

CHAPTER 215

H.B. No. 1560

An Act relating to the refunding of bonds by water control and improvement districts.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 51.438, Water Code, is amended to read as follows:

Sec. 51.438. **REFUNDING BONDS.** (a) *A district may issue bonds to refund all or any part of its outstanding bonds, notes, or other obligations including matured but unpaid interest coupons.*

(b) *Refunding bonds shall mature serially or otherwise not more than 40 years from their date and shall bear interest at any rate or rates permitted by the constitution and laws of this state.*

(c) *Refunding bonds may be made payable from the same source as the bonds, notes, or other obligations being refunded or from other additional sources.*

(d) *The refunding bonds must be approved by the attorney general in the manner provided by law for other bonds of the district and shall be registered by the comptroller on the surrender and cancellation of the bonds being refunded.*

(e) *The orders or resolutions authorizing the issuance of the refunding bonds may provide that the refunding bonds will be sold and the proceeds deposited in the place or places at which the bonds being refunded are payable, in which case the refunding bonds may be issued before the cancellation of the bonds being refunded. If refunding bonds are issued before cancellation of the other bonds, an amount which, when added to the earnings and profits from the investment of such amount, is sufficient to pay the interest on and principal of the bonds being refunded to their maturity dates, or to their option dates if the bonds have been duly called for payment prior to maturity according to their terms, shall be deposited in the place or places at which the bonds being refunded are payable.*

(f) *The comptroller shall register refunding bonds without the surrender and cancellation of bonds being refunded.*

(g) *A refunding may be accomplished in one or in several installment deliveries.*

(h) *Refunding bonds are investment securities under Chapter 8, Business & Commerce Code.*

(i) *In lieu of the method provided by this section, a district may refund bonds, notes, or other obligations as provided by the general law of the state. ~~[The district may refund any bonds issued by it by issuing new bonds.]~~*

~~[(b) Refunding bonds may be issued only if the old bonds are taken in exchange at their face value or less or new bonds can be sold at a premium and the old bonds retired without loss to the district.]~~

~~[(c) The comptroller may not register the refunding bonds until the old bonds for which the refunding bonds are being issued are presented to him for cancellation or until a valid contract providing for the purchase or exchange of the old bonds is executed and a copy filed in his office.~~

~~[(d) The comptroller shall keep the refunding bonds until the old bonds are presented to him for exchange or payment, and if the old bonds are presented for payment, the district shall pay them before the refunding bonds are registered.]~~

SECTION 2. This Act takes effect September 1, 1985.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 18, 1985, by a non-record vote; passed by the Senate on May 9, 1985, by the following vote: Yeas 31, Nays 0.

Filed: May 25, 1985, without signature.

Effective: September 1, 1985