

By: Frazier

H.B. No. 2436

Substitute the following for H.B. No. 2436:

By: Capriglione

C.S.H.B. No. 2436

A BILL TO BE ENTITLED

AN ACT

relating to the sale of bonds by certain special purpose districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 49.183, Water Code, is amended by amending Subsections (a), (b), and (e) and adding Subsections (a-1), (a-2), (f), (g), (h), and (i) to read as follows:

(a) Bonds [~~Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, bonds~~] issued by a district shall be sold either by:

(1) private sale; or

(2) public sale after advertising for and receiving competitive sealed bids.

(a-1) Bonds sold by public sale [~~and~~] shall be awarded to the bidder whose bid produces the lowest net effective interest rate to the district.

(a-2) Before the private sale of bonds issued by a district, the board shall consult with the district's financial advisor to determine whether the private sale will result in a net effective interest rate for the district equal to or less than the projected lowest net effective interest rate for the district if the bonds had been sold by public sale.

(b) Before [~~Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, before~~] any bonds are sold by a district by public sale, the board

1 shall publish an appropriate notice of the sale:

2 (1) at least one time not less than 10 days before the
3 date of sale in a newspaper of general circulation in the county or
4 counties in which the district is located; and

5 (2) at least one time in one or more recognized
6 financial publications of general circulation in the state as
7 approved by the state attorney general.

8 (e) Subsections (a), (a-1), and (b) do not apply to district
9 bonds issued pursuant to Chapter 1371, Government Code.

10 (f) For bonds sold by private sale, the district may:

11 (1) authorize:

12 (A) the principal amount of bonds that may be
13 issued;

14 (B) the principal amount to mature each year;

15 (C) the maximum rate of interest to be borne by
16 the bonds; and

17 (D) any other term the district considers
18 relevant to the issuance of the bonds; and

19 (2) delegate to any officer or director of the
20 district the authority to carry out the sale of the bonds.

21 (g) In exercising the authority delegated by the district
22 under Subsection (f), the district may establish the terms related
23 to the issuance and sale of the bonds, including:

24 (1) the form of the bonds;

25 (2) the principal amount of the bonds and the amount of
26 the bonds to mature each year;

27 (3) the dates, price, interest rates, interest payment

1 dates, principal payment dates, and redemption feature of the
2 bonds; and

3 (4) any other term relating to the issuance and sale of
4 the bonds as specified by the district in the proceedings
5 authorizing the issuance of the bonds.

6 (h) At the time a district enters into a bond purchase
7 agreement for the private sale of bonds issued by the district, the
8 board, or the board's authorized representative, and the district's
9 financial advisor shall review recently completed sales of bonds
10 issued by districts, including the net effective interest rate and
11 issuance costs for the sale of the bonds, to determine whether the
12 district will receive a fair market price for the private sale of
13 bonds issued by the district under the bond purchase agreement.

14 (i) A finding or determination made by a director or officer
15 acting under the authority delegated to that director or officer
16 has the same force and effect as a finding or determination made by
17 the district.

18 SECTION 2. Section 49.183, Water Code, as amended by this
19 Act, applies only to the sale of bonds by a special purpose district
20 on or after the effective date of this Act. The sale of bonds by a
21 special purpose district before the effective date of this Act is
22 governed by the law in effect when bonds were sold, and the former
23 law is continued in effect for that purpose.

24 SECTION 3. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

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1 Act takes effect September 1, 2023.