

By: Frazier

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. Chapter 49.183, Texas Water Code, is amended to read as follows:

Sec. 49.183. BOND SALES. (a) Bonds issued by a district shall be sold either by private sale or by public sale.

(b) Bonds sold by public sale shall be competitively bid and awarded to the bidder whose bid produces the lowest net effective interest rate to the district.

(c) Before any bonds are sold by a district pursuant to competitive bid, the board shall publish an appropriate notice of the sale:

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

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

(d) Before issuing its bonds by private sale, the board shall review with its financial adviser the process of selling its bonds by public or private sale and make a determination that selling its bonds by private sale will result in a net effective interest rate to the district equal to or less than it will

1 accomplish by public sale.

2 (e) In connection with the issuance of bonds by private
3 sale, the governing body of a district may:

4 (1) authorize the principal amount of bonds that may
5 be issued, principal amount to mature each year, and maximum rate of
6 interest to be borne by the bonds, and any other detail the
7 governing body deems relevant to the issuance of the bonds; and

8 (2) delegate to any officer or director of the issuer
9 the authority to effect the sale of the bonds.

10 (f) In exercising the authority delegated by the governing
11 body, a director or officer may establish the terms and details
12 related to the issuance and sale of the bonds, including

13 (1) the form of the bonds;

14 (2) the principal amount of the bonds and the amount of
15 the bonds to mature each year;

16 (3) the dates, price, interest rates, interest payment
17 dates, principal payment dates, and redemption feature of the
18 bonds; and

19 (4) any other detail relating to the issuance and sale
20 of the bonds as specified by the governing body of the issuer in the
21 proceedings authorizing the issuance of the bonds.

22 (g) At the time the district enters into a contract to sell
23 its bonds by private sale, the district's financial advisor shall
24 review with the board, or its authorized representative, other
25 recently completed sales of district bonds, including the net
26 effective interest rate thereon and issuance costs.

27 (h) A finding or determination made by a director or officer

1 acting under the authority delegated to such director or officer
2 has the same force and effect as a finding or determination made by
3 the governing body of the district.

4 (i) A district's bonds are negotiable instruments within
5 the meaning and purposes of the Business & Commerce Code. A
6 district's bonds may be issued and bear interest in accordance with
7 Chapters 1201, 1204, and 1371, Government Code, and Subchapters
8 A-C, Chapter 1207, Government Code. Except for this subsection,
9 this section does not apply to special water authorities or
10 districts described in Section 49.181(h)(1)(D).

11 SECTION 2. This Act takes effect immediately if it receives
12 a vote of two-thirds of all the members elected to each house, as
13 provided by Section 39, Article III, Texas Constitution. If this
14 Act does not receive the vote necessary for immediate effect, this
15 Act takes effect September 1, 2023.