

By: West

S.B. No. 2144

A BILL TO BE ENTITLED

AN ACT

relating to the manner of sale of bonds issued by municipal utility districts.

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

SECTION 1. Section 49.183, Water Code, is amended to read as follows:

Sec. 49.183. BOND SALES. (a) Except for refunding bonds, bonds issued by a municipal utility district, or bonds sold to a state or federal agency or to the North American Development Bank, bonds issued by a district shall be sold after advertising for and receiving competitive sealed bids and shall be awarded to the bidder whose bid produces the lowest net effective interest rate to the district.

(b) Except for refunding bonds, bonds issued by a municipal utility district, or bonds sold to a state or federal agency or to the North American Development Bank, before any bonds are sold by a district, 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.

1 (c) If the district is issuing bonds and refunding bonds as
2 one issue and if the initial principal amount of refunding bonds is
3 50 percent or more of the total initial principal amount of bonds
4 being issued, for the purposes of subsections (a) and (b) of this
5 section, the issue shall be considered to be refunding bonds and
6 competitive bids shall not be required.

7 (d) Bonds issued by a municipal utility district operating
8 under Chapter 54, Water Code, may be sold at a public or private
9 sale under the terms determined by the governing body of the
10 municipal utility district to be in the district's best interest.

11 ~~(d)~~(e) A district's bonds are negotiable instruments within
12 the meaning and purposes of the Business & Commerce Code. A
13 district's bonds may be issued and bear interest in accordance with
14 Chapters 1201, 1204, and 1371, Government Code, and Subchapters
15 A-C, Chapter 1207, Government Code. Except for this subsection,
16 this section does not apply to special water authorities or
17 districts described in Section 49.181(h)(4).

18 ~~(e)~~(f) Subsections (a) and (b) do not apply to district
19 bonds issued pursuant to Chapter 1371, Government Code.

20 SECTION 2. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2009.