

appropriations, as I indicated earlier, and Senator Landis has talked about walling off of a portion of the funds and, as I understand it, there are monies from several sources in this fund, some of them which may be constitutionally used to cover defaults and others which may not. But the policy question, as I see it, Senator Landis, is...has to do with any shift in risk of loss. In all previous NIFA bonding situations, the risk of loss in case of borrower default fell clearly on NIFA. There was no separate of money from any government source guaranteeing the bonds. In this new arrangement, the risk of loss in case of borrower default appears to me, at least, to be shifted to the state and it appears to me that we might get into...into the field of guaranteeing NIFA bonds from monies at our disposal. That's the policy concern I have on this, Senator Landis. I will give you the rest of my time to respond to this. Thank you.

SENATOR LANDIS: Thank you. I appreciate the question. Senator Scofield refers to an Attorney General's Opinion that was dated May 12th and I'm just looking at it for the first time now. I acknowledge what the paragraph says and that is until you get to the actual structuring and the bond document itself, it's hard to know exactly what role they will play. There may be a shift in some traditional pattern inside that bond document. That may occur but what is important to remember is that such a shift could not go so far as to bind the state. Such a shift would be unconstitutional, as we know. Such a shift would burden the obligation of the state to refrain from securing the debts in this fashion and the Attorney General says so. The Attorney General, in the paragraph that you refer to, does say it's possible that the state will stand in some different pattern. But in the paragraph after that one, the Attorney General says, basically, as I interpret it, but whatever that position may be it is not an unconstitutional provision which puts us at the bottom of the pipeline holding the bag.

PRESIDENT: One minute.

SENATOR LANDIS: In conclusion, the Attorney General says, it is our opinion that the provisions of AM16...which, by the way, we have accepted, remove objection because of the constitutional prohibition regarding debt since state funds are expressly prohibited and here it is, state funds are expressly prohibited from securing or paying debt obligations of the Wastewater Treatment Facilities Construction Loan Fund. While we may be in