

By: Alonzo

H.B. No. 3612

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authority of issuers to enter into contracts for
3 services in connection with the issuance of public securities.

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

5 SECTION 1. Section 1201.027, Government Code, is amended to
6 read as follows:

7 Sec. 1201.027. AUTHORITY OF ISSUER TO CONTRACT FOR
8 SERVICES. (a) An issuer has exclusive authority to select,
9 contract with, and determine the basis for compensation of a person
10 to provide legal, financial advisory, and other services as may be
11 determined by the issuer to be necessary in connection with the
12 issuer's issuance of public securities or administration of its
13 affairs that pertain to the issuance of public securities. The
14 selection of legal counsel and financial advisors shall be made in
15 accordance with the provisions of Subchapter A, Chapter 2254,
16 applicable to the selection by a governmental entity of a provider
17 of professional engineering services.

18 (b) Subsection (a) does not impair the authority of the
19 attorney general under Section 402.0212 to approve a contract for
20 legal services entered into by a state agency.

21 (c) An issuer shall select a financial advisor to advise it
22 in connection with every sale of public securities under this
23 chapter and the execution and delivery of any credit agreement
24 under Chapter 1371. Any such financial advisor shall be a dealer or

1 an investment advisor registered pursuant to Article 581-12 or
2 Article 581-12-1, Tex. Rev. Civ. Stat., in either case that is
3 subject to the rules of the Municipal Securities Rulemaking Board,
4 and that has experience in providing advice to issuers in
5 connection with the issuance of municipal securities, and the
6 execution and valuation of credit agreements respectively, and
7 shall acknowledge in writing to the issuer that it is acting as
8 agent of the issuer in connection with the transaction, and has
9 complied with the rules of the Municipal Securities Rulemaking
10 Board in connection with its engagement by the issuer, and will
11 comply with those rules in connection with the transaction for
12 which it is engaged.

13 (d) Except as provided by Subsection (b), to the extent of a
14 conflict between this section and another law or a municipal
15 charter, this section controls.

16 SECTION 2. This Act takes effect September 1, 2007.