

LOCAL AUTHORITIES FISCAL CONTROL LAW

40A:5A-1. Short title

This act shall be known and may be cited as the "Local Authorities Fiscal Control Law."

P.L. 1983, c. 313, s. 1.

40A:5A-2. Legislative findings and declarations

The Legislature declares it to be in the public interest of the citizens of this State to maintain, support, foster, and promote the financial integrity and stability of local authorities in the State and of counties and municipalities served by these local authorities, by providing for State review of project financing of local authorities and for State supervision over the financial operations of local authorities.

The Legislature declares that it is the purpose and object of this act to implement this policy by providing that the creation of a local authority be subject to Local Finance Board approval, that project financing of a local authority be submitted to the Local Finance Board for hearing and review, that annual budgets of a local authority be submitted to the Division of Local Government Services in the Department of Community Affairs for approval, that financial reports be prepared and submitted by a local authority to the division in the form and at the time or times as shall be prescribed by rule or regulation of the Local Finance Board or of the Director of the Division of Local Government Services. In addition, the Local Finance Board may take remedial action to address an emergency situation with respect to the financial condition and operation of a local authority or to respond to an undue financial burden imposed by a local authority on residents of the State, including the power to order the dissolution of a local authority if it is in the public interest.

P.L. 1983, c. 313, s. 2.

40A:5A-3. Definitions

As used in this act:

- a. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:
 - (1) To adopt and use a corporate seal;
 - (2) To sue and be sued;
 - (3) To acquire and hold real or personal property for its purposes; and
 - (4) To provide for and secure the payment of its bonds or other obligations, or to provide for the assessment of a tax on real property

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within its district, or to impose charges for the use of its facilities or any combination thereof.

- b. "Director" means the Director of the Division of Local Government Services in the Department of Community Affairs.
- c. "Service contract" means an agreement of a local unit or units intended to provide security for an issue of obligations of an authority, including, but not limited to, a contract providing for payments by a local unit or units with respect to a project, facility, or public improvement of an authority or payments for debt service therefor.
- d. "Local Finance Board" means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs.
- e. "Local unit or units" means a county or municipality which created or joined in the creation of an authority, or which proposes to create or join in the creation thereof, or which proposes to enter into a service contract with an authority.
- f. "Project financing" means the financing by an authority of a public facility for the benefit of the inhabitants of a local unit or units and for which the financing costs will be paid, directly or indirectly, by those inhabitants and includes payment for the design and plan for the public facility.
- g. "Bond resolution" means a bond resolution of an authority, or a trust indenture to be executed by an authority, or other similar proceeding or document.

P.L. 1983,c.313,s.3; amended 1987,c.319,s.1; 1992,c.79,s.52.

40A:5A-4. Local authorities; creation; application for approval

On and after the effective date of this act, no authority shall be created by any local unit or units without the prior approval of the Local Finance Board. Prior to the introduction of an ordinance or the adoption of a resolution to create an authority, the local unit or units proposing this creation shall make application to the Local Finance Board for its approval. The application shall contain:

- a. A copy of the proposed ordinance or resolution creating the authority;
- b. A statement, in brief and general terms, of the project or projects to be undertaken, the estimated project cost, the manner of project financing, and the area to be served by the project;
- c. A proposed budget for the first year of authority operation, including a table of organization, personnel requirements, the level of staff required for supervision of the operation of the authority and the proposed source or sources of the authority's funding; and

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d. A statement, in the form prescribed by the Local Finance Board, indicating that the local unit or units have considered alternative means of undertaking and financing the proposed project or projects and have determined that the creation of an authority is the most efficient and feasible means of providing and financing the project or projects.

The Local Finance Board may consider estimates, computations or calculations made in connection with an application, may require the production of papers, documents, witnesses or information, may make or cause to be made an audit or investigation, and may take any other appropriate action necessary to its consideration of whether or not to approve the creation of an authority.

P.L. 1983, c. 313, s. 4.

40A:5A-5. Approval or disapproval of application

The Local Finance Board shall, within 60 days of its receipt of an application pursuant to section 4 of this act, approve in writing the creation of the proposed authority if it shall determine that the creation of the proposed authority is an efficient and feasible means of providing and financing this project or projects, given the needs of, and the financial burdens to be placed upon, the inhabitants of the local unit or units.

If the application is not disapproved within 60 days of its submission to the Local Finance Board, it shall be deemed to be approved, and the local unit or units may proceed to adopt the proposed ordinance or resolution. If the Local Finance Board shall not approve the creation of the authority, it shall specify in writing the reason or reasons therefor, and shall file its statement with the clerk or clerks of the local unit or units. A local unit shall not adopt any ordinance or resolution which is disapproved by the Local Finance Board within the 60 days, but may resubmit the application to the board with such changes as the local unit deems appropriate, and the review and approval of the resubmitted application shall be subject to the limitations set forth above.

P.L. 1983, c. 313, s. 5.

40A:5A-6. Review of financing

Prior to the adoption of a bond resolution by an authority, or the adoption of an ordinance or resolution of a local unit or units authorizing a service contract that is part of a project financing, the proposed project financing shall be submitted to the Local Finance Board for its review. The Local Finance Board shall, in the course of its review, give consideration to:

- a. The nature, purpose, and scope of the proposed project financing;
- b. The engineering and feasibility studies prepared in connection therewith;

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c. The terms and provisions of the proposed service contracts, bond resolutions and, in the instance of a negotiated offering, the proposed or maximum terms and conditions of sale;

d. An estimate of the proposed or maximum schedule of debt service payments required, and the impact thereof on the budget and financial condition of the authority and of the local unit;

e. The estimate of the annual cost of operating and maintaining the project as set forth in the engineering report or feasibility studies; and

f. The initial rate, rent, fee, or charge schedule proposed by the authority, or any other proposed method of raising the amounts required to finance the operations and payments of debt service on the obligations of the authority.

The Local Finance Board may examine the estimates, computations or calculations made in connection with the submission, may require the production of papers, documents, witnesses or information, may make or cause to be made an audit or investigation and may take any other action which it may deem necessary to its review of the submission.

P.L. 1983,c.313; amended by L. 1987,c.319,s.2.

40A:5A-7. Hearings; findings

At the time of submission of the proposed project financing to the Local Finance Board, the authority shall notify each participating local unit of that submission. The Local Finance Board shall, within 31 days of its receipt of the proposed project financing, hold a hearing at which any interested party may furnish additional information regarding the proposal. Within 10 days after the hearing, the board shall issue its findings on the proposed financing including therein its findings as to whether: (a) the project cost has been determined by reasonable and accepted methods; (b) the method proposed for the funding of the project cost, proposed or maximum terms and provisions of the financing and of a proposed service contract are not unreasonable nor impracticable, and would not impose an undue and unnecessary financial burden on the inhabitants of the local unit or units, which have created or have joined in the creation of the authority or which may enter into a service contract with the authority, or would not materially impair the ability of the local unit or units or the authority to pay promptly the principal of and interest on the outstanding indebtedness thereof or to provide essential public services to the inhabitants thereof; and (c) in the case of a negotiated offering, the proposed or maximum terms and conditions of sale are, in light of current market conditions for obligations of similar quality, reasonable. The findings shall be in writing and shall be filed with the clerk or clerks of the local unit or units and with the secretary of the authority.

The times set forth in this section may be extended by mutual agreement of the authority and the Local Finance Board.

The members of the governing body of the authority shall, within 45 days of receipt of the Local Finance Board's findings and recommendations on the proposed project

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financing, certify, by resolution to the Local Finance Board that each member thereof has personally reviewed the findings and recommendations and has evidenced same by group affidavit signed by a majority of the full membership of the authority in the form prescribed by the Local Finance Board.

Failure to comply with this paragraph may subject the members of the authority to the penalty provisions of section 52 of P.L. 1947, c. 151 (C. 52:27BB-52).

P.L. 1983,c.313; amended by L. 1987,c.319,s.3.

40A:5A-8. Recommendations

The Local Finance Board may recommend in its findings with respect to a proposed project financing:

- a. That the debt service reserve fund in an amount established by the board be funded from the proceeds of the sale of the authority's bonds;
- b. The incurrence of indebtedness and the issuance of obligations by the local unit or units to finance a portion of the proposed project cost. Except as otherwise provided in this act, these obligations shall be authorized and issued in the manner provided for in Title 40 of the Revised Statutes or Title 40A of the New Jersey Statutes;
- c. That the local unit or units execute a service contract with the authority;
- d. That the local unit or units not execute a service contract with the authority, if the Local Finance Board determines that the contract would impose an inappropriate risk on the local unit;
- e. That an amount not to exceed the outstanding principal each year for the proposed financing of the authority be included in the net debt of a local unit, under N.J.S. 40A:2-1 et seq., if the local unit executes a service contract with the authority;
- f. In addition to the above, any other conditions that the Local Finance Board considers appropriate to provide sound financial support for the project financing.

P.L. 1983,c.313; amended by L. 1987,c.319,s.4.

40A:5A-9. Authorization for local units to incur indebtedness and issue obligations

To the extent not otherwise provided for in Title 40 of the Revised Statutes or Title 40A of the New Jersey Statutes and in order to satisfy the provisions of section 8 of this act, any local unit or units having created or joined an authority, or which may hereafter join, create or join in the creation of an authority or which are now or hereafter under contract with an authority in connection with a project financing, are authorized and shall have the power to incur indebtedness and issue obligations for any purpose for which an authority

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may issue obligations and to donate the proceeds of those obligations to an authority to be expended for the purpose for which the funds were borrowed. Except as otherwise provided in this act, all obligations shall be authorized and issued in the manner provided for in Title 40 or Title 40A.

P.L. 1983, c. 313, s. 9.

40A:5A-10. Submission of budget

a. Each authority shall submit a budget for each fiscal year to the director prior to its adoption thereof. The budget shall comply with the terms and provisions of any bond resolutions, and shall be in such form and detail as to items of revenue, expenditure and other content as shall be required by law or by rules and regulations of the Local Finance Board.

b. The Local Finance Board shall prescribe by rule or regulation the procedure for the adoption of budgets by authorities. The rules and regulations may include or be similar to any provisions of the "Local Budget Law" (N.J.S. 40A:4-1 et seq.) which the Local Finance Board shall deem to be practicable or necessary, and may further include any other provisions and requirements which the Local Finance Board shall deem appropriate or necessary. The rules and regulations shall provide for approval or disapproval of a budget within 45 days of the director's receipt thereof.

c. The Local Finance Board shall also prescribe by rule or regulation the procedures and requirements for execution of any budget after adoption, and for the administration of financial affairs of authorities. The rules and regulations may include, without limitation, any provisions of the "Local Budget Law" (N.J.S. 40A:4-1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S. 40A:5-1 et seq.), which the Local Finance Board shall deem to be practicable and necessary.

P.L. 1983,c.313; amended by L. 1987,c.319,s.5.

40A:5A-11. Approval of budget

No authority budget shall be finally adopted until the director shall have approved same. In granting the approval, the director shall consider whether or not:

- a. All estimates of revenue are reasonable, accurate and correctly stated;
- b. Items of appropriation are properly set forth;
- c. In itemization, form and content, the budget will permit the exercise of the comptroller function within the authority;
- d. The schedule of rates, fees and charges then in effect will produce sufficient revenues, together with all other anticipated revenues, to satisfy all obligations to the holders of bonds of the authority, to meet operating expenses, capital outlays, debt

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service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements.

The director may require such documentation, records and other information, and undertake any audit or investigation, as he may deem necessary in connection with his review.

If the director finds that all requirements of law and the rules and regulations of the Local Finance Board have been met, he shall, within 45 days of his receipt of the budget, approve it; otherwise he shall within that time refuse to approve it. The director, in refusing to approve the budget, shall not substitute his discretion with respect to the amount of an appropriation when that amount is not made mandatory by law or regulation.

Any decision of the director in the course of budget review under this section may be appealed to the Local Finance Board in the manner generally provided by law.

P.L. 1983, c. 313, s. 11.

40A:5A-12. Funding of deficit

The Local Finance Board shall have the power, in the case of a service contract between an authority and a local unit or units, to enforce, by appropriate order, the terms and provisions thereof with respect to the funding of a deficit, whether in existence or anticipated. If the Local Finance Board has reason to believe that an authority is faced with financial difficulty, it shall have the power to order an increase in rents, rates, fees or other charges of the authority, and this order shall be valid and enforceable, notwithstanding any provisions to the contrary in R.S. 48:2-1 et seq. The Local Finance Board, before issuing this order, shall first hold a hearing consistent with section 18 of this act. The Local Finance Board also shall have authority to provide that a requirement that a local unit or units pay a deficit under a service contract be funded through the issuance of notes as provided in section 14 of this act (C. 40A:5A-14). Any order so issued shall be deemed conclusive and final, and upon receipt of this order all persons shall be estopped from contesting the order or the provisions thereof. Any authority or local unit or units affected by the order shall promptly take the action necessary to comply with this order.

P.L. 1983,c.313; amended by L. 1987,c.319,s.6.

40A:5A-13. Authority temporary funding notes

To the extent not otherwise provided for by law, an authority is authorized and shall have the power to issue obligations to be designated "Authority Temporary Funding Notes" in an amount not exceeding the realized deficit in revenues for the preceding fiscal year and an estimated deficit in revenues for the current fiscal year. The notes may be renewed

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from time to time. All notes and any renewals thereof shall mature not later than the close of the succeeding fiscal year and shall be payable in that fiscal year. Payment shall, however, be subordinate to the payment of principal and interest on, or sinking fund payments with respect to, bonds or other obligations (other than "Authority Temporary Funding Notes") of the authority.

The proceeds of the sale of "Authority Temporary Funding Notes" shall be deposited in the fund or funds in which a deficiency exists, or is expected to exist, as set forth in the resolution under which the notes are issued.

An authority shall notify the Local Finance Board in writing of its intention to issue "Authority Temporary Funding Notes" pursuant to this section, including therein a statement of the deficits which the proceeds of the notes are intended to fund, and a statement of the manner in which the authority plans to either retire or refinance the notes on or before the close of the succeeding fiscal year. The notification shall be made at least 30 days prior to issuance, or within such lesser time period as the Local Finance Board shall permit.

P.L. 1983, c. 313, s. 13.

40A:5A-14. Deficit funding notes

If the issuance of "Authority Temporary Funding Notes" is not permitted by the terms of a bond resolution, then the local unit or units, if obligated to make payments on account of a deficiency in revenues under the terms of a service contract, may issue emergency notes pursuant to the provisions of sections 40A:4-46 through 40A:4-50 of the New Jersey Statutes to fund this payment or portions thereof. These obligations shall be general obligations of the issuer. Each note shall be authorized by resolution of the governing body and may be renewed from time to time. All notes and the renewals thereof shall mature not later than the last day of the fiscal year next succeeding the fiscal year in which these notes were issued and the emergency appropriations authorized.

A local unit shall notify the Local Finance Board in writing of its intention to issue notes pursuant to this section at least 30 days prior to the issuance, or within such lesser time period as the Local Finance Board shall permit, including therein a statement of the deficit which the proceeds of the notes are intended to fund, and a statement of the manner in which the local unit plans to either retire or refinance the notes on or before the close of the succeeding fiscal year.

P.L. 1983,c.313; amended by L. 1987,c.319,s.7.

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40A:5A-15. Annual audit

Notwithstanding the provisions of N.J.S. 40A:5-1 et seq., each authority shall cause an annual audit of its accounts to be made, and for this purpose it shall contract with the Division of Local Government Services or employ a registered municipal accountant of New Jersey or a certified public accountant of New Jersey. The audit shall be completed and filed with the authority within four months after the close of the fiscal year of the authority. A certified duplicate copy thereof shall be filed with the governing body of each local unit having created the authority and with the director within five days after the original report is filed with the authority. The Local Finance Board shall by rule or regulation prescribe the accounting principles and policies, auditing procedures, and financial reporting practices applicable to authorities and authority audits conducted pursuant to this section. The rules and regulations may include or be similar to any provisions of the "Local Fiscal Affairs Law" , (N.J.S. 40A:5-1 et seq.,) which the Local Finance Board shall deem to be practicable or necessary.

P.L. 1983, c. 313, s. 15.

40A:5A-16. Synopsis of audit; publication

A synopsis of the annual audit shall be prepared by the chairman of the authority and published at least once in a newspaper circulating in the district of the authority. A copy of the synopsis shall be filed with the director within 10 days after publication.

P.L. 1983, c. 313, s. 16.

40A:5A-17. Certification of review of audit

The members of the governing body of each authority shall, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled General Comments and Recommendations, and has evidenced same by group affidavit signed by a majority of the full membership of the authority in the form prescribed by the Local Finance Board. Failure to comply with this provision may subject the members of the authority to the penalty provisions of section 52 of P.L.1947, c. 151 (C. 52:27BB-52).

P.L. 1983,c.313; amended by L. 1987,c.319,s.8.

40A:5A-18. Financial difficulty of authority; hearing; audit or investigation

If at any time, as a result of exercising his responsibilities under this act, the director has reason to believe that an authority is faced with financial difficulty, the director shall summon appropriate officials of the authority and the local unit or units or either of the

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aforesaid to a hearing before the Local Finance Board. The Local Finance Board may require the production of papers, documents, witnesses or information and may make or cause to be made an audit or investigation of the circumstances with respect to which the hearing was called.

P.L. 1983, c. 313, s. 18.

40A:5A-19. Order implementing financial plan to alleviate financial difficulties

If the Local Finance Board determines that financial difficulties exist which (1) jeopardize the payment of operating expenses and debt service on obligations of the authority or either of the aforesaid; or place an undue financial burden on the inhabitants of the local unit or units or the users of the system or facilities of an authority; and (2) that these difficulties are likely to recur and, if they continue, will impair the credit of the authority and local unit or units or either of the aforesaid to the detriment of the inhabitants thereof; and (3) no financial plan designed to prevent a recurrence of these conditions and which is deemed to be practicable and feasible by the director has been undertaken by the authority or the local unit or units, the Local Finance Board shall order the implementation of a financial plan which will assure the payment of debt service on obligations of the authority, or provide relief from undue financial burden. The order shall be deemed conclusive and final and upon receipt of the order all persons shall be estopped from contesting the order or the provisions thereof and the authority or local unit or units affected thereby shall take the action to comply with the order.

P.L. 1983, c. 313, s. 19.

40A:5A-20. Dissolution of authority

Notwithstanding the provisions of any other law to the contrary, the governing body of a local unit which has established an authority shall have the power and is authorized by ordinance in the case of a municipality, and ordinance or resolution, as appropriate, in the case of a county, to dissolve the authority, except that the ordinance or resolution, as the case may be, shall be approved by the Local Finance Board prior to adoption. Any authority established by more than one municipality or county may be dissolved by the adoption of parallel ordinances or resolutions, as appropriate. The Local Finance Board shall approve the dissolution if it finds that the ordinance or resolution makes adequate provision in accordance with a bond resolution or otherwise for the payment of all creditors or obligees of the authority and that adequate provision is made for the assumption of those services provided by the authority which are necessary for the health, safety and welfare of the recipients of those services. The ordinance or resolution shall be introduced and adopted in the manner provided by law, shall take effect immediately after final adoption, and shall not be subject to referendum. A copy of the ordinance or resolution as adopted shall be filed immediately with the Local Finance Board and with the Secretary of State. In the event that an authority has obligations outstanding at the time of the taking effect of the ordinance or resolution to dissolve the authority, the local

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unit or units dissolving the authority are authorized to issue obligations in furtherance of the dissolution, and the obligations shall have a period of usefulness not exceeding 40 years from the date of issuance. The bonds shall be authorized by a bond ordinance to be introduced and adopted in accordance with the provisions of the "Local Bond Law," N.J.S. 40A:2-1 et seq.), except for the provisions of sections 40A:2-11, 40A:2-26, 40A:2-27 and 40A:2-31 of the New Jersey Statutes, and except that the bond ordinance shall take effect immediately after final adoption and shall not be subject to referendum. The bonds may be deducted from the gross debt of the local unit by action of the Local Finance Board in accordance with subsection d. of N.J.S. 40A:2-7. Bonds issued for this purpose shall be sold under the direction and supervision of the Local Finance Board, and may be sold at either public or private sale as the board shall prescribe.

Nothing contained in this section or in this act shall limit the powers accorded under any other law to any county or municipality to dissolve any authority which it has created or of which it has joined in the creation, nor limit any general reorganization powers accorded under law to any county or municipality to alter or abolish its agencies, but the provisions of this section and this act shall be supplementary to the powers accorded under any other law.

P.L. 1983,c.313; amended by L. 1987,c.319,s.9.

40A:5A-21. Ordering of dissolution

The Local Finance Board may order the dissolution of a local authority if, after holding a hearing consistent with section 18 of this act, it determines that, due to financial difficulties or mismanagement, the dissolution of an authority will be in the public interest and will serve the health, welfare, or convenience of the inhabitants of the local unit or units, and the dissolution will achieve a more efficient means for providing and financing local public facilities, except that an order dissolving an authority shall assure adequate provision in accordance with a bond resolution or otherwise for all creditors or obligees of the authority. Any order so adopted by the Local Finance Board to provide for the dissolution of an authority shall take effect only upon its approval by the Commissioner of the Department of Community Affairs, the State Treasurer and the Attorney General. Upon approval, the order shall be immediately transmitted to the authority, to the clerk of the governing body of the local unit or units, and to the Secretary of State.

P.L. 1983,c.313; amended by L. 1987,c.319,s.10.

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40A:5A-22. Papers connected with, used or filed with authority considered public records

Records of minutes, accounts, bills, vouchers, contracts or other papers connected with or used or filed with any authority or with any officer or employee acting for or in its behalf are declared to be public records, and shall be open to public inspection in accordance with P.L. 1963, c. 73 (C. 47:1A-1 et seq.) and regulations of the authority

P.L. 1983, c. 313, s. 22.

40A:5A-23. Examination of accounts and books by state auditor

Notwithstanding the provisions of any law to the contrary, the State Auditor or his legally authorized representative may examine the accounts and books of any authority subject to the provisions of this act.

P.L. 1983, c. 313, s. 23.

40A:5A-24. Temporary obligations

Notwithstanding any other law to the contrary, any authority, in anticipation of the issuance of bonds, may borrow money and issue temporary obligations if the bond resolution so provides. A temporary obligation shall be designated "bond anticipation note" or "project note" and shall contain a recital that it is issued in anticipation of the issuance of bonds. At any time within three years of the date of the original note issue, the authority may renew the notes, provided that a form prescribed by the director listing the terms and conditions of the renewals is submitted to the director and the director fails to disapprove the renewal in writing within 10 days of the date of its receipt. If the renewal is disapproved by the director, the Local Finance Board shall hold a hearing as set forth in section 7 of P.L.1983, c. 313 (C. 40A:5A-7). Any application for a renewal after three years from the date of the original issue shall be submitted and subject to the approval and conditions of the Local Finance Board.

P.L. 1983,c.313; amended by L. 1987,c.319,s.11.

40A:5A-25. Increases in charges of utility when faced with financial difficulties; hearing

If the Local Finance Board has reason to believe that a municipal public utility is faced with financial difficulty, it shall have the power to order an increase in rents, rates, fees or other charges of the utility, and this order shall be valid and enforceable notwithstanding any provisions of the contrary in R.S. 48:2-1 et seq., but the Local Finance Board, before issuing this order, shall first hold a hearing to which the Director of the Division of Local Government Services shall summon appropriate officials of the municipality. The Local

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Finance Board may require the production of papers, documents, witnesses or information and may make or cause to be made an audit or investigation of the circumstances with respect to which the hearing was called.

The Local Finance Board may except municipal and county funding for a deficit of a municipal public utility or authority from the expenditure limitations of P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

P.L. 1983, c. 313, s. 25.

40A:5A-26. Rules and regulations; inapplicability of act to powers of local finance board under P.L. 1947, c. 151

a. The Local Finance Board is authorized to adopt, amend and repeal rules and regulations to effectuate the purposes of this act.

b. This act shall not limit the powers of the Local Finance Board or the director to regulate the financial affairs of authorities in the manner authorized by P.L. 1947, c. 151 (C. 52:27BB-1 et seq.).

P.L. 1983, c. 313, s. 26.

40A:5A-27. Actions to be consistent with bond resolution, service contract

The Local Finance Board, the director, and local units and local authorities shall not act under this act in a manner inconsistent with a bond resolution or service contract in effect at the time of the action.

P.L. 1983,c.313; amended by L. 1987,c.319,s.12.