

**CHAPTER 919**

**H.B. No. 1837**

An Act relating to transactions by the Board of Regents of The University of Texas System relating to the issuance, sale, exchange, and redemption of bonds and notes.

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

**SECTION 1.** Chapter 65, Education Code, is amended by adding Section 65.46 to read as follows:

Sec. 65.46. **POWERS RELATED TO ISSUANCE OF BONDS AND NOTES.** (a) In this section:

(1) "Bond" or "note" means a bond or note that the board is authorized to issue according to law, including Article VII, Section 18, of the Texas Constitution, Chapter 55 or 66 of this code, or other applicable law.

(2) "Credit agreement" means a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase bonds or notes, purchase or sale agreement, or another commitment, contract, or agreement authorized and approved by the board in connection with the authorization, issuance, security, exchange, payment, purchase, or redemption of bonds or notes or interest on bonds or notes.

(b) To enhance the security for, or provide for the purchase, payment, redemption, or remarketing of, bonds or notes and the interest on bonds or notes, or to reduce the cost of interest payable on bonds or notes, the board may enter into credit agreements in relation to bonds or notes, and may secure its obligations under the credit agreements by pledging, encumbering, or granting liens on or security interests in revenues, funds, or other property or security that may be pledged or encumbered or made subject to a lien or security interest to secure the bonds or notes that are secured by the credit agreement. The cost to the board of the credit agreement and the obligations of the board under the credit agreement may be paid from proceeds of the sale of bonds or notes to which the credit agreement relates or from any other source that is available for the purpose of paying the bonds or notes and the interest on the bonds or notes or that may otherwise be legally available to make those payments. The credit agreement shall be submitted, together with the bonds or notes, to the attorney general for review. If the attorney general finds that the credit agreement conforms to applicable law, the attorney general shall approve the credit agreement with the bonds or notes. On approval and delivery, the credit agreement is incontestable for any cause.

(c) The board may authorize bonds or notes to bear interest at a rate or rates (either fixed, variable, floating, adjustable, or otherwise, all as determined in accordance with the resolution authorizing the issuance of the bonds or notes, which may provide a formula, index, or contractual arrangement for the periodic determination of interest rates without the requirement of specific approval, by the board, of each determination) not to exceed the maximum net effective interest rate allowed by law. The resolution under which the bonds or notes are issued may delegate to one or more designated officers, employees, or agents of the board the authority to act on behalf of the board, while the bonds or notes remain outstanding, in fixing dates, prices, interest rates, interest payment periods, and other procedures specified in the resolution so that, among other things, the interest on the bonds or notes may be adjusted from time to time by the officer, employee, or agent to permit the bonds or notes to be sold or resold at par in conjunction with secondary market transactions.

(d) The board may enter into financing programs under which the board may issue notes for any lawful purpose for which bonds or notes may be issued and may make provision for the notes initially issued under the programs to be refinanced, renewed, or refunded throughout the period of the programs by the issuance, sale, and delivery of additional notes. The notes may be secured in any manner provided by law for securing notes or bonds, and also may be secured by the proceeds of the sale of notes, the proceeds of the sale of bonds, or credit agreements, all as the board provides in the resolution authorizing the financing program and the issuance of notes under the program. The board may:

(1) provide in the resolution authorizing the financing program for the maximum principal amount of notes to be outstanding at any time under the financing program;

(2) provide for the authorization of one or more officers or employees of the board to act on behalf of the board in selling and delivering notes and fixing their dates, prices, interest rates, terms of payment, and other procedures relating to the notes as specified in the resolution;

(3) contract for the future sale of notes under which designated purchasers are committed to purchase notes from time to time on the terms and conditions stated in the contract, including a credit agreement executed in connection with the notes;

(4) provide for the payment of consideration that the board considers proper for the purchase commitments, and provide for the payment of the consideration out of proceeds from the sale of notes or from any other source that is available for the purpose of paying the notes or that may otherwise be legally available to make the payments; and

(5) exercise any other rights and powers that are granted to issuers of short term obligations under Chapter 656, Acts of the 68th Legislature, Regular Session, 1983 (Article 717q, Vernon's Texas Civil Statutes), which also governs the approval by the attorney general of the notes, related credit agreements, and other contracts or instruments and the registration of the notes by the comptroller of public accounts.

*(e) This section shall be construed liberally to effect the legislative intent and purposes of this section, and all powers granted by this section shall be broadly interpreted to effect that intent and those purposes and not as a limitation of powers.*

**SECTION 2.** 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, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 2, 1985, by the following vote: Yeas 138, Nays 0, 1 present, not voting; House concurred in Senate amendments to H.B. No. 1837 on May 26, 1985, by the following vote: Yeas 140, Nays 1, 1 present, not voting; passed by the Senate, with amendments, on May 25, 1985, by the following vote: Yeas 31, Nays 0.

Filed: June 15, 1985, without signature.

Effective: Immediately