

By: Alvarado

S.B. No. 606

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), (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.

(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 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

1 approved by the state attorney general.

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

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

5 (1) authorize:

6 (A) the principal amount of bonds that may be
7 issued;

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

9 (C) the maximum rate of interest to be borne by
10 the bonds; and

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

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

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

18 (1) the form of the bonds;

19 (2) the principal amount of the bonds and the amount of
20 the bonds to mature each year;

21 (3) the dates, price, interest rates, interest payment
22 dates, principal payment dates, and redemption feature of the
23 bonds; and

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

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

1 acting under the authority delegated to that director or officer
2 has the same force and effect as a finding or determination made by
3 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 A
8 through C, Chapter 1207, Government Code. Except for this
9 subsection, this section does not apply to a special water
10 authority or district described by Section 49.181(h)(1)(D).

11 SECTION 2. Section 49.183(c), Water Code, is repealed.

12 SECTION 3. Section 49.183, Water Code, as amended by this
13 Act, applies only to the sale of bonds by a special purpose district
14 on or after the effective date of this Act. The sale of bonds by a
15 special purpose district before the effective date of this Act is
16 governed by the law in effect when bonds were sold, and the former
17 law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2021.