues into the
26 Matching Fund Revenue Special Escrow Account, (ii) to the extent permitted by law, defend,
27 preserve and protect such pledge, lien and security interest and all rights of the holders of such
28 loan notes against all claims and demands of third parties, (iii) not revoke, terminate or amend
29 such pledge, lien and security interest in any way that materially adversely affects the rights of
30 any holder of such loan notes or bondholders, (iv) not take any action that would, directly or
31 indirectly, result in the repeal, rescission or termination of Section 1574a of the Revised Organic
32 Act (or any successor provision) or a reduction in collections of Matching Fund Revenues or a
33 restriction or reduction in application of the Matching Fund Revenues in general, if such action
34 would materially adversely affect the rights of any holder of such loan notes or bondholders, or
35 (v) not take any action or fail to take any action which will limit, restrict or in any way impair in
36 general the collection, transfer, deposit to, or disbursement of Matching Fund Revenues from the
37 Matching Fund Revenues Special Escrow Account, or allow, permit or suffer to exist any prior
38 lien, attachment or pledge (other than any lien and pledge authorized herein) of Matching Fund
39 Revenues deposited into or required to be deposited into the Matching Fund Revenues Special
40 Escrow Account.

41 (3) Authorization to Assign Series 2013 Matching Fund Revenue Loan Notes and
42 Series 2013 Matching Fund Revenue Loan Agreement. In connection with the issuance by the
43 Authority of the Series 2013 Matching Fund Revenue Bonds, the Authority is hereby authorized
44 to assign to the Trustee, for the benefit of the holders of the Series 2013 Matching Fund Revenue
45 Bonds, the Authority’s rights and interest in, to and under the Series 2013 Matching Fund
46 Revenue Loan Notes and the Series 2013 Matching Fund Revenue Loan Agreements or other

1 instruments authorized herein, subject to and in accordance with the terms of the Matching Fund
2 Revenue Indenture and the Series 2013 Matching Fund Revenue Loan Agreement.

3 (4) Authorization to Execute All Necessary Agreements. The Government, acting by
4 the Governor or Commissioner of Finance, and the Authority, acting by the Governor as
5 Chairman (or such other member(s) designated in the resolution of the Authority), are each
6 hereby authorized to (i) execute and deliver all documents and agreements necessary or
7 advisable in connection with the issuance of the Series 2013 Bonds authorized herein, (ii) loan
8 the proceeds of the Authority's Series 2013 Bonds to the Government as contemplated herein,
9 and (iii) pay all expenses associated with the issuance of the Series 2013 Bonds authorized
10 herein, including, without limitation, any costs or expenses required to be paid by or in relation
11 to the Series 2013 Matching Fund Revenue Loan Agreement authorized herein, including any
12 liquidity facility or bond insurance policy relating to the Series 2013 Matching Fund Revenue
13 Bonds.

14 (B) (1) Authorization to Borrow on a General Obligation Basis and to Pledge Gross
15 Receipts Taxes to Secure the 2013 Gross Receipts Taxes Bonds. The Authority is authorized to
16 issue the Series 2013 Bonds as Gross Receipts Taxes Bonds to provide funds to (i) refinance the
17 initial payment of the Settlement Amount in a principal amount of \$13,635,104, (ii) fund any
18 necessary reserves, (iii) pay the costs of issuance of the Series 2013 Gross Receipts Taxes Bonds
19 and the Series 2013 Gross Receipts Taxes Bonds Loan Notes, and (iv) pay the costs of any
20 liquidity facility or bond insurance relating to the Series 2013 Gross Receipts Taxes Bonds. The
21 Government is hereby authorized to issue its Series 2013 Gross Receipts Taxes Bonds Loan
22 Notes and execute the Series 2013 Gross Receipts Taxes Bonds Loan Agreement to evidence its
23 obligation to repay the Series 2013 Project Loan Notes and to pledge the Gross Receipts Taxes
24 Bonds imposed and the resulting tax revenues collected and to be collected by the Government
25 (together with all fines, interest, penalties and other charges assessed, imposed or otherwise
26 payable in relation to such taxes and revenues) pursuant to Title 33, Section 43 of the Virgin
27 Islands Code (the "Gross Receipts Taxes Bonds Act"), (hereinafter referred to as "Gross
28 Receipts Tax Revenues") as security for repayment of the Series 2013 Gross Receipts Taxes
29 Bonds Loan Notes, subject and subordinate to the Required Annual Moderate Income Housing
30 Fund Deposit. The Special Escrow Agreement, dated as of November 1, 1999, entered into by
31 and between the Government, the Authority and The Bank of New York Mellon Trust Company,
32 N.A., as successor Special Escrow Agent (the "Special Escrow Agent"), as amended
33 (collectively, the "Special Escrow Agreement"); and the Collecting Agent Agreement, dated as
34 of November 1, 1999, entered into by and among the Government, the Authority, the Special
35 Escrow Agent and First Bank Puerto Rico, as successor Collecting Agent (the "Collecting
36 Agent"), as amended (collectively, the "Collecting Agent Agreement"), providing for the deposit
37 and administration of funds for the benefit of the holders of the outstanding Gross Receipts
38 Taxes Bonds, the Series 2013 Gross Receipts Taxes Bonds and any Additional Bonds issued
39 pursuant to the Gross Receipts Taxes Bonds Indenture (the "Gross Receipts Taxes Bonds
40 Additional Bonds") shall be maintained for so long as any of the Series 2013 Gross Receipts
41 Taxes Bonds or any additional loans made with the proceeds of Additional Bonds issued under a
42 duly authorized supplement to the Gross Receipts Taxes Bonds Indenture are outstanding.

43 In connection with the issuance of the Series 2013 Gross Receipts Taxes Bonds and in
44 furtherance of the pledge of the Gross Receipts Tax Revenues authorized herein, the Government
45 and the Authority are hereby authorized to execute one or more agreements or other instruments,

1 pursuant to which (i) all Gross Receipts Tax Revenues shall continue to be delivered directly
2 from the Virgin Islands Internal Revenue Bureau to the Collecting Agent for deposit to the
3 Special Escrow Agent for deposit to the Special Escrow Account, known as the “Gross Receipts
4 Taxes Bonds Special Escrow Account”, which account shall be maintained in the custody of the
5 Special Escrow Agent and shall be held separate from any other funds and accounts of the
6 Government or such banking institutions, (ii) the Government shall pledge and assign to the
7 Authority, which shall in turn assign to the Trustee, on behalf of the holders of the outstanding
8 Gross Receipts Taxes Bonds, the Series 2013 Gross Receipts Taxes Bonds and any Gross
9 Receipts Taxes Bonds Additional Bonds, a lien on and a security interest in all such amounts
10 deposited into the Gross Receipts Taxes Bonds Special Escrow Account, (iii) the Special Escrow
11 Agent shall remit, or cause to be remitted, from amounts on deposit in the Gross Receipts Taxes
12 Bonds Special Escrow Account, (x) *first*, to the Trustee, such amounts as are necessary under the
13 Gross Receipts Taxes Bonds Indenture and any supplemental indenture thereto or the respective
14 loan agreement, to satisfy the Government’s payment obligations then due, and (y) *second*, to the
15 Government for use by the Government for any lawful purpose, and (iv) the Government shall
16 covenant that, in the event the Government discontinues the imposition of the Gross Receipts
17 Tax Revenues and substitutes another source of revenues in lieu thereof, the Government shall
18 use its best efforts to add or substitute such source of revenues (the “Substitute Revenues”) to
19 pledge as security for the repayment for the Series 2013 Gross Receipts Taxes Bonds Loan
20 Notes, which Substitute Revenues will be deposited into the Gross Receipts Taxes Bonds Special
21 Escrow Account, be subject to the security interest granted therein and be remitted therefrom in
22 the same manner as authorized in clauses (i), (ii) and (iii) above. Notwithstanding any other law,
23 rule or regulation to the contrary, upon deposit of the Gross Receipts Tax Revenues into the
24 Gross Receipts Tax Special Escrow Account, such amounts so deposited shall not be subject to
25 any prior lien or attachment by any creditor of the Government or by any other person or entity
26 other than the lien and security interests authorized by this paragraph (1).

27 (2) Non-Impairment Covenant. In furtherance of the pledge of the Gross Receipts
28 Tax Revenues authorized by this Act, the Government is hereby authorized and directed to
29 covenant and agree for the benefit of the holders of the outstanding Gross Receipts Taxes Bonds,
30 Series 2013 Gross Receipts Taxes Bonds and any Additional Bonds that, for so long as any
31 related loan notes issued by the Government remain unpaid, the Government shall continue to
32 (i) take all steps necessary to ensure the receipt and maximization of Gross Receipts Taxes
33 Bonds, and, if applicable, the Substitute Revenues, and the deposit of all Gross Receipts Tax
34 Revenues, and, if applicable, the Substitute Revenues, into the Gross Receipts Taxes Bonds
35 Special Escrow Account, (ii) to the extent permitted by law, defend, preserve and protect such
36 pledge, lien and security interest and all rights of the holders of such loan notes against all claims
37 and demands of third parties, (iii) not revoke, terminate or amend such pledge, lien and security
38 interest in any way that materially adversely affects the rights of any holder of such loan notes or
39 bondholders, (iv) not take any action that would, directly or indirectly, result in the repeal,
40 rescission or termination of the Gross Receipts Taxes Bonds Act (or any successor provision) or
41 a reduction in the rate or rates at which the Gross Receipts Tax Revenues are imposed or levied
42 or a restriction or reduction in the application of the Gross Receipts Tax Revenues in general, if
43 such action would materially adversely affect the rights of any holder of such loan notes or
44 bondholders, or (v) not take any action or fail to take any action which will limit, restrict or in
45 any way impair in general the collection, transfer, deposit to, or disbursement of Gross Receipts
46 Tax Revenues from the Gross Receipts Taxes Bonds Special Escrow Account, or allow, permit
47 or suffer to exist any prior lien, attachment or pledge (other than any lien and pledge authorized

1 herein) of Gross Receipts Tax Revenues deposited into or required to be deposited into the Gross
2 Receipts Taxes Bonds Special Escrow Account.

3 (3) Authorization to Assign Series 2013 Gross Receipts Taxes Bonds Loan Notes and
4 Series 2013 Gross Receipts Taxes Bonds Loan Agreement. In connection with the issuance by
5 the Authority of the Series 2013 Gross Receipts Taxes Bonds, the Authority is hereby authorized
6 to assign to the Trustee, for the benefit of the holders of the Series 2013 Gross Receipts Taxes
7 Bonds, the Authority's rights and interest in, to and under the Series 2013 Gross Receipts Taxes
8 Bonds Loan Notes and the Series 2013 Gross Receipts Taxes Bonds Loan Agreement or other
9 instruments authorized herein, subject to and in accordance with the terms of the Gross Receipts
10 Taxes Bonds Indenture and the Series 2013 Gross Receipts Taxes Bonds Loan Agreement.

11 (4) Authorization to Execute All Necessary Agreements. The Government, acting by
12 the Governor or Commissioner of Finance, and the Authority, acting by the Governor as
13 Chairman (or such other member(s) designated in the resolution of the Authority), are each
14 hereby authorized to (i) execute and deliver all documents and agreements necessary or
15 advisable in connection with the issuance of the 2013 Gross Receipts Taxes Bonds authorized
16 herein, (ii) loan the proceeds of the Authority's bonds to the Government as contemplated herein,
17 and (iii) pay all expenses associated with the issuance of the bonds, notes, and other evidence of
18 indebtedness authorized herein, including, without limitation, any costs or expenses required to
19 be paid by or in relation to the Series 2013 Gross Receipts Taxes Bonds Loan Agreement
20 authorized herein, including any liquidity facility or bond insurance policy relating to the
21 Series 2013 Gross Receipts Taxes Bonds.

22 **SECTION 3. Interest Rate and Term**

23 Neither the Series 2013 Gross Receipts Taxes Bonds, the Series 2013 Matching Fund
24 Revenue Bonds, the Series 2013 Gross Receipts Taxes Bonds Loan Notes nor the Series 2013
25 Matching Fund Revenue Loan Notes shall bear interest at a rate in excess of nine and one-half
26 percent (9½%) per annum on a federally taxable basis. The respective terms of the Series 2013
27 Gross Receipts Taxes Bonds, the Series 2013 Matching Fund Revenue Bonds, the Series 2013
28 Gross Receipts Taxes Bonds Loan Notes or the Series 2013 Matching Fund Loan Notes shall not
29 exceed thirty (30) years from the date of issuance thereof.

30 **SECTION 4. Effective Date**

31 This Act shall take effect immediately upon approval thereof by the Governor.

BILL SUMMARY

Section 1 of the bill authorizes the appropriation of \$13,635,140.00 (the “Settlement Amount”) from the General Fund of the Treasury of the Virgin Islands for the initial payment of the Settlement Amount to be paid in connection with a closing agreement with the Internal Revenue Service described in the bill (the “Closing Agreement”),

Section 2 of the bill authorizes the refinancing of such initial payment of the Settlement Amount through the issuance of bonds of the Government of the Virgin Islands and/or the Virgin Islands Public Finance Authority to (A) refinance the initial payment of the Settlement Amount in a principal amount of \$13,635,104.00, (B) fund any necessary reserves and (C) pay the costs of issuance of the Series 2013 Bonds. The bill authorizes the bonds to be secured by either Matching Fund Revenues or Gross Receipts Taxes;

Section 3 of the bill provides that the Series 2013 Bonds shall bear interest at a rate not to exceed nine and one-half percent (9½%) per annum on a federally taxable basis and have a maximum maturity not to exceed thirty (30) years.